



NEWS RELEASE

Haivision Announces Results for the Three Months and Full Year Ended October 31, 2022

1/25/2023

Haivision reports fourth-quarter revenue growth of 40.1% and annual revenue growth of 35.8%

MONTREAL, Jan. 25, 2023 /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 results for the fourth quarter and year ended October 31, 2022.

"Having had a record quarter and record year of revenues, we are pleased to be on plan in realizing the immediate sales synergies of the two major acquisitions since our IPO,' said Mirko Wicha, Chairman and CEO of Haivision. "Additionally, in light of the product and technology synergies related to the acquisitions, we have significantly reorganized to focus our product, development, and business on mission-critical live video and collaboration within our core markets, to be assisted going forward by the experienced hand of our newly appointed Chief Product Officer, Jean-Marc Racine."

Q4 2022 Financial Results

- Revenue of \$37.9 million represents an increase of 40.1% from the prior year period.
- Total expenses of \$26.2 million represents an increase of \$6.5 million from the prior year period, largely the result of the acquisition of Aviwest in April 2022 and \$2.3 million in non-recurring restructuring costs.
- Resulting operating loss was \$0.4 million, a \$0.1 million improvement from the prior year period.
- Net loss of \$1.1 million compared to \$0.2 million net income in the prior year period.

- Adjusted EBITDA* of \$4.9 million, was an improvement of \$3.2 million from Adjusted EBITDA of \$1.8 million in the prior year period.
- Adjusted EBITDA margin was 13.0% compared to 8.4% in the prior year period.

Fiscal 2022 Financial Results

- Revenue of \$125.7 million represents an increase of 35.8% from the prior year period.
- Total expenses of \$91.5 million represents a \$16.7 million increase from the prior fiscal year, largely the result of the acquisitions of Haivision MCS and Aviwest and a non-recurring restructuring cost of \$2.3 million offset by reduction in share-based compensation.
- Resulting operating loss was \$5.2 million, a \$0.3 million improvement from the prior year period.
- Net loss was \$6.2 million, a \$2.6 million improvement from the \$8.8 million loss in the prior fiscal year.
- Adjusted EBITDA* was \$8.1 million, a \$4.2 million decrease from Adjusted EBITDA of \$12.3 million in the prior fiscal year.
- Adjusted EBITDA Margin* was 6.4% compared to 13.3% for the prior fiscal year.

Key Company Highlights for Fiscal 2022

- On April 1, 2022, completed the acquisition of AVIWEST S.A.S. ("Aviwest"), a provider of ultra-low-latency wireless and IP bonding broadcast video transmission, through mobile networking (5G/4G cellular) and patented network bonding capabilities.
- CineMassive Displays, LLC was renamed Haivision MCS, LLC ("Haivision MCS"), highlighting its focus on "Mission-Critical Systems" for the enterprise, government, and defense verticals.
- Haivision introduced the new critical visual collaboration platform Haivision Command 360.
- Haivision was awarded its fourth Emmy® Award for Technology & Engineering, for the "Management of IP Multicast Video Distribution to Desktops and TVs in News and Media Production Facilities" through our flagship, multisite, live video distribution and IPTV solution, Haivision Media Platform.
- Haivision was awarded "Best Corporate Video and Enterprise Video Content Management Platform" at the 2021 Streaming Media Readers' Choice Awards.
- Haivision partnered with Grass Valley to enable live low latency cloud media production.
- Published our third annual Broadcast IP Transformation Report.
- SRT Alliance membership surpassed 575 members.
- Haivision awarded Best of Show award at IBC 2022 for Haivision Pro460 mobile video transmitter.
- Introduced an exciting new brand strategy that brings together our products, technology, and people under one inspiring brand.
- Haivision 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 and announced the completion of a strategic reorganization.

"With organizational restructuring behind us, and a renewed focus on our high-value core markets, the earnings potential of the business is becoming evident," said Dan Rabinowitz, Chief Financial Officer and EVP, Operations. "Furthermore, there is also clear potential for increased synergies as our product, development, and operational teams continue to integrate and we leverage into the global scale of our client base. We expect to fully realize the benefits of our reorganization and focus through this next fiscal year."

Financial Results

Revenue for the three months and full year ended October 31, 2022 was \$37.9 million and \$125.7 million, respectively, an increase of 40.1% and 35.8% compared to the prior year periods, respectively. Primary contributors to revenue growth were the recent acquisitions of Haivision MCS in August 2021 and of Aviwest in April 2022. Gross Margins* for the three months and full year ended October 31, 2022 were 68.0% and 68.7%, compared to 70.8% and 74.9% for the prior year periods, respectively. The decrease in Gross Margins* results largely from the addition of the recent acquisitions which historically operated at a lower overall gross margin than Haivision's traditional business.

Total expenses in the quarter ended October 31, 2022 were \$26.2 million an increase of \$6.5 million from the prior year period largely related to the acquisition of Aviwest in April 2022, and included \$2.3 million in restructuring costs and \$0.8 million in additional depreciation and amortization expenses related to these acquisitions. For fiscal 2022, total expenses of \$91.5 million represent an increase of \$6.7 million from the prior year period largely related to the acquisition of Haivision MCS in August 2021 and Aviwest in April 2022; and included \$5.2 million in additional depreciation and amortization expenses related to these acquisitions and \$2.3 million in non-recurring restructuring costs. Increases in total expenses were offset by the reduction in non-recurring share-based compensation of \$14.1 million related to the legacy Employee Stock Option Plan ("ESOP").

