

Interim condensed consolidated financial statements of

EVERTZ TECHNOLOGIES LIMITED

Three months ended July 31, 2023 and 2022
(Unaudited)

EVERTZ TECHNOLOGIES LIMITED

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(Unaudited)

Interim condensed consolidated financial statements
Three months ended July 31, 2023 and 2022

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MANAGEMENT REPORT

The management of Evertz Technologies Limited (“Evertz” or the “Company”) is responsible for the preparation of the accompanying interim condensed consolidated financial statements. The interim condensed consolidated financial statements have been prepared in accordance with IAS 34, Interim Financial Reporting, using accounting policies consistent with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and are considered by management to present fairly the consolidated financial position, operating results and cash flows of the Company.

These interim condensed consolidated financial statements have not been reviewed by the auditor. These interim condensed consolidated financial statements are unaudited and include all adjustments, consisting of normal and recurring items, that management considers necessary for the fair presentation of the consolidated financial position, results of operations and cash flows.

EVERTZ TECHNOLOGIES LIMITED

Interim Condensed Consolidated Statements of Financial Position
(Unaudited)

As at July 31, 2023 and April 30, 2023
(In thousands of Canadian dollars)

	July 31, 2023	April 30, 2023
Assets		
Current assets		
Cash and cash equivalents	\$ 48,934	\$ 12,468
Trade and other receivables (note 3)	82,806	106,871
Contract assets	12,764	11,032
Prepaid expenses	11,985	10,319
Inventories (note 4)	205,016	202,479
	361,505	343,169
Property, plant and equipment (note 5)	35,288	34,730
Right-of-use assets	19,235	20,396
Goodwill	21,238	21,333
Intangibles	1,805	2,125
Investments (note 2)	6,778	8,160
Deferred income taxes	7,931	6,739
	\$ 453,780	\$ 436,652
Liabilities		
Current liabilities		
Bank indebtedness (note 8)	\$ -	\$ 5,928
Trade and other payables	74,479	75,521
Provisions (note 6)	4,113	5,104
Deferred revenue	92,689	69,827
Current portion of lease obligations	3,887	4,060
Current portion of redemption liability	3,711	3,711
Income tax payable	9,207	7,590
	188,086	171,741
Long-term lease obligations	17,898	18,827
	205,984	190,568
Equity		
Capital stock (note 7)	143,289	143,344
Share based payment reserve	16,031	14,696
Accumulated other comprehensive loss	(3,040)	(2,402)
Retained earnings	88,287	87,460
	85,247	85,058
Total equity attributable to shareholders	244,567	243,098
Non-controlling interest	3,229	2,986
	247,796	246,084
	\$ 453,780	\$ 436,652

See accompanying notes to the interim condensed consolidated financial statements.
Evertz Technologies Limited

EVERTZ TECHNOLOGIES LIMITED

Interim Condensed Consolidated Statements of Changes in Equity
(Unaudited)

Three month periods ended July 31, 2023 and 2022
(In thousands of Canadian dollars)

	Capital stock	Share-based payment reserve	Accumulated other comprehensive earnings	Retained earnings	Total equity attributable to shareholders	Non- controlling interest	Total Equity
Balance at April 30, 2022	\$ 143,502	\$ 10,893	\$ (4,093)	\$ 80,636	\$ 230,938	\$ 2,710	\$ 233,648
Net earnings for the period	-	-	-	13,841	13,841	89	13,930
Foreign currency translation adjustment	-	-	(1,207)	-	(1,207)	(48)	(1,255)
Total comprehensive earnings for the year	\$ -	\$ -	\$ (1,207)	\$ 13,841	\$ 12,634	\$ 41	\$ 12,675
Dividends declared	-	-	-	(13,721)	(13,721)	-	(13,721)
Repurchase of common shares (note 7)	(7)	-	-	(37)	(44)	-	(44)
Share based compensation expense (note 12)	-	375	-	-	375	-	375
Balance at July 31, 2022	\$ 143,495	\$ 11,268	\$ (5,300)	\$ 80,719	\$ 230,182	\$ 2,751	\$ 232,933
Balance at April 30, 2023	\$ 143,344	\$ 14,696	\$ (2,402)	\$ 87,460	\$ 243,098	\$ 2,986	\$ 246,084
Net earnings for the period	-	-	-	15,593	15,593	299	15,892
Unrealized loss on an FVTOCI investments, net of tax (note 2)	-	-	(284)	-	(284)	-	(284)
Foreign currency translation adjustment	-	-	(354)	-	(354)	(56)	(410)
Total comprehensive earnings for the year	\$ -	\$ -	\$ (638)	\$ 15,593	\$ 14,955	\$ 243	\$ 15,198
Dividends declared	-	-	-	(14,463)	(14,463)	-	(14,463)
Repurchase of common shares (note 7)	(55)	-	-	(303)	(358)	-	(358)
Share based compensation expense (note 12)	-	1,335	-	-	1,335	-	1,335
Balance at July 31, 2023	\$ 143,289	\$ 16,031	\$ (3,040)	\$ 88,287	\$ 244,567	\$ 3,229	\$ 247,796

