



THE COMPLETE SOLUTIONS PROVIDER

2024

ANNUAL REPORT



2024 HIGHLIGHTS

STRENGTH

Record Revenue

\$515M

INNOVATION

Re-investment in R&D

\$135M

GENERATING CASH

Operating Activities

\$95M

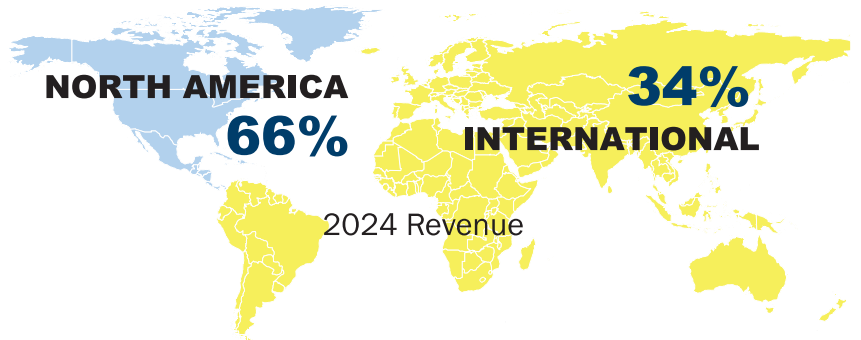
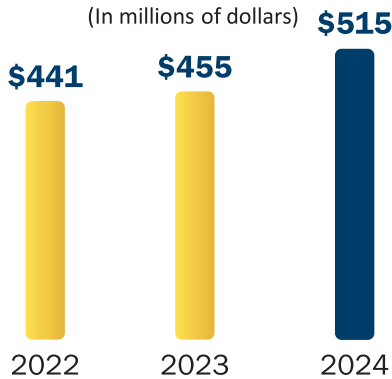
PROFITABILITY

Earnings Before Taxes

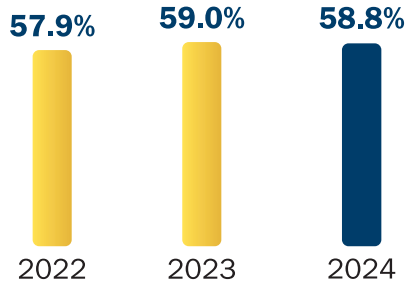
\$97M

REVENUE

(In millions of dollars)

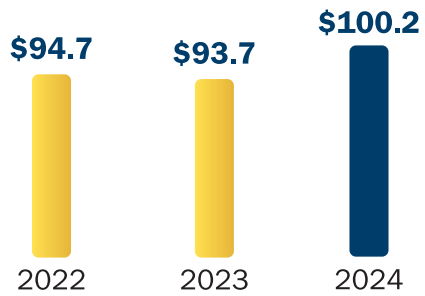


GROSS MARGIN



OPERATING EARNINGS

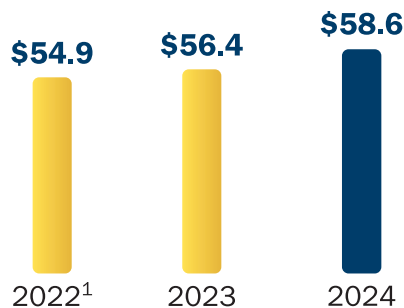
(in millions of dollars)



(before impact of foreign exchange)

DIVIDENDS PAID

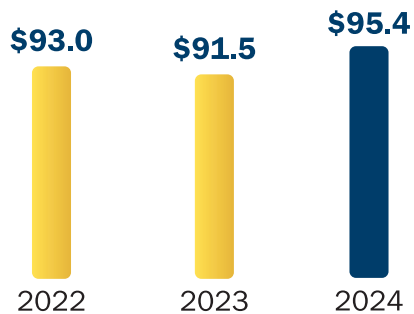
(annual total in millions of dollars)



¹excludes \$76.3 M special dividend September 2021

CASH FROM OPERATING ACTIVITIES

(in millions of dollars)



(before changes in non-working capital and current taxes)

A LETTER TO FELLOW SHAREHOLDERS

Evertz had an outstanding year in fiscal 2024, with record annual revenues exceeding over half a billion dollars. Evertz gained substantial market share with a 13% increase in revenue and delivered meaningful profitability and value for our shareholders. Evertz commitment to our customers' success and their trust in our capabilities allowed Evertz to execute on our backlog of work and deliver for our customers, while carrying significant momentum heading into fiscal 2025.

Highlights from the year include:

- Record annual revenues of \$515 million, an increase of \$60 million (13%) from the prior year;
- Earnings before taxes of \$97 million, an increase of 11 % from the prior year;
- Reoccurring software, services and other software of \$189 million, representing 37% of total revenue;
- Annual investment in research and development of \$135 million;
- Distribution of \$58.6 million in excess cash flow to shareholders through increased quarterly dividends totaling \$0.77 per share during the year.

Long-term Stability

Evertz has achieved success within an evolving industry that has gone through industry consolidation, changes to our customer base and greater adoption of cloud and IP based solutions. Evertz is relied upon as a stable rock within our industry with our over 300 years of senior management industry experience, consistently providing reliable, innovative, and best-in-class solutions. Evertz prioritizes our customer's needs and works assiduously for our customers to provide leading edge technological solutions, on time and reliable deliveries, with continuous service and after-sales support to ensure their success. Evertz is committed to providing innovative solutions to complex technological challenges and being relied upon as a stable, trusted partner.

Business Transformation and greater visibility

Our customers are increasingly turning to Evertz to help build larger and more encompassing systems. Software and services is becoming more of a catalyst to drive the sale and completion of these large scaled solutions. In fiscal 2024, Evertz continued to make progress on the transformation of our business to more software and reoccurring-based offerings and solutions. Evertz generated \$189 million in combined reoccurring software, services and other software, growing 9% in the year and 50% over two years, and representing 37% of Evertz total revenue. The success of this transformation, which includes Evertz large order for the delivery of Evertz cloud software and associated professional services, for \$152 million across five years, ensures greater visibility and predictability. The visibility we achieve through our growing reoccurring software, services and other software segment enables Evertz to strengthen our commitment to innovation, increasing shareholder returns through capital return, and strong execution.

Innovation

Evertz commitment to innovation is a backbone of our vision as we maintain our technological leadership in a constantly changing industry and as we expand market share into adjacent industries. Evertz invested \$135 million in research and development in the past year and over \$500 million throughout the past five years. We are investing in research and development across our diversified portfolio, providing solutions that leverage our knowledge in networking, security, and through the utilization of artificial intelligence, to fuel future innovation and growth opportunities. The annual investments fueled development activities within our core product portfolio and funded intensive longer term R&D initiatives, such as: unified Orchestration, Control & Management, Analytics and User Interface software platforms; high performance low latency IP networking technologies; our IT based and Cloud architectures; Payout & Content Management; DreamCatcher™ Live Production Suite; Interactive graphic overlay platforms; Compression and Media Transport Solutions; and Professional AV Solutions. These solutions are enabling our current and future customers to efficiently transition to IP, IT and public/private/hybrid Cloud based solutions, providing flexible tools for content creation, production, monetization, and distribution.

COMPANY RECOGNITION

Throughout the year, Evertz executed on our innovation strategy and received a number of recognitions, including those listed below:



TV Technology – 2024 NAB Best of Show – Evertz awarded, in June 2024, for the **7880RFIP platform**, a groundbreaking RFOverIP solution, streamlining the integration of complex digital IF or hybrid workflows, further solidifying our position as an industry leader in satellite ground infrastructure digitization, supporting end-to-end control over IP networks.



AV Technology – 2024 InfoComm Best of Show – Evertz awarded, in June 2024, for the **DreamCatcher™ BRAVO Studio** for corporate live production and **NUCLEUS** for simplified AV over IP. **BRAVO Studio** unifies multiple live media applications to allow broadcasters and new media companies to create content with smaller production teams and lower costs. While **NUCLEUS** provides a scalable, reliable and cost-effective 1GE based architecture for AV distribution for smaller AV applications.



TVB Europe – 2023 IBC Best of Show – Evertz awarded, in September 2023, **Reflektor On-Premise & Cloud Signal Processor** a software-as-a-service (“SaaS”) that on-ramp and off-ramps signals into and out of cloud services. **Reflektor** normalizes, transcodes, and replicates IP streams that are used within cloud environments overcoming networking limitations in a cloud environment.



TV Technology – 2023 IBC Best of Show – Evertz awarded, in September 2023, for the **ev670-X30-HW-2** a next-generation virtualized media processing platform revolutionizing how media facilities are designed. Enabling customers to move to an infrastructure that allows for essential core broadcast services to be applied on a generic hardware platform when required.



Platinum member

50 Best Managed Company – Evertz was awarded as a 2024 Platinum Member of Canada’s 50 Best Managed Companies, which recognizes excellence in Canadian companies. Canada’s 50 Best Managed Companies identifies Canadian corporate success through companies focused on their core vision, creating stakeholder value and excelling in the global economy.



Save Soil Movement – Evertz continues to be a proud sponsor of Conscious Planet and committed to raising awareness to the Save Soil Movement. The Save Soil Movement is a global movement launched to address land degradation and advocate for healthy soil and is consistent with Evertz goal of operating in a sustainable future.

FOUNDATION FOR GROWTH

As a leader in our technology sector, we are continuously dealing with increasing complexity. It is clear that technology is an essential driver to productivity and economic growth. Evertz is in a position to lead; able to reach out to current and new market customers with clean, technologically superior solutions and leverage the power of technology to solve challenges brought forth by ourselves and our current and future customers. As the market leader, we are well positioned with numerous, large exciting opportunities to capitalize on this in the coming year. Evertz is built upon the long-term vision of generating value and sustainable success through continuous investment in technology while maintaining a vigilant focus on operating discipline and uncompromising commitment throughout the organization to doing it the “right way”.

We generated significant cash from operations and maintain a pristine balance sheet. We view this financial strength as a competitive advantage, providing flexibility and allowing us to deliver significant value to our shareholders through the continued payment of dividends, while adhering to our strategy of investment into new technologies.

MOVING FOWARD

Evertz is entering the new year with a strong backlog and pipeline, and with the backing of our healthy balance sheet and consistent investments in our technological solutions, we expect superior industry results for the 2025 fiscal year.

Evertz believes that our portfolio is stronger than ever and that Evertz has never been better positioned to help deliver our customer outcomes. We are maintaining our focus on investing into new technologies, both leveraging and expanding upon the high-profile industry leading Cloud and on-premise solutions that Evertz has successfully deployed, while addressing technology requirements in adjacent markets. With significant orders and a robust pipeline with key customers, we expect to gain broader adoption within the Media and Entertainment technology industry and in vertical and adjacent markets.

Key successes to build upon:

- IP based Software Defined Video Networking platforms;
- IT based workflow and Cloud services, delivering an immersive viewing experience from production to playout;
- Mediator-X Asset Management and Playout platforms, managing and delivering content over private and public Cloud infrastructures;
- evertz.io – powerful Cloud SaaS, enabling the launch and monetization of many OTT, DTC, Connected TV, and Free Ad-Supported TV “FAST” channels around the world;
- DreamCatcher™ Live Production Suite – IP based instant replay & BRAVO Studio live production suite;
- Studer Audio – live production solution for comprehensive audio mixing; and
- evertzAV – network based, high quality and highly secure audio visual solutions.

These technologies provide superior solutions enabling our customers to address and implement complex multi-platform solutions, including efficient, flexible, and reliable creation, production, monetization, and distribution of content, with the expansion of remote operation capabilities, and to efficiently transition to evolving IP & IT based solutions including Cloud and SaaS services.

We enter fiscal 2025 with significant momentum and demand for our Evertz IP, IT & Cloud native services and solutions with influential industry leaders across the world. As a leading innovator and one of the largest pure players in our technology sector, we believe Evertz is in a position of strength to provide solutions to customers and deliver to shareholders!

We would like to take this opportunity to thank our employees, channel partners, customers and shareholders for their continued support and we look forward to a successful future.



A stylized, handwritten signature in black ink, consisting of several overlapping loops and lines.

Romolo Magarelli

Director, President and Chief Executive Officer



A handwritten signature in black ink, appearing to be 'D. DeBruin' with a long horizontal stroke at the end.

Douglas A. DeBruin

Executive Chairman

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year ended April 30, 2024

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 June 19, 2024.

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.

SUMMARY OF MATERIAL ACCOUNTING POLICIES

Outlined below are those policies considered particularly significant:

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 parent company functional currency. Each subsidiary of the Company determines its own functional currency based on the primary economic environment in which the subsidiary operates. All financial information presented in Canadian dollars has been rounded to the nearest thousand, except per share amounts.

Basis of Consolidation

These financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has power over an entity, has exposure or rights to variable returns from its involvement with the entity and has the ability to use its power over the entity to affect the amount of the investor's returns.

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

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

Business Combinations

Business combinations are accounted for using the acquisition method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of acquisition, of assets transferred, liabilities incurred or assumed, and equity instruments issued by the Company. The acquiree's identifiable assets and liabilities assumed are recognized at their fair value at the acquisition date. Acquisition-related costs are recognized in earnings as incurred. Any contingent consideration is measured at fair value on date of the acquisition and is included as part of the consideration transferred. The fair value of the contingent consideration liability is re-measured at each reporting date with corresponding gain/loss recognized in earnings. The excess of the consideration over the fair value of the net identifiable assets and liabilities acquired is recorded as goodwill.

On an acquisition by acquisition basis, any non-controlling interest is measured either at the fair value of the non-controlling interest or at the fair value of the proportionate share of the net identifiable assets acquired. Where the non-controlling interest holds a put option that can be settled by a fixed amount of cash, in connection with their remaining shares, the fair value of the put option is recognized as a financial redemption liability. In such a case, the non-controlling interest is deemed to have been acquired at the acquisition date and a financial redemption liability is recorded instead of a non-controlling interest. Options that are not exercisable for at least one year are presented as non-current liabilities. Subsequent measurement of the redemption liability is recorded using the effective interest rate method and recognized in the statement of earnings while no earnings are attributed to the non-controlling interest.

