

EVERTZ TECHNOLOGIES LIMITED
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Third Quarter ended January 31, 2020

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 March 11, 2020.

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 \$121.2 million for the third quarter ended January 31, 2020; an increase of \$0.3 million, when compared to \$120.9 million for the same period ended January 31, 2019. Revenue decreased in the United States/Canada region by 15% and revenue increased in the International region by 31%.

For the third quarter ended January 31, 2020, net earnings were \$19.4 million, a decrease from \$21.9 million for the third quarter ended January 31, 2019. Fully diluted earnings per share were \$0.25, a decrease from \$0.28 in the third quarter ended January 31, 2019.

For the third quarter ended January 31, 2020, foreign exchange gain during the quarter was \$0.3 million, compared to a foreign exchange loss of \$0.4 million for the third quarter January 31, 2019.

Gross margin during the third quarter ended January 31, 2020 was 56.0% consistent with the third quarter ended January 31, 2019.

Selling and administrative expenses for the third quarter ended January 31, 2020 was \$17.9 million as compared to the third quarter ended January 31, 2019 of \$17.6 million. As a percentage of revenue, selling and administrative expenses totaled 14.7% for the third quarter ended January 31, 2020 as opposed to 14.5% for the third quarter ended January 31, 2019.

Research and development expenses were \$24.0 million for the third quarter ended January 31, 2020 as compared to \$21.6 million for the third quarter ended January 31, 2019.

Selected Consolidated Financial Information

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

	Three month period ended		Nine month period ended	
	January 31,		January 31,	
	2020	2019	2020	2019
Revenue	\$ 121,226	\$ 120,942	\$ 344,425	\$ 336,311
Cost of goods sold	53,377	53,245	148,102	145,678
Gross margin	67,849	67,697	196,323	190,633
Expenses				
Selling and administrative	17,863	17,570	52,197	49,864
General	927	897	2,685	2,398
Research and development	23,993	21,571	69,625	63,974
Investment tax credits	(2,056)	(2,136)	(6,037)	(6,072)
Share based compensation	1,186	1,245	4,058	3,152
Foreign exchange (gain) loss	(270)	382	2,637	(1,528)
	41,643	39,529	125,165	111,788
Earnings before undemoted	26,206	28,168	71,158	78,845
Finance income	84	295	896	964
Finance costs	(511)	(152)	(1,375)	(661)
Other income and expenses	162	1,081	303	1,221
Earnings before income taxes	25,941	29,392	70,982	80,369
Provision for (recovery of) income taxes				
Current	6,798	8,033	18,072	21,527
Deferred	(258)	(576)	(224)	(1,035)
	6,540	7,457	17,848	20,492
Net earnings for the period	\$ 19,401	\$ 21,935	\$ 53,134	\$ 59,877
Net earnings attributable to non-controlling interest	143	241	427	564
Net earnings attributable to shareholders	19,258	21,694	52,707	59,313
Net earnings for the period	\$ 19,401	\$ 21,935	\$ 53,134	\$ 59,877
Earnings per share				
Basic	\$ 0.25	\$ 0.28	\$ 0.69	\$ 0.78
Diluted	\$ 0.25	\$ 0.28	\$ 0.69	\$ 0.78
Consolidated Balance Sheet Data			As at	As at
			January 31, 2020	April 30, 2019
Cash and marketable securities	\$	51,653	\$	108,606
Inventory	\$	168,626	\$	171,271
Working capital	\$	224,966	\$	282,521
Total assets	\$	437,338	\$	466,597
Shareholders' equity	\$	296,228	\$	353,123
Number of common shares outstanding:				
Basic		76,601,646		76,545,246
Fully-diluted		78,170,646		77,958,746
Weighted average number of shares outstanding:				
Basic		76,666,791		76,510,417
Fully-diluted		76,745,929		76,529,799

