

# 2025

## ANNUAL REPORT

**NEXX**

 **NUCLEUS**  
AV OVER IP - SIMPLIFIED

**BRAVO STUDIO**

**XPS**

**evertz**



## 2025 HIGHLIGHTS

### STRENGTH

Total Revenue

**\$502M**

### INNOVATION

Re-investment in R&D

**\$147M**

### GENERATING CASH

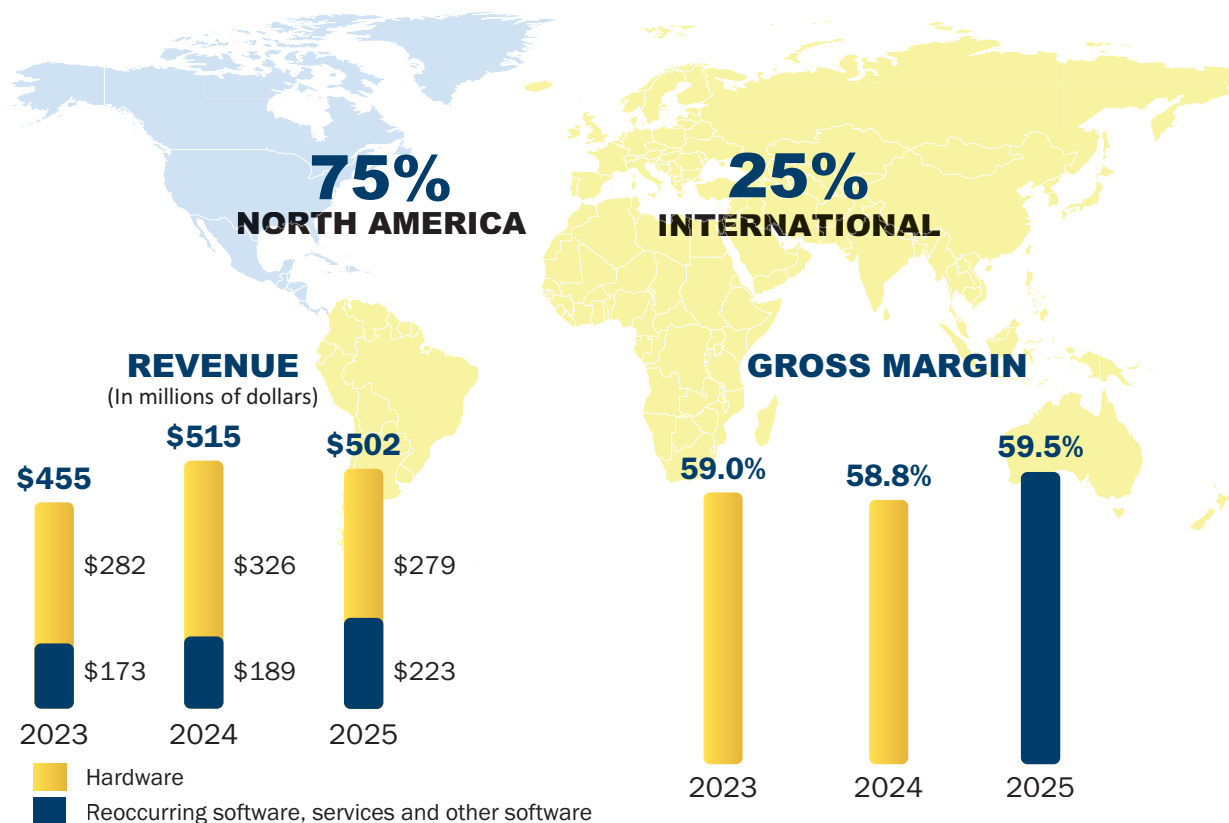
Operating Activities

**\$80M**

### PROFITABILITY

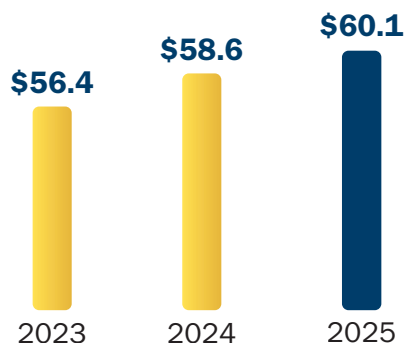
Earnings Before Taxes

**\$82M**



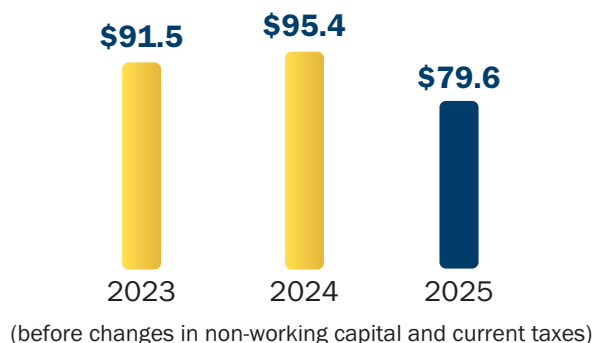
### DIVIDENDS PAID

(annual total in millions of dollars)



### CASH FROM OPERATING ACTIVITIES

(in millions of dollars)



# A LETTER TO FELLOW SHAREHOLDERS

Fiscal 2025 was another outstanding year for Evertz, with annual revenues exceeding over half a billion dollars reinforcing meaningful profitability and value for our shareholders. Despite a slower start to the year, Evertz generated \$502 million in revenue in fiscal 2025, with a record high 44% of revenue coming from software and services. Evertz commitment to our customers' success and their trust in our capabilities allowed Evertz to execute on our backlog of work and deliver for our customers, while our continued focus on operational discipline enabled us to deliver strong profitability and return \$65 million in free cash flow to our shareholders through dividends and share repurchases.

## Highlights from the year include:

- Annual revenues in excess of a half billion dollars, totaling \$502 million in the year;
- Reoccurring software, services and other software of \$223 million, an increase of 18% from the prior year and representing 44% of total revenue;
- Annual investment in research and development of \$147 million;
- Earnings before taxes of \$82 million and fully diluted earnings per share of \$0.77 for the year;
- Distribution of \$60.1 million in excess cash flow to shareholders through increased quarterly dividends totaling \$0.79 per share during the year.
- Expanding manufacturing capabilities within the USA.

## Long-term Stability

Evertz has achieved success within an evolving industry that has gone through industry consolidation, changes to our customer base and greater adoption of cloud and IP based solutions. Evertz customers know that our products are reliable and they choose us when failure is not an option. Evertz is relied upon as a stable rock within our industry with our over 300 years of senior management industry experience, consistently providing reliable, innovative, and best-in-class solutions. Evertz offers a broad product portfolio that prioritizes our customer's needs and works assiduously for our customers to provide leading edge technological solutions, on time and reliable deliveries, with a knowledgeable and highly regarded service and support team that, along with their close integration with our development teams, provide continuous service and after-sales support to ensure their success. Evertz is committed to providing innovative solutions to complex technological challenges and being relied upon as a stable, trusted partner.

## Business Transformation

The live video and media production and content distribution market is constantly changing, and organizations are adapting to meet the demands of an increasingly complex technology landscape. Our customers need to adapt to the current trends, modernizing their operations, and are repeatedly turning to Evertz to help build these new systems that can provide solutions for today's environment. Software and services are a significant catalyst to drive the sale and completion of these large scaled solutions. In fiscal 2025, Evertz continued to make progress on the transformation of our business to more software and reoccurring-based offerings and solutions. Evertz generated \$223 million in combined software and services, growing 18% in the year and 29% over two years, and representing 44% of Evertz total revenue. The visibility and predictability we achieve through our growing software and services segment enables Evertz to strengthen our commitment to innovation, increasing shareholder returns through capital return, and strong execution.

## Innovation

Evertz meets the demand for our comprehensive solutions by maintaining a commitment to innovation, which is a backbone of our vision as we maintain our technological leadership in a constantly changing industry and as we expand market share into adjacent industries. Evertz invested \$147 million in research and development in the past year and over \$580 million throughout the past five years. We are investing in research and development across our diversified portfolio, providing solutions that leverage our knowledge in networking, security, and through the utilization of artificial intelligence, to fuel future innovation and growth opportunities. The annual investments fueled development activities within our core product portfolio and funded intensive longer term R&D initiatives, such as: unified Orchestration, Control & Management, Analytics and User Interface software platforms; high performance low latency IP networking technologies; our IT based and Cloud architectures; Playout & Content Management; DreamCatcher™ Live Production Suite; Interactive graphic overlay platforms; Compression and Media Transport Solutions; and Professional AV Solutions. These solutions are enabling our current and future customers to efficiently transition to IP, IT and public/private/hybrid Cloud based solutions, providing flexible tools for content creation, production, monetization, and distribution.

## COMPANY RECOGNITION

Over the past year, Evertz introduced significant innovation in new product offerings and received a number of recognitions, including those listed below:



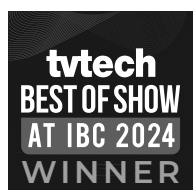
**TV Technology – 2025 NAB Best of Show** – Evertz awarded, in April 2025, for the **NEXX with FX-LINK**, providing broadcast facilities, OB trucks, venues and production environments with a powerful and scalable solution for SDI and hybrid IP routing, giving the flexibility to scale up while simplifying deployment and maintaining operational consistency.



**TVB Europe – 2025 NAB Best of Show** – Evertz awarded, in April 2025, for the **Studer Vista in VUE platform**, a widget-based control concept that lets users create personalized, modular audio mixing workstations; whether used to augment a Vista console or as part of a remote production setup, VISTA-IN-VUE combines touchscreens and motorized faders to deliver a modern, intuitive user interface that supports today's dynamic live production needs.



**AV Technology – 2025 InfoComm Best of Show** – Evertz awarded, in June 2025, for the **MMA25G IPMX Ready Gateways**, purpose-built for high-performance UHD media workflows, these cutting-edge gateways deliver unprecedented flexibility, powerful JPEG XS and RAW processing, and seamless interoperability between Pro AV and Broadcast environments.



**TV Technology – 2024 IBC Best of Show** – Evertz awarded, in September 2024, for **7880RFIP platform for RF over IP**, a groundbreaking solution revolutionizing satellite ground infrastructure and leading the transition from SDI to IP for satellite & ground systems. Our 7880RFIP platform offers up to 28 bi-directional conversions in a 3RU frame, digitizing up to 1GHz of IF bandwidth per channel, transported over WAN networks using IP. This eliminates distance limitations & creates new workflows for satellite dish farms.



Platinum member

**50 Best Managed Company** – Evertz was awarded as a 2025 Platinum Member of Canada's 50 Best Managed Companies, which recognizes excellence in Canadian companies. Canada's 50 Best Managed Companies identifies Canadian corporate success through companies focused on their core vision, creating stakeholder value and excelling in the global economy.



**Save Soil Movement** – Evertz continues to be a proud sponsor of Conscious Planet and committed to raising awareness to the Save Soil Movement. The Save Soil Movement is a global movement launched to address land degradation and advocate for healthy soil and is consistent with Evertz goal of operating in a sustainable future.

## FOUNDATION FOR GROWTH

As a technology leader, we are continuously addressing the challenges and opportunities that are brought forward. It is clear that technology is an essential driver to productivity and economic growth. Evertz is in a position to lead; providing our current customers and new markets with clean, highly reliable and technologically superior solutions and leveraging the power of technology to solve challenges brought forth by ourselves and our current and future customers. As the market leader, we are well positioned with numerous, large exciting opportunities to capitalize on this in the coming year. Evertz is built upon the long-term vision of generating value and sustainable success through continuous investment in technology and development of products while maintaining a vigilant focus on operating discipline and uncompromising commitment throughout the organization to doing it the "right way".

We generated significant cash from operations and maintain a pristine balance sheet. We view this financial strength as a competitive advantage, providing flexibility and allowing us to deliver significant value to our shareholders through the continued payment of dividends, while adhering to our strategy of investment into new technologies.



## MOVING FOWARD

Evertz is entering the new year with a strong backlog, pipeline, industry leading technologies and solutions, and with the backing of our healthy balance sheet and consistent investments in our technological solutions, we expect superior industry results for the 2026 fiscal year.

Evertz believes that our portfolio is stronger than ever and that Evertz is positioned to help our customers succeed, while expanding our products to new markets. We are maintaining our focus on investing into new technologies, both leveraging and expanding upon the high-profile industry leading Cloud and on-premise solutions that Evertz has successfully deployed, while offering newly developed solutions for adjacent markets. With significant orders and a robust pipeline with key customers, we expect to gain broader adoption within the Media and Entertainment technology industry and in vertical and adjacent markets.

We enter fiscal 2026 with significant momentum and demand for our Evertz IP, IT & Cloud native services and solutions with influential industry leaders across the world. As a leading innovator and one of the largest pure players in our technology sector, we believe Evertz is in a position of strength to provide solutions to customers and deliver to shareholders!

We would like to take this opportunity to thank our employees, channel partners, customers and shareholders for their continued support and we look forward to a successful future.



A stylized, handwritten signature in black ink, consisting of a series of loops and a long horizontal stroke.

**Romolo Magarelli**

Director, President and Chief Executive Officer



A stylized, handwritten signature in black ink, featuring a prominent 'D' and 'A' followed by a long, sweeping horizontal line.

**Douglas A. DeBruin**

Executive Chairman

# MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year ended April 30, 2025

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 June 25, 2025.

## 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.

## SUMMARY OF MATERIAL ACCOUNTING POLICIES

Outlined below are those policies considered particularly significant:

### Basis of Measurement

These financial statements have been prepared on the historical cost basis except for certain financial assets and liabilities which are stated at fair value. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

### Functional and Presentation Currency

These financial statements are presented in Canadian dollars, which is the Company's parent company functional currency. Each subsidiary of the Company determines its own functional currency based on the primary economic environment in which the subsidiary operates. All financial information presented in Canadian dollars has been rounded to the nearest thousand, except per share amounts.

### Basis of Consolidation

These financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has power over an entity, has exposure or rights to variable returns from its involvement with the entity and has the ability to use its power over the entity to affect the amount of the investor's returns.

The results of subsidiaries acquired or disposed of are included in the consolidated statements of earnings and comprehensive earnings from the effective date of acquisition of control and up to the effective date of disposal of control, as appropriate. Total comprehensive earnings of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

All intra-Company transactions, balances, income and expenses are eliminated in full consolidation.

