

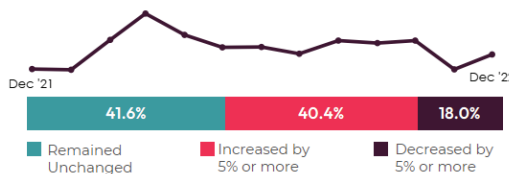
POSITIVE DECEMBER CLOSES STRONG YEAR FOR PRO AV

AVIXA®, the Audiovisual and Integrated Experience Association, has published the monthly Pro AV Business Index since September 2016, gauging sales and employment indicators for the pro AV industry. The index is calculated from a monthly survey that tracks trends. Two diffusion indexes are created using the survey: the AV Sales Index (AVI-S) and AV Employment Index (AVI-E). The diffusion indexes are calculated based on the positive response frequency from those who indicated their business had a 5% or more increase in billings/sales from the prior month plus half of the neutral response. An index of 50 indicates firms saw no increase or decline in business activity; more than 50 indicates an increase, while less than 50 indicates a decrease.

SALES INDEX

DECEMBER 2022

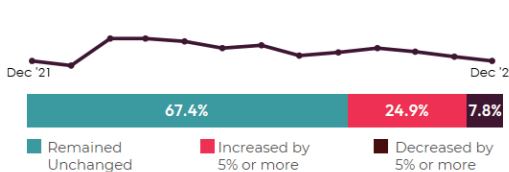
61.2



EMPLOYMENT INDEX

DECEMBER 2022

58.6



“The uncertainty resulting of the inflation is holding back some projects to next year. People are cautious and postponing some projects in order to understand how next year will be economically.”

– MANUFACTURER, EUROPE

HIGHLIGHTS:

- 2022 was an even year, but it was a good one! And it closed out on a positive note, as the AV Sales Index (AVI-S) rebounded from a disappointing 57.0 in November to 61.2 in December. Note: the December numbers come from a larger sample size, as we polled an additional ~300 AV professionals from the ISE mailing list in preparation for ISE 2023 at the end of the month. In the end, 2022 tied 2018 for the highest average index, at 63.5. That said, the two years arrived at the same number in different ways. 2018 saw a peak of 67.4 and a minimum of 58.0, a range of 9.4. It was a consistently good year. 2022 had a lower min at 56.9 (in January) and a much higher max at 72.7—the all-time record high—in March, for a range of 15.8. It was an inconsistent year. But also a good one!
- Each December, we also ask the same index question— >5% increase, about the same, >5% decrease—but for the year-to-year change rather than month-to-month. For 2022, this question netted an annual sales change index of 72.5. This was up 4.6 points from the 67.9 recorded for 2021 and up 41.0 points from the 31.5 recorded for 2020, when the majority of businesses saw >5% revenue decline. It’s important to note that this outstanding growth happened even with major supply challenges. Despite

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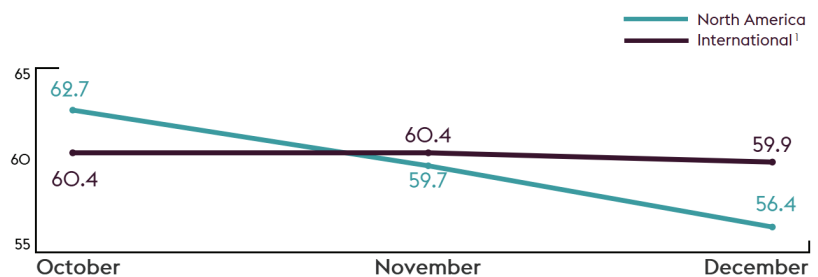
HIGHLIGHTS: *(continued)*

alarmism from some corners, these issues—though a major headache for our industry—were a brake rather than a block to growth. With perfect supply, pro AV revenue would have spiked faster and run much worse staffing issues than we did. The net is with a strong 2022 that starts 2023 with holdover demand due to unfinished projects.

