

EVERTZ TECHNOLOGIES LIMITED
MANAGEMENT’S DISCUSSION AND ANALYSIS
For the Second Quarter ended October 31, 2023

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 6, 2023.

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.

QUARTER END HIGHLIGHTS

Revenue was \$130.7 million for the second quarter ended October 31, 2023; an increase of \$17.5 million, when compared to \$113.2 million for the same period ended October 31, 2022.

For the second quarter ended October 31, 2023, net earnings were \$22.3 million, an increase from \$20.0 million for the second quarter ended October 31, 2022. Fully diluted earnings per share were \$0.29 an increase from \$0.26 in the second quarter ended October 31, 2022.

For the second quarter ended October 31, 2023, net earnings from operations were \$32.2 million, an increase from \$28.4 million for the second quarter ended October 31, 2022. For the second quarter ended October 31, 2023, foreign exchange gain during the quarter was \$2.9 million, compared to a foreign exchange gain of \$3.0 million for the second quarter October 31, 2022.

Gross margin during the second quarter ended October 31, 2023 was 59.7% compared to 59.6% in the second quarter ended October 31, 2022.

Selling and administrative expenses for the second quarter ended October 31, 2023 was \$17.5 million as compared to the second quarter ended October 31, 2022 of \$14.7 million. As a percentage of revenue, selling and administrative expenses totaled 13.4% for the second quarter ended October 31, 2023 compared to 13.0 % in the second quarter ended October 31, 2022.

Research and development expenses were \$32.2 million for the second quarter ended October 31, 2023 as compared to \$28.7 million for the second quarter ended October 31, 2022.

Selected Consolidated Financial Information

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

	Three month period ended		Six month period ended	
	October 31,		October 31,	
	2023	2022	2023	2022
Revenue	\$ 130,749	\$ 113,248	\$ 256,568	\$ 214,786
Cost of goods sold	52,730	45,771	106,513	88,785
Gross margin	78,019	67,477	150,055	126,001
Expenses				
Selling and administrative	17,500	14,681	33,898	27,655
General	1,173	1,128	2,332	2,224
Research and development	32,167	28,702	64,157	57,035
Investment tax credits	(3,212)	(3,173)	(6,607)	(6,362)
Share based compensation	1,154	755	2,679	1,792
Foreign exchange gain	(2,913)	(3,008)	(861)	(4,039)
	45,869	39,085	95,598	78,305
Earnings before undemoted	32,150	28,392	54,457	47,696
Finance income	413	216	537	369
Finance costs	(341)	(508)	(585)	(826)
Net loss on investments through profit and loss	(2,492)	(1,064)	(2,704)	(1,412)
Other income (expenses)	216	(288)	122	(160)
Earnings before income taxes	29,946	26,748	51,827	45,667
Provision for (recovery of) income taxes				
Current	6,675	6,530	14,436	13,169
Deferred	1,020	241	(752)	(1,409)
	7,695	6,771	13,684	11,760
Net earnings for the period	\$ 22,251	\$ 19,977	\$ 38,143	\$ 33,907
Net earnings attributable to non-controlling interest	158	160	299	249
Net earnings attributable to shareholders	22,093	19,817	37,844	33,658
Net earnings for the period	\$ 22,251	\$ 19,977	\$ 38,143	\$ 33,907
Earnings per share				
Basic	\$ 0.29	\$ 0.26	\$ 0.49	\$ 0.44
Diluted	\$ 0.29	\$ 0.26	\$ 0.49	\$ 0.44
Consolidated Balance Sheet Data		As at		As at
		October 31, 2023		April 30, 2023
Cash and cash equivalents	\$	55,865	\$	12,468
Inventory	\$	204,318	\$	202,479
Working capital	\$	191,262	\$	171,428
Total assets	\$	449,163	\$	436,652
Shareholders' equity	\$	254,682	\$	243,098
Number of common shares outstanding:				
Basic		76,040,496		76,145,758
Fully-diluted		82,005,746		82,446,008
Weighted average number of shares outstanding:				
Basic		76,107,761		76,200,248
Fully-diluted		76,702,268		76,232,462