### Revenue Recognition

Revenue is measured using a five-step recognition model which includes; 1) identifying the contract(s) with the customer; 2) identifying the separate performance obligations in the contract; 3) determining the transaction price; 4) allocating the transaction price to separate performance obligations; and 5) recognizing revenue when (or as) each performance obligation is satisfied.

#### *Step 1: Identifying the contract*

Before recognizing revenue, the Company reviews customer contracts to ensure each party's rights and payment terms are identified, there is commercial substance, and that it is probable that the Company will collect the consideration in exchange for the goods or services as stated in the contract. The Company may enter into multiple contracts with the same customer. The Company uses judgement in evaluating whether various contracts are interrelated, which includes considerations as to whether they were negotiated as a package with a single commercial objective, whether the amount of consideration on one contract is dependent on the performance of the other contract, or if some or all goods and services in the contracts are a single performance obligation. New arrangements with existing customers can be either treated as a new contract or the modification of prior contracts with the customer. The Company uses judgment in making this determination, considering whether there is a connection between the new arrangement and the pre-existing contract, whether the goods and services under the new arrangement are highly interrelated with the goods and services sold under prior contracts, and how the goods and services under the new arrangement are priced. In determining whether a transaction price represents a contract modification or a change in variable consideration, the Company examines whether the change in price results from changing the contract or from applying unchanged existing contract provisions.

#### *Step 2: Identifying performance obligations*

The Company regularly sells hardware and software solutions with related services. Software solutions including both, right to access and right to use term based and perpetual licenses and stand-alone software solutions services. Services include training and commissioning, warranty, maintenance and support and other professional services. A customer contract typically lists items separately with distinct item descriptions, quantities, and prices. If a contract contains a bundle of items priced together at a single price, the Company analyzes the contract to identify distinct performance obligations within the bundle. The Company uses judgment in determining whether a good or service, such as commissioning is considered separate performance obligations or are combined into one distinct performance obligation.

#### *Step 3: Determining the transaction price*

Transaction prices are typically the prices stated on the purchase orders or contracts, net of discounts. The Company reviews customer contracts for any variable considerations, existence of significant financing components and payables to customers, and adjusts transaction prices accordingly. Variable consideration is estimated and included in the transaction price based on the most likely amount to be received. The Company does not account for significant financing components if the period between when the Company transfers the promised goods or services to the customer and when the customer pays for those goods or services is one year or less.

#### *Step 4: Allocating the transaction price to performance obligations*

If a customer contract includes multiple performance obligations, the transaction price is allocated to each performance obligation based on its relative stand-alone selling price. If a stand-alone selling price is not directly observable, the Company estimates the stand-alone selling price of individual elements, based on prices at which the deliverable is regularly sold on a stand-alone basis after considering specific discounts where appropriate.

#### *Step 5: Recognizing revenue upon satisfaction of performance obligations*

The timing of revenue recognition is based on when a customer obtains control of the asset. Control of an asset refers to the ability to direct the use of, and obtain substantially all of the remaining benefits from, the asset. Control includes the ability to prevent other entities from directing the use of, and obtaining the benefits from, an asset. The Company reviews customer contracts and the nature of the performance obligations to determine if a performance obligation is satisfied over time or at a point in time, and recognizes revenue accordingly.

Revenue from sales of hardware are recognized upon shipment, provided that the significant risks and rewards of ownership have been transferred to the customer, the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold, revenue can be reliably measured and it is probable that the economic benefits will flow to the Company.

Revenue from software solutions are recognized either over a period of time or at a point in time depending on the contractual terms of the contract identified and the specific performance obligations identified therein. For performance obligations recognized at a point in time, revenue is recognized following the transfer of control or the Company has objective evidence that criteria for acceptance has been satisfied. For performance obligations satisfied over time, the Company measures the progress using the output method, measuring progress toward satisfaction of the performance obligation.

Revenue from services is recognized as services are performed and warranty and maintenance revenue is recognized ratably over the period of service.

Certain of the Company's hardware and software solutions contracts are long-term in nature, and the Company measures the progress using either an input or output method, depending on which yields the most reliable estimate. For construction type contracts, where estimated total costs and the outcome of the contract can be assessed reliably, the Company recognizes revenue over time, based on costs incurred relative to the estimated total contract costs. When the outcome of the contract cannot be assessed reliably, contract costs incurred are immediately expensed and revenue is recognized only to the extent that costs are considered likely to be recovered. For software solutions that require significant customization, where the direct measurement of value to the customer results in the best estimate and criteria for recognition over time is met, the Company recognizes revenue over time based on value provided to the customer to date. Revenue recognized in excess of billings are recorded as contract assets, while billings in excess of revenue recognized is recorded as deferred revenue.

Customer contracts have a variety of different payment terms. Contract assets are recognized when revenue is recognized in excess of billings or when the Company has a right to consideration and that right is conditional to something other than the passage of time. Contract assets are subsequently transferred to accounts receivable when the right to payment becomes unconditional. This usually occurs when the Company issues an invoice to the customer. Contract assets are adjusted for expected credit losses.

Contract assets are adjusted for expected credit losses, which are estimated based on factors such as the Company's past experience of collecting payments from the applicable customer, observable changes in national or local economic conditions that correlated with default on contract assets, financial difficulties of the customer, and it becoming probable that the borrower will either enter bankruptcy or financial reorganization.

Deferred revenue relates to advance consideration received from customers in excess of revenue recognized under the contract. Deferred revenue has been classified as long-term where the contractual obligations relating to the consideration are required to be provided by the Company more than one year from the presentation date. During the year, the Company recognized \$74,547 in revenue that was recognized as deferred revenue at the beginning of the year (2024 – \$49,936).

#### **Finance Income**

Interest income is recognized when it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably. Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

#### **Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand and in the bank.



**Inventories**

Inventories consist of raw materials and supplies, work in progress and finished goods. Inventories are stated at the lower of cost and net realizable value. Cost is determined on a weighted average basis and includes raw materials, the cost of direct labour applied to the product and the overhead expense.

Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

**Property, Plant and Equipment**

Property, plant and equipment are stated at cost less accumulated depreciation and any recognized impairment loss. Where the costs of certain components of an item of property, plant and equipment are significant in relation to the total cost of the item, they are accounted for and depreciated separately. Depreciation expense is calculated based on depreciable amounts which is the cost of an asset less residual value and is recognized in earnings on a straight-line basis over the estimated useful life of the related asset. Borrowing costs are capitalized to the cost of qualifying assets that take a substantial period of time to be ready for their intended use.

The estimated useful lives are as follows:

Asset	Basis	Rate
Office furniture and equipment	Straight-line	10 years
Research and development equipment	Straight-line	5 years
Machinery and equipment	Straight-line	5 - 15 years
Leaseholds	Straight-line	5 years
Building	Straight-line	10 - 40 years
Airplanes	Straight-line	10 - 20 years

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in earnings.

The Company reviews the residual value, estimated useful life and the depreciation method at least annually.

**Impairment of Non-Financial Assets**

Goodwill is tested for impairment annually, or whenever events or changes in circumstances indicate that the carrying amount may be more than its recoverable amount. At each reporting period, the Company reviews the carrying amounts of its other non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash inflows that are largely independent from other assets, the Company estimates the recoverable amount of the cash-generating unit ("CGU") to which the asset belongs. Goodwill is allocated to a group of CGU's based on the level at which it is monitored for internal reporting purposes.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or CGU is estimated to be less than its carrying amount, the carrying amount of the asset or CGU is reduced to its recoverable amount. An impairment loss relating to a CGU to which goodwill has been allocated, is allocated to the carrying amount of the goodwill first. An impairment loss is recognized immediately in earnings.

An impairment loss in respect of goodwill is not reversed. Where an impairment loss subsequently reverses for other non-financial assets, the carrying amount of the asset or CGU is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset or CGU in prior years. A reversal of an impairment loss is recognized immediately in earnings.

## **Intangible Assets**

### *Intangible Assets*

Intangible assets represent intellectual property acquired through business acquisitions and are recorded at cost less any impairment loss and are amortized using the straight-line method over a five-year period. The estimated useful life and amortization method are reviewed at the end of each reporting period.

### *Research and Development*

All research and development expenditures are expensed as incurred unless a development project meets the criteria for capitalization. Development expenditures are capitalized only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Company intends to and has sufficient resources to complete development and to use or sell the asset. No internally generated intangible assets have been recognized to date.

Research and development expenditures are recorded gross of investment tax credits and related government grants. Investment tax credits for scientific research and experimental development are recognized in the period the qualifying expenditures are incurred if there is reasonable assurance that they will be realized.

## **Provisions**

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

## **Leasing**

At inception of a contract, the Company assesses whether that contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company records a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, consisting of the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or restore the site on which it is located; less any lease incentives received.

The right-of-use asset is depreciated on a straight-line basis over the lease term. The lease term consists of the non-cancellable period of the lease; periods covered by options to extend the lease, where the Company is reasonably certain to exercise the option; and periods covered by options to terminate the lease, where the Company is reasonably certain not to exercise the option. The right-of-use asset is adjusted for remeasurement of lease liabilities resulting from a change in future lease payments arising from a change in rate or a change in the assessment of whether an extension or termination options will be exercised.

The lease liability is initially measured at the present value of lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. The Company generally use their incremental borrowing rate as the interest rate implicit in our leases cannot be readily determined. The lease liability is subsequently measured at amortized cost using the effective interest rate method. After the commencement date, the lease liability is remeasured if there is a modification, including a change in the lease term. Certain leases require us to make payments that relate to property taxes, insurance, and other non-rental costs. These non-rental costs are typically variable and are not included in the calculation of the right-of-use asset or lease liability.

### **Foreign Currency Translation**

The individual financial statements of each subsidiary entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each group entity are presented in Canadian dollars ("CDN"), which is the functional currency of the parent Company and the presentation currency for the financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences are recognized in earnings in the period in which they arise. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Company's foreign operations are expressed in Canadian dollars using exchange rates prevailing at the end of the reporting period. Income and expense items are translated at the average exchange rates for the period. Foreign currency gains and losses are recognized in other comprehensive earnings. The relevant amount in cumulative foreign currency translation adjustment is reclassified into earnings upon disposition or partial disposition of a foreign operation and attributed to non-controlling interests as appropriate.

### **Income Taxes**

#### *Current Tax*

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net earnings as reported in the statement of earnings because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the statement of financial position date.

#### *Deferred Tax*

Deferred tax is the tax expected to be payable or recoverable on unused tax losses and credits, as well as differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which unused tax losses, credits and other deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realized. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is charged or credited to earnings, except when it relates to items charged or credited directly to other comprehensive earnings or equity, in which case the deferred tax is also dealt with in other comprehensive earnings or equity.

### **Share Based Compensation**

Equity settled share based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity settled share based transactions are set out in note 19 of the consolidated financial statements.

The fair value determined at the grant date of the equity settled share based payments is expensed on a straight-line basis over the vesting period of the option based on the Company's estimate of the number of equity instruments that will eventually vest. At each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognized in earnings such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to share based payment reserve.

Cash settled share based compensation to employees, including restricted share units, or others providing similar services are measured at the fair value of the instruments at the grant date. The fair value is recognized as an expense with a corresponding increase in liabilities over the vesting period of the option grant. At each reporting period, the Company revises its estimate of fair value and the number of instruments expected to vest. The impact of the revision of the original estimates, if any, is recognized in earnings such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to liabilities.

### **Earnings Per Share**

The Company presents basic and diluted earnings per share ("EPS") data for its common shares. Basic EPS is calculated by dividing the net earnings attributable to shareholders by the weighted average number of common shares outstanding during the period. Diluted EPS is determined by adjusting the net earnings attributable to shareholders and the weighted average number of common shares outstanding for the effects of all potentially dilutive common shares, which is comprised of share options granted to employees with an exercise price below the average market price.

### **Finance Costs**

Finance costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other finance costs are recognized in earnings in the period in which they are incurred.

### **Investment Tax Credits**

The Company is entitled to investment tax credits, which are earned as a percentage of eligible research and development expenditures incurred in each taxation year. Investment tax credits relate entirely to the Company's research and development expenses in the consolidated statements of earnings but are presented separately in the consolidated statements of earnings for information purposes. Investment tax credits are recognized and recorded within income tax receivable or as a reduction of income tax payable, when there is reasonable assurance they will be received.

**Financial Instruments**

The Company's financial assets and liabilities which are initially recorded at fair value and subsequently measured based on their assigned classifications as follows:

<b>Assets/Liabilities</b>	<b>Classification</b>
Cash and cash equivalents	Amortized cost
Trade and other receivables	Amortized cost
Investments in public companies	Fair value through other comprehensive income
Investments in private companies	Fair value through profit and loss
Trade and other payables	Amortized cost
Redemption liability	Fair value through profit and loss

**Financial Assets**

All financial assets are initially measured at fair value, plus transaction costs. Transaction costs in respect of financial instruments that are classified as fair value through profit or loss are recognized in earnings immediately. Transaction costs in respect of other financial instruments are included in the initial measurement of the financial instrument.

Financial assets are classified into the following specific categories: financial assets "at fair value through profit or loss" ("FVTPL"), "fair value through other comprehensive income ("FVTOCI")" and "amortized cost". The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on re-measurement recognized in earnings. Financial assets at FVTOCI are stated at fair value, with any gains or losses arising on re-measurement recognized in other comprehensive earnings. Where financial assets at FVTOCI are derecognized, the gains or losses previously recognized in other comprehensive earnings is reclassified from other comprehensive earnings to earnings.

***Impairment of Financial Assets***

Financial assets, other than those at FVTPL and FVTOCI, are assessed for indicators of impairment at the time of initial recognition and at each reporting period. The Company measures a loss allowance based on the lifetime expected credit losses. Lifetime expected credit losses are estimated based on factors such as the Company's past experience of collecting payments, observable changes in national or local economic conditions that correlated with default on receivables, financial difficulties of the borrower, and it becoming probable that the borrow will either enter bankruptcy or financial reorganization. Financial assets are written off when there is no reasonable expectation of recovery.

For financial assets carried at amortized cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. A trade receivable is considered impaired if it is probable that a customer will not pay all amounts due. When a trade receivable is considered impaired, it is recorded in the allowance account. Subsequent recoveries of amounts are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in earnings. When there is no reasonable expectation of recovery, the trade receivable balance is written off against the allowance account.



