

Attention Business/Financial Editors:

Evertz Technologies reports Fiscal 2022 results for the Year ended April 30, 2022.

Burlington, June 23, 2022, Evertz Technologies Limited (TSX:ET), the leader in Software Defined Video Network (“SDVN”) technology, today reported its results for the fourth quarter and year ended April 30, 2022.

Fiscal 2022 Highlights

- Revenue of \$441.0 million, an increase of 29% from the prior year
- Earnings from operations of \$101.2 million, an increase of \$43.2 million or 75% from the prior year
- Net earnings of \$72.7 million for the year, an increase of 73.2% from the prior year
- Fully diluted earnings per share of \$0.94 for the year, compared to \$0.55 in the prior year

Fourth Quarter 2022 Highlights

- Quarterly revenue of \$116.1 million, an increase of 24% from the prior year
- Earnings from operations of \$26.9 million, an increase of \$12.8 million or 91% from the prior year
- Net earnings of \$19.2 million for the quarter, an increase of 96% from the prior year
- Fully diluted earnings per share of \$0.25 for the quarter, compared to \$0.13 in the prior year

Selected Financial Information

Consolidated Statement of Earnings Data

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

	<u>Q4'22</u>	<u>Q4'21</u>	<u>YE'22</u>	<u>YE'21</u>
Revenue	\$ 116,089	\$ 93,293	\$ 441,016	\$ 342,888
Gross margin	68,340	55,558	255,315	199,424
Earnings from operations	26,863	14,055	101,203	57,986
Net earnings	19,213	9,810	72,677	41,960
Fully-diluted earnings per share	\$ 0.25	\$ 0.13	\$ 0.94	\$ 0.55
Fully-diluted shares	76,226,341	76,646,831	76,570,564	76,403,894

Selected Financial Information
Consolidated Balance Sheet Data
(in thousands of dollars)

	<u>YE ' 22</u>	<u>YE '21</u>
Cash and cash equivalents	\$ 33,902	\$ 108,771
Working capital	158,947	214,515
Total assets	422,979	451,793
Shareholders' equity	230,938	292,734

Revenue

For the quarter ended April 30, 2022, revenues were \$116.1 million compared to revenues of \$93.3 million for the quarter ended April 30, 2021. For the quarter, revenues in the United States/Canada region were \$77.8 million, an increase of \$14.2 million, compared to \$63.6 million in the same quarter last year. The International region had revenues of \$38.2 million an increase of \$8.5 million compared to \$29.7 million in the same quarter last year.

For the year ended, April 30, 2022, sales were \$441.0 million, compared to sales of \$342.9 million for the year ended April 30, 2021. For the year, revenues in the United States/Canada region were \$299.4 million, an increase of \$76.7 million compared to \$222.7 million in the prior year. The International region had revenues of \$141.7 million, an increase of \$21.5 million compared to \$120.2 million in the prior year.

Gross Margin

For the quarter ended April 30, 2022, gross margin was \$68.3 million as compared to \$55.6 million in the same quarter last year. Gross margin percentage was approximately 58.9% as compared to 59.6% in the quarter ended April 30, 2021.

For the year ended April 30, 2022, gross margin was \$255.3 million as compared to \$199.4 million for the year ended April 30, 2021. Gross margin percentage was approximately 57.9% as compared to 58.2% for the prior year.

Earnings

For the quarter ended April 30, 2022, net earnings were \$19.2 million as compared to \$9.8 million in the corresponding period last year.

For the year ended April 30, 2022, net earnings were \$72.7 million as compared to \$42.0 million in the corresponding period last year.

For the quarter ended April 30, 2022, earnings per share on a fully-diluted basis were \$0.25 as compared to \$0.13 in the corresponding period last year.

For the year ended April 30, 2022, earnings per share on a fully-diluted basis were \$0.94 as compared to \$0.55 in the same period in 2021.

Operating Expenses

For the quarter ended April 30, 2022, selling and administrative expenses were \$16.1 million as compared to \$13.0 million for the quarter ended April 30, 2021.

For the year ended April 30, 2022, selling and administrative expenses were \$60.9 million as compared to \$49.4 million for the year ended April 30, 2021.

For the quarter ended April 30, 2022, gross research and development expenses were \$27.3 million as compared to \$22.5 million for the quarter ended April 30, 2021.

For the year ended April 30, 2022, gross research and development expenses were \$102.4 million as compared to \$80.2 million for the year ended April 30, 2021.

Liquidity and Capital Resources

The Company's working capital as at April 30, 2022 was \$158.9 million as compared to \$214.5 million on April 30, 2021.

Cash was \$33.9 million as at April 30, 2022 as compared to \$108.8 million on April 30, 2021.

Cash generated from operations was \$21.5 million for the quarter ended April 30, 2022 as compared to \$33.6 million cash generated for the quarter ended April 30, 2021. Before taking into account taxes and the changes in non-cash working capital and current taxes, the Company generated \$23.9 million from operations for the quarter ended April 30, 2022 compared to \$12.4 million for the same period last year.

