

Attention Business/Financial Editors:

Evertz Technologies reports First Quarter results for the quarter ended July 31, 2020.

Burlington, September 9, 2020, Evertz Technologies Limited (TSX:ET), the leader in Software Defined Video Network (“SDVN”) technology, today reported its results for the first quarter ended July 31, 2020.

First Quarter 2021 Highlights

- Quarterly revenue of \$56.3 million
- Earnings from operations before foreign exchange of \$4.0 million
- Net earnings of \$0.6 million for the quarter

Selected Financial Information

Consolidated Statement of Earnings Data

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

	<u>Q1 ' 21</u>	<u>Q1 ' 20</u>
Revenue	\$ 56,337	\$ 103,411
Gross margin	32,224	59,152
Earnings from operations before foreign exchange	4,044	19,506
Earnings from operations	935	17,729
Net earnings	575	13,207
Fully-diluted earnings per share	\$ 0.01	\$ 0.17
Fully-diluted shares	76,449,446	76,673,167

Selected Financial Information

Consolidated Balance Sheet Data

(in thousands of dollars)

	<u>Q1 ' 21</u>	<u>YE '20</u>
Cash and cash equivalents	\$ 102,035	\$ 75,025
Working capital	218,807	223,720
Total assets	443,668	443,673
Shareholders' equity	290,365	295,012

Revenue

For the quarter ended July 31, 2020, revenues were \$56.3 million compared to revenues of \$103.4 million for the quarter ended July 31, 2019. For the quarter, revenues in the United States/Canada region were \$35.9 million compared to \$74.0 million in the same quarter last year. The International region had revenues of \$20.4 million compared to \$29.4 million in the same quarter last year.

Gross Margin

For the quarter ended July 31, 2020, gross margin was \$32.2 million as compared to \$59.2 million in the same quarter last year. Gross margin percentage was approximately 57.2% as compared to 57.2% in the quarter ended July 31, 2019.

Earnings

For the quarter ended July 31, 2020, net earnings were \$0.6 million as compared to \$13.2 million in the corresponding period last year.

For the quarter ended July 31, 2020, earnings per share on a fully-diluted basis were \$0.01 as compared to \$0.17 in the corresponding period last year.

Operating Expenses

For the quarter ended July 31, 2020, selling and administrative expenses were \$11.9 million as compared to \$16.3 million for the quarter ended July 31, 2019.

For the quarter ended July 31, 2020, gross research and development expenses were \$16.6 million as compared to \$22.7 million for the quarter ended July 31, 2019.

Liquidity and Capital Resources

The Company's working capital as at July 31, 2020 was \$218.8 million as compared to \$223.7 million on April 30, 2020.

Cash was \$102.0 million as at July 31, 2020 as compared to \$75.0 million on April 30, 2020.

Cash generated from operations was \$36.3 million for the quarter ended July 31, 2020 as compared to \$7.9 million for the quarter ended July 31, 2019. Before taking into account taxes and the changes in non-cash working capital and current taxes, the Company generated \$4.1 million from operations for the quarter ended July 31, 2020 compared to \$18.5 million for the same period last year.

For the quarter, the Company used \$1.8 million for investing activities.

For the quarter ended, the Company used cash in financing activities of \$8.3 million which was principally a result of the payment of dividends of \$6.9 million.

Shipments and Backlog

At the end of August 2020, purchase order backlog was in excess of \$118 million and shipments during the month of August 2020 were \$36 million.

Dividend Declared

Evertz Board of Directors declared a regular quarterly dividend on September 9, 2020 of \$0.09 per share.

The dividend is payable to shareholders of record on September 18, 2020 and will be paid on or about September 25, 2020.

Selected Consolidated Financial Information
(in thousands of dollars, except earnings per share and percentages)

	Three months ended July 31, 2020	Three months ended July 31, 2019
Revenue	\$ 56,337	\$ 103,411
Cost of goods sold	24,113	44,259
Gross margin	\$ 32,224	\$ 59,152
Expenses		
Selling and administrative	11,920	16,330
General	895	894
Research and development	16,576	22,694
Investment tax credits	(1,485)	(2,003)
Share based compensation	274	1,731
Foreign exchange loss	3,109	1,777
	<u>31,289</u>	<u>41,423</u>
Earnings before undernoted	\$ 935	\$ 17,729
Finance income	93	451
Finance costs	(351)	(463)
Other income and expenses	108	41
Earnings before income taxes	\$ 785	\$ 17,758
Provision for (recovery of) income taxes		
Current	1,407	3,567
Deferred	(1,197)	984
	<u>\$ 210</u>	<u>\$ 4,551</u>
Net earnings for the period	\$ 575	\$ 13,207
Net earnings attributable to non-controlling interest	90	130
Net earnings attributable to shareholders	485	13,077
Net earnings for the period	\$ 575	\$ 13,207
Earnings per share:		
Basic	\$ 0.01	\$ 0.17
Diluted	\$ 0.01	\$ 0.17
Consolidated Balance Sheet Data		
	As at July 31, 2020	As at April 30, 2020
Cash and marketable securities	\$ 102,035	\$ 75,025
Inventory	\$ 163,059	\$ 161,985
Working capital	\$ 218,807	\$ 223,720
Total assets	\$ 443,668	\$ 443,673
Shareholders' equity	\$ 290,365	\$ 295,012
Number of common shares outstanding:		
Basic	76,449,446	76,449,446
Fully-diluted	82,015,946	78,077,946
Weighted average number of shares outstanding:		
Basic	76,449,446	76,624,706
Fully-diluted	76,449,446	76,642,787

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 September 9, 2020 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 647-490-5367 or toll-free (North America) 1-800-367-2403, access code 7193166.

For those unable to listen to the live call, a rebroadcast will also be available until October 9, 2020. The rebroadcast can be accessed at 647-436-0148 or toll-free 1-888-203-1112. The pass code for the rebroadcast is 7193166.

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".