See accompanying notes to the interim condensed consolidated financial statements.

EVERTZ TECHNOLOGIES LIMITED

Interim Condensed Consolidated Statements of Earnings
(Unaudited)

Three month periods ended July 31, 2023 and 2022
(In thousands of Canadian dollars, except per share amounts)

	Three months July 31, 2023	Three months July 31, 2022
Revenue (notes 13 and 14)	\$ 125,819	\$ 101,538
Cost of goods sold	53,783	43,014
Gross margin	72,036	58,524
Expenses		
Selling, administrative and general (note 9)	17,730	14,176
Research and development (note 10)	33,342	29,264
Investment tax credits	(3,395)	(3,189)
Foreign exchange loss (gain)	2,052	(1,031)
	49,729	39,220
	22,307	19,304
Finance income	124	153
Finance costs	(244)	(318)
Net loss on investments through profit and loss	(212)	(348)
Other (loss) income	(94)	128
Earnings before income taxes	21,881	18,919
Provision for (recovery of) income taxes		
Current	7,761	6,639
Deferred	(1,772)	(1,650)
	5,989	4,989
Net earnings for the period	15,892	13,930
Net earnings attributable to non-controlling interest	299	89
Net earnings attributable to shareholders	15,593	13,841
Net earnings for the period	\$ 15,892	\$ 13,930
Earnings per share (note 16)		
Basic	\$ 0.20	\$ 0.18
Diluted	\$ 0.20	\$ 0.18

See accompanying notes to the interim condensed consolidated financial statements.

EVERTZ TECHNOLOGIES LIMITED

Interim Condensed Consolidated Statements of Comprehensive Earnings
(Unaudited)

Three months ended July 31, 2023 and 2022
(In thousands of Canadian dollars)

	Three months ended July 31, 2023	Three months ended July 31, 2022
Net earnings for the period	\$ 15,892	\$ 13,930
Other comprehensive (loss) earnings		
Unrealized loss on investments, net of tax	(284)	-
Foreign currency translation adjustment	(410)	(1,255)
Comprehensive earnings	\$ 15,198	\$ 12,675
Comprehensive earnings attributable to non-controlling interest	\$ 243	\$ 41
Comprehensive earnings attributable to shareholders	14,955	12,634
Comprehensive earnings	\$ 15,198	\$ 12,675

See accompanying notes to the interim condensed consolidated financial statements.

EVERTZ TECHNOLOGIES LIMITED

Interim Condensed Consolidated Statements of Cash Flows
(Unaudited)

Three months ended July 31, 2023 and 2022
(In thousands of Canadian dollars)

	Three months ended July 31, 2023	Three Months ended July 31, 2022
Operating activities		
Net earnings for the period	\$ 15,892	\$ 13,930
Add: Items not involving cash		
Depreciation of property, plant and equipment	2,429	2,986
Amortization of right-of-use assets	1,156	1,169
Amortization of intangibles	309	304
Realized loss on investments	212	-
Loss on disposal of property, plant and equipment	-	29
Share of net loss from Investment in Associate	-	348
Share-based compensation (note 12)	1,335	375
Interest expense	247	290
Deferred income tax recovery	(1,687)	(1,650)
	19,893	17,781
Current tax expenses, net of investment tax credits	4,366	3,450
Income taxes paid	(2,705)	(2,389)
Changes in non-cash working capital items (note 11)	38,435	486
Cash provided by operating activities	59,989	19,328
Investing activities		
Acquisition of property, plant and equipment	(3,254)	(1,912)
Proceeds of disposal of investments, net of (acquisitions)	843	(11,007)
Cash used in investing activities	(2,411)	(12,919)
Financing activities		
Principle payments of lease liabilities	(1,088)	(1,042)
Repayment of credit facilities (note 8)	(5,928)	-
Interest paid	(247)	(254)
Dividends paid	(14,463)	(13,721)
Capital Stock repurchased	(358)	(44)
Cash used in financing activities	(22,084)	(15,061)
Effect of exchange rates on cash and cash equivalents	972	334
Increase (decrease) in cash and cash equivalents	36,466	(8,318)
Cash and cash equivalents beginning of the period	12,468	33,902
Cash and cash equivalents end of period	\$ 48,934	\$ 25,584

