

Attention Business/Financial Editors:

Evertz Technologies reports Second Quarter results for the quarter ended October 31, 2024.

Burlington, December 10, 2024, Evertz Technologies Limited (TSX:ET), the leader in Software Defined Video Network (“SDVN”) technology, today reported its results for the second quarter ended October 31, 2024.

Second Quarter 2025 Highlights

- Quarterly revenue of \$125.3 million, an increase of 12.2% or \$13.6 million from the sequential quarter
- Reoccurring software, services and other software revenue of \$54.8 million in the quarter, up 23.7% from the prior year
- US/ Canadian quarterly revenue of \$94.9 million up \$20.8 million or 28.2% from the sequential quarter
- Earnings from operations of \$21.4 million for the quarter, an increase of 69.7% from the sequential quarter
- Net earnings of \$15.9 million for the quarter, and increase of 64.1% from the sequential quarter
- Fully diluted earnings per share of \$0.21 for the quarter
- Regular quarterly dividend increased to \$0.20 per share

Quarterly Selected Financial Information

Consolidated Statement of Earnings Data

(in thousands of dollars, except earnings per share and share data)

	<u>Q2 ' 25</u>	<u>Q2 ' 24</u>
Revenue	\$ 125,259	\$ 130,749
Gross margin	74,260	78,019
Earnings from operations	21,391	32,150
Net earnings	15,937	22,251
Fully-diluted earnings per share	\$ 0.21	\$ 0.29
Fully-diluted shares	77,077,835	76,650,240

Selected Financial Information

Consolidated Balance Sheet Data

(in thousands of dollars)

	<u>Q2 ' 25</u>	<u>YE ' 24</u>
Cash and cash equivalents	\$ 61,729	\$ 86,325
Working capital	199,805	201,437
Total assets	451,165	484,722
Shareholders' equity	262,478	263,267

Revenue

For the quarter ended October 31, 2024, revenues were \$125.3 million compared to revenues of \$130.7 million for the quarter ended October 31, 2023. For the quarter, revenues in the United States/Canada region were \$94.9 million an increase of 28% compared to \$74.0 million in the same quarter last year. The International region had revenues of \$30.4 million, compared to \$56.7 million in the same quarter last year.

Gross Margin

For the quarter ended October 31, 2024, gross margin was \$74.2 compared to \$78.0 million in the same quarter last year. Gross margin percentage was approximately 59.3% as compared to 59.7% in the quarter ended October 31, 2023.

Earnings

For the quarter ended October 31, 2024, net earnings were \$15.9 million compared to \$22.3 million in the corresponding period last year.

For the quarter ended October 31, 2024, earnings per share on a fully-diluted basis were \$0.21 as compared to \$0.29 in the corresponding period last year.

Operating Expenses

For the quarter ended October 31, 2024, selling and administrative expenses were \$18.4 million as compared to \$17.5 million for the quarter ended October 31, 2023.

For the quarter ended October 31, 2024, gross research and development expenses were \$36.3 million as compared to \$32.2 million for the quarter ended October 31, 2023.

Liquidity and Capital Resources

The Company's working capital as at October 31, 2024 was \$199.8 million as compared to \$201.4 million on April 30, 2024.

Cash and cash equivalent was \$61.7 million as at October 31, 2024 as compared to \$86.3 million on April 30, 2024.

Cash used from operations was \$9.6 million for the quarter ended October 31, 2024 as compared to \$20.3 million cash generated for the quarter ended October 31, 2023. Before taking into account taxes and the changes in non-cash working capital and current taxes, the Company generated \$21.8 million from operations for the quarter ended October 31, 2024 compared to \$30.9 million for the same period last year.

For the quarter, the Company used \$1.4 million from investing activities.

For the quarter ended, the Company used cash in financing activities of \$18.7 million which was principally a result of the payment of dividends of \$14.8 million.

Shipments and Backlog

At the end of November 2024, purchase order backlog was in excess of \$298 million and shipments during the month of November 2024 were \$50 million.

Dividend Declared

Evertz Board of Directors declared a regular quarterly dividend on December 10, 2024 of \$0.20 per share.

The dividend is payable to shareholders of record on December 19, 2024 and will be paid on or about December 24, 2024.