- 2022 may have tied for record average monthly AVI-S, but for the AV Employment Index (AVI-E), 2022 set the record outright. The 2022 average was 61.6, ahead of 2018's previous record of 60.9. In December, the AVI-E was 58.6. Here is a major contrast in our indexes: Where the 2022 AVI-S range was 15.8, the AVI-E range was less than half, at 7.6. Oddly, the min and max happened in back-to-back months: January and February, when the Omicron variant suddenly spiked then quickly faded, ushering in the record year we ultimately observed. Payroll growth was an economy-wide phenomenon in 2022. The U.S. economy added 4.5 million workers, and many other countries also experienced strong payroll growth. Less exciting is the trend in these expansions, which for pro AV and the wider economy alike is towards slower growth. But at least at an economy-wide level, the observed 2022 growth was unsustainable. If the U.S. ends 2023 with 2 million new jobs, it would be fair to argue it was a great year that saw the pandemic recovery stabilize onto a growth course our economy can keep up for the long-term.

INTERNATIONAL OUTLOOK

While globally, we have seen a slowdown in sales growth, North America has fared worse in the initial read of our international outlook.² North America's moving average mark for December was 56.4, while the rest of the world had an score of 59.9. Those numbers leave the rest of the world looking steady in recent months (though down from summer) and North America on a continuing downward trajectory. Our expectation is that a gap will continue in February, but that the two regions' AVI-S marks will ultimately begin to move towards each other.



Global regional indexes are three-month moving averages (based on prior, forward and current months) due to relative small ample size.

“Rise in costs, lack of specialized employees, longer delivery durations, higher interest rates on loans - but also better revenue as customers pay almost any price.”

- LIVE EVENTS, EUROPE

¹ International regions include Europe, Latin America, Middle East/Africa, Asia-Pacific

² Due to the small sample, the North American and International indexes are based on a 3-month moving average. December 2022 index is preliminary, based on the average of November 2022 and December 2022 and will be final with January 2023 data in the next report.

METHODOLOGY

The survey behind the AVIXA Pro AV Business Index was fielded to 2,000 members of the AVIXA Insights Community as well as many members of the ISE mailing list between December 28, 2022, and January 5, 2022. A total of 603 AV professionals completed the survey. Only respondents who are service providers and said they were “moderately” to “extremely” familiar with their company’s business conditions were factored in index calculations. The AV Sales and AV Employment Indexes are computed as diffusion indexes. The monthly score is calculated as the percentage of firms reporting a significant increase plus half the percentage of firms reporting no change. Comparisons are always made to the previous month. Diffusion indexes, typically centered at a score of 50, are used frequently to measure change in economic activity. If an equal share of firms reports an increase as reports a decrease, the score for that month will be 50. A score higher than 50 indicates that firms, in aggregate, are reporting an increase in activity that month compared to the previous month. In contrast, a score lower than 50 is a decrease in activity.

“Covid-19 impacted new building construction, and most larger corporate clients adopted a work from strategy thus no longer requiring larger AV spaces. However at the end of 2022 many clients decided it was time to come back or at least have the space available and ready and new and refreshing projects are emerging.”

- INTEGRATOR, LATIN AMERICA

ABOUT THE AVIXA INSIGHTS COMMUNITY

The AVIXA AV Intelligence Panel (AVIP) is now part of AVIXA’s Insights Community, a research group of industry volunteers willing to share their insights on a regular basis to create actionable information. Members of the community are asked to participate in a short, two-to-three-minute monthly survey designed to gauge business sentiment and trends in the AV industry. Community members will also have the opportunity to participate in discussions, polls and surveys.

Community members will be eligible to:

- Earn points toward online gift cards
- Receive free copies of selected market research
- Engage directly with AVIXA’s market intelligence team to help guide research
- Ask and answer other industry professionals’ questions

The Insights Community is designed to be a global group, representative of the entire commercial AV value chain. AVIXA invites AV integrators, consultants, manufacturers, distributors, resellers, live events professionals, and AV technology managers to get involved. If you would like to join the community, enjoy benefits, and share your insights with the AV industry, please apply at avip.avixa.org.