

Interim condensed consolidated financial statements of

EVERTZ TECHNOLOGIES LIMITED

Three months ended July 31, 2022 and 2021
(Unaudited)

EVERTZ TECHNOLOGIES LIMITED

Index to Financial Statements
(Unaudited)

Interim condensed consolidated financial statements
Three months ended July 31, 2022 and 2021

Interim Condensed Consolidated Statements of Financial Position	4
Interim Condensed Consolidated Statements of Changes in Equity	5
Interim Condensed Consolidated Statements of Earnings	6
Interim Condensed Consolidated Statements of Comprehensive Earnings	7
Interim Condensed Consolidated Statements of Cash Flows	8
Notes to the Interim Condensed Consolidated Financial Statements	9-17

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, 2022 and April 30, 2022

(In thousands of Canadian dollars)

	July 31, 2022	April 30, 2022
Assets		
Current assets		
Cash and cash equivalents	\$ 25,584	\$ 33,902
Marketable securities (note 2)	11,075	-
Trade and other receivables (note 3)	98,180	100,020
Contract assets	11,909	6,398
Prepaid expenses	7,776	5,930
Inventories (note 4)	192,251	177,268
	346,775	323,518
Property, plant and equipment (note 5)	36,284	37,877
Right-of-use assets	23,483	24,637
Goodwill	20,945	21,033
Intangibles	3,015	3,317
Investment in an Associate (note 16)	5,139	5,474
Deferred income taxes	6,254	5,123
	\$ 441,895	\$ 420,979
Liabilities		
Current liabilities		
Trade and other payables	\$ 86,803	\$ 68,405
Provisions (note 6)	5,660	7,379
Deferred revenue	79,831	74,267
Current portion of lease obligations	4,141	4,088
Current portion of redemption liability	3,459	3,423
Income tax payable	7,555	7,009
	187,449	164,571
Long-term lease obligations	21,513	22,760
	208,962	187,331
Equity		
Capital stock (note 7)	143,495	143,502
Share based payment reserve	11,268	10,893
Accumulated other comprehensive loss	(5,300)	(4,093)
Retained earnings	80,719	80,636
	75,419	76,543
Total equity attributable to shareholders	230,182	230,938
Non-controlling interest	2,751	2,710
	232,933	233,648
	\$ 441,895	\$ 420,979

See accompanying notes to the interim condensed consolidated financial statements.

EVERTZ TECHNOLOGIES LIMITED

Interim Condensed Consolidated Statements of Changes in Equity
(Unaudited)

Three month periods ended July 31, 2022 and 2021
(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, 2021	\$ 143,605	\$ 9,514	\$ (1,062)	\$ 140,677	\$ 292,734	\$ 2,171	\$ 294,905
Net earnings for the period	-	-	-	14,547	14,547	141	14,688
Foreign currency translation adjustment	-	-	1,367	-	1,367	(1)	1,366
Total comprehensive earnings for the period	\$ -	\$ -	\$ 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
Balance at April 30, 2022	\$ 143,502	\$ 10,893	\$ (4,093)	\$ 80,636	\$ 230,938	\$ 2,710	\$ 233,648
Net earnings for the period	-	-	-	13,841	13,841	89	13,930
Foreign currency translation adjustment	-	-	(1,207)	-	(1,207)	(48)	(1,255)
Total comprehensive earnings for the year	\$ -	\$ -	\$ (1,207)	\$ 13,841	\$ 12,634	\$ 41	\$ 12,675
Dividends declared	-	-	-	(13,721)	(13,721)	-	(13,721)
Repurchase of common shares (note 7)	(7)	-	-	(37)	(44)	-	(44)
Share based compensation expense	-	375	-	-	375	-	375
Balance at July 31, 2022	\$ 143,495	\$ 11,268	\$ (5,300)	\$ 80,719	\$ 230,182	\$ 2,751	\$ 232,933

See accompanying notes to the interim condensed consolidated financial statements.

EVERTZ TECHNOLOGIES LIMITED

Interim Condensed Consolidated Statements of Earnings
(Unaudited)

Three month periods ended July 31, 2022 and 2021
(In thousands of Canadian dollars, except per share amounts)