See accompanying notes to the interim condensed consolidated financial statements.

EVERTZ TECHNOLOGIES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Three months ended July 31, 2023 and 2022

(in thousands of Canadian dollars, except for “number of common shares”, “number of options” and “per share” information)

Evertz Technologies Limited (“Evertz” or the “Company”) is incorporated under the *Canada Business Corporations Act*. The Company is incorporated and domiciled in Canada and the registered head office is located at 5292 John Lucas Drive, Burlington, Ontario, Canada. The Company is a leading supplier of software, equipment and technology solutions to content creators, broadcasters, specialty channels and television service providers. The Company designs, manufactures and distributes video and audio infrastructure solutions for the production, post-production, broadcast and telecommunications markets.

1. STATEMENT OF COMPLIANCE

These interim condensed consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and under International Accounting Standard (“IAS”) 34 “Interim Financial Reporting” using the same accounting policies as described in the Company’s consolidated financial statements for the year ended April 30, 2023.

These interim condensed consolidated financial statements do not include all information and note disclosures required by IFRS for annual financial statements, and therefore; should be read in conjunction with the April 30, 2023 annual consolidated financial statements.

These interim condensed consolidated financial statements were authorized for issue by the Board of Directors on September 12, 2023.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Measurement

These financial statements have been prepared on the historical cost basis except for certain financial assets and liabilities which are stated at fair value. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

Functional and Presentation Currency

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

Basis of Consolidation

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

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

Note #2 continued ...

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

Critical Accounting Estimates and Judgements

The preparation of the Company's interim condensed financial statements requires management to make estimates, assumptions and judgments that affect the application of accounting policies and the reported amounts of assets, liabilities, revenues, and expenses. Significant estimates and judgements used in preparation of the interim condensed consolidated financial statements are described in the Company's consolidated financial statements for the year ended April 30, 2023.

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 12.

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

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

Financial Instruments

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

<u>Assets/Liabilities</u>	<u>Classification</u>
Cash and cash equivalents	Amortized Cost
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, except for those financial assets classified as fair value through profit or loss, which are initially measured at fair value. Transaction costs in respect of financial instruments that are classified as fair value through profit or loss are recognized in earnings immediately. Transaction costs in respect of other financial instruments are included in the initial measurement of the financial instrument.

Note #2 continued ...

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. As at July 31, 2023, Investments of \$6,778 (2022 - \$8,160) are classified as FVTOCI.

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.

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.

3. TRADE AND OTHER RECEIVABLES

	July 31, 2023	April 30, 2023
Trade receivables, net of allowances	\$ 80,241	\$ 105,692
Other receivables	2,565	1,179
	\$ 82,806	\$ 106,871

4. INVENTORIES

	July 31, 2023	April 30, 2023
Finished goods	\$ 56,190	\$ 53,446
Raw material and supplies	105,903	106,614
Work in progress	42,923	42,419
	\$ 205,016	\$ 202,479

5. PROPERTY, PLANT AND EQUIPMENT

	July 31, 2023			April 30, 2023		
	Cost	Accumulated Depreciation	Carrying Amount	Cost	Accumulated Depreciation	Carrying Amount
Office furniture and equipment	\$ 5,154	\$ 3,631	\$ 1,523	\$ 5,169	\$ 3,589	\$ 1,580
Research and development equipment	33,824	27,231	6,593	34,008	27,086	6,922
Airplanes	11,638	10,396	1,242	11,599	10,263	1,336
Machinery and equipment	71,275	57,083	14,192	69,811	56,937	12,874
Leaseholds	9,602	7,230	2,372	9,570	7,086	2,484
Land	2,248	-	2,248	2,276	-	2,276
Buildings	10,816	3,698	7,118	10,984	3,726	7,258
	\$ 144,557	\$ 109,269	\$ 35,288	\$ 143,417	\$ 108,687	\$ 34,730

