HAIVISION SYSTEMS INC.

Management’s Discussion and Analysis

For the Three Months and Six Months Ended April 30, 2025

Dated: June 11, 2025

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MANAGEMENT'S DISCUSSION AND ANALYSIS

This management's discussion and analysis (this "**MD&A**") provides a review of the financial condition and results of operations of Haivision Systems Inc. ("**Haivision**") on a consolidated basis for the three months and six months ended April 30, 2025. In this MD&A, where the context so requires, references to the "Company", "Haivision", "we", "us", "our" or similar expressions refer to Haivision Systems Inc. together with our subsidiaries, on a consolidated basis, and references to "Fiscal 2024" and "Fiscal 2023" are to the fiscal years ended October 31, 2024 and October 31, 2023, respectively.

This MD&A should be read in conjunction with the information contained in the Company's consolidated interim financial statements and related notes for the three months and six months ended April 30, 2025 (the "**Q2 Financial Statements**"), the Company's annual information form for Fiscal 2024 (the "**2024 Annual Information Form**") and together with this MD&A and the 2024 Annual Financial Statements, (the "**2024 Annual Reports**"). These documents and additional information regarding the business of the Company are available under our profile on the System for Electronic Document Analysis and Retrieval ("**SEDAR+**") at www.sedarplus.ca. This MD&A reflects information available to the Company as at June 11, 2025.

BASIS OF PRESENTATION

For reporting purposes, we prepared our Q2 Financial Statements in accordance with International Financial Reporting Standards – Accounting Standards ("**IFRS® Accounting Standards**"). The financial information contained in the MD&A was derived from the Q2 Financial Statements. Unless otherwise indicated, all references to "$" are to Canadian dollars and all references to "US$" are to U.S. dollars. Figures in tables are presented in thousands of Canadian dollars, except share and per share amounts or as otherwise indicated. Unless otherwise indicated, all references to a specific "note" refer to the notes to the Q2 Financial Statements. Certain totals, subtotals and percentages throughout this MD&A may not reconcile due to rounding.

Given that our headquarters are in Canada, we have a large Canadian workforce. We have a long operating history in Canada. We have decided to report our consolidated financial results in Canadian dollars notwithstanding that our primary functional currency is the U.S. dollar. We currently hedge our exposure to fluctuations in U.S. dollar to minimize the impact of foreign exchange rate gains or losses.

CAUTION REGARDING FORWARD-LOOKING STATEMENTS

This MD&A contains "forward-looking statements" and "forward-looking information" (collectively, "**forward-looking statements**") within the meaning of applicable securities legislation. In some cases, these forward-looking statements can be identified by words or phrases such as "forecast", "target", "goal", "may", "might", "will", "expect", "anticipate", "estimate", "intend", "plan", "indicate", "seek", "believe", "predict", or "likely", or the negative of these terms, or other similar expressions intended to identify forward-looking statements. We have based these forward-looking statements on our current expectations and assumptions about future events and financial trends that we believe might affect our financial condition, results of operations, business strategy and financial needs, including expectations and assumptions concerning: our ability to source components for the manufacture of products; our ability to capitalize on growth opportunities and implement our growth strategy; our ability to retain key personnel; our ability to maintain existing customer relationships and to continue to expand our customers' use of our products and solutions; our ability to acquire new customers; our ability to enhance our offerings to remain at the forefront of our industry; the impact of competition; the successful integration of recent and future acquisitions; the absence of material adverse changes in our business, our industry or the global economy; and that the risks and uncertainties described under "Risk Factors" will not materialize.

Forward-looking statements in this MD&A include, among other things, statements relating to our financial position, business strategy, growth strategies, addressable markets, budgets, operations, financial results, taxes, plans, and objectives. Particularly, statements regarding our expectations of future results, performance, achievements, prospects or opportunities or the markets in which we operate are forward-looking statements.

Forward-looking statements are based on certain assumptions and analyses made by us considering our experience and perception of historical trends, current conditions and expected future developments and other factors we believe to be appropriate and are subject to risks and uncertainties. Although we believe that the assumptions underlying these statements are reasonable, they may prove to be incorrect and there can be no assurance that actual results will be consistent with these forward-looking statements. Given these risks, uncertainties and assumptions, readers should not place undue reliance on these forward-looking statements. Whether actual results, performance or achievements will conform to our expectations and predictions is subject to a number of known and unknown risks, uncertainties, assumptions and other factors, including those listed under "Risks Factors" in this MD&A and in the 2024 Annual Information Form, as well as those risk factors presented elsewhere in the 2024 Annual Reports and in other filings that we have made and may make in the future with applicable securities authorities, which factors should not be considered exhaustive and should be read together with the other cautionary statements in this MD&A. If any of these risks or uncertainties materialize, or if assumptions underlying the forward-looking statements prove incorrect, actual results might vary materially from those anticipated in those forward-looking statements.

Although we base these forward-looking statements on assumptions that we believe are reasonable when made, we caution readers that forward-looking statements are not guarantees of future performance and that our actual results of operations, financial condition and liquidity and the development of the industry in which we operate may differ materially from those made in or suggested by the forward-looking statements contained in this MD&A. In addition, even if our results of operations, financial condition and liquidity and the development of the industry in which we operate are consistent with the forward-looking statements contained in this MD&A, those results or developments may not be indicative of results or developments in subsequent periods.

Any forward-looking statement that is made in this MD&A speaks only as of the date of such statement, and we undertake no obligation to update any forward-looking statements or to publicly announce the results of any revisions to any of those statements to reflect future events or developments, except as required by applicable securities laws. Comparisons of results for current and any prior periods are not intended to express any future trends or indications of future performance, unless specifically expressed as such, and should only be viewed as historical data.

NON-IFRS MEASURES

This MD&A refers to certain non-IFRS financial measures, non-IFRS ratios and other specified financial measures (collectively, "**non-IFRS measures**"), which are defined below and are cross-referenced, as applicable, to a reconciliation contained within this MD&A to the most comparable IFRS Accounting Standards measure. These non-IFRS measures are not recognized measures under IFRS Accounting Standards and do not have a standardized meaning prescribed by IFRS Accounting Standards and are therefore unlikely to be comparable to similar measures presented by other companies. Rather, these non-IFRS measures are provided as additional information to complement those IFRS Accounting Standards measures by providing further understanding of our results of operations from management's perspective. Accordingly, these measures should not be considered in isolation nor as a substitute for analysis of our financial information reported under IFRS Accounting Standards.

We use non-IFRS measures to provide investors with supplemental measures of operating performance and thus highlight trends in our business that may not otherwise be apparent when relying solely on IFRS Accounting Standards measures. We also believe that securities analysts, investors, and other interested parties in the technology industry frequently use non-IFRS measures in the evaluation of issuers. Our management also uses these 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

We define Adjusted EBITDA as EBITDA adjusted for share-based compensation and non-recurring expense items as set out in the table under "Selected Information and Reconciliation of Non-IFRS Measures", which includes a reconciliation of Adjusted EBITDA to operating profit (loss). Adjusted EBITDA is a non-IFRS financial measure. Non-recurring expense items are transactions or events which management believes will not re-occur in the foreseeable future. We believe Adjusted EBITDA is a useful measure for investors and our management to understand our ability to generate operating cash flow by excluding from the calculation these non-cash amounts and cash amounts that are not indicative of the recurring performance of our underlying operations.

