

Attention Business/Financial Editors:

Evertz Technologies reports Record Quarterly Revenue of \$135.3 million in the Third Quarter ended January 31, 2024.

Burlington, March 14, 2024, Evertz Technologies Limited (TSX:ET), the leader in Software Defined Video Network (“SDVN”) technology, today reported its results for the third quarter ended January 31, 2024.

Third Quarter 2024 Highlights

- Record Quarterly revenue of \$135.3 million, an increase of 22% or \$24.4 million from the prior year
- International quarterly revenue of \$54.8 million, an increase of 38% from the prior year
- US/Canada quarterly revenue of \$80.5 million, an increase of 13% from the prior year
- Earnings from operations before foreign exchange of \$29.2 million for the quarter, an increase of 48% from the prior year
- Net earnings of \$19.0 million for the quarter
- Fully diluted earnings per share of \$0.24 for the quarter

Selected Financial Information

Consolidated Statement of Earnings Data

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

	<u>Q3 ' 24</u>	<u>Q3 ' 23</u>
Revenue	\$ 135,278	\$ 110,873
Gross margin	79,733	65,611
Earnings from operations	26,398	17,465
Earnings from operations before FX	29,238	19,790
Net earnings	19,024	12,097
Fully-diluted earnings per share	\$ 0.24	\$ 0.16
Fully-diluted shares	76,878,395	76,305,533

Selected Financial Information

Consolidated Balance Sheet Data

(in thousands of dollars)

	<u>Q3 ' 24</u>	<u>YE '23</u>
Cash and cash equivalents	69,712	\$ 12,468
Working capital	199,581	171,428
Total assets	472,769	436,652
Shareholders' equity	260,158	243,099

Revenue

For the quarter ended January 31, 2024, revenues were \$135.3 million compared to revenues of \$110.9 million for the quarter ended January 31, 2023. For the quarter, revenues in the United States/Canada region were \$80.5 million compared to \$71.2 million in the same quarter last year.

The International region had revenues of \$54.8 million compared to \$39.6 million in the same quarter last year.

Gross Margin

For the quarter ended January 31, 2024, gross margin was \$79.7 million as compared to \$65.6 million in the same quarter last year. Gross margin percentage was approximately 58.9% as compared to 59.2% in the quarter ended January 31, 2023.

Earnings

For the quarter ended January 31, 2024, net earnings were \$19.0 million as compared to \$12.1 million in the corresponding period last year.

For the quarter ended January 31, 2024, earnings per share on a fully-diluted basis were \$0.24 as compared to \$0.16 in the corresponding period last year.

Operating Expenses

For the quarter ended January 31, 2024, selling and administrative expenses were \$18.3 million as compared to \$16.3 million for the quarter ended January 31, 2023.

For the quarter ended January 31, 2024, gross research and development expenses were \$34.0 million as compared to \$30.2 million for the quarter ended January 31, 2023.

Liquidity and Capital Resources

The Company's working capital as at January 31, 2024 was \$199.6 million as compared to \$171.4 million on April 30, 2023.

Cash and cash equivalent \$69.7 million as at January 31, 2024 as compared to \$12.5 million in cash on April 30, 2023.

Cash generated from operations was \$30.2 million for the quarter ended January 31, 2024 as compared to \$16.2 million cash generated for the quarter ended January 31, 2023. Before taking into account taxes and the changes in non-cash working capital and current taxes, the Company generated \$25.0 million from operations for the quarter ended January 31, 2024 compared to \$19.6 million for the same period last year.

For the quarter, the Company used \$0.6 million for investing activities.

For the quarter ended, the Company used cash in financing activities of \$16.1 million which was principally a result of the payment of dividends of \$14.8 million.

Shipments and Backlog

At the end of February 2024, purchase order backlog was in excess of \$292 million and shipments during the month of February 2024 were \$40 million.

Dividend Declared

Evertz Board of Directors declared a regular quarterly dividend on March 14, 2024 of \$0.195 per share.

The dividend is payable to shareholders of record on March 21, 2024 and will be paid on or about March 29, 2024.

Selected Consolidated Financial Information

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

	Three month period ended		Nine month period ended	
	January 31,		January 31,	
	2024	2023	2024	2023
Revenue	\$ 135,278	\$ 110,873	\$ 391,846	\$ 325,659
Cost of goods sold	55,545	45,262	162,058	134,047
Gross margin	79,733	65,611	229,788	191,612
Expenses				
Selling and administrative	18,262	16,342	52,160	43,997
General	1,056	1,157	3,388	3,381
Research and development	33,967	30,225	98,124	87,260
Investment tax credits	(3,987)	(3,550)	(10,594)	(9,912)
Share based compensation	1,197	1,647	3,876	3,439
Foreign exchange loss (gain)	2,840	2,325	1,979	(1,714)
	53,335	48,146	148,933	126,451
Earnings before undemoted	26,398	17,465	80,855	65,161
Finance income (costs)	90	(686)	42	(1,143)
Net loss on investments through profit and loss	-	(675)	(2,704)	(2,087)
Other (expenses) income	(526)	118	(404)	(42)
Earnings before income taxes	25,962	16,222	77,789	61,889
Provision for (recovery of) income taxes				
Current	6,045	3,376	20,481	16,545
Deferred	893	749	141	(660)
	6,938	4,125	20,622	15,885
Net earnings for the period	\$ 19,024	\$ 12,097	\$ 57,167	\$ 46,004
Net earnings attributable to non-controlling interest	302	146	760	395
Net earnings attributable to shareholders	18,722	11,951	56,407	45,609
Net earnings for the period	\$ 19,024	\$ 12,097	\$ 57,167	\$ 46,004
Earnings per share				
Basic	\$ 0.25	\$ 0.16	\$ 0.74	\$ 0.60
Diluted	\$ 0.24	\$ 0.16	\$ 0.73	\$ 0.60

Consolidated Balance Sheet Data	As at	
	January 31, 2024	April 30, 2023
Cash and cash equivalents	\$ 69,712	\$ 12,468
Inventory	\$ 207,046	\$ 202,479
Working capital	\$ 199,581	\$ 171,428
Total assets	\$ 472,769	\$ 436,652
Shareholders' equity	\$ 260,158	\$ 243,098
Number of common shares outstanding:		
Basic	76,064,535	76,145,758
Fully-diluted	81,739,985	82,446,008
Weighted average number of shares outstanding:		
Basic	76,084,597	76,200,248
Fully-diluted	76,878,395	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 March 14, 2024 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 Sunday, April 14, 2024. The rebroadcast can be accessed at 416-764-8692 or Toll-Free 1-877-674-7070. The pass code for the rebroadcast is 032158.

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".