

Attention Business/Financial Editors:

Evertz Technologies reports Third Quarter results for the quarter ended January 31, 2022.

Burlington, March 8, 2022, 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, 2022.

Third Quarter 2022 Highlights

- Quarterly revenue of \$120.6 million, an increase of \$27.8 million or 30% from the prior year
- US/Canada quarterly revenue up 40% from the prior year
- International quarterly revenue up 14% from the prior year
- Net earnings of \$21.6 million for the quarter, up 108% from the prior year
- Fully diluted earnings per share of \$0.28 for the quarter

Selected Financial Information

Consolidated Statement of Earnings Data

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

	<u>Q3 ' 22</u>	<u>Q3 ' 21</u>
Revenue	\$ 120,563	\$ 92,776
Gross margin	69,212	51,983
Earnings from operations	30,327	14,324
Net earnings	21,592	10,388
Fully-diluted earnings per share	\$ 0.28	\$ 0.13
Fully-diluted shares	76,537,614	76,431,308

Selected Financial Information

Consolidated Balance Sheet Data

(in thousands of dollars)

	<u>Q3 ' 22</u>	<u>YE '21</u>
Cash and cash equivalents	\$ 29,792	\$ 108,771
Working capital	157,300	214,515
Total assets	422,890	451,793
Shareholders' equity	229,846	292,734

Revenue

For the quarter ended January 31, 2022, revenues were \$120.6 million compared to revenues of \$92.8 million for the quarter ended January 31, 2021. For the quarter, revenues in the United States/Canada region were \$78.9 million compared to \$56.3 million in the same quarter last year. The International region had revenues of \$41.7 million compared to \$36.5 million in the same quarter last year.

Gross Margin

For the quarter ended January 31, 2022, gross margin was \$69.2 million as compared to \$52.0 million in the same quarter last year. Gross margin percentage was approximately 57.4% as compared to 56.0% in the quarter ended January 31, 2021.

Earnings

For the quarter ended January 31, 2022, net earnings were \$21.6 million as compared to \$10.4 million in the corresponding period last year.

For the quarter ended January 31, 2022, earnings per share on a fully-diluted basis were \$0.28 as compared to \$0.13 in the corresponding period last year.

Operating Expenses

For the quarter ended January 31, 2022, selling and administrative expenses were \$16.0 million as compared to \$11.7 million for the quarter ended January 31, 2021.

For the quarter ended January 31, 2022, gross research and development expenses were \$26.0 million as compared to \$21.4 million for the quarter ended January 31, 2021.

Liquidity and Capital Resources

The Company's working capital as at January 31, 2022 was \$157.3 million as compared to \$214.5 million on April 30, 2021.

Cash was \$29.8 million as at January 31, 2022 as compared to \$108.8 million on April 30, 2021.

Cash generated from operations was \$8.3 million for the quarter ended January 31, 2022 as compared to \$10.3 million cash generated for the quarter ended January 31, 2021. Before taking into account taxes and the changes in non-cash working capital and current taxes, the Company generated \$28.6 million from operations for the quarter ended January 31, 2022 compared to \$16.4 million for the same period last year.

For the quarter, the Company used \$1.2 million for investing activities.

For the quarter ended, the Company used cash in financing activities of \$15.7 million which was principally a result of the payment of dividends of \$13.7 million.

Shipments and Backlog

At the end of February 2022, purchase order backlog was in excess of \$176 million and shipments during the month of February 2022 were \$25 million.

Dividend Declared

Evertz Board of Directors declared a regular quarterly dividend on March 8, 2022 of \$0.18 per share.

The dividend is payable to shareholders of record on March 18, 2022 and will be paid on or about March 24, 2022.

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,	
	2022	2021	2022	2021
Revenue	\$ 120,563	\$ 92,776	\$ 324,927	\$ 249,595
Cost of goods sold	51,351	40,793	137,952	105,729
Gross margin	69,212	51,983	186,975	143,866
Expenses				
Selling and administrative	16,015	11,734	44,745	36,426
General	1,167	817	3,537	2,609
Research and development	25,989	21,427	75,110	57,671
Investment tax credits	(3,235)	(3,931)	(9,041)	(10,100)
Share based compensation	690	2,268	3,658	3,578
Foreign exchange (gain) loss	(1,741)	5,344	(5,374)	9,750
	38,885	37,659	112,635	99,934
Earnings before undernoted	30,327	14,324	74,340	43,932
Finance income	17	77	237	621
Finance costs	(598)	(471)	(1,238)	(1,193)
Net loss on Investment in Associate	(426)	-	(1,024)	-
Other income and expenses	(422)	96	(236)	(431)
Earnings before income taxes	28,898	14,026	72,079	42,929
Provision for (recovery of) income taxes				
Current	5,840	2,423	19,482	10,910
Deferred	1,466	1,215	(867)	(132)
	7,306	3,638	18,615	10,778
Net earnings for the period	\$ 21,592	\$ 10,388	\$ 53,464	\$ 32,151
Net earnings attributable to non-controlling interest	342	116	676	346
Net earnings attributable to shareholders	21,250	10,272	52,788	31,805
Net earnings for the period	\$ 21,592	\$ 10,388	\$ 53,464	\$ 32,151
Earnings per share				
Basic	\$ 0.28	\$ 0.13	\$ 0.69	\$ 0.42
Diluted	\$ 0.28	\$ 0.13	\$ 0.69	\$ 0.42
Consolidated Balance Sheet Data			As at	As at
			January 31, 2022	April 30, 2021
Cash and cash equivalents	\$	29,792	\$	108,771
Inventory	\$	175,481	\$	152,699
Working capital	\$	157,300	\$	214,515
Total assets	\$	422,890	\$	451,793
Shareholders' equity	\$	229,846	\$	292,734
Number of common shares outstanding:				
Basic		76,229,696		76,284,366
Fully-diluted		81,626,696		82,169,366
Weighted average number of shares outstanding:				
Basic		76,278,158		76,357,895
Fully-diluted		76,537,614		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 March 8 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 647-484-0475 or toll-free (North America) 1-888-394-8218, access code 8108209.

For those unable to listen to the live call, a rebroadcast will also be available until April 7, 2022. The rebroadcast can be accessed at 647-436-0148 or toll-free 1-888-203-1112. The pass code for the rebroadcast is 8108209.

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".