

Interim condensed consolidated financial statements of

**EVERTZ TECHNOLOGIES LIMITED**

Three month and Nine month periods ended January 31, 2022 and 2021  
(Unaudited)

## **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

Index to Financial Statements  
(Unaudited)

Interim condensed consolidated financial statements  
Three month and Nine month periods ended January 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

# EVERTZ TECHNOLOGIES LIMITED

Interim Condensed Consolidated Statements of Financial Position  
(Unaudited)

As at January 31, 2022 and April 30, 2021  
(In thousands of Canadian dollars)

	January 31, 2022	April 30, 2021
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ 29,792	\$ 108,771
Trade and other receivables (note 3)	102,789	76,785
Contract assets	6,774	2,821
Prepaid expenses	5,807	6,559
Inventories (note 4)	175,481	152,699
	320,643	347,635
Property, plant and equipment (note 5)	40,118	44,799
Right-of-use assets (note 7)	26,024	23,570
Goodwill	21,501	21,140
Intangibles	3,615	4,476
Investment in an Associate (note 19)	5,956	6,869
Deferred income taxes	5,033	3,304
	\$ 422,890	\$ 451,793
<b>Liabilities</b>		
Current liabilities		
Trade and other payables	\$ 82,070	\$ 66,727
Provisions (note 6)	4,161	4,069
Deferred revenue	66,511	58,047
Current portion of lease obligations (note 8)	3,867	4,122
Income tax payable	6,734	155
	163,343	133,120
Long-term redemption liability (note 18)	3,057	2,523
Long-term lease obligations (noted 8)	24,104	21,245
	190,504	156,888
<b>Equity</b>		
Capital stock (note 9)	143,502	143,605
Share based payment reserve	10,731	9,514
Accumulated other comprehensive earnings (loss)	212	(1,062)
Retained earnings	75,401	140,677
	75,613	139,615
Total equity attributable to shareholders	229,846	292,734
Non-controlling interest	2,540	2,171
	232,386	294,905
	\$ 422,890	\$ 451,793

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 January 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
<b>Balance at April 30, 2020</b>	<b>\$ 143,915</b>	<b>\$ 8,279</b>	<b>\$ 1,032</b>	<b>\$ 141,786</b>	<b>\$ 295,012</b>	<b>\$ 2,408</b>	<b>\$ 297,420</b>
Net earnings for the period	-	-	-	31,805	31,805	346	32,151
Foreign currency translation adjustment	-	-	433	-	433	(13)	420
<b>Total comprehensive earnings for the period</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 433</b>	<b>\$ 31,805</b>	<b>\$ 32,238</b>	<b>\$ 333</b>	<b>\$ 32,571</b>
Dividends declared	-	-	-	(27,491)	(27,491)	(400)	(27,891)
Business Acquisitions (note 18)	-	-	-	-	-	1,042	1,042
Share based compensation expense	-	923	-	-	923	-	923
Repurchase of common shares	(310)	-	-	(1,645)	(1,955)	-	(1,955)
<b>Balance at January 31, 2021</b>	<b>\$ 143,605</b>	<b>\$ 9,202</b>	<b>\$ 1,465</b>	<b>\$ 144,455</b>	<b>\$ 298,727</b>	<b>\$ 3,383</b>	<b>\$ 302,110</b>
<b>Balance at April 30, 2021</b>	<b>\$ 143,605</b>	<b>\$ 9,514</b>	<b>\$ (1,062)</b>	<b>\$ 140,677</b>	<b>\$ 292,734</b>	<b>\$ 2,171</b>	<b>\$ 294,905</b>
Net earnings for the period	-	-	-	52,788	52,788	676	53,464
Foreign currency translation adjustment	-	-	1,274	-	1,274	(57)	1,217
<b>Total comprehensive earnings for the period</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,274</b>	<b>\$ 52,788</b>	<b>\$ 54,062</b>	<b>\$ 619</b>	<b>\$ 54,681</b>
Dividends declared	-	-	-	(117,476)	(117,476)	(250)	(117,726)
Share based compensation expense	-	1,217	-	-	1,217	-	1,217
Repurchase of common shares (note 9)	(103)	-	-	(588)	(691)	-	(691)
<b>Balance at January 31, 2022</b>	<b>\$ 143,502</b>	<b>\$ 10,731</b>	<b>\$ 212</b>	<b>\$ 75,401</b>	<b>\$ 229,846</b>	<b>\$ 2,540</b>	<b>\$ 232,386</b>

See accompanying notes to the interim condensed consolidated financial statements.

