

Interim condensed consolidated financial statements of

# **EVERTZ TECHNOLOGIES LIMITED**

Three months ended July 31, 2020 and 2019  
(Unaudited)

## **MANAGEMENT REPORT**

The management of Evertz Technologies Limited (“Evertz” or the “Company”) is responsible for the preparation of the accompanying interim condensed consolidated financial statements. The interim condensed consolidated financial statements have been prepared in accordance with International Financial Reporting Standards and are considered by management to present fairly the consolidated financial position, operating results and cash flows of the Company.

These interim condensed consolidated financial statements have not been reviewed by the auditor. These interim condensed consolidated financial statements are unaudited and include all adjustments, consisting of normal and recurring items, that management considers necessary for the fair presentation of the consolidated financial position, results of operations and cash flows.

# EVERTZ TECHNOLOGIES LIMITED

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(Unaudited)

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Three months ended July 31, 2020 and 2019

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# EVERTZ TECHNOLOGIES LIMITED

Interim Condensed Consolidated Statements of Financial Position  
(Unaudited)

As at July 31, 2020 and April 30, 2020  
(In thousands of Canadian dollars)

	<b>July 31, 2020</b>	<b>April 30, 2020</b>
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ 102,035	\$ 75,025
Trade and other receivables (note 3)	63,977	90,631
Contract assets	7,906	7,864
Prepaid expenses	8,259	9,003
Inventories	163,059	161,985
	<hr/> 345,236	<hr/> 344,508
Property, plant and equipment (note 4)	47,097	47,794
Right-of-use assets (note 5)	27,474	28,823
Goodwill	20,731	20,771
Intangibles	1,408	1,573
Deferred income taxes	1,722	204
	<hr/> \$ 443,668	<hr/> \$ 443,673
<b>Liabilities</b>		
Current liabilities		
Trade and other payables	\$ 61,735	\$ 62,231
Provisions (note 6)	4,223	5,031
Deferred revenue	55,387	45,076
Current portion of long term debt	186	238
Current portion of lease obligations	4,426	4,400
Income tax payable	472	3,812
	<hr/> 126,429	<hr/> 120,788
Long-term lease obligations	24,319	25,465
	<hr/> 150,748	<hr/> 146,253
<b>Equity</b>		
Capital stock (note 7)	143,915	143,915
Share based payment reserve	8,485	8,279
Accumulated other comprehensive earnings	2,574	1,032
Retained earnings	135,391	141,786
	<hr/> 137,965	<hr/> 142,818
Total equity attributable to shareholders	290,365	295,012
Non-controlling interest	2,555	2,408
	<hr/> 292,920	<hr/> 297,420
	<hr/> \$ 443,668	<hr/> \$ 443,673

See accompanying notes to the interim condensed consolidated financial statements.

## EVERTZ TECHNOLOGIES LIMITED

Interim Condensed Consolidated Statements of Changes in Equity  
(Unaudited)

Three month periods ended July 31, 2020 and 2019  
(In thousands of Canadian dollars)

	Capital stock	Share-based payment reserve	Accumulated other comprehensive earnings	Retained earnings	Total equity attributable to shareholders	Non- controlling interest	Total Equity
<b>Balance at April 30, 2019</b>	<b>\$ 139,865</b>	<b>\$ 8,245</b>	<b>\$ 1,729</b>	<b>\$ 203,284</b>	<b>\$ 353,123</b>	<b>\$ 2,280</b>	<b>\$ 355,403</b>
Net earnings for the period	-	-	-	13,077	13,077	130	13,207
Foreign currency translation adjustment	-	-	(2,991)	-	(2,991)	(33)	(3,024)
<b>Total comprehensive earnings for the period</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (2,991)</b>	<b>\$ 13,077</b>	<b>\$ 10,086</b>	<b>\$ 97</b>	<b>\$ 10,183</b>
Dividends declared	-	-	-	(13,781)	(13,781)	-	(13,781)
Share based compensation expense	-	80	-	-	80	-	80
Exercise of employee stock options	931	-	-	-	931	-	931
Transfer on stock option exercise	70	(70)	-	-	-	-	-
<b>Balance at July 31, 2019</b>	<b>\$ 140,866</b>	<b>\$ 8,255</b>	<b>\$ (1,262)</b>	<b>\$ 202,580</b>	<b>\$ 350,439</b>	<b>\$ 2,377</b>	<b>\$ 352,816</b>
<b>Balance at April 30, 2020</b>	<b>\$ 143,915</b>	<b>\$ 8,279</b>	<b>\$ 1,032</b>	<b>\$ 141,786</b>	<b>\$ 295,012</b>	<b>\$ 2,408</b>	<b>\$ 297,420</b>
Net earnings for the period	-	-	-	485	485	90	575
Foreign currency translation adjustment	-	-	1,542	-	1,542	57	1,599
<b>Total comprehensive earnings for the period</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,542</b>	<b>\$ 485</b>	<b>\$ 2,027</b>	<b>\$ 147</b>	<b>\$ 2,174</b>
Dividends declared	-	-	-	(6,880)	(6,880)	-	(6,880)
Share based compensation expense	-	206	-	-	206	-	206
<b>Balance at July 31, 2020</b>	<b>\$ 143,915</b>	<b>\$ 8,485</b>	<b>\$ 2,574</b>	<b>\$ 135,391</b>	<b>\$ 290,365</b>	<b>\$ 2,555</b>	<b>\$ 292,920</b>