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

Revenue Recognition

Revenue is measured using a five-step recognition model which includes; 1) identifying the contract(s) with the customer; 2) identifying the separate performance obligations in the contract; 3) determining the transaction price; 4) allocating the transaction price to separate performance obligations; and 5) recognizing revenue when (or as) each performance obligation is satisfied.

Step 1: Identifying the contract

Before recognizing revenue, the Company reviews customer contracts to ensure each party's rights and payment terms are identified, there is commercial substance, and that it is probable that the Company will collect the consideration in exchange for the goods or services as stated in the contract. The Company may enter into multiple contracts with the same customer. The Company uses judgement in evaluating whether various contracts are interrelated, which includes considerations as to whether they were negotiated as a package with a single commercial objective, whether the amount of consideration on one contract is dependent on the performance of the other contract, or if some or all goods and services in the contracts are a single performance obligation. New arrangements with existing customers can be either be treated as a new contract or the modification of prior contracts with the customer. The Company uses judgment in making this determination, considering whether there is a connection between the new arrangement and the pre-existing contract, whether the goods and services under the new arrangement are highly interrelated with the goods and services sold under prior contracts, and how the goods and services under the new arrangement are priced. In determining whether a transaction price represents a contract modification or a change in variable consideration, the Company examines whether the change in price results from changing the contract or from applying unchanged existing contract provisions.

Step 2: Identifying performance obligations

The Company regularly sells hardware and software solutions with related services. Software solutions including both, right to access and right to use term based and perpetual licenses and stand-alone software solutions services. Services include training and commissioning, warranty, maintenance and support and other professional services. A customer contract typically lists items separately with distinct item descriptions, quantities, and prices. If a contract contains a bundle of items priced together at a single price, the Company analyzes the contract to identify distinct performance obligations within the bundle. The Company uses judgment in determining whether a good or service, such as commissioning is considered separate performance obligations or are combined into one distinct performance obligation.

Step 3: Determining the transaction price

Transaction prices are typically the prices stated on the purchase orders or contracts, net of discounts. The Company reviews customer contracts for any variable considerations, existence of significant financing components and payables to customers, and adjusts transaction prices accordingly. Variable consideration is estimated and included in the transaction price based on the most likely amount to be received. The Company does not account for significant financing components if the period between when the Company transfers the promised goods or services to the customer and when the customer pays for those goods or services is one year or less.

Step 4: Allocating the transaction price to performance obligations

If a customer contract includes multiple performance obligations, the transaction price is allocated to each performance obligation based on its relative stand-alone selling price. If a stand-alone selling price is not directly observable, the Company estimates the stand-alone selling price of individual elements, based on prices at which the deliverable is regularly sold on a stand-alone basis after considering specific discounts where appropriate.

Step 5: Recognizing revenue upon satisfaction of performance obligations

The timing of revenue recognition is based on when a customer obtains control of the asset. Control of an asset refers to the ability to direct the use of, and obtain substantially all of the remaining benefits from, the asset. Control includes the ability to prevent other entities from directing the use of, and obtaining the benefits from, an asset. The Company reviews customer contracts and the nature of the performance obligations to determine if a performance obligation is satisfied over time or at a point in time, and recognizes revenue accordingly.

Revenue from sales of hardware are recognized upon shipment, provided that the significant risks and rewards of ownership have been transferred to the customer, the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold, revenue can be reliably measured and its probable that the economic benefits will flow to the Company.

Revenue from software solutions are recognized either over a period of time or at a point in time depending on the contractual terms of the contract identified and the specific performance obligations identified therein. For performance obligations recognized at a point in time, revenue is recognized following the transfer of control or the Company has objective evidence that criteria for acceptance has been satisfied. For performance obligations satisfied over time, the Company measures the progress using the output method, measuring progress toward satisfaction of the performance obligation.

Revenue from services is recognized as services are performed and warranty and maintenance revenue is recognized ratably over the period of service.

Certain of the Company's hardware and software solutions contracts are long-term in nature, and the Company measures the progress using either an input or output method, depending on which yields the most reliable estimate. For construction type contracts, where estimated total costs and the outcome of the contract can be assessed reliably, the Company recognizes revenue over time, based on costs incurred relative to the estimated total contract costs. When the outcome of the contract cannot be assessed reliably, contract costs incurred are immediately expensed and revenue is recognized only to the extent that costs are considered likely to be recovered. For software solutions that require significant customization, where the direct measurement of value to the customer results in the best estimate and criteria for recognition over time is met, the Company recognizes revenue over time based on value provided to the customer to date. Revenue recognized in excess of billings are recorded as contract assets, while billings in excess of revenue recognized is recorded as deferred revenue.

Customer contracts have a variety of different payment terms. Contract assets are recognized when revenue is recognized in excess of billings or when the Company has a right to consideration and that right is conditional to something other than the passage of time. Contract assets are subsequently transferred to accounts receivable when the right to payment becomes unconditional. This usually occurs when the Company issues an invoice to the customer. Contract assets are adjusted for expected credit losses.

Deferred revenue relates to advance consideration received from customers in excess of revenue recognized under the contract. During the year, the Company recognized \$49,936 in revenue that was recognized as deferred revenue at the beginning of the year (2023 – \$55,020).

Finance Income

Interest income is recognized when it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably. Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand and in the bank, net of outstanding bank overdrafts.

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.

Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any recognized impairment loss. Where the costs of certain components of an item of property, plant and equipment are significant in relation to the total cost of the item, they are accounted for and depreciated separately. Depreciation expense is calculated based on depreciable amounts which is the cost of an asset less residual value and is recognized in earnings on a straight-line basis over the estimated useful life of the related asset. Borrowing costs are capitalized to the cost of qualifying assets that take a substantial period of time to be ready for their intended use.

The estimated useful lives are as follows:

Asset	Basis	Rate
Office furniture and equipment	Straight-line	10 years
Research and development equipment	Straight-line	5 years
Machinery and equipment	Straight-line	5 - 15 years
Leaseholds	Straight-line	5 years
Building	Straight-line	10 - 40 years
Airplanes	Straight-line	10 - 20 years

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in earnings.

The Company reviews the residual value, estimated useful life and the depreciation method at least annually.

Impairment of Non-Financial Assets

Goodwill is tested for impairment annually, or whenever events or changes in circumstances indicate that the carrying amount may be more than its recoverable amount. At each reporting period, the Company reviews the carrying amounts of its other non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash inflows that are largely independent from other assets, the Company estimates the recoverable amount of the cash-generating unit ("CGU") to which the asset belongs. Goodwill is allocated to a group of CGU's based on the level at which it is monitored for internal reporting purposes.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or CGU is estimated to be less than its carrying amount, the carrying amount of the asset or CGU is reduced to its recoverable amount. An impairment loss relating to a CGU to which goodwill has been allocated, is allocated to the carrying amount of the goodwill first. An impairment loss is recognized immediately in earnings.

An impairment loss in respect of goodwill is not reversed. Where an impairment loss subsequently reverses for other non-financial assets, the carrying amount of the asset or CGU is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset or CGU in prior years. A reversal of an impairment loss is recognized immediately in earnings.

Intangible Assets

Intangible Assets

Intangible assets represent intellectual property acquired through business acquisitions and are recorded at cost less any impairment loss and are amortized using the straight-line method over a five-year period. The estimated useful life and amortization method are reviewed at the end of each reporting period.

Research and Development

All research and development expenditures are expensed as incurred unless a development project meets the criteria for capitalization. Development expenditures are capitalized only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Company intends to and has sufficient resources to complete development and to use or sell the asset. No internally generated intangible assets have been recognized to date.

Research and development expenditures are recorded gross of investment tax credits and related government grants. Investment tax credits for scientific research and experimental development are recognized in the period the qualifying expenditures are incurred if there is reasonable assurance that they will be realized.

Investment in an Associate

Investments in an Associate are entities in which the Company has significant influence over, but not have control or joint control over the financial and operating policies. Investments in an Associate are accounted for using the equity method. Under the equity method, the initial investment is recognized at cost, which includes transaction costs. Subsequent to initial recognition, the carrying amount is increased or decreased in recognition of the Company's share of the profit or loss after the date of acquisition, until the date on which significant influence ceases.

At the end of each reporting period, the Company also reviews the carrying amounts of Investments in an Associate to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the carrying amount of such investment is compared to its recoverable amount, being the higher of its fair value less costs of disposal and value-in-use. If the recoverable amount of an investment is less than its carrying amount, the carrying amount is reduced to its recoverable amount and an impairment loss, being the excess of carrying amount over the recoverable amount, is recognized immediately. When an impairment loss reverses in a subsequent period, the carrying amount of the investment is increased to the revised estimate of recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized.

Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Leasing

At inception of a contract, the Company assesses whether that contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company records a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, consisting of the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or restore the site on which it is located; less any lease incentives received.

The right-of-use asset is depreciated on a straight-line basis over the lease term. The lease term consists of the non-cancellable period of the lease; periods covered by options to extend the lease, where the Company is reasonably certain to exercise the option; and periods covered by options to terminate the lease, where the Company is reasonably certain not to exercise the option. The right-of-use asset is adjusted for remeasurement of lease liabilities resulting from a change in future lease payments arising from a change in rate or a change in the assessment of whether an extension or termination options will be exercised.

The lease liability is initially measured at the present value of lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. The Company generally use their incremental borrowing rate as the interest rate implicit in our leases cannot be readily determined. The lease liability is subsequently measured at amortized cost using the effective interest rate method. After the commencement date, the lease liability is remeasured if there is a modification, including a change in the lease term. Certain leases require us to make payments that relate to property taxes, insurance, and other non-rental costs. These non-rental costs are typically variable and are not included in the calculation of the right-of-use asset or lease liability.

Foreign Currency Translation

The individual financial statements of each subsidiary entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each group entity are presented in Canadian dollars ("CDN"), which is the functional currency of the parent Company and the presentation currency for the financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences are recognized in earnings in the period in which they arise. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Company's foreign operations are expressed in Canadian dollars using exchange rates prevailing at the end of the reporting period. Income and expense items are translated at the average exchange rates for the period. Foreign currency gains and losses are recognized in other comprehensive earnings. The relevant amount in cumulative foreign currency translation adjustment is reclassified into earnings upon disposition or partial disposition of a foreign operation and attributed to non-controlling interests as appropriate.

Income Taxes

Current Tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net earnings as reported in the statement of earnings because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the statement of financial position date.

Deferred Tax

Deferred tax is the tax expected to be payable or recoverable on unused tax losses and credits, as well as differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which unused tax losses, credits and other deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realized. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is charged or credited to earnings, except when it relates to items charged or credited directly to other comprehensive earnings or equity, in which case the deferred tax is also dealt with in other comprehensive earnings or equity.

Share Based Compensation

Equity settled share based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity settled share based transactions are set out in note 19.

The fair value determined at the grant date of the equity settled share based payments is expensed on a straight-line basis over the vesting period of the option based on the Company's estimate of the number of equity instruments that will eventually vest. At each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognized in earnings such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to share based payment reserve.

Cash settled share based compensation to employees, including restricted share units, or others providing similar services are measured at the fair value of the instruments at the grant date. The fair value is recognized as an expense with a corresponding increase in liabilities over the vesting period of the option grant. At each reporting period, the Company revises its estimate of fair value and the number of instruments expected to vest. The impact of the revision of the original estimates, if any, is recognized in earnings such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to liabilities.

Earnings Per Share

The Company presents basic and diluted earnings per share ("EPS") data for its common shares. Basic EPS is calculated by dividing the net earnings attributable to shareholders by the weighted average number of common shares outstanding during the period. Diluted EPS is determined by adjusting the net earnings attributable to shareholders and the weighted average number of common shares outstanding for the effects of all potentially dilutive common shares, which is comprised of share options granted to employees with an exercise price below the average market price.

Finance Costs

Finance costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other finance costs are recognized in earnings in the period in which they are incurred.

Investment Tax Credits

The Company is entitled to investment tax credits, which are earned as a percentage of eligible research and development expenditures incurred in each taxation year. Investment tax credits relate entirely to the Company's research and development expenses in the consolidated statements of earnings but are presented separately in the consolidated statements of earnings for information purposes. Investment tax credits are recognized and recorded within income tax receivable or as a reduction of income tax payable, when there is reasonable assurance they will be received.

Financial Instruments

The Company's financial assets and liabilities which are initially recorded at fair value and subsequently measured based on their assigned classifications as follows:

Assets/Liabilities	Classification
Cash and cash equivalents	Amortized cost
Trade and other receivables	Amortized cost
Investments in public companies	Fair value through other comprehensive income
Investments in private companies	Fair value through profit and loss
Bank indebtedness	Amortized cost
Trade and other payables, excluding RSUs	Amortized cost
Cash based RSU liability	Fair value through profit and loss
Redemption liability	Amortized cost

Financial Assets

All financial assets are initially measured at fair value, plus transaction costs. Transaction costs in respect of financial instruments that are classified as fair value through profit or loss are recognized in earnings immediately. Transaction costs in respect of other financial instruments are included in the initial measurement of the financial instrument

Financial assets are classified into the following specific categories: financial assets "at fair value through profit or loss" ("FVTPL"), "fair value through other comprehensive income ("FVTOCI")" and "amortized cost". The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on re-measurement recognized in earnings. Financial assets at FVTOCI are stated at fair value, with any gains or losses arising on re-measurement recognized in other comprehensive earnings. Where financial assets at FVTOCI are derecognized, the gains or losses previously recognized in other comprehensive earnings is reclassified from other comprehensive earnings to earnings.