Consolidated Statement of Operations Data

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

	Three month period ended		Nine month period ended	
	January 31,		January 31,	
	2020	2019	2020	2019
Revenue	100.0%	100.0%	100.0%	100.0%
Cost of goods sold	44.0%	44.0%	43.0%	43.3%
Gross margin	56.0%	56.0%	57.0%	56.7%
Expenses				
Selling and administrative	14.7%	14.5%	15.1%	14.8%
General	0.8%	1.8%	0.8%	1.7%
Research and development	19.9%	17.9%	20.2%	19.0%
Investment tax credits	(1.7%)	(1.8%)	(1.8%)	(1.8%)
Share based compensation	1.0%	0.0%	1.2%	0.0%
Foreign exchange (gain) loss	(0.2%)	0.3%	0.8%	(0.4%)
	34.5%	32.7%	36.3%	33.3%
Earnings before undernoted	21.5%	23.3%	20.7%	23.4%
Finance income	0.1%	0.2%	0.2%	0.3%
Finance costs	(0.4%)	(0.1%)	(0.4%)	(0.2%)
Other income and expenses	0.1%	0.9%	0.1%	0.4%
Earnings before income taxes	21.4%	24.3%	20.6%	23.9%
Provision for (recovery) of income taxes				
Current	5.6%	6.7%	5.3%	6.4%
Deferred	(0.2%)	(0.5%)	(0.1%)	(0.3%)
	5.4%	6.2%	5.2%	6.1%
Net earnings for the period	16.0%	18.1%	15.4%	17.8%
Net earnings attributable to non-controlling interest	0.1%	0.2%	0.1%	0.2%
Net earnings attributable to shareholders	15.9%	17.9%	15.3%	17.6%
Net earnings for the period	16.0%	18.1%	15.4%	17.8%
Earnings per share:				
Basic	\$ 0.25	\$ 0.28	\$ 0.69	\$ 0.78
Diluted	\$ 0.25	\$ 0.28	\$ 0.69	\$ 0.78

REVENUE AND EXPENSES**Revenue**

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

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

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

The Company currently generates approximately 55% to 70% 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 75% to 85% of the Company's revenues are denominated in US dollars.

Revenue

(In thousands of Canadian dollars, except for percentages)	Three month period ended			Nine month period ended		
	January 31,		% increase	January 31,		% increase
	2020	2019	(decrease)	2020	2019	(decrease)
United States/Canada	\$ 69,547	\$ 81,485	(15%)	\$ 230,328	\$ 234,211	(2%)
International	51,679	39,457	31%	114,097	102,100	12%
	\$ 121,226	\$ 120,942	0%	\$ 344,425	\$ 336,311	2%

Total revenue for the third quarter ended January 31, 2020 was \$121.2 million, an increase of \$0.3 million as compared to revenue of \$120.9 million for the third quarter ended January 31, 2019.

Total revenue for the nine month period ended January 31, 2020 was \$344.4 million, an increase of \$8.1 million or 2% as compared to revenue of \$336.3 million for the nine month period ended January 31, 2019.

Revenue in the United States/Canada region was \$69.5 million for the third quarter ended January 31, 2020, a decrease of \$12.0 million or 15% when compared to revenue of \$81.5 million for the third quarter ended January 31, 2019.

Revenue in the United States/Canada region was \$230.3 million for the nine month period ended January 31, 2020, a decrease of \$3.9 million or 2% when compared to revenue of \$234.2 million for the nine month period ended January 31, 2019.

Revenue in the International region was \$51.7 million for the third quarter ended January 31, 2020, an increase of \$12.2 million or 31% as compared to revenue of \$39.5 million for the third quarter ended January 31, 2019.

Revenue in the International region was \$114.1 million for the nine month period ended January 31, 2020, an increase of \$12.0 million or 12% as compared to revenue of \$102.1 million for the third quarter ended January 31, 2019.

Cost of Sales

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

Gross Margin

(In thousands of Canadian dollars, except for percentages)	Three month period ended		% increase (decrease)	Nine month period ended		% increase (decrease)
	January 31,			January 31,		
	2020	2019	2020	2019		
Gross margin	\$ 67,849	\$ 67,697	0%	\$ 196,323	\$ 190,633	3%
Gross margin % of sales	56.0%	56.0%		57.0%	56.7%	

Gross margin for the third quarter ended January 31, 2020 was \$67.8 million, compared to \$67.7 million for the third quarter ended January 31, 2019. As a percentage of revenue, the gross margin was 56.0% for the third quarter ended January 31, 2020 consistent with the third quarter ended January 31, 2019.

Gross margin for the nine month period ended January 31, 2020 was \$196.3 million, compared to \$190.6 million for the nine month period ended January 31, 2019. As a percentage of revenue, the gross margin was 57.0% for the nine month period ended January 31, 2020, as compared to 56.7% for the nine month period ended January 31, 2019.

