

EVERTZ TECHNOLOGIES LIMITED
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Second Quarter ended October 31, 2019

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

FORWARD-LOOKING STATEMENTS

The report contains forward-looking statements reflecting Evertz's objectives, estimates and expectations. Such forward-looking statements use words such as "may", "will", "expect", "believe", "anticipate", "plan", "intend", "project", "continue" and other similar terminology of a forward-looking nature or negatives of those terms.

Although management of the Company believes that the expectations reflected in such forward-looking statements are reasonable, all forward-looking statements address matters that involve known and unknown risks, uncertainties and other factors. Accordingly, there are or will be a number of significant factors which could cause the Company's actual results, performance or achievements, or industry results to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements.

The report is based on information available to management on December 12, 2019.

OVERVIEW

Evertz is a leading solutions provider to the television broadcast, telecommunications and new-media industries. Founded in 1966, Evertz is a leading supplier of software, equipment and technology solutions to content creators, broadcasters, specialty channels and television service providers. Evertz designs, manufactures and markets video and audio infrastructure solutions for the production, post-production and transmission of television content. The Company's solutions are purchased by content creators, broadcasters, specialty channels and television service providers to support their increasingly complex multi-channel digital and high definition television ("HDTV/Ultra HD") and next generation high bandwidth low latency IP network environments and by telecommunications and new-media companies. The Company's products allow its customers to generate additional revenue while reducing costs through efficient signal routing, distribution, monitoring and management of content as well as the automation and orchestration of more streamlined and agile workflow processes on premise and in the "Cloud".

The Company made early research and development investments to establish itself as the leading supplier to the broadcast industry addressing the ongoing technical transition to IP and IT based production, workflow and distribution systems helping to create more efficient and agile workflows enabling the proliferation of high quality video emerging Ultra HD, High Dynamic range initiatives. The Company has maintained its track record of rapid innovation; is a leader in the expanding Internet Protocol Television ("IPTV") market and a leader in Software Defined Video Network ("SDVN") technology. The Company is committed to maintaining its leadership position, and as such, a significant portion of the Company's

staff is focused on research and development to ensure that the Company's products are at the forefront of the industry. This commitment contributes to the Company being consistently recognized as a leading broadcast and video networking industry innovator by its customers.

SIGNIFICANT ACCOUNTING POLICIES

Changes in Accounting Policies

IFRS 16, *Leases* ("IFRS 16") was issued by the IASB in January 2016 to replace IAS 17, *Leases* and *IFRIC 4, Determining whether an arrangement contains a lease*. IFRS 16 introduced a single accounting model for lessees to bring leases on-balance sheet, while leaving lessor accounting largely unchanged. The Company adopted IFRS 16 on May 1, 2019 resulting in an increase of right-of-use assets of \$33.6 million, with a corresponding increase to current portion of lease obligations of \$4.1 million and long-term lease obligations of \$29.5 million. The adoption of IFRS 16 has resulted in a decrease in operating lease expenses and an increase in amortization of the right-of-use assets and interest costs on the lease liability. Amortization of right-of-use assets and operating lease expense are recorded in the same line items below. See Note 13 of the Interim Condensed Consolidated Financial Statements for further details.

QUARTER END HIGHLIGHTS

Revenue was \$119.8 million for the second quarter ended October 31, 2019; an increase of \$7.5 million, when compared to \$112.3 million for the same period ended October 31, 2018. Revenue increased in the United States/Canada region by 14% and revenue decreased in the International region by 10%.

For the second quarter ended October 31, 2019, net earnings were \$20.5 million, a decrease from \$20.6 million for the second quarter ended October 31, 2018. Fully diluted earnings per share were \$0.27 consistent with the second quarter ended October 31, 2018.

For the second quarter ended October 31, 2019, foreign exchange loss during the quarter was \$1.1 million, compared to a foreign exchange gain of \$0.8 million for the second quarter October 31, 2018.

