EVERTZ TECHNOLOGIES LIMITED
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Second Quarter ended October 31, 2018

The following management's discussion and analysis is a review of results of the operations and the liquidity and capital resources of the Company. It should be read in conjunction with the selected consolidated financial information and other data and the Company's consolidated financial statements and the accompanying notes contained on SEDAR. The consolidated financial statements of the Company are prepared in accordance with International Financial Reporting Standards ("IFRS") and are presented in Canadian dollars. The fiscal year of the Company ends on April 30 of each year. Certain information contained herein is forward-looking and based upon assumptions and anticipated results that are subject to risks, uncertainties and other factors. Should one or more of these uncertainties materialize or should the underlying assumptions prove incorrect, actual results may vary significantly from those expected.

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.

The report is based on information available to management on December 5, 2018.

OVERVIEW

Evertz is a leading solutions provider to the television broadcast, telecommunications and new-media industries. Founded in 1966, Evertz is a leading supplier of software, equipment and technology solutions to content creators, broadcasters, specialty channels and television service providers. Evertz designs, manufactures and markets video and audio infrastructure solutions for the production, post-production and transmission of television content. 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 definition television ("HDTV/Ultra HD") 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".

The Company made early research and development investments to establish itself as the leading supplier to the broadcast industry addressing the ongoing technical transition to IP and IT based production, workflow and distribution systems helping to create more efficient and agile workflows enabling the proliferation of high quality video emerging Ultra HD, High Dynamic range initiatives. The Company has maintained its track record of rapid innovation; is a leader in the expanding Internet

Protocol Television ("IPTV") market and a leader in Software Defined Video Network ("SDVN") technology. The Company is committed to maintaining its leadership position, and as such, a significant portion of the Company's staff is focused on research and development to ensure that the Company's products are at the forefront of the industry. This commitment contributes to the Company being consistently recognized as a leading broadcast and video networking industry innovator by its customers.

SIGNIFICANT ACCOUNTING POLICIES

<u>Changes in Accounting Policies</u>

Financial Instruments

IFRS 9, *Financial instruments* ("IFRS 9") was issued by the IASB in July 2014 and will replace IAS 39, *Financial Instruments: Recognition and Measurement* ("IAS 39"). IFRS 9 includes a logical model for classification and measurement of financial assets; a single, forward looking "expected credit loss" impairment model and a substantially reformed approach to hedge accounting to better link the economics of risk management with its accounting treatment. The Company adopted IFRS 9 on May 1, 2018 and did not have a significant impact on the Company's interim condensed consolidated financial statements and related disclosures. See interim condensed consolidated financial statement as at October 31, 2018 for the new policy and further details.

Revenue

IFRS 15, *Revenue from contracts with customers* ("IFRS 15") was issued by the IASB in May 2014 to replace IAS 11, *Construction Contracts* and IAS 18, *Revenue* and other interpretive guidance associated with revenue recognition. IFRS 15 provides a single, principles-based five-step model to be applied to all contracts with customers to determine how and when to recognize revenue. The Company has adopted IFRS 15 with an initial adoption date of May 1, 2018 and did not have a significant impact on the Company's interim condensed consolidated financial statements and related disclosures.

The Company utilized the modified retrospective approach to adopt the new standard and therefore, the comparative information has not been restated and continues to be reported under IAS 18 and IAS 11. See interim condensed consolidated financial statement as at October 31, 2018 for the new policy and further details.

<u>New and Revised IFRSs Issued but Not Yet Effective</u>

Leases

IFRS 16, *Leases* ("IFRS 16") was issued by the IASB in January 2016 and will replace IAS 17, *Leases.* IFRS 16 introduces a single accounting model for lessees to bring leases on-balance sheet while lessor accounting remains largely unchanged. IFRS 16 is effective for annual periods beginning on or after January 1, 2019. The total amount of future lease commitments as at October 31, 2018 is $39,811. The Company has not yet determined the final impact of the adoption of the following standards and intends to disclose the estimated financial effects of the adoption of IFRS 16 in our 2019 annual consolidated financial statements.

