

NEWS RELEASE

Evertz Technologies Reports First Quarter Results for the Quarter Ended July 31, 2024.

2024-09-11

Burlington, Ontario--(Newsfile Corp. - September 11, 2024) - 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, 2024.

First Quarter 2025 Highlights

- Revenue of \$111.6 million
- Reoccurring software, services and other software revenue of \$55.9 million, an increase of \$11.5 million or 26% from prior year.
- Earnings from operations of \$12.6 million
- Net earnings of \$9.7 million for the quarter
- Fully diluted earnings per share of \$0.13 for the quarter

Selected Financial Information

Consolidated Statement of Earnings Data

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

	Q1'25	Q1'24
Revenue	\$ 111,643	\$ 125,819
Gross margin	66,262	72,036
Earnings from operations	12,609	22,307
Net earnings	9,711	15,892
Fully-diluted earnings per share	\$ 0.13	\$ 0.20
Fully-diluted shares	77,278,156	76,529,150

Selected Financial Information

Consolidated Balance Sheet Data

(in thousands of dollars)

	Q1 '25	YE' 24
Cash and Cash Equivalents	\$ 91,020	\$ 86,325
Working capital	197,711	201,437
Total assets	481,025	484,722
Shareholders' equity	261,682	263,267

Revenue

For the quarter ended July 31, 2024, revenues were \$111.6 million, compared to revenues of \$125.8 million for the quarter ended July 31, 2023. For the quarter, revenues in the United States/Canada region were \$73.9 million, compared to \$87.0 million in the same quarter last year. The International region had revenues of \$37.7 million, compared to \$38.8 million in the same quarter last year.

Gross Margin

For the quarter ended July 31, 2024, gross margin was \$66.2 million as compared to \$72.0 million in the same quarter last year. Gross margin percentage was approximately 59.4% as compared to 57.3% in the quarter ended July 31, 2023.

Earnings

For the quarter ended July 31, 2024, net earnings were \$9.7 million as compared to \$15.9 million in the corresponding period last year.

For the quarter ended July 31, 2024, earnings per share on a fully-diluted basis were \$0.13 as compared to \$0.20 in the corresponding period last year.

Operating Expenses

For the quarter ended July 31, 2024, selling and administrative expenses were \$17.6 million as compared to \$16.4

million for the quarter ended July 31, 2023.

For the quarter ended July 31, 2024, gross research and development expenses were \$37.4 million as compared to \$31.9 million for the quarter ended July 31, 2023.

Liquidity and Capital Resources

The Company's working capital as at July 31, 2024 was \$197.7 million as compared to \$201.4 million on April 30, 2024.

Cash was \$91.0 million as at July 31, 2024 as compared to \$86.3 million on April 30, 2024.

Cash generated from operations was \$22.3 million for the quarter ended July 31, 2024 as compared to \$60.0 million cash generated for the quarter ended July 31, 2023. Before taking into account taxes and the changes in non-cash working capital and current taxes, the Company generated \$13.3 million from operations for the quarter ended July 31, 2024 compared to \$19.9 million for the same period last year.

For the quarter, the Company used \$2.0 million for investing activities, which was principally a result of the acquisition of capital assets which amounted to \$2.0 million.

For the quarter ended July 31, 2024, the Company used cash in financing activities of \$16.8 million which was principally a result of the payment of dividends of \$14.9 million.

Shipments and Backlog

At the end of August 2024, purchase order backlog was in excess of \$302 million and shipments during the month of August 2024 were \$33 million.

Dividend Declared

Evertz Board of Directors declared a regular quarterly dividend on September 11, 2024 of \$0.195 per share.

The dividend is payable to shareholders of record on September 17, 2024 and will be paid on or about September 25, 2024.

Selected Consolidated Financial Information

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

	Three months ended July 31, 2024	Three months ended July 31, 2023
Revenue	\$ 111,643	\$ 125,819
Cost of goods sold	45,381	53,783
Gross margin	66,262	72,036
Expenses		
Selling and administrative	17,604	16,398
General	1,281	1,158
Research and development	37,374	31,990
Investment tax credits	(3,760)	(3,395)
Share based compensation	1,175	1,525
Foreign exchange (gain) loss	(21)	2,052
	53,653	49,729
Earnings before undernoted	12,609	22,307
Finance income	705	124
Finance costs	(309)	(244)
Net loss on investments through profit and loss	-	(212)
Other income and expenses	210	(94)
Earnings before income taxes	13,215	21,881
Provision for (recovery of) income taxes		
Current	5,563	7,761
Deferred	(2,059)	(1,772)
	3,504	5,989
Net earnings for the period	\$ 9,711	\$ 15,892
Net earnings attributable to non-controlling interest	\$ 42	\$ 299
Net earnings attributable to shareholders	9,669	15,593
Net earnings for the period	\$ 9,711	\$ 15,892
Earnings per share		
Basic	\$ 0.13	\$ 0.21
Diluted	\$ 0.13	\$ 0.20

Consolidated Balance Sheet Data

	As At July 31, 2024	As At April 30, 2024
Cash and cash equivalents	\$ 91,020	\$ 86,325
Inventory	\$ 212,238	\$ 206,154
Working capital	\$ 197,711	\$ 201,437
Total assets	\$ 481,025	\$ 484,722
Shareholders' equity	\$ 261,682	\$ 263,267
Number of common shares outstanding:		
Basic	76,114,100	76,164,322
Fully-diluted	81,693,075	81,614,447
Weighted average number of shares outstanding:		
Basic	76,152,101	76,088,691
Fully-diluted	77,278,156	77,044,858

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 11, 2024 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 289-514-5100 or toll-free (North America) 1-800-717-1738.

For those unable to listen to the live call, a rebroadcast will also be available until October 11, 2024. The rebroadcast can be accessed at 289-819-1325 or toll-free 1-888-660-6264. The pass code for the rebroadcast is 92246.

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".

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