	Three months July 31, 2022	Three months July 31, 2021
Revenue (notes 12 and 13)	\$ 101,538	\$ 97,165
Cost of goods sold	43,014	40,479
Gross margin	58,524	56,686
Expenses		
Selling, administrative and general (note 8)	14,176	15,230
Research and development (note 9)	29,264	25,515
Investment tax credits	(3,189)	(2,944)
Foreign exchange gain	(1,031)	(1,429)
	39,220	36,372
	19,304	20,314
Finance income	153	83
Finance costs	(318)	(318)
Share of net loss from Investment in Associate, net of taxes (note 16)	(348)	(330)
Other income	128	12
Earnings before income taxes	18,919	19,761
Provision for (recovery of) income taxes		
Current	6,639	7,802
Deferred	(1,650)	(2,729)
	4,989	5,073
Net earnings for the period	13,930	14,688
Net earnings attributable to non-controlling interest	89	141
Net earnings attributable to shareholders	13,841	14,547
Net earnings for the period	\$ 13,930	\$ 14,688
Earnings per share (note 15)		
Basic	\$ 0.18	\$ 0.19
Diluted	\$ 0.18	\$ 0.19

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, 2022 and 2021
(In thousands of Canadian dollars)

	Three months ended July 31, 2022	Three months ended July 31, 2021
Net earnings for the period	\$ 13,930	\$ 14,688
Items that may be reclassified to net earnings:		
Foreign currency translation adjustment	(1,255)	1,366
Comprehensive earnings	\$ 12,675	\$ 16,054
Comprehensive earnings attributable to non-controlling interest	\$ 41	\$ 140
Comprehensive earnings attributable to shareholders	12,634	15,914
Comprehensive earnings	\$ 12,675	\$ 16,054

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, 2022 and 2021
(In thousands of Canadian dollars)

	Three months ended July 31, 2022	Three Months ended July 31, 2021
Operating activities		
Net earnings for the period	\$ 13,930	\$ 14,688
Add: Items not involving cash		
Depreciation of property, plant and equipment	2,986	2,740
Amortization of right-of-use assets	1,169	1,269
Amortization of intangibles	304	299
Unrealized gain on marketable securities	(68)	-
Loss on disposal of property, plant and equipment	29	22
Share of net loss from Investment in Associate (note 16)	348	330
Share-based compensation (note 11)	375	475
Interest expense	290	249
Deferred income tax recovery	(1,650)	(2,729)
	17,713	17,343
Current tax expenses, net of investment tax credits	3,450	4,857
Income taxes paid	(2,389)	(1,072)
Changes in non-cash working capital items (note 10)	486	16,870
Cash provided by operating activities	19,260	37,998
Investing activities		
Acquisition of property, plant and equipment (note 5)	(1,912)	(1,116)
Acquisition of marketable securities	(11,007)	-
Proceeds from disposal of property, plant and equipment	-	4
Cash used in investing activities	(12,919)	(1,112)
Financing activities		
Principle payments of lease liabilities	(1,042)	(1,127)
Interest paid	(254)	(249)
Dividends paid	(13,721)	(13,731)
Capital Stock repurchased	(44)	-
Cash used in financing activities	(15,061)	(15,107)
Effect of exchange rates on cash and cash equivalents	402	1,069
(Decrease) increase in cash and cash equivalents	(8,318)	22,848
Cash and cash equivalents beginning of the period	33,902	108,771
Cash and cash equivalents end of period	\$ 25,584	\$ 131,619

See accompanying notes to the interim condensed consolidated financial statements.

EVERTZ TECHNOLOGIES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Three months ended July 31, 2022 and 2021

(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, 2022.

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, 2022 annual consolidated financial statements.

These interim condensed consolidated financial statements were authorized for issue by the Board of Directors on September 13, 2022.

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.

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 11.

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 earnings to employees, including cashed based 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.

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:

<u>Assets/Liabilities</u>	<u>Classification</u>
Cash and cash equivalents	Amortized cost
Marketable securities	Fair value through profit or loss
Trade and other receivables	Amortized cost
Trade and other payables, excluding RSUs	Amortized cost
Cash based RSU liability	Fair value through profit or loss
Redemption liability	Amortized cost

Financial Assets

All financial assets are initially measured at fair value, plus transaction costs, except for those financial assets classified as fair value through profit or loss, which are initially measured at fair value. 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 ("FVOCI")" 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.

3. TRADE AND OTHER RECEIVABLES

	July 31, 2022	April 30, 2022
Trade receivables, net of allowances	\$ 93,721	\$ 96,966
Other receivables	4,459	3,054
	\$ 98,180	\$ 100,020

4. INVENTORIES

	July 31, 2022	April 30, 2022
Finished goods	\$ 53,401	\$ 53,970
Raw material and supplies	98,942	83,058
Work in progress	39,908	40,240
	\$ 192,251	\$ 177,268