Gross margin during the second quarter ended October 31, 2019 was 57.9% as compared to 57.1% for the second quarter ended October 31, 2018.

Selling and administrative expenses for the second quarter ended October 31, 2019 was \$18.0 million as compared to the second quarter ended October 31, 2018 of \$16.4 million. As a percentage of revenue, selling and administrative expenses totaled 15.0% for the second quarter ended October 31, 2019 as opposed to 14.6% for the second quarter ended October 31, 2018.

Research and development expenses were \$22.9 million for the second quarter ended October 31, 2019 as compared to \$21.1 million for the second quarter ended October 31, 2018.

Selected Consolidated Financial Information

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

	Three month period ended		Six month period ended	
	October 31,		October 31,	
	2019	2018	2019	2018
Revenue	\$ 119,788	\$ 112,280	\$ 223,199	\$ 215,369
Cost of goods sold	50,466	48,122	94,725	92,433
Gross margin	69,322	64,158	128,474	122,936
Expenses				
Selling and administrative	18,004	16,389	34,334	32,294
General	864	763	1,758	1,501
Research and development	22,938	21,083	45,632	42,403
Investment tax credits	(1,978)	(1,933)	(3,981)	(3,936)
Share based compensation	1,141	1,306	2,872	1,907
Foreign exchange loss (gain)	1,130	(838)	2,907	(1,910)
	42,099	36,770	83,522	72,259
Earnings before undemoted	27,223	27,388	44,952	50,677
Finance income	361	310	812	669
Finance costs	(78)	(83)	(541)	(509)
Other income and expenses	(223)	5	(182)	140
Earnings before income taxes	27,283	27,620	45,041	50,977
Provision for (recovery of) income taxes				
Current	7,707	7,876	11,274	13,494
Deferred	(950)	(837)	34	(459)
	6,757	7,039	11,308	13,035
Net earnings for the period	\$ 20,526	\$ 20,581	\$ 33,733	\$ 37,942
Net earnings attributable to non-controlling interest	154	235	284	323
Net earnings attributable to shareholders	20,372	20,346	33,449	37,619
Net earnings for the period	\$ 20,526	\$ 20,581	\$ 33,733	\$ 37,942
Earnings per share				
Basic	\$ 0.27	\$ 0.27	\$ 0.44	\$ 0.49
Diluted	\$ 0.27	\$ 0.27	\$ 0.44	\$ 0.49
Consolidated Balance Sheet Data			As at	As at
			October 31, 2019	April 30, 2019
Cash and marketable securities	\$	5,449	\$	108,606
Inventory	\$	172,969	\$	171,271
Working capital	\$	222,038	\$	282,521
Total assets	\$	427,701	\$	466,597
Shareholders' equity	\$	293,593	\$	353,123
Number of common shares outstanding:				
Basic		76,801,646		76,545,246
Fully-diluted		77,894,646		77,958,746
Weighted average number of shares outstanding:				
Basic		76,642,814		76,510,417
Fully-diluted		76,721,893		76,529,799