## EVERTZ TECHNOLOGIES LIMITED

Interim Condensed Consolidated Statements of Earnings  
(Unaudited)

Three month and nine month periods ended January 31, 2022 and 2021

(In thousands of Canadian dollars, except per share amounts)

	Three month period ended		Nine month period ended	
	January 31,		January 31,	
	2022	2021	2022	2021
Revenue (notes 14 & 15)	\$ 120,563	\$ 92,776	\$ 324,927	\$ 249,595
Cost of goods sold	51,351	40,793	137,952	105,729
Gross margin	69,212	51,983	186,975	143,866
Expenses				
Selling, administrative and general (note 10)	17,292	13,011	48,941	39,711
Research and development (note 11)	26,569	23,235	78,109	60,573
Investment tax credits	(3,235)	(3,931)	(9,041)	(10,100)
Foreign exchange (gain) loss	(1,741)	5,344	(5,374)	9,750
	38,885	37,659	112,635	99,934
	30,327	14,324	74,340	43,932
Finance income	17	77	237	621
Finance costs	(598)	(471)	(1,238)	(1,193)
Share of net loss from Investment in Associate, net of taxes (note 19)	(426)	-	(1,024)	-
Other income (expenses)	(422)	96	(236)	(431)
Earnings before income taxes	28,898	14,026	72,079	42,929
Provision for (recovery of) income taxes				
Current	5,840	2,423	19,482	10,910
Deferred	1,466	1,215	(867)	(132)
	7,306	3,638	18,615	10,778
Net earnings for the period	\$ 21,592	\$ 10,388	\$ 53,464	\$ 32,151
Net earnings attributable to non-controlling interest	342	116	676	346
Net earnings attributable to shareholders	21,250	10,272	52,788	31,805
Net earnings for the period	\$ 21,592	\$ 10,388	\$ 53,464	\$ 32,151
Earnings per share (note 17)				
Basic	\$ 0.28	\$ 0.13	\$ 0.69	\$ 0.42
Diluted	\$ 0.28	\$ 0.13	\$ 0.69	\$ 0.42

See accompanying notes to the interim condensed consolidated financial statements.

## EVERTZ TECHNOLOGIES LIMITED

Interim Condensed Consolidated Statements of Comprehensive Earnings  
(Unaudited)

Three month and nine month periods ended January 31, 2022 and 2021  
(In thousands of Canadian dollars)

	Three month period ended		Nine month period ended	
	January 31,		January 31,	
	2022	2021	2022	2021
Net earnings for the period	\$ 21,592	\$ 10,388	\$ 53,464	\$ 32,151
Items that may be reclassified to net earnings:				
Foreign currency translation adjustment	1,489	(410)	1,217	420
Comprehensive earnings	\$ 23,081	\$ 9,978	\$ 54,681	\$ 32,571
Comprehensive earnings attributable to non-controlling interest	\$ 330	\$ 72	\$ 619	\$ 333
Comprehensive earnings attributable to shareholders	\$ 22,751	\$ 9,906	\$ 54,062	\$ 32,238
Comprehensive earnings	\$ 23,081	\$ 9,978	\$ 54,681	\$ 32,571

See accompanying notes to the interim condensed consolidated financial statements.

# EVERTZ TECHNOLOGIES LIMITED

Interim Condensed Consolidated Statements of Cash Flows  
(Unaudited)

Three month and nine month periods ended January 31, 2022 and 2021  
(In thousands of Canadian dollars)