#### *Financial Liabilities and Equity Instruments Issued by the Company*

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on re-measurement recognized in earnings. The net gain or loss recognized in earnings incorporates any interest paid on the financial liability and is included in the “other income and expenses” line item in the consolidated statements of earnings.

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

Other financial liabilities are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis.

#### **Critical Accounting 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 year. 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, allocation of the transaction price on customer contracts with multiple deliverables which are based on standalone selling prices, of the applicable deliverable or using estimation techniques where no standalone selling prices are available, 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.

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 of the number of revenue performance obligations, the allocation of transaction prices on customer contracts, 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.

#### **Operating Segments**

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components. 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 revenue from the sale of hardware and software solutions, related services, training and commissioning and long-term contracts.

#### **Changes in Accounting Policies**

##### *Lease Liability in Sale and Leaseback Transactions*

Effective May 1, 2024, the Company adopted amendments to IFRS 16, *Leases* which clarifies the subsequent measurement requirements for sale and leaseback transactions for sellers-leasees. The adoption of the amendments did not have a material impact on the consolidated financial statements of the Company.

*Presentation of Current and Non-Current Liabilities*

Effective May 1, 2024, The Company adopted amendments to IAS 1, *Presentation of Financial Statements* which clarifies the classification, presentation and disclosure requirements in the standard for current and non-current liabilities. The adoption of the amendments did not have a material impact on the consolidated financial statements of the Company.

**New and Revised IFRSs Issued but Not Yet Effective**

The following is a listing of amendments, revisions and new International Financial Reporting Standards issued but not yet effective. Unless otherwise indicated, earlier application is permitted.

*Amendments to IAS 21, The Effects of Changes in Foreign Exchange Rates*

Amendments to IAS 21, *The Effects of Changes in Foreign Exchange Rates* was issued by the IASB in August 2023, and provides guidance to specify when a currency is exchangeable and how to determine the exchange rate when it is not. The standard is effective for reporting periods beginning on or after January 1, 2025. The Company does not expect a material impact on the consolidated financial statements of the Company as a result of the amendment but has not yet finalized the analysis.

*Presentation and Disclosure in Financial Statements*

IFRS 18, *Presentation and Disclosure in Financial Statements* issues was issued by the IASB in April 2024, and replaces IAS 1, *Presentation of Financial Statements*. The standard is effective for reporting periods beginning on or after January 1, 2027. The Company has not yet determined the impact of the standard.

*Disclosure in Subsidiaries without Public Accountability*

IFRS 19, *Subsidiaries without Public Accountability: Disclosures* was issued by the IASB in May 2024, and reduces disclosure requirements within the consolidated financial statements relating to eligible subsidiaries of the Company. The standard is effective for reporting periods beginning on or after January 1, 2027. The Company does not expect a material impact on the consolidated financial statements of the Company as a result of the amendment but has not yet finalized the analysis.

**YEAR END HIGHLIGHTS**

Revenue was \$501.6 million for the year ended April 30, 2025, a decrease of \$13.0 million, compared to \$514.6 million for the year ended April 30, 2024.

For the year ended April 30, 2025, net earnings were \$59.7 million, a decrease of \$11.3 million from \$71.0 million for the year ended April 30, 2024, and fully diluted earnings per share were \$0.77, a decrease from \$0.92 for the year ended April 30, 2024.

Gross margin during the year ended April 30, 2025, was 59.5% as compared to 58.8% for the year ended April 30, 2024.

Selling and administrative expenses for the year ended April 30, 2025, was \$75.9 million as compared to the year ended April 30, 2024, of \$72.3 million. As a percentage of revenue, selling and administrative expenses totaled 15.1% for the year ended April 30, 2025, as opposed to 14.0% for the year ended April 30, 2024.

Research and development ("R&D") expenses were \$146.8 million for the year ended April 30, 2025, as compared to \$134.8 million for the year ended April 30, 2024.

Cash and cash equivalents were \$111.7 million and working capital was \$206.9 million as at April 30, 2025, compared to cash and cash equivalents of \$86.3 million, and working capital of \$201.4 million as at April 30, 2024.

## **HIGHLIGHTS FROM THE FOURTH QUARTER**

Revenue was \$127.8 million for the fourth quarter ended April 30, 2025; an increase of \$5.0 million, compared to \$122.8 million for the same period ended April 30, 2024.

For the fourth quarter ended April 30, 2025, net earnings were \$13.0 million, a decrease from \$13.9 million for the fourth quarter ended April 30, 2024. Fully diluted earnings per share were \$0.17 a decrease from \$0.18 in the fourth quarter ended April 30, 2024.

For the fourth quarter ended April 30, 2025, foreign exchange loss during the quarter was \$4.4 million, compared to a foreign exchange gain of \$2.1 million for the fourth quarter April 30, 2024. The loss was driven by a decrease in value of the US dollar compared to the Canadian dollar.

Gross margin during the fourth quarter ended April 30, 2025, was 61.7% compared to 59.2% in the fourth quarter ended April 30, 2024. The increase in the gross margin percentage was driven by a larger proportion of higher margin software solutions within the revenue mix for the fourth quarter ended April 30, 2025, compared to the fourth quarter ended April 30, 2024.

Selling and administrative expenses for the fourth quarter ended April 30, 2025, was \$20.7 million as compared to the fourth quarter ended April 30, 2024, of \$20.1 million. As a percentage of revenue, selling and administrative expenses totaled 16.2% for the fourth quarter ended April 30, 2025, compared to 16.4% in the fourth quarter ended April 30, 2024.

Research and development expenses were \$36.5 million for the fourth quarter ended April 30, 2025, as compared to \$36.7 million for the fourth quarter ended April 30, 2024.

**SELECTED CONSOLIDATED FINANCIAL INFORMATION**

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

	Year Ended April 30,		
	2025	2024	2023
Revenue	\$ 501,623	\$ 514,616	\$ 454,578
Cost of goods sold	203,118	212,173	186,320
Gross margin	298,505	302,443	268,258
Expenses			
Selling and administrative	75,858	72,274	61,518
General	5,249	4,672	4,704
Research and development	146,771	134,843	117,127
Investment tax credits	(15,626)	(14,708)	(13,415)
Share based compensation	4,959	5,120	4,662
Foreign exchange gain	(218)	(154)	(1,966)
Total operating expenses	216,993	202,047	172,630
Earnings before undernoted	81,512	100,396	95,628
Finance income	2,779	1,661	376
Finance costs	(1,567)	(1,353)	(3,718)
Net loss from investments through profit and loss	(1,283)	(2,704)	(5,364)
Other income and expenses	463	(642)	888
Earnings before income taxes	81,904	97,358	87,810
Provision for (recovery of) income taxes			
Current	24,918	26,044	25,066
Deferred	(2,781)	287	(1,811)
	22,137	26,331	23,255
Net earnings for the year	\$ 59,767	\$ 71,027	\$ 64,555
Net earnings attributable to non-controlling interest	\$ 374	\$ 857	\$ 523
Net earnings attributable to shareholders	59,393	70,170	64,032
Net earnings for the year	\$ 59,767	\$ 71,027	\$ 64,555
Earnings per share			
Basic	\$ 0.78	\$ 0.92	\$ 0.84
Diluted	\$ 0.77	\$ 0.91	\$ 0.84

**SELECTED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)****CONSOLIDATED BALANCE SHEET DATA**

		As at April 30,		
	2025	2024	2023	
Cash and cash equivalents	\$ 111,665	\$ 86,325	\$	12,468
Inventory	\$ 181,011	\$ 206,154	\$	202,479
Working capital	\$ 206,900	\$ 201,437	\$	171,428
Total assets	\$ 469,485	\$ 484,722	\$	436,652
Shareholders' equity	\$ 268,123	\$ 263,267	\$	243,099
Number of common shares outstanding:				
Basic	75,750,235	76,164,322		76,145,758
Fully-diluted	80,627,710	81,614,447		82,446,008
Weighted average number of shares outstanding:				
Basic	76,010,401	76,088,691		76,200,248
Fully-diluted	76,975,472	77,044,858		76,232,462



## CONSOLIDATED STATEMENT OF OPERATIONS DATA

	2025	2024	2023
Revenue	<b>100.0%</b>	100.0%	100.0%
Cost of goods sold	<b>40.5%</b>	41.2%	41.0%
Gross margin	<b>59.5%</b>	58.8%	59.0%
Expenses			
Selling and administrative	<b>15.1%</b>	14.0%	13.5%
General	<b>1.0%</b>	0.9%	1.0%
Research and development	<b>29.3%</b>	26.2%	25.8%
Investment tax credits	<b>(3.1%)</b>	(2.9%)	(3.0%)
Share based compensation	<b>1.0%</b>	1.0%	1.0%
Foreign exchange (gain) loss	<b>0.1%</b>	0.0%	(0.4%)
Total operating expenses	<b>43.4%</b>	39.2%	38.0%
Earnings before undernoted	<b>16.1%</b>	19.6%	21.0%
Finance income	<b>0.6%</b>	0.3%	0.0%
Finance costs	<b>(0.3%)</b>	(0.3%)	(0.7%)
Net loss on investments through profit and loss	<b>(0.3%)</b>	(0.5%)	(1.2%)
Other income and expenses	<b>0.1%</b>	(0.1%)	0.2%
Earnings before income taxes	<b>16.2%</b>	19.0%	19.3%
Provision for (recovery of) income taxes			
Current	<b>5.0%</b>	5.1%	5.5%
Deferred	<b>(0.6%)</b>	0.1%	(0.4%)
	<b>4.4%</b>	5.2%	5.1%
Net earnings for the year	<b>11.8%</b>	13.8%	14.2%
Net earnings attributable to non-controlling interest	<b>0.1%</b>	0.2%	0.1%
Net earnings attributable to shareholders	<b>11.7%</b>	13.6%	14.1%
Net earnings for the year	<b>11.8%</b>	13.8%	14.2%
Earnings per share:			
Basic	<b>\$ 0.78</b>	\$ 0.92	\$ 0.84
Diluted	<b>\$ 0.77</b>	\$ 0.91	\$ 0.84

## REVENUE AND EXPENSES

### Revenue

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

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 70% to 80% 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 a significant amount 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

		Year Ended April 30,		
(In thousands of Canadian dollars)	2025	2024	2023	
United States/Canada	\$ 374,412	\$ 338,031	\$ 337,109	
International	127,211	176,585	117,469	
	\$ 501,623	\$ 514,616	\$ 454,578	

Total revenue for the year ended April 30, 2025, was \$501.6 million, a decrease of \$13.0 million as compared to revenue of \$514.6 million for the year ended April 30, 2024. The decrease was driven by a decrease in deliveries within the international region resulting from regional unrest in the Middle East, Eastern Europe, Central Asia and Central Africa.

Revenue in the United States/Canada region was \$374.4 million for the year ended April 30, 2025, an increase of \$36.4 million or 11% when compared to revenue of \$338.0 million for the year ended April 30, 2024.

Revenue in the International region was \$127.2 million for the year ended April 30, 2025, a decrease of \$49.4 million or 28% as compared to revenue of \$176.6 million for the year ended April 30, 2024. The prior year included \$21.0 million in revenue from a non-reoccurring order in Central Asia.

### 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. Cost of sales also includes related overhead, certain depreciation, final assembly, quality assurance, inventory management, support costs as well as inventory obsolescence and write-offs. Cost of sales also includes the costs of providing services to clients, primarily the cost of service-related personnel.

**GROSS MARGIN**

		Year Ended April 30,		
(In thousands of Canadian dollars, except for percentages)		2025	2024	2023
Gross margin	\$	298,505	\$ 302,443	\$ 268,258
Gross margin % of sales		59.5%	58.8%	59.0%

Gross margin for the year ended April 30, 2025, was \$298.5 million, compared to \$302.4 million for the year ended April 30, 2024. As a percentage of revenue, the gross margin was 59.5% for the year ended April 30, 2025, compared to 58.8% for the year ended April 30, 2024.

Gross margins vary depending on the product mix, manufacturing volumes, geographic distribution, competitive pricing pressures and currency fluctuations. The sales environment continues to also be very competitive with substantial discounting in certain segments by our competition and the Company expects that it will continue to experience competitive pricing pressures.

During the prior two fiscal years, the Company had taken proactive steps to minimize the impact of global supply chain disruptions and unstable raw material lead time by increasing raw material inventory. During the year, as procurement lead times have improved and the Company has decreased total raw materials by \$14.9 million or 14% since April 30, 2024.

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

	Year Ended April 30,		
(In thousands of Canadian dollars, except for percentages)	2025	2024	2023
Selling and administrative	\$ 75,858	\$ 72,274	\$ 61,518
Selling and administrative % of sales	15.1%	14.0%	13.5%

Selling and administrative expenses excludes stock-based compensation, depreciation and amortization of intangibles. Selling and administrative expenses for the year ended April 30, 2025, were \$75.9 million or 15.1% of revenue an increase of \$3.6 million, as compared to selling and administrative expenses of \$72.3 million or 14.0% of revenue for the year ended April 30, 2024. The increase of \$3.6 million includes \$1.3 million in salary costs due to increased average headcount in the sales and sales support departments, \$0.9 million in increased trade show costs resulting from attending more shows in the year and a \$1.0 million increase from increased translation costs of US Dollar, Euro and UK Sterling denominated expenses.

### Share Based Compensation

In June 2022, the Company adopted an equity based restricted share unit plan, which was approved by shareholders on October 6, 2022, to attract, motivate and compensate persons who are integral to the growth and success of the Company. During the year ended April 30, 2025, share based compensation expense associated with the plan was \$4.7 million, compared to \$4.2 million for the year ended April 30, 2024.

## RESEARCH AND DEVELOPMENT (R&D)

	Year Ended April 30,		
(In thousands of Canadian dollars, except for percentages)	2025	2024	2023
Research and development expenses	\$ 146,771	\$ 134,843	\$ 117,127
Research and development % of sales	29.3%	26.2%	25.8%

Research and development expenses excluded stock based compensation but includes depreciation. For the year ended April 30, 2025, gross R&D expenses were \$146.8 million, an increase of \$12.0 million as compared to an expense of \$134.8 million for the year ended April 30, 2024. The increase of \$12.0 million includes a \$7.7 million increase in salary costs due to an increase in average headcount and salaries implemented over the past 24 months, a \$3.6 million increase in parts and materials, prototypes and software and a \$0.9 million increase from increased translation costs of US Dollar, Euro and UK Sterling denominated expenses.