QUARTER END HIGHLIGHTS

Revenue was $112.3 million for the second quarter ended October 31, 2018; an increase of $11.0 million, when compared to $101.3 million for the same period ended October 31, 2017. Revenue increased in the United States/Canada region by 18% and revenue decreased in the International region by 2%.

For the second quarter ended October 31, 2018, net earnings were $20.6 million, an increase from $17.4 million for the second quarter ended October 31, 2017. Fully diluted earnings per share were $0.27, an increase from $0.23 for the second quarter ended October 31, 2017.

For the second quarter ended October 31, 2018, foreign exchange gain during the quarter was $0.8 million, predominately driven by the increase in value of the US dollar against the Canadian dollar since July 31, 2018.

Gross margin during the second quarter ended October 31, 2018 was 57.1% as compared to 56.0% for the second quarter ended October 31, 2017.

Selling and administrative expenses for the second quarter ended October 31, 2018 was $16.4 million as compared to the second quarter ended October 31, 2017 of $16.0 million. As a percentage of revenue, selling and administrative expenses totaled 14.6% for the second quarter ended October 31, 2018 as opposed to $15.8% for the second quarter ended October 31, 2017.

Research and development expenses were $21.1 million for the second quarter ended October 31, 2018 as compared to $20.2 million for the second quarter ended October 31, 2017.

Selected Consolidated Financial Information

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

	Three month period ended October 31,		Six month period ended October 31,	
	2018	2017	2018	2017
Revenue	$ 112,280	$ 101,261	$ 215,369	$ 210,270
Cost of goods sold	48,122	44,509	92,433	92,357
Gross margin	64,158	56,752	122,936	117,913
Expenses				
Selling and administrative	16,389	16,026	32,294	31,853
General	2,069	2,370	3,408	4,467
Research and development	21,083	20,214	42,403	39,486
Investment tax credits	(1,933)	(2,850)	(3,936)	(5,301)
Foreign exchange (gain) loss	(838)	(2,882)	(1,910)	5,362
	36,770	32,878	72,259	75,867
Earnings before undernoted	27,388	23,874	50,677	42,046
Finance income	310	174	669	275
Finance costs	(83)	(157)	(509)	(205)
Other income and expenses	5	(75)	140	(46)
Earnings before income taxes	27,620	23,816	50,977	42,070
Provision for (recovery of) income taxes				
Current	7,876	6,515	13,494	12,370
Deferred	(837)	(128)	(459)	(921)
	7,039	6,387	13,035	11,449
Net earnings for the period	$ 20,581	$ 17,429	$ 37,942	$ 30,621
Net earnings attributable to non-controlling interest	235	143	323	257
Net earnings attributable to shareholders	20,346	17,286	37,619	30,364
Net earnings for the period	$ 20,581	$ 17,429	$ 37,942	$ 30,621
Earnings per share				
Basic	$ 0.27	$ 0.23	$ 0.49	$ 0.40
Diluted	$ 0.27	$ 0.23	$ 0.49	$ 0.40

Consolidated Balance Sheet Data	As at October 31, 2018	As at April 30, 2018
Cash and cash equivalents	$ 65,189	$ 94,184
Inventory	$ 171,430	$ 168,070
Working capital	$ 274,457	$ 264,514
Total assets	$ 431,999	$ 421,115
Shareholders' equity	$ 338,784	$ 329,227
Number of common shares outstanding:		
Basic	76,519,746	76,481,746
Fully-diluted	79,036,246	78,722,746
Weighted average number of shares outstanding:		
Basic	76,497,637	76,211,007
Fully-diluted	76,516,761	76,347,750