	Three month period ended		Nine month period ended	
	January 31,		January 31,	
	2022	2021	2022	2021
<b>Operating activities</b>				
Net earnings for the period	\$ 21,592	\$ 10,388	\$ 53,464	\$ 32,151
Add: Items not involving cash				
Depreciation of property, plant and equipment	2,880	2,824	8,611	8,634
Amortization of right-of-use assets (note 7)	1,161	1,281	3,730	3,844
Amortization of intangibles	304	104	904	321
Gain on disposal of property, plant and equipment	(412)	(12)	(376)	(8)
Share of net loss from Investment in Associate (note 19)	426	-	1,024	
Share based compensation (note 13)	351	319	1,217	923
Interest expense	825	275	1,334	852
Deferred income tax expense (recovery)	1,466	1,215	(867)	(132)
	28,593	16,394	69,041	46,585
Current tax expenses, net of investment tax credits	2,605	(968)	10,441	1,360
Income taxes paid	(2,111)	(1,479)	(5,186)	(4,194)
Changes in non-cash working capital items (note 12)	(20,826)	(3,650)	(27,111)	23,675
<b>Cash provided by operating activities</b>	<b>8,261</b>	<b>10,297</b>	<b>47,185</b>	<b>67,426</b>
<b>Investing activities</b>				
Acquisition of property, plant and equipment	(1,170)	(2,049)	(4,150)	(5,930)
Proceeds from disposal of property, plant and equipment	467	21	488	21
Investment in an Associate (note 19)	-	(8,015)	-	(8,015)
Business acquisitions (note 18)	-	-	-	(795)
<b>Cash used in investing activities</b>	<b>(703)</b>	<b>(10,043)</b>	<b>(3,662)</b>	<b>(14,719)</b>
<b>Financing activities</b>				
Repayment of long term debt	-	(62)	-	(186)
Principle payments of lease liabilities	(1,010)	(1,101)	(3,327)	(3,255)
Interest paid	(291)	(275)	(800)	(852)
Dividends paid	(13,729)	(13,732)	(117,476)	(27,491)
Dividends paid by subsidiaries to non-controlling interests	-	-	(250)	(400)
Capital stock repurchased (note 9)	(691)	(309)	(691)	(1,954)
<b>Cash used in financing activities</b>	<b>(15,721)</b>	<b>(15,479)</b>	<b>(122,544)</b>	<b>(34,138)</b>
<b>Effect of exchange rates on cash and cash equivalents</b>	<b>289</b>	<b>(754)</b>	<b>42</b>	<b>469</b>
(Decrease) increase in cash and cash equivalents	(7,874)	(15,979)	(78,979)	19,038
Cash and cash equivalents beginning of period	37,666	110,042	108,771	75,025
<b>Cash and cash equivalents end of period</b>	<b>\$ 29,792</b>	<b>\$ 94,063</b>	<b>\$ 29,792</b>	<b>\$ 94,063</b>

See accompanying notes to the interim condensed consolidated financial statements.



# EVERTZ TECHNOLOGIES LIMITED

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Three month and nine month ended January 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, 2021.

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

These interim condensed consolidated financial statements were authorized for issue by the Board of Directors on March 8, 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.

Note #2

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

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

### 3. TRADE AND OTHER RECEIVABLES

	<b>January 31, 2022</b>		<b>April 30, 2021</b>	
Trade receivables	\$	99,685	\$	72,529
Other receivables		3,104		4,256
	\$	102,789	\$	76,785

### 4. INVENTORIES

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

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

	<b>January 31, 2022</b>		<b>April 30, 2021</b>	
Finished goods	\$	60,428	\$	58,319
Raw material and supplies		77,663		60,124
Work in progress		37,390		34,256
	\$	175,481	\$	152,699

### 5. PROPERTY, PLANT AND EQUIPMENT

	<b>January 31, 2022</b>			<b>April 30, 2021</b>		
	<b>Cost</b>	<b>Accumulated Depreciation</b>	<b>Carrying Amount</b>	<b>Cost</b>	<b>Accumulated Depreciation</b>	<b>Carrying Amount</b>
Office furniture and equipment	\$ 5,006	\$ 3,368	\$ 1,638	\$ 4,787	\$ 3,231	\$ 1,556
Research and development equipment	41,344	31,012	10,332	40,778	28,027	12,751
Airplanes	11,599	9,578	2,021	11,535	9,154	2,381
Machinery and equipment	70,862	56,886	13,976	69,202	54,094	15,108
Leaseholds	9,194	6,405	2,789	9,188	6,037	3,151
Land	2,167	-	2,167	2,197	-	2,197
Buildings	10,516	3,321	7,195	10,710	3,055	7,655
	\$ 150,688	\$ 110,570	\$ 40,118	\$ 148,397	\$ 103,598	\$ 44,799