Cash provided by operations was \$68.7 million for the 2022 fiscal year as compared to cash provided by operations of \$101.0 million for the 2021 fiscal year. Before taking into account taxes and the changes in non-cash working capital and current taxes, the Company generated \$93.0 million from operations for fiscal 2022 as compared to \$59.0 million for fiscal 2021.

For the quarter, the Company used \$1.3 million for investing activities.

For the year, the Company used \$5.0 million in investing activities which was principally driven by the acquisition of capital equipment of \$5.5 million.

For the quarter ended, the Company used cash in financing activities of \$15.0 million which was principally a result of the payment of dividends of \$13.7 million.

For the year ended April 30, 2022, the Company used cash in financing activities of \$137.5 million which was principally a result of the payment of dividends of \$131.4 million, including a special dividend of \$76.3 million.

Shipments and Backlog

At the end of May 2022, purchase order backlog was in excess of \$148 million and shipments during the month of May 2022 were \$26 million.

Dividend Declared

Evertz Board of Directors declared a regular quarterly dividend on June 23 2022 of \$0.18 per share.

The dividend is payable to shareholders of record on July 5, 2022 and will be paid on or about July 12, 2022.

Selected Consolidated Financial Information

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

	Three month period ended		Twelve month period ended	
	April 30,		April 30,	
	2022	2021	2022	2021
Revenue	\$ 116,089	\$ 93,293	\$ 441,016	\$ 342,888
Cost of goods sold	47,749	37,735	185,701	143,464
Gross margin	68,340	55,558	255,315	199,424
Expenses				
Selling and administrative	16,139	12,987	60,884	49,413
General	1,026	1,287	4,563	3,896
Research and development	27,328	22,516	102,438	80,187
Investment tax credits	(3,295)	(2,942)	(12,336)	(13,042)
Share based compensation	1,370	2,545	5,028	6,123
Foreign exchange (gain) loss	(1,091)	5,110	(6,465)	14,861
	41,477	41,503	154,112	141,438
Earnings before undemoted	26,863	14,055	101,203	57,986
Finance income	72	66	309	687
Finance costs	(1,207)	(516)	(2,445)	(1,709)
Share of net loss of Investment in Associate	(469)	(531)	(1,493)	(531)
Other income and expenses	574	(157)	338	(588)
Earnings before income taxes	25,833	12,917	97,912	55,845
Provision for (recovery of) income taxes				
Current	7,477	6,459	26,909	17,369
Deferred	(857)	(3,352)	(1,724)	(3,484)
	6,620	3,107	25,185	13,885
Net earnings for the period	\$ 19,213	\$ 9,810	\$ 72,677	\$ 41,960
Net earnings attributable to non-controlling interest	256	(144)	932	202
Net earnings attributable to shareholders	18,957	9,954	71,745	41,758
Net earnings for the period	\$ 19,213	\$ 9,810	\$ 72,677	\$ 41,960
Earnings per share				
Basic	\$ 0.25	\$ 0.13	\$ 0.94	\$ 0.55
Diluted	\$ 0.25	\$ 0.13	\$ 0.94	\$ 0.55

	April 30, 2022	April 30, 2021	April 30, 2020
Assets			
Current assets			
Cash and cash equivalents	\$ 33,902	\$ 108,771	\$ 75,025
Trade and other receivables	100,020	76,785	90,631
Contract assets	6,398	2,821	7,864
Prepaid expenses	5,930	6,559	9,003
Inventories	177,268	152,699	161,985
	323,518	347,635	344,508
Property, plant and equipment	37,877	44,799	47,794
Right-of-use assets	24,637	23,570	28,823
Goodwill	21,033	21,140	20,771
Intangible assets	3,317	4,476	1,573
Investment in Associate	5,474	6,869	-
Deferred income taxes	5,123	3,304	204
	\$ 420,979	\$ 451,793	\$ 443,673
Liabilities			
Current liabilities			
Trade and other payables	\$ 68,405	\$ 66,727	\$ 62,231
Provisions	7,379	4,069	5,031
Deferred revenue	74,267	58,047	45,076
Current portion of long term debt	-	-	238
Current portion of lease obligations	4,088	4,122	4,400
Current portion of redemption liability	3,423	-	-
Income tax payable	7,009	155	3,812
	164,571	133,120	120,788
Long term redemption liability	-	2,523	-
Long term lease obligations	22,760	21,245	25,465
	187,331	156,888	146,253
Equity			
Capital stock	143,502	143,605	143,915
Share based payment reserve	10,893	9,514	8,279
Accumulated other comprehensive income	(4,093)	(1,062)	1,032
Retained earnings	80,636	140,677	141,786
	76,543	139,615	142,818
Total equity attributable to shareholders	230,938	292,734	295,012
Non-controlling interest	2,710	2,171	2,408
	233,648	294,905	297,420
	\$ 420,979	\$ 451,793	\$ 443,673

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 June 23, 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 416-764-8646 or toll-free (North America) 1-888-396-8049.

For those unable to listen to the live call, a rebroadcast will also be available until June 23, 2023. The rebroadcast can be accessed at 416-764-8692 or toll-free 1-877-674-7070. The pass code for the rebroadcast is 586735.

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".