Adjusted EBITDA Margin

We define Adjusted EBITDA Margin as Adjusted EBITDA divided by revenue. Adjusted EBITDA Margin is a non-IFRS ratio. See the table under "Selected Information and Reconciliation of Non-IFRS Measures". We believe Adjusted EBITDA Margin is a useful measure for investors and our management to assess our progress in deriving synergies, operational efficiency, and operating leverage as we scale our operations.

EBITDA

We define EBITDA as earnings (loss) before income taxes, depreciation, amortization, and financial expenses. EBITDA is a non-IFRS financial measure. See the table under "Selected Information and Reconciliation of Non-IFRS Measures" for a reconciliation of EBITDA to operating profit (loss). We believe EBITDA is a useful measure for investors and our management to understand our ability to generate operating cash flow by excluding from the calculation the effects of expenses that are not indicative of the performance of our underlying operations.

Gross Margin

We define Gross Margin as gross profit divided by revenue. Gross Margin is a non-IFRS ratio. See the table under "Selected Information and Reconciliation of Non-IFRS Measures". We believe Gross Margin is a useful measure for investors and our management to assess the impact of customer pricing, the impact of supply chain constraints and production costs, and the impact that a changing mix of products or services might have on our overall profitability.

Total Expenses less Share-based compensation, Depreciation, Amortization, and Non-Recurring expenses

We believe Total Expenses less Share-based compensation, Depreciation, Amortization, and Non-recurring expenses is a useful measure for investors and management to assess the cost of operations independent from the non-cash accounting treatment of share-based payments and expenses related to the depreciation of assets or the amortization of intangible assets, and expenses management believes will not re-occur in the foreseeable future. Total Expenses less Share-based compensation, Depreciation, Amortization, and Non-recurring expenses is a non-IFRS financial measure. See the table under "Discussion of Operations – Three Months ended April 30, 2025 – Expenses" for the calculation of Total Expenses less Share-based payments, Depreciation, Amortization, and Non-recurring expenses.

Total Expenses less Share-based payments, Depreciation, Amortization, and non-recurring expenses as a percent of Revenue

We believe Total Expenses less Share-based compensation, Depreciation, Amortization, and Non-recurring expenses as a percent of Revenue is a useful measure for investors and management to assess the cost of operations independent from the non-cash accounting treatment of share-based compensation, expenses related to the depreciation of assets or the amortization of intangibles, and expenses management believes will not re-occur in the foreseeable future. Total Expenses less Share-based compensation, Depreciation, Amortization, and Non-recurring expenses as a percent of Revenue is a non-IFRS ratio. See the table under "Discussion of Operations – Three Months ended April 30, 2025 – Expenses" for the calculation of Total Expenses less Share-based compensation, Depreciation, Amortization, and Non-recurring expenses as a percent of Revenue.

BUSINESS OVERVIEW

We offer infrastructure solutions for the video networking and streaming market, servicing broadcasters, enterprises, and governments around the world. Our solutions allow top organizations to deliver visual content quickly, securely, and in real-time. By using our solutions, our customers can improve efficiency by having access to high quality video from anywhere, allowing them to use distributed resources more effectively, reduce the need for travel and on location resources, and facilitate collaboration on complex tasks.

We generate revenue primarily from the sale of our solutions, which are sold separately or part of integrated systems, consisting of hardware, software, and services. Our hardware is sold largely as a one-time sale. Our software solutions are generally sold as perpetual licenses. Our hardware and software are often supplemented by a stream of maintenance and support revenue. Given the nature of our implementations, much of our revenue include a combination of recurring revenue, multi-year deployment programs and maintenance and support contracts, providing us with strong revenue visibility. This results in a relatively smooth revenue curve with good visibility into near-term revenue performance. We typically enter into purchase agreements with our customers, with pricing based on list prices less a discount. Our goal is to continue to grow revenue from our existing customer base as well as adding new customers and end clients.

To continue to grow our business and to achieve our goals, we have identified the following key strategic priorities: (i) Introduce compelling products; (ii) Drive strategic alliances; (iii) Increase share of customer's network footprint; (iv) Leverage SaaS cloud-native video workflows to drive recurring revenue; (v) Derive synergies from past acquisitions; and (vi) Selectively pursue acquisitions.

IMPACT OF COVID-19 ON OUR OPERATIONS

The spread of COVID-19 had caused us to modify certain business practices to help minimize the risk of the virus to our employees, our partners, our customers, and the communities in which we participate. We cannot predict with any certainty whether disruptions caused by the COVID-19 pandemic will continue and whether we expect to face difficulty accurately predicting our internal financial forecasts. Although we believe that, at this time, future disruptions resulting from the spread of COVID-19 will not have a long-term impact on our results from operations, we cannot estimate the duration and severity of future outbreaks and its effects on our business, results of operations, or financial condition at this time.

For additional detail on how COVID-19 may impact us and our future results, see "Risk Factors – Risks Related to our Business - The COVID-19 pandemic, including the resulting global economic uncertainty and measures taken in response to the pandemic, could materially impact our business and future results of operations and financial condition" in the 2024 Annual Information Form.

FINANCIAL AND OPERATIONAL HIGHLIGHTS

Financial Highlights for the Three Months and Six Months ended April 30, 2025

- Revenue for the three months ended April 30, 2025 was $34.3 million, an increase of $0.1 million from the comparative prior period, a positive result given the anticipated transformation from integrator to manufacturer in the control room market and the resulting decrease in sales of third-party components as part of those solutions. Revenue for the six months ended April 30, 2025 was $62.5 million, a decrease of $6.3 million from the comparative prior period. Delays in the U.S. federal spending bill delayed certain procurement process in Fiscal 2024, and the faster than anticipated transition away from a system integrator impacted year-over-year comparisons.

- Gross Margins for the three months ended April 30, 2025 were 73.0% compared to 71.7% for the comparative prior period. Gross Margins for the six months ended April 30, 2025 were 72.6% compared to 72.3% for the comparative prior period. See "Non-IFRS Measures – Gross Margins."

- Total expenses for the three months ended April 30, 2025 were $28.2 million, an increase of $5.5 million from the comparative prior period. The increase was largely related to non-recurring settlement and legal expenses related to the Vitec litigation of $1.5 million, and a weaker Canadian dollar which further impacted total expenses by an additional $1.6 million. Total expenses for the six months ended April 30, 2025 was $50.7 million, an increase of $5.1 million.

- For the three months ended April 30, 2025, the operating loss was $3.2 million, compared to operating income of $1.8 million for the comparative prior period. The $5.0 million decline is largely related to the year-over-year increase in total expenses, which, in turn, was impacted by non-recurring settlement and legal expenses and the impact of the weaker Canadian dollar on non-Canadian denominated expenses.

- For the six months ended April 30, 2025, the operating loss was $5.4 million, compared to operating profit of $4.1 million in the comparative prior period. The $9.5 million decline on operating income is the result of the year over-year decline in revenue resulting in a $4.4 million decline of gross profit and the $5.1 million increase in total expenses, which, in turn, was the result of non-recurring settlement and legal expenses of $1.5 million and the impact of the weaker Canadian dollar on non-Canadian denominated expenses of $1.6 million.

- Adjusted EBITDA for the three months ended April 30, 2025 was $1.7 million compared to $5.1 million for the comparative prior period. Adjusted EBITDA Margins for the three months ended April 30, 2025 was 4.9% compared to 14.8% for the comparative prior period. Adjusted EBITDA for the six months ended April 30, 2025 was $2.2 million compared to $10.2 million for the comparative prior period. Adjusted EBITDA Margins for the six months ended April 30, 2025 was 3.3% compared to 14.9% for the comparative prior period. See "Non-IFRS Measures - Adjusted EBITDA and Adjusted EBITDA Margins".