See accompanying notes to the interim condensed consolidated financial statements.

# EVERTZ TECHNOLOGIES LIMITED

Interim Condensed Consolidated Statements of Earnings  
(Unaudited)

Three month periods ended July 31, 2020 and 2019  
(In thousands of Canadian dollars, except per share amounts)

	<b>Three months July 31, 2020</b>	<b>Three months July 31, 2019</b>
Revenue (notes 12 and 13)	\$ 56,337	\$ 103,411
Cost of goods sold	24,113	44,259
Gross margin	32,224	59,152
Expenses		
Selling, administrative and general (note 8)	12,848	17,553
Research and development (note 9)	16,817	24,096
Investment tax credits	(1,485)	(2,003)
Foreign exchange loss	3,109	1,777
	31,289	41,423
	935	17,729
Finance income	93	451
Finance costs	(351)	(463)
Other income	108	41
Earnings before income taxes	785	17,758
Provision for (recovery of) income taxes		
Current	1,407	3,567
Deferred	(1,197)	984
	210	4,551
Net earnings for the period	575	13,207
Net earnings attributable to non-controlling interest	90	130
Net earnings attributable to shareholders	485	13,077
Net earnings for the period	\$ 575	\$ 13,207
Earnings per share (note 15)		
Basic	\$ 0.01	\$ 0.17
Diluted	\$ 0.01	\$ 0.17

See accompanying notes to the interim condensed consolidated financial statements.

## **EVERTZ TECHNOLOGIES LIMITED**

Interim Condensed Consolidated Statements of Comprehensive Earnings  
(Unaudited)

Three months ended July 31, 2020 and 2019  
(In thousands of Canadian dollars)

	<b>Three months ended July 31, 2020</b>	<b>Three months ended July 31, 2019</b>
Net earnings for the period	\$ 575	\$ 13,207
Items that may be reclassified to net earnings:		
Foreign currency translation adjustment	1,599	(3,024)
<b>Comprehensive earnings</b>	<b>\$ 2,174</b>	<b>\$ 10,183</b>
Comprehensive earnings attributable to non-controlling interest	\$ 147	\$ 97
Comprehensive earnings attributable to shareholders	2,027	10,086
<b>Comprehensive earnings</b>	<b>\$ 2,174</b>	<b>\$ 10,183</b>

See accompanying notes to the interim condensed consolidated financial statements.

# EVERTZ TECHNOLOGIES LIMITED

Interim Condensed Consolidated Statements of Cash Flows  
(Unaudited)

Three months ended July 31, 2020 and 2019  
(In thousands of Canadian dollars)