Consolidated Statement of Operations Data (in thousands of dollars except earnings per share and share data)				
	Three month period ended October 31,		**Six month period ended October 31,**	
	2018	**2017**	**2018**	**2017**
Revenue	100.0%	100.0%	100.0%	100.0%
Cost of goods sold	42.9%	44.0%	42.9%	43.9%
Gross margin	57.1%	56.0%	57.1%	56.1%
Expenses				
Selling and administrative	14.6%	15.8%	15.0%	15.1%
General	1.8%	2.3%	1.6%	2.1%
Research and development	18.8%	20.0%	19.7%	18.8%
Investment tax credits	(1.7%)	(2.8%)	(1.8%)	(2.5%)
Foreign exchange (gain) loss	(0.8%)	(2.9%)	(0.9%)	2.6%
	32.7%	32.4%	33.6%	36.1%
Earnings before undernoted	24.4%	23.6%	23.5%	20.0%
Finance income	0.3%	0.2%	0.3%	0.1%
Finance costs	(0.1%)	(0.2%)	(0.2%)	(0.1%)
Other income and expenses	0.0%	(0.1%)	0.1%	0.0%
Earnings before income taxes	24.6%	23.5%	23.7%	20.0%
Provision for (recovery) of income taxes				
Current	7.0%	6.4%	6.3%	5.9%
Deferred	(0.7%)	(0.1%)	(0.2%)	(0.5%)
	6.3%	6.3%	6.1%	5.4%
Net earnings for the period	18.3%	17.2%	17.6%	14.6%
Net earnings attributable to non-controlling interest	0.2%	0.1%	0.1%	0.1%
Net earnings attributable to shareholders	18.1%	17.1%	17.5%	14.5%
Net earnings for the period	18.3%	17.2%	17.6%	14.6%
Earnings per share:				
Basic	$ 0.27	$ 0.23	$ 0.49	$ 0.40
Diluted	$ 0.27	$ 0.23	$ 0.49	$ 0.40

REVENUE AND EXPENSES

Revenue

The Company generates revenue principally from the sale of software, equipment, and technology solutions to content creators, broadcasters, specialty channels and television service providers.

The Company markets and sells its products and services through both direct and indirect sales strategies. The Company's direct sales efforts focus on large and complex end-user customers. These customers have long sales cycles typically ranging from four to eight months before an order may be received by the Company for fulfillment.

The Company monitors revenue performance in two main geographic regions: (i) United States/Canada and (ii) International.

The Company currently generates approximately 65% to 75% of its revenue in the United States/Canada. The Company recognizes the opportunity to more aggressively target markets in other geographic regions and intends to invest in personnel and infrastructure in those markets.

While a significant portion of the Company's expenses are denominated in Canadian dollars, the Company collects substantially all of its revenues in currencies other than the Canadian dollar and therefore has significant exposure to fluctuations in foreign currencies, in particular the US dollar. Approximately 75% to 85% of the Company's revenues are denominated in US dollars.

Revenue

(In thousands of Canadian dollars, except for percentages)	Three month period ended October 31,		% increase (decrease)	Six month period ended October 31,		% increase (decrease)
	2018	**2017**		**2018**	**2017**	
United States/Canada	$ 77,531	$ 65,970	18%	$ 152,726	$ 131,332	16%
International	34,749	35,291	(2%)	62,643	78,938	(21%)
	$ 112,280	$ 101,261	11%	$ 215,369	$ 210,270	2%

Total revenue for the second quarter ended October 31, 2018 was $112.3 million, an increase of $11.0 million or 11% as compared to revenue of $101.3 million for the second quarter ended October 31, 2017.

Total revenue for the six month period ended October 31, 2018 was $215.4 an increase of $5.1 million or 2% as compared to revenue of $210.3 million for the six month period ended October 31, 2017.

Revenue in the United States/Canada region was $77.5 million for the second quarter ended October 31, 2018, an increase of $11.5 million or 18% when compared to revenue of $66.0 million for the second quarter ended October 31, 2017.

Revenue in the United States/Canada region was $152.7 million for the six month period ended October 31, 2018, an increase of $21.4 million or 16% when compared to revenue of $131.3 million for the six month period ended October 31, 2017.

Revenue in the International region was $34.8million for the second quarter ended October 31, 2018, a decrease of $0.5 million or 2% as compared to revenue of $35.3 million for the second quarter ended October 31, 2017.

Revenue in the International region was $62.6 million for the six month period ended October 31, 2018, a decrease of $16.3 million or 21% as compared to revenue of $78.9 million for the second quarter ended October 31, 2017.