Selected Consolidated Financial Information

(in thousands of dollars except earnings per share and share data)

	Three month period ended				Six month period ended			
	October 31,				October 31,			
	2024		2023		2024		2023	
Revenue	\$	125,259	\$	130,749	\$	236,902	\$	256,568
Cost of goods sold		50,999		52,730		96,380		106,513
Gross margin		74,260		78,019		140,522		150,055
Expenses								
Selling and administrative		18,372		17,500		35,976		33,898
General		1,302		1,173		2,583		2,332
Research and development		36,279		32,167		73,653		64,157
Investment tax credits		(3,590)		(3,212)		(7,350)		(6,607)
Share based compensation		1,267		1,154		2,442		2,679
Foreign exchange gain		(761)		(2,913)		(782)		(861)
		52,869		45,869		106,522		95,598
Earnings before undemoted		21,391		32,150		34,000		54,457
Finance income		837		413		1,542		537
Finance costs		(374)		(341)		(683)		(585)
Net loss on investments through profit and loss		-		(2,492)		-		(2,704)
Other income and expenses		101		216		311		122
Earnings before income taxes		21,955		29,946		35,170		51,827
Provision for (recovery of) income taxes								
Current		5,313		6,675		10,876		14,436
Deferred		705		1,020		(1,354)		(752)
		6,018		7,695		9,522		13,684
Net earnings for the period	\$	15,937	\$	22,251	\$	25,648	\$	38,143
Net earnings attributable to non-controlling interest		133		158		175		299
Net earnings attributable to shareholders		15,804		22,093		25,473		37,844
Net earnings for the period	\$	15,937	\$	22,251	\$	25,648	\$	38,143
Earnings per share								
Basic	\$	0.21	\$	0.29	\$	0.33	\$	0.49
Diluted	\$	0.21	\$	0.29	\$	0.33	\$	0.49

Consolidated Balance Sheet Data

		As At	
		October 31, 2024	April 30, 2024
Cash and Cash Equivalents	\$	61,729	\$ 86,325
Inventory	\$	206,599	\$ 206,154
Working capital	\$	199,805	\$ 201,437
Total assets	\$	451,165	\$ 484,722
Shareholders' equity	\$	262,478	\$ 263,267
Number of common shares outstanding:			
Basic		75,968,926	76,164,322
Fully-diluted		81,497,151	81,614,447
Weighted average number of shares outstanding:			
Basic		76,098,477	76,088,691
Fully-diluted		77,007,835	77,044,858

Forward-Looking Statements

The report contains forward-looking statements reflecting Evertz’s objectives, estimates and expectations. Such forward looking statements use words such as “may”, “will”, “expect”, “believe”, “anticipate”, “plan”, “intend”, “project”, “continue” and other similar terminology of a forward-looking nature or negatives of those terms.

Although management of the Company believes that the expectations reflected in such forward-looking statements are reasonable, all forward-looking statements address matters that involve known and unknown risks, uncertainties and other factors. Accordingly, there are or will be a number of significant factors which could cause the Company’s actual results, performance or achievements, or industry results to be materially different from any future results performance or achievements expressed or implied by such forward-looking statements.

Conference Call

The Company will hold a conference call with financial analysts to discuss the results on December 10, 2024 at 5:00 p.m. (EDT). Media and other interested parties are invited to join the conference call in listen only mode. The conference call may be accessed by dialing 1-289-514-5100 or Toll Free (North America) 1-800-717-1738.

For those unable to listen to the live call, a rebroadcast will also be available until January 10, 2025. The rebroadcast can be accessed at 1-289-819-1325 or Toll Free 1-888-660-6264, passcode 56182.

About Evertz

Evertz Technologies Limited (TSX: ET) designs, manufactures and markets video and audio infrastructure solutions for the television, telecommunications and new-media industries. The Company’s solutions are purchased by content creators, broadcasters, specialty channels and television service providers to support their increasingly complex multi-channel digital, and high and ultra-high definition television (“HDTV” and “UHD”) and next generation high bandwidth low latency IP network environments and by telecommunications and new-media companies. The Company’s products allow its customers to generate additional revenue while reducing costs through efficient signal routing, distribution, monitoring and management of content as well as the automation and orchestration of more streamlined and agile workflow processes on premise and in the “Cloud”.