	Three months ended July 31, 2020	Three months ended July 31, 2019
<b>Operating activities</b>		
Net earnings for the period	\$ 575	\$ 13,207
Add: Items not involving cash		
Depreciation of property, plant and equipment	2,829	2,597
Amortization of right-of-use assets (note 5)	1,281	1,286
Amortization of intangibles	110	102
Loss (gain) on disposal of property, plant and equipment	4	(56)
Unrealized gain on marketable securities	-	(24)
Share based compensation (note 11)	206	80
Interest expense	295	332
Deferred income tax expense	(1,197)	984
	4,103	18,508
Current tax expenses, net of investment tax credits	(78)	1,564
Income taxes paid	(3,331)	(3,230)
Changes in non-cash working capital items (note 10)	35,635	(8,946)
Cash provided by operating activities	36,329	7,896
<b>Investing activities</b>		
Acquisition of property, plant and equipment	(1,754)	(1,660)
Proceeds from disposal of property, plant and equipment	-	60
Cash used in investing activities	(1,754)	(1,600)
<b>Financing activities</b>		
Repayment of long-term debt	(60)	(70)
Principle payment of lease liabilities	(1,071)	(1,035)
Interest paid	(295)	(332)
Dividends paid	(6,880)	(13,781)
Capital stock issued	-	931
Cash used in financing activities	(8,306)	(14,287)
Effect of exchange rates on cash and cash equivalents	741	(271)
Increase (decrease) in cash and cash equivalents	27,010	(8,262)
Cash and cash equivalents beginning of period	75,025	104,583
Cash and cash equivalents end of period	\$ 102,035	\$ 96,321

See accompanying notes to the interim condensed consolidated financial statements.



# EVERTZ TECHNOLOGIES LIMITED

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Three months ended July 31, 2020 and 2019

(in thousands of Canadian dollars, except for “number of common shares”, “number of options” and “per share” information)

Evertz Technologies Limited (“Evertz” or the “Company”) is incorporated under the *Canada Business Corporations Act*. The Company is incorporated and domiciled in Canada and the registered head office is located at 5292 John Lucas Drive, Burlington, Ontario, Canada. The Company is a leading supplier of software, equipment and technology solutions to content creators, broadcasters, specialty channels and television service providers. The Company designs, manufactures and distributes video and audio infrastructure solutions for the production, post-production, broadcast and telecommunications markets.

### 1. STATEMENT OF COMPLIANCE

These interim condensed consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and under International Accounting Standard (“IAS”) 34 “Interim Financial Reporting” using the same accounting policies as described in the Company’s consolidated financial statements for the year ended April 30, 2020.

These interim condensed consolidated financial statements do not include all information and note disclosures required by IFRS for annual financial statements, and therefore; should be read in conjunction with the April 30, 2020 annual consolidated financial statements.

These interim condensed consolidated financial statements were authorized for issue by the Board of Directors on September 9, 2020.

### 2. SIGNIFICANT ACCOUNTING POLICIES

#### *Government Assistance*

The Company applied for assistance from multiple assistance programs, including the Canadian Emergency Wage Subsidy (“CEWS”) program as a result of the impact the pandemic had on Company operations. The assistance has been recognized as an offsetting reduction to the salary expenses and the cost of labour applied to manufactured inventory. During the quarter, \$11,653 (2019 - nil) in assistance was deducted from cost of sales, selling and administrative and research and development expenses and \$773 (2019 - nil) from the cost of inventory.

#### *Use of Estimates and Judgments*

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Consequently, actual results could differ from those estimates. Those estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected. Significant estimates include the determination of expected credit losses which are based on the amount and timing of cash flows expected to be received, provision for inventory obsolescence which is recorded to adjust to the net realizable value of inventory and based on current market prices and past experiences, the useful life of property, plant and equipment and intangibles for depreciation which are based on past experiences, expected use and industry trends, amortization and valuation of net recoverable amount of property, plant and equipment and intangibles, determination of fair value for share based compensation, evaluating deferred income tax assets and liabilities, the determination of fair value of financial instruments and the likelihood of recoverability, and the determination of implied fair value of goodwill and implied fair value of assets and liabilities for purchase price allocation purposes and goodwill impairment assessment purposes.

Note #2 continued ...

Significant items requiring the use of judgment in application of accounting policies and assumptions include the determination of functional currencies, classification of financial instruments, classification of leases, determination if revenues should be recognized at a point in time or over time, application of the percentage of completion method on long-term contracts, degree of componentization applied when calculating amortization of property, plant and equipment, and identification of cash generating units for impairment testing purposes.

The Company has also assessed the impact of the pandemic on the estimates and judgements described above. Although the Company expects pandemic related disruptions to continue during future quarters, the Company believes that the long-term estimates and assumptions do not require significant revisions. Although the Company determined that no significant revisions to such estimates, judgement or assumptions were required, the pandemic is fluid and given the inherent uncertainty at this time, revisions may be required in future periods to the extent that the negative impacts on the Company business operations arising from the pandemic continue or worsen. Any such revisions could result in a material impact on our results of operations and financial condition.