Cost of Sales

Cost of sales consists primarily of costs of manufacturing and assembly of products. A substantial portion of these costs is represented by components and compensation costs for the manufacture and assembly of products as well as inventory obsolescence and write-offs. Cost of sales also includes related overhead, certain depreciation, final assembly, quality assurance, inventory management and support costs. Cost of sales also includes the costs of providing services to clients, primarily the cost of service-related personnel.

Gross Margin

(In thousands of Canadian dollars, except for percentages)	Three month period ended October 31,			% increase (decrease)	Six month period ended October 31,			% increase (decrease)
		2018	2017			2018	2017	
Gross margin	$	64,158	$ 56,752	13%	$	122,936	$ 117,913	4%
Gross margin % of sales		57.1%	56.0%			57.1%	56.1%	

Gross margin for the second quarter ended October 31, 2018 was $64.2 million, compared to $56.8 million for the second quarter ended October 31, 2017. As a percentage of revenue, the gross margin was 57.1% for the second quarter ended October 31, 2018, as compared to 56.0% for the second quarter ended October 31, 2017.

Gross margin for the six month period ended October 31, 2018 was $122.9 million, compared to $117.9 million for the six month period ended October 31, 2017. As a percentage of revenue, the gross margin was 57.1% for the six month period ended October 31, 2018, as compared to 56.1% for the six month period ended October 31, 2017.

Gross margins vary depending on the product mix, geographic distribution and competitive pricing pressures and currency fluctuations. For the second quarter ended October 31, 2018 the gross margin, as a percentage of revenue, was in the Company's projected range. The pricing environment continues to be very competitive with substantial discounting by our competition.

The Company expects that it will continue to experience competitive pricing pressures. The Company continually seeks to build its products more efficiently and enhance the value of its product and service offerings in order to reduce the risk of declining gross margin associated with the competitive environment.

Operating Expenses

The Company's operating expenses consist of: (i) selling, administrative and general; (ii) research and development and (iii) foreign exchange.

Selling expenses primarily relate to remuneration of sales and technical personnel. Other significant cost components include trade show costs, advertising and promotional activities, demonstration material and sales support. Selling and administrative expenses relate primarily to remuneration costs of related personnel, legal and professional fees, occupancy and other corporate and overhead costs. The Company also records certain depreciation and share based compensation charges as general expenses. For the most part, selling, and administrative expenses are fixed in nature and do not fluctuate directly with revenue. The Company has certain selling expenses that tend to fluctuate in regards to the timing of trade shows.

The Company invests in research and development to maintain its position in the markets it currently serves and to enhance its product portfolio with new functionality and efficiencies. Although the Company's research and development expenditures do not fluctuate directly with revenues, it monitors this spending in relation to revenues and adjusts expenditures when appropriate. Research and development expenditures consist primarily of personnel costs and material costs. Research and development expenses are presented on a gross basis (without deduction of research and development tax credits). Research and development tax credits associated with research and development expenditures are shown separately under research and development tax credits.

Selling and Administrative

(In thousands of Canadian dollars, except for percentages)	Three month period ended October 31,		% increase (decrease)	Six month period ended October 31,		% increase (decrease)
	2018	2017		2018	2017	
Selling and administrative	$ 16,389	$ 16,026	2%	$ 32,294	$ 31,853	1%
Selling and administrative % of sales	14.6%	15.8%		15.0%	15.1%	

Selling and administrative expenses excludes stock based compensation, operation of non-production property, plant and equipment, and amortization of intangibles. Selling and administrative expenses for the second quarter ended October 31, 2018 were $16.4 million or 14.6% of revenue, as compared to selling and administrative expenses of $16.0 million or 15.8% of revenue for the second quarter ended October 31, 2017.

Selling and administrative expenses for the six month period ended October 31, 2018 were $32.3 million or 15.0% of revenue, as compared to selling and administrative expenses of $31.9 million or 15.1% of revenue for the six month period ended October 31, 2017.

