Corporate Update

November 14, 2019

Dear Vislink Technologies shareholders,

I would like to take this opportunity to report on the progress we made in the third quarter of 2019 and provide an update on our latest developments and future prospects.

Overview

When we began the third quarter, the Company was still dealing with the lingering effects of the financial turnaround we implemented when I took over as CEO in July 2018. That process was a grueling but necessary one for the Company, during which we removed over $10 million in costs from the business. I would like to take a moment to recognize the employees who have stood strong with us during this period, without whom we could not have fundamentally reset the business in the way we did. They are a testament to our tenacity as an organization, and their commitment to improving everything we do on a daily basis is inspiring.

In the first month of the third quarter, we closed on an offering that brought an injection of capital into the business. The plan was to deploy this toward improving the capital structure of the business, which has been a stated goal of the Company since last year. We also planned to allocate part of the proceeds toward working capital requirements.

It is important to note that we originally anticipated having this revised capital structure in place in Q1 2019. This would have allowed us to meet the current working capital requirements at that time, as well as being able to pay off the convertible debt we had to take on in 2018 to execute the corporate restructuring.

The several months' delay in finalizing the new capital structure made it challenging to both pay down the funded debt, as well as sufficiently meet the working capital requirements that had increased over that time.

We are pleased to say that we were able to completely pay off the outstanding convertible debt using the proceeds from the July 2019 offering. This allowed the Company to de-lever its balance sheet and be free of all funded debt for the first time in its history.

At the same time, while we were able to deploy some of the offering proceeds to working capital needs, we were not able to sufficiently realign our supply chain. This impacted our ability to book and ship orders and was reflected in our Q3 results.

It should be noted that, as the quarter progressed, the investments we started making to improve the supply chain did start to bear fruit. This was reflected in the new orders and strong backlog that significantly exceeds the previous year's, both of which we announced after the end of the quarter. We believe this bodes well for our future success.

Key Financial Results

Regarding non-GAAP charges, when normalizing earnings, we do take into account non-GAAP one-time charges as well as non-cash stock option expenses and discontinued operations. This is critical as we need to understand the impact of our operational decisions on our business. We use these non-GAAP measures for planning purposes and to allow us to assess the performance of our operations as compared to budgets in our recent actions.

Key non-GAAP financial results in Q3 were as follows: Revenues were $5 million, cost of components and personnel was $2.9 million, and our gross margins were 40.7%. G&A expenses were $4.1 million. R&D expenses were $799,000. Depreciation and amortization were $586,000. The net loss was $3.8 million while EBITDA was a negative $2.9 million for the quarter. All of this excludes stock option expenses, one-time charges, and discontinued operations.

As of September 30, we ended the quarter with $505,000 in cash. Accounts receivable was $4.8 million. Inventory was $12.8 million. Total current assets were $19 million. Current liabilities excluding short-term debt, operating lease obligations, deferred revenue and derivative liabilities, was $9.9 million, so roughly $9.1 million in working capital. Our debt stands at zero.

Q3 2019 Highlights

Among the key business highlights for Q3 2019 were the following:

- The Company was awarded a $2.8 million U.S. Army contract for handheld intelligence, surveillance and reconnaissance (ISR) receiver devices. Subsequent to the end of the third quarter, the we announced we had completed the first delivery against this contract.
- We received orders valued at $1.6 million from global clients for satellite communications equipment.
- We were awarded a Basic Ordering Agreement (BOA) from the NATO Communications and Information Agency (NCIA).
- We announced a further three-year contract with Dorna Sports as Official RF Systems Supplier for the MotoGP motorcycle racing circuit.
- The Company closed on a $12 million public offering that allowed the Company to pay off convertible debt incurred during 2018 in full and ahead of schedule.
- Subsequent to the end of the third quarter, the we announced that we had received $3 million in new orders in live production, military-government and satcom markets, and that these which represent part of a $13 million current backlog. This backlog amount is 42% higher than last year at the same time.
- Also subsequent to the end of the third quarter, we received a $300,000 order for wireless camera systems for use by the U.S. Army.

Operations Updates

On the operations side, we have made improvements in our manufacturing test area. As we have increased automated product testing, we have been able to reduce test times down from hours to minutes. We have placed significant effort into reviewing inventory, with a focus on reducing on-hand stock and increasing turn times.

Outlook

Looking forward, the Company's overarching goal is to consistently achieve EBITDA and cash flow profitability. To get there, our focus is and will continue to be on fully realigning our supply chain and following through on that process that was begun in July. We are excited to report that we have a strong order book across all our key verticals, with an approximate $13 million backlog.

We feel confident that we are better-positioned operationally now to move the Company toward success than we have been in quite a while. We are a leaner business than we have been at any time in recent memory and, as mentioned earlier, have no funded debt on our books for the first time.

Changing culture is never easy for any organization, but we have successfully shifted the culture throughout the entire Company to one that is relentlessly solution and customer-focused. We are proud that one of our core strengths is our ability to tailor and apply our technological acumen to solve business challenges by leveraging our impressive company-wide resources. We are convinced this is a key differentiator that helps Vislink stand out from other firms. We are also a more unified company, thanks to the successful global rebranding we completed earlier this year.

At the same time, we are still underpinned by a proud technology legacy that has enabled us to be not only an industry pioneer, but a market leader. We believe this will allow us to lead from our strength, profitably build our order book, and pursue exciting growth areas. This includes segments of our live production sector that present substantial opportunities, such as onboard technology for high-speed racing, ground and airborne surveillance for the military-government vertical, and new applications for our satcom technologies.

We look forward to reporting back to you on our progress.

Sincerely,

Roger Branton
CEO and CFO

Note on Forward-looking Statements

This press release may contain projections or other forward-looking statements within the meaning of the Private Securities Litigation Reform Act. These statements involve risks and uncertainties, and actual events or results may differ materially. Among the important factors that could cause actual results to differ materially from those in the forward-looking statements are the risk that our reduction in operating expenses may impact our ability to meet our business objectives and achieve our revenue targets and may not result in the expected improvement in our profitability, the fact that our future growth depends in part on further penetrating our addressable market and also growing internationally, and we may not be successful in doing so; our dependence on sales of certain products to generate a significant portion of our revenue; the effect of a decrease in the sales or change in sales mix of these products would harm our business; the risks that an economic downturn or economic uncertainty in our key U.S. and international markets may adversely affect demand for our products; difficulty in accurately predicting our future customer demand; the importance of maintaining the value and reputation of our brand; and other factors detailed in our Annual Report on Form 10-K for the year ended December 31, 2018 and our other subsequent filings with the Securities and Exchange Commission. These forward-looking statements speak only as of the date hereof or as of the date otherwise stated herein. The Company disclaims any obligation to update these forward-looking statements