### Investment Tax Credits

For the year ended April 30, 2025, investment tax credits were \$15.6 million compared to \$14.7 million for the year ended April 30, 2024.

### Foreign Exchange

For the year ended April 30, 2025, the foreign exchange gain was \$0.2 million, as compared to a foreign exchange gain for the year ended April 30, 2024, of \$0.2 million.

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

During the year ended April 30, 2025, a loss of \$1.3 million was incurred in relation to the impairment and disposal of a Canadian business unit that had revenues of \$0.1 million and recorded a net loss of \$0.1 million over the first ten months of fiscal 2025, prior to its disposal.

For the year ended April 30, 2025, finance income, finance costs, other income and expenses netted to a gain of \$1.6 million compared to a net loss of \$0.3 million in the year ended April 30, 2024. The current year income is driven by finance income earned on the Company's cash.

**LIQUIDITY AND CAPITAL RESOURCES****Liquidity and Capital Resources**

(In thousands of dollars except ratios)		Year Ended April 30,	
Key Balance Sheet Amounts and Ratios:		2025	2024
Cash and cash equivalents	\$	111,665	\$ 86,325
Working capital	\$	206,900	\$ 201,437
Long-term assets	\$	68,374	\$ 77,266
Days sales outstanding in accounts receivable		51	60

**Statement of Cash Flow Summary**

		Year Ended April 30,	
		2025	2024
Operating activities	\$	99,625	\$ 144,667
Investing activities	\$	(6,729)	\$ (2,262)
Financing activities	\$	(71,428)	\$ (70,211)
Net increase in cash	\$	25,340	\$ 73,857

**Operating Activities**

For the year ended April 30, 2025, the Company generated cash from operations of \$99.6 million, compared to \$144.7 million for the year ended April 30, 2024. Excluding the effects of the changes in non-cash working capital and current taxes, the Company generated cash from operations of \$79.6 million for the year ended April 30, 2025, compared to \$95.4 million for the year ended April 30, 2024.

**Investing Activities**

The Company used cash for investing activities of \$6.7 million for the year ended April 30, 2025, which was principally driven from the acquisition of capital assets for \$7.9 million, partially offset by the disposal of property plant and equipment of \$1.0 million.

**Financing Activities**

For the year ended April 30, 2025, the Company used cash from financing activities of \$71.4 million, which was principally driven by dividends paid of \$60.1 million, \$4.8 million in principle payments on capitalized leases and capital stock repurchased for \$4.9 million.

**WORKING CAPITAL**

As at April 30, 2025, the Company had cash and cash equivalents of \$111.7 million, compared to \$86.3 million in cash and cash equivalents as at April 30, 2024.

The Company had working capital of \$206.9 million as at April 30, 2025, compared to \$201.4 million as at April 30, 2024.

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 51 days at April 30, 2025, as compared to 60 for April 30, 2024.



## SHARE CAPITAL STRUCTURE

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

	Year Ended April 30,	
	2025	2024
Common shares	75,750,235	76,164,322
Stock options granted and outstanding	3,245,225	3,955,625
Restricted stock options granted and outstanding	1,632,250	1,494,500

## FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash and cash equivalents, bank indebtedness, 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 April 30, 2025.

		Payments Due by Period				
(In thousands)		Total	Less than 1 Year	2-3 Years	4-5 Years	Thereafter
Redemption liabilities	\$	3,798	\$ 3,798	\$ -	\$ -	\$ -
Lease commitments		19,207	3,511	9,059	5,266	1,371
	\$	23,005	\$ 7,309	\$ 9,059	\$ 5,266	\$ 1,371

## 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 April 30, 2025. 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)	Quarter Ending							
	2025		2024			2023		
	Apr 30	Jan 31	Oct 31	July 31	Apr 30	Jan 31	Oct 31	July 31
Hardware revenue	<b>\$ 71,673</b>	\$ 81,199	\$ 70,477	\$ 55,711	\$ 75,057	\$ 82,840	\$ 86,470	\$ 81,378
Recurring software, services and other software revenue	<b>56,132</b>	55,717	54,783	55,932	47,713	52,438	44,279	44,441
Revenue	<b>\$ 127,805</b>	\$ 136,916	\$ 125,260	\$ 111,643	\$ 122,770	\$ 135,278	\$ 130,749	\$ 125,819
Cost of goods sold	<b>48,920</b>	57,818	50,999	45,381	50,115	55,545	52,730	53,783
Gross margin	<b>\$ 78,885</b>	\$ 79,098	\$ 74,261	\$ 66,262	\$ 72,655	\$ 79,733	\$ 78,019	\$ 72,036
Operating expenses	<b>59,481</b>	50,990	52,869	53,653	53,114	53,335	45,869	49,729
Earnings from operations	<b>\$ 19,404</b>	\$ 28,108	\$ 21,392	\$ 12,609	\$ 19,541	\$ 26,398	\$ 32,150	\$ 22,307
Non-operating income	<b>(826)</b>	49	564	606	28	(436)	(2,204)	(426)
Earnings before taxes	<b>\$ 18,578</b>	\$ 28,156	\$ 21,955	\$ 13,215	\$ 19,569	\$ 25,962	\$ 29,946	\$ 21,881
Net earnings	<b>\$ 13,005</b>	\$ 20,915	\$ 15,804	\$ 9,669	\$ 13,764	\$ 18,722	\$ 22,093	\$ 15,593
Net earnings per share:								
Basic	<b>\$ 0.17</b>	\$ 0.28	\$ 0.21	\$ 0.13	\$ 0.18	\$ 0.25	\$ 0.29	\$ 0.20
Diluted	<b>\$ 0.17</b>	\$ 0.27	\$ 0.21	\$ 0.13	\$ 0.18	\$ 0.24	\$ 0.29	\$ 0.20
Dividends per share	<b>\$ 0.20</b>	\$ 0.20	\$ 0.195	\$ 0.195	\$ 0.195	\$ 0.195	\$ 0.19	\$ 0.19

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 April 30, 2025. Management has concluded that, as of April 30, 2025, 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 April 30, 2025, 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, 2025, 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. 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**

Note that the outlook does not incorporate any potential impact from the U.S. tariffs announced this year on products imported from Canada or the retaliatory Canadian tariffs imposed on Canadian imports from the U.S. The Company has minimized its exposure to current U.S and Canadian tariffs as the Company has manufacturing capabilities in Canada and the U.S and the majority of the products sold by the Company are USMCA compliant.

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

# INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Evertz Technologies Limited

## OPINION

We have audited the consolidated financial statements of Evertz Technologies Limited and its subsidiaries (the "Company"), which comprise the consolidated statement of financial position as at April 30, 2025 and 2024, and the consolidated statements of earnings, comprehensive earnings, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at April 30, 2025 and 2024, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards and International Accounting Standards as issued by the International Accounting Standards Board ("IASB") and Interpretations (collectively "IFRS Accounting Standards").

## BASIS FOR OPINION

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

## REVENUE RECOGNITION

### Description of the Key Audit Matter

The Company generates revenue through the sale of hardware, software solutions, services, warranty as well as a combination of these revenue streams. The Company's contracts with customers involve multiple performance obligations. Determining whether the products and services represent distinct performance obligations, the allocation of the transaction fee to the performance obligations and, for certain performance obligations in certain arrangements, whether to recognize revenue at a point in time or over time may require significant management judgment.

We identified revenue recognition as a key audit matter. Significant auditor judgment and effort, involving more senior professionals, was required to evaluate the results of our audit procedures regarding the Company's significant judgments in identifying distinct performance obligations and whether to recognize the related revenue over time or at a point in time.

Please refer to note 2 Material Accounting Policies and note 15 Revenue to the consolidated financial statements.

### **How the Key Audit Matter Was Addressed in the Audit**

Our audit procedures to address the Key Audit Matter included, but were not limited to, the following:

- Obtaining, reading and understanding the terms of a sample of contracts entered into during the year.
- For a sample of revenue transactions recognized during the year, we performed the following:
  - We agreed key contractual terms back to signed contracts, including contract amendments and correspondence with customers, where applicable;
  - Assessed the Company's determination of the distinct performance obligation by examining the contract source documents;
  - We assessed the Company's determination of the allocation of the transaction fee to the performance obligation based on the standalone selling price for the performance obligation; and
  - We obtained evidence of the Company's satisfaction of the performance obligation to the customers and assessed the Company's determination of whether to recognize the related revenues over time or at a point in time based on the terms of the agreements and the nature of the performance obligation rendered.

### **OTHER INFORMATION**

Management is responsible for the other information. The other information comprises:

- The information, other than the consolidated financial statements and our auditor's report thereon, included in the Annual Report, and
- The information included in the Management Discussion and Analysis, and Press Release.

Our opinion on the consolidated financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained the Management Discussion and Analysis, and Press Release prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

The Annual Report is expected to be made available to us after the date of the auditor's report. If, based on the work we will perform on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact to those charged with governance.

### **RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

## **AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Company as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Jamie Barron.

*BDO Canada LLP*

**CHARTERED PROFESSIONAL ACCOUNTANTS, LICENSED PUBLIC ACCOUNTANTS**

Oakville, Ontario  
June 25, 2025



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# CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As at April 30, 2025 and April 30, 2024

(In thousands of Canadian dollars)	April 30, 2025	April 30, 2024
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 111,665	\$ 86,325
Trade and other receivables (note 3)	71,743	84,350
Contract assets	15,568	12,554
Prepaid expenses	9,677	11,179
Inventories (note 4)	181,011	206,154
Income tax receivable (note 27)	1,649	-
	<b>391,313</b>	400,562
Property, plant and equipment (note 5)	32,211	34,384
Right-of-use assets (note 6)	15,816	20,432
Goodwill (note 7)	20,001	21,352
Intangibles (note 8)	346	1,098
Deferred income taxes (note 27)	9,798	6,894
	<b>\$ 469,485</b>	\$ 484,722
<b>LIABILITIES</b>		
Current liabilities		
Trade and other payables	\$ 67,982	\$ 63,249
Provisions (note 10)	5,269	4,946
Current portion of deferred revenue	101,035	117,913
Current portion of lease obligations (note 11)	5,091	4,296
Redemption liability (note 13)	3,798	3,811
Income tax payable (note 27)	-	3,226
	<b>183,175</b>	197,441
Long-term deferred revenue	1,238	1,684
Long-term lease obligations (note 11)	13,781	18,920
	<b>198,194</b>	218,045
<b>EQUITY</b>		
Capital stock (note 14)	144,978	145,721
Share based payment reserve	24,195	19,246
Accumulated other comprehensive earnings	6,568	1,197
Retained earnings	92,382	97,103
	<b>98,950</b>	98,300
Total equity attributable to shareholders	<b>268,123</b>	263,267
Non-controlling interest (note 24)	3,168	3,410
	<b>271,291</b>	266,677
	<b>\$ 469,485</b>	\$ 484,722

See accompanying notes to the consolidated financial statements.

# CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Years ended April 30, 2025 and 2024

(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, 2023</b>	<b>\$ 143,344</b>	<b>\$ 14,697</b>	<b>\$ (2,402)</b>	<b>\$ 87,460</b>	<b>\$ 243,099</b>	<b>\$ 2,985</b>	<b>\$ 246,084</b>
Net earnings for the year	-	-	-	70,170	70,170	857	71,027
Unrealized loss on an FVTOCI investments, net of tax	-	-	(1,131)	-	(1,131)	-	(1,131)
Transfer of earnings on disposal of investments	-	-	2,704	-	2,704	-	2,704
Foreign currency translation adjustment	-	-	2,026	-	2,026	(32)	1,994
Total comprehensive earnings for the year	\$ -	\$ -	\$ 3,599	\$ 70,170	\$ 73,769	\$ 825	\$ 74,594
Dividends declared	-	-	-	(58,596)	(58,596)	(400)	(58,996)
Issued on exercise of employee stock options	2,456	-	-	-	2,456	-	2,456
Transfer of stock options	260	(260)	-	-	-	-	-
Share based compensation expense	-	4,809	-	-	4,809	-	4,809
Repurchase of common shares	(339)	-	-	(1,931)	(2,270)	-	(2,270)
<b>Balance at April 30, 2024</b>	<b>\$ 145,721</b>	<b>\$ 19,246</b>	<b>\$ 1,197</b>	<b>\$ 97,103</b>	<b>\$ 263,267</b>	<b>\$ 3,410</b>	<b>\$ 266,677</b>
Net earnings for the year	-	-	-	59,393	59,393	374	59,767
Foreign currency translation adjustment	-	-	5,371	-	5,371	134	5,505
Total comprehensive earnings for the year	\$ -	\$ -	\$ 5,371	\$ 59,393	\$ 64,764	\$ 508	\$ 65,272
Dividends declared	-	-	-	(60,054)	(60,054)	(750)	(60,804)
Issued on exercise of employee stock options (note 14)	49	-	-	-	49	-	49
Transfer of stock options (note 14)	4	(4)	-	-	-	-	-
Share based compensation expense (note 19)	-	4,953	-	-	4,953	-	4,953
Repurchase of common shares (note 14)	(796)	-	-	(4,060)	(4,856)	-	(4,856)
<b>Balance at April 30, 2025</b>	<b>\$ 144,978</b>	<b>\$ 24,195</b>	<b>\$ 6,568</b>	<b>\$ 92,382</b>	<b>\$ 268,123</b>	<b>\$ 3,168</b>	<b>\$ 271,291</b>

See accompanying notes to the consolidated financial statements.

# CONSOLIDATED STATEMENTS OF EARNINGS

Years ended April 30

(In thousands of Canadian dollars, except per share amounts)	2025	2024
Revenue (notes 15 and 22)	\$ 501,623	\$ 514,616
Cost of goods sold	203,118	212,173
Gross margin	298,505	302,443
Expenses		
Selling, administrative and general (note 16)	81,604	77,494
Research and development (note 17)	151,233	139,415
Investment tax credits	(15,626)	(14,708)
Foreign exchange gain	(218)	(154)
	216,993	202,047
	81,512	100,396
Finance income	2,779	1,661
Finance costs	(1,567)	(1,353)
Net loss on investments through profit and loss (note 9)	(1,283)	(2,704)
Other income (expenses)	463	(642)
Earnings before income taxes	81,904	97,358
Provision for (recovery of) income taxes		
Current (note 27)	24,918	26,044
Deferred (note 27)	(2,781)	287
	22,137	26,331
Net earnings for the year	\$ 59,767	\$ 71,027
Net earnings attributable to non-controlling interest (note 24)	\$ 374	\$ 857
Net earnings attributable to shareholders	59,393	70,170
Net earnings for the year	\$ 59,767	\$ 71,027
Earnings per share (note 26)		
Basic	\$ 0.78	\$ 0.92
Diluted	\$ 0.77	\$ 0.91

See accompanying notes to the consolidated financial statements.

