

Interim condensed consolidated financial statements of

EVERTZ TECHNOLOGIES LIMITED

Three months ended July 31, 2021 and 2020
(Unaudited)

EVERTZ TECHNOLOGIES LIMITED

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(Unaudited)

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Three months ended July 31, 2021 and 2020

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MANAGEMENT REPORT

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

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

EVERTZ TECHNOLOGIES LIMITED

Interim Condensed Consolidated Statements of Financial Position
(Unaudited)

As at July 31, 2021 and April 30, 2021

(In thousands of Canadian dollars)

	July 31, 2021	April 30, 2021
Assets		
Current assets		
Cash and cash equivalents	\$ 131,619	\$ 108,771
Trade and other receivables (note 3)	78,537	76,785
Contract assets	7,345	2,821
Prepaid expenses	6,114	6,559
Inventories	155,291	152,699
	378,906	347,635
Property, plant and equipment (note 4)	43,307	44,799
Right-of-use assets	22,315	23,570
Goodwill	21,223	21,140
Intangibles	4,195	4,476
Investment in an Associate (note 16)	6,634	6,869
Deferred income taxes	5,896	3,304
	\$ 482,476	\$ 451,793
Liabilities		
Current liabilities		
Trade and other payables	\$ 82,592	\$ 66,727
Provisions (note 5)	4,044	4,069
Deferred revenue	67,527	58,047
Current portion of lease obligations	3,896	4,122
Income tax payable	3,828	155
	161,887	133,120
Long-term redemption liability (note 15)	2,523	2,523
Long-term lease obligations	20,363	21,245
	184,773	156,888
Equity		
Capital stock (note 6)	143,605	143,605
Share based payment reserve	9,989	9,514
Accumulated other comprehensive earnings (loss)	305	(1,062)
Retained earnings	141,493	140,677
	141,798	139,615
Total equity attributable to shareholders	295,392	292,734
Non-controlling interest	2,311	2,171
	297,703	294,905
	\$ 482,476	\$ 451,793

See accompanying notes to the consolidated financial statements.

EVERTZ TECHNOLOGIES LIMITEDInterim Condensed Consolidated Statements of Changes in Equity
(Unaudited)

Three month periods ended July 31, 2021 and 2020

(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
Balance at April 30, 2020	\$ 143,915	\$ 8,279	\$ 1,032	\$ 141,786	\$ 295,012	\$ 2,408	\$ 297,420
Net earnings for the year	-	-	-	485	485	90	575
Foreign currency translation adjustment	-	-	1,542	-	1,542	57	1,599
Total comprehensive earnings for the period	\$ -	\$ -	\$ 1,542	\$ 485	\$ 2,027	\$ 147	\$ 2,174
Dividends declared	-	-	-	(6,880)	(6,880)	-	(6,880)
Share based compensation expense	-	206	-	-	206	-	206
Balance at July 31, 2020	\$ 143,915	\$ 8,485	\$ 2,574	\$ 135,391	\$ 290,365	\$ 2,555	\$ 292,920
Balance at April 30, 2021	\$ 143,605	\$ 9,514	\$ (1,062)	\$ 140,677	\$ 292,734	\$ 2,171	\$ 294,905
Net earnings for the year	-	-	-	14,547	14,547	141	14,688
Foreign currency translation adjustment	-	-	1,367	-	1,367	(1)	1,366
Total comprehensive earnings for the year	\$ -	\$ -	\$ 1,367	\$ 14,547	\$ 15,914	\$ 140	\$ 16,054
Dividends declared	-	-	-	-	(13,731)	-	(13,731)
Share based compensation expense	-	475	-	-	475	-	475
Balance at July 31, 2021	\$ 143,605	\$ 9,989	\$ 305	\$ 155,224	\$ 295,392	\$ 2,311	\$ 297,703

See accompanying notes to the consolidated financial statements.