Consolidated Statement of Operations Data

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

	Three month period ended		Six month period ended	
	October 31,		October 31,	
	2019	2018	2019	2018
Revenue	100.0%	100.0%	100.0%	100.0%
Cost of goods sold	42.1%	42.9%	42.4%	42.9%
Gross margin	57.9%	57.1%	57.6%	57.1%
Expenses				
Selling and administrative	15.0%	14.6%	15.4%	15.0%
General	0.7%	0.7%	0.8%	0.7%
Research and development	19.1%	18.8%	20.4%	19.7%
Investment tax credits	(1.6%)	(1.7%)	(1.8%)	(1.8%)
Share based compensation	1.0%	1.1%	1.3%	0.9%
Foreign exchange loss (gain)	0.9%	(0.8%)	1.3%	(0.9%)
	35.1%	32.7%	37.4%	33.6%
Earnings before undernoted	22.8%	24.4%	20.2%	23.5%
Finance income	0.3%	0.3%	0.3%	0.3%
Finance costs	(0.1%)	(0.1%)	(0.2%)	(0.2%)
Other income and expenses	(0.2%)	0.0%	(0.1%)	0.1%
Earnings before income taxes	22.8%	24.6%	20.2%	23.7%
Provision for (recovery) of income taxes				
Current	6.4%	7.0%	5.1%	6.3%
Deferred	(0.8%)	(0.7%)	0.0%	(0.2%)
	5.6%	6.3%	5.1%	6.1%
Net earnings for the period	17.2%	18.3%	15.1%	17.6%
Net earnings attributable to non-controlling interest	0.1%	0.2%	0.1%	0.1%
Net earnings attributable to shareholders	17.1%	18.1%	15.0%	17.5%
Net earnings for the period	17.2%	18.3%	15.1%	17.6%
Earnings per share:				
Basic	\$ 0.27	\$ 0.27	\$ 0.44	\$ 0.49
Diluted	\$ 0.27	\$ 0.27	\$ 0.44	\$ 0.49

REVENUE AND EXPENSES***Revenue***

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

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

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

The Company currently generates approximately 70% to 75% of its revenue in the United States/Canada. The Company recognizes the opportunity to more aggressively target markets in other geographic regions and intends to invest in personnel and infrastructure in those markets.

While a significant portion of the Company's expenses are denominated in Canadian dollars, the Company collects substantially all of its revenues in currencies other than the Canadian dollar and therefore has significant exposure to fluctuations in foreign currencies, in particular the US dollar. Approximately 80% to 90% of the Company's revenues are denominated in US dollars.

Revenue

(In thousands of Canadian dollars, except for percentages)	Three month period ended			Six month period ended		
	October 31,		% increase	October 31,		% increase
	2019	2018	(decrease)	2019	2018	(decrease)
United States/Canada	\$ 88,593	\$ 77,531	14%	\$ 160,782	\$ 152,726	5%
International	31,197	34,749	(10%)	62,417	62,643	-
	\$ 119,790	\$ 112,280	7%	\$ 223,199	\$ 215,369	4%

Total revenue for the second quarter ended October 31, 2019 was \$119.8 million, an increase of \$7.5 million as compared to revenue of \$112.3 million for the second quarter ended October 31, 2018.

Total revenue for the six month period ended October 31, 2019 was \$223.2 million, an increase of \$7.8 million or 4% as compared to revenue of \$215.4 million for the six month period ended October 31, 2018.

Revenue in the United States/Canada region was \$88.6 million for the second quarter ended October 31, 2019, an increase of \$11.1 million or 14% when compared to revenue of \$77.5 million for the second quarter ended October 31, 2018.

Revenue in the United States/Canada region was \$160.8 million for the six month period ended October 31, 2019, an increase of \$8.1 million or 5% when compared to revenue of \$152.7 million for the six month period ended October 31, 2018.

Revenue in the International region was \$31.2 million for the second quarter ended October 31, 2019, a decrease of \$3.6 million or 10% as compared to revenue of \$34.8 million for the second quarter ended October 31, 2018.

Revenue in the International region was \$62.4 million for the six month period ended October 31, 2019, a decrease of \$0.2 million as compared to revenue of \$62.6 million for the second quarter ended October 31, 2018.

Cost of Sales

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

Gross Margin

(In thousands of Canadian dollars, except for percentages)	Three month period ended			Six month period ended		
	October 31,		% increase (decrease)	October 31,		% increase (decrease)
	2019	2018		2019	2018	
Gross margin	\$ 69,322	\$ 64,158	8%	\$ 128,474	\$ 122,936	5%
Gross margin % of sales	57.9%	57.1%		57.6%	57.1%	

Gross margin for the second quarter ended October 31, 2019 was \$69.3 million, compared to \$64.2 million for the second quarter ended October 31, 2018. As a percentage of revenue, the gross margin was 57.9% for the second quarter ended October 31, 2019, as compared to 57.1% for the second quarter ended October 31, 2018.