Impairment of Financial Assets

Financial assets, other than those at FVTPL and FVTOCI, are assessed for indicators of impairment at the time of initial recognition and at each reporting period. The Company measures a loss allowance based on the lifetime expected credit losses. Lifetime expected credit losses are estimated based on factors such as the Company's past experience of collecting payments, observable changes in national or local economic conditions that correlated with default on receivables, financial difficulties of the borrower, and it becoming probable that the borrow will either enter bankruptcy or financial reorganization. Financial assets are written off when there is no reasonable expectation of recovery.

For financial assets carried at amortized cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. A trade receivable is considered impaired if it is probable that a customer will not pay all amounts due. When a trade receivable is considered impaired, it is recorded in the allowance account. Subsequent recoveries of amounts are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in earnings. When there is no reasonable expectation of recovery, the trade receivable balance is written off against the allowance account.

Financial Liabilities and Equity Instruments Issued by the Company

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on re-measurement recognized in earnings. The net gain or loss recognized in earnings incorporates any interest paid on the financial liability and is included in the "other income and expenses" line item in the consolidated statements of earnings.

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

Other financial liabilities, including long term debt and redemption liabilities, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis.

Critical Accounting Estimates and Judgments

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Consequently, actual results could differ from those estimates. Those estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

Significant estimates include the determination of expected credit losses which are based on the amount and timing of cash flows expected to be received, allocation of the transaction price on customer contracts with multiple deliverables which are based on standalone selling prices, of the applicable deliverable or using estimation techniques where no standalone selling prices are available, provision for inventory obsolescence which is recorded to adjust to the net realizable value of inventory and based on current market prices and past experiences, the useful life of property, plant and equipment and intangibles for depreciation which are based on past experiences, expected use and industry trends, amortization and valuation of net recoverable amount of property, plant and equipment and intangibles, determination of fair value for share based compensation, evaluating deferred income tax assets and liabilities, the determination of fair value of financial instruments and the likelihood of recoverability, and the determination of implied fair value of goodwill and implied fair value of assets and liabilities for purchase price allocation purposes and goodwill impairment assessment purposes.

Significant items requiring the use of judgment in application of accounting policies and assumptions include the determination of functional currencies, classification of financial instruments, classification of leases, determination of the number of revenue performance obligations, the allocation of transaction prices on customer contracts, determination if revenues should be recognized at a point in time or over time, application of the percentage of completion method on long-term contracts, degree of componentization applied when calculating amortization of property, plant and equipment, and identification of cash generating units for impairment testing purposes.

Operating Segments

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components. 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 revenue from the sale of hardware and software solutions, related services, training and commissioning and long-term contracts.

Changes in Accounting Policies*Presentation of Financial Statements*

Effective May 1, 2023, the Company adopted amendments to IAS 1, *Presentation of Financial Statements*, which requires the disclosure of material accounting policy information, instead of significant accounting policies. The adoption of the amendments did not have a material impact on the Consolidated Financial Statements.

New and Revised IFRSs Issued but Not Yet Effective

Following is a listing of amendments, revisions and new International Financial Reporting Standards issued but not yet effective. Unless otherwise indicated, earlier application is permitted.

Presentation of Non-Current Liabilities with Covenants

Amendments to IAS 1, *Presentation of Financial Statements* was issued by the IASB in January 2020, and clarifies the classification, presentation and disclosure requirements in the standard for non-current liabilities with covenants. The amendments are effective for reporting periods beginning on or after January 1, 2024. The Company does not expect that the adoption of this standard listed above will have a material impact on the consolidated financial statements of the Company.

Lease Liability in Sale and Leaseback Transactions

Amendments to IFRS 16, *Leases* was issued by the IASB in September 2022, and clarifies the subsequent measurement requirements for sale and leaseback transactions for sellers-leasees. The amendments are effective for reporting periods beginning on or after January 1, 2024. The Company does not expect that the adoption of the standard listed above will have a material impact on the consolidated financial statements of the Company.

Presentation and Disclosure in Financial Statements

IFRS 18, *Presentation and Disclosure in Financial Statements* issues was issued by the IASB in April 2024, and replaces IAS 1, *Presentation of Financial Statements*. The standard is effective for reporting periods beginning on or after January 1, 2027. The Company has not yet determined the impact of the standard.

YEAR END HIGHLIGHTS

Revenue was \$514.6 million for the year ended April 30, 2024, an increase of \$60.0 million, compared to \$454.6 million for the year ended April 30, 2023.

For the year ended April 30, 2024, net earnings were \$71.0 million, an increase of \$6.4 million from \$64.6 million for the year ended April 30, 2023, and fully diluted earnings per share were \$0.92, an increase from \$0.84 for the year ended April 30, 2023.

Gross margin during the year ended April 30, 2024, was 58.8% as compared to 59.0% for the year ended April 30, 2023.

Foreign exchange gain during the year was \$0.2 million, predominantly driven by the increase in value of the US dollar against the Canadian dollar since April 30, 2023.

Selling and administrative expenses for the year ended April 30, 2024, was \$72.3 million as compared to the year ended April 30, 2023, of \$61.5 million. As a percentage of revenue, selling and administrative expenses totaled 14.0% for the year ended April 30, 2024 as opposed to 13.5% for the year ended April 30, 2023.

Research and development (“R&D”) expenses were \$134.8 million for the year ended April 30, 2024, as compared to \$117.1 million for the year ended April 30, 2023.

Cash and cash equivalents were \$86.3 million and working capital was \$201.7 million as at April 30, 2024, compared to cash and cash equivalents of \$12.5 million, bank indebtedness of \$5.9 million and working capital of \$171.4 million as at April 30, 2023.

HIGHLIGHTS FROM THE FOURTH QUARTER

Revenue was \$122.8 million for the fourth quarter ended April 30, 2024; a decrease of \$6.1 million, compared to \$128.9 million for the same period ended April 30, 2023.

For the fourth quarter ended April 30, 2024, net earnings were \$13.9 million, a decrease from \$18.6 million for the fourth quarter ended April 30, 2023. Fully diluted earnings per share were \$0.18 a decrease from \$0.24 in the fourth quarter ended April 30, 2023.

For the fourth quarter ended April 30, 2024, foreign exchange gain during the quarter was \$2.1 million, compared to a foreign exchange gain of \$0.3 million for the fourth quarter April 30, 2023.

Gross margin during the fourth quarter ended April 30, 2024, was 59.2% compared to 59.5% in the fourth quarter ended April 30, 2023.

Selling and administrative expenses for the fourth quarter ended April 30, 2024, was \$20.1 million as compared to the fourth quarter ended April 30, 2023, of \$17.5 million. As a percentage of revenue, selling and administrative expenses totaled 16.4% for the fourth quarter ended April 30, 2024, compared to 13.6% in the fourth quarter ended April 30, 2023.

Research and development expenses were \$36.7 million for the fourth quarter ended April 30, 2024, as compared to \$29.9 million for the fourth quarter ended April 30, 2023.

SELECTED CONSOLIDATED FINANCIAL INFORMATION

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

	Year Ended April 30,		
	2024	2023	2022
Revenue	\$ 514,616	\$ 454,578	\$ 441,016
Cost of goods sold	212,173	186,320	185,701
Gross margin	302,443	268,258	255,315
Expenses			
Selling and administrative	72,274	61,518	60,884
General	4,672	4,704	4,563
Research and development	134,843	117,127	102,438
Investment tax credits	(14,708)	(13,415)	(12,336)
Share based compensation	5,120	4,662	5,028
Foreign exchange gain	(154)	(1,966)	(6,465)
Total Operating Expenses	202,047	172,630	154,112
Earnings before undernoted	100,396	95,628	101,203
Finance income	1,661	376	309
Finance costs	(1,353)	(3,718)	(2,445)
Net loss from investments through profit and loss	(2,704)	(5,364)	(1,493)
Other income and expenses	(642)	888	338
Earnings before income taxes	97,358	87,810	97,912
Provision for (recovery of) income taxes			
Current	26,044	25,066	26,959
Deferred	287	(1,811)	(1,724)
	26,331	23,255	25,235
Net earnings for the year	\$ 71,027	\$ 64,555	\$ 72,677
Net earnings attributable to non-controlling interest	\$ 857	\$ 523	\$ 932
Net earnings attributable to shareholders	70,170	64,032	71,745
Net earnings for the year	\$ 71,027	\$ 64,555	\$ 72,677
Earnings per share			
Basic	\$ 0.92	\$ 0.84	\$ 0.94
Diluted	\$ 0.91	\$ 0.84	\$ 0.94

SELECTED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)**CONSOLIDATED BALANCE SHEET DATA**

	As at April 30,		
	2024	2023	2022
Cash and cash equivalents	\$ 86,325	\$ 12,468	\$ 33,902
Inventory	\$ 206,154	\$ 202,479	\$ 177,268
Working capital	\$ 201,437	\$ 171,428	\$ 158,947
Total assets	\$ 484,722	\$ 436,652	\$ 420,979
Shareholders' equity	\$ 263,267	\$ 243,099	\$ 230,938
Number of common shares outstanding:			
Basic	76,164,322	76,145,758	76,229,696
Fully-diluted	81,614,447	82,446,008	81,285,196
Weighted average number of shares outstanding:			
Basic	76,088,691	76,200,248	76,266,341
Fully-diluted	77,044,858	76,232,462	76,570,564

CONSOLIDATED STATEMENT OF OPERATIONS DATA

	2024	2023	2022
Revenue	100.0%	100.0%	100.0%
Cost of goods sold	41.2%	41.0%	42.1%
Gross margin	58.8%	59.0%	57.9%
Expenses			
Selling and administrative	14.0%	13.5%	13.8%
General	0.9%	1.0%	1.0%
Research and development	26.2%	25.8%	23.2%
Investment tax credits	(2.9%)	(3.0%)	(2.8%)
Share based compensation	1.0%	1.0%	1.2%
Foreign exchange (gain) loss	0.0%	(0.4%)	(1.5%)
Total Operating Expenses	39.2%	38.0%	34.9%
Earnings before undernoted	19.6%	21.0%	23.0%
Finance income	0.3%	0.0%	0.1%
Finance costs	(0.3%)	(0.7%)	(0.6%)
Net loss on investments through profit and loss	(0.5%)	(1.2%)	(0.4%)
Other income and expenses	(0.1%)	0.2%	0.1%
Earnings before income taxes	19.0%	19.3%	22.2%
Provision for (recovery of) income taxes			
Current	5.1%	5.5%	6.1%
Deferred	0.1%	(0.4%)	(0.4%)
	5.2%	5.1%	5.7%
Net earnings for the year	13.8%	14.2%	17.2%
Net earnings attributable to non-controlling interest	0.2%	0.1%	0.2%
Net earnings attributable to shareholders	13.6%	14.1%	17.0%
Net earnings for the year	13.8%	14.2%	17.2%
Earnings per share:			
Basic	\$ 0.92	\$ 0.84	\$ 0.94
Diluted	\$ 0.91	\$ 0.84	\$ 0.94

REVENUE AND EXPENSES

Revenue

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

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 80% 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 a significant amount 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 85% of the Company's revenues are denominated in US dollars.

REVENUE

(In thousands of Canadian dollars)	Year Ended April 30,		
	2024	2023	2022
United States/Canada	\$ 338,031	\$ 337,109	\$ 299,359
International	176,585	117,469	141,657
	\$ 514,616	\$ 454,578	\$ 441,016

Total revenue for the year ended April 30, 2024, was \$514.6 million, (including \$325.7 million in hardware and \$188.9 million in reoccurring software, services and other software) an increase of \$60.0 million as compared to revenue of \$454.6 million (including \$281.2 million in hardware and \$173.4 million in reoccurring software, services and other software) for the year ended April 30, 2023. The increase in revenue is due to continued adoption of Evertz solutions, including Evertz cloud native solutions.

Revenue in the United States/Canada region was \$338.0 million for the year ended April 30, 2024, an increase of \$0.9 million when compared to revenue of \$337.1 million for the year ended April 30, 2023.

Revenue in the International region was \$176.6 million for the year ended April 30, 2024, an increase of \$59.1 million or 50.0% as compared to revenue of \$117.5 million for the year ended April 30, 2023.

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. Cost of sales also includes related overhead, certain depreciation, final assembly, quality assurance, inventory management, support costs as well as inventory obsolescence and write-offs. 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)	Year Ended April 30,		
	2024	2023	2022
Gross margin	\$ 302,443	\$ 268,258	\$ 255,315
Gross margin % of sales	58.8%	59.0%	57.9%

Gross margin for the year ended April 30, 2024, was \$302.4 million, compared to \$268.3 million for the year ended April 30, 2023. As a percentage of revenue, the gross margin was 58.8% for the year ended April 30, 2024, compared to 59.0% for the year ended April 30, 2023.

Gross margins vary depending on the product mix, manufacturing volumes, geographic distribution, competitive pricing pressures and currency fluctuations. Since fiscal 2022, a global supply chain disruption, including a global semi-conductor chip shortage has caused the Company to experience continued unstable procurement capabilities leading to increased lead times and increased component costs. The Company has taken proactive steps to minimize the impact, resulting in \$26.7 million increase in raw materials since April 30, 2022, and \$49.6 million since April 30, 2021. The sales environment continues to also be very competitive with substantial discounting in certain segments by our competition.

The Company expects that it will continue to experience competitive pricing pressures and increased lead time of components. 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

	Year Ended April 30,		
(In thousands of Canadian dollars, except for percentages)	2024	2023	2022
Selling and administrative	\$ 72,274	\$ 61,518	\$ 60,884
Selling and administrative % of sales	14.0%	13.5%	13.8%

Selling and administrative expenses excludes stock-based compensation, depreciation and amortization of intangibles. Selling and administrative expenses for the year ended April 30, 2024, were \$72.3 million or 14.0% of revenue an increase of \$10.8 million, as compared to selling and administrative expenses of \$61.5 million or 13.5% of revenue for the year ended April 30, 2023. The increase of \$10.8 million includes \$3.7 million in salary costs, \$2.1 million in increased selling costs and a \$1.4 million increase from increased translation costs of Euro and UK Sterling denominated expenses. The prior year included a recovery that did not reoccur in the current year of \$3.9 million netted against associated fees.