EVERTZ TECHNOLOGIES LIMITED

Interim Condensed Consolidated Statements of Earnings
(Unaudited)

Three month periods ended July 31, 2021 and 2020
(In thousands of Canadian dollars, except per share amounts)

	Three months July 31, 2021	Three months July 31, 2020
Revenue (notes 11 and 12)	\$ 97,165	\$ 56,337
Cost of goods sold	40,479	24,113
Gross margin	56,686	32,224
Expenses		
Selling, administrative and general (note 7)	15,230	12,848
Research and development (note 8)	25,515	16,817
Investment tax credits	(2,944)	(1,485)
Foreign exchange (gain) loss	(1,429)	3,109
	36,372	31,289
	20,314	935
Finance income	83	93
Finance costs	(318)	(351)
Share of net loss from Investment in Associate, net of taxes (note 16)	(330)	-
Other income	12	108
Earnings before income taxes	19,761	785
Provision for (recovery of) income taxes		
Current	7,802	1,407
Deferred	(2,729)	(1,197)
	5,073	210
Net earnings for the period	14,688	575
Net earnings attributable to non-controlling interest	141	90
Net earnings attributable to shareholders	14,547	485
Net earnings for the period	\$ 14,688	\$ 575
Earnings per share (note 14)		
Basic	\$ 0.19	\$ 0.01
Diluted	\$ 0.19	\$ 0.01

See accompanying notes to the interim condensed consolidated financial statements.

EVERTZ TECHNOLOGIES LIMITED

Interim Condensed Consolidated Statements of Comprehensive Earnings
(Unaudited)

Three months ended July 31, 2021 and 2020
(In thousands of Canadian dollars)

	Three months ended July 31, 2021	Three months ended July 31, 2020
Net earnings for the period	\$ 14,688	\$ 575
Items that may be reclassified to net earnings:		
Foreign currency translation adjustment	1,366	1,599
Comprehensive earnings	\$ 16,054	\$ 2,174
Comprehensive earnings attributable to non-controlling interest	\$ 140	\$ 147
Comprehensive earnings attributable to shareholders	15,914	2,027
Comprehensive earnings	\$ 16,054	\$ 2,174

See accompanying notes to the interim condensed consolidated financial statements.

EVERTZ TECHNOLOGIES LIMITED

Interim Condensed Consolidated Statements of Cash Flows
(Unaudited)

Three months ended July 31, 2021 and 2020
(In thousands of Canadian dollars)

	Three months ended July 31, 2021	Three Months ended July 31, 2020
Operating activities		
Net earnings for the period	\$ 14,688	\$ 575
Add: Items not involving cash		
Depreciation of property, plant and equipment	2,740	2,829
Amortization of right-of-use assets	1,269	1,281
Amortization of intangibles	299	110
Loss on disposal of property, plant and equipment	22	4
Share of net loss from Investment in Associate (note 16)	330	-
Share-based compensation (note 11)	475	206
Interest expense	249	295
Deferred income tax recovery	(2,729)	(1,197)
	17,343	4,103
Current tax expenses, net of investment tax credits	4,857	(78)
Income taxes paid	(1,072)	(3,331)
Changes in non-cash working capital items (note 9)	16,870	35,635
Cash provided by operating activities	37,998	36,329
Investing activities		
Acquisition of property, plant and equipment (note 4)	(1,116)	(1,754)
Proceeds from disposal of property, plant and equipment	4	-
Cash used in investing activities	(1,112)	(1,754)
Financing activities		
Repayment of long term debt	-	(60)
Principle payments of lease liabilities	(1,127)	(1,071)
Interest paid	(249)	(295)
Dividends paid	(13,731)	(6,880)
Cash used in financing activities	(15,107)	(8,306)
Effect of exchange rates on cash and cash equivalents	1,069	741
Increase in cash and cash equivalents	22,848	27,010
Cash and cash equivalents beginning of the period	108,771	75,025
Cash and cash equivalents end of period	\$ 131,619	\$ 102,035

See accompanying notes to the consolidated financial statements.

EVERTZ TECHNOLOGIES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Three months ended July 31, 2021 and 2020

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

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

1. STATEMENT OF COMPLIANCE

These interim condensed consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and under International Accounting Standard (“IAS”) 34 “Interim Financial Reporting” using the same accounting policies as described in the Company’s consolidated financial statements for the year ended April 30, 2021.

These interim condensed consolidated financial statements do not include all information and note disclosures required by IFRS for annual financial statements, and therefore; should be read in conjunction with the April 30, 2021 annual consolidated financial statements.

These interim condensed consolidated financial statements were authorized for issue by the Board of Directors on September 14, 2021.