Gross margin for the six month period ended October 31, 2019 was \$128.5 million, compared to \$122.9 million for the six month period ended October 31, 2018. As a percentage of revenue, the gross margin was 57.6% for the six month period ended October 31, 2019, as compared to 57.1% for the six month period ended October 31, 2018.

Gross margins vary depending on the product mix, geographic distribution and competitive pricing pressures and currency fluctuations. For the second quarter ended October 31, 2019 the gross margin, as a percentage of revenue, was in the Company's projected range. The pricing environment continues to be very competitive with substantial discounting by our competition.

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

Operating Expenses

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

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

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

Selling and Administrative

(In thousands of Canadian dollars, except for percentages)	Three month period ended			% increase (decrease)	Six month period ended			% increase (decrease)		
	October 31,				October 31,					
	2019	2018			2019	2018				
Selling and administrative	\$	18,004	\$	16,389	10%	\$	34,334	\$	32,294	6%
Selling and administrative % of sales		15.0%		14.6%			15.4%		15.0%	

Selling and administrative expenses excludes stock based compensation, depreciation and amortization of intangibles. Selling and administrative expenses for the second quarter ended October 31, 2019 were \$18.0 million or 15.0% of revenue, as compared to selling and administrative expenses of \$16.4 million or 14.6% of revenue for the second quarter ended October 31, 2018. The majority of the increase of \$1.6 million was a result of the inclusion of \$0.6 million in selling and administration costs associated with Quintech Electronics and Communications Inc. (“Quintech”), and selling costs associated with increased sales activities.

Selling and administrative expenses for the six month period ended October 31, 2019 were \$34.3 million or 15.4% of revenue, as compared to selling and administrative expenses of \$32.3 million or 15.0% of revenue for the six month period ended October 31, 2018. The majority of the increase of \$1.9 million was a result of the inclusion of \$1.3 million in selling and administration costs associated with Quintech Electronics and Communications Inc. (“Quintech”).

Share Based Compensation

In March 2016, the Company adopted a restricted share unit (RSU) plan to attract, motivate and compensate persons who are integral to the growth and success of the Company. During the six month and three month periods ended October 31, 2019, share based compensation expense associated with the plan was \$2.7 million and \$1.1 million respectively, as compared to \$2.2 million and \$1.3 million for the six month and three month periods ended October 31, 2018.

Research and Development (R&D)

(In thousands of Canadian dollars, except for percentages)	Three month period ended			% increase (decrease)	Six month period ended			% increase (decrease)		
	October 31,				October 31,					
	2019	2018			2019	2018				
Research and development expenses	\$	22,938	\$	21,083	9%	\$	45,632	\$	42,403	8%
Research and development % of sales		19.1%		18.8%			20.4%		19.7%	

For the second quarter ended October 31, 2019, gross R&D expenses were \$22.9 million, an increase of \$1.8 million as compared to an expense of \$21.1 million for the second quarter ended October 31, 2018. The increase of \$1.8 million was predominantly a result of increased salary expenses and the inclusion of \$0.4 million in research and development costs associated with Quintech.

For the six month period ended October 31, 2019, gross R&D expenses were \$45.6 million, an increase of 8% or \$3.2 million as compared to an expense of \$42.4 million for the six month period ended October 31, 2018.

The increase of \$3.2 million was predominantly a result of increased salary expenses and the inclusion of \$0.8 million in research and development costs associated with Quintech.

Foreign Exchange

For the second quarter ended October 31, 2019, the foreign exchange loss was \$1.1 million, as compared to a foreign exchange gain for the second quarter ended October 31, 2018 of \$0.8 million.

For the six month period ended October 31, 2019, the foreign exchange loss was \$2.9 million, as compared to a foreign exchange gain for the six month period ended October 31, 2018 of \$1.9 million. The current period loss was predominantly driven by the decrease in the value of the US dollar against the Canadian dollar since April 30, 2019.