### 3. TRADE AND OTHER RECEIVABLES

	<b>July 31, 2020</b>	<b>April 30, 2020</b>
Trade receivables	\$ 55,304	\$ 83,422
Other receivables	8,673	7,209
	<b>\$ 63,977</b>	<b>\$ 90,631</b>

### 4. PROPERTY, PLANT AND EQUIPMENT

	<b>July 31, 2020</b>			<b>April 30, 2020</b>		
	<b>Cost</b>	<b>Accumulated Depreciation</b>	<b>Carrying Amount</b>	<b>Cost</b>	<b>Accumulated Depreciation</b>	<b>Carrying Amount</b>
Office furniture and equipment	\$ 4,870	\$ 3,332	\$ 1,538	\$ 4,819	\$ 3,252	\$ 1,567
Research and development equipment	40,109	26,209	13,900	38,735	25,072	13,663
Airplanes	11,535	8,726	2,809	11,535	8,579	2,956
Machinery and equipment	67,941	53,647	14,294	67,698	52,407	15,291
Leaseholds	9,204	5,669	3,535	9,206	5,546	3,660
Land	2,429	-	2,429	2,332	-	2,332
Buildings	11,761	3,169	8,592	11,293	2,968	8,325
	<b>\$ 147,849</b>	<b>\$ 100,752</b>	<b>\$ 47,097</b>	<b>\$ 145,618</b>	<b>\$ 97,824</b>	<b>\$ 47,794</b>

### 5. RIGHT-OF-USE ASSETS

	<b>Land &amp; Building</b>
<b>Balance as at April 30, 2020</b>	<b>\$ 28,823</b>
Amortization for the year	(1,281)
Foreign exchange adjustments	(68)
<b>Balance as at July 31, 2020</b>	<b>\$ 27,474</b>

## 6. PROVISIONS

	Warranty and Returns	Lease/Retirement Obligations	Total
<b>Balance as at April 30, 2020</b>	\$ 4,381	\$ 650	\$ 5,031
Net additions	(743)	27	(716)
Foreign exchange differences	(96)	4	(92)
<b>Balance as at July 31, 2020</b>	\$ 3,542	\$ 681	\$ 4,223

### *Warranty and Returns*

The provision relates to estimated future costs associated with standard warranty repairs and returns on hardware solutions. The provision is based on historical data associated with similar products. The warranty and returns are expected to be incurred within the next twelve months.

### *Lease/Retirement Obligations*

The provision relates to estimated restoration costs expected to be incurred upon the conclusion of Company leases.

## 7. CAPITAL STOCK

Authorized capital stock consists of:  
 Unlimited number of preferred shares  
 Unlimited number of common shares

	Number of Common Shares	Amount
<b>Balance as at April 30, 2020</b>	<b>76,449,446</b>	<b>143,915</b>
Cancelled pursuant to NCIB	-	-
<b>Balance as at July 31, 2020</b>	<b>76,449,446</b>	<b>\$ 143,915</b>

### *Dividends Per Share*

During the quarter, \$0.09 in dividends per share were declared (2019 - \$0.18).

### *Normal Course Issuer Bid*

In October 2019, the Company filed a Normal Course Issuer Bid ("NCIB") with the TSX to repurchase, at the Company's discretion, until October 23, 2020 up to 3,830,252 outstanding common shares on the open market or as otherwise permitted, subject to normal terms and limitations of such bids. The Company did not purchase and cancel any shares during the quarter (2019 - nil).

## 8. SELLING, ADMINISTRATIVE AND GENERAL EXPENSES

	Three month period ended July 31, 2020	Three month period ended July 31, 2019
Selling and administrative	\$ 11,920	\$ 16,330
Depreciation - selling and administration	785	792
General:		
Share based compensation (note 11)	33	329
Amortization of intangibles	110	102
	\$ 12,848	\$ 17,553

During the quarter, there was a \$1,892 reduction in travel and promotion costs associated with reduced selling activities and travel restrictions and \$1,339 (2019 - nil) in government assistance was deducted from selling and administrative expenses.

## 9. RESEARCH AND DEVELOPMENT

	Three month period ended July 31, 2020	Three month period ended July 31, 2019
Research and development	\$ 15,345	\$ 21,616
Depreciation - research and development	1,231	1,078
General :		
Share based compensation (note 11)	241	1,402
	\$ 16,817	\$ 24,096

During the quarter, \$6,737 (2019 – nil) in government assistance was deducted from research and development expenses.