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE EARNINGS

Years ended April 30

(In thousands of Canadian dollars)	<b>2025</b>		2024
Net earnings for the year	\$	<b>59,767</b>	\$ 71,027
Other comprehensive earnings (loss)			
Items that may or will be reclassified to earnings:			
Unrealized loss on investments, net of tax (note 9)		-	(1,131)
Reclassification to net earnings for loss on sale of			
FVTOCI investments, net of tax (note 9)		-	2,704
Foreign currency translation adjustment		<b>5,505</b>	1,994
Comprehensive earnings	\$	<b>65,272</b>	\$ 74,594
Comprehensive earnings attributable to non-controlling interest	\$	<b>508</b>	\$ 825
Comprehensive earnings attributable to shareholders		<b>64,764</b>	73,769
Comprehensive earnings	\$	<b>65,272</b>	\$ 74,594

See accompanying notes to the consolidated financial statements.

# CONSOLIDATED STATEMENTS OF CASH FLOWS

Years ended April 30

(In thousands of Canadian dollars)	2025	2024
Operating activities		
Net earnings for the year	\$ 59,767	\$ 71,027
Add: Items not involving cash		
Depreciation of property, plant and equipment (note 5)	10,337	9,721
Amortization of right-of-use assets (note 6)	4,986	4,658
Amortization of intangibles (note 8)	767	1,028
Gain on disposal of property, plant and equipment (note 5)	(678)	(84)
Realized loss on investments (note 9)	1,283	2,704
Share-based compensation (note 19)	4,954	4,809
Interest expense	985	1,247
Deferred income tax expense (note 27)	(2,781)	287
	79,620	95,397
Current tax expenses, net of investment tax credits (note 27)	9,292	11,381
Income taxes paid	(13,357)	(15,530)
Changes in non-cash working capital items (note 18)	24,070	53,426
Cash provided by operating activities	99,625	144,674
Investing activities		
Proceeds from disposal of business unit (note 9)	200	-
Acquisition of property, plant and equipment (note 5)	(7,945)	(9,559)
Proceeds from disposal of property, plant and equipment (note 5)	1,016	114
Proceeds from disposal of investments (note 9)	-	7,183
Cash used in investing activities	(6,729)	(2,262)
Financing activities		
Repayment of credit facility (note 12)	-	(5,928)
Principal payments of lease liabilities (note 11)	(4,820)	(4,326)
Interest paid	(998)	(1,147)
Dividends paid	(60,054)	(58,596)
Dividends paid by subsidiaries to non-controlling interests	(749)	(400)
Capital stock repurchased (note 14)	(4,856)	(2,270)
Capital stock issued (note 14)	49	2,456
Cash used in financing activities	(71,428)	(70,211)
Effect of exchange rates on cash and cash equivalents	3,872	1,656
Increase in cash and cash equivalents	25,340	73,857
Cash and cash equivalents at beginning of year	86,325	12,468
Cash and cash equivalents at end of year	\$ 111,665	\$ 86,325

See accompanying notes to the consolidated financial statements.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Years ended April 30, 2025 and 2024

(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 consolidated financial statements have been prepared in accordance with International Financial Reporting Standards and International Accounting Standards as issued by the International Accounting Standards Board (“IASB”) and Interpretations (collectively “IFRS” Accounting Standards).

These consolidated financial statements were authorized for issue by the Board of Directors on June 25, 2025.

## 2. MATERIAL ACCOUNTING POLICIES

### Basis of Measurement

These financial statements have been prepared on the historical cost basis except for certain financial assets and liabilities which are stated at fair value. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

### Functional and Presentation Currency

These financial statements are presented in Canadian dollars, which is the Company’s parent company functional currency. Each subsidiary of the Company determines its own functional currency based on the primary economic environment in which the subsidiary operates. All financial information presented in Canadian dollars has been rounded to the nearest thousand, except per share amounts.

### Basis of Consolidation

These financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has power over an entity, has exposure or rights to variable returns from its involvement with the entity and has the ability to use its power over the entity to affect the amount of the investor’s returns.

The results of subsidiaries acquired or disposed of are included in the consolidated statements of earnings and comprehensive earnings from the effective date of acquisition of control and up to the effective date of disposal of control, as appropriate. Total comprehensive earnings of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

All intra-Company transactions, balances, income and expenses are eliminated in full consolidation.

### Revenue Recognition

Revenue is measured using a five-step recognition model which includes; 1) identifying the contract(s) with the customer; 2) identifying the separate performance obligations in the contract; 3) determining the transaction price; 4) allocating the transaction price to separate performance obligations; and 5) recognizing revenue when (or as) each performance obligation is satisfied.

#### Step 1: Identifying the contract

Before recognizing revenue, the Company reviews customer contracts to ensure each party’s rights and payment terms are identified, there is commercial substance, and that it is probable that the Company will collect the consideration in exchange for the goods or services as stated in the contract. The Company may enter into multiple contracts with the same customer. The Company uses judgement in evaluating whether various contracts are interrelated, which includes considerations as to whether they were negotiated as a package with a single commercial objective, whether the amount of consideration on one contract is dependent on the performance of the other contract, or if some or all goods and services in the contracts are a single performance obligation.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New arrangements with existing customers can either be treated as a new contract or the modification of prior contracts with the customer. The Company uses judgment in making this determination, considering whether there is a connection between the new arrangement and the pre-existing contract, whether the goods and services under the new arrangement are highly interrelated with the goods and services sold under prior contracts, and how the goods and services under the new arrangement are priced. In determining whether a transaction price represents a contract modification or a change in variable consideration, the Company examines whether the change in price results from changing the contract or from applying unchanged existing contract provisions.

### *Step 2: Identifying performance obligations*

The Company regularly sells hardware and software solutions with related services. Software solutions including both, right to access and right to use term based and perpetual licenses and stand-alone software solutions services. Services include training and commissioning, warranty, maintenance and support and other professional services. A customer contract typically lists items separately with distinct item descriptions, quantities, and prices. If a contract contains a bundle of items priced together at a single price, the Company analyzes the contract to identify distinct performance obligations within the bundle. The Company uses judgment in determining whether a good or service, such as commissioning is considered separate performance obligations or are combined into one distinct performance obligation.

### *Step 3: Determining the transaction price*

Transaction prices are typically the prices stated on the purchase orders or contracts, net of discounts. The Company reviews customer contracts for any variable considerations, existence of significant financing components and payables to customers, and adjusts transaction prices accordingly. Variable consideration is estimated and included in the transaction price based on the most likely amount to be received. The Company does not account for significant financing components if the period between when the Company transfers the promised goods or services to the customer and when the customer pays for those goods or services is one year or less.

### *Step 4: Allocating the transaction price to performance obligations*

If a customer contract includes multiple performance obligations, the transaction price is allocated to each performance obligation based on its relative stand-alone selling price. If a stand-alone selling price is not directly observable, the Company estimates the stand-alone selling price of individual elements, based on prices at which the deliverable is regularly sold on a stand-alone basis after considering specific discounts where appropriate.

### *Step 5: Recognizing revenue upon satisfaction of performance obligations*

The timing of revenue recognition is based on when a customer obtains control of the asset. Control of an asset refers to the ability to direct the use of, and obtain substantially all of the remaining benefits from, the asset. Control includes the ability to prevent other entities from directing the use of, and obtaining the benefits from, an asset. The Company reviews customer contracts and the nature of the performance obligations to determine if a performance obligation is satisfied over time or at a point in time, and recognizes revenue accordingly.

Revenue from sales of hardware are recognized upon shipment, provided that the significant risks and rewards of ownership have been transferred to the customer, the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold, revenue can be reliably measured and its probable that the economic benefits will flow to the Company.

Revenue from software solutions are recognized either over a period of time or at a point in time depending on the contractual terms of the contract identified and the specific performance obligations identified therein. For performance obligations recognized at a point in time, revenue is recognized following the transfer of control or the Company has objective evidence that criteria for acceptance has been satisfied. For performance obligations satisfied over time, the Company measures the progress using the output method, measuring progress toward satisfaction of the performance obligation.

Revenue from services is recognized as services are performed and warranty and maintenance revenue is recognized ratably over the period of service.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

Years ended April 30, 2025 and 2024 (In thousands of Canadian dollars, except for "number of common shares", "number of options" and "per share" information)

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Certain of the Company's hardware and software solutions contracts are long-term in nature, and the Company measures the progress using either an input or output method, depending on which yields the most reliable estimate. For construction type contracts, where estimated total costs and the outcome of the contract can be assessed reliably, the Company recognizes revenue over time, based on costs incurred relative to the estimated total contract costs. When the outcome of the contract cannot be assessed reliably, contract costs incurred are immediately expensed and revenue is recognized only to the extent that costs are considered likely to be recovered. For software solutions that require significant customization, where the direct measurement of value to the customer results in the best estimate and criteria for recognition over time is met, the Company recognizes revenue over time based on value provided to the customer to date. Revenue recognized in excess of billings are recorded as contract assets, while billings in excess of revenue recognized is recorded as deferred revenue.

Customer contracts have a variety of different payment terms. Contract assets are recognized when revenue is recognized in excess of billings or when the Company has a right to consideration and that right is conditional to something other than the passage of time. Contract assets are subsequently transferred to accounts receivable when the right to payment becomes unconditional. This usually occurs when the Company issues an invoice to the customer. Contract assets are adjusted for expected credit losses.

Contract assets are adjusted for expected credit losses, which are estimated based on factors such as the Company's past experience of collecting payments from the applicable customer, observable changes in national or local economic conditions that correlated with default on contract assets, financial difficulties of the customer, and it becoming probable that the borrow will either enter bankruptcy or financial reorganization.

Deferred revenue relates to advance consideration received from customers in excess of revenue recognized under the contract. Deferred revenue has been classified as long-term where the contractual obligations relating to the consideration are required to be provided by the Company more than one year from the presentation date. During the year, the Company recognized \$74,547 in revenue that was recognized as deferred revenue at the beginning of the year (2024 - \$49,936).

#### Finance Income

Interest income is recognized when it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably. Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

#### Cash and Cash Equivalents

Cash and cash equivalents include cash on hand and in the bank.

#### Inventories

Inventories consist of raw materials and supplies, work in progress and finished goods. Inventories are stated at the lower of cost and net realizable value. Cost is determined on a weighted average basis and includes raw materials, the cost of direct labour applied to the product and the overhead expense.

Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

#### Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any recognized impairment loss. Where the costs of certain components of an item of property, plant and equipment are significant in relation to the total cost of the item, they are accounted for and depreciated separately. Depreciation expense is calculated based on depreciable amounts which is the cost of an asset less residual value and is recognized in earnings on a straight-line basis over the estimated useful life of the related asset. Borrowing costs are capitalized to the cost of qualifying assets that take a substantial period of time to be ready for their intended use.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The estimated useful lives are as follows:

ASSET	BASIS	RATE
Office furniture and equipment	Straight-line	10 years
Research and development equipment	Straight-line	5 years
Machinery and equipment	Straight-line	5 - 15 years
Leaseholds	Straight-line	5 years
Building	Straight-line	10 - 40 years
Airplanes	Straight-line	10 - 20 years

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in earnings.

The Company reviews the residual value, estimated useful life and the depreciation method at least annually.

### Impairment of Non-Financial Assets

Goodwill is tested for impairment annually, or whenever events or changes in circumstances indicate that the carrying amount may be more than its recoverable amount. At each reporting period, the Company reviews the carrying amounts of its other non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash inflows that are largely independent from other assets, the Company estimates the recoverable amount of the cash-generating unit ("CGU") to which the asset belongs. Goodwill is allocated to a group of CGU's based on the level at which it is monitored for internal reporting purposes.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or CGU is estimated to be less than its carrying amount, the carrying amount of the asset or CGU is reduced to its recoverable amount. An impairment loss relating to a CGU to which goodwill has been allocated, is allocated to the carrying amount of the goodwill first. An impairment loss is recognized immediately in earnings.

An impairment loss in respect of goodwill is not reversed. Where an impairment loss subsequently reverses for other non-financial assets, the carrying amount of the asset or CGU is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset or CGU in prior years. A reversal of an impairment loss is recognized immediately in earnings.

### Intangible Assets

#### *Intangible Assets*

Intangible assets represent intellectual property acquired through business acquisitions and are recorded at cost less any impairment loss and are amortized using the straight-line method over a five-year period. The estimated useful life and amortization method are reviewed at the end of each reporting period.

#### *Research and Development*

All research and development expenditures are expensed as incurred unless a development project meets the criteria for capitalization. Development expenditures are capitalized only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Company intends to and has sufficient resources to complete development and to use or sell the asset. No internally generated intangible assets have been recognized to date.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

Years ended April 30, 2025 and 2024 (In thousands of Canadian dollars, except for "number of common shares", "number of options" and "per share" information)

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Research and development expenditures are recorded gross of investment tax credits and related government grants. Investment tax credits for scientific research and experimental development are recognized in the period the qualifying expenditures are incurred if there is reasonable assurance that they will be realized.

#### Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

#### Leasing

At inception of a contract, the Company assesses whether that contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company records a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, consisting of the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or restore the site on which it is located; less any lease incentives received.

The right-of-use asset is depreciated on a straight-line basis over the lease term. The lease term consists of the non-cancellable period of the lease; periods covered by options to extend the lease, where the Company is reasonably certain to exercise the option; and periods covered by options to terminate the lease, where the Company is reasonably certain not to exercise the option. The right-of-use asset is adjusted for remeasurement of lease liabilities resulting from a change in future lease payments arising from a change in rate or a change in the assessment of whether an extension or termination options will be exercised.

The lease liability is initially measured at the present value of lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. The Company generally use their incremental borrowing rate as the interest rate implicit in our leases cannot be readily determined. The lease liability is subsequently measured at amortized cost using the effective interest rate method. After the commencement date, the lease liability is remeasured if there is a modification, including a change in the lease term. Certain leases require us to make payments that relate to property taxes, insurance, and other non-rental costs. These non-rental costs are typically variable and are not included in the calculation of the right-of-use asset or lease liability.

