

Haivision Announces Fiscal 2021 Third Quarter Financial Results

9/14/2021

Company Achieves Record YTD Revenue and Adjusted EBITDA

MONTREAL, Sept. 14, 2021 /CNW/ - **Haivision Systems Inc.** ("Haivision" or the "Company") (TSX: HAI), a leading global provider of mission critical, real-time IP video solutions, today announced its third quarter fiscal financial results for the three months and nine months ended July 31, 2021.

Third Quarter Fiscal 2021 Financial Results, Company Highlights and Subsequent Events

- Revenue for the period ended July 31, was \$20.7 million, a record for third quarter performance
- YTD Revenue in functional currency exceeds 15% YoY growth
- Operating profit for the quarter was \$3.9 million
- Adjusted EBITDA* for the quarter was \$3.4 million representing an Adjusted EBITDA Margin* of 16.3%
- Cash at quarter end was \$51.6 million
- Our SRT open-source initiative celebrated its 4th anniversary and welcomed its 500th member
- Closed on the acquisitions of CineMassive Displays, LLC a leader in visual collaboration solutions for mission critical environments
- Closed on a \$35 million revolving credit facility with Bank of Montreal which includes an accordion feature to expand the line to \$60 million
- The PPP loan granted under the CARES Act was forgiven by the Small Business Administration
- Since going public we have added three outside Board members including our most recent addition, Major General Lee K. Levy II, USAF (ret).

Mirko Wicha, Chairman and CEO of Haivision, said "I want to welcome CineMassive to the Haivision family. Their products aggregate content from multiple real-time sources for display and interaction within mission critical operations centers that support defense command, cybersecurity threat response, and public safety. Their exceptional installed base is a testament to the quality of their products." Mirko added, "Our ability to generate Adjusted EBITDA and net income has exceeded our expectations for the year thus far, as we continue to focus on operational efficiency."

The Company generated record third quarter revenues of \$20.7 million exceeding the exceptional performance of last year, and revenues for the first nine months ended July 31, 2021 were \$65.5 million, an increase of \$4.5 million or 7% when compared to the same period in fiscal 2020. After an impressive first half of the year, there continued to be strong overall demand for our products and services.

Adjusted EBITDA* for the nine months ended July 31, 2021 was \$10.6 million an increase of 31% compared to the same period in the prior year. Dan Rabinowitz, Chief Financial Officer and EVP Operations, stated, "As we begin the process of integrating CineMassive, we intend to exploit the synergistic opportunities to introduce their product sets to our customer base, expand their base of business internationally, and take advantage of our combined scale in reducing cost and expanding our operating margins."

The Company recorded net income of \$1.9 million in the third quarter of fiscal 2021, compared to net income of \$2.1 million for the same period in fiscal 2020. Net income in the third quarter was positively impacted by the forgiveness of the PPP loan, but was negatively impacted by share-based payments and the additional costs of being a public issuer.

Mirko Wicha added, "With the addition of CineMassive to the Haivision family, an enhanced line of credit, and significant cash on hand, we intend to continue to focus on the organic growth opportunities that present themselves while pursuing our acquisition strategy".

Conference Call Notification

Haivision will hold a conference call to discuss its third quarter financial results on Tuesday, September 14, 2021 at 5:30 pm (ET).

To register for the call, please use this link <http://www.directeventreg.com/registration/event/4638827>. After registering, a confirmation will be sent through email, including dial in details and unique conference call codes for entry.

* 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 nine months ended July 31, 2021.

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

Haivision's consolidated unaudited financial statements for the three months and nine months ended July 31, 2021 (the "Q3 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. The financial information presented in this release was derived from the Q3 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 a number of 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. 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.

In addition, Haivision's guidance on revenue is considered forward-looking information. The foregoing demonstrates Haivision's objectives, which are not forecasts or estimates of its financial position, but are based on the implementation of its strategic goals, growth prospects and growth initiatives. Management's assessments of, and outlook for, revenue set out herein are generally based on the following assumptions: (a) Haivision's results of operations will continue as expected, (b) Haivision will continue to effectively execute against its key strategic growth priorities, (c) Haivision will continue to retain and grow its existing customer base and market share, (d) Haivision will be able to take advantage of future prospects and opportunities, and realize on related synergies, including in respect of acquisitions, (e) there will be no changes in legislative or regulatory matters that negatively impact Haivision's business, (f) current tax laws will remain in effect and will not be materially changed, (g) economic conditions will remain relatively stable throughout the period, and (h) the industries Haivision operates in will continue to grow consistent with past experience. Haivision considers these assumptions to be reasonable in the circumstances, given the time period for such projections and targets. The achievement of target revenue set out above is subject to significant risks including:

(a) that Haivision will be unable to effectively execute against its key strategic growth priorities, and (b) Haivision will be unable to continue to retain and grow its existing customer base and market share. These estimates have been prepared by and are the responsibility of management. Haivision's independent auditor has not conducted a review of, and does not express an opinion or any other form of assurance with respect to, these estimates.