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 year ended April 30, 2024, share based compensation expense associated with the plan was \$0.3 million, compared to \$0.9 million for the year ended April 30, 2023. In June 2022, the Company adopted an equity based restricted share unit plan, which was approved by shareholders on October 6, 2022. During the year ended April 30, 2024, share based compensation expense associated with the 2022 plan was \$4.2 million, compared to \$2.5 million for the year ending April 30, 2023.

RESEARCH AND DEVELOPMENT (R&D)

	Year Ended April 30,		
(In thousands of Canadian dollars, except for percentages)	2024	2023	2022
Research and development expenses	\$ 134,843	\$ 117,127	\$ 102,438
Research and development % of sales	26.2%	25.8%	23.2%

Research and development expenses excluded stock based compensation but includes depreciation. For the year ended April 30, 2024, gross R&D expenses were \$134.8 million, an increase of \$17.7 million as compared to an expense of \$117.1 million for the year ended April 30, 2023. The increase of \$17.7 million includes a \$14.9 million increase net salary costs, a \$3.1 million increase in corresponding materials and supplies and \$2.0 million increase in outside services.

Investment Tax Credits

For the year ended April 30, 2024, investment tax credits were \$14.7 million compared to \$13.4 million for the year ended April 30, 2023.

Foreign Exchange

For the year ended April 30, 2024, the foreign exchange gain was \$0.2 million, as compared to a foreign exchange gain for the year ended April 30, 2023, of \$2.0 million.

LIQUIDITY AND CAPITAL RESOURCES**Liquidity and Capital Resources**

(In thousands of dollars except ratios)	Year Ended April 30,	
Key Balance Sheet Amounts and Ratios:	2024	2023
Cash and cash equivalents	\$ 86,325	\$ 12,468
Working capital	\$ 201,437	\$ 171,428
Long-term assets	\$ 77,266	\$ 86,744
Days sales outstanding in accounts receivable	60	86

Statement of Cash Flow Summary

	Year Ended April 30,	
	2024	2023
Operating activities	\$ 144,667	\$ 53,814
Investing activities	\$ (2,262)	\$ (17,119)
Financing activities	\$ (70,211)	\$ (58,023)
Net increase (decrease) in cash	\$ 73,857	\$ (21,434)

Operating Activities

For the year ended April 30, 2024, the Company generated cash from operations of \$144.7 million, compared to \$53.8 million for the year ended April 30, 2023. Excluding the effects of the changes in non-cash working capital and current taxes, the Company generated cash from operations of \$95.4 million for the year ended April 30, 2024, compared to \$91.5 million for the year ended April 30, 2023.

Investing Activities

The Company used cash for investing activities of \$2.3 million for the year ended April 30, 2024, which was principally driven from the acquisition of capital assets for \$9.6 million, partially offset by the disposal of investments of \$7.2 million.

Financing Activities

For the year ended April 30, 2024, the Company used cash from financing activities of \$70.2 million, which was principally driven by dividends paid of \$58.6 million, \$4.3 million in principle payments on capitalized leases, capital stock repurchased for \$2.3 million, repayment of credit facilities of \$6.0 million, partially offset by the issuance of Capital Stock pursuant to the Company's stock option plan for \$2.5 million.

WORKING CAPITAL

As at April 30, 2024, the Company had cash and cash equivalents of \$86.3 million and no bank indebtedness, compared to \$12.5 million in cash and cash equivalents and bank indebtedness of \$5.9 million as at April 30, 2023.

The Company had working capital of \$201.4 million as at April 30, 2024, compared to \$171.4 million as at April 30, 2023.

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 60 days at April 30, 2024, as compared to 86 for April 30, 2023.

SHARE CAPITAL STRUCTURE

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

	Year Ended April 30,	
	2024	2023
Common shares	76,164,322	76,145,758
Stock options granted and outstanding	3,955,625	4,788,500
Restricted stock options granted and outstanding	1,494,500	1,511,750

FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash and cash equivalents, bank indebtedness, 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 April 30, 2024.

(In thousands)	Payments Due by Period				
	Total	Less than 1 Year	2-3 Years	4-5 Years	Thereafter
Redemption liabilities	\$ 3,811	\$ 3,811	\$ -	\$ -	\$ -
Lease commitments	23,668	2,814	10,432	7,527	2,895
	\$ 27,479	\$ 6,625	\$ 10,432	\$ 7,527	\$ 2,895

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 second 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 April 30, 2024. 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)	Quarter Ending							
	2024		2023			2022		
	Apr 30	Jan 31	Oct 31	July 31	Apr 30	Jan 31	Oct 31	July 31
Revenue	\$ 122,770	\$ 135,278	\$ 130,749	\$ 125,819	\$ 128,919	\$ 110,873	\$ 113,248	\$ 101,538
Cost of goods sold	50,115	55,545	52,730	53,783	52,273	45,262	45,771	43,014
Gross margin	\$ 72,655	\$ 79,733	\$ 78,019	\$ 72,036	\$ 76,647	\$ 65,611	\$ 67,477	\$ 58,524
Operating expenses	53,114	53,335	45,869	49,729	46,179	48,146	39,085	39,220
Earnings from operations	\$ 19,541	\$ 26,398	\$ 32,150	\$ 22,307	\$ 30,468	\$ 17,465	\$ 28,392	\$ 19,304
Other income and expenses	28	(436)	(2,204)	(426)	4,547	(1,243)	(1,644)	(385)
Earnings before taxes	\$ 19,569	\$ 25,962	\$ 29,946	\$ 21,881	\$ 25,921	\$ 16,222	\$ 26,748	\$ 18,919
Net earnings	13,764	18,722	22,093	15,593	18,423	11,951	19,817	13,841
Net earnings per share:								
Basic	\$ 0.18	\$ 0.25	\$ 0.29	\$ 0.20	\$ 0.24	\$ 0.16	\$ 0.26	\$ 0.18
Diluted	\$ 0.18	\$ 0.24	\$ 0.29	\$ 0.20	\$ 0.24	\$ 0.19	\$ 0.26	\$ 0.18
Dividends per share	\$ 0.195	\$ 0.195	\$ 0.19	\$ 0.19	\$ 0.19	\$ 0.19	\$ 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 April 30, 2024. Management has concluded that, as of April 30, 2024, 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 April 30, 2024, 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 April 30, 2024, that have materially affected, or reasonably likely to materially affect, its internal controls over financial reporting. Management is currently operating under the *Committee of Sponsoring Organizations of the Treadway Commission Internal Control-Integrated Framework: 2013*.

OUTLOOK

Management is encouraged with the Company's revenue outlook, including within the cloud native technology and service business, as evidenced by the receipt of significant orders and increase in the Company's backlog. 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 continues to invest in new product developments.

RISKS AND UNCERTAINTIES

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

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Evertz Technologies Limited

OPINION

We have audited the consolidated financial statements of Evertz Technologies Limited ("Evertz" or the "Company"), which comprise the consolidated statements of financial position as at April 30, 2024 and 2023, and the consolidated statements of earnings, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at April 30, 2024 and 2023, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

BASIS FOR OPINION

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

REVENUE RECOGNITION

Description of the Key Audit Matter

The Company generates revenue through the sale of hardware, software solutions, services, warranty as well as a combination of these revenue streams. The Company's contracts with customers involve multiple performance obligations. Determining whether the products and services represent distinct performance obligations, the allocation of the transaction fee to the performance obligations and, for certain performance obligations in certain arrangements, whether to recognize revenue at a point in time or over time may require significant management judgment.

We identified revenue recognition as a key audit matter. Significant auditor judgment and effort, involving more senior professionals, was required to evaluate the results of our audit procedures regarding the Company's significant judgments in identifying distinct performance obligations and whether to recognize the related revenue over time or at a point in time.

Please refer to notes 2 and 15 to the consolidated financial statements for details on the Company's Use of Estimates and Judgments and accounting policies related to revenue recognition.

How the Key Audit Matter Was Addressed in the Audit

Our audit procedures to address the Key Audit Matter included, but were not limited to, the following:

- Obtaining, reading and understanding the terms of a sample of contracts entered into during the year.
- For a sample of revenue transactions recognized during the year, we performed the following:
 - We agreed key contractual terms back to signed contracts, including contract amendments and correspondence with customers, where applicable;
 - Assessed the Company's determination of the distinct performance obligation by examining the contract source documents;
 - We assessed the Company's determination of the allocation of the transaction fee to the performance obligation based on the standalone selling price for the performance obligation; and
 - We obtained evidence of the Company's satisfaction of the performance obligation to the customers and assessed the Company's determination of whether to recognize the related revenues over time or at a point in time based on the terms of the agreements and the nature of the performance obligation rendered.

OTHER INFORMATION

Management is responsible for the other information. The other information comprises:

- The information included in the Management Discussion and Analysis; and
- The information, other than the financial statements and our auditor's report thereon, included in the Annual Report.

Our opinion on the consolidated financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained the Management Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

The Annual Report is expected to be made available to us after the date of the auditor's report. If, based on the work we will perform on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact to those charged with governance.

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Jamie Barron.

BDO Canada LLP

CHARTERED PROFESSIONAL ACCOUNTANTS, LICENSED PUBLIC ACCOUNTANTS

Oakville, Ontario
June 19, 2024

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CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As at April 30, 2024 and April 30, 2023

(In thousands of Canadian dollars)	April 30, 2024	April 30, 2023
ASSETS		
Current assets		
Cash and cash equivalents	\$ 86,325	\$ 12,468
Trade and other receivables (note 3)	84,350	106,871
Contract assets	12,554	11,032
Prepaid expenses	11,179	10,319
Inventories (note 4)	206,154	202,479
	400,562	343,169
Property, plant and equipment (note 5)	34,384	34,730
Right-of-use assets (note 6)	20,432	20,396
Goodwill (note 7)	21,352	21,333
Intangibles (note 8)	1,098	2,125
Investments (note 9)	-	8,160
Deferred income taxes (note 27)	6,894	6,739
	\$ 484,722	\$ 436,652
LIABILITIES		
Current liabilities		
Bank Indebtedness (note 12)	\$ -	\$ 5,928
Trade and other payables	63,249	75,521
Provisions (note 10)	4,946	5,104
Deferred revenue	119,597	69,827
Current portion of lease obligations (note 11)	4,296	4,060
Redemption liability (note 13)	3,811	3,711
Income tax payable (note 27)	3,226	7,590
	199,125	171,741
Long-term lease obligations (note 11)	18,920	18,827
	\$ 218,045	\$ 190,568
EQUITY		
Capital stock (note 14)	\$ 145,721	\$ 143,344
Share based payment reserve	19,246	14,697
Accumulated other comprehensive loss	1,197	(2,402)
Retained earnings	97,103	87,460
	98,300	85,058
Total equity attributable to shareholders	263,267	243,099
Non-controlling interest (note 24)	3,410	2,985
	266,677	246,084
	\$ 484,722	\$ 436,652

See accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Years ended April 30, 2024 and 2023

(In thousands of Canadian dollars)	Capital stock	Share- based pay- ment reserve	Accum- lated other compre- hensive earnings	Retained earnings	Total equity attributable to share- holders	Non- control- ling interest	Total Equity
Balance at April 30, 2022	\$ 143,505	\$ 10,893	\$ (4,093)	\$ 80,636	\$ 230,938	\$ 2,710	\$ 233,648
Net earnings for the year	-	-	-	64,032	64,032	523	64,555
Unrealized loss on an FVTOCI investments, net of tax (note 9)	-	-	(1,595)	-	(1,595)	-	(1,595)
Foreign currency translation adjustment	-	-	3,286	-	3,286	177	3,463
Total comprehensive earnings for the year	\$ -	\$ -	\$ 1,691	\$ 64,032	\$ 65,723	\$ 700	\$ 66,423
Dividends declared	-	-	-	(56,392)	(56,392)	(425)	(56,817)
Share based compensation expense (note 19)	-	3,804	-	-	3,804	-	3,804
Repurchase of common shares (note 14)	(158)	-	-	(816)	(974)	-	(974)
Balance at April 30, 2023	\$ 143,344	\$ 14,697	\$ (2,402)	\$ 87,460	\$ 243,099	\$ 2,985	\$ 246,084
Net earnings for the year	-	-	-	70,170	70,170	857	71,027
Unrealized loss on an FVTOCI investments, net of tax (note 9)	-	-	(1,131)	-	(1,131)	-	(1,131)
Transfer of earnings on disposal of investments (note 9)	-	-	2,704	-	2,704	-	2,704
Foreign currency translation adjustment	-	-	2,026	-	2,026	(32)	1,994
Total comprehensive earnings for the year	\$ -	\$ -	\$ 3,599	\$ 70,170	\$ 73,769	\$ 825	\$ 74,594
Dividends declared	-	-	-	(58,596)	(58,596)	(400)	(58,996)
Issued on exercise of employee stock options (note 14)	2,456	-	-	-	2,456	-	2,456
Transfer of stock options (note 14)	260	(260)	-	-	-	-	-
Share based compensation expense (note 19)	-	4,809	-	-	4,809	-	4,809
Repurchase of common shares (note 14)	(339)	-	-	(1,931)	(2,270)	-	(2,270)
Balance at April 30, 2024	\$ 145,721	\$ 19,246	\$ 1,197	\$ 97,103	\$ 263,267	\$ 3,410	\$ 266,677

See accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENTS OF EARNINGS

Years ended April 30

(In thousands of Canadian dollars, except per share amounts)	2024		2023	
Revenue (notes 15 and 22)	\$	514,616	\$	454,578
Cost of goods sold		212,173		186,320
Gross margin		302,443		268,258
Expenses				
Selling, administrative and general (note 16)		77,494		66,760
Research and development (note 17)		139,415		121,251
Investment tax credits		(14,708)		(13,415)
Foreign exchange gain		(154)		(1,966)
		202,047		172,630
		100,396		95,628
Finance income		1,661		376
Finance costs		(1,353)		(3,718)
Net loss on investments through profit and loss (note 9)		(2,704)		(5,364)
Other income		(642)		888
Earnings before income taxes		97,358		87,810
Provision for (recovery of) income taxes				
Current (note 27)		26,044		25,066
Deferred (note 27)		287		(1,811)
		26,331		23,255
Net earnings for the year	\$	71,027	\$	64,555
Net earnings attributable to non-controlling interest (note 24)	\$	857	\$	523
Net earnings attributable to shareholders		70,170		64,032
Net earnings for the year	\$	71,027	\$	64,555
Earnings per share (note 26)				
Basic	\$	0.92	\$	0.84
Diluted	\$	0.91	\$	0.84

See accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE EARNINGS

Years ended April 30

(In thousands of Canadian dollars)	2024	2023
Net earnings for the year	\$ 71,027	\$ 64,555
Other comprehensive earnings (loss)		
Items that may or will be reclassified to earnings:		
Unrealized loss on investments, net of tax (note 9)	(1,131)	(1,595)
Reclassification to net earnings for loss on sale of FVTOCI investments, net of tax (note 9)	2,704	-
Foreign currency translation adjustment	1,994	3,463
Comprehensive earnings	\$ 74,594	\$ 66,423
Comprehensive earnings attributable to non-controlling interest	\$ 825	\$ 700
Comprehensive earnings attributable to shareholders	73,769	65,723
Comprehensive earnings	\$ 74,594	\$ 66,423

See accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years ended April 30

(In thousands of Canadian dollars)	2024	2023
Operating activities		
Net earnings for the year	\$ 71,027	\$ 64,555
Add: Items not involving cash		
Depreciation of property, plant and equipment (note 5)	9,721	10,851
Amortization of right-of-use assets (note 6)	4,658	4,714
Amortization of intangibles (note 8)	1,028	1,238
Gain on disposal of property, plant and equipment (note 5)	(84)	(8)
Realized loss on investments	2,704	5,978
Share-based compensation (note 19)	4,809	3,803
Interest expense	1,247	2,165
Deferred income tax expense (note 27)	287	(1,754)
	95,397	91,542
Current tax expenses, net of investment tax credits (note 27)	11,381	11,248
Income taxes paid	(15,530)	(12,252)
Changes in non-cash working capital items (note 18)	53,426	(36,724)
Cash provided by operating activities	144,674	53,814
Investing activities		
Acquisition of property, plant and equipment (note 5)	(9,559)	(6,572)
Proceeds from disposal of property, plant and equipment	114	60
Acquisition of investments (note 9)	-	(14,386)
Proceeds from disposal of investments (note 9)	7,183	3,779
Cash used in investing activities	(2,262)	(17,119)
Financing activities		
Proceeds from credit facility (note 12)	-	5,928
Repayment of credit facility (note 12)	(5,928)	-
Principle payments of lease liabilities (note 11)	(4,326)	(4,283)
Interest paid	(1,147)	(1,877)
Dividends paid	(58,596)	(56,392)
Dividends paid by subsidiaries to non-controlling interests	(400)	(425)
Capital stock repurchased (note 14)	(2,270)	(974)
Capital stock issued (note 14)	2,456	-
Cash used in financing activities	(70,211)	(58,023)
Effect of exchange rates on cash and cash equivalents	1,656	(106)
Increase (decrease) in cash and cash equivalents	73,857	(21,434)
Cash and cash equivalents beginning of year	12,468	33,902
Cash and cash equivalents end of year	\$ 86,325	\$ 12,468

See accompanying notes to the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Years ended April 30, 2024 and 2023

(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 consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

These consolidated financial statements were authorized for issue by the Board of Directors on June 19, 2024.

2. SUMMARY OF MATERIAL 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 parent company functional currency. Each subsidiary of the Company determines its own functional currency based on the primary economic environment in which the subsidiary operates. All financial information presented in Canadian dollars has been rounded to the nearest thousand, except per share amounts.

Basis of Consolidation

These financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has power over an entity, has exposure or rights to variable returns from its involvement with the entity and has the ability to use its power over the entity to affect the amount of the investor’s returns.

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

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

Business Combinations

Business combinations are accounted for using the acquisition method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of acquisition, of assets transferred, liabilities incurred or assumed, and equity instruments issued by the Company. The acquiree’s identifiable assets and liabilities assumed are recognized at their fair value at the acquisition date. Acquisition-related costs are recognized in earnings as incurred. Any contingent consideration is measured at fair value on date of the acquisition and is included as part of the consideration transferred. The fair value of the contingent consideration liability is re-measured at each reporting date with corresponding gain/loss recognized in earnings. The excess of the consideration over the fair value of the net identifiable assets and liabilities acquired is recorded as goodwill.

On an acquisition by acquisition basis, any non-controlling interest is measured either at the fair value of the non-controlling interest or at the fair value of the proportionate share of the net identifiable assets acquired. Where the non-controlling interest holds a put option that can be settled by a fixed amount of cash, in connection with their remaining shares, the fair value of the put option is recognized as a financial redemption liability. In such a case, the non-controlling interest is deemed to have been acquired at the acquisition date and a financial redemption

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

Years ended April 30, 2024 and 2023 (In thousands of Canadian dollars, except for "number of common shares", "number of options" and "per share" information)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

liability is recorded instead of a non-controlling interest. Options that are not exercisable for at least one year are presented as non-current liabilities. Subsequent measurement of the redemption liability is recorded using the effective interest rate method and recognized in the statement of earnings while no earnings are attributed to the non-controlling interest. Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

Revenue Recognition

Revenue is measured using a five-step recognition model which includes; 1) identifying the contract(s) with the customer; 2) identifying the separate performance obligations in the contract; 3) determining the transaction price; 4) allocating the transaction price to separate performance obligations; and 5) recognizing revenue when (or as) each performance obligation is satisfied.

Step 1: Identifying the contract

Before recognizing revenue, the Company reviews customer contracts to ensure each party's rights and payment terms are identified, there is commercial substance, and that it is probable that the Company will collect the consideration in exchange for the goods or services as stated in the contract. The Company may enter into multiple contracts with the same customer. The Company uses judgement in evaluating whether various contracts are interrelated, which includes considerations as to whether they were negotiated as a package with a single commercial objective, whether the amount of consideration on one contract is dependent on the performance of the other contract, or if some or all goods and services in the contracts are a single performance obligation. New arrangements with existing customers can be either be treated as a new contract or the modification of prior contracts with the customer. The Company uses judgment in making this determination, considering whether there is a connection between the new arrangement and the pre-existing contract, whether the goods and services under the new arrangement are highly interrelated with the goods and services sold under prior contracts, and how the goods and services under the new arrangement are priced. In determining whether a transaction price represents a contract modification or a change in variable consideration, the Company examines whether the change in price results from changing the contract or from applying unchanged existing contract provisions.

Step 2: Identifying performance obligations

The Company regularly sells hardware and software solutions with related services. Software solutions including both, right to access and right to use term based and perpetual licenses and stand-alone software solutions services. Services include training and commissioning, warranty, maintenance and support and other professional services. A customer contract typically lists items separately with distinct item descriptions, quantities, and prices. If a contract contains a bundle of items priced together at a single price, the Company analyzes the contract to identify distinct performance obligations within the bundle. The Company uses judgment in determining whether a good or service, such as commissioning is considered separate performance obligations or are combined into one distinct performance obligation.

Step 3: Determining the transaction price

Transaction prices are typically the prices stated on the purchase orders or contracts, net of discounts. The Company reviews customer contracts for any variable considerations, existence of significant financing components and payables to customers, and adjusts transaction prices accordingly. Variable consideration is estimated and included in the transaction price based on the most likely amount to be received. The Company does not account for significant financing components if the period between when the Company transfers the promised goods or services to the customer and when the customer pays for those goods or services is one year or less.

Step 4: Allocating the transaction price to performance obligations

If a customer contract includes multiple performance obligations, the transaction price is allocated to each performance obligation based on its relative stand-alone selling price. If a stand-alone selling price is not directly observable, the Company estimates the stand-alone selling price of individual elements, based on prices at which the deliverable is regularly sold on a stand-alone basis after considering specific discounts where appropriate.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Step 5: Recognizing revenue upon satisfaction of performance obligations

The timing of revenue recognition is based on when a customer obtains control of the asset. Control of an asset refers to the ability to direct the use of, and obtain substantially all of the remaining benefits from, the asset. Control includes the ability to prevent other entities from directing the use of, and obtaining the benefits from, an asset. The Company reviews customer contracts and the nature of the performance obligations to determine if a performance obligation is satisfied over time or at a point in time, and recognizes revenue accordingly.

Revenue from sales of hardware are recognized upon shipment, provided that the significant risks and rewards of ownership have been transferred to the customer, the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold, revenue can be reliably measured and it is probable that the economic benefits will flow to the Company.

Revenue from software solutions are recognized either over a period of time or at a point in time depending on the contractual terms of the contract identified and the specific performance obligations identified therein. For performance obligations recognized at a point in time, revenue is recognized following the transfer of control or the Company has objective evidence that criteria for acceptance has been satisfied. For performance obligations satisfied over time, the Company measures the progress using the output method, measuring progress toward satisfaction of the performance obligation.

Revenue from services is recognized as services are performed and warranty and maintenance revenue is recognized ratably over the period of service.

Certain of the Company's hardware and software solutions contracts are long-term in nature, and the Company measures the progress using either an input or output method, depending on which yields the most reliable estimate. For construction type contracts, where estimated total costs and the outcome of the contract can be assessed reliably, the Company recognizes revenue over time, based on costs incurred relative to the estimated total contract costs. When the outcome of the contract cannot be assessed reliably, contract costs incurred are immediately expensed and revenue is recognized only to the extent that costs are considered likely to be recovered. For software solutions that require significant customization, where the direct measurement of value to the customer results in the best estimate and criteria for recognition over time is met, the Company recognizes revenue over time based on value provided to the customer to date. Revenue recognized in excess of billings are recorded as contract assets, while billings in excess of revenue recognized is recorded as deferred revenue.

Customer contracts have a variety of different payment terms. Contract assets are recognized when revenue is recognized in excess of billings or when the Company has a right to consideration and that right is conditional to something other than the passage of time. Contract assets are subsequently transferred to accounts receivable when the right to payment becomes unconditional. This usually occurs when the Company issues an invoice to the customer. Contract assets are adjusted for expected credit losses.

Deferred revenue relates to advance consideration received from customers in excess of revenue recognized under the contract. During the year, the Company recognized \$49,936 in revenue that was recognized as deferred revenue at the beginning of the year (2023 - \$55,020).

Finance Income

Interest income is recognized when it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably. Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand and in the bank, net of outstanding bank overdrafts.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

Years ended April 30, 2024 and 2023 (In thousands of Canadian dollars, except for "number of common shares", "number of options" and "per share" information)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any recognized impairment loss. Where the costs of certain components of an item of property, plant and equipment are significant in relation to the total cost of the item, they are accounted for and depreciated separately. Depreciation expense is calculated based on depreciable amounts which is the cost of an asset less residual value and is recognized in earnings on a straight-line basis over the estimated useful life of the related asset. Borrowing costs are capitalized to the cost of qualifying assets that take a substantial period of time to be ready for their intended use.

The estimated useful lives are as follows:

ASSET	BASIS	RATE
Office furniture and equipment	Straight-line	10 years
Research and development equipment	Straight-line	5 years
Machinery and equipment	Straight-line	5 - 15 years
Leaseholds	Straight-line	5 years
Building	Straight-line	10 - 40 years
Airplanes	Straight-line	10 - 20 years

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in earnings.

The Company reviews the residual value, estimated useful life and the depreciation method at least annually.

Impairment of Non-Financial Assets

Goodwill is tested for impairment annually, or whenever events or changes in circumstances indicate that the carrying amount may be more than its recoverable amount. At each reporting period, the Company reviews the carrying amounts of its other non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash inflows that are largely independent from other assets, the Company estimates the recoverable amount of the cash-generating unit ("CGU") to which the asset belongs. Goodwill is allocated to a group of CGU's based on the level at which it is monitored for internal reporting purposes.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or CGU is estimated to be less than its carrying amount, the carrying amount of the asset or CGU is reduced to its recoverable amount. An impairment loss relating to a CGU to which goodwill has been allocated, is allocated to the carrying amount of the goodwill first. An impairment loss is recognized immediately in earnings.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

An impairment loss in respect of goodwill is not reversed. Where an impairment loss subsequently reverses for other non-financial assets, the carrying amount of the asset or CGU is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset or CGU in prior years. A reversal of an impairment loss is recognized immediately in earnings.

Intangible Assets

Intangible Assets

Intangible assets represent intellectual property acquired through business acquisitions and are recorded at cost less any impairment loss and are amortized using the straight-line method over a five-year period. The estimated useful life and amortization method are reviewed at the end of each reporting period.

Research and Development

All research and development expenditures are expensed as incurred unless a development project meets the criteria for capitalization. Development expenditures are capitalized only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Company intends to and has sufficient resources to complete development and to use or sell the asset. No internally generated intangible assets have been recognized to date.

Research and development expenditures are recorded gross of investment tax credits and related government grants. Investment tax credits for scientific research and experimental development are recognized in the period the qualifying expenditures are incurred if there is reasonable assurance that they will be realized.

Investment in an Associate

Investments in an Associate are entities in which the Company has significant influence over, but not have control or joint control over the financial and operating policies. Investments in an Associate are accounted for using the equity method. Under the equity method, the initial investment is recognized at cost, which includes transaction costs. Subsequent to initial recognition, the carrying amount is increased or decreased in recognition of the Company's share of the profit or loss after the date of acquisition, until the date on which significant influence ceases.

At the end of each reporting period, the Company also reviews the carrying amounts of Investments in an Associate to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the carrying amount of such investment is compared to its recoverable amount, being the higher of its fair value less costs of disposal and value-in-use. If the recoverable amount of an investment is less than its carrying amount, the carrying amount is reduced to its recoverable amount and an impairment loss, being the excess of carrying amount over the recoverable amount, is recognized immediately. When an impairment loss reverses in a subsequent period, the carrying amount of the investment is increased to the revised estimate of recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized.

Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

Years ended April 30, 2024 and 2023 (In thousands of Canadian dollars, except for "number of common shares", "number of options" and "per share" information)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leasing

At inception of a contract, the Company assesses whether that contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company records a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, consisting of the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or restore the site on which it is located; less any lease incentives received.

The right-of-use asset is depreciated on a straight-line basis over the lease term. The lease term consists of the non-cancellable period of the lease; periods covered by options to extend the lease, where the Company is reasonably certain to exercise the option; and periods covered by options to terminate the lease, where the Company is reasonably certain not to exercise the option. The right-of-use asset is adjusted for remeasurement of lease liabilities resulting from a change in future lease payments arising from a change in rate or a change in the assessment of whether an extension or termination options will be exercised.

The lease liability is initially measured at the present value of lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. The Company generally use their incremental borrowing rate as the interest rate implicit in our leases cannot be readily determined. The lease liability is subsequently measured at amortized cost using the effective interest rate method. After the commencement date, the lease liability is remeasured if there is a modification, including a change in the lease term. Certain leases require us to make payments that relate to property taxes, insurance, and other non-rental costs. These non-rental costs are typically variable and are not included in the calculation of the right-of-use asset or lease liability.

Foreign Currency Translation

The individual financial statements of each subsidiary entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each group entity are presented in Canadian dollars ("CDN"), which is the functional currency of the parent Company and the presentation currency for the financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences are recognized in earnings in the period in which they arise. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Company's foreign operations are expressed in Canadian dollars using exchange rates prevailing at the end of the reporting period. Income and expense items are translated at the average exchange rates for the period. Foreign currency gains and losses are recognized in other comprehensive earnings. The relevant amount in cumulative foreign currency translation adjustment is reclassified into earnings upon disposition or partial disposition of a foreign operation and attributed to non-controlling interests as appropriate.

Income Taxes

Current Tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net earnings as reported in the statement of earnings because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the statement of financial position date.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Tax

Deferred tax is the tax expected to be payable or recoverable on unused tax losses and credits, as well as differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which unused tax losses, credits and other deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realized. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is charged or credited to earnings, except when it relates to items charged or credited directly to other comprehensive earnings or equity, in which case the deferred tax is also dealt with in other comprehensive earnings or equity.

Share Based Compensation

Equity settled share based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity settled share based transactions are set out in note 19.

The fair value determined at the grant date of the equity settled share based payments is expensed on a straight-line basis over the vesting period of the option based on the Company's estimate of the number of equity instruments that will eventually vest. At each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognized in earnings such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to share based payment reserve.

Cash settled share based compensation to employees, including restricted share units, or others providing similar services are measured at the fair value of the instruments at the grant date. The fair value is recognized as an expense with a corresponding increase in liabilities over the vesting period of the option grant. At each reporting period, the Company revises its estimate of fair value and the number of instruments expected to vest. The impact of the revision of the original estimates, if any, is recognized in earnings such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to liabilities.

Earnings Per Share

The Company presents basic and diluted earnings per share ("EPS") data for its common shares. Basic EPS is calculated by dividing the net earnings attributable to shareholders by the weighted average number of common shares outstanding during the period. Diluted EPS is determined by adjusting the net earnings attributable to shareholders and the weighted average number of common shares outstanding for the effects of all potentially dilutive common shares, which is comprised of share options granted to employees with an exercise price below the average market price.

Finance Costs

Finance costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other finance costs are recognized in earnings in the period in which they are incurred.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

Years ended April 30, 2024 and 2023 (In thousands of Canadian dollars, except for "number of common shares", "number of options" and "per share" information)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investment Tax Credits

The Company is entitled to investment tax credits, which are earned as a percentage of eligible research and development expenditures incurred in each taxation year. Investment tax credits relate entirely to the Company's research and development expenses in the consolidated statements of earnings but are presented separately in the consolidated statements of earnings for information purposes. Investment tax credits are recognized and recorded within income tax receivable or as a reduction of income tax payable, when there is reasonable assurance they will be received.

Financial Instruments

The Company's financial assets and liabilities which are initially recorded at fair value and subsequently measured based on their assigned classifications as follows:

Assets/Liabilities	Classification
Cash and cash equivalents	Amortized cost
Trade and other receivables	Amortized cost
Investments in public companies	Fair value through other comprehensive income
Investments in private companies	Fair value through profit and loss
Bank indebtedness	Amortized cost
Trade and other payables, excluding RSUs	Amortized cost
Cash based RSU liability	Fair value through profit and loss
Redemption liability	Amortized cost

Financial Assets

All financial assets are initially measured at fair value, plus transaction costs. Transaction costs in respect of financial instruments that are classified as fair value through profit or loss are recognized in earnings immediately. Transaction costs in respect of other financial instruments are included in the initial measurement of the financial instrument.

Financial assets are classified into the following specific categories: financial assets "at fair value through profit or loss" ("FVTPL"), "fair value through other comprehensive income ("FVTOCI")" and "amortized cost". The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on re-measurement recognized in earnings. Financial assets at FVTOCI are stated at fair value, with any gains or losses arising on re-measurement recognized in other comprehensive earnings. Where financial assets at FVTOCI are derecognized, the gains or losses previously recognized in other comprehensive earnings is reclassified from other comprehensive earnings to earnings.

Impairment of Financial Assets

Financial assets, other than those at FVTPL and FVTOCI, are assessed for indicators of impairment at the time of initial recognition and at each reporting period. The Company measures a loss allowance based on the lifetime expected credit losses. Lifetime expected credit losses are estimated based on factors such as the Company's past experience of collecting payments, observable changes in national or local economic conditions that correlated with default on receivables, financial difficulties of the borrower, and it becoming probable that the borrow will either enter bankruptcy or financial reorganization. Financial assets are written off when there is no reasonable expectation of recovery.

For financial assets carried at amortized cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A trade receivable is considered impaired if it is probable that a customer will not pay all amounts due. When a trade receivable is considered impaired, it is recorded in the allowance account. Subsequent recoveries of amounts are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in earnings. When there is no reasonable expectation of recovery, the trade receivable balance is written off against the allowance account.

Financial Liabilities and Equity Instruments Issued by the Company

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on re-measurement recognized in earnings. The net gain or loss recognized in earnings incorporates any interest paid on the financial liability and is included in the “other income and expenses” line item in the consolidated statements of earnings.

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

Other financial liabilities, including long term debt and redemption liabilities, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis.

Critical Accounting Estimates and Judgments

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Consequently, actual results could differ from those estimates. Those estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

Significant estimates include the determination of expected credit losses which are based on the amount and timing of cash flows expected to be received, allocation of the transaction price on customer contracts with multiple deliverables which are based on standalone selling prices, of the applicable deliverable or using estimation techniques where no standalone selling prices are available, provision for inventory obsolescence which is recorded to adjust to the net realizable value of inventory and based on current market prices and past experiences, the useful life of property, plant and equipment and intangibles for depreciation which are based on past experiences, expected use and industry trends, amortization and valuation of net recoverable amount of property, plant and equipment and intangibles, determination of fair value for share based compensation, evaluating deferred income tax assets and liabilities, the determination of fair value of financial instruments and the likelihood of recoverability, and the determination of implied fair value of goodwill and implied fair value of assets and liabilities for purchase price allocation purposes and goodwill impairment assessment purposes.

Significant items requiring the use of judgment in application of accounting policies and assumptions include the determination of functional currencies, classification of financial instruments, classification of leases, determination of the number of revenue performance obligations, the allocation of transaction prices on customer contracts, determination if revenues should be recognized at a point in time or over time, application of the percentage of completion method on long-term contracts, degree of componentization applied when calculating amortization of property, plant and equipment, and identification of cash generating units for impairment testing purposes.

Operating Segments

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components. 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 revenue from the sale of hardware and software solutions, related services, training and commissioning and long-term contracts.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

Years ended April 30, 2024 and 2023 (In thousands of Canadian dollars, except for "number of common shares", "number of options" and "per share" information)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Changes in Accounting Policies

Presentation of Financial Statements

Effective May 1, 2023, the Company adopted amendments to IAS 1, *Presentation of Financial Statements*, which requires the disclosure of material accounting policy information, instead of significant accounting policies. The adoption of the amendments did not have a material impact on the Consolidated Financial Statements.

New and Revised IFRSs Issued but Not Yet Effective

Following is a listing of amendments, revisions and new International Financial Reporting Standards issued but not yet effective. Unless otherwise indicated, earlier application is permitted.

Presentation of Non-Current Liabilities with Covenants

Amendments to IAS 1, *Presentation of Financial Statements* was issued by the IASB in January 2020 and clarifies the classification, presentation and disclosure requirements in the standard for non-current liabilities with covenants. The amendments are effective for reporting periods beginning on or after January 1, 2024. The Company does not expect that the adoption of this standard listed above will have a material impact on the consolidated financial statements of the Company.

Lease Liability in Sale and Leaseback Transactions

Amendments to IFRS 16, *Leases* was issued by the IASB in September 2022 and clarifies the subsequent measurement requirements for sale and leaseback transactions for sellers-leasees. The amendments are effective for reporting periods beginning on or after January 1, 2024. The Company does not expect that the adoption of the standard listed above will have a material impact on the consolidated financial statements of the Company.

Presentation and Disclosure in Financial Statements

IFRS 18, *Presentation and Disclosure in Financial Statements issues* was issued by the IASB in April 2024, and replaces IAS 1, *Presentation of Financial Statements*. The standard is effective for reporting periods beginning on or after January 1, 2027. The Company has not yet determined the impact of the standard.

3. TRADE AND OTHER RECEIVABLES

	2024	2023
Trade receivables, net of allowances	\$ 81,742	\$ 105,692
Other receivables	2,608	1,179
	\$ 84,350	\$ 106,871

4. INVENTORIES

	2024	2023
Finished goods	\$ 58,588	\$ 53,446
Raw material and supplies	109,750	106,614
Work in progress	37,816	42,419
	\$ 206,154	\$ 202,479

Cost of sales for the year ended April 30, 2024, included \$204,071 of inventory (2023 - \$171,059) and \$4,317 of inventory write-offs (2023 - \$3,150).

5. PROPERTY, PLANT AND EQUIPMENT

	April 30, 2024			April 30, 2023		
	Cost	Accumulated Depreciation	Carrying Amount	Cost	Accumulated Depreciation	Carrying Amount
Office furniture and equipment	\$ 5,387	\$ 4,168	\$ 1,219	\$ 5,169	\$ 3,589	\$ 1,580
Research and development equipment	35,590	28,610	6,980	34,008	27,086	6,922
Airplanes	11,987	10,740	1,247	11,599	10,263	1,336
Machinery and equipment	73,845	60,974	12,871	69,811	56,937	12,874
Leaseholds	10,240	7,581	2,659	9,570	7,086	2,484
Land	2,252	-	2,252	2,276	-	2,276
Buildings	10,864	3,708	7,156	10,984	3,726	7,258
	\$ 150,165	\$ 115,781	\$ 34,384	\$ 143,417	\$ 108,687	\$ 34,730

	Office furniture and equipment	Research and development equipment	Airplanes	Machinery and equipment	Leaseholds	Land	Buildings	Total
Cost								
Balance as at April 30, 2022	\$ 4,593	\$ 40,316	\$ 11,599	\$ 69,153	\$ 9,195	\$ 2,055	\$ 9,916	\$ 146,827
Additions	490	1,429	-	4,274	363	-	16	6,572
Foreign exchange adjustments	125	465	-	1,052	12	221	1,052	2,927
Disposals	(39)	(8,202)	-	(4,668)	-	-	-	(12,909)
Balance as at April 30, 2023	\$ 5,169	\$ 34,008	\$ 11,599	\$ 69,811	\$ 9,570	\$ 2,276	\$ 10,984	\$ 143,417
Additions	264	1,909	255	6,451	667	-	13	9,559
Foreign exchange adjustments	(7)	311	133	(1,597)	3	(24)	(133)	(1,314)
Disposals	(39)	(638)	-	(820)	-	-	-	(1,497)
Balance as at April 30, 2024	\$ 5,387	\$ 35,590	\$ 11,987	\$ 73,845	\$ 10,240	\$ 2,252	\$ 10,864	\$ 150,165

	Office furniture and equipment	Research and development equipment	Airplanes	Machinery and equipment	Leaseholds	Land	Buildings	Total
Accumulated Depreciation								
Balance as at April 30, 2022	\$ 3,068	\$ 30,544	\$ 9,720	\$ 55,936	\$ 6,527	\$ -	\$ 3,155	\$ 108,950
Depreciation for the year	479	4,246	543	4,834	559	-	190	10,851
Foreign exchange adjustments	80	440	-	813	-	-	381	1,714
Disposals	(38)	(8,144)	-	(4,646)	-	-	-	(12,828)
Balance as at April 30, 2023	\$ 3,589	\$ 27,086	\$ 10,263	\$ 56,937	\$ 7,086	\$ -	\$ 3,726	\$ 108,687
Depreciation for the year	625	3,087	609	4,851	495	-	53	9,720
Foreign exchange adjustments	(9)	(929)	(132)	(13)	-	-	(71)	(1,154)
Disposals	(37)	(634)	-	(801)	-	-	-	(1,472)
Balance as at April 30, 2024	\$ 4,168	\$ 28,610	\$ 10,740	\$ 60,974	\$ 7,581	\$ -	\$ 3,708	\$ 115,781

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

Years ended April 30, 2024 and 2023 (In thousands of Canadian dollars, except for "number of common shares", "number of options" and "per share" information)

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Carrying Amounts																
At April 30, 2023	\$	1,580	\$	6,922	\$	1,336	\$	12,874	\$	2,484	\$	2,276	\$	7,258	\$	34,730
At April 30, 2024	\$	1,219	\$	6,980	\$	1,247	\$	12,871	\$	2,659	\$	2,252	\$	7,156	\$	34,384

6. RIGHT-OF-USE ASSETS

	Land & Building	
Balance as at May 1, 2022	\$	24,637
Amortization for the year		(4,714)
Foreign exchange adjustments		473
Balance as at April 30, 2023	\$	20,396
Additions		4,643
Amortization for the year		(4,658)
Foreign exchange adjustments		51
Balance as at April 30, 2024	\$	20,432

7. GOODWILL

The changes in carrying amounts of goodwill are as follows:

	Cost	
Balance as at April 30, 2022	\$	21,033
Foreign exchange differences		300
Balance as at April 30, 2023	\$	21,333
Foreign exchange differences		19
Balance as at April 30, 2024	\$	21,352

The Company performs an impairment test annually on April 30th or whenever there is an indication of impairment.