Gross margins vary depending on the product mix, geographic distribution and competitive pricing pressures and currency fluctuations. For the third quarter ended January 31, 2020 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)	Nine month period ended		% increase (decrease)
	January 31,			January 31,		
	2020	2019	2020	2019		
Selling and administrative	\$ 17,863	\$ 17,570	2%	\$ 52,197	\$ 49,864	5%
Selling and administrative % of sales	14.7%	14.5%		15.1%	14.8%	

Selling and administrative expenses excludes stock based compensation, depreciation and amortization of intangibles. Selling and administrative expenses for the third quarter ended January 31, 2020 were \$17.9 million or 14.7% of revenue, as compared to selling and administrative expenses of \$17.6 million or 14.5% of revenue for the third quarter ended January 31, 2019.

Selling and administrative expenses for the nine month period ended January 31, 2020 were \$52.2 million or 15.1% of revenue, as compared to selling and administrative expenses of \$49.9 million or 14.8% of revenue for the nine month period ended January 31, 2019. The majority of the increase of \$2.3 million was a result of the inclusion of \$1.3 million in selling and administration costs associated with an additional six months of consolidated operations of Quintech Electronics and Communications Inc. (“Quintech”), which was acquired on November 1, 2018.

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 nine month and three month periods ended January 31, 2020, share based compensation expense associated with the plan was \$3.7 million and \$1.0 million respectively, as compared to \$2.7 million and \$1.0 million for the nine month and three month periods ended January 31, 2019.

Research and Development (R&D)

(In thousands of Canadian dollars, except for percentages)	Three month period ended		% increase (decrease)	Nine month period ended		% increase (decrease)
	January 31,			January 31,		
	2020	2019	2020	2019		
Research and development expenses	\$ 23,993	\$ 21,571	11%	\$ 69,625	\$ 63,974	9%
Research and development % of sales	19.9%	17.9%		20.2%	19.0%	

For the third quarter ended January 31, 2020, gross R&D expenses were \$24.0 million, an increase of \$2.4 million as compared to an expense of \$21.6 million for the third quarter ended January 31, 2019. The increase of \$2.4 million was predominantly a result of increased salary expenses.

For the nine month period ended January 31, 2020, gross R&D expenses were \$69.6 million, an increase of 9% or \$5.6 million as compared to an expense of \$64.0 million for the nine month period ended January 31, 2019.

The increase of \$5.6 million was predominantly a result of increased head count and the inclusion of \$0.8 million in research and development costs associated with an additional six months of consolidated operations of Quintech. The majority of the head count increase was to address recent growth in the cloud-based business and support anticipated increases in cloud-based opportunities.

Foreign Exchange

For the third quarter ended January 31, 2020, the foreign exchange gain was \$0.3 million, as compared to a foreign exchange loss for the third quarter ended January 31, 2019 of \$0.4 million.

For the nine month period ended January 31, 2020, the foreign exchange loss was \$2.6 million, as compared to a foreign exchange gain for the nine month period ended January 31, 2019 of \$1.5 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 third quarter ended January 31, 2020, finance income, finance costs, other income and expenses netted to a loss of \$0.3 million.

For the nine month period ended January 31, 2020, finance income, finance costs, other income and expenses netted to a loss of \$0.2 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
	January 31, 2020		April 30, 2019
Cash and cash equivalents	\$	51,653	\$ 104,583
Working capital	\$	224,966	\$ 282,521
Long-term assets	\$	99,649	\$ 71,555
Long-term debt	\$	36	\$ 239
Days sales outstanding in accounts receivable		77	67

Statement of Cash Flow Summary	Three month period ended		Nine month period ended	
	January 31,		January 31,	
	2020	2019	2020	2019
Operating activities	\$ 67,285	\$ 48,138	\$ 62,238	\$ 64,791
Investing activities	\$ (2,843)	\$ (9,482)	\$ (2,611)	\$ (28,416)
Financing activities	\$ (18,814)	\$ (13,901)	\$ (114,974)	\$ (41,427)
Net increase (decrease) in cash	\$ 46,204	\$ 23,694	\$ (52,930)	\$ (5,301)

Operating Activities

For the third quarter ended January 31, 2020, the Company generated cash from operations of \$67.3 million, compared to \$48.1 million for the third quarter ended January 31, 2019. Excluding the effects of the changes in non-cash working capital and current taxes, the Company generated cash from operations of \$23.7 million for the third quarter ended January 31, 2020 compared to \$22.9 million for the third quarter ended January 31, 2019.