Share Based Compensation

In March 2016, the Company adopted a restricted share unit (RSU) plan to attract, motivate and compensate persons who are integral to the growth and success of the Company. During the six month and three month periods ended October 31, 2018, share based compensation expense associated with the plan was $1.7 million and $1.2 million respectively as compared to $2.2 million and $1.3 million for the six month and three month periods ended October 31, 2017.

Research and Development (R&D)

(In thousands of Canadian dollars, except for percentages)	Three month period ended October 31,		% increase (decrease)	Six month period ended October 31,		% increase (decrease)
	2018	2017		2018	2017	
Research and development expenses	$ 21,083	$ 20,214	4%	$ 42,403	$ 38,486	7%
Research and development % of sales	18.8%	20.0%		19.7%	18.8%	

For the second quarter ended October 31, 2018, gross R&D expenses were $21.1 million, an increase of 4% or $0.9 million as compared to an expense of $20.2 million for the second quarter ended October 31, 2017.

For the six month period ended October 31, 2018, gross R&D expenses were $42.4 million, an increase of 7% or $2.9 million as compared to an expense of $39.5 million for the six month period ended October 31, 2017.

The increase of $2.9 million was predominantly a result of planned growth of R&D personnel and a corresponding increase in prototypes and materials.

Foreign Exchange

For the second quarter ended October 31, 2018, the foreign exchange gain was $0.8 million, as compared to a foreign exchange gain for the second quarter ended October 31, 2017 of $2.9 million. The current period gain was predominantly driven by the increase in the value of the US dollar against the Canadian dollar since July 31, 2018.

For the six month period ended October 31, 2018, the foreign exchange gain was $1.9 million, as compared to a foreign exchange loss for the six month period ended October 31, 2017 of $5.4 million. The current period gain was predominantly driven by the increase in the value of the US dollar against the Canadian dollar since April 30, 2018.

Finance Income, Finance Costs, Other Income and Expenses

For the second quarter ended October 31, 2018, finance income, finance costs, other income and expenses netted to a gain of $0.2 million.

For the six month period ended October 31, 2018, finance income, finance costs, other income and expenses netted to a gain of $0.3 million.

LIQUIDITY AND CAPITAL RESOURCES

Liquidity and Capital Resources				
(in thousands of dollars except ratios)		**As at**		**As at**
Key Balance Sheet Amounts and Ratios:		**October 31, 2018**		**Aprl 30, 2018**
Cash and cash equivalents	$	65,189	$	94,184
Working capital	$	274,457	$	264,514
Long-term assets	$	65,265	$	66,083
Long-term debt	$	356	$	515
Days sales outstanding in accounts receivable		87		58

Statement of Cash Flow Summary	**Three month period ended October 31,**				**Six month period ended October 31,**			
		2018		**2017**		**2018**		**2017**
Operating activities	$	(7,584)	$	(2,758)	$	16,653	$	29,437
Investing activities	$	(5,935)	$	(4,153)	$	(18,934)	$	(7,251)
Financing activities	$	(14,040)	$	(12,174)	$	(27,526)	$	(21,868)
Net decrease in cash	$	(26,531)	$	(18,766)	$	(28,995)	$	(252)

Operating Activities

For the second quarter ended October 31, 2018, the Company used cash from operations of $7.6 million, compared to $2.8 million for the second quarter ended October 31, 2017. Excluding the effects of the changes in non-cash working capital and current taxes, the Company generated cash from operations of $22.7 million for the second quarter ended October 31, 2018 compared to $20.1 million for the second quarter ended October 31, 2017.

For the six month period ended October 31, 2018, the Company generated cash from operations of $16.7 million, compared to $29.4 million for the six month period ended October 31, 2017. Excluding the effects of the changes in non-cash working capital and current taxes, the Company generated cash from operations of $43.0 million for the six month period ended October 31, 2018 compared to $35.6 million for the six month period ended October 31, 2017. The use of non-cash working capital was predominantly a result of an increase of accounts receivable of $33.7 million in the six month period ended October 31, 2018.