For the purposes of testing for impairment, goodwill has been allocated to the following cash-generating units as follows:

	April 30,	
	2024	2023
Evertz Microsystems Ltd.	\$ 13,955	\$ 13,926
Holdtech Kft	5,346	5,346
Quintech	1,007	1,023
ATCI	393	387
Ease Live	651	651
	\$ 21,352	\$ 21,333

The key assumptions used in performing the impairment tests as at April 30, 2024 are as follows:

Method of determining recoverable amount:	Value in use
Discount Rate:	9.5% - 14%
Perpetual growth rate:	1.6% - 3.5%

7. GOODWILL (CONTINUED)

Recoverable Amount

Management's past experience and future expectations of the business performance is used to make a best estimate of the expected revenue, earnings before interest, taxes, depreciation and amortization and operating cash flows for a five year period. Subsequent to the fifth year, the present value of the fifth year cash flows is calculated in perpetuity.

Discount Rate

The discount rate applied is a pre tax rate that reflects the time value of money and risk associated with the business. The discount rate applied varies depending on the jurisdictions in which the entity operates.

Perpetual Growth Rate

The perpetual growth rate is management's current assessment of the long-term growth prospect of the Company in the jurisdictions in which it operates.

Sensitivity Analysis

Management performs a sensitivity analysis on the key assumptions. The sensitivity analysis indicates reasonable changes to key assumptions will not result in an impairment loss.

8. INTANGIBLES

	Cost
Balance as at April 30, 2022	\$ 3,317
Amortization	(1,238)
Foreign exchange differences	46
Balance as at April 30, 2023	\$ 2,125
Amortization	(1,028)
Foreign exchange differences	1
Balance as at April 30, 2024	\$ 1,098

The intangible assets relate to the technology, patents and workforce acquired during prior period acquisitions.

9. INVESTMENTS

	April 30, 2024	April 30, 2023
Investments in:		
Publically traded companies	-	8,160
Private companies	-	-
	\$ -	\$ 8,160

Investments in publicly traded companies are maintained at their fair value and are classified as financial assets designated at fair value through other comprehensive income. The designation was made upon initial recognition as the investments were not held for the purpose of trading. All investments in publicly traded companies were disposed of in fiscal 2024, for proceeds of \$7,183. Upon disposal, the Company recognized a loss of \$2,704, including a reclassification of losses previously recognized in other comprehensive earnings of \$1,727.

Investments in private companies are maintained at their fair value and are classified as financial assets designated at fair value through profit and loss. Upon initial recognition the investment in DDSports Inc. was treated under the equity method due to having significant influence. In fiscal 2023, significant influence was lost and a valuation of the investment was done to its fair value. During fiscal 2023, an impairment of \$3,277 and \$2,087 in losses were recorded under the equity method in recognition of the Company's share of DDSports Inc.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

Years ended April 30, 2024 and 2023 (In thousands of Canadian dollars, except for "number of common shares", "number of options" and "per share" information)

10. PROVISIONS

	Warranty and Returns	Lease/ Retirement Obligations	Total
Balance as at April 30, 2022	\$ 6,856	\$ 523	\$ 7,379
Net (reductions) additions	(2,364)	35	(2,329)
Foreign exchange differences	20	34	54
Balance as at April 30, 2023	\$ 4,512	\$ 592	\$ 5,104
Net additions (reductions)	61	(252)	(191)
Foreign exchange differences	30	3	33
Balance as at April 30, 2024	\$ 4,603	\$ 343	\$ 4,946

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.

11. LEASE LIABILITIES

	April 30, 2024	April 30, 2023
Opening Balance	\$ 22,887	\$ 26,848
Additions	4,643	-
Interest	924	961
Lease Payments	(5,250)	(5,244)
Foreign exchange adjustments	12	322
Closing Balance	\$ 23,216	\$ 22,887
Less current portion	4,296	4,060
Long term lease obligations	\$ 18,920	\$ 18,827

12. CREDIT FACILITIES

The Company has the following credit facilities available:

1. Credit facility of \$75 million and a treasury risk management facility up to \$10 million available, bearing interest at prime, subject to certain covenants and secured by all Canadian based assets. As at April 30, 2024, and April 30, 2023, the Company was in compliance with covenants. There were no borrowings against the facilities as at April 30, 2024, (April 30, 2023 – \$5,928).
2. Credit facility available of \$1,359 bearing interest at WIBOR plus 1.4% per annum. There were no borrowings outstanding under this facility as at April 30, 2024, or 2023.

13. REDEMPTION LIABILITY

	April 30, 2024	April 30, 2023
Opening Balance	\$ 3,711	\$ 3,423
Amortization	-	57
Change in fair value	33	-
Foreign Exchange Adjustments	67	231
Closing Balance	\$ 3,811	\$ 3,711

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 non-controlling shareholders held a put option for the remaining shareholdings, exercisable between November 15, 2022, and December 15, 2022, for a fixed cash price of \$3,730. The option was not exercised. The non-controlling shareholders had another put option for the remaining shareholdings, that was exercised in December 2023, for a price to be determined through the valuation process. The put option has been separately valued as a redemption liability, at its estimated fair value as at April 30, 2024.

14. CAPITAL STOCK

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

	Number of Common Shares	Amount
Balance as at April 30, 2022	76,229,696	\$ 143,502
Cancelled pursuant to NCIB	(83,938)	(158)
Balance as at April 30, 2023	76,145,758	\$ 143,344
Issued on exercise of stock options	198,875	2,456
Transferred on stock option exercise	-	260
Cancelled pursuant to NCIB	(180,311)	(339)
Balance as at April 30, 2024	76,164,322	\$ 145,721

Dividends Per Share

During the year, \$0.77 in dividends per share, were declared (2023 - 0.74 per share).

Normal Course Issuer Bid

In November 2022, the Company entered into a Normal Course Issuer Bid (“NCIB”) with the TSX to repurchase, at the Company’s discretion, until November 13, 2023, up to 3,809,810 outstanding common shares on the open market or as otherwise permitted, subject to normal terms and limitations of such bids. During the year, the Company purchased and cancelled 173,023 common shares at a weighted average price of \$12.55 (2023 - 50,444 common shares at a weighted average price of \$11.32).

In November 2023, the Company entered into a new NCIB with the TSX to repurchase, at the Company’s discretion, until November 2024, up to 3,802,024 outstanding common shares on the open market or as otherwise permitted, subject to normal terms and limitations of such bids. During the year, the Company purchased and cancelled 7,288 common shares at a weighted average price of \$13.58 (2023-nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

Years ended April 30, 2024 and 2023 (In thousands of Canadian dollars, except for "number of common shares", "number of options" and "per share" information)

15. REVENUE

	2024	2023
Hardware	\$ 325,745	\$ 281,199
Reoccurring software, services and other software	188,871	173,379
	\$ 514,616	\$ 454,578

During the year, the company recognized \$46,917 revenue under the long-term contract method (2023 – \$48,638).

16. SELLING, ADMINISTRATIVE AND GENERAL EXPENSES

	2024	2023
Selling and administrative	\$ 72,274	\$ 61,518
Depreciation - selling and administrative	3,644	3,441
General:		
Share based compensation (note 19)	548	538
Amortization of intangibles	1,028	1,263
	\$ 77,494	\$ 66,760

17. RESEARCH AND DEVELOPMENT

	2024	2023
Research and development	\$ 131,043	\$ 112,380
Depreciation - research and development	3,800	4,747
General:		
Share based compensation	4,572	4,124
	\$ 139,415	\$ 121,251

18. STATEMENT OF CASH FLOWS**Changes in non-cash working capital items**

	2024	2023
Trade and other receivables	\$ 22,013	\$ (3,475)
Contract assets	(1,522)	(4,634)
Inventories	(3,821)	(23,899)
Prepaid expenses	(543)	(3,765)
Trade and other payables	(13,632)	5,764
Deferred revenue	51,089	(4,440)
Provisions	(158)	(2,275)
	\$ 53,426	\$ (36,724)

19. 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 are currently granted normally fully vest and expire by the end of the fifth year.

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

	Number of Options	Weighted Average Exercise Price
Balance as at April 30, 2022	5,055,500	\$ 13.43
Forfeited	(174,500)	12.72
Expired	(92,500)	17.35
Balance as at April 30, 2023	4,788,500	\$ 13.38
Exercised	(198,875)	12.35
Forfeited	(166,500)	12.67
Expired	(467,500)	15.82
Balance as at April 30, 2024	3,955,625	\$ 13.18

Stock options outstanding as at April 30, 2024 were:

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	3,253,125	1.3	1,951,875	\$ 12.35
\$ 14.07	\$ 14.07	100,000	1.9	60,000	\$ 14.07
\$ 16.20	\$ 16.20	160,000	0.9	128,000	\$ 16.20
\$ 17.65 - \$17.98	\$ 17.97	442,500	0.7	354,000	\$ 17.97
Totals	\$ 13.18	3,955,625	1.2	2,493,875	\$ 13.39

Stock options outstanding as at April 30, 2023 were:

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	3,603,500	2.3	-	\$ -
\$ 14.07 - \$15.80	\$ 15.37	500,000	1.0	320,000	\$ 15.70
\$ 16.08 - \$16.20	\$ 16.17	220,000	1.6	144,000	\$ 16.16
\$ 17.24 - \$17.98	\$ 17.94	465,000	1.6	283,000	\$ 17.93
Totals	\$ 13.38	4,788,500	2.1	747,000	\$ 16.63

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

Years ended April 30, 2024 and 2023 (In thousands of Canadian dollars, except for "number of common shares", "number of options" and "per share" information)

19. SHARE BASED PAYMENTS (CONTINUED)**Restricted Share Unit Plan (2016 Plan)**

The Company established, in March 2016, a restricted share unit ("RSU-2016") 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 issued under the 2016 Plan will be redeemed in cash at the fair market value at the date of vest plus any accrued dividends. The changes in the number of outstanding RSUs under the 2016 Plan are as follows:

	Number of RSUs
Balance as at April 30, 2022	443,000
Granted	0
Exercised	(371,500)
Forfeited	(4,500)
Balance as at April 30, 2023	67,000
Exercised	(57,000)
Balance as at April 30, 2024	10,000

As at April 30, 2024, the average remaining contractual life for outstanding RSUs under the 2016 Plan is 0.4 years (2023 - 0.7 years).

Restricted Share Unit Plan (2022 Plan)

The Company established, in June 2022, a new restricted share unit plan (RSU-2022). The purpose of the plan is to provide an incentive to participants; including key executives of the Company, by rewarding such participants with equity-based compensation. Under the terms of the plan, the Company will redeem RSUs granted to a participant under the 2022 Plan through the issuance of one Common Share of the Company for each fully vested RSU. The Board of Directors administers the equity based restricted share unit plan and will determine the terms of any restricted share units granted. Restricted share units currently granted normally fully vest and expire by the end of the fifth year.

A number of restricted share units equal to 10% of the Company's outstanding common shares at any point in time are to be reserved for issuance under the equity based restricted share unit plan, less the aggregate number of stock options granted under the Stock Option Plan described above.

The change in the number of outstanding RSUs under the 2022 Plan are as follows.

	Number of RSUs (2022 Plan)
Balance as at April 30, 2022	-
Granted	1,522,250
Forfeiture	(10,500)
Balance as at April 30, 2023	1,511,750
Granted	30,000
Forfeiture	(47,250)
Balance as at April 30, 2024	1,494,500

As at April 30, 2024, the average remaining contractual life for outstanding RSUs under the 2022 Plan is 2.7 years (2023 - 3.4 years).

19. SHARE BASED PAYMENTS (CONTINUED)

Compensation Expense

Stock Option Plan

The share based compensation expense that has been charged against earnings over the fiscal period is \$606 (2023 - \$1,265). Compensation expense on grants was calculated using the Black-Scholes option pricing model. There were no grants completed in fiscal 2024 or 2023.

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 24% (2023 - 24%).

Restricted Share Unit Plan (2016 Plan)

The share based compensation expense that has been charged against earnings over the fiscal year is \$310 (2023 - \$858). Share based compensation expense was calculated using a weighted average forfeiture rate of 0% (2023 - 23%). As at April 30, 2024, the total liability included within trade and other payables is \$154 (2023 - \$780).

Restricted Share Unit Plan (2022 Plan)

The share base compensation expense that has been charged against earnings over the fiscal year is \$4,204 (2023 - \$2,539). Compensation expense on grants during the year was calculated using the fair value of the Company's share price at the grant date. Share based compensation expense was calculated using a weighted average forfeiture rate of 11% (2023 - 10%).

20. COMMITMENTS AND CONTINGENCIES

In the normal course of operations, the Company is party to a number of lawsuits, claims and contingencies. Accruals are made in instances where it is probable that liabilities have been incurred and where such liabilities can be reasonably estimated. Although it is possible that liabilities may be incurred in instances for which no accruals have been made, the Company believes the possibility of outflow of cash is remote and thus no additional provisions have been recognized.

