

Attention Business/Financial Editors:

Evertz Technologies reports First Quarter results for the quarter ended July 31, 2022.

Burlington, September 13, 2022, 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, 2022.

First Quarter 2023 Highlights

- Revenue of \$101.5 million, an increase of 5% from the prior year
- U.S./Canadian revenue up 21% from the prior year
- Earnings from operations of \$19.3 million
- Net earnings of \$13.9 million for the quarter
- Fully diluted earnings per share of \$0.18 for the quarter

Selected Financial Information

Consolidated Statement of Earnings Data

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

	<u>Q1'23</u>	<u>Q1'22</u>
Revenue	\$ 101,538	\$ 97,165
Gross margin	58,524	56,686
Earnings from operations	19,304	20,313
Net earnings	13,930	14,688
Fully-diluted earnings per share	\$ 0.18	\$ 0.19
Fully-diluted shares	76,408,281	76,771,395

Selected Financial Information

Consolidated Balance Sheet Data

(in thousands of dollars)

	<u>Q1 ' 23</u>	<u>YE '22</u>
Cash and marketable securities	\$ 36,659	\$ 33,902
Working capital	159,327	158,947
Total assets	441,895	420,979
Shareholders' equity	230,182	230,938

Revenue

For the quarter ended July 31, 2022, revenues were \$101.5 million an increase of 5% compared to revenues of \$97.2 million for the quarter ended July 31, 2021. For the quarter, revenues in the United States/Canada region were \$78.2 million, an increase of \$13.8 million, compared to \$64.4 million in the same quarter last year. The International region had revenues of \$23.3 million, compared to \$32.8 million in the same quarter last year.

### Gross Margin

For the quarter ended July 31, 2022, gross margin was \$58.5 million as compared to \$56.7 million in the same quarter last year. Gross margin percentage was approximately 57.6% as compared to 58.3% in the quarter ended July 31, 2021.

### Earnings

For the quarter ended July 31, 2022, net earnings were \$13.9 million as compared to \$14.7 million in the corresponding period last year.

For the quarter ended July 31, 2022, earnings per share on a fully-diluted basis were \$0.18 as compared to \$0.19 in the corresponding period last year.

### Operating Expenses

For the quarter ended July 31, 2022, selling and administrative expenses were \$12.9 million as compared to \$14.0 million for the quarter ended July 31, 2021.

For the quarter ended July 31, 2022, gross research and development expenses were \$28.3 million as compared to \$24.7 million for the quarter ended July 31, 2021.

### Liquidity and Capital Resources

The Company's working capital as at July 31, 2022 was \$159.3 million as compared to \$158.9 million on April 30, 2022.

Cash was \$25.6 million as at July 31, 2022 as compared to \$33.9 million on April 30, 2022.

Cash generated from operations was \$19.3 million for the quarter ended July 31, 2022 as compared to \$38.0 million cash generated for the quarter ended July 31, 2021. Before taking into account taxes and the changes in non-cash working capital and current taxes, the Company generated \$17.7 million from operations for the quarter ended July 31, 2022 compared to \$17.3 million for the same period last year.

For the quarter, the Company used \$12.9 million for investing activities, which was principally a result of the acquisition of marketable securities of \$11.0 million

For the quarter ended July 31, 2022, the Company used cash in financing activities of \$15.1 million which was principally a result of the payment of dividends of \$13.7 million.

### Shipments and Backlog

At the end of August 2022, purchase order backlog was in excess of \$141 million and shipments during the month of August 2022 were \$33 million.

### Dividend Declared

Evertz Board of Directors declared a regular quarterly dividend on September 13, 2022 of \$0.18 per share.

The dividend is payable to shareholders of record on September 23, 2022 and will be paid on or about September 29, 2022.

## Selected Consolidated Financial Information

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

	Three months ended		Three months ended	
	July 31, 2022		July 31, 2021	
Revenue	\$	101,538	\$	97,165
Cost of goods sold		43,014		40,479
Gross margin		58,524		56,686
Expenses				
Selling and administrative		12,892		13,957
General		1,096		1,111
Research and development		28,333		24,680
Investment tax credits		(3,189)		(2,944)
Share based compensation		1,119		998
Foreign exchange gain		(1,031)		(1,429)
		39,220		36,373
Earnings before undernoted		19,304		20,313
Finance income		153		83
Finance costs		(318)		(318)
Investment in an associate		(348)		(330)
Other income and expenses		128		12
Earnings before income taxes		18,919		19,760
Provision for (recovery of) income taxes				
Current		6,639		7,801
Deferred		(1,650)		(2,729)
		4,989		5,072
Net earnings for the period	\$	13,930	\$	14,688
Net earnings attributable to non-controlling interest	\$	89	\$	141
Net earnings attributable to shareholders		13,841		14,547
Net earnings for the period	\$	13,930	\$	14,688
Earnings per share				
Basic	\$	0.18	\$	0.19
Diluted	\$	0.18	\$	0.19

### Consolidated Balance Sheet Data

	As At		As At	
	July 31, 2022		April 30, 2022	
Cash and marketable securities	\$	36,659	\$	33,902
Inventory	\$	192,251	\$	177,268
Working capital	\$	159,327	\$	158,947
Total assets	\$	441,895	\$	420,979
Shareholders' equity	\$	230,182	\$	230,938
Number of common shares outstanding:				
Basic		76,226,196		76,229,696
Fully-diluted		82,265,196		81,285,196
Weighted average number of shares outstanding:				
Basic		76,228,014		76,266,341
Fully-diluted		76,408,281		76,570,564

## 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 13, 2022 at 5 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 October 13, 2022. The rebroadcast can be accessed at 416-764-8692 or toll-free 1-877-674-7070. The pass code for the rebroadcast is 798826.

## 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".