



NEWS RELEASE

Haivision Announces Results for the Three Months and Nine Months Ended July 31, 2022

9/13/2022

Haivision reports third-quarter year-over-year revenue growth of 42.9%

MONTREAL , Sept. 13, 2022 /CNW Telbec/ - **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 third quarter ended July 31, 2022.

"With the successful completion of two major acquisitions since our IPO, combined with the introduction of exciting game-changing products, our focus on meeting the challenges and priorities of our customers with mission-critical live video networking and collaboration solutions have never been clearer," said Mirko Wicha, Chairman and CEO of Haivision. "Our core values of security, reliability, quality, and performance are fundamental aspects of all our products including the new Haivision Command 360 and Haivision Hub MCR. And now, along with Haivision's exciting and bold new brand identify we are entering a new chapter as the company transitions to perfectly position itself for the future."

Q3 2022 Financial Results

- Revenue of \$29.6 million represents an increase of 42.9% or \$8.9 million from the prior year period.
- Gross margins* for the quarter were 66.1%.
- Total expenses of \$24.4 million represented an increase of \$12.7 million from the prior year period, largely the result of the acquisitions of Haivision MCS in August 2021 and Aviwest in April 2022.
- Resulting operating loss was \$4.8 million, a decrease of \$8.7 million from the prior year period.

- Net loss of \$4.2 million was a decrease of \$6.1 million from the \$1.9 million net income in the prior year period.
- Adjusted EBITDA* was a loss of \$1.6 million, a decrease of \$5.0 million from Adjusted EBITDA of \$3.4 million in the prior year period.
- Adjusted EBITDA margin was (5.4)% compared to 16.3% in the prior year period.

Financial Results for the nine months ended July 31, 2022

- Revenue of \$87.8 million represents an increase of 34.0% or \$22.3 million from the prior year period.
- Gross margins* were 69.0%.
- Total expenses of \$65.3 million represented an increase of \$10.2 million from the prior year period, largely the result of the acquisitions of Haivision MCS in August 2021 and Aviwest in April 2022.
- Operating loss was \$4.8 million, an increase of \$0.2 million from the prior year period.
- Net loss was \$5.1 million but represented a \$3.9 million increase from the \$8.9 net loss in the prior year's period.
- Adjusted EBITDA* was \$3.1 million, a decrease of \$7.4 million from Adjusted EBITDA of \$10.5 million in the prior year period.
- Adjusted EBITDA Margin* was 3.6% compared to 16.1% for the prior year period.

Key Company Highlights for Fiscal 2022

- On April 1, 2022, we 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.

"In this first full quarter operating with both acquisitions on a consolidated basis, we identified significant synergies that can be largely realized over this next quarter," said Dan Rabinowitz, Chief Financial Officer and EVP, Operations. "In addition, the company also expects higher revenues in this fourth quarter from increases in seasonal volume and from increased pricing to offset incremental supply chain costs. We expect to be able to maintain our historical margin profiles while still delivering industry leading price to value offerings for our customers."

Financial Results

Revenue for the three months and nine months ended July 31, 2022 was \$29.6 million and \$87.8 million, respectively, an increase of \$8.9 million or 43% and \$22.3 million or 34% 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 nine months ended April 30, 2022 were 66.1% and 69.0%, compared to 75.1% and 76.5% for the prior year periods, respectively. The decrease in Gross Margins* results largely from the addition of Haivision's recent acquisitions which historically operated at a lower overall gross margin than Haivision's traditional business.

Total expenses in the quarter ended July 31, 2022 was \$24.4 million an increase of \$12.7 million from the prior year period largely related to the acquisition of Haivision MCS in August 2021 and Aviwest in April 2022, and included \$2.2 million in additional depreciation and amortization expenses related to these acquisitions. For the nine months ended July 31, 2022, total expenses of \$65.3 million represent an increase of increased by \$10.2 million from the prior year period largely related to the acquisition of Haivision MCS and Aviwest. Increases in total expenses were offset by the reduction in non-recurring share-based payments of \$14.1 million related to the legacy Employee Stock Option Plan ("ESOP") and included \$4.6 million of incremental depreciation and amortization expense and \$1.1 million in transactional expenses related to acquisitions.

Net loss for the three months ended July 31, 2022 was \$4.2 million a decrease of \$6.1 million from \$1.9 million net income from the prior year period. The decrease in net income in the three-month period ended July 31, 2022 is largely related to the \$8.9 million increase in revenue contributing to a \$4.0 million increase in gross profit; offset by an increase in total expenses by \$12.7 million (largely related to the Haivision MCS acquisition in August 2021 and the Aviwest acquisition in April 2022). Income taxes also declined by \$2.8 million. The net loss for the nine months ended July 31, 2022 was \$5.1 million, a \$3.9 million improvement from the \$8.9 million net loss in the prior year period. The increase in net income in the nine month period is largely related to the \$22.3 million increase in revenue contributing to a \$10.4 million increase in gross profit; offset by an increase in total expenses by \$10.2 million and a decrease in income taxes of \$4.1 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 nine months ended July 31, 2022.