For the nine month period ended January 31, 2020, the Company generated cash from operations of \$62.2 million, compared to cash generated of \$64.8 million for the nine month period ended January 31, 2019. Excluding the effects of the changes in non-cash working capital and current taxes, the Company generated cash from operations of \$66.1 million for the nine month period ended January 31, 2020 compared to \$65.9 million for the nine month period ended January 31, 2019.

Investing Activities

The Company used cash for investing activities of \$2.8 million for the third quarter ended January 31, 2020 which was principally driven by the acquisition of capital assets of \$3.0 million.

The Company used cash for investing activities of \$2.6 million for the nine month period ended January 31, 2020 which was principally driven by the acquisition of capital assets of \$6.9 million, partially offset by the disposal of marketable securities for \$4.1 million.

Financing Activities

For the third quarter ended January 31, 2020, the Company used cash from financing activities of \$18.8 million, which was principally driven by dividends paid of \$13.8 million and capital stock repurchased for \$3.6 million.

For the nine month period ended January 31, 2020, the Company used cash from financing activities of \$115.0 million, which was principally driven by dividends paid of \$111.0 million and capital stock repurchased for \$4.1 million, partially offset by the issuance of Capital Stock pursuant to the Company's Stock Option Plan for \$4.4 million.

WORKING CAPITAL

As at January 31, 2020, the Company had cash and cash equivalents of \$51.7 million, compared to \$104.6 million at April 30, 2019.

The Company had working capital of \$225.0 million as at January 31, 2020 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 77 days at January 31, 2020 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 January 31, 2020	As at April 30, 2019
Common shares	76,601,646	76,545,246
Stock options granted and outstanding	1,569,000	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 January 31, 2020:

(In thousands)	Payments Due by Period				
	Total	Less than 1 Year	2-3 Years	4-5 Years	Thereafter
Lease commitments	\$ 35,744	\$ 5,671	\$ 9,644	\$ 8,048	\$ 12,381
Other long-term debt	288	252	36	-	-
	\$ 36,032	\$ 5,923	\$ 9,680	\$ 8,048	\$ 12,381

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 January 31, 2020. 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							
	Jan 31	2019				Jan 31		
	Jan 31	Oct 31	July 31	Apr 30	Jan 31	Oct 31	July 31	Apr 30
Revenue	\$ 121,226	\$ 119,788	\$103,411	\$ 107,245	\$ 120,942	\$ 112,280	\$103,089	\$ 92,988
Cost of goods sold	53,377	50,466	44,259	44,520	53,245	48,122	44,311	43,979
Gross margin	\$ 67,849	\$ 69,322	\$ 59,152	\$ 62,725	\$ 67,697	\$ 64,158	\$ 58,778	\$ 49,009
Operating expenses	41,643	42,099	41,423	38,205	39,529	36,770	35,489	37,406
Earnings from operations	\$ 26,206	\$ 27,223	\$ 17,729	\$ 24,520	\$ 28,168	\$ 27,388	\$ 23,289	\$ 11,603
Non-operating income	(265)	60	29	198	1,224	232	68	89
Earnings before taxes	\$ 25,941	\$ 27,283	\$ 17,758	\$ 24,718	\$ 29,392	\$ 27,620	\$ 23,357	\$ 11,692
Net earnings	\$ 19,258	\$ 20,372	\$ 13,077	\$ 18,562	\$ 21,694	\$ 20,346	\$ 17,273	\$ 8,190
Net earnings per share:								
Basic	\$ 0.25	\$ 0.27	\$ 0.17	\$ 0.24	\$ 0.28	\$ 0.27	\$ 0.23	\$ 0.11
Diluted	\$ 0.25	\$ 0.27	\$ 0.17	\$ 0.24	\$ 0.28	\$ 0.27	\$ 0.23	\$ 0.11
Dividends per share:	\$ 0.18	\$ 1.08	\$ 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 January 31, 2020.

Management has concluded that, as of January 31, 2020, 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 January 31, 2020, 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 January 31, 2020 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.