2. SIGNIFICANT 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 group 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.

Note #2 continued ...

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

3. TRADE AND OTHER RECEIVABLES

	July 31, 2021		April 30, 2021	
Trade receivables, net of allowances	\$	75,053	\$	72,529
Other receivables		3,484		4,256
	\$	78,537	\$	76,785

4. PROPERTY, PLANT AND EQUIPMENT

	July 31, 2021			April 30, 2021		
	Cost	Accumulated Depreciation	Carrying Amount	Cost	Accumulated Depreciation	Carrying Amount
Office furniture and equipment	\$ 4,892	\$ 3,345	\$ 1,547	\$ 4,787	\$ 3,231	\$ 1,556
Research and development equipment	41,328	29,283	12,045	40,778	28,027	12,751
Airplanes	11,599	9,293	2,306	11,535	9,154	2,381
Machinery and equipment	69,825	55,273	14,552	69,202	54,094	15,108
Leaseholds	9,190	6,159	3,031	9,188	6,037	3,151
Land	2,221	-	2,221	2,197	-	2,197
Buildings	10,799	3,194	7,605	10,710	3,055	7,655
	\$ 149,854	\$ 106,547	\$ 43,307	\$ 148,397	\$ 103,598	\$ 44,799

5. PROVISIONS

	Warranty and Returns	Lease/Retirement Obligations	Total
Balance as at April 30, 2021	\$ 3,331	\$ 738	\$ 4,069
Net (reductions) additions	(97)	27	(70)
Foreign exchange differences	30	15	45
Balance as at July 31, 2021	\$ 3,264	\$ 780	\$ 4,044

Warranty and Returns

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

Lease/Retirement Obligations

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

6. CAPITAL STOCK

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

	Number of Common Shares	Amount
Balance as at April 30, 2021	76,284,366	\$ 143,605
Cancelled pursuant to NCIB	-	-
Balance as at July 31, 2021	76,284,366	\$ 143,605

Dividends Per Share

During the quarter, \$0.18 in dividends per share were declared (2020 - \$0.09).

Normal Course Issuer Bid

In October 2020, the Company renewed their Normal Course Issuer Bid (“NCIB”) with the TSX to repurchase, at the Company’s discretion, until October 25, 2021 up to 3,819,487 outstanding common shares on the open market or as otherwise permitted, subject to normal terms and limitations of such bids. The Company did not purchase and cancel any shares during the quarter (2020 – nil).

7. SELLING, ADMINISTRATIVE AND GENERAL EXPENSES

	Three month period ended July 31, 2021	Three month period ended July 31, 2020
Selling and administrative	\$ 13,957	\$ 11,920
Depreciation - selling and administrative	812	785
General :		
Share based compensation (note 10)	162	33
Amortization of intangibles	299	110
	\$ 15,230	\$ 12,848

8. RESEARCH AND DEVELOPMENT

	Three month period ended July 31, 2021	Three month period ended July 31, 2020
Research and development	\$ 23,332	\$ 15,345
Depreciation - research and development	1,348	1,231
General :		
Share based compensation (note 10)	835	241
	\$ 25,515	\$ 16,817

9. STATEMENT OF CASH FLOWS

Changes in non-cash working capital items

	Three month period ended July 31, 2021	Three month period ended July 31, 2020
Trade and other receivables	\$ (1,629)	\$ 26,840
Contract assets	(4,524)	(42)
Inventories	(2,492)	(634)
Prepaid expenses	488	934
Trade and other payables	15,572	(966)
Deferred revenue	9,480	10,311
Provisions	(25)	(808)
	\$ 16,870	\$ 35,635

10. SHARE BASED PAYMENTS

Stock Option Plan

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

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

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

	Number of Options	Weighted Average Exercise Price
Balance as at April 30, 2021	5,885,000	\$ 13.46
Granted	3,000	15.14
Forfeited	(180,500)	12.76
Balance as at July 31, 2021	5,707,500	\$ 13.48

Stock options outstanding as at July 31, 2021 are:

Exercise Price	Weighted Average Exercise Price	Number of Outstanding Options	Weighted Average Remaining Contractual Life	Number of Options Exercisable	Weighted Average Exercise Price of Exercisable Options
\$12.28 - \$12.86	\$ 12.35	4,189,000	4.1	-	\$ -
\$14.07 - \$15.80	\$ 15.34	566,000	2.8	-	\$ -
\$16.08 - \$16.87	\$ 16.41	355,000	2.4	108,000	\$ 16.82
\$17.39 - \$18.63	\$ 18.83	597,500	2.8	69,500	\$ 17.46
Totals	\$ 13.48	5,707,500	3.7	177,500	\$ 17.07

Note #11 continued ...

