



NEWS RELEASE

# Haivision Announces Results for the Three Months and Six Months Ended April 30, 2023

6/14/2023

Haivision continues its expansion with 18.8% year-over-year growth

MONTREAL, June 14, 2023 /CNW/ - **Haivision Systems Inc.** ("Haivision" or the "Company") (TSX: HAI), a leading global provider of mission critical, real-time video networking and visual collaboration solutions, today announced its results for the second quarter ended April 30, 2023.

"We had a very exciting quarter having won multiple best of show awards for Haivision StreamHub and Pro460 bonded cellular solutions confirming our position as the world leader in live video contribution over any network." said Mirko Wicha, Chairman and CEO of Haivision. "We also introduced compelling new products this quarter including the Makito FX, the most versatile ultra-low latency 4K video encoder for mission-critical applications and the Makito X4 single channel encoder complete with the capabilities that Haivision is known for at a revolutionary price point."

## Q2 2023 Financial Results

- Revenue of \$35.1 million represents an increase of 17.5% from the prior year.
- Gross margins\* were 68.9%.
- Total expenses were \$25.1 million, an increase of \$3.9 million.
- Operating loss was \$0.9 million, a \$1.1 million decrease compared to an operating profit of \$0.1 million the prior year.
- Adjusted EBITDA was \$2.6 million, compared to \$2.6 million the prior year.



- Adjusted EBITDA Margins was 7.5% compared to 8.7% for the prior year.
- Net loss of \$1.5 million compared to a net loss of \$0.4 million in the prior year.

## Financial Results for the six months ended April 30, 2023

- Revenue of \$69.2 million represents an increase of 18.8% from the prior year.
- Gross margins\* were 67.8%.
- Total expenses were \$48.8 million an increase of \$7.8 million from the prior year.
- Operating loss was \$1.9 million, compared to \$0.0 million in the prior year.
- Net loss was \$2.9 million, compared to a net loss of \$0.8 million in the prior year.
- Adjusted EBITDA\* was \$4.7 million, compared to \$4.7 million in the prior year.
- Adjusted EBITDA Margin\* was 6.9% compared to 8.1% for the prior year.

## Key Company Highlights

- Deployed Haivision's Pro Series transmitters on 5G private networks for elections in Denmark (TV2), sailing in Spain (Telefonica), and football in Germany (Media Broadcast/Nokia).
- TV Technology Magazine selected Haivision Pro Series transmitters (Pro460) "Best in Market 2022" for innovation, feature set, cost efficiency and performance.
- Launched Haivision Command 360 for mission critical collaboration to international markets at ISE exhibition in Barcelona.
- Launched the Makito FX, a versatile ultra-low latency 4K video and computer graphics encoder for mission-critical applications.
- SRT Alliance membership surpasses 600 members and welcomes Paramount, Cloudflare, Dolby.io, Chryon, JW Player, THEO Technologies, EVS and YouTube.
- Haivision Makito X4 awarded "Best Encoding Hardware for Live Production" at the 2022 Streaming Media Readers' Choice Awards.
- Haivision announced the appointment of Jean-Marc Racine as Chief Product Officer.

"We continue to make tremendous headway in our video collaboration systems having installed no less than 5 "command" centers for one of the world's largest technology companies." said Dan Rabinowitz, Chief Financial Officer and EVP, Operations. "Further proving the advanced technical capabilities of our low-latency bonded cellular solution over 5G private networks, our products were hugely successfully in live content contribution of King Charles coronations where competitive products failed.

## Financial Results

Revenue for the three months and six months ended April 30, 2023 was \$35.1 million and \$69.2 million,

respectively, an increase of \$5.2 million or 17.5% and \$11.0 million or 18.8%, when compared to the prior year comparative periods. The primary contributors to revenue growth was the acquisition of Aviwest in April 2022. Gross Margins\* for the three months and six months ended April 30, 2023 were 68.9% and 67.8%, respectively compared to 71.4% and 70.4% for the prior year comparable periods. Gross Margins\* were impacted by revenues generated by Aviwest which operates at a lower gross margin than Haivision's traditional business.

Total expenses for the three months and six months ended April 30, 2023 were \$25.1 million and \$48.8 million, respectively representing increases of \$3.9 million and \$7.8 million when compared to the prior year comparative periods. The increase in total expenses is largely related to the acquisition of Aviwest in April 2022, and includes incremental depreciation and amortization expenses of \$1.0 million and \$2.1 million when compared to the prior year comparative periods.

Net loss for the three months and six months ended April 30, 2023 was \$1.5 million and \$2.9 million, respectively and represents decreases of \$1.1 million and \$2.1 million when compared to the prior year comparative periods, Adjusted EBITDA\* for the three months and six months ended April 30, 2023 was \$2.6 million and \$4.7 million, respectively, comparable to the prior year comparative periods.