Consolidated Statement of Operations Data

(in percentage except earnings per share and share data)

	Three month period ended		Six month period ended	
	October 31,		October 31,	
	2023	2022	2023	2022
Revenue	100.0%	100.0%	100.0%	100.0%
Cost of goods sold	40.3%	40.4%	41.5%	41.3%
Gross margin	59.7%	59.6%	58.5%	58.7%
Expenses				
Selling and administrative	13.4%	13.0%	13.2%	12.9%
General	0.9%	1.0%	0.9%	1.0%
Research and development	24.6%	25.3%	25.0%	26.6%
Investment tax credits	(2.5%)	(2.8%)	(2.6%)	(3.0%)
Share based compensation	0.9%	0.7%	1.0%	0.8%
Foreign exchange gain	(2.2%)	(2.7%)	(0.3%)	(1.9%)
	35.1%	34.5%	37.2%	36.4%
Earnings before undernoted	24.6%	25.1%	21.3%	22.3%
Finance income	0.3%	0.2%	0.2%	0.2%
Finance costs	-	(0.4%)	(0.2%)	(0.4%)
Net loss on investments through profit and loss	(1.9%)	(0.9%)	(1.1%)	(0.7%)
Other (income) expenses	0.2%	(0.3%)	-	(0.1%)
Earnings before income taxes	22.9%	23.6%	20.2%	21.3%
Provision for (recovery) of income taxes				
Current	5.1%	5.8%	5.6%	6.1%
Deferred	0.8%	0.2%	(0.3%)	(0.7%)
	5.9%	6.0%	5.3%	5.5%
Net earnings for the period	17.0%	17.6%	14.9%	15.8%
Net earnings attributable to non-controlling interest	0.1%	0.1%	0.1%	0.1%
Net earnings attributable to shareholders	16.9%	17.5%	14.8%	15.7%
Net earnings for the period	17.0%	17.6%	14.9%	15.8%
Earnings per share:				
Basic	\$0.29	\$0.26	\$0.49	\$0.44
Diluted	\$0.29	\$0.26	\$0.49	\$0.44

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 55% to 65% 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 80% 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			Six month period ended		
	October 31,		% increase	October 31,		% increase
	2023	2022	(decrease)	2023	2022	(decrease)
United States/Canada	\$ 74,004	\$ 88,308	(16%)	\$ 161,025	\$ 166,515	(3%)
International	56,745	24,940	128%	95,543	48,271	98%
	\$ 130,749	\$ 113,248	15%	\$ 256,568	\$ 214,786	19%

Total revenue for the second quarter ended October 31, 2023 was \$130.7 million, an increase of \$17.5 million or 15% as compared to revenue of \$113.2 million for the second quarter ended October 31, 2022.

Total revenue for the six month period ended October 31, 2023 was \$256.6 million, an increase of \$41.8 million or 19% as compared to revenue of \$214.8 million for the six month period ended October 31, 2022. The increase in revenue is due to continued adoption of Evertz solutions, including Evertz cloud native technology and services.

Revenue in the United States/Canada region was \$74.0 million for the second quarter ended October 31, 2023, a decrease of \$14.3 million or 16% when compared to revenue of \$88.3 million for the second quarter ended October 31, 2022.

Revenue in the United States/Canada region was \$161.0 million for the six month period ended October 31, 2023, a decrease of \$5.5 million or 3% when compared to revenue of \$166.5 million for the six month period ended October 31, 2022.

Revenue in the International region was \$56.8 million for the second quarter ended October 31, 2023, an increase of \$31.9 million or 128% as compared to revenue of \$24.9 million for the second quarter ended October 31, 2022.

Revenue in the International region was \$95.5 million for the six month period ended October 31, 2023, an increase of \$47.2 million or 98% as compared to revenue of \$48.3 million for the six month period ended October 31, 2022.