#### Foreign Currency Translation

The individual financial statements of each subsidiary entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each group entity are presented in Canadian dollars ("CDN"), which is the functional currency of the parent Company and the presentation currency for the financial statements.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences are recognized in earnings in the period in which they arise. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Company's foreign operations are expressed in Canadian dollars using exchange rates prevailing at the end of the reporting period. Income and expense items are translated at the average exchange rates for the period. Foreign currency gains and losses are recognized in other comprehensive earnings. The relevant amount in cumulative foreign currency translation adjustment is reclassified into earnings upon disposition or partial disposition of a foreign operation and attributed to non-controlling interests as appropriate.

### Income Taxes

#### *Current Tax*

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net earnings as reported in the statement of earnings because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the statement of financial position date.

#### *Deferred Tax*

Deferred tax is the tax expected to be payable or recoverable on unused tax losses and credits, as well as differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which unused tax losses, credits and other deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realized. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is charged or credited to earnings, except when it relates to items charged or credited directly to other comprehensive earnings or equity, in which case the deferred tax is also dealt with in other comprehensive earnings or equity.

### Share Based Compensation

Equity settled share based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity settled share based transactions are set out in note 19.

The fair value determined at the grant date of the equity settled share based payments is expensed on a straight-line basis over the vesting period of the option based on the Company's estimate of the number of equity instruments that will eventually vest. At each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognized in earnings such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to share based payment reserve.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

Years ended April 30, 2025 and 2024 (In thousands of Canadian dollars, except for "number of common shares", "number of options" and "per share" information)

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash settled share based compensation to employees, including restricted share units, or others providing similar services are measured at the fair value of the instruments at the grant date. The fair value is recognized as an expense with a corresponding increase in liabilities, both over the vesting period of the option grant. At each reporting period, the Company revises its estimate of fair value and the number of instruments expected to vest. The impact of the revision of the original estimates, if any, is recognized in earnings such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to liabilities.

#### Earnings Per Share

The Company presents basic and diluted earnings per share ("EPS") data for its common shares. Basic EPS is calculated by dividing the net earnings attributable to shareholders by the weighted average number of common shares outstanding during the period. Diluted EPS is determined by adjusting the net earnings attributable to shareholders and the weighted average number of common shares outstanding for the effects of all potentially dilutive common shares, which is comprised of share options granted to employees with an exercise price below the average market price.

#### Finance Costs

Finance costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other finance costs are recognized in earnings in the period in which they are incurred.

#### Investment Tax Credits

The Company is entitled to investment tax credits, which are earned as a percentage of eligible research and development expenditures incurred in each taxation year. Investment tax credits relate entirely to the Company's research and development expenses in the consolidated statements of earnings but are presented separately in the consolidated statements of earnings for information purposes. Investment tax credits are recognized and recorded within income tax receivable or as a reduction of income tax payable, when there is reasonable assurance they will be received.

#### Financial Instruments

The Company's financial assets and liabilities which are initially recorded at fair value and subsequently measured based on their assigned classifications as follows:

Assets/Liabilities	Classification
Cash and cash equivalents	Amortized cost
Trade and other receivables	Amortized cost
Investments in public companies	Fair value through other comprehensive income
Investments in private companies	Fair value through profit and loss
Trade and other payables	Amortized cost
Redemption liability	Fair value through profit and loss

#### Financial Assets

All financial assets are initially measured at fair value, plus transaction costs. Transaction costs in respect of financial instruments that are classified as fair value through profit or loss are recognized in earnings immediately. Transaction costs in respect of other financial instruments are included in the initial measurement of the financial instrument.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial assets are classified into the following specific categories: financial assets “at fair value through profit or loss” (“FVTPL”), “fair value through other comprehensive income (“FVTOCI”)” and “amortized cost”. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on re-measurement recognized in earnings. Financial assets at FVTOCI are stated at fair value, with any gains or losses arising on re-measurement recognized in other comprehensive earnings. Where financial assets at FVTOCI are derecognized, the gains or losses previously recognized in other comprehensive earnings is reclassified from other comprehensive earnings to earnings.

### *Impairment of Financial Assets*

Financial assets, other than those at FVTPL and FVTOCI, are assessed for indicators of impairment at the time of initial recognition and at each reporting period. The Company measures a loss allowance based on the lifetime expected credit losses. Lifetime expected credit losses are estimated based on factors such as the Company’s past experience of collecting payments, observable changes in national or local economic conditions that correlated with default on receivables, financial difficulties of the borrower, and it becoming probable that the borrower will either enter bankruptcy or financial reorganization. Financial assets are written off when there is no reasonable expectation of recovery.

For financial assets carried at amortized cost, the amount of the impairment is the difference between the asset’s carrying amount and the present value of estimated future cash flows, discounted at the financial asset’s original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. A trade receivable is considered impaired if it is probable that a customer will not pay all amounts due. When a trade receivable is considered impaired, it is recorded in the allowance account. Subsequent recoveries of amounts are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in earnings. When there is no reasonable expectation of recovery, the trade receivable balance is written off against the allowance account.

### *Financial Liabilities and Equity Instruments Issued by the Company*

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on re-measurement recognized in earnings. The net gain or loss recognized in earnings incorporates any interest paid on the financial liability and is included in the “other income and expenses” line item in the consolidated statements of earnings.

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

Other financial liabilities are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis.

### **Critical Accounting 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 year. 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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

Years ended April 30, 2025 and 2024 (In thousands of Canadian dollars, except for "number of common shares", "number of options" and "per share" information)

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

timing of cash flows expected to be received, allocation of the transaction price on customer contracts with multiple deliverables which are based on standalone selling prices, of the applicable deliverable or using estimation techniques where no standalone selling prices are available, 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.

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 of the number of revenue performance obligations, the allocation of transaction prices on customer contracts, 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.

#### *Operating Segments*

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components. 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 revenue from the sale of hardware and software solutions, related services, training and commissioning and long-term contracts.

#### **Changes in Accounting Policies**

##### *Lease Liability in Sale and Leaseback Transactions*

Effective May 1, 2024, the Company adopted amendments to IFRS 16, *Leases* which clarifies the subsequent measurement requirements for sale and leaseback transactions for sellers-leasees. The adoption of the amendments did not have a material impact on the consolidated financial statements of the Company.

##### *Presentation of Current and Non-Current Liabilities*

Effective May 1, 2024, The Company adopted amendments to IAS 1, *Presentation of Financial Statements* which clarifies the classification, presentation and disclosure requirements in the standard for current and non-current liabilities. The adoption of the amendments did not have a material impact on the consolidated financial statements of the Company.

#### **New and Revised IFRSs Issued but Not Yet Effective**

The following is a listing of amendments, revisions and new International Financial Reporting Standards issued but not yet effective. Unless otherwise indicated, earlier application is permitted.

##### *Amendments to IAS 21, The Effects of Changes in Foreign Exchange Rates*

Amendments to IAS 21, *The Effects of Changes in Foreign Exchange Rates* was issued by the IASB in August 2023, and provides guidance to specify when a currency is exchangeable and how to determine the exchange rate when it is not. The standard is effective for reporting periods beginning on or after January 1, 2025. The Company does not expect a material impact on the consolidated financial statements of the Company as a result of the amendment but has not yet finalized the analysis.

##### *Presentation and Disclosure in Financial Statements*

IFRS 18, *Presentation and Disclosure in Financial Statements* issues was issued by the IASB in April 2024, and replaces IAS 1, *Presentation of Financial Statements*. The standard is effective for reporting periods beginning on or after January 1, 2027. The Company has not yet determined the impact of the standard.



## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### *Disclosure in Subsidiaries without Public Accountability*

IFRS 19, *Subsidiaries without Public Accountability: Disclosures* was issued by the IASB in May 2024, and reduces disclosure requirements within the consolidated financial statements relating to eligible subsidiaries of the Company. The standard is effective for reporting periods beginning on or after January 1, 2027. The Company does not expect a material impact on the consolidated financial statements of the Company as a result of the amendment but has not yet finalized the analysis.

## 3. TRADE AND OTHER RECEIVABLES

	2025		2024	
Trade receivables, net of allowances	\$	69,153	\$	81,742
Other receivables		2,590		2,608
	\$	71,743	\$	84,350

## 4. INVENTORIES

	2025		2024	
Finished goods	\$	51,295	\$	58,588
Raw material and supplies		95,084		109,750
Work in progress		34,632		37,816
	\$	181,011	\$	206,154

Cost of sales for the year ended April 30, 2025, included \$170,058 of inventory (2024 - \$179,482) and \$9,960 of inventory write-offs (2024 - \$7,507).

## 5. PROPERTY, PLANT AND EQUIPMENT

	April 30, 2025			April 30, 2024		
	Cost	Accumulated Depreciation	Carrying Amount	Cost	Accumulated Depreciation	Carrying Amount
Office furniture and equipment	\$ 5,614	\$ 4,090	\$ 1,524	\$ 5,387	\$ 4,168	\$ 1,219
Research and development equipment	38,037	31,595	6,442	35,590	28,610	6,980
Airplanes	10,490	9,831	659	11,854	10,740	1,114
Machinery and equipment	77,620	66,164	11,456	73,978	60,974	13,004
Leaseholds	10,723	8,318	2,405	10,240	7,581	2,659
Land	2,262	-	2,262	2,252	-	2,252
Buildings	11,555	4,092	7,463	10,864	3,708	7,156
	\$ 156,301	\$ 124,090	\$ 32,211	\$ 150,165	\$ 115,781	\$ 34,384



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

Years ended April 30, 2025 and 2024 (In thousands of Canadian dollars, except for "number of common shares", "number of options" and "per share" information)

### 5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Office furniture and equip- ment	Research and develop- ment equip- ment	Airplanes	Machin- ery and equip- ment	Lease- holds	Land	Build- ings	Total
<b>Cost</b>								
<b>Balance as at April 30, 2023</b>	<b>\$ 5,169</b>	<b>\$ 34,008</b>	<b>\$ 11,599</b>	<b>\$ 69,811</b>	<b>\$ 9,570</b>	<b>\$ 2,276</b>	<b>\$ 10,984</b>	<b>\$ 143,417</b>
Additions	264	1,909	255	6,451	667	-	13	9,559
Foreign exchange adjustments	(7)	311	-	(1,464)	3	(24)	(133)	(1,314)
Disposals	(39)	(638)	-	(820)	-	-	-	(1,497)
<b>Balance as at April 30, 2024</b>	<b>\$ 5,387</b>	<b>\$ 35,590</b>	<b>\$ 11,854</b>	<b>\$ 73,978</b>	<b>\$ 10,240</b>	<b>\$ 2,252</b>	<b>\$ 10,864</b>	<b>\$ 150,165</b>
Additions	247	2,131	250	4,301	479	-	537	7,945
Foreign exchange adjustments	480	316	-	(163)	4	10	154	801
Disposals	(500)	-	(1,614)	(496)	-	-	-	(2,610)
<b>Balance as at April 30, 2025</b>	<b>\$ 5,614</b>	<b>\$ 38,037</b>	<b>\$ 10,490</b>	<b>\$ 77,620</b>	<b>\$ 10,723</b>	<b>\$ 2,262</b>	<b>\$ 11,555</b>	<b>\$ 156,301</b>
<b>Accumulated Depreciation</b>								
<b>Balance as at April 30, 2023</b>	<b>\$ 3,589</b>	<b>\$ 27,086</b>	<b>\$ 10,263</b>	<b>\$ 56,937</b>	<b>\$ 7,086</b>	<b>\$ -</b>	<b>\$ 3,726</b>	<b>\$ 108,687</b>
Depreciation for the year	625	3,087	609	4,851	495	-	53	9,720
Foreign exchange adjustments	(9)	(929)	(132)	(13)	-	-	(71)	(1,154)
Disposals	(37)	(634)	-	(801)	-	-	-	(1,472)
<b>Balance as at April 30, 2024</b>	<b>\$ 4,168</b>	<b>\$ 28,610</b>	<b>\$ 10,740</b>	<b>\$ 60,974</b>	<b>\$ 7,581</b>	<b>\$ -</b>	<b>\$ 3,708</b>	<b>\$ 115,781</b>
Depreciation for the year	353	2,939	533	5,391	737	-	384	10,337
Foreign exchange adjustments	69	46	-	128	-	-	-	243
Disposals	(500)	-	(1,442)	(329)	-	-	-	(2,271)
<b>Balance as at April 30, 2025</b>	<b>\$ 4,090</b>	<b>\$ 31,595</b>	<b>\$ 9,831</b>	<b>\$ 66,164</b>	<b>\$ 8,318</b>	<b>\$ -</b>	<b>\$ 4,092</b>	<b>\$ 124,090</b>
<b>Carrying Amounts</b>								
At April 30, 2024	\$ 1,219	\$ 6,980	\$ 1,114	\$ 13,004	\$ 2,659	\$ 2,252	\$ 7,156	\$ 34,384
<b>At April 30, 2025</b>	<b>\$ 1,524</b>	<b>\$ 6,442</b>	<b>\$ 659</b>	<b>\$ 11,456</b>	<b>\$ 2,405</b>	<b>\$ 2,262</b>	<b>\$ 7,463</b>	<b>\$ 32,211</b>

### 6. RIGHT-OF-USE ASSETS

	<b>Land &amp; Building</b>
<b>Balance as at April 30, 2023</b>	<b>\$ 20,396</b>
Additions	4,643
Amortization for the year	(4,658)
Foreign exchange adjustments	51
<b>Balance as at April 30, 2024</b>	<b>\$ 20,432</b>
Amortization for the year	(4,986)
Foreign exchange adjustments	370
<b>Balance as at April 30, 2025</b>	<b>\$ 15,816</b>

## 7. GOODWILL

The changes in carrying amounts of goodwill are as follows:

		<b>Cost</b>
<b>Balance as at April 30, 2023</b>	<b>\$</b>	<b>21,333</b>
Foreign exchange differences		19
<b>Balance as at April 30, 2024</b>	<b>\$</b>	<b>21,352</b>
Disposal and impairment (note 9)		(1,583)
Foreign exchange differences		232
<b>Balance as at April 30, 2025</b>	<b>\$</b>	<b>20,001</b>

The Company performs an impairment test annually on April 30th or whenever there is an indication of impairment. For the purposes of testing for impairment, goodwill has been allocated to the following cash-generating units as follows:

		<b>April 30,</b>	
	<b>2025</b>		<b>2024</b>
Evertz Microsystems Ltd. (note 9)	<b>\$ 12,596</b>	\$	13,955
Holdtech Kft	<b>5,346</b>		5,346
Quintech	<b>1,013</b>		1,007
ATCI	<b>395</b>		393
Ease Live	<b>651</b>		651
	<b>\$ 20,001</b>	\$	21,352

The key assumptions used in performing the impairment tests as at April 30, 2025 are as follows:

Method of determining recoverable amount:	Value in use
Discount Rate:	9.5% - 14%
Perpetual growth rate:	1.2% - 2.0%

### Recoverable Amount

Management's past experience and future expectations of the business performance is used to make a best estimate of the expected revenue, earnings before interest, taxes, depreciation and amortization and operating cash flows for a five year period. Subsequent to the fifth year, the present value of the fifth year cash flows is calculated in perpetuity.