## 10. STATEMENT OF CASH FLOWS

### Changes in non-cash working capital items

	Three month period ended July 31, 2020	Three month period ended July 31, 2019
Trade and other receivables	\$ 26,840	\$ (5,137)
Contract assets	(42)	6,219
Inventories	(634)	(5,222)
Prepaid expenses	934	118
Trade and other payables	(966)	(1,793)
Deferred revenue	10,311	(2,959)
Provisions	(808)	(172)
	\$ 35,635	\$ (8,946)

## 11. SHARE BASED PAYMENTS

### Stock Option Plan

The Company established, in June 2006, a stock option plan to attract, retain, motivate and compensate employees, officers and eligible directors who are integral to the growth and success of the Company. A number of shares equal to 10% of the Company's outstanding common shares are to be reserved for issuance under the stock option plan.

The Board of Directors administers the stock option plan and will determine the terms of any options granted. The exercise price of an option is to be set by the Board of Directors at the time of grant but shall not be lower than the market price as defined in the option plan at the time of grant. The term of the option cannot exceed 10 years. Stock options currently granted normally fully vest and expire by the end of the fifth year.

The changes in the number of outstanding share options are as follows:

	Number of Options	Weighted Average Exercise Price
<b>Balance as at April 30, 2020</b>	<b>1,628,500</b>	<b>\$ 16.75</b>
Granted	4,042,000	12.28
Forfeited	(9,000)	12.28
Expired	(95,000)	15.37
<b>Balance as at July 31, 2020</b>	<b>5,566,500</b>	<b>\$ 13.54</b>

Note #11 continued ...

Stock options outstanding as at July 31, 2020 are:

Exercise Price	Weighted Average Exercise Price	Number of Outstanding Options	Weighted Average Remaining Contractual Life	Number of Options Exercisable	Weighted Average Exercise Price of Exercisable Options
\$12.28	\$ 12.28	4,033,000	5.0	-	\$ -
\$15.20 - \$15.80	\$ 15.69	456,000	3.3	-	\$ -
\$16.08 - \$16.87	\$ 16.40	375,000	3.4	81,000	\$ 16.82
\$17.39 - \$18.63	\$ 17.82	702,500	3.9	30,000	\$ 17.38
Totals	\$ 13.54	5,566,500	4.6	111,000	\$ 16.97

#### Restricted Share Unit Plan

The Company established, in March 2016, a restricted share unit (“RSU”) plan to provide an incentive to participants; including key executives of the Company, by rewarding such participants with equity-based compensation. Under the terms of the plan, RSU’s are issued to the participant with a vesting period of three years. On the vesting date, all RSU’s will be redeemed in cash at the fair market value at the date of vest plus any accrued dividends. The changes in the number of outstanding RSUs are as follows:

	Number of RSUs
<b>Balance as at April 30, 2020</b>	<b>921,000</b>
Exercised	(20,000)
Forfeited	(10,000)
<b>Balance as at July 31, 2020</b>	<b>891,000</b>

As at July 31, 2020, the average remaining contractual life for outstanding RSUs is 1.78 years (2019 – 2.37 years).

#### Compensation expense

##### Stock Option Plan

The share based compensation expense that has been charged against earnings over the three month period is \$206 (2019 - \$80). Compensation expense on grants during the year was calculated using the Black-Scholes option pricing model with the following weighted average assumptions:

	July 31, 2020	July 31, 2019
Risk-free interest rate	0.36%	1.33%
Dividend yield	5.13%	4.08%
Expected life	5.0 years	5.0 years
Expected volatility	23%	14%
Weighted average grant-date fair value:		
Where the exercise price equaled the market price	\$1.16	\$1.06

Expected volatility is based on historical share price volatility over the past five years of the Company. Share based compensation expense was calculated using a weighted average forfeiture rate of 10% (2019 – 18%).

##### Restricted Share Unit Plan

The share based compensation expense that has been charged against earnings over the three month period is \$68 (2019 - \$1,651). Share based compensation expense was calculated using a weighted average forfeiture rate of 3% (2019 - 8%). As at July 31, 2020, the total liability included within trade and other payables is \$5,458 (2019 - \$2,608).

