

Attention Business/Financial Editors:

Evertz Technologies reports Third Quarter results for the quarter ended January 31, 2021.

Burlington, March 3, 2021, Evertz Technologies Limited (TSX:ET), the leader in Software Defined Video Network (“SDVN”) technology, today reported its results for the third quarter ended January 31, 2021.

Third Quarter 2021 Highlights

- Quarterly revenue of \$92.8 million
- Earnings from operations before foreign exchange of \$19.7 million
- Net earnings of \$10.4 million for the quarter
- Fully diluted earnings per share of \$0.13 for the quarter
- Completed investment in DD Sports, Inc. (ShotTracker) for \$8.0 million
- Announced strategic asset acquisition of the iconic Studer audio brand, technology and related assets from HARMAN International, subsequently closed on February 9, 2021

Selected Financial Information

Consolidated Statement of Earnings Data

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

	<u>Q3 ' 21</u>	<u>Q3 ' 20</u>
Revenue	\$ 92,776	\$ 121,226
Gross margin	51,983	67,849
Earnings from operations before foreign exchange	19,668	25,936
Earnings from operations	14,324	26,206
Net earnings	10,388	19,401
Fully-diluted earnings per share	\$ 0.13	\$ 0.25
Fully-diluted shares	76,406,390	76,780,796

Selected Financial Information

Consolidated Balance Sheet Data

(in thousands of dollars)

	<u>Q3 ' 21</u>	<u>YE '20</u>
Cash and cash equivalents	\$ 94,063	\$ 75,025
Working capital	221,587	223,720
Total assets	455,420	443,673
Shareholders' equity	298,727	295,012

Revenue

For the quarter ended January 31, 2021, revenues were \$92.8 million compared to revenues of \$121.2 million for the quarter ended January 31, 2020. For the quarter, revenues in the United States/Canada region were \$56.3 million compared to \$69.5 million in the same quarter last year. The International region had revenues of \$36.5 million compared to \$51.7 million in the same quarter last year.

Gross Margin

For the quarter ended January 31, 2021, gross margin was \$52.0 million as compared to \$67.8 million in the same quarter last year. Gross margin percentage was approximately 56.0% as compared to 56.0% in the quarter ended January 31, 2020.

Earnings

For the quarter ended January 31, 2021, net earnings were \$10.4 million as compared to \$19.4 million in the corresponding period last year.

For the quarter ended January 31, 2021, earnings per share on a fully-diluted basis were \$0.13 as compared to \$0.25 in the corresponding period last year.

Operating Expenses

For the quarter ended January 31, 2021, selling and administrative expenses were \$11.7 million as compared to \$17.9 million for the quarter ended January 31, 2020.

For the quarter ended January 31, 2021, gross research and development expenses were \$21.4 million as compared to \$24.0 million for the quarter ended January 31, 2020.

Liquidity and Capital Resources

The Company's working capital as at January 31, 2021 was \$221.6 million as compared to \$223.7 million on April 30, 2020.

Cash was \$94.1 million as at January 31, 2021 as compared to \$75.0 million on April 30, 2020.

Cash generated from operations was \$10.3 million for the quarter ended January 31, 2021 as compared to \$67.3 million cash generated for the quarter ended January 31, 2020. Before taking into account taxes and the changes in non-cash working capital and current taxes, the Company generated \$16.4 million from operations for the quarter ended January 31, 2021 compared to \$23.7 million for the same period last year.

For the quarter, the Company used \$10.0 million for investing activities, including \$8.0 million in the investment in DD Sports, Inc. (ShotTracker).

For the quarter ended, the Company used cash in financing activities of \$15.5 million which was principally a result of the payment of dividends of \$13.7 million.

Shipments and Backlog

At the end of February 2021, purchase order backlog was in excess of \$125 million and shipments during the month of February 2021 were \$25 million.

Dividend Declared

Evertz Board of Directors declared a regular quarterly dividend on March 3, 2021 of \$0.18 per share.

The dividend is payable to shareholders of record on March 19, 2021 and will be paid on or about March 25, 2021.

Selected Consolidated Financial Information

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

	Three month period ended		Nine month period ended	
	January 31,		January 31,	
	2021	2020	2021	2020
Revenue	\$ 92,776	\$ 121,226	\$ 249,595	\$ 344,425
Cost of goods sold	40,793	53,377	105,729	148,102
Gross margin	51,983	67,849	143,866	196,323
Expenses				
Selling and administrative	11,734	17,863	36,426	52,197
General	817	927	2,609	2,685
Research and development	21,427	23,993	57,671	69,625
Investment tax credits	(3,931)	(2,056)	(10,100)	(6,037)
Share based compensation	2,268	1,186	3,578	4,058
Foreign exchange loss (gain)	5,344	(270)	9,750	2,637
	37,659	41,643	99,934	125,165
Earnings before undermoted	14,324	26,206	43,932	71,158
Finance income	77	84	621	896
Finance costs	(471)	(511)	(1,193)	(1,375)
Other income and expenses	96	162	(431)	303
Earnings before income taxes	14,026	25,941	42,929	70,982
Provision for (recovery of) income taxes				
Current	2,423	6,798	10,910	18,072
Deferred	1,215	(258)	(132)	(224)
	3,638	6,540	10,778	17,848
Net earnings for the period	\$ 10,388	\$ 19,401	\$ 32,151	\$ 53,134
Net earnings attributable to non-controlling interest	116	143	346	427
Net earnings attributable to shareholders	10,272	19,258	31,805	52,707
Net earnings for the period	\$ 10,388	\$ 19,401	\$ 32,151	\$ 53,134
Earnings per share				
Basic	\$ 0.13	\$ 0.25	\$ 0.42	\$ 0.69
Diluted	\$ 0.13	\$ 0.25	\$ 0.42	\$ 0.69

Consolidated Balance Sheet Data	As at	
	January 31, 2021	April 30, 2020
Cash and cash equivalents	\$ 94,063	\$ 75,025
Inventory	\$ 156,811	\$ 161,985
Working capital	\$ 221,587	\$ 223,720
Total assets	\$ 455,420	\$ 443,673
Shareholders' equity	\$ 298,727	\$ 295,012
Number of common shares outstanding:		
Basic	76,284,366	76,449,446
Fully-diluted	82,201,366	78,077,946
Weighted average number of shares outstanding:		
Basic	76,381,605	76,624,706
Fully-diluted	76,431,308	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 March 3 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 647-792-1240 or toll-free (North America) 1-800-437-2398, access code 1237007.

For those unable to listen to the live call, a rebroadcast will also be available until April 2, 2021. The rebroadcast can be accessed at 647-436-0148 or toll-free 1-888-203-1112. The pass code for the rebroadcast is 1237007.

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".