- For the three months ended April 30, 2025, net loss was $2.4 million, compared to net income of $0.9 million for the comparative prior period. The $3.3 million decrease in net income is largely related to the $5.5 million increase in total expenses; offset by decreases in income taxes of $1.6 million. For the six months ended April 30, 2025, net loss was $3.5 million, compared to net income of $2.2 million for the comparative prior period. The $5.7 million decrease in net income is largely related to the $5.1 million increase in total expenses; the $4.4 million decrease in gross profit related to the year-over-year decline in revenue; and the decrease in income taxes of $3.6 million.

Other Operational Highlights

- Haivision announced the new Kraken X1 Rugged which unleashes uncompromising power and AI-driven intelligence for us in tough operational environments.
- Haivision unveils Falkon X2: Pushing the Boundaries of 5G Video Transmission for Live Broadcasting.
- Haivision releases sixth annual broadcast transformation report, showcasing key industry shifts and emerging technologies.
- Haivision wins ISE Best in Show award for Haivision Command 360 video wall solutions for operations centers.
- Awarded the IBC Innovation Award for its live video contribution solutions over private 5G networks at the games in Paris.
- Haivision joins consortium with Airbus Defense and Space to develop new technologies for rapid, secure, and reliable communications.
- Haivision MCS awarded US$61.2 million (CAD$82 million) production agreement by U.S. Navy for next-generation combat visualization and video distribution systems.
- Haivision collaborates with Shield AI to bring together full-motion video with AI object detection for defense and ISR applications.
- France Television provides exclusive coverage of the Paris 2024 Olympic surfing competition with Haivision's private 5G video transmission ecosystem.

FACTORS AFFECTING THE COMPANY'S PERFORMANCE

We believe that the growth and future success of our business depends on many factors, including those described below. While each of these factors presents significant opportunities for our business, they also pose important challenges, some of which are discussed below. See "Risk Factors".

Market Adoption of our Products

We believe that video workflows will become an increasingly important part of our customer's infrastructure. We believe that there is significant potential to increase the penetration of our total addressable market and attract new customers. We plan to further invest in our products and services to expand our customer base as well as continue to invest in marketing strategies tailored to drive market adoption and attract new businesses to our solutions, both in our existing geographies and in new markets around the world. Our operations may fluctuate as we make these investments.

Upselling Existing Customers

Our existing customers represent a significant opportunity to cross-sell and up-sell products and services with little incremental marketing expense. Our customer may initially deploy our solutions for a specific use case. Once they realize the functionality and benefits of our products, they may expand the number of use cases for our products. We plan to continue to invest in products development and in sales and marketing to add more solutions to our portfolio of products and to increase the usage and awareness of our solutions.

Scaling our Sales and Marketing Team

We believe the global demand for our products and services will continue to increase. Accordingly, we believe there is an opportunity to grow our business in North America and internationally. We have invested and intend to continue to invest meaningfully in expanding our sales force and consequently, our headcount may increase from these investments.

Ability to Integrate Acquired Companies

We have successfully acquired and integrated several companies in our history, and we intend to augment our organic growth with strategic and tactical acquisitions. We are of the view that the ability to realize synergies and integrate management teams, technologies, and employees is critical to our future growth.

Foreign Currency

Currency exchange rate fluctuations affect our results of operations because our functional currency is primarily the U.S. dollar, and our presentation currency is the Canadian dollar. We receive a significant amount of our revenue and a significant portion of our product costs and operating costs in U.S. dollars. Our results of operations are converted from each entity's local functional currency to Canadian dollars using the average foreign exchange rates for each period. As a result, our results of operations are particularly impacted by fluctuations in the value of the Canadian dollar relative to the U.S. dollar and the value of the Canadian dollar relative to the Euro, which we have begun to mitigate with foreign currency contracts.

For a discussion on exchange rate fluctuations and their potential negative effect on our results of operations see "Risk Factors – Risks Related to our Business – Our financial results may be adversely affected by fluctuations in exchange rates, principally in the value of the Canadian dollar versus the U.S. dollar" in the 2024 Annual Information Form.

Scientific Research and Experimental Development Credits

We claim Canadian federal, and Quebec refundable investment tax credits based upon qualifying scientific research and experimental development expenditures ("**SR&ED**"). As a public issuer, we are no longer eligible for refundable Canadian federal SR&ED credits. However, we are still eligible for non-refundable Canadian federal SR&ED credits which may be applied to reduce future income taxes payable, and we also remain eligible to claim refundable SR&ED credits for Quebec income tax purposes, albeit at a lower rate than before becoming public.

We also claim research and development credits in the U.S. and in France.

KEY COMPONENTS OF RESULTS OF OPERATIONS

Revenue

We deliver solutions for encoding, streaming, recording, managing, distributing, and displaying secure IP video and interactive media within broadcast, enterprises and defense. We offer an extensive product range as part of our end-to-end solution offerings. We offer these solutions to our end-clients through a combination of our direct sales force, supplemented by intermediary channel partners (i.e., fulfillment partners, resellers, systems integrators, and original equipment manufacturers).

Revenue for hardware sales and perpetual software licenses is recognized at a point in time, being when the buyer takes control of the asset or the Company has objective evidence that all criteria for acceptance have been satisfied. We also provide cloud-based solutions which are recognized over the term of their respective agreements. We also sell installation, maintenance, and support programs as an after-sales service. Revenue related to services are generally recognized when systems are installed or configured, and revenue related to maintenance and support programs is recognized over the term of the program. Since cloud-based services and maintenance and support programs are contracted with provisions for renewal, we often refer to them as recurring revenue.

Cost of Sales

Our cost of sales consists of the following:

- Direct product costs include the costs of hardware for proprietary hardware products sold, the costs of server hardware when sold with software, and the direct services costs of providing managed services (i.e., bandwidth).

- Production costs include compensation related expenses for employees that work in our production departments.

- Other costs of sales include certain technology licenses, fulfillment supplies, scrap, reserves for obsolescence, return merchandise authorization costs and depreciation of production related assets.

Expenses

Our expenses consist of the following:

- Sales and marketing expenses include the compensation expenses for employees that work in sales and marketing. Compensation expenses include salaries, bonuses and commissions, and related benefits. Sales and marketing expenses also include costs of marketing and promotional expenses, travel expenses, depreciation and amortization of intangible assets related to trademarks and customer relationships. A significant percentage of our sales force’s compensation is variable and based on sales performance.

- Operations and support expenses consist of the compensation related expenses for information services, technical support, and professional services personnel. Compensation expenses include salaries, bonuses, and related benefits. Operations and support expenses also include the license costs of technologies deployed internally and travel expenses for the professional services personnel.

- Research and development expenses include the compensation expenses for employees in product management, product development and quality assurance. Compensation expenses include salaries, bonuses, and related benefits. In addition, research and development expenses include the cost of subcontractors used to supplement our in-house development staff, prototypes and equipment rentals, depreciation and amortization of intangible assets related to technology, and other related expenses. SR&ED credits and research and development credits are recorded as a reduction of research and development expenses.