The Company is committed to payments under long term debt agreements and certain lease obligations in Note 11 with minimum annual lease payments as follows:

	Redemption Liabilities		Leases Payments		Total
2025	\$ 3,811	\$	2,814	\$	6,625
2026	-		5,388		5,388
2027	-		5,044		5,044
2028	-		3,797		3,797
2029	-		3,730		3,730
Thereafter	-		2,895		2,895
Balance as at April 30, 2024	\$ 3,811	\$	23,668	\$	27,479

Total operating lease expense during the year was \$472 (2023 - \$489).

The Company has obtained documentary and standby letters of credit aggregating to a total of \$11,781 (2023 - \$14,360).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

Years ended April 30, 2024 and 2023 (In thousands of Canadian dollars, except for "number of common shares", "number of options" and "per share" information)

21. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company estimates that the fair value of financial instruments approximates their carrying values. 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.
- III. Inputs for the asset or liability that are not based on observable market data.

(a) Financial risk management:

The Company, through its financial assets and liabilities, is exposed to various risks. The following analysis provides a measurement of risks as at April 30, 2024:

Credit Risk

Credit risk is the risk of a financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Financial instruments that potentially subject the Company to concentrations of credit risk consist of cash and cash equivalents, contract assets and trade and other receivables the total of which is the maximum exposure to credit risk. The Company performs evaluations of the financial situations of its customers and uses various controls and processes, such as credit checks and billings in advance to investigate credit risk. Management does not believe that there is significant credit concentration or risk not already provided for.

The Company sets up an allowance for doubtful accounts using the lifetime expected credit losses related to total receivables, while factoring in the credit risks of the individual customer and the aging of receivables. Amounts owing over 90 days are individually evaluated and provided for as an expected credit loss where appropriate in the allowance for doubtful accounts. When considering the need for provisions in relation to balances past due, the Company considers forward looking information such as region specific economic factors including industry outlook, employment, politics, and other market indicators. The Company also takes into consideration customer specific payment history. The trade and other receivables are presented as follows net of the allowance for doubtful accounts:

	April 30, 2024	April 30, 2023
Trade and other receivables	\$ 87,252	\$ 109,702
Allowance for doubtful accounts	(2,902)	(2,831)
	\$ 84,350	\$ 106,871

The change in the allowance for doubtful accounts was as follows:

	April 30, 2024	April 30, 2023
Balance at beginning of year	\$ 2,831	\$ 2,501
Increase in allowance	897	778
Bad debt recaptured and write-offs	(715)	(629)
Impact of variation in exchange rates	(111)	181
Balance at end of year	\$ 2,902	\$ 2,831

21. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

The aging of trade and other receivables, net of the allowance for doubtful accounts was:

	April 30, 2024	April 30, 2023
Less than 30 days past billing date	\$ 31,908	\$ 44,616
30-60 days past billing date	11,255	21,199
61-90 days past billing date	7,712	7,259
Greater than 90 days past billing date	33,475	33,797
	\$ 84,350	\$ 106,871

Exchange Rate Risk

The Company transacts a significant portion of its business in U.S. dollars and is therefore exposed to currency fluctuations.

U.S. dollar financial instruments are as follows:

	April 30, 2024	April 30, 2023
Cash and cash equivalents	\$ 25,181	\$ 3,248
Trade and other receivables	90,867	87,548
Trade and other payables	(12,389)	(10,433)
	\$ 103,659	\$ 80,363

Based on the financial instruments as at April 30, 2024, a 5% change in the value of the U.S. dollar would result in a gain or loss of \$5.2 million in earnings before income tax.

Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with its financial liabilities. The Company's primary source of liquidity is its cash reserves. The Company also maintains certain credit facilities to support short term funding of operations and trade finance. The Company believes it has sufficient available funds to meet current and foreseeable financial requirements. The Company expects to settle all current financial liabilities within the next year. Maturity of lease obligations are disclosed in Note 20.

22. SEGMENTED INFORMATION

The Company reviewed its operations and determined that it operates a single operating 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.

Revenue	2024	2023
United States	\$ 320,571	\$ 306,926
International	176,585	117,469
Canada	17,460	30,183
	\$ 514,616	\$ 454,578

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

Years ended April 30, 2024 and 2023 (In thousands of Canadian dollars, except for "number of common shares", "number of options" and "per share" information)

22. SEGMENTED INFORMATION (CONTINUED)

April 30, 2024					
	Property, Plant and Equipment		Goodwill	Intangible Assets	Right-of-Use Assets
United States	\$ 3,485	\$	1,400	\$ 60	\$ 3,107
International	9,551		18,369	1,038	3,128
Canada	21,348		1,583	-	14,197
	\$ 34,384	\$	21,352	\$ 1,098	\$ 20,432

April 30, 2023					
	Property, Plant and Equipment		Goodwill	Intangible Assets	Right-of-Use Assets
United States	\$ 4,114	\$	1,411	\$ 395	\$ 246
International	9,553		18,339	1,730	3,617
Canada	21,063		1,583	-	16,533
	\$ 34,730	\$	21,333	\$ 2,125	\$ 20,396

23. 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 \$5,409 committed over the remaining term. During the year, rent paid for the leased principal premises amounted to \$1,081 (2023 - \$1,055) with no outstanding amounts due as at April 30, 2024.

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 \$4,246 committed over the remaining term. During the year, rent paid for the leased principal premises amounted to \$892 (2023 - \$877) with no outstanding amounts due as at April 30, 2024.

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 \$2,826 committed over the remaining term. During the year, rent paid for the leased principal premises amounted to \$543 (2023 - \$525) with no outstanding amounts due as at April 30, 2024.

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 \$2,136 committed over the remaining term. During the year, rent paid for the leased principal premises amounted to \$1,011 (2023 - \$1,011) with no outstanding amounts due as at April 30, 2024.

23. RELATED PARTY TRANSACTIONS (CONTINUED)

The Company also leases properties where two shareholders indirectly own 100% interest. There were no amounts owing on the leases as at April 30, 2024. The term of these leases are as follows:

April 30, 2024						
Lease Commencement Date	Lease Expiry Date		Amount Committed Over Remaining Term		Rent Paid 2024	Rent Paid 2023
October 2021	September 2026	\$	764	\$	301	\$ 292
December 2023	November 2028	\$	1,491	\$	192	\$ 152
August 2016	July 2026	\$	636	\$	273	\$ 271

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

The remuneration of directors and other members of key management personnel for the years ended April 30, 2024, and April 30, 2023, are as follows:

	2024	2023
Short-term salaries and benefits	\$ 5,090	\$ 5,010
Share-based payments	-	2,816
	\$ 5,090	\$ 7,826

The total employee benefit expense was \$197,148 (2023 - \$162,826).

Subsidiaries:

The Company has the following significant subsidiaries:

Company	% Ownership	Location
Evertz Microsystems Ltd.	100%	Canada
Evertz USA	100%	United States
Evertz UK	100%	United Kingdom
Holdtech Kft.	100%	Hungary
Quintech Electronics & Communications Inc.	100%	United States
Tech Digital Manufacturing Limited	100%	Canada
Truform Metal Fabrication Ltd.	75%	Canada
Ease Live AS	73%	Norway

24. NON-CONTROLLING INTEREST

The Company has subsidiaries with non-controlling interests of 25% of Truform Metal Fabrication Ltd., located in Canada, and 10% with Studiotech Poland Sp. z.o.o., a subsidiary of Holdtech Kft. located in Poland. Ease Live AS, located in Norway, also has a non-controlling interest of 27% of Ease Live AS, located in Norway, whose interest has been separately recorded as a redemption liability (see note 13).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

Years ended April 30, 2024 and 2023 (In thousands of Canadian dollars, except for "number of common shares", "number of options" and "per share" information)

24. NON-CONTROLLING INTEREST (CONTINUED)

The table below summarizes the aggregate financial information relating to the above subsidiaries before eliminating entries, as no such subsidiary is individually significant.

	April 30, 2024	April 30, 2023
Current assets	\$ 21,170	\$ 13,697
Non-current assets	14,296	17,122
Current liabilities	3,784	3,028
Non-current liabilities	1,603	114
Equity attributable to shareholders	26,669	24,692
Non-controlling interest	3,410	2,985

	April 30, 2024	April 30, 2023
Revenue	\$ 43,918	\$ 30,208
Net earnings attributable to:		
Shareholders	6,113	2,666
Non-controlling interest	857	523

During the year, \$400 (2023 - \$425) in dividends were paid to non-controlling interests.

25. CAPITAL DISCLOSURES

The Company's capital is composed of total equity attributable to shareholders which totals \$263,267 (2023 - \$243,099) as at April 30, 2024. The Company's objective in managing capital is to ensure sufficient liquidity to finance increases in non-cash working capital, capital expenditures for capacity expansions, pursuit of selective acquisitions and the payment of quarterly dividends. The Company's strategy on capital risk management has not changed significantly since April 30, 2024.

The Company takes a conservative approach towards financial leverage and management of financial risk and the Company currently satisfies their internal requirements.

The Company is not subject to any capital requirements imposed by a regulator.

26. EARNINGS PER SHARE

	2024	2023
Weighted average common shares outstanding	76,088,691	76,200,428
Dilutive-effect of stock options	956,167	32,034
Diluted weighted average common shares outstanding	77,044,858	76,232,462

The weighted average number of diluted common shares excludes 702,500 options because they were anti-dilutive during the period (2023 - 1,612,500).

27. INCOME TAXES

The Company's effective income tax rate differs from the statutory combined Canadian income tax rate as follows:

	2024		2023
Expected income tax expense using statutory rates (25%, 2022 - 25%)	\$ 24,340	\$	21,953
Difference in foreign tax rates	(225)		(152)
Benefit arriving from prior year losses	-		(101)
Non-deductible stock based compensation	1,275		1,029
Non-deductible losses	717		1,395
Change in estimates relating to prior periods	397		(459)
Other	(173)		(410)
	\$ 26,331	\$	23,255

Benefit arising from a previously unrecognized tax loss has been recognized in the year as a result of a change in estimated taxable income in future years.

Components of deferred income taxes are summarized as follows:

	April 30, 2024		April 30, 2023
Deferred income tax assets (liabilities):			
Tax loss carried forward	\$ 395	\$	549
Research and development tax credits	(3,087)		(2,825)
Equipment tax vs accounting basis	6,239		5,604
Non-deductible reserves	3,347		3,411
	\$ 6,894	\$	6,739

As at April 30, 2024, the Company had \$3,428 in tax losses for which no deferred tax asset has been recognized in the statement of financial position. Of these losses, \$1,166 expire in 2025, while the remaining balance has no expiry.

28. SUBSEQUENT EVENT

On June 19, 2024, the Company declared a quarterly dividend of \$0.195 with a record date of July 2, 2024, and a payment date of July 10, 2024.

5-YEAR FINANCIAL HIGHLIGHTS

(all amounts in thousands, except EPS and share amounts)

Consolidated Statement of Earnings Data

	Year Ended April 30,				
	2024	2023	2022	2021	2020
Sales	\$ 514,616	\$ 454,578	\$ 441,016	\$ 342,888	\$ 436,592
Selling and administrative expenses	72,274	61,518	60,884	49,413	67,597
Research and development expenses	134,843	117,127	102,438	80,187	90,827
Earnings before income taxes	97,358	87,810	97,912	55,845	91,959
Net earnings	71,027	64,555	72,677	41,960	69,172
Fully diluted EPS	0.91	0.84	0.94	0.55	0.90

Consolidated Balance Sheet Data

	Year Ended April 30,				
	2024	2023	2022	2021	2020
Cash and cash equivalents	\$ 86,325	\$ 12,468	\$ 33,902	\$ 108,771	\$ 75,025
Total assets	484,722	436,652	420,979	451,793	443,673
Shareholder's equity	263,267	243,099	230,938	292,734	295,012
Number of common shares Outstanding					
Basic	76,088,691	76,200,428	76,266,341	76,357,895	76,624,706
Fully-diluted	77,044,858	76,232,462	76,570,564	76,403,894	76,642,787

CORPORATE AND SHAREHOLDER INFORMATION

DIRECTORS AND EXECUTIVE OFFICERS

Romolo Magarelli

Director, President and Chief Executive Officer

Douglas DeBruin

Executive Chairman



Christopher Colclough^{1,2}
Director



Robert Peter
Vice-President,
International Operations



Dr. Thomas Pistor¹
Director



Jeff Marks
Vice-President
of Manufacturing



Dr. Ian McWalter^{1,2}
Director



Dan Turow
Senior Vice-President,
Media Distribution and
Chief Information Officer (CIO)



Brian Piccioni
Director



Paulo Francisco
Vice-President of Engineering
Evertz AV Division



Rakesh Patel
Chief Technology Officer,
Director



Marsha Garner
Vice-President, Inside Sales
and Administration



Brian Campbell
Executive Vice-President,
Business Development



Orest Holyk
Vice-President of Sales USA



Douglas Moore
Chief Financial Officer



Jeremy Blythe
Vice-President of Engineering
Media Distribution



Eric Fankhauser
Vice-President,
Product Development



Rakesh Jalali
Vice-President of Technology
India



Vince Silvestri
Vice-President of Software
Systems

¹ Member of the Audit Committee.

² Member of the Compensation Committee.

CORPORATE AND SHAREHOLDER INFORMATION (CONTINUED)

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LEGAL COUNSEL

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EXCHANGE LISTING

The common shares of the Company are listed on the Toronto Stock Exchange under the symbol ET

INVESTOR RELATIONS

Douglas Moore
Chief Financial Officer
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email: ir@evertz.com

REGISTRAR AND TRANSFER AGENT

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100 University Ave., 8th floor, North Tower
Toronto, ON Canada M5J 2Y1
email: service@computershare.com
T: 1-800-736-1755
www.computershare.com

ANNUAL SHAREHOLDERS MEETING

10:00 am Wednesday, October 2, 2024
1160 Sutton Drive
Burlington, ON Canada L7L 6R6

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New York City, NY

Indiana, PA

Berkshire, UK

Croatia

Germany

Beijing

Hong Kong

Singapore

India

Dubai

Australia



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