

Attention Business/Financial Editors:

Evertz Technologies reports First Quarter results for the quarter ended July 31, 2023.

Burlington, September 12, 2023, 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, 2023.

First Quarter 2024 Highlights

- Revenue of \$125.8 million, an increase of 23.9% from the prior year
- Revenue in the United Sales region up 14% or \$10.6 million from the prior year
- International Revenue up 66% or \$15.5 million from the prior year
- Earnings from operations, before foreign exchange of \$24.4 million
- Earnings from operations of \$22.3 million, an increase of 16% from the prior year
- Net earnings of \$15.9 million for the quarter
- Fully diluted earnings per share of \$0.20 for the quarter, an increase of 13.0% from the prior year

Selected Financial Information

Consolidated Statement of Earnings Data

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

	<u>Q1'24</u>	<u>Q1'23</u>
Revenue	\$ 125,819	\$ 101,538
Gross margin	72,036	58,524
Earnings from operations	22,307	19,304
Earnings from operations before FX	24,359	18,273
Net earnings	15,892	13,930
Fully-diluted earnings per share	\$ 0.20	\$ 0.18
Fully-diluted shares	76,529,150	76,408,281

Selected Financial Information

Consolidated Balance Sheet Data

(in thousands of dollars)

	<u>Q1 ' 24</u>	<u>YE ' 23</u>
Cash and Cash Equivalents	\$ 48,934	\$ 12,468
Working capital	173,419	171,428
Total assets	453,780	436,652
Shareholders' equity	244,567	243,098

Revenue

For the quarter ended July 31, 2023, revenues were \$125.8 million, an increase of 24% compared to revenues of \$101.5 million for the quarter ended July 31, 2022. For the quarter, revenues in the United States/Canada region were \$87.0 million, an increase of \$8.8 million, compared to \$78.2 million in the same quarter last year. The International region had revenues of \$38.8 million, compared to \$23.3 million in the same quarter last year.

Gross Margin

For the quarter ended July 31, 2023, gross margin was \$72.0 million as compared to \$58.5 million in the same quarter last year. Gross margin percentage was approximately 57.3% as compared to 57.6% in the quarter ended July 31, 2022.

Earnings

For the quarter ended July 31, 2023, net earnings were \$15.9 million as compared to \$13.9 million in the corresponding period last year.

For the quarter ended July 31, 2023, earnings per share on a fully-diluted basis were \$0.20 as compared to \$0.18 in the corresponding period last year.

Operating Expenses

For the quarter ended July 31, 2023, selling and administrative expenses were \$16.4 million as compared to \$12.9 million for the quarter ended July 31, 2022. Selling and administrative expenses in the quarter ended July 31, 2022 included a recovery of \$3.8 million, netted against associated fees, that did not reoccur in the current year.

For the quarter ended July 31, 2023, gross research and development expenses were \$31.9 million as compared to \$28.3 million for the quarter ended July 31, 2022.

Liquidity and Capital Resources

The Company's working capital as at July 31, 2023 was \$173.4 million as compared to \$171.4 million on April 30, 2023.

Cash was \$48.9 million as at July 31, 2023 as compared to \$12.5 million on April 30, 2023.

Cash generated from operations was \$60.0 million for the quarter ended July 31, 2023 as compared to \$19.3 million cash generated for the quarter ended July 31, 2022. Before taking into account taxes and the changes in non-cash working capital and current taxes, the Company generated \$19.9 million from operations for the quarter ended July 31, 2023 compared to \$17.7 million for the same period last year.

For the quarter, the Company used \$2.4 million for investing activities, which was principally a result of the acquisition of capital assets which amounted to 3.2 million.

For the quarter ended July 31, 2023, the Company used cash in financing activities of \$22.1 million which was principally a result of the payment of dividends of \$14.5 million and the repayment of line of credit of \$6.0 million.

Shipments and Backlog

At the end of August 2023, purchase order backlog was in excess of \$343 million and shipments during the month of August 2023 were \$49 million.

Dividend Declared

Evertz Board of Directors declared a regular quarterly dividend on September 12, 2023 of \$0.19 per share.

The dividend is payable to shareholders of record on September 22, 2023 and will be paid on or about September 29, 2023.

Selected Consolidated Financial Information

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

	Three months ended		Three months ended	
	July 31, 2023		July 31, 2022	
Revenue	\$	125,819	\$	101,538
Cost of goods sold		53,783		43,014
Gross margin		72,036		58,524
Expenses				
Selling and administrative		16,398		12,892
General		1,158		1,096
Research and development		31,990		28,333
Investment tax credits		(3,395)		(3,189)
Share based compensation		1,525		1,119
Foreign exchange loss (gain)		2,053		(1,031)
		49,729		39,220
Earnings before undernoted		22,307		19,304
Finance income		124		153
Finance costs		(244)		(318)
Net loss on investments through profit and loss		(212)		(348)
Other income and expenses		(94)		128
Earnings before income taxes		21,881		18,919
Provision for (recovery of) income taxes				
Current		7,761		6,639
Deferred		(1,772)		(1,650)
		5,989		4,989
Net earnings for the period	\$	15,892	\$	13,930
Net earnings attributable to non-controlling interest	\$	299	\$	89
Net earnings attributable to shareholders		15,593		13,841
Net earnings for the period	\$	15,892	\$	13,930
Earnings per share				
Basic	\$	0.20	\$	0.18
Diluted	\$	0.20	\$	0.18
Consolidated Balance Sheet Data				
		As At		As At
		July 31, 2023		April 30, 2023
Cash and cash equivalents	\$	48,934	\$	12,468
Inventory	\$	205,016	\$	202,479
Working capital	\$	173,419	\$	171,428
Total assets	\$	453,780	\$	436,652
Shareholders' equity	\$	244,567	\$	243,098
Number of common shares outstanding:				
Basic		76,116,411		76,145,758
Fully-diluted		82,350,161		82,446,008
Weighted average number of shares outstanding:				
Basic		76,128,001		76,200,248
Fully-diluted		76,529,150		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 September 12, 2023 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 11, 2023. The rebroadcast can be accessed at 416-764-8692 or toll-free 1-877-674-7070. The pass code for the rebroadcast is 374933.

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".