- General and administrative expenses consist of compensation related expenses for certain senior executives and finance and human resources functions. General and administrative expenses also include rent and utilities, professional services (i.e., legal and accounting), insurance, other office and general expenses, losses/gain related to realized and unrealized foreign exchange translation, and depreciation of certain assets including right of use assets.

- Share-based payments consist of compensation expenses for grants of stock options, restricted share units ("**RSUs**") and deferred share units ("**DSUs**") issued under our long-term incentive plan ("**LTIP**"). Compensation expense is based on the fair value of each tranche of stock options, RSUs or DSUs at their respective grant date.

- Legal settlement and related fees consist of the amount that the court ordered Haivision to pay for the settlement of the legal case as well as all direct legal expenditures and interest incurred.

In aggregate, approximately two-thirds of our expenses are compensation related expenses. Furthermore, a percentage of our employees have commissions or bonuses based on quarterly revenue, annual Adjusted EBITDA performance, or other key performance indices. Overall positive performance may increase the level of these expenses.

Financial Expenses

Financial expenses include interest on term loans, interest on credit facilities (including non-use fees on credit facilities) and interest on lease liabilities offset by interest income. Interest on short- and long-term financings are recorded at the relevant rates on the various borrowing agreements.

Foreign Currency Translation Adjustments

Transactions in currencies other than the Canadian dollar, which is our reporting currency, are recognized at the rates of exchange prevailing at the dates of the transaction. At the end of each reporting period, monetary and non-monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. The exchange differences arising from the translation are recognized as a foreign currency translation adjustment.

SELECTED INFORMATION AND RECONCILIATION OF NON-IFRS MEASURES

The following table summarizes our recent results of operations as of the dates and for the periods indicated below. The information should be read together with the Q2 Financial Statements and related notes, which were prepared in accordance with IFRS Accounting Standards.

Historical financial and operating information may not be indicative of future performance, and certain financial information presented below includes non-IFRS financial measures that we believe are important in evaluating the operating performance of our business and making results more comparable from period to period. See "Non-IFRS Measures".

	Three months ended April 30,		Six months ended April 30,	
	2025	**2024**	**2025**	**2024**
	($)	**($)**	**($)**	**($)**
Revenue	34,290	34,169	62,451	68,748
Cost of sales	9,274	9,658	17,151	19,044
Gross profit	25,016	24,511	45,300	49,704
Expenses	28,184	22,666	50,652	45,584
Operating profit (loss)	(3,168)	1,845	(5,352)	4,120
Financial expenses	171	244	339	543
Income (loss) before income taxes	(3,339)	1,601	(5,690)	3,577
Income taxes	(948)	669	(2,221)	1,368
Net income (loss)	(2,391)	932	(3,469)	2,209
Foreign currency translation adjustment	(1,799)	1,994	682	(582)
Comprehensive income (loss)	(4,190)	2,926	(2,787)	1,627

	Three months ended April 30,		Six months ended April 30,	
	2025	2024	2025	2024
	($)	($)	($)	($)
Net income (loss) per share				
Net income (loss) per share				
Basic	(0.08)	0.03	(0.12)	0.08
Diluted	(0.08)	0.03	(0.12)	0.07
Weighted average number of common shares outstanding:				
Basic	28,357,614	29,152,541	28,355,783	28,090,446
Diluted	28,357,614	30,311,651	28,355,783	30,130,367

	Three months ended April 30,		Six months ended April 30,	
	2025	2024	2025	2024
	($)	($)	($)	($)
Net income (loss)	(2,391)	932	(3,469)	2,209
Income taxes (recovery)	(948)	669	(2,221)	1,368
Income (loss) before income taxes	(3,339)	1,601	(5,690)	3,577
Depreciation	936	896	1,828	1,733
Amortization	1,313	1,637	2,612	3,345
Financial expenses	171	244	339	543
EBITDA(1)	(919)	4,378	(911)	9,198
Share-based payments	1,044	695	1,428	1,042
Legal settlement and related fees	1,549	—	1,716	—
Adjusted EBITDA(1)	1,675	5,073	2,233	10,240
Adjusted EBITDA Margin	4.9%	14.8%	3.6%	14.9%

Note:
(1) EBITDA, Adjusted EBITDA, and Adjusted EBITDA Margin are not recognized measures under IFRS Accounting Standards. See "Non-IFRS Measures."

	April 30, 2025	October 31, 2024
	($)	($)
Total assets	140,877	141,315
Non-current liabilities	8,463	8,522
Total liabilities	48,790	44,520

DISCUSSION OF OPERATIONS

Three Months and Six Months ended April 30, 2025

Revenue

Revenue for the three months ended April 30, 2025, was $34.3 million, an increase of $0.1 million from the comparative prior period, a positive result given the anticipated transformation from integrator to manufacturer in the control room market and the resulting decrease in sales of third-party components as part of those solutions. Services and other revenue decreased by $1.3 million from the comparative prior period, also the result of the transition away from an integrator and was largely offset by increases in maintenance and support revenues. Recurring revenue, defined as revenue from Cloud solutions and maintenance and support was approximately 21%, comparable to 19% in the comparative prior period.

Revenue for the six months ending April 30, 2025, was $62.5 million, a decrease of $6.3 million from the comparative prior period. The decreases in product revenue and services and other revenue is largely the result of the continued transition away from the integrator model in the control room space. Services and other revenue decreased by $1.9 million from the comparative prior period – a result of the transition from integrator, but maintenance and support revenues increased by $1.6 million from the comparative prior period. Recurring revenue for the six months ending April 30, 2025, was approximately 23% compared to approximately 19% in the comparative prior period.

	Three months ended April 30,		Six months ended April 30,	
	2025	**2024**	**2025**	**2024**
	($)	**($)**	**($)**	**($)**
Product	25,765	25,070	45,415	51,136
Maintenance and support ...	7,208	6,364	14,178	12,581
Cloud solutions	11	145	48	338
Services and Other	1,306	2,590	2,810	4,693
Revenue	34,290	34,169	62,451	68,748

Cost of Sales

Cost of sales for the three months ended April 30, 2025 was $9.2 million, a decrease of $0.4 million from the comparative prior period. The decrease in cost of sales is largely related to the $0.6 million decrease in direct product costs, which more than offset the $0.3 million increase in other cost of sales. Gross margins improved to 73.0% from 71.7% for the comparative prior period, a result of our continuing transition from the integrator model in the control room space.

Cost of sales for the six months ended April 30, 2025, was $17.1 million, a decrease of $1.9 million from the comparative prior period. The decrease in the cost of sales is largely related to the $2.1 million decrease in direct product costs and the $0.2 million and increase in other cost of sales. The decreases in direct product costs can be attributed to the year-over-year decrease in revenue resulting from continuing transition from the integrator model in the control room space.

	Three months ended April 30,		Six months ended April 30,	
	2025	**2024**	**2025**	**2024**
	($)	**($)**	**($)**	**($)**
Direct product costs...........	7,111	7,717	13,109	15,185
Production costs................	818	857	1,614	1,621
Other cost of sales	1,318	1,084	2,429	2,238
Total cost of sales	9,247	9,658	17,152	19,044
Gross Margin [1]	73.0%	71.7%	72.5%	72.3%

Note:

[1] Gross Margin is not a recognized measure under IFRS Accounting Standard. See "Non-IFRS Measures."