### Discount Rate

The discount rate applied is a pre tax rate that reflects the time value of money and risk associated with the business. The discount rate applied varies depending on the jurisdictions in which the entity operates.

### Perpetual Growth Rate

The perpetual growth rate is management's current assessment of the long-term growth prospect of the Company in the jurisdictions in which it operates.

### Sensitivity Analysis

Management performs a sensitivity analysis on the key assumptions including applying decreased growth rates and higher discounts rates. The sensitivity analysis indicates reasonable changes to key assumptions will not result in an impairment loss.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**

Years ended April 30, 2025 and 2024 (In thousands of Canadian dollars, except for "number of common shares", "number of options" and "per share" information)

**8. INTANGIBLES**

		<b>Cost</b>
<b>Balance as at April 30, 2023</b>	<b>\$</b>	<b>2,125</b>
Amortization		(1,028)
Foreign exchange differences		1
<b>Balance as at April 30, 2024</b>	<b>\$</b>	<b>1,098</b>
Amortization		(767)
Foreign exchange differences		15
<b>Balance as at April 30, 2025</b>	<b>\$</b>	<b>346</b>

The intangible assets relate to the technology and patents acquired during prior period acquisitions.

**9. INVESTMENTS AND BUSINESS COMBINATIONS**

In fiscal 2025, a Canadian business was disposed of for proceeds of \$300 including cash of \$200 and promissory notes totaling \$100. At the time of disposal, the business had no net assets and goodwill of \$1,583, which was previously allocated to the Evertz Microsystems Ltd business unit. Upon disposal, the Company recorded a loss on the disposal of \$1,283. Prior to the disposal, in fiscal 2025 the entity had revenue of \$120 and a net loss of \$107 (2024 - revenue of \$187 and net income of \$12).

In fiscal 2024 investments in publicly traded companies were disposed of for proceeds of \$7,183. Upon disposal, the Company recognized a loss of \$2,704, including a reclassification of losses previously recognized in other comprehensive earnings of \$1,727.

**10. PROVISIONS**

		Warranty and Returns	Lease/ Retirement Obligations	Total
<b>Balance as at April 30, 2023</b>	<b>\$</b>	<b>4,512</b>	<b>\$ 592</b>	<b>\$ 5,104</b>
Net additions (reductions)		61	(252)	(191)
Foreign exchange differences		30	3	33
<b>Balance as at April 30, 2024</b>	<b>\$</b>	<b>4,603</b>	<b>\$ 343</b>	<b>\$ 4,946</b>
Net additions (reductions)		147	118	265
Foreign exchange differences		30	28	58
<b>Balance as at April 30, 2025</b>	<b>\$</b>	<b>4,780</b>	<b>\$ 489</b>	<b>\$ 5,269</b>

**Warranty and Returns**

The provision relates to estimated future costs associated with standard warranty repairs and returns on the Company's products and 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 the estimated restoration costs expected to be incurred upon the conclusion of Company leases.

## 11. LEASE LIABILITIES

	April 30, 2025	April 30, 2024
<b>Opening Balance</b>	<b>\$ 23,216</b>	\$ 22,887
Additions	-	4,643
Interest	975	924
Lease Payments	(5,795)	(5,250)
Foreign exchange adjustments	476	12
<b>Closing Balance</b>	<b>\$ 18,872</b>	\$ 23,216
Less current portion	5,091	4,296
<b>Long term lease obligations</b>	<b>\$ 13,781</b>	\$ 18,920

## 12. CREDIT FACILITIES

The Company has the following credit facilities available:

1. Credit facility of \$75 million and a treasury risk management facility up to \$10 million available, bearing interest at prime, subject to certain covenants and secured by all Canadian based assets. As at April 30, 2025, and April 30, 2024, the Company was in compliance with covenants. There were no borrowings against the facilities as at April 30, 2025, or 2024.
2. Credit facility available of \$1,100 bearing interest at WIBOR plus 0.75% per annum. There were no borrowings outstanding under this facility as at April 30, 2025, or 2024.

## 13. REDEMPTION LIABILITY

	April 30, 2025	April 30, 2024
<b>Opening Balance</b>	<b>\$ 3,811</b>	\$ 3,711
Change in fair value	(38)	33
Foreign Exchange Adjustments	25	67
<b>Closing Balance</b>	<b>\$ 3,798</b>	\$ 3,811

On October 27, 2020, the Company completed the investment of 73% in the voting share capital of Ease Live AS ("Ease Live"), who are based in Bergen, Norway. Ease Live, which was formerly part of Sixty AS, is a direct to consumer interactive graphics company. The non-controlling shareholders held a put option for the remaining shareholdings, exercisable between November 15, 2022, and December 15, 2022, for a fixed cash price of \$3,798. The option was not exercised. The non-controlling shareholders had another put option for the remaining shareholdings, that was exercised in December 2023, for a price to be determined through the valuation process. As at April 30, 2025, the valuation process continues. The put option has been separately valued as a redemption liability, at its estimated fair value as at April 30, 2025.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**

Years ended April 30, 2025 and 2024 (In thousands of Canadian dollars, except for "number of common shares", "number of options" and "per share" information)

**14. 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, 2023</b>	<b>76,145,758</b>	<b>\$ 143,344</b>
Issued on exercise of stock options	198,875	2,456
Transferred on stock option exercise	-	260
Cancelled pursuant to NCIB	(180,311)	(339)
<b>Balance as at April 30, 2024</b>	<b>76,164,322</b>	<b>\$ 145,721</b>
Issued on exercise of stock options	4,000	49
Transferred on stock option exercise	-	4
Cancelled pursuant to NCIB	(418,087)	(796)
<b>Balance as at April 30, 2025</b>	<b>75,750,235</b>	<b>\$ 144,978</b>

**Dividends Per Share**

During the year, \$0.79 in dividends per share were declared (2024 - 0.77 per share).

**Normal Course Issuer Bid**

In November 2023, the Company renewed their Normal Course Issuer Bid ("NCIB") with the TSX to repurchase, at the Company's discretion, until November 2024 up to 3,802,024 outstanding common shares on the open market or as otherwise permitted, subject to normal terms and limitations of such bids. In November 2024, the Company renewed their NCIB with the TSX to repurchase, at the Company's discretion, up to 3,797,308 outstanding common shares on the open market, or as otherwise permitted until November 26, 2025. During the year, the Company purchased and cancelled 418,087 common shares, under the combined two NCIB programs, at a weighted average price of \$11.62 (2024 - the Company purchases and cancelled 180,311 common shares, under two NCIB programs, at a weighted average price of \$12.59).

**15. REVENUE**

	2025	2024
Hardware	\$ 279,060	\$ 325,745
Reoccurring software, services and other software	222,563	188,871
	<b>\$ 501,623</b>	<b>\$ 514,616</b>

During the year, the Company recognized \$71,131 in revenue over time (2024 - \$72,814) and \$430,492 (2024 - \$441,802) in revenue at a point in time.

During the year, the Company had revenue from a global media company that represented 12% of total revenue (2024 - 8%).

**16. SELLING, ADMINISTRATIVE AND GENERAL EXPENSES**

	2025	2024
Salaries and benefits	\$ 41,064	\$ 39,795
Other selling and administrative	34,794	32,479
Share based compensation (note 19)	497	548
Amortization of intangibles (note 8)	767	1,028
Depreciation	4,482	3,644
	<b>\$ 81,604</b>	<b>\$ 77,494</b>

## 17. RESEARCH AND DEVELOPMENT

	2025	2024
Salaries and benefits	\$ 116,967	\$ 109,291
Other research and development	26,430	21,752
Share based compensation (note 19)	4,462	4,572
Depreciation	3,374	3,800
	<b>\$ 151,233</b>	<b>\$ 139,415</b>

## 18. STATEMENT OF CASH FLOWS

### Changes in non-cash working capital items

	2025	2024
Trade and other receivables	\$ 12,707	\$ 22,013
Contract assets	(3,014)	(1,522)
Inventories	25,143	(3,821)
Prepaid expenses	1,502	(543)
Trade and other payables	4,733	(13,632)
Deferred revenue	(17,324)	51,089
Provisions	323	(158)
	<b>\$ 24,070</b>	<b>\$ 53,426</b>

## 19. 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 are 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, 2023</b>	<b>4,788,500</b>	<b>\$ 13.38</b>
Exercised	(198,875)	12.35
Forfeited	(166,500)	12.67
Expired	(467,500)	15.82
<b>Balance as at April 30, 2024</b>	<b>3,955,625</b>	<b>\$ 13.18</b>
Exercised	(4,000)	12.28
Forfeited	(103,900)	12.30
Expired	(602,500)	17.50
<b>Balance as at April 30, 2025</b>	<b>3,245,225</b>	<b>\$ 12.40</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**

Years ended April 30, 2025 and 2024 (In thousands of Canadian dollars, except for "number of common shares", "number of options" and "per share" information)

**19. SHARE BASED PAYMENTS (CONTINUED)**

Stock options outstanding as at April 30, 2025 were:

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	2,760,725	0.3	2,208,580	\$ 12.28
\$ 12.86	\$ 12.86	384,500	0.7	307,600	\$ 12.86
\$ 14.07	\$ 14.07	100,000	0.9	80,000	\$ 14.07
Totals	\$ 12.40	3,245,225	0.3	2,596,180	\$ 12.40

Stock options outstanding as at April 30, 2024 were:

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 - \$12.86	\$ 12.35	3,253,125	1.3	1,951,875	\$ 12.35
\$ 14.07	\$ 14.07	100,000	1.9	60,000	\$ 14.07
\$ 16.20	\$ 16.20	160,000	0.9	128,000	\$ 16.20
\$ 17.65 - \$17.98	\$ 17.97	442,500	0.7	354,000	\$ 17.97
Totals	\$ 13.18	3,955,625	1.2	2,493,875	\$ 13.39

**Restricted Share Unit Plan (2016 Plan)**

The Company established, in March 2016, a restricted share unit ("RSU-2016") 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 issued under the 2016 Plan 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 under the 2016 Plan are as follows:

	Number of RSUs
<b>Balance as at April 30, 2023</b>	<b>67,000</b>
Exercised	(57,000)
<b>Balance as at April 30, 2024</b>	<b>10,000</b>
Exercised	(10,000)
<b>Balance as at April 30, 2025</b>	<b>-</b>

As at April 30, 2025, there were no outstanding RSUs under the 2016 Plan.

**Restricted Share Unit Plan (2022 Plan)**

The Company established, in June 2022, a new restricted share unit plan (RSU-2022). The purpose of the plan is 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, the Company will redeem RSUs granted to a participant under the 2022 Plan through the issuance of one Common Share of the Company for each fully vested RSU. The Board of Directors administers the equity based restricted share unit plan and will determine the terms of any restricted share units granted. Restricted share units currently granted normally fully vest and expire by the end of the fifth year.

## 19. SHARE BASED PAYMENTS (CONTINUED)

A number of restricted share units equal to 10% of the Company's outstanding common shares at any point in time are to be reserved for issuance under the equity based restricted share unit plan, less the aggregate number of stock options granted under the Stock Option Plan described above.

The change in the number of outstanding RSUs under the 2022 Plan are as follows:

	Number of RSUs (2022 Plan)
<b>Balance as at April 30, 2023</b>	<b>1,511,750</b>
Granted	30,000
Forfeiture	(47,250)
<b>Balance as at April 30, 2024</b>	<b>1,494,500</b>
Granted	180,000
Forfeiture	(42,250)
<b>Balance as at April 30, 2025</b>	<b>1,632,250</b>

As at April 30, 2025, the average remaining contractual life for outstanding RSUs under the 2022 Plan is 1.8 years (2024 - 2.7 years).

### Compensation Expense

#### Stock Option Plan

The share based compensation expense that has been charged against earnings over the fiscal period is \$203 (2024 - \$606). Compensation expense on grants was calculated using the Black-Scholes option pricing model. There were no grants issued in fiscal 2025.

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 24% (2024 - 24%).

#### Restricted Share Unit Plan (2016 Plan)

The share based compensation expense that has been charged against earnings over the fiscal year is \$6 (2024 - \$310). Share based compensation expense was calculated using a weighted average forfeiture rate of 0% (2024 - 0%).

As at April 30, 2025, there were no remaining and outstanding units remaining, and the total liability included within trade and other payables is nil (2024 - \$154).

#### Restricted Share Unit Plan (2022 Plan)

The share base compensation expense that has been charged against earnings over the fiscal year is \$4,750 (2024 - \$4,204). Compensation expense on grants issued during the year was calculated using the fair value of the Company's share price at the grant date. Share based compensation expense was calculated using a weighted average forfeiture rate of 10% (2024 - 11%).



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

Years ended April 30, 2025 and 2024 (In thousands of Canadian dollars, except for "number of common shares", "number of options" and "per share" information)

### 20. COMMITMENTS AND CONTINGENCIES

In the normal course of operations, the Company is party to a number of lawsuits, claims and contingencies. Accruals are made in instances where it is probable that liabilities have been incurred and where such liabilities can be reasonably estimated. Although it is possible that liabilities may be incurred in instances for which no accruals have been made, the Company believes the possibility of outflow of cash is remote and thus no additional provisions have been recognized.