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			% increase	Six month period ended					
	October 31,				October 31,					
	2023	2022			2023	2022				
Gross margin	\$	78,019	\$	67,477	16%	\$	150,055	\$	126,001	19%
Gross margin % of sales		59.7%		59.6%			58.5%		59.6%	

Gross margin for the second quarter ended October 31, 2023 was \$78.0 million, compared to \$67.5 million for the second quarter ended October 31, 2022. As a percentage of revenue, the gross margin was 59.7% for the second quarter ended October 31, 2023 compared to 59.6% for the second quarter ended October 31, 2022.

Gross margin for the six month period ended October 31, 2023 was \$150.1 million, compared to \$126.0 million for the six month period ended October 31, 2022. As a percentage of revenue, the gross margin was 58.5% for the six month period ended October 31, 2023 compared to 58.7 % for the six month period ended October 31, 2022.

Gross margins vary depending on the product mix, manufacturing volumes, geographic distribution, competitive pricing pressures and currency fluctuations. Since fiscal 2022, a global supply chain disruption, including a global semi-conductor chip shortage has caused the Company to experience unstable procurement capabilities leading to increased lead times and increased component costs. The Company has taken proactive steps to minimize the impact, resulting in \$22.8 million increase in raw materials since April 30, 2022 and \$45.7 million since April 30, 2021. The pricing environment continues to also be very competitive with substantial discounting by our competition.

The Company expects that it will continue to experience competitive pricing pressures and increased lead time of components. 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 amortization 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			% increase	Six month period ended					
	October 31,				October 31,					
	2023	2022			2023	2022				
Selling and administrative	\$	17,500	\$	14,681	19%	\$	33,898	\$	27,655	23%
Selling and administrative % of sales		13.4%		13.0%			13.2%		12.9%	

Selling and administrative expenses excludes stock based compensation, depreciation and amortization of intangibles. Selling and administrative expenses for the second quarter ended October 31, 2023 were \$17.5 million or 13.4% of revenue, as compared to selling and administrative expenses of \$14.7 million or 13% of revenue for second quarter ended October 31, 2022. The increase of \$2.8 million includes \$1.6 million in increased salary costs.

Selling and administrative expenses for the six month period ended October 31, 2023 were \$33.9 million or 13.2% of revenue, as compared to selling and administrative expenses of \$27.7 million or 12.7% of revenue for the six month period ended October 31, 2022. The increase of \$6.2 million includes \$1.5 million in increased salary costs, and \$0.5 million in increased selling costs. The prior year also included a recovery of \$3.8 million, netted against associated fees that did not reoccur in the current year.

Share Based Compensation

In March 2016, the Company adopted a restricted share unit (RSU) plan to attract, motivate and compensate people who are integral to the growth and success of the Company. During the six month period ended October 31, 2023, share based compensation expense associated with the plan was \$0.2 million, while during the three month period ended October 31, 2023, share based compensation expense associated with the plan was a credit of less than \$0.1 million. This is compared to \$0.3 million and a credit of \$0.4 million for the six month and three month periods ended October 31, 2022. In June 2022, the Company adopted an equity based restricted share unit plan, which was approved by shareholders on October 6, 2022. During the six and three months periods ended October 31, 2023, share based compensation expenses associated with the 2022 plan was \$2.2 million and \$1.0 million respectively, compared to \$0.8 million and \$0.7 million respectively in the prior year.

Research and Development (R&D)

(In thousands of Canadian dollars, except for percentages)	Three month period ended			% increase	Six month period ended					
	October 31,				October 31,					
	2023	2022			2023	2022				
Research and development expenses	\$	32,167	\$	28,702	12%	\$	64,157	\$	57,035	11%
Research and development % of sales		24.6%		25.3%			25.0%		26.6%	

Research and development expenses exclude stock based compensation but includes depreciation. For the second quarter ended October 31, 2023, gross R&D expenses were \$32.2 million, an increase of \$3.5 million as compared to an expense of \$28.7 million for the second quarter ended October 31, 2022. The increase of \$3.5 million includes a \$3.4 million increase in salary costs, partially driven by a 11% increase in head count.

