



NEWS RELEASE

# Haivision Announces Results for the Three Months and Six Months Ended April 30, 2022

6/15/2022

Haivision reports record quarterly revenues with 36.8% year-over-year revenue growth

MONTREAL, June 15, 2022 /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 second quarter ended April 30, 2022.

Mirko Wicha, Chairman and CEO of Haivision said, "The recent acquisition of Aviwest extends our video contribution solution portfolio and we are pleased that the demand for our expanded portfolio of products and services continues to be strong. Additionally, our teams have done a phenomenal job in successfully managing through this period of global supply chain challenges to meet the needs of our customers."

## Q2 2022 Financial Results

- Revenue of \$29.9 million, up 36.8% from \$21.9 million in the second quarter of fiscal 2021, a record for quarterly revenue performance.
- Gross margins\* for the quarter were 71.4%.
- Operating profit was \$0.1 million, a decrease of \$2.3 million from the prior year period, but was primarily caused by increases in depreciation and amortization of \$1.3 million and transaction costs of \$0.6 million related to the recent acquisitions.
- Net loss of \$0.4 million was a decrease of \$1.6 million from the prior year period, but was primarily caused by increases in depreciation and amortization of \$1.3 million and transaction costs of \$0.6 million related to the

recent acquisitions.

- Adjusted EBITDA\* was \$2.6 million, a decrease of \$1.0 million from the prior year period, but represents the thirty-fourth (34th) consecutive quarter of positive Adjusted EBITDA\*.
- Adjusted EBITDA margin was 8.7% compared to 16.5% in the prior year period.

## Financial Results for the six months ended April 30, 2022

- Revenue of \$58.2 million, up 29.8% from \$44.8 million in fiscal 2021.
- Gross margins\* were 70.4%.
- Operating profit was \$0.0 million, an improvement of \$8.9 million from the prior year period. Acquisition related depreciation and amortization expenses of \$2.4 million and transactional expenses of \$0.7 million was more than offset by the reduction in last-year's non-recurring share-based payments of \$14.1 million related to the legacy Employee Stock Option Plan ("ESOP").
- Adjusted EBITDA\* was \$4.7 million, a decrease of \$2.4 million from the prior year period.
- Adjusted EBITDA Margin\* was 8.1% compared to 16.0% from the prior year period.
- Net loss was \$0.8 million but represented a \$10.0 million improvement from the prior year's performance.

## Key Company Highlights for Fiscal 2022

- On April 1, 2022, we completed the acquisition of AVIWEST S.A.S. ("Awiwest"), an award winning, premier vendor for ultra-low-latency wireless 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 was awarded another Emmy® Award for Technology & Engineering, bringing its total to four, for the "Management of IP Multicast Video Distribution to Desktops and TVs in News and Media Production Facilities" for 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.
- Released the results of our third annual broadcast survey in our Broadcast IP Transformation Report.
- SRT Alliance membership surpassed 550 members.

"The Awiwest acquisition was closed in early April, and just weeks later we presented the companies together at the most important industry trade event of the year. Both Haivision and Awiwest clients applauded the acquisition bringing together the premier vendors in wired and wireless video networking technology," said Mirko Wicha, Chairman and CEO of Haivision. "Furthermore, we're quickly beginning to see the benefits of our combined teams, with sales synergies and technology integrations that are clearly showing how well our company cultures fit

together. We are extremely excited to continue our path of accelerated growth."

## Financial Results

Revenue for the three months and six months ended April 30, 2022 was \$29.9 million and \$58.2 million, respectively, an increase of \$8.0 million or 37% and \$13.4 million or 30% respectively, compared to the three months and six months ended April 30, 2021. 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 six months ended April 30, 2022 were 71.4% and 70.4%, compared to 78.1% and 77.2% for the three months and six month period in the prior year. The decrease in Gross Margins\* results largely from the addition of Haivision MCS business which historically operated at a lower overall gross margin than Haivision's traditional business.

Total expenses in the quarter ended April 30, 2022 increased by \$6.6 million. The increase in total expenses in the three month period is largely related to the acquisition of Haivision MCS and Aviwest, and included acquisition related depreciation and amortization of \$1.3 million and transactional expenses of \$0.6 million. For the six months ended April 30, 2022, total expenses decreased by \$2.5 million. Additional expenses related to the acquisition of Haivision MCS and Aviwest included \$2.4 million of depreciation and amortization and \$0.7 million in transactional expenses. These 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"). Options governed by the legacy ESOP were only exercisable upon the occurrence of a liquidity event (such as our IPO in December 2020).