## 6. PROVISIONS

	Warranty and Returns	Lease/Retirement Obligations	Total
<b>Balance as at April 30, 2021</b>	\$ 3,331	\$ 738	\$ 4,069
Net additions	(27)	44	17
Foreign exchange differences	70	5	75
<b>Balance as at January 31, 2022</b>	\$ 3,375	\$ 787	\$ 4,161

### *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. RIGHT-OF-USE

## ASSETS

	Land & Building
<b>Balance as at April 30, 2021</b>	\$ 23,570
Additions	\$ 5,665
Amortization for the year	(3,730)
Foreign exchange adjustments	519
<b>Balance as at January 31, 2022</b>	\$ 26,024

## 8. LEASE LIABILITIES

<b>Balance as at April 30, 2021</b>	\$ 25,367
Additions	5,665
Interest	774
Lease Payments	(4,101)
Foreign exchange adjustments	266
<b>Balance as at January 31, 2022</b>	\$ 27,971
Less current portion	3,867
<b>Long term lease obligations</b>	\$ 24,104

## 9. CAPITAL STOCK

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

	Number of Common Shares	Amount
<b>Balance as at April 30, 2021</b>	76,284,366	\$ 143,605
Cancelled pursuant to NCIB	(54,670)	(103)
<b>Balance as at January 31, 2022</b>	76,229,696	\$ 143,502

### *Dividends Per Share*

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

Note # 9 continued...

### Normal Course Issuer Bid

In October 2020, the Company renewed their Normal Course Issuer Bid (“NCIB”) with the TSX to repurchase, at the Company’s discretion, until October 25, 2021 up to 3,819,487 outstanding common shares on the open market or as otherwise permitted, subject to normal terms and limitations of such bids. During the nine and three month periods, the Company did not purchase and cancel any shares (2020 – 15,300 at a weighted average price of \$11.71).

In October 2021, the Company renewed their 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 nine month and three month periods, the Company purchased and cancelled 54,670 shares at a weighted average price of \$12.64. (2020 – nil).

## 10. SELLING, ADMINISTRATIVE AND GENERAL EXPENSES

	Three month period ended		Nine month period ended	
	January 31,		January 31,	
	2022	2021	2022	2021
Selling and administrative	\$ 16,015	\$ 11,734	\$ 44,745	\$ 36,426
Depreciation - selling and administration	863	713	2,633	2,288
General:				
Share based compensation (note 13)	110	460	659	676
Amortization of intangibles	304	104	904	321
	\$ 17,292	\$ 13,011	\$ 48,941	\$ 39,711

## 11. RESEARCH AND DEVELOPMENT

	Three month period ended		Nine month period ended	
	January,		January,	
	2022	2021	2022	2021
Research and development	\$ 24,619	\$ 20,112	\$ 71,034	\$ 53,843
Depreciation - research and development	1,370	1,315	4,076	3,828
General:				
Share based compensation (note 13)	580	1,808	2,999	2,902
	\$ 26,569	\$ 23,235	\$ 78,109	\$ 60,573

## 12. STATEMENT OF CASH FLOWS

### Changes in non-cash working capital items

	Three month period ended		Nine month period ended	
	January 31,		January 31,	
	2022	2021	2022	2021
Trade and other receivables	\$ (20,031)	\$ (19,449)	\$ (26,753)	\$ 979
Contract assets	1,104	881	(3,953)	1,413
Inventories	(11,465)	820	(23,060)	5,313
Prepaid expenses	1,253	3,513	689	3,195
Trade and other payables	9,932	3,324	17,410	(2,186)
Deferred revenue	(1,624)	7,333	8,464	15,837
Provisions	5	(72)	92	(876)
	\$ (20,826)	\$ (3,650)	\$ (27,111)	\$ 23,675

### 13. 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
<b>Balance as at April 30, 2021</b>	<b>5,885,000</b>	<b>\$ 13.46</b>
Granted	3,000	15.14
Forfeited	(436,000)	12.79
Expired	(55,000)	17.33
<b>Balance as at January 31, 2022</b>	<b>5,397,000</b>	<b>\$ 13.47</b>

