

## Attention Business/Financial Editors:

Evertz Technologies reports record quarterly revenue of \$129 million, record annual revenue of \$455 million for periods ending April 30, 2023 and record backlog of \$392 million.

Burlington, June 21, 2023, Evertz Technologies Limited (TSX:ET), the leader in Software Defined Video Network (“SDVN”) technology, today reported its results for the fourth quarter and year ended April 30, 2023.

## Fiscal 2023 Highlights

- Record Revenue of \$454.6 million
- Record Backlog of \$392 million as at May 31, 2023
- Earnings from operations of \$95.6 million
- Net earnings of \$64.6 million for the year
- Fully diluted earnings per share of \$0.84 for the year

## Fourth Quarter 2023 Highlights

- Record Quarterly revenue of \$128.9 million, an increase of 11.1% from the prior year
- Earnings from operations up 13.4% to \$30.5 million from the prior year
- Receipt of a purchase order in excess of \$152 million from a major US based media company for Evertz Cloud software and services to be provided over a 5 year period
- Receipt of a purchase order in excess of \$25 million from an International customer for a hybrid solution with next generation Evertz IP core, control, orchestration and visualization
- Net earnings of \$18.6 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>Q4'23</u>	<u>Q4'22</u>	<u>YE'23</u>	<u>YE'22</u>
Revenue	\$ 128,919	\$ 116,089	\$ 454,578	\$ 441,016
Gross margin	76,647	68,340	268,258	255,315
Earnings from operations	30,467	26,863	95,628	101,204
Earnings from operations (before Foreign Exchange)	30,215	25,772	93,662	94,739
Net earnings	18,551	19,213	64,555	72,677
Fully-diluted earnings per share	\$ 0.24	\$ 0.25	\$ 0.84	\$ 0.94
Fully-diluted shares	76,164,716	76,226,341	76,200,428	76,570,564

Selected Financial Information  
Consolidated Balance Sheet Data  
(in thousands of dollars)

	<u>YE ' 23</u>	<u>YE '22</u>
Cash and cash equivalents	\$ 12,468	\$ 33,902
Working capital	171,428	158,947
Total assets	436,652	420,979
Shareholders' equity	243,099	230,938

Revenue

For the quarter ended April 30, 2023, revenues were \$128.9 million compared to revenues of \$116.1 million for the quarter ended April 30, 2022. For the quarter, revenues in the United States/Canada region were \$98.0 million, an increase of \$20.2 million, compared to \$77.8 million in the same quarter last year. The International region had revenues of \$30.9 million compared to \$38.2 million in the same quarter last year.

For the year ended, April 30, 2023, sales were \$454.6 million, compared to sales of \$441.0 million for the year ended April 30, 2022. For the year, revenues in the United States/Canada region were \$337.1 million, an increase of \$37.7 million compared to \$299.4 million in the prior year. The International region had revenues of \$117.5 million compared to \$141.7 million in the prior year.

Gross Margin

For the quarter ended April 30, 2023, gross margin was \$76.6 million as compared to \$68.3 million in the same quarter last year. Gross margin percentage was approximately 59.5% as compared to 58.9% in the quarter ended April 30, 2022.

For the year ended April 30, 2023, gross margin was \$268.3 million as compared to \$255.3 million for the year ended April 30, 2022. Gross margin percentage was approximately 59.0% as compared to 57.9% for the prior year.

Earnings

For the quarter ended April 30, 2023, net earnings were \$18.6 million as compared to \$19.2 million in the corresponding period last year.

For the year ended April 30, 2023, net earnings were \$64.6 million as compared to \$72.7 million in the corresponding period last year.

For the quarter ended April 30, 2023, earnings per share on a fully-diluted basis were \$0.24 as compared to \$0.25 in the corresponding period last year.

For the year ended April 30, 2023, earnings per share on a fully-diluted basis were \$0.84 as compared to \$0.94 in the same period in 2022.

Operating Expenses

For the quarter ended April 30, 2023, selling and administrative expenses were \$17.5 million as compared to \$16.1 million for the quarter ended April 30, 2022.

For the year ended April 30, 2023, selling and administrative expenses were \$61.5 million as compared to \$60.9 million for the year ended April 30, 2022.

For the quarter ended April 30, 2023, gross research and development expenses were \$29.9 million as compared to \$27.3 million for the quarter ended April 30, 2022.

For the year ended April 30, 2023, gross research and development expenses were \$117.1 million as compared to \$102.4 million for the year ended April 30, 2022.

#### Liquidity and Capital Resources

The Company's working capital as at April 30, 2023 was \$171.4 million as compared to \$158.9 million on April 30, 2022.

Cash was \$12.5 million as at April 30, 2023 as compared to \$33.9 million on April 30, 2022.

Cash generated from operations was \$25.9 million for the quarter ended April 30, 2023 as compared to \$21.5 million cash generated for the quarter ended April 30, 2022. Before taking into account taxes and the changes in non-cash working capital and current taxes, the Company generated \$26.7 million from operations for the quarter ended April 30, 2023 compared to \$23.9 million for the same period last year.