Finance Income, Finance Costs, Other Income and Expenses

For the second quarter ended October 31, 2019, finance income, finance costs, other income and expenses netted to a gain of \$0.1 million.

For the six month period ended October 31, 2019, finance income, finance costs, other income and expenses netted to a gain of \$0.1 million.

LIQUIDITY AND CAPITAL RESOURCES

Liquidity and Capital Resources			
(in thousands of dollars except ratios)			
Key Balance Sheet Amounts and Ratios:	As at		As at
	October 31, 2019		April 30, 2019
Cash and cash equivalents	\$	5,449	\$ 104,583
Working capital	\$	222,038	\$ 282,521
Long-term assets	\$	100,828	\$ 71,555
Long-term debt	\$	107	\$ 239
Days sales outstanding in accounts receivable		100	67

Statement of Cash Flow Summary	Three month period ended		Six month period ended	
	October 31,		October 31,	
	2019	2018	2019	2018
Operating activities	\$ (12,943)	\$ (7,584)	\$ (5,047)	\$ 16,653
Investing activities	\$ 1,832	\$ (5,935)	\$ 232	\$ (18,934)
Financing activities	\$ (81,873)	\$ (14,040)	\$ (96,160)	\$ (27,526)
Net decrease in cash	\$ (90,872)	\$ (26,531)	\$ (99,134)	\$ (28,995)

Operating Activities

For the second quarter ended October 31, 2019, the Company used cash from operations of \$12.9 million, compared to \$7.6 million for the second quarter ended October 31, 2018. Excluding the effects of the changes in non-cash working capital and current taxes, the Company generated cash from operations of \$23.9 million for the second quarter ended October 31, 2019 compared to \$22.7 million for the second quarter ended October 31, 2018.

For the six month period ended October 31, 2019, the Company used cash from operations of \$5.0 million, compared to cash generated of \$16.7 million for the six month period ended October 31, 2018. Excluding the effects of the changes in non-cash working capital and current taxes, the Company generated cash from operations of \$42.4 million for the six month period ended October 31, 2019 compared to \$43.0 million for the six month period ended October 31, 2018. The use of non-cash working capital was predominantly a result of an increase in accounts receivable.

Investing Activities

The Company generated cash from investing activities of \$1.8 million for the second quarter ended October 31, 2019 which was principally driven by the disposal of marketable securities for \$4.1 million, partially offset by the acquisition of capital assets of \$2.2 million.

The Company generated cash from investing activities of \$0.2 million for the six month period ended October 31, 2019 which was principally driven by the disposal of marketable securities for \$4.1 million, partially offset by the acquisition of capital assets of \$3.9 million.

Financing Activities

For the second quarter ended October 31, 2019, the Company used cash from financing activities of \$81.9 million, which was principally driven by dividends paid of \$83.4 million, partially offset by the issuance of capital stock for \$3.4 million.

For the six month period ended October 31, 2019, the Company used cash from financing activities of \$96.2 million, which was principally driven by dividends paid of \$97.2 million, partially offset by the issuance of Capital Stock pursuant to the Company's Stock Option Plan of \$4.4 million.

WORKING CAPITAL

As at October 31, 2019, the Company had cash and cash equivalents of \$5.4 million, compared to \$104.6 million at April 30, 2019. The Company had cash at the end of November 30, 2019 of approximately \$29.0 million compared to \$5.4 million as at October 31, 2019. The \$23.6 million increase was predominantly a result of collection of accounts receivable during the one month period subsequent to quarter end.

The Company had working capital of \$222.0 million as at October 31, 2019 compared to \$282.5 million as at April 30, 2019.

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 100 days at October 31, 2019 as compared to 67 for April 30, 2019.