The Company is committed to payments under long term debt agreements and certain lease obligations in Note 11 with minimum annual lease payments as follows:

	Redemption Liabilities	Leases Payments	Total
2026	\$ 3,798	\$ 3,511	\$ 7,309
2027	-	5,130	5,130
2028	-	3,929	3,929
2029	-	3,801	3,801
2030	-	1,465	1,465
Thereafter	-	1,371	1,371
<b>Balance as at April 30, 2025</b>	<b>\$ 3,798</b>	<b>\$ 19,207</b>	<b>\$ 23,005</b>

Total operating lease expense during the year was \$601 (2024 - \$472).

The Company has obtained documentary and standby letters of credit aggregating to a total of \$13,218 (2024 - \$11,781).

### 21. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company estimates that the fair value of financial instruments approximates their carrying values. 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.
- III. Inputs for the asset or liability that are not based on observable market data.

#### (a) Financial risk management:

The Company, through its financial assets and liabilities, is exposed to various risks. The following analysis provides a measurement of risks as at April 30, 2025:

##### Credit Risk

Credit risk is the risk of a financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Financial instruments that potentially subject the Company to concentrations of credit risk consist of cash and cash equivalents, contract assets and trade and other receivables the total of which is the maximum exposure to credit risk. The Company performs evaluations of the financial situations of its customers and uses various controls and processes, such as credit checks and billings in advance to investigate credit risk. Management does not believe that there is significant credit concentration or risk not already provided for.

The Company sets up an allowance for doubtful accounts using the lifetime expected credit losses related to total receivables, while factoring in the credit risks of the individual customer and the aging of receivables. Amounts owing over 90 days are individually evaluated and provided for as an expected credit loss where appropriate in the allowance for doubtful accounts. When considering the need for provisions in relation to balances past due, the Company considers forward looking information such as region-specific economic factors including industry outlook, employment, politics, and other market indicators. The Company also takes into consideration customer specific payment history. The trade and other receivables are presented as follows net of the allowance for doubtful accounts:

## 21. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

	April 30, 2025	April 30, 2024
Trade and other receivables	\$ 74,872	\$ 87,252
Allowance for doubtful accounts	(3,129)	(2,902)
	\$ 71,743	\$ 84,350

The change in the allowance for doubtful accounts was as follows:

	April 30, 2025	April 30, 2024
Balance at beginning of year	\$ 2,902	\$ 2,831
Increase in allowance	551	897
Bad debt recaptured and write-offs	(541)	(715)
Impact of variation in exchange rates	217	(111)
Balance at end of year	\$ 3,129	\$ 2,902

The aging of trade and other receivables, net of the allowance for doubtful accounts was:

	April 30, 2025	April 30, 2024
Less than 30 days past billing date	\$ 33,237	\$ 31,908
30-60 days past billing date	13,909	11,255
61-90 days past billing date	6,770	7,712
Greater than 90 days past billing date	17,827	33,475
	\$ 71,743	\$ 84,350

### Exchange Rate Risk

The Company transacts a significant portion of its business in U.S. dollars and is therefore exposed to currency fluctuations.

U.S. dollar financial instruments are as follows:

	April 30, 2025	April 30, 2024
Cash and cash equivalents	\$ 9,416	\$ 25,181
Trade and other receivables	81,085	90,867
Trade and other payables	(16,565)	(12,389)
	\$ 73,936	\$ 103,659

Based on the financial instruments as at April 30, 2025, a 5% change in the value of the U.S. dollar would result in a gain or loss of \$3,696 in earnings before income tax.

### Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with its financial liabilities. The Company's primary source of liquidity is its cash reserves. The Company also maintains certain credit facilities to support short term funding of operations and trade finance. The Company believes it has sufficient available funds to meet current and foreseeable financial requirements. The Company expects to settle all current financial liabilities within the next year. Maturity of lease obligations are disclosed in Note 20.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**

Years ended April 30, 2025 and 2024 (In thousands of Canadian dollars, except for "number of common shares", "number of options" and "per share" information)

**22. SEGMENTED INFORMATION**

The Company reviewed its operations and determined that it operates a single operating 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.

Revenue	2025	2024
United States	\$ 357,609	\$ 320,571
International	127,211	176,585
Canada	16,803	17,460
	\$ 501,623	\$ 514,616

**April 30, 2025**

	Property, Plant and Equipment	Goodwill	Intangible Assets	Right-of-Use Assets
United States	\$ 3,274	\$ 1,408	\$ -	\$ 2,454
International	10,022	18,593	346	2,900
Canada	18,915	-	-	10,462
	\$ 32,211	\$ 20,001	\$ 346	\$ 15,816

**April 30, 2024**

	Property, Plant and Equipment	Goodwill	Intangible Assets	Right-of-Use Assets
United States	\$ 3,485	\$ 1,400	\$ 60	\$ 3,107
International	9,551	18,369	1,038	3,128
Canada	21,348	1,583	-	14,197
	\$ 34,384	\$ 21,352	\$ 1,098	\$ 20,432

**23. 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 \$4,323 committed over the remaining term. During the year, rent paid for the leased principal premises amounted to \$1,086 (2024 - \$1,081) with no outstanding amounts due as at April 30, 2025.

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 \$3,343 committed over the remaining term. During the year, rent paid for the leased principal premises amounted to \$903 (2024 - \$892) with no outstanding amounts due as at April 30, 2025.

## 23. RELATED PARTY TRANSACTIONS (CONTINUED)

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 \$2,283 committed over the remaining term. During the year, rent paid for the leased principal premises amounted to \$543 (2024 - \$543) with no outstanding amounts due as at April 30, 2025.

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 \$1,110 committed over the remaining term. During the year, rent paid for the leased principal premises amounted to \$1,025 (2024 - \$1,011) with no outstanding amounts due as at April 30, 2025.

The Company also leases properties where two shareholders indirectly own 100% interest. There were no amounts owing on the leases as at April 30, 2025. The term of these leases are as follows:

April 30, 2024					
Lease Commencement Date	Lease Expiry Date	Amount Committed Over Remaining Term	Rent Paid 2025	Rent Paid 2024	
October 2021	September 2026	\$ 454	\$ 310	\$ 301	
December 2023	November 2028	\$ 1,212	\$ 278	\$ 192	
August 2016	July 2026	\$ 354	\$ 281	\$ 273	

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

The remuneration of directors and other members of key management personnel for the years ended April 30, 2025, and April 30, 2024, are as follows:

	2025	2024
Short-term salaries and benefits	\$ 5,420	\$ 5,090
Share-based payments	-	-
	\$ 5,420	\$ 5,090

The total employee benefit expense was \$210,554 (2024 - \$197,148).

### Subsidiaries:

The Company has the following significant subsidiaries:

Company	% Ownership	Location
Evertz Microsystems Ltd.	100%	Canada
Evertz USA	100%	United States
Evertz UK	100%	United Kingdom
Holdtech Kft.	100%	Hungary
Quintech Electronics & Communications Inc.	100%	United States
Tech Digital Manufacturing Limited	100%	Canada
Truform Metal Fabrication Ltd.	75%	Canada
Ease Live AS	73%	Norway

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**

Years ended April 30, 2025 and 2024 (In thousands of Canadian dollars, except for "number of common shares", "number of options" and "per share" information)

**24. NON-CONTROLLING INTEREST**

The Company has subsidiaries with non-controlling interests of 25% of Truform Metal Fabrication Ltd., located in Canada, and 10% with Studiotech Poland Sp. z o.o., a subsidiary of Holdtech Kft. located in Poland. Ease Live AS, located in Norway, also has a non-controlling interest of 27% of Ease Live AS, located in Norway, whose interest has been separately recorded as a redemption liability (see note 13).

The table below summarizes the aggregate financial information relating to the above subsidiaries before eliminating entries, as no such subsidiary is individually significant.

	<b>April 30, 2025</b>	April 30, 2024
Current assets	<b>\$ 17,181</b>	\$ 21,170
Non-current assets	<b>17,136</b>	14,296
Current liabilities	<b>4,462</b>	3,784
Non-current liabilities	<b>1,695</b>	1,603
Equity attributable to shareholders	<b>24,992</b>	26,669
Non-controlling interest	<b>3,168</b>	3,410

	<b>April 30, 2025</b>	April 30, 2024
Revenue	<b>\$ 32,959</b>	\$ 43,918
Net earnings attributable to:		
Shareholders	<b>2,843</b>	6,113
Non-controlling interest	<b>374</b>	857

During the year, \$750 (2024 - \$400) in dividends were paid to non-controlling interests.

**25. CAPITAL DISCLOSURES**

The Company's capital is composed of total equity attributable to shareholders which totals \$268,123 (2024 - \$263,267) as at April 30, 2025. The Company's objective in managing capital is to ensure sufficient liquidity to finance increases in non-cash working capital, capital expenditures for capacity expansions, pursuit of selective acquisitions and the payment of quarterly dividends. The Company's strategy on capital risk management has not changed significantly since April 30, 2025.

The Company takes a conservative approach towards financial leverage and management of financial risk and the Company currently satisfies their internal requirements.

The Company is not subject to any capital requirements imposed by a regulator.

**26. EARNINGS PER SHARE**

	<b>2025</b>	2024
Weighted average common shares outstanding	<b>76,010,401</b>	76,088,691
Dilutive-effect of stock options	<b>965,071</b>	956,167
Diluted weighted average common shares outstanding	<b>76,975,472</b>	77,044,858

The weighted average number of diluted common shares excludes 484,500 options because they were anti-dilutive during the period (2024 - 702,500).

## 27. INCOME TAXES

The Company's effective income tax rate differs from the statutory combined Canadian income tax rate as follows:

	2025	2024
Expected income tax expense using statutory rates (25%, 2024 - 25%)	\$ 22,276	\$ 24,340
Difference in foreign tax rates	(218)	(225)
Non-deductible stock based compensation	1,313	1,275
Non-deductible losses	348	717
Change in estimates relating to prior periods	388	397
Other	811	(173)
	\$ 24,918	\$ 26,331

Benefit arising from a previously unrecognized tax loss has been recognized in the year as a result of a change in estimated taxable income in future years.

Components of deferred income taxes are summarized as follows:

	April 30, 2025	April 30, 2024
<b>Deferred income tax assets (liabilities):</b>		
Tax loss carried forward	\$ 626	\$ 395
Research and development tax credits	(3,443)	(3,087)
Equipment tax vs accounting basis	7,978	6,239
Non-deductible reserves	4,637	3,347
	\$ 9,798	\$ 6,894

As at April 30, 2025, the Company had \$8,118 in tax losses for which no deferred tax asset has been recognized in the statement of financial position. Of these losses, \$1,166 expire in 2026 while the remaining balance has no expiry.

## 28. SUBSEQUENT EVENT

On June 25, 2025, the Company declared a quarterly dividend of \$0.20 with a record date of July 4, 2025, and a payment date of July 11, 2025.

## 5-YEAR FINANCIAL HIGHLIGHTS

(all amounts in thousands, except EPS and share amounts)

### Consolidated Statement of Earnings Data

	Year Ended April 30,				
	2025	2024	2023	2022	2021
Sales	<b>\$ 501,623</b>	\$ 514,616	\$ 454,578	\$ 441,016	\$ 342,888
Selling and administrative expenses	<b>75,858</b>	72,274	61,518	60,884	49,413
Research and development expenses	<b>146,771</b>	134,843	117,127	102,438	80,187
Earnings before income taxes	<b>81,904</b>	97,358	87,810	97,912	55,845
Net earnings	<b>59,767</b>	71,027	64,555	72,677	41,960
Fully diluted EPS	<b>0.77</b>	0.91	0.84	0.94	0.55

### Consolidated Balance Sheet Data

	Year Ended April 30,				
	2025	2024	2023	2022	2021
Cash and cash equivalents	<b>\$ 111,665</b>	\$ 86,325	\$ 12,468	\$ 33,902	\$ 108,771
Total assets	<b>469,485</b>	484,722	436,652	420,979	451,793
Shareholder's equity	<b>268,123</b>	263,267	243,099	230,938	292,734
Number of common shares Outstanding					
Basic	<b>76,010,401</b>	76,088,691	76,200,428	76,266,341	76,357,895
Fully-diluted	<b>76,975,472</b>	77,044,858	76,232,462	76,570,564	76,403,894

# CORPORATE AND SHAREHOLDER INFORMATION

## DIRECTORS AND EXECUTIVE OFFICERS

### Romolo Magarelli

Director, President and Chief Executive Officer

### Douglas DeBruin

Executive Chairman



**Christopher Colclough** <sup>1,2</sup>  
Director



**Robert Peter**  
Vice-President,  
International Operations



**Dr. Thomas Pistor** <sup>1</sup>  
Director



**Jeff Marks**  
Vice-President  
of Manufacturing



**Don Carson** <sup>1,2</sup>  
Director



**Dan Turow**  
Senior Vice-President,  
Media Distribution and  
Chief Information Officer (CIO)



**Brian Piccioni**  
Director



**Paulo Francisco**  
Vice-President of Engineering  
Evertz AV Division



**Rakesh Patel**  
Chief Technology Officer,  
Director



**Marsha Garner**  
Vice-President, Inside Sales  
and Administration



**Brian Campbell**  
Executive Vice-President,  
Business Development



**Orest Holyk**  
Vice-President of Sales USA



**Douglas Moore**  
Chief Financial Officer



**Jeremy Blythe**  
Vice-President of Engineering  
Media Distribution



**Eric Fankhauser**  
Vice-President,  
Product Development



**Rakesh Jalali**  
Vice-President of Technology  
India



**Vince Silvestri**  
Vice-President of Software  
Systems

<sup>1</sup> Member of the Audit Committee.

<sup>2</sup> Member of the Compensation Committee.



## **CORPORATE AND SHAREHOLDER INFORMATION (CONTINUED)**

### **AUDITORS**

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### **LEGAL COUNSEL**

**WeirFoulds LLP**  
66 Wellington Street West, Suite 4100  
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T: (416) 365-1110

### **EXCHANGE LISTING**

The common shares of the Company are listed  
on the Toronto Stock Exchange under the symbol ET

### **INVESTOR RELATIONS**

**Douglas Moore**  
Chief Financial Officer  
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### **REGISTRAR AND TRANSFER AGENT**

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320 Bay Street, 14th Floor,  
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T: 1-800-736-1755  
[www.computershare.com](http://www.computershare.com)

### **ANNUAL SHAREHOLDERS MEETING**

10:00 am Wednesday, October 1, 2025  
1160 Sutton Drive  
Burlington, ON Canada L7L 6R6

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**Croatia**

**Germany**

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