Net loss for the three months ended April 30, 2022 was \$0.4 million a decrease of \$1.6 million from the prior year period, Net losses for the three-month period was primarily caused by the additional \$1.3 million in depreciation and amortization and \$0.6 million in transaction costs. The net loss for the six months ended April 30, 2022 was \$0.8 million, a \$10.0 million improvement from the prior year period. Net losses for the six months were primarily caused by the additional \$2.4 million in depreciation and amortization and \$0.7 million in transaction costs during the period. Adjusted EBITDA\* for the three months ended April 30, 2022 was \$2.6 million, a decrease of \$1.0 million from the prior year period, and Adjusted EBITDA\* for the six month period ended April 30, was \$4.7 million, a decrease of \$2.4 million compared to the prior year period.

\*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, 2022.

## Conference Call Notification

Haivision will hold a conference call to discuss its second quarter financial results on Wednesday, June 15, 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 second quarter ended April 30, 2022 (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, 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 six months ended April 30, 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](http://haivision.com).

Thousands of Canadian dollars (except per share amounts)

	Three months ended April 30,		Six months ended April 30,	
	2022	2021	2022	2021
	(\$)	(\$)	(\$)	(\$)
Revenue	29,885	21,851	58,219	44,836
Cost of sales	8,556	4,788	17,220	10,221
Gross profit	21,329	17,062	40,999	34,615
Expenses	6,673	4,841	12,617	9,952
Sales and marketing	2,862	1,170	5,426	2,488
Operations and support	7,535	4,359	13,736	9,239
Research and development	3,427	3,514	7,740	6,621
General and administrative	687	745	1,449	15,194
Share-based payment	21,184	14,629	40,968	43,494
Operating Profit (loss)	145	2,433	31	(8,879)
Financial expenses	192	79	346	188
Income (loss) before income taxes	(47)	2,354	(315)	(9,067)
Income taxes	364	1,117	247	1,781

Current	(41)	—	281	—
Deferred	(322)	1,117	528	2,018
Net income (loss)	(369)	1,237	(843)	(10,848)
Other comprehensive income (loss)	(960)	(450)	1,084	(940)
Foreign currency translation adjustment	(1,329)	787	241	(11,788)
Comprehensive income (loss)				
Net income per share	\$(0.01)	\$0.05	\$(0.03)	\$(0.46)
Net income (loss) per share (basic and diluted)				
Weighted average number of shares outstanding	28,878,054	26,632,340	28,830,884	23,809,782
Basic	28,878,054	27,344,467	28,830,884	23,809,782
Diluted				

Thousands of Canadian dollars

	As at	
	April 30, 2022	October 31, 2021
	\$	\$
Assets		
Current assets		
Cash	12,760	26,838
Trade and other receivables	24,820	19,476
Investment tax credits receivable	3,000	2,000
Inventories	14,371	8,840
Prepaid expenses	5,276	3,226
	<u>60,227</u>	<u>60,380</u>

	3,517	1,848
Property and equipment	9,301	7,926
Right-of-use assets	30,823	17,533
Intangible assets	39,725	30,079
Goodwill	2,033	2,535
Non-refundable investment tax credits receivable	523	2,179
Deferred income taxes	85,922	62,100
	146,149	122,480
<b>Liabilities</b>		
Current liabilities		
	13,046	—
Line of credit	13,359	12,504
Trade and other payables	2,698	—
Purchase price payable	218	2,960
Income taxes payable	1,420	1,002
Current portion of lease liabilities	1,492	—
Current portion of term loans	9,007	7,913
Deferred revenue	41,241	24,379
	8,727	7,587
Lease liabilities	3,860	—
Long term debt	2,135	1,592
Deferred revenue	55,963	33,559
<b>Equity</b>		
	90,176	89,785
Share capital	(3,845)	(3,002)
Retained earnings	3,317	2,684
Stock option reserve	—	—

		(538)	(546)
Cumulative translation adjustment		<u>90,186</u>	<u>88,921</u>
		<u>146,149</u>	<u>122,480</u>

Thousands of Canadian dollars

	Three months ended April 30,		Six months ended April 30,	
	2022	2021	2022	2021
	(\$)	(\$)	(\$)	(\$)
Net Income (loss)	(369)	1,237	(843)	(10,848)
Income Taxes	322	1,117	528	1,781
Income before income taxes	(47)	2,354	(315)	(9,067)
Depreciation	595	298	1,110	587
Amortization	1,162	138	2,141	276
Financial expenses	191	79	346	188
EBITDA (1)	1,902	2,869	3,282	(8,016)
Share-based payments (LTIP) Non-recurring expenses:	687	745	1,449	1,069
Share-based payment (ESOP)	—	—	—	14,125
Adjusted EBITDA (1)	<u>2,589</u>	<u>3,614</u>	<u>4,731</u>	<u>7,178</u>

Adjusted EBITDA Margin(1)	8.7 %	16.5 %	8.1 %	16.0 %
---------------------------	-------	--------	-------	--------

---

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

View original content to download multimedia:<https://www.prnewswire.com/news-releases/haivision-announces-results-for-the-three-months-and-six-months-ended-april-30-2022-301568987.html>

SOURCE Haivision Systems Inc.