Stock options outstanding as at January 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	3,976,000	3.6	-	\$ -
\$15.61 - \$15.80	\$ 15.38	523,500	2.2	238,300	\$ 15.70
\$16.08 - \$16.87	\$ 16.42	350,000	1.9	104,000	\$ 16.84
\$17.39 - \$18.63	\$ 17.87	547,500	2.6	43,000	\$ 17.52
Totals	\$ 13.47	5,397,000	3.2	385,300	\$ 16.21

#### *Restricted Share Unit Plan*

The Company established, in March 2016, a restricted share unit ("RSU") plan to provide an incentive to participants; including key executives of the Company, by rewarding such participants with equity-based compensation. Under the terms of the plan, RSU's are issued to the participant with a vesting period of three years.

On the vesting date, all RSU's will be redeemed in cash at the fair market value at the date of vest plus any accrued dividends. The changes in the number of outstanding RSUs are as follows:

	Number of RSUs
<b>Balance as at April 30, 2021</b>	<b>797,500</b>
Granted	10,000
Forfeited	(34,500)
<b>Balance as at January 31, 2022</b>	<b>773,000</b>

As at January 31, 2022, the average remaining contractual life for outstanding RSUs is 0.7 years (2021 – 1.4 years).

Note # 13 continued...

## Compensation expense

### Stock Option Plan

The share based compensation expense that has been charged against earnings over the nine month and three month periods is \$1,217 (2021 - \$923) and \$351 (2021 - \$319). Compensation expense on grants during the year was calculated using the Black-Scholes option pricing model with the following weighted average assumptions:

	Nine month period ended January 31, 2022	Nine month period ended January 31, 2021
Risk-free interest rate	0.94%	0.37%
Dividend yield	4.76%	5.67%
Expected life	5 years	5 years
Expected volatility	24%	23%
Weighted average grant-date fair value	\$1.74	\$1.08

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 17% (2021 – 12%).

### Restricted Share Unit Plan

The share based compensation expense that has been charged against earnings over the nine month and three month periods is \$2,440 (2021 - \$2,655) and \$338 (2021 - \$1,949). Share based compensation expense was calculated using a weighted average forfeiture rate of 9% (2021 – 5%). As at January 31, 2022, the total liability included within trade and other payables is \$9,929 (2021 - \$7,512).

## 14. 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 January 31,		Nine month period ended January 31,	
Revenue	2022	2021	2022	2021
United States	\$ 72,419	\$ 52,278	\$ 204,200	\$ 150,330
International	41,201	36,514	103,415	90,491
Canada	6,943	3,984	17,312	8,774
	\$ 120,563	\$ 92,776	\$ 324,927	\$ 249,595

Note #14 continued ...

January 31, 2022						
	Property, Plant and Equipment	Goodwill	Intangible Assets	Right-of-Use Assets	Investment in an Associate	
United States	\$ 4,606	\$ 1,277	\$ 1,021	\$ 840	\$ 5,956	
International	10,656	18,641	2,594	4,131	-	
Canada	24,856	1,583	-	21,053	-	
	\$ 40,118	\$ 21,501	\$ 3,615	\$ 26,024	\$ 5,956	

Note # 14 continued...

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

## 15. REVENUE

	<b>Three month period ended</b>		<b>Nine month period ended</b>	
	<b>January 31,</b>		<b>January 31,</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
Hardware, including related software	\$ 99,625	\$ 65,717	\$ 252,232	\$ 194,442
Services, including warranty, training and commissioning	9,100	9,325	29,344	20,802
Long term contract revenue	11,838	17,734	43,351	34,351
	<b>\$ 120,563</b>	<b>\$ 92,776</b>	<b>\$ 324,927</b>	<b>\$ 249,595</b>

## 16. 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 \$7,806 committed over the remaining term. During the nine month and three month periods, rent paid for the leased principal premises amounted to \$787 (2021 – \$764) and \$262 (2021 - \$255) with no outstanding amounts due as at January 31, 2022.

