

Attention Business/Financial Editors:

Evertz Technologies reports Second Quarter results for the quarter ended October 31, 2022.

Burlington, December 6, 2022, 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, 2022.

Second Quarter 2023 Highlights

- Quarterly revenue of \$113.2 million, an increase of \$6.0 million from the prior year quarter
- US/Canada quarterly revenue up 13% from the prior year quarter
- Earnings from operations of \$28.4 million for the quarter, an increase of 20% from the prior year quarter
- Net earnings of \$20.0 million for the quarter, and increase of \$2.8 million from the prior year quarter
- Fully diluted earnings per share of \$0.26 for the quarter
- Regular quarterly dividend increased to \$0.19

Selected Financial Information

Consolidated Statement of Earnings Data

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

	<u>Q2 ' 23</u>	<u>Q2 ' 22</u>
Revenue	\$ 113,248	\$ 107,199
Gross margin	67,477	61,077
Earnings from operations	28,392	23,700
Net earnings	19,977	17,184
Fully-diluted earnings per share	\$ 0.26	\$ 0.22
Fully-diluted shares	76,324,261	76,561,480

Selected Financial Information

Consolidated Balance Sheet Data

(in thousands of dollars)

	<u>Q2 ' 23</u>	<u>YE '22</u>
(Bank Indebtness) Cash and cash equivalents	\$ (4,193)	\$ 33,902
Working capital	154,145	158,947
Total assets	421,807	420,979
Shareholders' equity	232,546	230,938

Revenue

For the quarter ended October 31, 2022, revenues were \$113.2 million an increase of \$6.0 million compared to revenues of \$107.2 million for the quarter ended October 31, 2021. For the quarter, revenues in the United States/Canada region were \$88.3 million an increase of 13% compared to \$78.2 million in the same quarter last year. The International region had revenues of \$25.0 million compared to \$29.0 million in the same quarter last year.

Gross Margin

For the quarter ended October 31, 2022, gross margin was \$67.5 million as compared to \$61.1 million in the same quarter last year. Gross margin percentage was approximately 59.6% as compared to 57.0% in the quarter ended October 31, 2021.

Earnings

For the quarter ended October 31, 2022, net earnings were \$20.0 million as compared to \$17.2 million in the corresponding period last year.

For the quarter ended October 31, 2022, earnings per share on a fully-diluted basis were \$0.26 as compared to \$0.22 in the corresponding period last year.

Operating Expenses

For the quarter ended October 31, 2022, selling and administrative expenses were \$14.7 million as compared to \$14.8 million for the quarter ended October 31, 2021.

For the quarter ended October 31, 2022, gross research and development expenses were \$29.6 million as compared to \$24.4 million for the quarter ended October 31, 2021.

Liquidity and Capital Resources

The Company's working capital as at October 31, 2022 was \$154.1 million as compared to \$158.9 million on April 30, 2022.

Bank indebtedness was \$4.2 million as at October 31, 2022 as compared to cash and cash equivalents of \$33.9 million on April 30, 2022.

Cash used from operations was \$7.7 million for the quarter ended October 31, 2022 as compared to \$0.9 million cash generated for the quarter ended October 31, 2021. Before taking into account taxes and the changes in non-cash working capital and current taxes, the Company generated \$27.5 million from operations for the quarter ended October 31, 2022 compared to \$23.1 million for the same period last year.

For the quarter, the Company used \$5.6 million for investing activities, including acquisitions of \$3.2 million of investments.

For the quarter ended, the Company used cash in financing activities of \$16.0 million which was principally a result of the payment of dividends of \$13.7 million.

Shipments and Backlog

At the end of November 2022, purchase order backlog was in excess of \$149 million and shipments during the month of November 2022 were \$39 million.

Dividend Declared

Evertz Board of Directors declared a regular quarterly dividend on December 6, 2022 of \$0.19 per share.

The dividend is payable to shareholders of record on December 16, 2022 and will be paid on or about December 22, 2022.

Selected Consolidated Financial Information

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

	Three month period ended October 31,		Six month period ended October 31,	
	2022	2021	2022	2021
Revenue	\$ 113,248	\$ 107,199	\$ 214,786	\$ 204,364
Cost of goods sold	45,771	46,122	88,785	86,601
Gross margin	67,477	61,077	126,001	117,763
Expenses				
Selling and administrative	14,681	14,773	27,655	28,730
General	1,128	1,259	2,224	2,370
Research and development	29,642	24,441	57,035	49,121
Investment tax credits	(3,173)	(2,862)	(6,362)	(5,806)
Share based compensation	(185)	1,970	1,792	2,968
Foreign exchange gain	(3,008)	(2,204)	(4,039)	(3,633)
	39,085	37,377	78,305	73,750
Earnings before undemoted	28,392	23,700	47,696	44,013
Finance income	216	137	369	220
Finance costs	(508)	(322)	(826)	(640)
Share of net loss from Investment in Associate, net of tax	(1,064)	(268)	(1,412)	(598)
Other income and expenses	(288)	174	(160)	186
Earnings before income taxes	26,748	23,421	45,667	43,181
Provision for (recovery of) income taxes				
Current	6,530	5,841	13,169	13,642
Deferred	241	396	(1,409)	(2,333)
	6,771	6,237	11,760	11,309
Net earnings for the period	\$ 19,977	\$ 17,184	\$ 33,907	\$ 31,872
Net earnings attributable to non-controlling interest	160	193	249	334
Net earnings attributable to shareholders	19,817	16,991	33,658	31,538
Net earnings for the period	\$ 19,977	\$ 17,184	\$ 33,907	\$ 31,872
Earnings per share				
Basic	\$ 0.26	\$ 0.22	\$ 0.44	\$ 0.41
Diluted	\$ 0.26	\$ 0.22	\$ 0.44	\$ 0.41

Consolidated Balance Sheet Data	As at	
	October 31, 2022	April 30, 2022
(Bank indebtedness) Cash and cash equivalents	\$ (4,193)	\$ 33,902
Inventory	\$ 199,892	\$ 177,268
Working capital	\$ 154,145	\$ 158,947
Total assets	\$ 421,807	\$ 420,979
Shareholders' equity	\$ 232,546	\$ 230,938
Number of common shares outstanding:		
Basic	76,223,768	76,229,696
Fully-diluted	81,124,768	81,285,196
Weighted average number of shares outstanding:		
Basic	76,223,768	76,266,341
Fully-diluted	76,384,699	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 December 6, 2022 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 December 6, 2023. The rebroadcast can be accessed at 416-764-8692 or toll-free 1-877-674-7070. The pass code for the rebroadcast is 898266.

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".