For the six month period ended October 31, 2023, gross R&D expenses were \$64.2 million, an increase of \$7.1 million as compared to an expense of \$57.0 million for the six month period ended October 31, 2022. The increase of \$7.1 million includes a \$5.5 million increase in net salary costs and a \$1.3 million increase in total software, materials and support service costs.

Investment Tax Credits

For the second quarter ended October 31, 2023, investment tax credits were \$3.2 million compared to \$3.2 million for the second quarter ended October 31, 2022.

Foreign Exchange

For the second quarter ended October 31, 2023, the foreign exchange gain was \$2.9 million, as compared to a foreign exchange gain for the second quarter ended October 31, 2022 of \$3.0 million. The current period gain was predominantly driven by the translation of US dollar assets into Canadian dollars at a foreign exchange rate higher than the value of the US dollar against the Canadian dollar as at July 31, 2023.

For the six month period ended October 31, 2023, the foreign exchange gain was \$0.9 million, as compared to a foreign exchange gain for the six month period ended October 31, 2022 of \$4.0 million. The current period gain was predominantly driven by the translation of US dollar assets into Canadian dollars at a foreign exchange rate higher than the value of the US dollar against the Canadian dollar as at April 30, 2023.

Investments, Finance Income, Finance Costs, Other Income and Expenses

For the second quarter ended October 31, 2023, finance income, investment losses, finance costs, other income and expenses netted to a loss of \$2.2 million, including a loss of \$2.5 million on the disposal of investments in publicly traded companies.

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, 2023		April 30, 2023	
Cash and cash equivalents	\$	55,865	\$	12,468
Working capital	\$	191,262	\$	171,428
Long-term assets	\$	77,765	\$	86,744
Days sales outstanding in accounts receivable		59		86

Statement of Cash Flow Summary	Three month period ended		Six month period ended	
	October 31,		October 31,	
	2023	2022	2023	2022
Operating activities	\$ 20,282	\$ (7,657)	\$ 80,271	\$ 11,671
Investing activities	\$ 4,088	\$ (5,573)	\$ 1,677	\$ (18,560)
Financing activities	\$ (16,967)	\$ (16,027)	\$ (39,051)	\$ (31,088)
Net increase (decrease) in cash	\$ 6,931	\$ (29,777)	\$ 43,397	\$ (38,095)

Operating Activities

For the second quarter ended October 31, 2023, the Company generated cash from operations of \$20.3 million, compared to \$7.7 million cash used for the second quarter ended October 31, 2022. Excluding the effects of the changes in non-cash working capital and current taxes, the Company generated cash from operations of \$30.9 million for the second quarter ended October 31, 2023 compared to \$27.5 million for the second quarter ended October 31, 2022.

For the six month period ended October 31, 2023, the Company generated cash for operations of \$80.2 million, compared to \$11.7 million for the six month period ended October 31, 2022. Excluding the effects of the changes in non-cash working capital and current taxes, the Company generated cash from operations

of \$50.8 million for the six month period ended October 31, 2022 compared to \$45.3 million for the six month period ended October 31, 2022.

Investing Activities

The Company generated cash from investing activities of \$4.1 million for the second quarter ended October 31, 2023, which was principally driven by proceeds from disposals of investments of \$6.3 million. This was partially offset by cash used for the acquisition of capital assets of \$2.3 million.

The Company generated cash from investing activities of \$1.7 million for the six month period ended October 31, 2023, which was principally driven by process from disposal of investments of \$7.2 million. This was partially offset by cash used for the acquisition of capital assets of \$5.5 million.

Financing Activities

For the second quarter ended October 31, 2023, the Company used cash from financing activities of \$17.0 million, which was principally driven by dividends paid of \$14.5 million, and capital stocks repurchased under the Companies NCIB for \$1.5 million.