Net loss for the three months ended October 31, 2022 was \$1.1 million compared to the \$0.2 million in net income realized in the prior year period. The decrease in net income in the three-month period ended October 31, 2022 is largely related to the \$10.8 million increase in revenue contributing to a \$6.6 million increase in gross profit; offset by an increase in total expenses by \$6.5 million (largely related to the Aviwest acquisition in April 2022) and an increase in income taxes of \$1.1 million. The net loss for the full year ended October 31, 2022 was \$5.5 million, a \$3.3 million improvement from the \$8.8 million net loss in the prior year period. The increase in net income in fiscal 2022 is largely related to the \$33.1 million increase in revenue contributing to a \$17.0 million increase in gross profit; offset by an increase in total expenses by \$16.7 million (largely related to the Haivision MCS acquisition in August 2021 and the Aviwest acquisition in April 2022) and a decrease in income taxes of \$3.7 million.

*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 full year ended October 31, 2022.

Conference Call Notification

Haivision will hold a conference call to discuss its third quarter financial results on Wednesday, January 25, 2022 at 5:30 pm (ET). To register for the call, please use this link

<https://conferencingportals.com/event/myiwYleM>. 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 consolidated financial statements for full year ended October 31, 2022 (the "**2022 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 2022 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. 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 year ended October 31, 2022 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 full year ended October 31, 2022.

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 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.

Thousands of Canadian dollars (except per share amounts)

	Three months ended October 31,		Full year ended October 31,	
	2022 (\$)	2021 (\$)	2022 (\$)	2021 (\$)
Revenue	37,903	27,060	125,697	92,591
Cost of sales	12,135	7,892	38,367	23,265
Gross profit	25,769	19,168	86,330	69,326
Expenses				
Sales and marketing	9,426	7,219	30,010	21,205
Operations and support	3,626	2,170	12,336	5,505
Research and development	7,261	5,740	29,347	18,617
General and administrative	2,892	3,719	14,797	12,655
Share-based payment	636	816	2,696	16,831
Restructuring costs	2,337	—	2,337	—
	26,179	19,664	91,523	74,813
Operating Profit (loss)	(409)	(496)	(5,193)	(5,487)
Financial expenses	455	145	1,109	393
Income (loss) before income taxes	(864)	(641)	(6,302)	(5,880)
Income taxes				
Current	(61)	67	261	3,782
Deferred	305	(879)	(371)	(879)
Net income (loss)	(1,108)	171	(6,192)	(8,783)
Other comprehensive income (loss)				
Foreign currency translation adjustment	4,767	(1,594)	5,250	(2,373)
Comprehensive income (loss)	(3,660)	(1,423)	(942)	(11,156)
Net income per share				
Net income (loss) per share (basic and diluted)	\$(0.04)	\$0.02	\$(0.21)	\$(0.34)
Weighted average number of shares outstanding				
Basic	28,878,054	28,761,365	28,854,663	24,783,477
Diluted	28,878,054	29,363,158	28,854,663	25,783,477

Thousands of Canadian dollars

	As at	
	October 31, 2022	October 31, 2021
	\$	\$
Assets		
Current assets		
Cash	5,773	26,838
Trade and other receivables	26,711	19,476
Investment tax credits receivable	3,000	2,000
Inventories	21,056	8,840
Prepaid expenses	5,125	3,226
	<u>61,665</u>	<u>60,380</u>
Property and equipment	3,808	1,848
Right-of-use assets	8,948	7,926
Intangible assets	23,664	17,533
Goodwill	44,435	30,079
Non-refundable investment tax credits receivable	3,298	2,535
Deferred income taxes	2,778	2,179
	<u>86,931</u>	<u>62,100</u>
	<u>148,596</u>	<u>122,480</u>
Liabilities		
Current liabilities		
Credit facility	11,173	—
Trade and other payables	17,841	12,504
Restructuring costs payable	1,670	—
Purchase price payable	1,985	—
Income taxes payable	42	2,960
Current portion of lease liabilities	1,538	1,002
Current portion of term loans	1,389	—
Deferred revenue	9,147	7,913
	<u>44,785</u>	<u>24,379</u>
Lease liabilities	8,258	7,587
Long term debt	2,617	—
Deferred revenue	2,685	1,592
	<u>58,345</u>	<u>33,559</u>
Equity		
Share capital	90,176	89,785
Retained earnings	(9,195)	(3,002)
Stock option reserve	4,565	2,684
Cumulative translation adjustment	4,704	(546)
	<u>90,251</u>	<u>88,921</u>
	<u>148,596</u>	<u>122,480</u>

Thousands of Canadian dollars

	Three months ended October 31,		Full year ended October 31,	
	2022 (\$)	2021 (\$)	2022 (\$)	2021 (\$)
Net Income (loss)	(1,108)	171	(6,192)	(8,783)
Income Taxes	244	(812)	(110)	2,903
Income before income taxes	(864)	(641)	(6,302)	(5,880)
Depreciation	771	545	2,609	1,429
Amortization	1,603	896	5,625	1,311
Financial expenses	455	145	1,109	393
EBITDA (1)	1,965	945	3,041	(2,747)
Share-based payments (LTIP)	636	815	2,696	2,706
Non-recurring expenses:				
Restructuring costs	2,337	—	2,337	—
Share-based payment (ESOP)	—	—	—	14,125
PPP loan forgiveness	—	—	—	(1,772)
Adjusted EBITDA (1)	4,938	1,760	8,074	12,312
Adjusted EBITDA Margin(1)	13.0 %	6.5 %	6.4 %	13.3 %

Note:

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

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