

Attention Business/Financial Editors:

Evertz Technologies reports Second Quarter results for the quarter ended October 31, 2021.

Burlington, December 8, 2021, 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, 2021.

Second Quarter 2022 Highlights

- Quarterly revenue of \$107.2 million, an increase of \$6.7 million from the prior year
- US/Canada quarterly revenue up 17% from the prior year
- Net earnings of \$17.2 million for the quarter
- Fully diluted earnings per share of \$0.22 for the quarter

Selected Financial Information

Consolidated Statement of Earnings Data

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

	<u>Q2 ' 22</u>	<u>Q2 ' 21</u>
Revenue	\$ 107,199	\$ 100,482
Gross margin	61,077	59,659
Earnings from operations	23,700	28,672
Net earnings	17,184	21,188
Fully-diluted earnings per share	\$ 0.22	\$ 0.28
Fully-diluted shares	76,561,480	76,488,271

Selected Financial Information

Consolidated Balance Sheet Data

(in thousands of dollars)

	<u>Q2 ' 22</u>	<u>YE '21</u>
Cash and cash equivalents	\$ 37,666	\$ 108,771
Working capital	144,918	214,515
Total assets	405,587	451,793
Shareholders' equity	221,164	292,734

Revenue

For the quarter ended October 31, 2021, revenues were \$107.2 million an increase of \$6.7 million compared to revenues of \$100.5 million for the quarter ended October 31, 2020. For the quarter, revenues in the United States/Canada region were \$78.2 million an increase of 17% compared to \$66.9 million in the same quarter last year. The International region had revenues of \$29.0 million compared to \$33.6 million in the same quarter last year.

Gross Margin

For the quarter ended October 31, 2021, gross margin was \$61.1 million as compared to \$59.7 million in the same quarter last year. Gross margin percentage was approximately 57.0% as compared to 59.4% in the quarter ended October 31, 2020.

Earnings

For the quarter ended October 31, 2021, net earnings were \$17.2 million as compared to \$21.2 million in the corresponding period last year.

For the quarter ended October 31, 2021, earnings per share on a fully-diluted basis were \$0.22 as compared to \$0.28 in the corresponding period last year.

Operating Expenses

For the quarter ended October 31, 2021, selling and administrative expenses were \$14.8 million as compared to \$12.8 million for the quarter ended October 31, 2020.

For the quarter ended October 31, 2021, gross research and development expenses were \$24.4 million as compared to \$19.7 million for the quarter ended October 31, 2020.

Liquidity and Capital Resources

The Company's working capital as at October 31, 2021 was \$144.9 million as compared to \$214.7 million on April 30, 2021.

Cash was \$37.7 million as at October 31, 2021 as compared to \$108.7 million on April 30, 2021.

Cash generated from operations was \$0.9 million for the quarter ended October 31, 2021 as compared to \$20.8 million cash used for the quarter ended October 31, 2020. Before taking into account taxes and the changes in non-cash working capital and current taxes, the Company generated \$23.1 million from operations for the quarter ended October 31, 2021 compared to \$26.1 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 \$91.7 million which was principally a result of the payment of dividends of \$90.3 million, including a special dividend of \$76.3 million.

Shipments and Backlog

At the end of November 2021, purchase order backlog was in excess of \$162 million and shipments during the month of November 2021 were \$39 million.

Dividend Declared

Evertz Board of Directors declared a regular quarterly dividend on December 8, 2021 of \$0.18 per share.

The dividend is payable to shareholders of record on December 16, 2021 and will be paid on or about December 23, 2021.

Selected Consolidated Financial Information

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

	Three month period ended		Six month period ended	
	October 31,		October 31,	
	2021	2020	2021	2020
Revenue	\$ 107,199	\$ 100,482	\$ 204,364	\$ 156,819
Cost of goods sold	46,122	40,823	86,601	64,936
Gross margin	61,077	59,659	117,763	91,883
Expenses				
Selling and administrative	14,773	12,773	28,730	24,692
General	1,259	897	2,370	1,792
Research and development	24,441	19,667	49,121	36,244
Investment tax credits	(2,862)	(4,684)	(5,806)	(6,169)
Share based compensation	1,970	1,036	2,968	1,310
Foreign exchange (gain) loss	(2,204)	1,297	(3,633)	4,406
	37,377	30,986	73,750	62,275
Earnings before undernoted	23,700	28,673	44,013	29,608
Finance income	137	597	220	690
Finance costs	(322)	(371)	(640)	(722)
Share of net loss from Investment in Associate, net of taxes	(268)	-	(598)	-
Other income and expenses	174	(781)	186	(673)
Earnings before income taxes	23,421	28,118	43,181	28,903
Provision for (recovery of) income taxes				
Current	5,841	7,080	13,642	8,487
Deferred	396	(150)	(2,333)	(1,347)
	6,237	6,930	11,309	7,140
Net earnings for the period	\$ 17,184	\$ 21,188	\$ 31,872	\$ 21,763
Net earnings attributable to non-controlling interest	193	140	334	230
Net earnings attributable to shareholders	16,991	21,048	31,538	21,533
Net earnings for the period	\$ 17,184	\$ 21,188	\$ 31,872	\$ 21,763
Earnings per share				
Basic	\$ 0.22	\$ 0.28	\$ 0.41	\$ 0.28
Diluted	\$ 0.22	\$ 0.28	\$ 0.41	\$ 0.28
Consolidated Balance Sheet Data			As at	As at
			October 31, 2021	April 30, 2021
Cash and cash equivalents	\$	37,666	\$	108,771
Inventory	\$	163,965	\$	152,699
Working capital	\$	144,918	\$	214,515
Total assets	\$	405,587	\$	451,793
Shareholders' equity	\$	221,164	\$	292,734
Number of common shares outstanding:				
Basic		76,284,366		76,284,366
Fully-diluted		81,818,866		82,169,366
Weighted average number of shares outstanding:				
Basic		76,284,366		76,357,895
Fully-diluted		76,561,480		76,403,894

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 8, 2021 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 8697480.

For those unable to listen to the live call, a rebroadcast will also be available until January 8, 2021. The rebroadcast can be accessed at 647-436-0148 or toll-free 1-888-203-1112. The pass code for the rebroadcast is 8697480.

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".