## 12. SEGMENTED INFORMATION

The Company reviewed its operations and determined that it operates a single reportable segment, the television broadcast equipment market. The single reportable operating segment derives its revenues from the sale of hardware and software solutions including related services, training and commissioning.

	Three month period ended		Three month period ended	
Revenue	July 31, 2020		July 31, 2019	
United States	\$	34,357	\$	71,243
International		20,409		29,367
Canada		1,571		2,801
	\$	56,337	\$	103,411

	July 31, 2020			April 30, 2020		
	Property, Plant and Equipment	Goodwill	Intangible Assets	Property, Plant and Equipment	Goodwill	Intangible Assets
United States	\$ 4,732	\$ 1,359	\$ 1,408	\$ 5,185	\$ 1,420	\$ 1,573
International	11,725	17,789	-	11,049	17,768	-
Canada	30,640	1,583	-	31,560	1,583	-
	\$ 47,097	\$ 20,731	\$ 1,408	\$ 47,794	\$ 20,771	\$ 1,573

## 13. REVENUE

	Three month period ended		Three month period ended	
	July 31, 2020		July 31, 2019	
Hardware, including related software	\$	49,086	\$	88,625
Services, including warranty, training and commissioning		2,849		2,467
Long term contract revenue		4,402		12,319
	\$	56,337	\$	103,411

The decrease in revenue is due to widespread customer shutdowns, travel restrictions and projects on hold as a result of the pandemic.

## 14. RELATED PARTY TRANSACTIONS

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Company and other related parties are disclosed below.

### *Related Party Transactions*

Two shareholders each indirectly hold a 16% interest in the Company's leased premises in Ontario. This lease expires in 2029 with a total of \$9,362 committed over the remaining term. During the period, rent paid for the leased principal premises amounted to \$255 (2019 – \$255) with no outstanding amounts due as at July 31, 2020.

The Company also leases property where two shareholders indirectly own 100% interest. This lease expires in 2021 with a total of \$301 committed over the remaining term. During the period, rent paid for the leased principal premises amounted to \$66 (2019 – \$66) with no outstanding amounts due as at July 31, 2020.

Note #14 continued ...

On December 1, 2008 the Company entered into a property lease agreement where two shareholders each indirectly hold a 20% interest in the Company's leased premises in Ontario. This lease expires in 2028 with a total of \$7,525 committed over the remaining term. During the period, rent paid for the leased principal premises amounted to \$210 (2019 – \$210) with no outstanding amounts due as at July 31, 2020.

On May 1, 2009 the Company entered into a property lease agreement where two shareholders each indirectly hold a 35% interest. This lease expires in 2029 with a total of \$4,801 committed over the remaining term. During the period, rent paid for the leased principal premises amounted to \$127 (2019 – \$127) with no outstanding amounts due as at July 31, 2020.

The Company also leases a property where two shareholders indirectly own 100% interest. The lease expires in 2023 with a total of \$369 committed over the remaining term. During the period, rent paid for the leased principal premises amounted to \$38 (2019 – \$38) with no outstanding amounts due as at July 31, 2020.

On May 1, 2016 the Company entered into a property lease agreement where two shareholders each hold a 46.6% interest. This lease expires in 2026 with a total of \$5,900 committed over the remaining term. During the period, rent paid for the leased principal premises amounted to \$249 (2019 – \$245) with no outstanding amounts due as at July 31, 2020.

On August 1, 2016 the Company entered into a property lease agreement where two shareholders indirectly own 100% interest. This lease expires in 2026 with a total of \$1,641 committed over the remaining term. During the period, rent paid for the leased principal premises amounted to \$63 (2019 – \$63) with no outstanding amounts due as at July 31, 2020.

These transactions were in the normal course of business and recorded at their respective fair values.

## 15. EARNINGS PER SHARE

	Three month period ended July 31, 2020	Three month period ended July 31, 2019
Weighted average common shares outstanding	76,449,446	76,558,898
Dilutive effect of stock options	-	114,269
Diluted weighted average common shares outstanding	76,449,446	76,673,167

The weighted average number of diluted common shares excludes 1,533,500 options because they were anti-dilutive during the period (2019 – 47,500).

## 16. SUBSEQUENT EVENT

On September 9, 2020 the Company declared a quarterly dividend of \$0.09 with a record date of September 18, 2020 and a payment date of September 25, 2020.