Investing Activities

The Company used cash for investing activities of $5.9 million for the second quarter ended October 31, 2018 which was principally driven by the acquisition of marketable securities for $2.9 million and capital assets of $3.1 million.

The Company used cash for investing activities of $18.9 million for the six month period ended October 31, 2018 which was principally driven by the acquisition of marketable securities for $13.7 million and capital assets of $5.4 million.

Financing Activities

For the second quarter ended October 31, 2018, the Company used cash from financing activities of $14.0 million, which was principally driven by dividends paid of $14.1 million, partially offset by the issuance of Capital Stock pursuant to the Company's Stock Option Plan of $0.3 million.

For the six month period ended October 31, 2018, the Company used cash from financing activities of $27.5 million, which was principally driven by dividends paid of $27.9 million, partially offset by the issuance of Capital Stock pursuant to the Company's Stock Option Plan of $0.6 million.

WORKING CAPITAL

As at October 31, 2018, the Company had cash and cash equivalents of $65.2 million, compared to $94.2 million at April 30, 2018.

The Company had working capital of $274.5 million as at October 31, 2018 compared to $264.5 million as at April 30, 2018.

The Company believes that the current balance in cash and plus future cash flow from operations will be sufficient to finance growth and related investment and financing activities in the foreseeable future.

Day sales outstanding in accounts receivable were 87 days at October 31, 2018 as compared to 58 for April 30, 2018. Upon the adoption of IFRS 15, contract assets have been segregated from trade and other receivables within the financial statements. For comparative purposes, day sales outstanding in accounts receivable have been recalculated for April 30, 2018 using the same methodology.

SHARE CAPITAL STRUCTURE

Authorized capital stock consists of an unlimited number of common and preferred shares.

	As at October 31, 2018	**As at April 30, 2018**
Common shares	76,519,746	76,481,746
Stock options granted and outstanding	2,516,500	2,241,000

FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash and cash equivalents, trade and other receivables, trade and other payables and long term debt. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest or credit risks arising from these financial instruments. The Company estimates the fair value of these instruments approximates the carrying values as listed below.

Fair Values and Classification of Financial Instruments:

The following summarizes the significant methods and assumptions used in estimating the fair values of financial instruments:

I. Quoted prices (unadjusted) in active markets for identical assets or liabilities.
II. Inputs other than quoted prices included in level I that are observable for the asset or liability, either directly or indirectly. Cash and cash equivalents, trade and other receivables, trade and other payables and long-term debt fair value measurements have been measured within level II.
III. Inputs for the asset or liability that are not based on observable market data.

CONTRACTUAL OBLIGATIONS

The following table sets forth the Company's contractual obligations as at October 31, 2018:

	Payments Due by Period				
(In thousands)	Total	Less than 1 Year	2-3 Years	4-5 Years	Thereafter
Operating leases	$ 39,811	$ 4,978	$ 9,670	$ 7,985	$ 17,178
Other long-term debt	681	325	356	-	-
	$ 40,492	$ 5,303	$ 10,026	$ 7,985	$ 17,178

OFF-BALANCE SHEET FINANCING

The Company does not have any off-balance sheet arrangements.

RELATED PARTY TRANSACTIONS

In the normal course of business, we may enter into transactions with related parties. These transactions occur under market terms consistent with the terms of transactions with unrelated arms-length third parties. The Company continues to lease a premise from a company in which two shareholders' each indirectly hold a 16% interest, continues to lease a facility from a company in which two shareholders each indirectly hold a 20% interest, continues to lease two facilities for manufacturing where two shareholders indirectly own 100% interest, continues to lease a facility from a company in which two shareholders each indirectly own a 35% interest, continues to lease a facility with a director who indirectly owns 100% and continues to lease a facility where two shareholders each indirectly own 46.6%.

SELECTED CONSOLIDATED QUARTERLY FINANCIAL INFORMATION

The following table sets out selected consolidated financial information for each of the eight quarters ended October 31, 2018. In the opinion of management, this information has been prepared on the same basis as the audited consolidated financial statements. The operating results for any quarter should not be relied upon as any indication of results for any future period.

