

Attention Business/Financial Editors:

Evertz Technologies reports First Quarter results for the quarter ended July 31, 2021.

Burlington, September 14, 2021, 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, 2021.

First Quarter 2022 Highlights

- Revenue of \$97.2 million, an increase of 72% from the prior year
- U.S./Canadian revenue up 79% from the prior year
- International revenue up 60% from the prior year
- Earnings from operations of \$20.3 million, an increase of \$19.4 million from the prior year.
- Net earnings of \$14.7 million for the quarter
- Fully diluted earnings per share of \$0.19 for the quarter

Selected Financial Information

Consolidated Statement of Earnings Data

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

	<u>Q1'22</u>	<u>Q1'21</u>
Revenue	\$ 97,165	\$ 56,337
Gross margin	56,686	32,224
Earnings from operations	20,313	935
Net earnings	14,688	575
Fully-diluted earnings per share	\$ 0.19	\$ 0.01
Fully-diluted shares	76,771,395	76,449,446

Selected Financial Information

Consolidated Balance Sheet Data

(in thousands of dollars)

	<u>Q1 ' 22</u>	<u>YE '21</u>
Cash and cash equivalents	\$ 131,619	\$ 108,771
Working capital	217,019	214,515
Total assets	482,476	451,793
Shareholders' equity	295,392	292,734

Revenue

For the quarter ended July 31, 2021, revenues were \$97.2 million compared to revenues of \$56.3 million for the quarter ended July 31, 2020. For the quarter, revenues in the United States/Canada region were \$64.4 million, an increase of \$28.5 million, compared to \$35.9 million in the same quarter last year. The International region had revenues of \$32.8 million, an increase of \$12.4 million compared to \$20.4 million in the same quarter last year.

Gross Margin

For the quarter ended July 31, 2021, gross margin was \$56.7 million as compared to \$32.2 million in the same quarter last year. Gross margin percentage was approximately 58.3% as compared to 57.2% in the quarter ended July 31, 2020.

Earnings

For the quarter ended July 31, 2021, net earnings were \$14.7 million as compared to \$0.6 million in the corresponding period last year.

For the quarter ended July 31, 2021, earnings per share on a fully-diluted basis were \$0.19 as compared to \$0.01 in the corresponding period last year.

Operating Expenses

For the quarter ended July 31, 2021, selling and administrative expenses were \$14.0 million as compared to \$11.9 million for the quarter ended July 31, 2020.

For the quarter ended July 31, 2021, gross research and development expenses were \$24.7 million as compared to \$16.6 million for the quarter ended July 31, 2020.

Liquidity and Capital Resources

The Company's working capital as at July 31, 2021 was \$217.0 million as compared to \$214.5 million on April 30, 2021.

Cash was \$131.6 million as at July 31, 2021 as compared to \$108.8 million on April 30, 2021.

Cash generated from operations was \$38.0 million for the quarter ended July 31, 2021 as compared to \$36.3 million cash generated for the quarter ended July 31, 2020. Before taking into account taxes and the changes in non-cash working capital and current taxes, the Company generated \$17.3 million from operations for the quarter ended July 31, 2021 compared to \$4.1 million for the same period last year.

For the quarter, the Company used \$1.1 million for investing activities.

For the quarter ended July 31, 2021, 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 2021, purchase order backlog was in excess of \$151 million and shipments during the month of August 2021 were \$40 million.

Dividend Declared

Evertz Board of Directors declared a regular quarterly dividend on September 14, 2021 of \$0.18 per share.

The dividend is payable to shareholders of record on September 28, 2021 and will be paid on or about October 5, 2021.

Special Dividend

Evertz Board of Directors declared a special dividend on September 14, 2021 of \$1.00 per share, payable to shareholders of record on September 28, 2021 and will be paid on or about October 5, 2021.

The Special dividend reflects both the strong long-term operation performance of the Company and its solid balance sheet, thereby enabling a distribution of cash over and above what is considered necessary to meeting known commitments and maintain adequate reserves.

Selected Consolidated Financial Information

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

	Three months ended July 31, 2021	Three months ended July 31, 2020
Revenue	\$ 97,165	\$ 56,337
Cost of goods sold	40,479	24,113
Gross margin	\$ 56,686	\$ 32,224
Expenses		
Selling and administrative	13,957	11,920
General	1,111	895
Research and development	24,680	16,576
Investment tax credits	(2,944)	(1,485)
Share based compensation	998	274
Foreign exchange (gain) loss	(1,429)	3,109
	36,373	31,289
Earnings before undernoted	\$ 20,313	\$ 935
Finance income	83	93
Finance costs	(318)	(351)
Share of net loss from Investment in Associate, net of taxes	(330)	-
Other income and expenses	12	108
Earnings before income taxes	\$ 19,760	\$ 785
Provision for (recovery of) income taxes		
Current	7,801	1,407
Deferred	(2,729)	(1,197)
	\$ 5,072	\$ 210
Net earnings for the period	\$ 14,688	\$ 575
Net earnings attributable to non-controlling interest	141	90
Net earnings attributable to shareholders	14,547	485
Net earnings for the period	\$ 14,688	\$ 575
Earnings per share:		
Basic	\$ 0.19	\$ 0.01
Diluted	\$ 0.19	\$ 0.01

Consolidated Balance Sheet Data	As at July 31, 2021	As at April 30, 2021
Cash and marketable securities	\$ 131,619	\$ 108,771
Inventory	\$ 155,291	\$ 152,699
Working capital	\$ 217,019	\$ 214,515
Total assets	\$ 482,476	\$ 451,793
Shareholders' equity	\$ 295,392	\$ 292,734
Number of common shares outstanding:		
Basic	76,284,366	76,284,366
Fully-diluted	81,991,866	82,169,366
Weighted average number of shares outstanding:		
Basic	76,284,366	76,357,895
Fully-diluted	76,771,395	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 September 14, 2021 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 647-490-5367 or toll-free (North America) 1-800-367-2403, access code 7668281.

For those unable to listen to the live call, a rebroadcast will also be available until October 14, 2021. The rebroadcast can be accessed at 647-436-0148 or toll-free 1-888-203-1112. The pass code for the rebroadcast is 7668281.

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".