\*Represents a non-IFRS measure. For the relevant definition, see "Non-IFRS Measures" below. As applicable, a reconciliation of this non-IFRS measure to the most directly comparable IFRS financial measure is included in the tables at the end of this press release and in the Company's management's

discussion and analysis for the three months and six months ended April 30, 2023.

## Conference Call Notification

Haivision will hold a conference call to discuss its second quarter financial results on Thursday, June 15, 2023 at 8:30 am (ET). To register for the call, please use this link <https://conferencingportals.com/event/OTBDImaj>. After registering, a confirmation will be sent through email, including dial in details and unique conference call codes for entry.

## Financial Statements, Management's Discussion and Analysis and Additional Information

Haivision's unaudited interim condensed financial statements for the second quarter ended April 30, 2023 (the "Q2 Financial Statements"), the management's discussion and analysis thereon and additional information relating to Haivision and its business can be found under Haivision's profile on SEDAR at [www.sedar.com](http://www.sedar.com). The financial information presented in this release was derived from the Q2 Financial Statements.

## Forward-Looking Statements

This release includes "forward-looking information" and "forward-looking statements" (collectively, "**forward-looking statements**") within the meaning of applicable securities laws, including, without limitation, statements regarding the Company's growth opportunities and its ability to execute on its growth strategy. In some cases, but not necessarily in all cases, forward-looking statements can be identified by the use of forward-looking terminology such as "plans", "targets", "expects" or "does not expect", "is expected", "an opportunity exists", "is positioned", "estimates", "intends", "assumes", "anticipates" or "does not anticipate" or "believes", or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", "might", "will" or "will be taken", "occur" or "be achieved". In addition, any statements that refer to expectations, projections or other characterizations of future events or circumstances contain forward-looking statements. Forward-looking statements are not historical facts, nor guarantees or assurances of future performance but instead represent management's current beliefs, expectations, estimates and projections regarding future events and operating performance.

Forward-looking statements are necessarily based on opinions, assumptions and estimates that, while considered reasonable by Haivision as of the date of this release, are subject to inherent uncertainties, risks and changes in circumstances that may differ materially from those contemplated by the forward-looking statements. Important factors that could cause actual results to differ, possibly materially, from those indicated by the forward-looking statements include, but are not limited to, the risk factors identified under "Risk Factors" in the Company's latest annual information form, and in other periodic filings that the Company has made and may make in the future with the securities commissions or similar regulatory authorities in Canada, all of which are available under the Company's SEDAR profile at [www.sedar.com](http://www.sedar.com). These factors are not intended to represent a complete list of the factors that could affect Haivision. However, such risk factors should be considered carefully. There can be no assurance that such estimates and assumptions will prove to be correct. You should not place undue reliance on forward-looking statements, which speak only as of the date of this release. Haivision undertakes no obligation to publicly update any forward-looking statement, except as required by applicable securities laws.

## Non-IFRS Measures

Haivision's consolidated financial statements for the second quarter ended April 30, 2023 are prepared in accordance with International Financial Reporting Standards ("IFRS"). This press release makes reference to certain non-IFRS measures, including "EBITDA", "Gross Margin", "Adjusted EBITDA" and "Adjusted EBITDA Margin". These measures are not recognized measures under IFRS and do not have a standardized meaning prescribed by IFRS, and are therefore unlikely to be comparable to similar measures presented by other companies. Accordingly, these measures should not be considered in isolation or as a substitute for analysis of our financial information reported

under IFRS. Rather, these non-IFRS measures are used to provide investors with supplemental measures of our operating performance and thus highlight trends in our core business that may not otherwise be apparent when relying solely on IFRS measures. We also believe that securities analysts, investors and other interested parties frequently use non-IFRS measures in the evaluation of issuers. Our management also uses non-IFRS measures to facilitate operating performance comparisons from period to period, to prepare annual operating budgets and forecasts and to determine components of management compensation.

Adjusted EBITDA is a supplemental measure used by management to assess the financial performance of our business. Adjusted EBITDA is also a key metric that management uses prior to execution of any strategic investing or financing opportunity. "EBITDA" is defined as earnings (loss) before income taxes, depreciation, amortization and financial expenses and "Adjusted EBITDA" is defined as EBITDA, as adjusted for stock-based compensation and certain non-recurring expense items. "Adjusted EBITDA Margin" represents Adjusted EBITDA divided by revenue. "Gross Margin" represents gross profit divided by revenue.

A reconciliation of EBITDA and Adjusted EBITDA to Net income (loss) is included in the tables at the end of this press release and in the Company's management discussion and analysis for the three months and six months ended April 30, 2023.

## About Haivision

Haivision is a leading global provider of mission-critical, real-time video streaming and visual collaboration solutions. Our connected cloud and intelligent edge technologies enable organizations globally to engage audiences, enhance collaboration, and support decision making. We provide high quality, low latency, secure, and reliable live video at a global scale. Haivision open sourced its award-winning SRT low latency video streaming protocol and founded the SRT Alliance to support its adoption. Awarded four Emmys® for Technology and Engineering from the National Academy of Television Arts and Sciences, Haivision continues to fuel the future of IP video transformation. Founded in 2004, Haivision is headquartered in Montreal and Chicago with offices, sales, and support located throughout the Americas, Europe, and Asia. Learn more at [haivision.com](https://www.haivision.com).