Expenses

For the three months and six months ended April 30, 2025 and 2024 expenses were:

	Three months ended April 30,		Six months ended April 30,	
	2025	**2024**	**2025**	**2024**
	($)	**($)**	**($)**	**($)**
Sales and marketing	8,192	6,978	14,708	13,633
Operations and support..........	4,842	3,968	9,473	7,965
Research and development.....	7,812	6,998	14,934	14,026
General and administrative.....	4,745	4,027	8,392	8,918
Share-based payments	1,044	695	1,428	1,042
Legal settlement and related fees................................	1,549	—	1,716	—
Total expenses	28,184	22,666	50,651	45,584
Expenses as % of revenue ..	82.2%	66.3%	81.1%	66.3%
Total expenses	28,184	22,666	50,651	45,584
Less:				
Share-based payments	1,044	695	1,428	1,042
Depreciation	936	896	1,828	1,733
Amortization	1,311	1,638	2,611	3,345
Legal Settlement and related fees......................	1,549	—	1,716	—

	Three months ended April 30,		Six months ended April 30,	
	2025	2024	2025	2024
	($)	($)	($)	($)
Total Expenses less Share-based payments, Depreciation, Amortization, and Non-recurring expenses [(1)]......	23,344	19,437	43,068	39,464
Total Expenses less Share-based payments Depreciation, Amortization, and Non-recurring expenses as % of Revenue [(1)]................	68.1%	56.9%	69.0%	57.4%

Note:

(1) Total Expenses less Share-based payments, Depreciation, Amortization, and Non-recurring expenses and Total Expenses less Share-based payments, Depreciation, Amortization, and Non-recurring expenses as a percent of Revenue are not recognized measures under IFRS. See "Non-IFRS Measures."

Total expenses for the three months ended April 30, 2025 were $28.2 million, an increase of $5.5 million from the comparative prior period. The increase was largely related to increases in compensation-related expenses of $2.4 million; non-recurring expenses related to the settlement and legal expenses of litigation with Vitec SA of $1.5 million; losses related to realized and unrealized foreign exchange translation of $0.8 million, and the increasing costs of technology and telecommunications of $0.6 million. Note that both compensation related expenses and technology and telecommunications expenses were impacted by the weaker Canadian dollar during the period.

Total expenses for the six months ended April 30, 2025 were $50.7 million, an increase of $5.1 million from the comparative prior period. The increase was largely related to increases in compensation-related expenses of $3.6 million; non-recurring expenses related to the settlement and legal expenses of litigation with Vitec SA of $1.7 million; losses related to realized and unrealized foreign exchange translation of $0.8 million, and the increasing costs of technology and telecommunications of $0.5 million. Note that compensation related expenses and technology and telecommunications expenses were both impacted by the weaker Canadian dollar. The total number of people employed increased from 365 people at April 30, 2024 to 380 people at April 30, 2025.

The changes in expenses were due to a combination of the following:

- Sales and marketing expenses for the three months ended April 30, 2025 increased by $1.2 million when compared to the comparative prior period. The increase is largely related to increases in compensation related expenses of $1.2 million related to second quarter sales performance and the negative impact of the weaker Canadian dollar in the period. Sales and marketing expenses for the six months ended April 30, 2025 increased by $1.0 million when compared to the prior year's comparative period. This increase is also related to compensation-related expenses of $1.1 million. The number of people in the sales and marketing organizations decreased from 99 people at April 30, 2024 to 98 people at April 30, 2025.

- Operations and support expenses for the three months ended April 30, 2025 increased by $0.9 million when compared to the comparative prior period. The increase is largely the result of increases in compensation expenses of $0.5 million and increases in the cost of technology and communications expenses of $0.5 million – both of which were impacted by the weaker Canadian dollar. Operations and support expenses for the six months ended April 30, 2025, increased by $1.5 million when compared to the prior year's comparative period. The increase is largely the result of increases in compensation-related expenses of $1.2 million and increases in technology and communication expenses of $0.6 million. The number of people in the operations and support function increased from 73 people at April 30, 2024 to 80 people at April 30, 2025.

- Research and development expenses for the three months ended April 30, 2025 increased by $0.9 million when compared to the comparative prior period. The decrease is largely related to increases in compensation-related expenses and the use of subcontractors of $0.8 million and increases in the cost of materials of $0.2 million. These incremental expenses were offset by an increase in expected reimbursements for research and development credits of $0.3 million. Research and development expenses for the six months ended April 30 2025 increased by $1.0 million when compared to the comparative prior period. The increase is largely related to increases in compensation-related expenses and the use of subcontractors of $1.0 million and increases in the cost of materials of $0.3 million. These increases were offset by an increase in expected reimbursements for research and development credits of $0.3 million. The number of people in the product realization organization increased from 134 people at April 30, 2024 to 141 people at April 30, 2025.

- General and administrative expenses for the three months ended April 30, 2025 increased by $0.7 million when compared to comparative prior period. The increase is largely related to the Canadian dollar's impact on US dollar denominated assets and liabilities of $0.8 million. General and administrative expenses for the six months ended April 30, 2025 decreased by $0.5 million when compared to the comparative prior period. The decrease is largely related to decreases in professional fees and insurance costs of $0.6 million; decreases in depreciation and amortization of $0.1 million and decreases in compensation related expenses $0.1 million. These expense reductions were offset by an increase in the Canadian dollar's impact on US dollar denominated assets and liabilities of $0.4 million. The number of people in the General and administrative functions increased from 28 people at April 30, 2024 to 30 people at April 30, 2025.

- Share-based payments for the three months and six months ended April 30, 2025 increased by $0.4 million when compared to the comparative prior period. Changes in share-based payments are largely related to the timing of equity incentive issuances and the magnitude of those equity incentive issuances under the LTIP.

Net Income (Loss)

For the three months ended April 30, 2025, the net loss was $2.4 million, compared to net income of $0.9 million for the comparative prior period. The $3.3 million decrease in net income is largely related to the $5.5 million increase in total expenses; offset by decreases in income taxes of $1.6 million.; $1.6 million in incremental expenses relate to the weaker Canadian dollar against the US$ and Euro; $1.5 million in settlement and legal expenses related to litigation with Vitec SA; $1.1 million in compensation related expenses related to second quarter sales performance. Net Margins for the three months ended April 30, 2025 was a negative 7.0% compared to 2.7% for the comparative prior period.

For the six months ended April 30, 2025, net loss was $3.5 million, compared to net income of $2.2 million for the comparative prior period. The $5.7 million decrease in net income is largely related to the $5.1 million increase in total expenses; the $4.4 million decrease in gross profit related to the year-over-year decline in revenue; and the decrease in income taxes of $3.6 million.

	Three months ended April 30,		Six months ended April 30,	
	2025	**2024**	**2025**	**2024**
	($)	**($)**	**($)**	**($)**
Operating profit (loss)	(3,168)	1,845	(5,352)	4,120
Financial expenses	171	244	339	543
Income (loss) before income taxes..................	(3,339)	1,601	(5,690)	3,577
Income taxes (recovery)	(948)	669	(2,221)	1,368
Net income (loss)..............	(2,391)	932	(3,469)	2,209
Net Margin	(7.0) %	2.7%	(5.6)%	3.2%

Adjusted EBITDA

Adjusted EBITDA for the three months ended April 30, 2025 was $1.7 million compared to $5.1 million for the comparative prior period. The $3.4 million decrease is largely related to the $4.0 million increase in Total Expenses less Share-based payments, Depreciation, Amortization, and Non-recurring expenses; offset by the $0.4 million increase in Gross profit. Adjusted EBITDA Margins for the three months ended April 30, 2025 was 4.9% compared to 14.8% for the comparative prior period. See "Non-IFRS Measures –Adjusted EBITDA, Adjusted EBITDA Margins, Gross Profit and Total Expenses less Share-based payments, Depreciation, Amortization and Non-recurring expenses."

