

Attention Business/Financial Editors:

Evertz Technologies reports Third Quarter results for the quarter ended January 31, 2023.

Burlington, March 2, 2023, 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, 2023.

Third Quarter 2023 Highlights

- Quarterly revenue of \$110.9 million
- US/Canada quarterly revenue of \$71.2 million
- Earnings from operations before foreign exchange of \$19.8 million for the quarter
- Net earnings of \$12.1 million for the quarter
- Fully diluted earnings per share of \$0.16 for the quarter

Selected Financial Information

Consolidated Statement of Earnings Data

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

	<u>Q3 ' 23</u>	<u>Q3 ' 22</u>
Revenue	\$ 110,873	\$ 120,563
Gross margin	65,611	69,212
Earnings from operations	17,465	30,327
Earnings from operations (before Foreign Exchange)	19,790	28,586
Net earnings	12,097	21,592
Fully-diluted earnings per share	\$ 0.16	\$ 0.28
Fully-diluted shares	76,305,533	76,537,614

Selected Financial Information

Consolidated Balance Sheet Data

(in thousands of dollars)

	<u>Q3 ' 23</u>	<u>YE '22</u>
(Bank Indedteness) Cash and cash equivalents	\$ (5,264)	\$ 33,902
Working capital	157,505	158,947
Total assets	429,670	420,979
Shareholders' equity	235,257	230,938

Revenue

For the quarter ended January 31, 2023, revenues were \$110.9 million compared to revenues of \$120.6 million for the quarter ended January 31, 2022. For the quarter, revenues in the United States/Canada region were \$71.2 million compared to \$78.9 million in the same quarter last year. The International region had revenues of \$39.6 million compared to \$41.7 million in the same quarter last year.

Gross Margin

For the quarter ended January 31, 2023, gross margin was \$65.6 million as compared to \$69.2 million in the same quarter last year. Gross margin percentage was approximately 59.25% as compared to 57.4% in the quarter ended January 31, 2022.

Earnings

For the quarter ended January 31, 2023, net earnings were \$12.1 million as compared to \$21.6 million in the corresponding period last year.

For the quarter ended January 31, 2023, earnings per share on a fully-diluted basis were \$0.16 as compared to \$0.28 in the corresponding period last year.

Operating Expenses

For the quarter ended January 31, 2023, selling and administrative expenses were \$16.3 million as compared to \$16.0 million for the quarter ended January 31, 2022.

For the quarter ended January 31, 2023, gross research and development expenses were \$30.2 million as compared to \$26.0 million for the quarter ended January 31, 2022.

Liquidity and Capital Resources

The Company's working capital as at January 31, 2023 was \$157.5 million as compared to \$158.9 million on April 30, 2022.

Bank indebtedness was \$5.3 million as at January 31, 2023 as compared to \$33.9 million in cash on April 30, 2022.

Cash generated from operations was \$16.2 million for the quarter ended January 31, 2023 as compared to \$8.3 million cash generated for the quarter ended January 31, 2022. Before taking into account taxes and the changes in non-cash working capital and current taxes, the Company generated \$19.6 million from operations for the quarter ended January 31, 2023 compared to \$28.6 million for the same period last year.

For the quarter, the Company used \$1.6 million for investing activities.

For the quarter ended, the Company used cash in financing activities of \$16.3 million which was principally a result of the payment of dividends of \$14.5 million.

Shipments and Backlog

At the end of February 2023, purchase order backlog was in excess of \$140 million and shipments during the month of February 2023 were \$31 million.

Dividend Declared

Evertz Board of Directors declared a regular quarterly dividend on March 2, 2023 of \$0.19 per share.

The dividend is payable to shareholders of record on March 16, 2023 and will be paid on or about March 23, 2023.

Selected Consolidated Financial Information

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

	Three month period ended January 31,		Nine month period ended January 31,	
	2023	2022	2023	2022
Revenue	\$ 110,873	\$ 120,563	\$ 325,659	\$ 324,927
Cost of goods sold	45,262	51,351	134,047	137,952
Gross margin	65,611	69,212	191,612	186,975
Expenses				
Selling and administrative	16,342	16,015	43,997	44,745
General	1,157	1,167	3,381	3,537
Research and development	30,225	25,989	87,260	75,110
Investment tax credits	(3,550)	(3,235)	(9,912)	(9,041)
Share based compensation	1,647	690	3,439	3,658
Foreign exchange loss (gain)	2,325	(1,741)	(1,714)	(5,374)
	48,146	38,885	126,451	112,635
Earnings before undemoted	17,465	30,327	65,161	74,340
Finance	(686)	(581)	(1,143)	(1,001)
Share of net loss from Investment in Associate, net of tax	(675)	(426)	(2,087)	(1,024)
Other income and expenses	118	(422)	(42)	(236)
Earnings before income taxes	16,222	28,898	61,889	72,079
Provision for (recovery of) income taxes				
Current	3,376	5,840	16,545	19,482
Deferred	749	1,466	(660)	(867)
	4,125	7,306	15,885	18,615
Net earnings for the period	\$ 12,097	\$ 21,592	\$ 46,004	\$ 53,464
Net earnings attributable to non-controlling interest	146	342	395	676
Net earnings attributable to shareholders	11,951	21,250	45,609	52,788
Net earnings for the period	\$ 12,097	\$ 21,592	\$ 46,004	\$ 53,464
Earnings per share				
Basic	\$ 0.16	\$ 0.28	\$ 0.60	\$ 0.69
Diluted	\$ 0.16	\$ 0.28	\$ 0.60	\$ 0.69

Consolidated Balance Sheet Data	As at January 31, 2023	As at April 30, 2022
(Bank Indebtedness) Cash and cash equivalents	\$ (5,264)	\$ 33,902
Inventory	\$ 206,908	\$ 177,268
Working capital	\$ 157,505	\$ 158,947
Total assets	\$ 429,670	\$ 420,979
Shareholders' equity	\$ 235,257	\$ 230,938
Number of common shares outstanding:		
Basic	76,178,666	76,229,696
Fully-diluted	82,142,916	81,285,196
Weighted average number of shares outstanding:		
Basic	76,212,096	76,266,341
Fully-diluted	76,305,533	76,570,564

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 2, 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 April 2, 2023. The rebroadcast can be accessed at 416-764-8692 or toll-free 1-877-674-7070. The pass code for the rebroadcast is 514672.

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".