5. PROPERTY, PLANT AND EQUIPMENT

	July 31, 2022			April 30, 2022		
	Cost	Accumulated Depreciation	Carrying Amount	Cost	Accumulated Depreciation	Carrying Amount
Office furniture and equipment	\$ 4,862	\$ 3,293	\$ 1,569	\$ 4,593	\$ 3,068	\$ 1,525
Research and development equipment	40,169	31,431	8,738	40,316	30,544	9,772
Airplanes	11,599	9,865	1,734	11,599	9,720	1,879
Machinery and equipment	69,950	56,880	13,070	69,153	55,936	13,217
Leaseholds	9,359	6,655	2,704	9,195	6,527	2,668
Land	1,991	-	1,991	2,055	-	2,055
Buildings	9,556	3,078	6,478	9,916	3,155	6,761
	\$ 147,486	\$ 111,202	\$ 36,284	\$ 146,827	\$ 108,950	\$ 37,877

6. PROVISIONS

	Warranty and Returns	Lease/Retirement Obligations	Total
Balance as at April 30, 2022	\$ 6,856	\$ 523	\$ 7,379
Net (reductions) additions	(1,711)	10	(1,701)
Foreign exchange differences	(2)	(16)	(18)
Balance as at July 31, 2022	\$ 5,143	\$ 517	\$ 5,660

Warranty and Returns

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

Lease/Retirement Obligations

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

7. CAPITAL STOCK

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

	Number of Common Shares	Amount
Balance as at April 30, 2022	76,229,696	\$ 143,502
Cancelled pursuant to NCIB	(3,500)	(7)
Balance as at July 31, 2022	76,226,196	\$ 143,495

Dividends Per Share

During the quarter, \$0.18 in dividends per share were declared (2021 - \$0.18).

Normal Course Issuer Bid

In October 2021, the Company renewed their Normal Course Issuer Bid (“NCIB”) with the TSX to repurchase, at the Company’s discretion, until October 28, 2022 up to 3,814,218 outstanding common shares on the open market or as otherwise permitted, subject to normal terms and limitations of such bids. During the period, the Company purchased and cancelled 3,500 common shares at a weighted average price of \$12.45 (2021 – nil).

8. SELLING, ADMINISTRATIVE AND GENERAL EXPENSES

	Three month period ended July 31, 2022	Three month period ended July 31, 2021
Selling and administrative	\$ 12,892	\$ 13,957
Depreciation - selling and administrative	792	812
General :		
Share based compensation (note 11)	188	162
Amortization of intangibles	304	299
	\$ 14,176	\$ 15,230

9. RESEARCH AND DEVELOPMENT

	Three month period ended July 31, 2022	Three month period ended July 31, 2021
Research and development	\$ 27,107	\$ 23,332
Depreciation - research and development	1,226	1,348
General :		
Share based compensation (note 11)	931	835
	\$ 29,264	\$ 25,515

10. STATEMENT OF CASH FLOWS

Changes in non-cash working capital items

	Three month period ended July 31, 2022	Three month period ended July 31, 2021
Trade and other receivables	\$ 802	\$ (1,629)
Contract assets	(5,511)	(4,524)
Inventories	(15,349)	(2,492)
Prepaid expenses	(2,026)	488
Trade and other payables	18,725	15,572
Deferred revenue	5,564	9,480
Provisions	(1,719)	(25)
	\$ 486	\$ 16,870

11. SHARE BASED PAYMENTS

Stock Option Plan

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

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

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

	Number of Options	Weighted Average Exercise Price
Balance as at April 30, 2022	5,055,500	\$ 13.43
Expired	(25,000)	16.87
Forfeited	(59,000)	12.28
Balance as at July 31, 2022	4,971,500	\$ 13.43

Stock options outstanding as at July 31, 2022 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	3,701,000	3.0	-	-
\$14.07 - \$15.80	\$ 15.38	510,500	1.7	246,300	\$ 15.70
\$16.08 - \$16.20	\$ 16.17	220,000	2.4	36,000	\$ 16.08
\$17.39 - \$18.63	\$ 17.88	540,000	2.1	76,000	\$ 17.46
Totals	\$ 13.43	4,971,500	2.8	358,300	\$ 16.11

Restricted Share Unit Plan (2016 Plan)

The Company established, in March 2016, a restricted share unit plan (RSU-2016) 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:

Note #11 continued ...

	Number of RSUs (2016 Plan)
Balance as at April 30, 2022	443,000
Exercised	(87,500)
Forfeited	(3,000)
Balance as at July 31, 2022	352,500

As at July 31, 2022, the average remaining contractual life for outstanding RSUs under the 2016 Plan is 0.7 years (2021 – 1.13 years).

Restricted Share Unit Plan (2022 Plan)

The Company established, in June 2022, subject to TSX and Shareholder approval, 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.