Adjusted EBITDA for the six months ended April 30, 2025 was $2.2 million compared to $10.2 million for the comparative prior period. The $8.0 million decrease is largely related to the $3.9 million increase in Total Expenses less Share-based payments, Depreciation, Amortization, and Non-recurring expenses; and the $4.4 million decrease in Gross profit o. Adjusted EBITDA Margins for the six months ended April 30, 2025 was 3.3% compared to 14.9% for the comparative prior period. See "Non-IFRS Measures - Adjusted EBITDA and

Adjusted EBITDA Margins, Gross Profit and Total Expenses less Share-based payments, Depreciation, Amortization and Non-recurring expenses".

	Three months ended April 30,		Six months ended April 30,	
	2025	**2024**	**2025**	**2024**
	($)	**($)**	**($)**	**($)**
Operating profit (loss)	(3,168)	1,845	(5,352)	4,120
Depreciation.........................	936	896	1,828	1,733
Amortization.........................	1,313	1,637	2,612	3,345
EBITDA[1]	(919)	4,378	(911)	9,198
Share-based payments (LTIP)...	1,044	695	1,428	1,042
Non-recurring expenses:				
Legal settlement and related fees....................................	1,549	—	1,716	—
Adjusted EBITDA[1]	1,675	5,073	2,233	10,240
Adjusted EBITDA Margin[1]	4.9%	14.8%	3.6%	14.9%

Note:
(1) EBITDA, Adjusted EBITDA, and Adjusted EBITDA Margin are not recognized measures under IFRS Accounting Standards. See "Non-IFRS Measures."

SUMMARY OF QUARTERLY RESULTS

The following table sets out select quarterly results for our past eight quarters. Our government business had experienced moderate seasonality, primarily because the U.S. government year-end is commensurate with our fourth quarter. Expenses are generally consistent from quarter-to-quarter but may fluctuate based on the timing of marketing programs and other periodic expenditures.

	Q2 2025	Q1 2025	Q4 2024	Q3 2024
Revenue	$ 34,290	$ 28,161	$ 30,144	$ 30,646
Cost of sales	$ 9,274	$ 7,878	$ 8,142	$ 7,665
Gross profit	$ 25,016	$ 20,283	$ 22,002	$ 22,981
Expenses	$ 28,184	$ 22,467	$ 21,771	$ 21,851
Operating (loss) income	$ (3,168)	$ (2,184)	$ 231	$ 1,131
Net (loss) income	$ (2,391)	$ (1,078)	$ 2,055	$ 435
Net income per share:				
Basic	$ (0.08)	$ (0.04)	$ 0.07	$ 0.01
Diluted	$ (0.08)	$ (0.04)	$ 0.07	$ 0.01
Weighted avg. number of shares outstanding				
Basic	28,357,614	28,358,732	28,595,978	29,038,392
Diluted	28,357,614	28,358,732	29,715,509	30,162,758
Net (loss) income	$ (2,391)	$ (1,078)	$ 2,055	$ 435

	Q2 2025	Q1 2025	Q4 2024	Q3 2024
Income (recovery) taxes	$ (948)	$ (1,273)	$ (2,026)	$ 490
Depreciation	$ 936	$ 891	$ 727	$ 828
Amortization	$ 1,313	$ 1,299	$ 1,320	$ 1,602
Financial expenses	$ 171	$ 168	$ 202	$ 206
EBITDA[1]	$ (919)	$ 6	$ 2,278	$ 3,561
Share-based payments (LTIP)	$ 1,044	$ 384	$ 663	$ 585
Non-recurring expenses:				
Legal settlement and related fees	$ 1,549	$ 167	$ —	$ —
Adjusted EBITDA[1]	$ 1,675	$ 557	$ 2,941	$ 4,146
Gross margin [1]	73.0%	72.0%	73.0%	75.0%
Adjusted EBITDA Margin[1]	4.9%	2.0%	9.8%	13.5%

	Q2 2024	Q1 2024	Q4 2023	Q3 2023
Revenue	$ 34,169	$ 34,579	$ 35,724	$ 34,954
Cost of sales	$ 9,658	$ 9,386	$ 9,139	$ 9,826
Gross profit	$ 24,511	$ 25,193	$ 26,585	$ 25,128
Expenses	$ 22,666	$ 22,918	$ 22,938	$ 25,615
Operating income (loss)	$ 1,845	$ 2,275	$ 3,647	$ (486)
Net income (loss)	$ 932	$ 1,277	$ 2,529	$ (863)
Net loss per share				
Basic	$ 0.03	$ 0.04	$ 0.08	$ (0.03)
Diluted	$ 0.03	$ 0.04	$ 0.09	$ (0.03)
Weighted avg. number of shares outstanding				
Basic	29,152,541	29,029,978	29,004,453	29,004,453
Diluted	30,311,651	30,189,088	30,099,686	29,004,453
Net income (loss)	$ 932	$ 1,277	$ 2,529	$ (863)
Income taxes (recovery)	$ 669	$ 699	$ 717	$ (17)
Depreciation	$ 896	$ 838	$ 772	$ 768
Amortization	$ 1,637	$ 1,708	$ 660	$ 2,053
Financial expenses	$ 244	$ 299	$ 401	$ 393
EBITDA[1]	$ 4,378	$ 4,821	$ 5,079	$ 2,335
Share-based payments (LTIP)	$ 695	$ 348	$ 617	$ 449
Non-recurring expenses:		$		
Legal settlement and related fees	$ —	$ —	$ —	$ 1,546
Adjusted EBITDA[1]	$ 5,073	$ 5,169	$ 5,696	$ 4,330
Gross margin [1]	71.7%	72.9%	74.4%	71.9%
Adjusted EBITDA Margin[1]	14.8%	14.9%	15.9%	12.4%

Note:
(1) EBITDA, Adjusted EBITDA, Adjusted EBITDA Margin and Gross Margin are not recognized measures under IFRS Accounting Standards. See "Non-IFRS Measures."

FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES

Overview

Our financial condition and liquidity are and will continue to be influenced by a variety of factors, including: our ability to generate cash flows from operations; our capital expenditure requirements; the level off outstanding indebtedness and the interest obligations on this indebtedness; and our ability to raise capital.

The general objectives of our capital management strategy are to ensure sufficient liquidity to pursue our organic growth strategy and undertake selective acquisitions, while maintaining a strong credit profile and a capital structure that maintains total leverage ratio within the limits set in our credit facilities.

Financial Condition

	April 30, 2025	October 31, 2024
	($)	($)
Total cash	11,829	16,471
Total assets	140,877	141,315
Total liabilities	48,790	44,520

Cash at April 30, 2025 was $11.8 million, a decrease of $4.6 million from the year ended October 31, 2024. The amount extended on the line of credit increased by $5.1 million from the year ended October 31, 2024.

Total assets as at April 30, 2025, were $140.9 million a decrease of $0.4 million from the year ended October 31, 2024. In the six months ended April 30, 2025, total receivables increased by $1.8 million; however, cash balances decreased by $4.6 million and the value of intangible assets decreased by $2.2 million. For the six months ended April 30, 2025 the amortization of intangible assets amounted to $2.6 million.

