

Attention Business/Financial Editors:

Evertz Technologies reports Second Quarter results for the quarter ended October 31, 2020.

Burlington, December 9, 2020, 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, 2020.

Second Quarter 2021 Highlights

- Quarterly revenue of \$100.5 million
- Earnings from operations before foreign exchange of \$30 million
- Net earnings of \$21.2 million for the quarter
- Fully diluted earnings per share of \$0.28 for the quarter

Selected Financial Information

Consolidated Statement of Earnings Data

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

	<u>Q2 ' 21</u>	<u>Q2 ' 20</u>
Revenue	\$ 100,482	\$ 119,788
Gross margin	59,659	69,322
Earnings from operations before foreign exchange	29,971	28,353
Earnings from operations	28,672	27,223
Net earnings	21,188	20,526
Fully-diluted earnings per share	\$ 0.28	\$ 0.27
Fully-diluted shares	76,488,271	76,783,365

Selected Financial Information

Consolidated Balance Sheet Data

(in thousands of dollars)

	<u>Q2 ' 21</u>	<u>YE '20</u>
Cash and cash equivalents	\$ 110,042	\$ 75,025
Working capital	231,153	223,720
Total assets	452,312	443,673
Shareholders' equity	302,544	295,012

Revenue

For the quarter ended October 31, 2020, revenues were \$100.5 million compared to revenues of \$119.8 million for the quarter ended October 31, 2019. For the quarter, revenues in the United States/Canada region were \$66.9 million compared to \$88.6 million in the same quarter last year. The International region had revenues of \$33.6 million compared to \$31.2 million in the same quarter last year.

Gross Margin

For the quarter ended October 31, 2020, gross margin was \$59.7 million as compared to \$69.3 million in the same quarter last year. Gross margin percentage was approximately 59.4% as compared to 57.9% in the quarter ended October 31, 2019.

Earnings

For the quarter ended October 31, 2020, net earnings were \$21.2 million as compared to \$20.5 million in the corresponding period last year.

For the quarter ended October 31, 2020, earnings per share on a fully-diluted basis were \$0.28 as compared to \$0.27 in the corresponding period last year.

Operating Expenses

For the quarter ended October 31, 2020, selling and administrative expenses were \$12.8 million as compared to \$18.0 million for the quarter ended October 31, 2019.

For the quarter ended October 31, 2020, gross research and development expenses were \$19.7 million as compared to \$22.9 million for the quarter ended October 31, 2019.

Liquidity and Capital Resources

The Company's working capital as at October 31, 2020 was \$231.2 million as compared to \$223.7 million on April 30, 2020.

Cash was \$110.0 million as at October 31, 2020 as compared to \$75.0 million on April 30, 2020.

Cash generated from operations was \$20.8 million for the quarter ended October 31, 2020 as compared to \$12.9 million cash used for the quarter ended October 31, 2019. Before taking into account taxes and the changes in non-cash working capital and current taxes, the Company generated \$26.1 million from operations for the quarter ended October 31, 2020 compared to \$23.9 million for the same period last year.

For the quarter, the Company used \$2.9 million for investing activities, including \$0.8 million in the acquisition of Ease Live AS.

For the quarter ended, the Company used cash in financing activities of \$10.4 million which was principally a result of the payment of dividends of \$6.9 million.

Shipments and Backlog

At the end of November 2020, purchase order backlog was in excess of \$106 million and shipments during the month of November 2020 were \$23 million.

Dividend Declared

Evertz Board of Directors declared a regular quarterly dividend on December 9, 2020 of \$0.18 per share.

The dividend is payable to shareholders of record on December 16, 2020 and will be paid on or about December 23, 2020.

Selected Consolidated Financial Information

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

	Three month period ended October 31,		Six month period ended October 31,	
	2020	2019	2020	2019
Revenue	\$ 100,482	\$ 119,788	\$ 156,819	\$ 223,199
Cost of goods sold	40,823	50,466	64,936	94,725
Gross margin	59,659	69,322	91,883	128,474
Expenses				
Selling and administrative	12,773	18,004	24,692	34,334
General	897	864	1,792	1,758
Research and development	19,667	22,938	36,244	45,632
Investment tax credits	(4,684)	(1,978)	(6,169)	(3,981)
Share based compensation	1,036	1,141	1,310	2,872
Foreign exchange loss	1,297	1,130	4,406	2,907
	30,986	42,099	62,275	83,522
Earnings before undemoted	28,673	27,223	29,608	44,952
Finance income	597	361	690	812
Finance costs	(371)	(78)	(722)	(541)
Other income and expenses	(781)	(223)	(673)	(182)
Earnings before income taxes	28,118	27,283	28,903	45,041
Provision for (recovery of) income taxes				
Current	7,080	7,707	8,487	11,274
Deferred	(150)	(950)	(1,347)	34
	6,930	6,757	7,140	11,308
Net earnings for the period	\$ 21,188	\$ 20,526	\$ 21,763	\$ 33,733
Net earnings attributable to non-controlling interest	140	154	230	284
Net earnings attributable to shareholders	21,048	20,372	21,533	33,449
Net earnings for the period	\$ 21,188	\$ 20,526	\$ 21,763	\$ 33,733
Earnings per share				
Basic	\$ 0.28	\$ 0.27	\$ 0.28	\$ 0.44
Diluted	\$ 0.28	\$ 0.27	\$ 0.28	\$ 0.44

Consolidated Balance Sheet Data	As at October 31, 2020	As at April 30, 2020
Cash and cash equivalents	\$ 110,042	\$ 75,025
Inventory	\$ 157,605	\$ 161,985
Working capital	\$ 231,153	\$ 223,720
Total assets	\$ 452,312	\$ 443,673
Shareholders' equity	\$ 302,544	\$ 295,012
Number of common shares outstanding:		
Basic	76,310,446	76,449,446
Fully-diluted	81,813,946	78,077,946
Weighted average number of shares outstanding:		
Basic	76,429,664	76,624,706
Fully-diluted	76,429,664	76,642,787

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 9, 2020 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 647-490-5367 or toll-free (North America) 1-800-367-2403, access code 1582299.

For those unable to listen to the live call, a rebroadcast will also be available until January 8, 2021. The rebroadcast can be accessed at 647-436-0148 or toll-free 1-888-203-1112. The pass code for the rebroadcast is 1582299.

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".