SHARE CAPITAL STRUCTURE

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

	As at October 31, 2019	As at April 30, 2019
Common shares	76,801,646	76,545,246
Stock options granted and outstanding	1,093,000	1,413,500

FINANCIAL INSTRUMENTS

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

Fair Values and Classification of Financial Instruments:

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

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

CONTRACTUAL OBLIGATIONS

The following table sets forth the Company's contractual obligations as at October 31, 2019:

(In thousands)	Payments Due by Period				
	Total	Less than 1 Year	2-3 Years	4-5 Years	Thereafter
Lease commitments	\$ 37,034	\$ 5,594	\$ 9,945	\$ 8,153	\$ 13,342
Other long-term debt	401	294	107	-	-
	\$ 37,435	\$ 5,888	\$ 10,052	\$ 8,153	\$ 13,342

OFF-BALANCE SHEET FINANCING

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

RELATED PARTY TRANSACTIONS

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

SELECTED CONSOLIDATED QUARTERLY FINANCIAL INFORMATION

The following table sets out selected consolidated financial information for each of the eight quarters ended October 31, 2019. In the opinion of management, this information has been prepared on the same basis as the audited consolidated financial statements. The operating results for any quarter should not be relied upon as any indication of results for any future period.

(In thousands) (Unaudited)	Quarter Ending							
	2019							
	Oct 31	July 31	Apr 30	Jan 31	Oct 31	July 31	Apr 30	Jan 31
Revenue	\$ 119,788	\$103,411	\$ 107,245	\$ 120,942	\$ 112,280	\$103,089	\$ 92,988	\$ 99,574
Cost of goods sold	50,466	44,259	44,520	53,245	48,122	44,311	43,979	43,595
Gross margin	\$ 69,322	\$ 59,152	\$ 62,725	\$ 67,697	\$ 64,158	\$ 58,778	\$ 49,009	\$ 55,979
Operating expenses	42,099	41,423	38,205	39,529	36,770	35,489	37,406	38,944
Earnings from operations	\$ 27,223	\$ 17,729	\$ 24,520	\$ 28,168	\$ 27,388	\$ 23,289	\$ 11,603	\$ 17,035
Non-operating income	60	29	198	1,224	232	68	89	2,169
Earnings before taxes	\$ 27,283	\$ 17,758	\$ 24,718	\$ 29,392	\$ 27,620	\$ 23,357	\$ 11,692	\$ 19,204
Net earnings	\$ 20,372	\$ 13,077	\$ 18,562	\$ 21,694	\$ 20,346	\$ 17,273	\$ 8,190	\$ 14,532
Net earnings per share:								
Basic	\$ 0.27	\$ 0.17	\$ 0.24	\$ 0.28	\$ 0.27	\$ 0.23	\$ 0.11	\$ 0.19
Diluted	\$ 0.27	\$ 0.17	\$ 0.24	\$ 0.28	\$ 0.27	\$ 0.23	\$ 0.11	\$ 0.19
Dividends per share:	\$ 1.08	\$ 0.18	\$ 0.18	\$ 0.18	\$ 0.18	\$ 0.18	\$ 0.18	\$ 0.18

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

DISCLOSURE CONTROLS AND PROCEDURES

Management, including the Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the Company's disclosure controls and procedures (as defined in National Instrument 52-109 of the Canadian Securities Administrators) as of October 31, 2019.

Management has concluded that, as of October 31, 2019, the Company's disclosure controls and procedures were effective to provide reasonable assurance that material information relating to the Company would be made known to them by others within the Company, particularly during the period in which this report was being prepared.

INTERNAL CONTROLS OVER FINANCIAL REPORTING

Management is responsible for and has designed internal controls over financial reporting, or caused it to be designed under management's supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. Management has concluded that, as of October 31, 2019, the Company's internal controls over financial reporting were effective to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

CHANGES IN INTERNAL CONTROLS OVER FINANCIAL REPORTING

There have been no changes to the Company's internal controls over financial reporting during the period ended October 31, 2019 that have materially affected, or reasonably likely to materially affect, its internal controls over financial reporting.

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

OUTLOOK

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

RISKS AND UNCERTAINTIES

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