Total liabilities as at April 30, 2025, were $48.9 million an increase of $4.2 million from the year ended October 31, 2024. In the six months ended April 30, 2025, the amount extended on the line of credit increased by $5.1 million and trade and other payables increased by $1.8 million. However, the value of deferred revenues decreased by $1.8 million, term loans outstanding decreased by $0.5 million lease liabilities increased by $0.5 million.

Cash Flows

Our primary source of liquidity is from operations. Our principal liquidity needs include investment in our products and technology, as well as sales and marketing expenses, general and administrative expenses, other operational expenses, and for selective acquisitions. In addition to our cash balances, we have a $35 million revolving line of credit available to be drawn to meet ongoing operating and working capital requirements, capital expenditures, as well as permitted acquisitions.

We continuously monitor cash flows by reviewing actual operating expenditures and revenue compared to budget. We believe that our available cash, cash flows generated from operations and borrowings available to us will be sufficient to meet our projected operating and capital expenditures requirements for the foreseeable future.

	April 30, 2025	April 30, 2024
	($)	**($)**
Net cash used in operating activities	(4,488)	8,772
Net cash used in investing activities	(1,002)	(590)
Net cash provided by financing activities	732	(5,222)
Change in cash during the year	(4,758)	2,960
Cash, beginning of year	16,471	8,286
Effect of foreign exchange in cash	116	(57)
Cash, end of period	11,829	11,189

For the six months ended April 30, 2025, cash decreased by $4.6 million. Net cash used in operating activities for the six months ended April 30, 2025 was $4.5 million largely related to Adjusted EBITDA performance and changes in working capital requirements – particularly related to trade and other receivables, trade and other payables, and deferred revenue. Cash used in investing activities for the same period was $1.0 million largely related to capital expenditures. Cash provided by financing activities for the same period was $0.7 million related to the $5.1 million increase in the Line of Credit; offset by $2.4 million for the repurchase of common shares for cancellation; the $1.0 million in payments related to lease liabilities; and $0.5 million in repayments made on term loans assumed with the Aviwest acquisition. Cash at April 30, 2025 was $11.8 million.

Capital Expenditures

Our capital expenditures for the three months ended April 30, 2025 was $1.0 million, $0.4 million more than the comparative prior period. Capital expenditures are primarily related to computer equipment and demonstration gear.

Expenditures on research activities are recognized as an expense in the period in which they are incurred.

Credit Facilities

We entered into a credit agreement with Bank of Montreal (the "**BMO Credit Agreement**") with our U.S. subsidiaries Haivision Network Video Inc. and Haivision MCS LLC, as co-borrowers, which provides for a $35 million revolving credit facility (the "**Revolving Facility**"), to be used to finance ongoing operating and working capital requirements, capital expenditures, as well as permitted acquisitions. The Revolving Facility bears interest at Canadian prime rate plus between 0% - 1.50% depending on level of leverage. The current rate based on the current level of leverage is 4.95%. The Revolving Facility may be increased, at the sole discretion of Bank of Montreal, by an aggregate amount not to exceed $25 million. At April 30, 2025, $7.3 million was advanced under the Revolving Facility.

Contractual Obligations

We have contractual obligations with a variety of expiration dates. Our operating lease obligations include commitments until 2030. The tables below outline our contractual obligations, by fiscal year, as at April 30, 2025.

	April 30, 2025					
	Year 1	**Year 2**	**Year 3**	**Year 4**	**Year 5+**	**Total**
	($)	**($)**	**($)**	**($)**	**($)**	**($)**
Line of credit	7,295	—	—	—	—	7,295
Trade and other payables	18,228	—	—	—	—	18,228
Term loans	1,065	586	95	—	390	2,136
Lease obligations	1,815	1,630	1,338	905	550	6,238
	28,403	2,216	1,433	905	940	33,897

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

In the ordinary course of our business activities, we are exposed to various market risks that are beyond our control, including fluctuations in foreign exchange rates and interest rates, that may have an adverse effect on the value of our financial assets and liabilities, future cash flows and profit. Our policy with respect to these market risks is to assess the potential of experiencing losses and the consolidated impact thereof, and to mitigate these market risks. If deemed necessary, we may enter into foreign currency derivative contracts to reduce our exposure to foreign currency risks. As at April 30, 2025, we entered into a forward contract to sell US$3.5 million to minimize the impact of foreign exchange rate gains or losses in future months.

Credit and Concentration Risk

Credit risk is the risk that one party to a transaction will fail to discharge an obligation and cause the other party to incur a financial loss. We are exposed to credit risk in the event of non-performance by customers, but do not anticipate any such non-performance would be material. We do not require guarantees from our customers nor hold any collateral as security. To the extent necessary, we take steps to monitor the credit risk of customers.

Due to our diverse customer base, there is modest concentration of credit risk related to our trade receivables. Moreover, balances for trade receivables are managed and analyzed on an ongoing basis to ensure allowances for doubtful accounts, which are established and maintained at an appropriate amount. We have also insured the majority of our non-U.S. receivables through Export Development Canada and Atradius as a further mitigation to bankruptcies and client default on payment.

We estimate anticipated losses from doubtful accounts based upon the expected collectability of all accounts receivable, which estimate considers the number of days past due, collection history, identification of specific customer exposure and current economic trends. An impairment loss on trade receivables is calculated as the difference between the carrying amount and the present value of the estimated future cash flow. Impairment losses are charged to general and administrative expense in the consolidated statements of income (loss) and comprehensive income. Receivables for which an impairment provision was recognized are written off against the corresponding provision when it is deemed uncollectible.

The maximum exposure to credit risk at the date of this MD&A is the carrying value of each class of receivables mentioned above.

Market Risk

We are exposed to market risk primarily in terms of revenue generation. Our revenue is based on transaction volumes which have increased with the growth of the worldwide market for video streaming infrastructure products. We monitor the market conditions to capture fluctuations in market demand that may affect ongoing revenue. Historically, our business model has proven to be resilient to market downturns.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. We were exposed to interest rate risk under the Revolving Facility which is denominated in Canadian currency. Interest on advances under the Revolving Facility as at April 30, 2025 was Canadian prime rate plus 0.00%. The referenced Canadian prime rate at April 30, 2025 was 5.95%, and as of April 30, 2025, $4.9 million was outstanding on the Revolving Facility.

Foreign Currency Exchange Risk

We are exposed to currency risk due to financial instruments denominated in foreign currencies. The net carrying value of these Canadian and Euro denominated balances as at April 30, 2025 and April 30, 2024 presented in Canadian dollars is as follows:

	April 30, 2025	**April 30, 2024**
	($)	**($)**
Cash	3,829	4,627
Trade and other receivables	5,219	3,543
Investment tax credit receivable	9,547	8,655
Line of credit	7,295	1,735
Trade and other payables	9,549	7,366
Purchase price payable	—	204
Income taxes receivable	(803)	997
Term loans	2,136	2,569

Liquidity Risk

Liquidity risk is the risk that we will not be able to meet our financial obligations as they come due. The Company monitors its cash balances and cash flows generated from operations to meet its requirements. Contractual maturities such as debt, trade and other payables, and accrued liabilities are exposed to liquidity risk.

OFF-BALANCE SHEET ARRANGEMENTS

We do not have any off-balance sheet arrangements. From time to time, we may be contingently liable for componentry inventories held at our contract manufacturers.

