

Attention Business/Financial Editors:

Evertz Technologies reports Record Quarterly Revenue of \$131 million in the Second Quarter ended October 31, 2023.

Burlington, December 6, 2023, 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, 2023.

Second Quarter 2024 Highlights

- Record quarterly revenue of \$130.7 million, an increase of 15% or \$17.5 million from the prior year quarter
- International quarterly revenue of \$56.7 million up \$31.8 million or 128% from the prior year quarter
- Earnings from operations of \$32.2 million for the quarter, an increase of 13% from the prior year quarter
- Net earnings of \$22.3 million for the quarter, and increase of 11% from the prior year quarter
- Fully diluted earnings per share of \$0.29 for the quarter
- Regular quarterly dividend increased to \$0.195 per share

Selected Financial Information

Consolidated Statement of Earnings Data

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

	<u>Q2 ' 24</u>	<u>Q2 ' 23</u>
Revenue	\$ 130,749	\$ 113,248
Gross margin	78,019	67,477
Earnings from operations	32,150	28,392
Net earnings	22,251	19,977
Fully-diluted earnings per share	\$ 0.29	\$ 0.26
Fully-diluted shares	76,650,240	76,324,261

Selected Financial Information

Consolidated Balance Sheet Data

(in thousands of dollars)

	<u>Q2 ' 24</u>	<u>YE '23</u>
Cash and cash equivalents	\$ 55,865	\$ 12,468
Working capital	191,262	171,428
Total assets	446,661	436,652
Shareholders' equity	254,682	243,098

Revenue

For the quarter ended October 31, 2023, revenues were \$130.7 million an increase of \$17.5 million compared to revenues of \$113.2 million for the quarter ended October 31, 2022. For the quarter, revenues in the United States/Canada region were \$74.0 million a decrease of 16% compared to \$88.3 million in the same quarter last year. The International region had revenues of \$56.7 million, an increase of \$31.8 million or 128% compared to \$24.9 million in the same quarter last year.

Gross Margin

For the quarter ended October 31, 2023, gross margin was \$78.0 million an increase of \$10.5 million compared to \$67.5 million in the same quarter last year. Gross margin percentage was approximately 59.7% as compared to 59.6% in the quarter ended October 31, 2022.

Earnings

For the quarter ended October 31, 2023, net earnings were \$22.3 million or increase of 11% compared to \$20.0 million in the corresponding period last year.

For the quarter ended October 31, 2023, earnings per share on a fully-diluted basis were \$0.29 as compared to \$0.26 in the corresponding period last year.

Operating Expenses

For the quarter ended October 31, 2023, selling and administrative expenses were \$17.5 million as compared to \$14.7 million for the quarter ended October 31, 2022.

For the quarter ended October 31, 2023, gross research and development expenses were \$32.2 million as compared to \$28.7 million for the quarter ended October 31, 2022.

Liquidity and Capital Resources

The Company's working capital as at October 31, 2023 was \$191.3 million as compared to \$171.4 million on April 30, 2023.

Cash and cash equivalent was \$55.9 million as at October 31, 2023 as compared to \$12.5 million on April 30, 2023.

Cash generated from operations was \$20.3 million for the quarter ended October 31, 2023 as compared to \$7.7 million cash generated for the quarter ended October 31, 2022. Before taking into account taxes and the changes in non-cash working capital and current taxes, the Company generated \$30.9 million from operations for the quarter ended October 31, 2023 compared to \$27.5 million for the same period last year.

For the quarter, the Company generated \$4.1 million from investing activities.

For the quarter ended, the Company used cash in financing activities of \$17.0 million which was principally a result of the payment of dividends of \$14.5 million.

Shipments and Backlog

At the end of November 2023, purchase order backlog was in excess of \$324 million and shipments during the month of November 2023 were \$48 million.

Dividend Declared

Evertz Board of Directors declared a regular quarterly dividend on December 6, 2023 of \$0.195 per share.

The dividend is payable to shareholders of record on December 15, 2023 and will be paid on or about December 21, 2023.

Selected Consolidated Financial Information

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

	Three month period ended		Six month period ended	
	October 31,		October 31,	
	2023	2022	2023	2022
Revenue	\$ 130,749	\$ 113,248	\$ 256,568	\$ 214,786
Cost of goods sold	52,730	45,771	106,513	88,785
Gross margin	78,019	67,477	150,055	126,001
Expenses				
Selling, administrative and general	18,792	15,905	36,523	30,081
Research and development	33,202	29,361	66,543	58,625
Investment tax credits	(3,212)	(3,173)	(6,607)	(6,362)
Foreign exchange gain	(2,913)	(3,008)	(861)	(4,039)
	45,869	39,085	95,598	78,305
Earnings before undemoted	32,150	28,392	54,457	47,696
Finance income (costs)	72	(292)	(48)	(457)
Net loss on investments through profit and loss	(2,492)	(1,064)	(2,704)	(1,412)
Other income (expenses)	216	(288)	122	(160)
Earnings before income taxes	29,946	26,748	51,827	45,667
Provision for (recovery of) income taxes				
Current	6,675	6,530	14,436	13,169
Deferred	1,020	241	(752)	(1,409)
	7,695	6,771	13,684	11,760
Net earnings for the period	\$ 22,251	\$ 19,977	\$ 38,143	\$ 33,907
Net earnings attributable to non-controlling interest	158	160	457	249
Net earnings attributable to shareholders	22,093	19,817	37,686	33,658
Net earnings for the period	\$ 22,251	\$ 19,977	\$ 38,143	\$ 33,907
Earnings per share (note 18)				
Basic	\$ 0.29	\$ 0.26	\$ 0.49	\$ 0.44
Diluted	\$ 0.29	\$ 0.26	\$ 0.49	\$ 0.44

Consolidated Balance Sheet Data	As at	
	October 31, 2023	April 30, 2023
Cash and cash equivalents	\$ 55,865	\$ 12,468
Inventory	\$ 204,318	\$ 202,479
Working capital	\$ 191,262	\$ 171,428
Total assets	\$ 449,163	\$ 436,652
Shareholders' equity	\$ 254,682	\$ 243,098
Number of common shares outstanding:		
Basic	76,040,496	76,145,758
Fully-diluted	82,005,746	82,446,008
Weighted average number of shares outstanding:		
Basic	76,107,761	76,200,248
Fully-diluted	76,702,268	76,232,462

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, 2023 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 January 6, 2024. The rebroadcast can be accessed at 416-764-8692 or Toll Free 1 877-674-7070, passcode 982737#.

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".