Restricted Share Unit Plan

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

	Number of RSUs
Balance as at April 30, 2021	797,500
Forfeited	(21,000)
Balance as at July 31, 2021	776,500

As at July 31, 2021, the average remaining contractual life for outstanding RSUs is 1.13 years (2020 – 1.78 years).

Compensation expense

Stock Option Plan

The share based compensation expense that has been charged against earnings over the fiscal period is \$475 (2020 - \$206). Compensation expense on grants during the year was calculated using the Black-Scholes option pricing model with the following weighted average assumptions:

	July 31, 2021	July 31, 2020
Risk-free interest rate	0.94%	0.36%
Dividend yield	4.76%	5.13%
Expected life	5 years	5 years
Expected volatility	24%	23%
Weighted average grant-date fair value	\$1.74	\$1.16

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 16% (2020 – 10%).

Restricted Share Unit Plan

The share based compensation expense that has been charged against earnings over the fiscal period is \$522 (2020 - \$68). Share based compensation expense was calculated using a weighted average forfeiture rate of 8% (2020 - 3%). As at July 31, 2021, the total liability included within trade and other payables is \$8,048 (2020 - \$5, 458).

11. SEGMENTED INFORMATION

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

	Three month period ended	
Revenue	July 31, 2021	
	July 31, 2020	
United States	\$ 56,605	\$ 34,357
International	32,753	20,409
Canada	7,807	1,571
	\$ 97,165	\$ 56,337

July 31, 2021						
	Property, Plant and Equipment	Goodwill	Intangible Assets	Right-of-Use Assets	Investment in an Associate	
United States	\$ 4,790	\$ 1,246	\$ 1,255	\$ 1,057	\$ 6,634	
International	10,725	18,394	2,940	76	-	
Canada	27,792	1,583	-	21,182	-	
	\$ 43,307	\$ 21,223	\$ 4,195	\$ 22,315	\$ 6,634	

April 30, 2021						
	Property, Plant and Equipment	Goodwill	Intangible Assets	Right-of-Use Assets	Investment in an Associate	
United States	\$ 4,959	\$ 1,225	\$ 1,363	\$ 1,162	\$ 6,869	
International	10,794	18,332	3,113	94	-	
Canada	29,046	1,583	-	22,314	-	
	\$ 44,799	\$ 21,140	\$ 4,476	\$ 23,570	\$ 6,869	

12. REVENUE

	Three month period ended	
	July 31, 2021	
	July 31, 2020	
Hardware, including related software	\$ 76,509	\$ 46,754
Services, including warranty, training and commissioning	8,335	5,181
Long term contract revenue	12,321	4,402
	\$ 97,165	\$ 56,337

13. 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.

Note #14 continued ...

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 \$ 8,331 committed over the remaining term. During the period, rent paid for the leased principal premises amounted to \$262 (2020 – \$255) with no outstanding amounts due as at July 31, 2021.

The Company also leases property where two shareholders indirectly own 100% interest. This lease expires in 2021 with a total of \$49 committed over the remaining term. During the period, rent paid for the leased principal premises amounted to \$63 (2020 – \$63) with no outstanding amounts due as at July 31, 2021.

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 \$6,667 committed over the remaining term. During the period, rent paid for the leased principal premises amounted to \$217 (2020 – \$210) with no outstanding amounts due as at April 30, 2021.

On May 1, 2009 the Company entered into a property lease agreement where two shareholders each indirectly hold a 35% interest. This lease expires in 2029 with a total of \$4,289 committed over the remaining term. During the period, rent paid for the leased principal premises amounted to \$131 (2020 – \$127) with no outstanding amounts due as at July 31, 2021.

