

Pro-AV Business Index

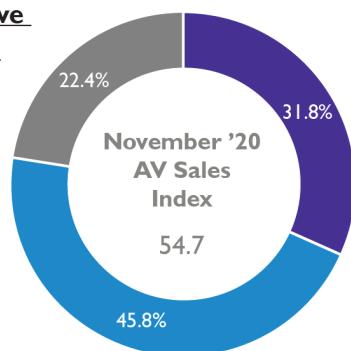
Released November 2020

November Sees Accelerating Growth

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 data: 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 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 the business activity; an index of more than 50 indicates an increase, while an index less than 50 indicates a decline.

Compared with the previous month, have the billings/sales at your location...

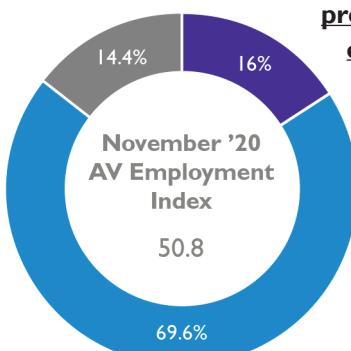
N-192



- Sales increased significantly (5% or more)
- Sales remained unchanged
- Sales decreased significantly (5% or more)

Compared with the previous month, is the overall employment at your location...

N-194



- Employment increased significantly (5% or more)
- Employment remained unchanged
- Employment decreased significantly (5% or more)

Highlights:

- November marked the best month of AV sales growth since the start of the pandemic. The AV Sales Index (AVI-S) built on its momentum from October's acceleration, increasing 1.5 points to reach a score of 54.7. For clarity's sake, we note that this figure is lower than the index's typical pre-pandemic levels, which hovered near 60. Still, this result shows the industry is headed in the right direction. Flexibility was the key to success for many survey respondents. COVID-19

continues to flatten markets such as live events, but it is driving expenditures in many other areas. Respondents who have pivoted extensively seem to have managed to develop sufficient new revenue streams.

- Equity markets — particularly in the U.S. — soared in November. Stock markets reaching record highs is part neutral news and part good news. On the neutral side, it does little for the pocketbook of the middle-class consumer, who

drives AV spending in spaces such as hospitality, retail, and venues and events. On the positive side, it gives companies the capital they need to make investments such as retrofitting an office to facilitate more remote meetings or constructing heated and ventilated pods for COVID-safe dining. One word of caution about the current market: Even now, almost a year into the pandemic and with stocks hitting new highs, uncertainty remains high. VIX, the leading uncertainty measure, remains above 20. For comparison, VIX did not surpass 20 in the 12 months leading up to the pandemic. Equity markets are not yet normal again.

- Businesses relying on supply chains that run through Great Britain and the EU have another factor to worry about this month: Brexit. No, the saga is not yet over. Per the formal Brexit agreement from last year, the two entities have a year-end deadline to finalize their trade relationship. This approaching deadline can disrupt supply in two ways: first and foremost, an agreement actually needs to be made. An agreement is a prerequisite to the transfer of goods. Second, companies and customs officials alike need to adjust to whatever stipulations are imposed. This is likely to create delays, a development that is particularly unwelcome when supply still lags slightly behind pre-pandemic standards.
- The AV Employment Index also showed improvement in November as it ticked up 3.4 points to 50.8. This mark could be better — it essentially means AV payrolls were flat — but it's good to see the bounce back after the weaker performance in October. The proper interpretation of current conditions is that payrolls are essentially stable. Growth would be

preferable but given the serious second waves of the coronavirus hitting Europe and the Americas, stability is probably the best we could hope for. The U.S. jobs numbers for November came in a little more disappointing than the pro AV numbers. While unemployment declined from 6.9% to 6.7%, the economy added just 245,000 jobs — well below economists' expectations of 432,000, and also well below the pace needed to close the gap of nearly 10 million jobs between the current job count and the pre-pandemic total.

“COVID-19 is still a big factor. We’re still working on stability and security issues for our remote team members’ PCs and laptops. We have several departments switching to new laptops in the very near future. AV is being used more for video messages to the onsite employees and town hall style meetings are planned for December to discuss the effects of COVID-19 as we move forward.”

— End User, North America

“Part of why we are having a better month is because we are a diverse company, offering both professional and consumer-driven products. The professional side is down, while the consumer side is up. COVID-19 has been our number one driving factor, both on the positive and negative side.”

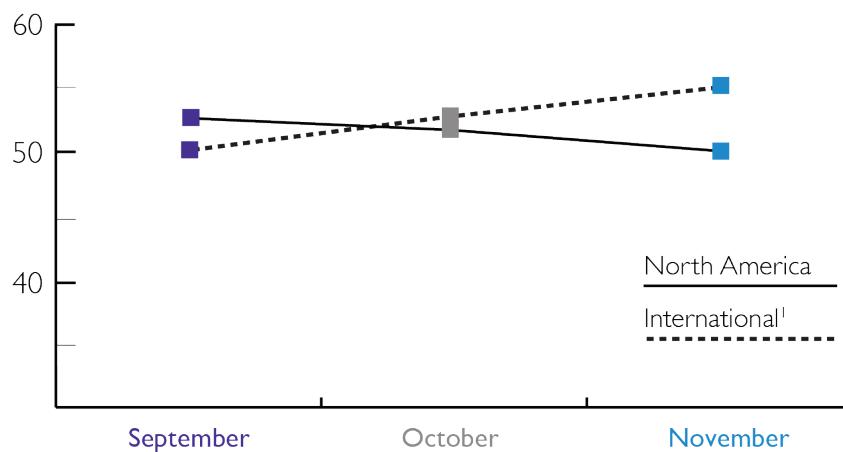
— Manufacturer, North America

“It is the end of the fiscal year, and everyone is trying to spend their budgets before they go away. We always get a TON of last-minute AV requests to eke out the last bit of value from the current year budgets before 12/31.”

— End User, North America

International Outlook

The results from our November survey pushed the international AVI-S above the North American AVI-S for the first time since the pandemic began. Since each month's figure is calculated as a moving average, our data now indicates that the international side accelerated past North America in October.² This is likely as a result of the serious coronavirus wave hitting the U.S. right now, as November's preliminary reading for North America marks the slowest growth since June. In better news, at 55.3, the preliminary international AVI-S is at its highest level since January.



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. November 2020 index is preliminary, based on the average of October 2020 and November 2020 and will be final with December 2020 data in the next report.

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

Methodology

The survey behind the AVIXA Pro AV Business Index was fielded to 2,000 members of the AVIXA Insights Community between November 30, 2020 and December 4, 2020. A total of 343 Insights Community members 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, with the monthly score 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, while a score lower than 50 indicates a decrease in activity. Any score higher than 50 indicates an increase in activity.

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 avixa.org.