Thousands of Canadian dollars (except per share amounts)

	Three months ended April 30,		Six months ended April 30,	
	2023	2022	2023	2022
Revenue	35,112	29,885	69,178	58,219
Cost of sales	10,912	8,556	22,307	17,220
Gross profit	24,200	21,329	46,871	40,999

<b>Expenses</b>				
Sales and marketing	8,111	6,673	15,512	12,617
Operations and support	3,861	2,862	7,588	5,426
Research and development	7,819	7,535	15,306	13,736
General and administrative	4,603	3,427	9,300	7,740
Share-based payment	720	687	1,096	1,449
	<u>25,114</u>	<u>21,184</u>	<u>48,802</u>	<u>40,968</u>
<b>Operating Profit (loss)</b>	<b>(914)</b>	<b>145</b>	<b>(1,931)</b>	<b>31</b>
Financial expenses	340	192	944	346
	<u>(1,254)</u>	<u>(47)</u>	<u>(2,876)</u>	<u>(315)</u>
<b>Income (loss) before income taxes</b>				
<b>Income taxes</b>				
Current	487	364	144	247
Deferred	(226)	(41)	(87)	281
	<u>261</u>	<u>(322)</u>	<u>58</u>	<u>528</u>
	<u>(1,515)</u>	<u>(369)</u>	<u>(2,932)</u>	<u>(843)</u>
<b>Net loss</b>				
<b>Other comprehensive income (loss)</b>				
Foreign currency translation adjustment	(1,907)	(960)	(2,668)	1,084
	<u>392</u>	<u>(1,329)</u>	<u>(265)</u>	<u>241</u>
<b>Net income per share</b>				
Net income (loss) per share (basic and diluted)	\$(0.05)	\$(0.01)	\$(0.10)	\$(0.03)
Weighted average number of shares outstanding				
Basic	29,004,453	28,878,054	28,943,698	28,830,884
Diluted	<u>29,004,453</u>	<u>28,878,054</u>	<u>28,943,698</u>	<u>28,830,884</u>

Thousands of Canadian dollars

	As at	
	April 30, 2023	October 31, 2022
	\$	\$
<b>Assets</b>		
<b>Current assets</b>		
Cash	7,295	5,773
Trade and other receivables	19,164	26,711
Income taxes receivable	343	—
Investment tax credits receivable	3,000	3,000
Inventories	21,344	21,056
Prepaid expenses	4,716	5,125
	<u>55,862</u>	<u>61,665</u>
Property and equipment	3,738	3,808
Right-of-use assets	8,253	8,948
Intangible assets	20,306	23,664
Goodwill	45,774	44,435
Non-refundable investment tax credits receivable	4,916	3,298
Deferred income taxes	2,812	2,778

	85,800	86,931
	<u>141,663</u>	<u>148,596</u>
Liabilities		
Current liabilities		
Line of credit	10,011	11,173
Trade and other payables	12,802	17,841
Restructuring costs payable	86	1,670
Purchase price payable	1,499	1,985
Income taxes payable	—	42
Current portion of lease liabilities	1,630	1,538
Current portion of term loans	1,119	1,389
Deferred revenue	<u>10,436</u>	<u>9,246</u>
	43,433	44,884
Lease liabilities	7,542	8,258
Term loans	2,326	2,617
Deferred revenue	<u>3,372</u>	<u>2,587</u>
	<u>50,823</u>	<u>58,345</u>
Equity		
Share capital	90,902	90,176
Retained earnings	(11,839)	(9,195)
Stock option reserve	4,404	4,565
Foreign currency translation adjustment	<u>7,372</u>	<u>4,704</u>
	<u>90,839</u>	<u>90,251</u>
	<u>141,663</u>	<u>148,596</u>

Thousands of Canadian dollars

	Three months ended		Six months ended	
	April 30,		April 30,	
	2023	2022	2023	2022
	(\$)	(\$)	(\$)	(\$)
Net Income (loss)	(1,515)	(369)	(2,932)	(843)
Income Taxes	261	595	58	528
Income before income taxes	(1,254)	(47)	(2,875)	(315)
Depreciation	768	595	1,546	1,110
Amortization	2,069	1,162	4,037	2,141
Financial expenses	340	191	944	346
EBITDA (1)	1,923	1,902	3,652	3,282
Share-based payments (LTIP)	720	687	1,096	1,449
Adjusted EBITDA (1)	<u>2,643</u>	<u>2,589</u>	<u>4,748</u>	<u>4,731</u>
Adjusted EBITDA Margin(1)	<u>7.5 %</u>	<u>8.7 %</u>	<u>6.9 %</u>	<u>8.1 %</u>

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Note:

(1) Non-IFRS measure. See "Non-IFRS Measures".

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