The Company also leases a property where two shareholders indirectly own 100% interest. The lease expires in 2023 with a total of \$216 committed over the remaining term. During the period, rent paid for the leased principal premises amounted to \$38 (2020 – \$38) with no outstanding amounts due as at July 31, 2021.

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 \$4,904 committed over the remaining term. During the period, rent paid for the leased principal premises amounted to \$249 (2020 – \$249) with no outstanding amounts due as at July 31, 2021.

On August 1, 2016 the Company entered into a property lease agreement. Currently two shareholders indirectly own 100% interest. This lease expires in 2026 with a total of \$1,377 committed over the remaining term. During period, rent paid for the leased principal premises amounted to \$66 (2020 – \$63) with no outstanding amounts due as at July 31, 2021.

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

14. EARNINGS PER SHARE

	Three month period ended July 31, 2021	Three month period ended July 31, 2020
Weighted average common shares outstanding	76,284,366	76,449,446
Dilutive-effect of stock options	487,029	-
Diluted weighted average common shares outstanding	76,771,395	76,449,446

The weighted average number of diluted common shares excludes 1,393,500 options because they were anti-dilutive during the period (2020 – 1,533,500).

15. BUSINESS ACQUISITIONS

Business Combinations

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 fair value of total consideration transferred upon acquisition included cash considerations of \$5,327, which was transferred into Ease Live for future use. The non-controlling shareholders hold a put option for the remaining shareholdings, exercisable between November 15, 2022 and December 15, 2022 for a fixed cash price of \$3,662. The put option has been separately valued as a redemption liability and the non-controlling interest is deemed to have been acquired at the acquisition date. The acquisition was accounted for under the acquisition method and its operating results have been included in these financial statements since the date of acquisition. During fiscal 2021, the Company recognized \$66 of transaction costs in selling, administrative and general expenses relating to the transaction. During the period, \$385 in revenue and \$9 in losses were included within the consolidated statement of earnings (2020 – nil).

The preliminary allocation of the purchase price was based on management’s estimate of the fair value of assets acquired and liabilities assumed. The total purchase price of \$795 is net of \$4,532 cash left in the company for future operations. The allocation of the purchase price was as follows and is subject to adjustments as additional information is evaluated by the company:

Trade and other payables	(791)
Intangible assets	3,459
Goodwill (not tax deductible)	650
Long-term redemption liability	(2,523)
	<u>\$ 795</u>

The intangible assets relate to the technology, patents and workforce acquired during the investment. Goodwill of \$650 arising from the acquisition consists largely of the expansion of the Company’s product lines and potential customer base.

Asset Acquisitions

In February 2021, the Company completed the asset acquisition of the “Studer” audio brand technology and related assets from Harman International. The fair value of total consideration transferred upon acquisition included cash considerations of \$369, cash considerations held in escrow for twelve months after acquisition of \$123 and the undertaking of warranty and other related obligations fair valued at \$63. The allocation of the purchase price was based on management’s estimate of the fair value of assets acquired and liabilities assumed. The allocation of the purchase price was as follows:

Inventory	158
Intangible assets	397
Trade and other payables	(63)
	<u>\$ 492</u>

The intangible assets relate to the technology, patents, brand and workforce acquired.

16. INVESTMENT IN AN ASSOCIATE

In December, 2020 the Company invested \$7,800 in the share capital of DDSports Inc. (Shot Tracker), a revolutionary sports technology company based in Kansas, United States. The Company has a significant influence on DDSports Inc., due to its approximately 20% percentage ownership and the holding of a board seat. As such, the investment is treated under the equity method. Under the equity method, the initial investment is recognized at cost,

and the carrying amount is increased or decreased in recognition of the Company's share of the profit or loss of DDSports Inc. after the date of acquisition.

During the period, \$330 in losses were recorded in recognition of the Company's share of DDSports Inc. losses after the date of acquisition (2020 - nil). As at July 31, 2021, DDSports Inc. had \$11,642 in working capital and \$24,614 in net assets.

17. SUBSEQUENT EVENT

On September 14, 2021 the Company declared a quarterly dividend of \$0.18 with a record date of September 28, 2021 and a payment date of October 5, 2021.

On September 14, 2021, the Company declared a special dividend of \$1.00 with a record date of September 28, 2021 and a payment date of October 5, 2021.