Conference Call Notification

Haivision will hold a conference call to discuss its third quarter financial results on Tuesday, September 13, 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 unaudited interim condensed consolidated financial statements for the third quarter ended July 31, 2022 (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 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 third quarter ended July 31, 2022 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 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 nine months ended July 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 July 31,		Nine months ended July 31,	
	2022	2021	2022	2021
	(\$)	(\$)	(\$)	(\$)
Revenue	29,574	20,695	87,794	65,531
Cost of sales	10,012	5,152	27,232	15,373
Gross profit	19,562	15,543	60,561	50,158
Expenses				
Sales and marketing	7,968	4,036	20,584	13,988
Operations and support	3,283	846	8,710	3,334
Research and development	8,351	3,638	22,086	12,877
General and administrative	4,164	2,313	11,905	8,934
Share-based payment	611	821	2,060	16,015
	24,377	11,654	65,345	55,148
Operating Profit (loss)	(4,815)	3,888	(4,784)	(4,991)
Financial expenses	308	60	654	248
Income (loss) before income taxes	(5,123)	3,829	(5,438)	(5,239)
Income taxes				
Current	23	1,934	322	3,715
Deferred	(904)	—	(676)	—
	(882)	1,934	(354)	3,715
Net income (loss)	(4,241)	1,894	(5,085)	(8,954)
Other comprehensive income (loss)				
Foreign currency translation adjustment	(979)	(161)	483	(778)
Comprehensive income (loss)	(5,220)	1,733	(4,602)	(9,733)
Net income per share				
Net income (loss) per share (basic and diluted)	\$(0.15)	\$0.07	\$(0.18)	\$(0.36)
Weighted average number of shares outstanding				
Basic	28,878,054	26,634,916	28,846,780	24,754,126
Diluted	28,878,054	27,316,136	28,846,780	24,754,126

Thousands of Canadian dollars

	As at	
	July 31, 2022	October 31, 2021
	\$	\$
Assets		
Current assets		
Cash	8,854	26,838
Trade and other receivables	21,465	19,476
Investment tax credits receivable	3,000	2,000
Inventories	15,449	8,840
Prepaid expenses	5,325	3,226
	<u>54,093</u>	<u>60,380</u>
Property and equipment	3,429	1,848
Right-of-use assets	8,857	7,926
Intangible assets	28,368	17,533
Goodwill	39,929	30,079
Non-refundable investment tax credits receivable	2,974	2,535
Deferred income taxes	1,484	2,179
	<u>85,041</u>	<u>62,100</u>
	<u>139,134</u>	<u>122,480</u>
Liabilities		
Current liabilities		
Credit facility	12,952	—
Trade and other payables	11,559	12,504
Purchase price payable	2,705	—
Income taxes payable	115	2,960
Current portion of lease liabilities	1,441	1,002
Current portion of term loans	1,622	—
Deferred revenue	8,894	7,913
	<u>39,288</u>	<u>24,379</u>
Lease liabilities	8,318	7,587
Long term debt	3,357	—
Deferred revenue	2,216	1,592
	<u>53,179</u>	<u>33,559</u>
Equity		
Share capital	90,176	89,785
Retained earnings	(8,086)	(3,002)
Stock option reserve	3,928	2,684
Cumulative translation adjustment	(63)	(546)
	<u>85,955</u>	<u>88,921</u>
	<u>139,134</u>	<u>122,480</u>

Thousands of Canadian dollars

	Three months ended July 31,		Nine months ended July 31,	
	2022 (\$)	2021 (\$)	2022 (\$)	2021 (\$)
Net Income (loss)	(4,241)	1,894	(5,085)	(8,954)
Income Taxes	(882)	1,934	(354)	3,715
Income before income taxes	(5,123)	3,829	(5,438)	(5,239)
Depreciation	728	298	1,838	885
Amortization	1,881	138	4,022	414
Financial expenses	308	60	654	248
EBITDA (1)	(2,206)	4,325	1,076	(3,692)
Share-based payments (LTIP)	611	821	2,060	1,890
Non-recurring expenses:				
Share-based payment (ESOP)		—	—	14,125
PPP loan forgiveness		(1,772)		(1,772)
Adjusted EBITDA (1)	(1,595)	3,374	3,136	10,552
Adjusted EBITDA Margin(1)	(5.4) %	16.3 %	3.6 %	16.1 %

Note:

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

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