For the six month period ended October 31, 2023, the Company used cash from financing activities of \$39.1 million, which was principally driven by dividends paid of \$28.9 million and the repayment of a line of credit facility of \$6.0 million.

WORKING CAPITAL

As at October 31, 2023, the Company had a cash debt and cash equivalents of \$55.9 million, compared to \$12.5 million at April 30, 2023.

The Company had working capital of \$191.3 million as at October 31, 2023 compared to \$171.4 million as at April 30, 2023.

The Company believes that the current balance in cash 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 59 days at October 31, 2023 as compared to 86 for April 30, 2023.

SHARE CAPITAL STRUCTURE

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

	As at October 31, 2023	As at April 30, 2023
Common shares	76,040,496	76,145,758
Stock options granted and outstanding	4,440,000	4,788,500
Restricted share units granted and outstanding	1,525,250	1,511,750

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, 2023:

(In thousands)	Payments Due by Period				
	Total	Less than 1 Year	2-3 Years	4-5 Years	Thereafter
Lease commitments	\$ 24,522	\$ 5,186	\$ 9,706	\$ 6,747	\$ 2,883
Redemption Liabilities	3,811	3,811	-	-	-
	\$ 28,333	\$ 8,997	\$ 9,706	\$ 6,747	\$ 2,883

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 second 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 three 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, 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, 2023. 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.

(In thousands) (Unaudited)	Quarter Ending							
	2023				2022			
	Oct 31	July 31	Apr 30	Jan 31	Oct 31	July 31	Apr 30	Jan 31
Revenue	\$ 130,749	\$ 125,819	\$ 128,919	\$ 110,873	\$ 113,248	\$ 101,538	\$ 116,089	\$ 120,563
Cost of goods sold	52,730	53,783	52,273	45,262	45,771	43,014	47,749	51,351
Gross margin	\$ 78,019	\$ 72,036	\$ 76,646	\$ 65,611	\$ 67,477	\$ 58,524	\$ 68,340	\$ 69,212
Operating expenses	45,869	49,729	46,179	48,146	39,085	39,220	41,477	38,885
Earnings from operations	\$ 32,150	\$ 22,307	\$ 30,467	\$ 17,465	\$ 28,392	\$ 19,304	\$ 26,863	\$ 30,327
Non-operating income	(2,204)	(426)	(4,546)	(1,243)	(1,644)	(385)	(1,030)	(1,429)
Earnings before taxes	\$ 29,946	\$ 21,881	\$ 25,921	\$ 16,222	\$ 26,748	\$ 18,919	\$ 25,833	\$ 28,898
Net earnings	\$ 22,093	\$ 15,892	\$ 18,957	\$ 11,951	\$ 19,817	\$ 13,841	18,957	21,250
Net earnings per share:								
Basic	\$ 0.29	\$ 0.20	\$ 0.24	\$ 0.16	\$ 0.26	\$ 0.18	\$ 0.25	\$ 0.28
Diluted	\$ 0.29	\$ 0.20	\$ 0.24	\$ 0.16	\$ 0.26	\$ 0.18	\$ 0.25	\$ 0.28
Dividends per share:	\$ 0.19	\$ 0.19	\$ 0.19	\$ 0.19	\$ 0.18	\$ 0.18	\$ 0.18	\$ 0.18

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, 2023.

Management has concluded that, as of October 31, 2023, 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, 2023, 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 October 31, 2023 that have materially affected, or reasonably likely to materially affect, its internal controls over financial reporting. Management is currently operating under the Committee of Sponsoring Organizations of the Treadway Commission Internal Control-Integrated Framework: 2013.

OUTLOOK

Management is encouraged with the Company's revenue outlook, including within the cloud native technology and service business, as evidenced by the receipt of significant orders and increase in the Company's backlog. 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 continues to invest in new product developments.

RISKS AND UNCERTAINTIES

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