	Quarter Ending							
(In thousands)	2018				2017			
(Unaudited)	Oct 31	July 31	Apr 30	Jan 31	Oct 31	July 31	Apr 30	Jan 31
Revenue	$ 112,280	$103,089	$ 92,988	$ 99,574	$ 101,261	$109,009	$ 106,734	$ 91,080
Cost of goods sold	48,122	44,311	43,979	43,595	44,509	47,848	46,690	39,957
Gross margin	$ 64,158	$ 58,778	$ 49,009	$ 55,979	$ 56,752	$ 61,161	$ 60,044	$ 51,123
Operating expenses	36,770	35,489	37,406	38,944	32,878	42,989	32,531	38,704
Earnings from operations	$ 27,388	$ 23,289	$ 11,603	$ 17,035	$ 23,874	$ 18,172	$ 27,513	$ 12,419
Non-operating income	232	68	89	2,169	(58)	82	(116)	359
Earnings before taxes	$ 27,620	$ 23,357	$ 11,692	$ 19,204	$ 23,816	$ 18,254	$ 27,397	$ 12,778
Net earnings	$ 20,346	$ 17,273	$ 8,190	$ 14,532	$ 17,286	$ 13,078	$ 20,547	$ 9,637
Net earnings per share:								
Basic	$ 0.27	$ 0.23	$ 0.11	$ 0.19	$ 0.23	$ 0.17	$ 0.27	$ 0.13
Diluted	$ 0.27	$ 0.23	$ 0.11	$ 0.19	$ 0.23	$ 0.17	$ 0.27	$ 0.13
Dividends per share:	$ 0.18	$ 0.18	$ 0.18	$ 0.18	$ 0.18	$ 0.18	$ 0.18	$ 1.28

The Company's revenue and corresponding earnings can vary from quarter to quarter depending on the delivery requirements of our customers. Our customers can be influenced by a variety of factors including upcoming sports or entertainment events as well as their access to capital. Net earnings represent net earnings attributable to shareholders.

DISCLOSURE CONTROLS AND PROCEDURES

Management, including the Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the Company's disclosure controls and procedures (as defined in National Instrument 52-109 of the Canadian Securities Administrators) as of October 31, 2018.

Management has concluded that, as of October 31, 2018, the Company's disclosure controls and procedures were effective to provide reasonable assurance that material information relating to the Company would be made known to them by others within the Company, particularly during the period in which this report was being prepared.

INTERNAL CONTROLS OVER FINANCIAL REPORTING

Management is responsible for and has designed internal controls over financial reporting, or caused it to be designed under management's supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. Management has concluded that, as of October 31, 2018, the Company's internal controls over financial reporting were effective to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

CHANGES IN INTERNAL CONTROLS OVER FINANCIAL REPORTING

There have been no changes to the Company's internal controls over financial reporting during the period ended April 30, 2018 that have materially affected, or reasonably likely to materially affect, its internal controls over financial reporting.

On May 15, 2013 the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") released *Internal Control-Integrated Framework: 2013,* which is an update to the internal control framework previously issued in 1992. Management is currently operating under the 1992 Framework and is transitioning to the updated Framework. While no significant changes to the Company's internal control system are expected to result from the transition, any modifications to such expectation will be reported by the Company within the following MD&A.

OUTLOOK

Management expects on an annual basis that the Company's revenues will continue to outpace industry growth. Gross margin percentages may vary depending on the mix of products sold, the Company's success in winning more complete projects, utilization of manufacturing capacity and the competitiveness of the pricing environment. R&D will continue to be a key focus as the Company invests in new product development.

SUBSEQUENT EVENT

On November 1, 2018, the Company acquired Quintech Electronics and Communications, Inc. ("Quintech"), a privately held company headquartered in Indiana, Pennsylvania, USA, with world class RF solutions and products deployed in over 120 countries. The acquisition was completed for cash consideration of $6.6 million at closing with a working capital adjustment to be completed in the third quarter.

RISKS AND UNCERTAINTIES

The Company risk factors are outlined in our AIF filed on SEDAR.