A number of restricted share units equal to 10% of the Company's outstanding common shares 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 changes in the number of outstanding RSUs under the 2022 Plan are as follows:

	Number of RSUs (2022 Plan)
Balance as at April 30, 2022	-
Granted	1,063,750
Balance as at July 31, 2022	1,063,750

Compensation expense

Stock Option Plan

The share based compensation expense that has been charged against earnings over the fiscal period is \$271 (2021 - \$475). Compensation expense on grants during the year was calculated using the Black-Scholes option pricing model. No issuances were made in the current fiscal year.

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 22% (2021 – 16%).

Restricted Share Unit Plan (2016 Plan)

The share based compensation expense that has been charged against earnings over the fiscal period is \$743 (2021 - \$522). Share based compensation expense was calculated using a weighted average forfeiture rate of 5% (2021 - 8%). As at July 31, 2022, the total liability included within trade and other payables is \$4,968 (2021 - \$8,048).

Restricted Share Unit Plan (2022 Plan)

The share base compensation expense that has been charged against earnings over the fiscal period is \$105 (2021 – nil). Compensation expense on grants 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 used a weighted average forfeiture rate of 10%.

12. SEGMENTED INFORMATION

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

	Three month period ended July 31, 2022	Three month period ended July 31, 2021
Revenue		
United States	\$ 74,610	\$ 56,605
International	23,331	32,753
Canada	3,597	7,807
	\$ 101,538	\$ 97,165

July 31, 2022					
	Property, Plant and Equipment	Goodwill	Intangible Assets	Right-of-Use Assets	Investment in an Associate
United States	\$ 4,353	\$ 1,289	\$ 767	\$ 593	\$ 5,139
International	8,843	18,073	2,248	3,645	-
Canada	23,088	1,583	-	19,245	-
	\$ 36,284	\$ 20,945	\$ 3,015	\$ 23,483	\$ 5,139

April 30, 2022					
	Property, Plant and Equipment	Goodwill	Intangible Assets	Right-of-Use Assets	Investment in an Associate
United States	\$ 4,388	\$ 1,286	\$ 896	\$ 718	\$ 5,474
International	9,577	18,164	2,421	3,770	-
Canada	23,912	1,583	-	20,149	-
	\$ 37,877	\$ 21,033	\$ 3,317	\$ 24,637	\$ 5,474

13. REVENUE

	Three month period ended July 31, 2022	Three month period ended July 31, 2021
Hardware, including related software	\$ 81,623	\$ 76,509
Services, including warranty, training and commissioning	12,620	8,335
Long term contract revenue	7,295	12,321
	\$ 101,538	\$ 97,165

14. RELATED PARTY TRANSACTIONS

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

Related Party Transactions

Two shareholders each indirectly hold a 16% interest in the Company's leased premises in Ontario. This lease expires in 2029 with a total of \$7,281 committed over the remaining term. During the period, rent paid for the leased principal premises amounted to \$262 (2021 – \$262) with no outstanding amounts due as at July 31, 2022.

The Company also leases property where two shareholders indirectly own 100% interest. This lease was renewed in October 2021 and this lease expires in September 2026 with a total of \$1,284 committed over the remaining term. During the period, rent paid for the leased principal premises amounted to \$71 (2021 – \$63) with no outstanding amounts due as at April 30, 2022.

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 \$5,800 committed over the remaining term. During the period, rent paid for the leased principal premises amounted to \$217 (2021 – \$217) 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 \$3,764 committed over the remaining term. During the period, rent paid for the leased principal premises amounted to \$131 (2021 – \$131) with no outstanding amounts due as at July 31, 2022.

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 (2021 – \$38) with no outstanding amounts due as at July 31, 2022.

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 \$3,904 committed over the remaining term. During the period, rent paid for the leased principal premises amounted to \$252 (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 \$1,114 committed over the remaining term. During period, rent paid for the leased principal premises amounted to \$66 (2021 – \$66) with no outstanding amounts due as at July 31, 2022.

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

15. EARNINGS PER SHARE

	Three month period ended July 31, 2022	Three month period ended July 31, 2021
Weighted average common shares outstanding	76,228,014	76,284,366
Dilutive-effect of stock options	180,267	487,029
Diluted weighted average common shares outstanding	76,408,281	76,771,395

The weighted average number of diluted common shares excludes 1,270,500 options because they were anti-dilutive during the period (2021 – 1,393,500).

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, \$348 in losses were recorded in recognition of the Company's share of DDSports Inc. losses (2021 – loss of \$330). As at July 31, 2022, DDSports Inc. had \$4,398 in working capital and \$9,814 in net assets. (2021- \$11,642 in working capital and \$24,614 in net assets).

17. SUBSEQUENT EVENT

On September 13, 2022, the Company declared a quarterly dividend of \$0.18 with a record date of September 23, 2022 and a payment date of September 29, 2022.