Cash provided by operations was \$53.8 million for the 2023 fiscal year as compared to cash provided by operations of \$68.7 million for the 2022 fiscal year. Before taking into account taxes and the changes in non-cash working capital and current taxes, the Company generated \$91.5 million from operations for fiscal 2023 as compared to \$93.0 million for fiscal 2022.

For the quarter, the Company generated \$3.0 million from investing activities.

For the year, the Company used \$17.1 million in investing activities which was principally driven by the acquisition of instruments held for trading of \$14.4 million.

For the quarter ended, the Company used cash in financing activities of \$10.6 million which was principally a result of the payment of dividends of \$14.5 million.

For the year ended April 30, 2023, the Company used cash in financing activities of \$58.0 million which was principally a result of the payment of dividends of \$56.4 million.

#### Shipments and Backlog

At the end of May 2023, purchase order backlog was in excess of \$392 million and shipments during the month of May 2023 were \$40 million.

#### Dividend Declared

Evertz Board of Directors declared a regular quarterly dividend on June 21, 2023 of \$0.19 per share.

The dividend is payable to shareholders of record on June 29, 2023 and will be paid on or about July 6, 2023.

## Selected Consolidated Financial Information

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

	Three month period ended		Twelve month period ended	
	April 30,		April 30,	
	2023	2022	2023	2022
Revenue	\$ 128,919	\$ 116,089	\$ 454,578	\$ 441,016
Cost of goods sold	52,273	47,749	186,320	185,701
Gross margin	76,646	68,340	268,258	255,315
Expenses				
Selling and administrative	17,521	16,139	61,518	60,883
General	1,323	1,026	4,704	4,563
Research and development	29,867	27,328	117,127	102,438
Investment tax credits	(3,503)	(3,295)	(13,415)	(12,336)
Share based compensation	1,223	1,370	4,662	5,028
Foreign exchange gain	(252)	(1,091)	(1,966)	(6,465)
	46,179	41,477	172,630	154,111
Earnings before undernoted	30,467	26,863	95,628	101,204
Finance income	91	72	376	309
Finance costs	(2,290)	(1,207)	(3,718)	(2,445)
Net loss of Investments through Profit and Loss	(3,277)	(469)	(5,364)	(1,493)
Other income and expenses	930	574	888	338
Earnings before income taxes	25,921	25,833	87,810	97,913
Provision for (recovery of) income taxes				
Current	8,521	7,477	25,066	26,959
Deferred	(1,151)	(857)	(1,811)	(1,724)
	7,370	6,620	23,255	25,235
Net earnings for the period	\$ 18,551	\$ 19,213	\$ 64,555	\$ 72,677
Net earnings attributable to non-controlling interest	128	256	523	932
Net earnings attributable to shareholders	18,423	18,957	64,032	71,745
Net earnings for the period	\$ 18,551	\$ 19,213	\$ 64,555	\$ 72,677
Earnings per share				
Basic	\$ 0.24	\$ 0.25	\$ 0.84	\$ 0.94
Diluted	\$ 0.24	\$ 0.25	\$ 0.84	\$ 0.94

	April 30, 2023		April 30, 2022		April 30, 2021
<b>Assets</b>					
Current assets					
Cash and cash equivalents	\$ 12,468	\$	33,902	\$	108,771
Trade and other receivables	106,871		100,020		76,785
Contract assets	11,032		6,398		2,821
Prepaid expenses	10,319		5,930		6,559
Inventories	202,479		177,268		152,699
	343,169		323,518		347,635
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Property, plant and equipment	34,730		37,877		44,799
Right-of-use assets	20,396		24,637		23,570
Goodwill	21,333		21,033		21,140
Intangible assets	2,125		3,317		4,476
Investments	8,160		5,474		6,869
Deferred income taxes	6,739		5,123		3,304
	\$ 436,652	\$	420,979	\$	451,793
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<b>Liabilities</b>					
Current liabilities					
Bank indebtedness	\$ 5,928	\$	-	\$	-
Trade and other payables	75,521		68,405		66,727
Provisions	5,104		7,379		4,069
Deferred revenue	69,827		74,267		58,047
Current portion of lease obligations	4,060		4,088		4,122
Current portion of redemption liability	3,711		3,423		-
Income tax payable	7,590		7,009		155
	171,741		164,571		133,120
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Long term redemption liability	-		-		2,523
Long term lease obligations	18,827		22,760		21,245
	190,568		187,331		156,888
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<b>Equity</b>					
Capital stock	143,344		143,502		143,605
Share based payment reserve	14,696		10,893		9,514
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Accumulated other comprehensive income	(2,402)		(4,093)		(1,062)
Retained earnings	87,461		80,636		140,677
	85,059		76,543		139,615
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Total equity attributable to shareholders	243,099		230,938		292,734
Non-controlling interest	2,985		2,710		2,171
	246,084		233,648		294,905
	\$ 436,652	\$	420,979	\$	451,793

## 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 June 21, 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 July 21, 2023. The rebroadcast can be accessed at 416-764-8692 or toll-free 1-877-647-7070. The pass code for the rebroadcast is 998178.

## 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".