RELATED PARTY TRANSACTION

We define senior managers as the Chief Executive Officer of the Company and other executive officers of the Company – all of whom participate in our executive bonus plan. The remuneration of senior management personnel for the six months ended April 30, 2025 and April 30, 2024 was as follows:

	April 30, 2025	April 30, 2024
Salaries and Bonuses	$ 1,862	$ 1,891
Number of Senior Managers	5	5

In addition to a base salary, the executive bonus plan includes an annual EBITDA bonus based on Adjusted EBITDA performance compared to budget. The annual EBITDA bonus includes provisions for extra bonus amounts for extraordinary performance.

In addition, independent directors are entitled to cash compensation, equity compensation and reimbursement of reasonable costs to attend board and committee meetings. Other than in respect of executive management compensation and independent director compensation, we have no related party transactions.

RISK FACTORS

Certain factors may have a material adverse effect on our business, financial condition, and results of operations. Current and prospective investors should carefully consider the risks and uncertainties and other information contained in this MD&A, the 2024 Financial Statements and the 2024 Annual Information Form, particularly under the heading "Risk Factors" in the 2024 Annual Information Form, and in other filings that we have made and may make in the future with applicable securities authorities, including those available under the Company's profile on SEDAR+ at www.sedarplus.ca. The risks and uncertainties described herein and therein are not the only ones we may face. Additional risks and uncertainties that we are unaware of, or that we currently believe are not material, may also become important factors that could adversely affect our business, financial condition, and results of operations. If any of such risks occur, our business, financial condition, results of operations, and future prospects could be materially and adversely affected. In that event, the trading price of our common shares (or the value of any other securities of the Company) could decline, and our securityholders could lose part or all their investment.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Please refer to note 3 of the 2024 Annual Financial Statements for a description of our critical accounting estimates and judgements.

The preparation of our consolidated financial statements in conformity with IFRS Accounting Standards requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. We review those estimates on an ongoing basis based on management’s best knowledge of current events and actions that we may undertake in the future. Actual results could differ from these estimates. Areas requiring the most significant estimates and judgements are outlined below.

Income Taxes

The Company establishes provision, based on reasonable estimated, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Deferred tax assets are recognized based on an assessment of the Company’s ability to utilize underlying future tax deductions against future taxable income.

Impairment for Property and Equipment, Intangible Assets

Significant judgments are required in testing goodwill, intangible assets, and other long-lived assets, including right-of-use assets, for impairment. Significant estimates are required in forecasting future cash flows, and in determining other key assumptions such as discount rates, terminal growth rates and earnings multipliers used for assessing fair value less costs of disposal or value in use to establish the recoverable amount. The recoverable amount is the higher of the value in use or the fair value less costs of disposal, both of which require estimates and assumptions in their determination. The Company also reviews the estimated useful lives of property, plant and equipment and intangible assets with definite useful lives at the end of each year and assesses whether the useful lives of certain items should be shortened or extended.

Investment Tax Credits

Investment tax credits are accounted for under the cost reduction method, whereby the investment tax credits are applied against the carrying value of the related expense. Investment tax credits are recorded when the qualifying expenditures have been incurred and if there is a reasonable assurance that the tax credits will be realized.

Functional currency

The Company and its subsidiaries sell and operate worldwide, but its decision-making process and product development are centrally located, which requires significant judgement from management in order to determine the functional currency of each entity.

OUTSTANDING SHARE DATA

Our common shares are publicly traded on the Toronto Stock Exchange (TSX: HAI) since the completion of our initial public offering on December 16, 2020. Our authorized share capital consists of (i) an unlimited number of common shares, and (ii) an unlimited number of preferred shares, issuable in series, of which 27,664,080 common shares and no preferred shares were issued and outstanding as of June 11, 2025.

As of June 11, 2025, there were 2,607,173 options, 1,087,080 RSUs and 256,739 DSUs outstanding under our LTIP. Each such option is or will become exercisable for one common share, and each such RSU and DSU will be settled into one common share, in each case in accordance with and subject to the terms of our LTIP and the applicable award agreements.

The Company entered into a Normal Course Issuer Bid ("NCIB") commencing January 22, 2024 to purchase for cancellation up to 2,007,521 of its common shares (representing approximately 10% of the public float of common shares outstanding as of January 12, 2024) before January 21, 2025. The Company purchased under this NCIB program 946,400 common shares for cash of $4,182,832.

The Company renewed its NCIB commencing January 29, 2025 to purchase for cancellation up to 1,924,404 of its common shares (representing approximately 10% of the public float of common shares outstanding as at January 15, 2025) before January 28, 2026. As at April 30, 2025 the Company had purchased 434,332 common shares for cash of $1,852,633 under this NCIB program.

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

The applicable rules of the Canadian Security Administrators require our certifying officers, our Chief Executive Officer ("**CEO**") and Chief Financial Officer ("**CFO**"), to establish and maintain disclosure controls and procedures ("**DC&P**") and internal controls over financial reporting ("**ICFR**"), as these terms are defined in such rules. In compliance with these rules, we have filed applicable certifications signed by our CEO and CFO that, among other things, report on the design of each of DC&P and ICFR.

Disclosure Controls and Procedures

Our CFO and CEO have designed, or caused to be designed under their supervision, DC&P to provide reasonable assurance that (i) material information regarding the Company is accumulated and communicated to our management, including our CEO and CFO, in a timely manner so that appropriate decisions can be made regarding public disclosure and information, and (ii) information required to be disclosed in our annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in appliable securities legislation.

Our CEO and CFO have evaluated, or caused to be evaluated under their supervision, the effectiveness of our DC&P on April 30, 2025. Based on that evaluation, our CEO and CFO concluded that our DC&P were effective at April 30, 2025.

Management’s Annual Report on Internal Controls Over Financial Reporting

In addition, our CEO and CFO have designed, or caused to be designed under their supervision, ICFR to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with our accounting and reporting standards.

Our CEO and CFO have evaluated, or caused to be evaluated under their supervision, the effectiveness of our ICFR at April 30, 2025, based on the criteria set forth in the Internal Control-Integrated Framework (2013), issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on that evaluation, our CEO and CFO have concluded that our ICFR was effective at April 30, 2025.

Changes to Internal Control Over Financial Reporting

Our CEO and CFO have evaluated, or caused to be evaluated under their supervision, whether there were changes to our ICFR during the period ended April 30, 2025 that have materially affected or are reasonably likely to materially affect our ICFR. No such changes were identified through their evaluation.

Inherent Limitations on Effectiveness of DC&P and ICFR

A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that its objectives are met. Due to inherent limitations in all such systems, no evaluations of controls can provide absolute assurance that all control issues, if any, within a company have been detected. Accordingly, our DC&P and our ICFR are effective in providing reasonable, not absolute, assurance that the objectives of our control systems have been met.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

For information regarding our material legal proceedings and regulatory actions, if any, and material changes or updates thereto, see the 2024 Annual Information Form, particularly under the heading “Contingencies” and note 15 the Q2 Financial Statements.

FURTHER INFORMATION

Additional information relating to us and our business, including the 2024 Annual Financial Statement, the 2024 Annual Reports and other filings that we have made and may make in the future with applicable securities authorities, may be found under our corporate profile on SEDAR+ at www.sedarplus.ca. Additional information, including with respect to directors’ and officers’ remuneration and indebtedness, principal holders of the Company’s securities, and securities authorized for issuance under equity compensation plans, is contained in our management information circular for our most recent annual meeting of shareholders that involves the election of directors, available under the Company’s SEDAR+ profile at www.sedarplus.ca.