Non-IFRS Measures

Haivision's consolidated financial statements for the third quarter ended July 31, 2021 are prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board. 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 in order 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.

About Haivision

Haivision is a leading global provider of mission-critical, real-time video streaming and networking solutions. Our connected cloud and intelligent edge technologies enable global organizations 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 an Emmy® 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.

Thousands of Canadian dollars

	Three months ended July 31,		Nine months ended July 31,	
	2021	2020	2021	2020
	(\$)	(\$)	(\$)	(\$)
Revenue	20,695	20,346	65,531	60,988
Cost of sales	5,152	4,710	15,373	14,152
Gross profit	15,543	15,636	50,158	46,836
Expenses				
Sales and marketing	4,036	4,679	13,988	14,604

	846	1,162	3,334	3,807
Operations and support	3,638	4,479	12,877	14,856
Research and development	2,313	2,185	8,934	6,823
General and administrative	821	—	16,015	—
Share-based payment	<u>11,654</u>	<u>12,505</u>	<u>55,148</u>	<u>40,091</u>
Operating Profit (loss)	3,888	3,132	(4,991)	6,745
	60	77	248	267
Financial expenses	<u>3,829</u>	<u>3,055</u>	<u>(5,239)</u>	<u>6,478</u>
Income (loss) before income taxes				
Income taxes				
	1,934	780	3,715	1,697
Current	—	216	—	471
Deferred	<u>1,934</u>	<u>996</u>	<u>3,715</u>	<u>2,168</u>
Net income (loss)	<u>1,894</u>	<u>2,059</u>	<u>(8,954)</u>	<u>4,310</u>
Other comprehensive income (loss)				
	161	(460)	(778)	222
Foreign currency translation adjustment	<u>1,733</u>	<u>1,599</u>	<u>(9,733)</u>	<u>4,533</u>
Comprehensive income (loss)				
Net income per share				
Net income (loss) per share (basic and diluted)	\$0.07	\$0.13	\$(0.36)	\$0.28
Weighted average number of shares outstanding				
Basic	26,634,916	15,340,749	24,754,126	15,385,827
Diluted	<u>27,316,136</u>	<u>15,340,749</u>	<u>24,754,126</u>	<u>15,385,827</u>

Thousands of Canadian dollars

As at

July 31,
2021

October 31,
2020

Assets

Current assets

Cash	51,590	15,715
Trade and other receivables	14,981	12,763
Investment tax credits receivable	937	2,275
Inventories	5,216	5,988
Prepaid expenses	2,058	908

74,782

37,649

Property and equipment

946

898

Right-of-use assets

3,396

3,184

Intangible assets

1,869

2,283

Goodwill

13,966

14,745

Non-refundable investment tax credits receivable

2,795

3,861

Deferred income taxes

1,606

147

24,579

25,118

99,361

62,767

Liabilities

Current liabilities

Trade and other payables	9,322	12,892
Income taxes payable	3,207	2,484

Current portion of lease liabilities	507	570
Deferred revenue	8,156	8,102
Current portion of term loans	467	1,180
	<u>21,659</u>	<u>25,228</u>
Lease liabilities	3,479	3,075
Deferred revenue	1,960	1,641
Term loans	1,402	2,749
Deferred income taxes	—	—
Deferred lease inducement	—	—
	<u>28,500</u>	<u>32,693</u>
Equity		
Share capital	71,096	20,934
Stock Option	1,890	—
Retained earnings	(3,173)	7,313
Cumulative translation adjustment	1,048	1,827
	<u>70,861</u>	<u>30,074</u>
	<u>94,361</u>	<u>62,767</u>

Thousands of Canadian dollars

Three months ended July 31,		Nine months ended July 31,	
2021	2020	2021	2020

	(\$)	(\$)	(\$)	(\$)
Net Income	1,894	2,059	(8,954)	4,310
	1,934	996	3,715	2,168
Income Taxes				
Income before income taxes	3,828	3,055	(5,239)	6,478
	298	140	885	459
Depreciation	138	288	414	842
Amortization	821		16,015	—
Share-based payments	60	77	248	267
Financial expenses				
Non-recurring expenses:	(1,772)		(1,772)	
PPP loan forgiveness				
Adjusted EBITDA (1)	3,374	3,560	10,552	8,046
	16.3%	17.5 %	16.1%	13.2 %
Adjusted EBITDA Margin(1)				

Note:

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

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