The Company also leases property where two shareholders indirectly own 100% interest. This lease was renewed in October 2021 and expires in September 2026 with a total of \$1,428 over the remaining term. During the nine month and three month periods, rent paid for the leased principal premises amounted to \$208 (2021 – \$189) and \$72 (2021 - \$63) with no outstanding amounts due as at January 31, 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 \$6,233 committed over the remaining term. During the nine month and three month periods, rent paid for the leased principal premises amounted to \$650 (2021 – \$635) and \$217 (2021 - \$214) with no outstanding amounts due as at January 31, 2022.

On May 1, 2009 the Company entered into a property lease agreement where two shareholders each indirectly hold a 35% interest. This lease expires in 2029 with a total of \$4,026 committed over the remaining term. During the nine month and three month periods, rent paid for the leased principal premises amounted to \$394 (2021 – \$380) and \$131 (2021 - \$127) with no outstanding amounts due as at January 31, 2022.

The Company also leases a property where two shareholders indirectly own 100% interest. The lease expires in 2023 with a total of \$140 committed over the remaining term. During the nine month and three month periods, rent paid for the leased principal premises amounted to \$114 (2021 – \$114) and \$38 (2021 - \$38) with no outstanding amounts due as at January 31, 2022.

Note # 16 continued...

On May 1, 2016 the Company entered into a property lease agreement where two shareholders each hold a 46.6% interest. This lease expires in 2026 with a total of \$4,506 committed over the remaining term. During the nine month and three month periods, rent paid for the leased principal premises amounted to \$747 (2021 – \$747) and \$249 (2021 - \$249) with no outstanding amounts due as at January 31, 2022.

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 \$1,246 committed over the remaining term. During the nine month and three month periods, rent paid for the leased principal premises amounted to \$198 (2021 – \$195) and \$66 (2021 - \$66) with no outstanding amounts due as at January 31, 2022.

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

## 17. EARNINGS PER SHARE

	Three month period ended		Nine month period ended	
	January 31,		January 31,	
	2022	2021	2022	2021
Weighted average common shares outstanding	76,265,741	76,285,488	76,278,158	76,381,605
Dilutive effect of stock options	82,132	120,901	259,456	49,703
Diluted weighted average common shares outstanding	76,347,873	76,406,389	76,537,614	76,431,308

The weighted average number of diluted common shares excludes 1,421,000 options because they were anti-dilutive during the period (2021 – 1,524,500).

## 18. BUSINESS ACQUISITIONS

### *Business Combinations*

On October 27, 2020, the Company completed the investment of 73% in the voting share capital of Ease Live AS (“Ease Live”), who are based in Bergen, Norway. Ease Live, which was formerly part of Sixty AS, is a direct to consumer interactive graphics company. The fair value of total consideration transferred upon acquisition included cash considerations of \$5,327, which was transferred into Ease Live for future use. The non-controlling shareholders hold a put option for the remaining shareholdings, exercisable between November 15, 2022 and December 15, 2022 for a fixed cash price of \$3,662. The put option has been separately valued as a redemption liability and the non-controlling interest is deemed to have been acquired at the acquisition date. The acquisition was accounted for under the acquisition method and its operating results have been included in these financial statements since the date of acquisition. During fiscal 2021, the Company recognized \$66 of transaction costs in selling, administrative and general expenses relating to the transaction. During the nine month period, \$835 in revenue and \$596 in losses were included within the consolidated statement of earnings (2021 – no revenue and \$539 in losses). During the three month period, \$145 in revenue and \$68 in losses were included with the consolidated statement earnings (2021 – no revenue and \$539 in losses).

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

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



Note # 18 continued...

Trade and other payables	(673)
Intangible assests	-
Goodwill (not tax deductible)	2,510
Non-controlling interest	(1,042)
	<u>\$ 795</u>

#### *Asset Acquisitions*

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

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

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

#### **19. 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 it’s 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 nine month and three month periods, \$1,024 and \$426 in losses were recorded in recognition of the Company’s share of DDSports Inc. losses during fiscal 2022 (2020 - nil). As at January 31, 2022, DDSports Inc. had \$7,406 in working capital and \$10,398 in net assets.

#### **20. SUBSEQUENT EVENT**

On March 8, 2022 the Company declared a quarterly dividend of \$0.18 with a record date of March 18, 2022 and a payment date of March 24, 2022.