6. PROVISIONS

	Warranty and Returns	Lease/Retirement Obligations	Total
Balance as at April 30, 2023	\$ 4,512	\$ 592	\$ 5,104
Net (reductions) additions	(918)	-	(918)
Foreign exchange differences	(70)	(3)	(73)
Balance as at July 31, 2023	\$ 3,524	\$ 589	\$ 4,113

Warranty and Returns

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

Lease/Retirement Obligations

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

7. CAPITAL STOCK

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

	Number of Common Shares	Amount
Balance as at April 30, 2023	76,145,758	\$ 143,344
Cancelled pursuant to NCIB	(29,347)	(55)
Balance as at July 31, 2023	76,116,411	\$ 143,289

Dividends Per Share

During the quarter, \$0.19 in dividends per share were declared (2022 - \$0.18).

Normal Course Issuer Bid

In November 2022, the Company renewed their 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 period, the Company purchased and cancelled 29,347 common shares at a weighted average price of \$12.20 (2022 - 3,500 common shares at a weighted average price at \$12.45).

8. 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. Advances under these facilities bear interest at prime. As at July 31, 2023 and April 30, 2023, the Company was in compliance with covenants. There were no borrowings against the facilities as at July 31, 2023 (April 30, 2023 – 5,928).
2. Credit facility available of \$1,307 bearing interest at WIBOR plus 0.75% per annum. There were no borrowings outstanding under this facility as at July 31, 2023 or April 30, 2023.

9. SELLING, ADMINISTRATIVE AND GENERAL EXPENSES

	Three month period ended		Three month period ended	
	July 31, 2023		July 31, 2022	
Selling and administrative	\$	16,398	\$	12,892
Depreciation - selling and administrative		849		792
General :				
Share based compensation (note 12)		174		188
Amortization of intangibles		309		304
	\$	17,730	\$	14,176

10. RESEARCH AND DEVELOPMENT

	Three month period ended		Three month period ended	
	July 31, 2023		July 31, 2022	
Research and development	\$	31,086	\$	27,107
Depreciation - research and development		905		1,226
General :				
Share based compensation (note 12)		1,351		931
	\$	33,342	\$	29,264

11. STATEMENT OF CASH FLOWS

Changes in non-cash working capital items

	Three month period ended		Three month period ended	
	July 31, 2023		July 31, 2022	
Trade and other receivables	\$	23,196	\$	802
Contract assets		(1,732)		(5,511)
Inventories		(2,939)		(15,349)
Prepaid expenses		(1,496)		(2,026)
Trade and other payables		(465)		18,725
Deferred revenue		22,862		5,564
Provisions		(991)		(1,719)
	\$	38,435	\$	486

12. 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, 2023	4,788,500	\$ 13.38
Forfeited	(63,000)	13.04
Expired	(20,000)	17.24
Balance as at July 31, 2023	4,705,500	\$ 13.37

Stock options outstanding as at July 31, 2023 are:

Exercise Price	Weighted Average Exercise Price	Number of Outstanding Options	Weighted Average Remaining Contractual Life	Number of Options Exercisable	Weighted Average Exercise Price of Exercisable Options
\$12.28 - \$12.86	\$ 12.35	3,550,500	2.0	1,882,800	\$ 12.28
\$14.07 - \$15.80	\$ 15.37	492,500	0.8	314,000	\$ 15.70
\$16.08 - \$16.20	\$ 16.17	220,000	1.4	144,000	\$ 16.16
\$17.39 - \$18.63	\$ 17.97	442,500	1.4	265,500	\$ 17.97
Totals	\$ 13.37	4,705,500	1.8	2,606,300	\$ 13.49

Restricted Share Unit Plan (2016 Plan)

The Company established, in March 2016, a restricted share unit plan (RSU-2016) to provide an incentive to participants; including key executives of the Company, by rewarding such participants with equity-based compensation. Under the terms of the plan, RSU's are issued to the participant with a vesting period of three years. On the vesting date, all RSU's issued under the 2016 plan will be redeemed in cash at the fair market value at the date of vest plus any accrued dividends. The changes in the number of outstanding RSUs under the 2016 plan are as follows:

	Number of RSUs (2016 Plan)
Balance as at April 30, 2023	67,000
Exercised	-
Forfeited	-
Balance as at July 31, 2023	67,000

As at July 31, 2023, the average remaining contractual life for outstanding RSUs under the 2016 Plan is 0.4 years (2022 – 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

Note #12 continued ...

equity-based compensation. Under the terms of the plan, the Company will redeem RSUs granted to a participant under the 2022 Plan through the issuance of one Common Share of the Company for each fully vested RSU. The Board of Directors administers the equity based restricted share unit plan and will determine the terms of any restricted share units granted. Restricted share units currently granted normally fully vest and expire by the end of the fifth year.

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

The changes in the number of outstanding RSUs under the 2022 Plan are as follows:

	Number of RSUs (2022 Plan)
Balance as at April 30, 2023	1,511,750
Granted	30,000
Forfeited	(13,500)
Balance as at July 31, 2023	1,528,250

Compensation expense

Stock Option Plan

The share based compensation expense that has been charged against earnings over the fiscal period is \$145 (2022 - \$271). Compensation expense on grants during the year was calculated using the Black-Scholes option pricing model. No issuances were made in the current fiscal year.

Expected volatility is based on historical share price volatility over the past five years of the Company. Share based compensation expense was calculated using a weighted average forfeiture rate of 24% (2022 - 22%).

Restricted Share Unit Plan (2016 Plan)

The share based compensation expense that has been charged against earnings over the fiscal period is \$190 (2022 - \$743). Share based compensation expense was calculated using a weighted average forfeiture rate of 23% (2022 - 5%). As at July 31, 2023, the total liability included within trade and other payables is \$964 (2022 - \$4,968).

Restricted Share Unit Plan (2022 Plan)

The share base compensation expense that has been charged against earnings over the fiscal period is \$1,190 (2022 - \$105). 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 10% (2022- 10%).

13. SEGMENTED INFORMATION

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

Note #13 continued ...

	Three month period ended July 31, 2023	Three month period ended July 31, 2022
Revenue		
United States	\$ 85,199	\$ 74,610
International	38,798	23,331
Canada	1,822	3,597
	\$ 125,819	\$ 101,538

July 31, 2023				
	Property, Plant and Equipment	Goodwill	Intangible Assets	Right-of-Use Assets
United States	\$ 3,795	\$ 1,335	\$ 250	\$ 131
International	9,316	18,320	1,555	3,475
Canada	22,177	1,583	-	15,629
	\$ 35,288	\$ 21,238	\$ 1,805	\$ 19,235

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

14. REVENUE

	Three month period ended July 31, 2023	Three month period ended July 31, 2022
Hardware and software	\$ 81,085	\$ 81,623
Services, including warranty, maintenance and commissioning	25,914	12,620
Long term contract revenue	18,820	7,295
	\$ 125,819	\$ 101,538

15. 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 \$6,219 committed over the remaining term. During the period, rent paid for the leased principal premises amounted to \$270 (2022 – \$262) with no outstanding amounts due as at July 31, 2023.

Note #15 continued ...

The Company also leases property where two shareholders indirectly own 100% interest. This lease was renewed in October 2021 and this lease expires in September 2026 with a total of \$991 committed over the remaining term. During the period, rent paid for the leased principal premises amounted to \$74 (2022 – \$71) with no outstanding amounts due as at July 31, 2023.

On December 1, 2018, 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 \$4,916 committed over the remaining term. During the period, rent paid for the leased principal premises amounted to \$223 (2022 – \$217) with no outstanding amounts due as at July 31, 2023.

On May 1, 2009, the Company entered into a property lease agreement where two shareholders each indirectly hold a 35% interest. This lease expires in 2029 with a total of \$3,234 committed over the remaining term. During the period, rent paid for the leased principal premises amounted to \$135 (2022 – \$131) with no outstanding amounts due as at July 31, 2023.

The Company also leases a property where two shareholders indirectly own 100% interest. The lease expires in 2023 with a total of \$64 committed over the remaining term. During the period, rent paid for the leased principal premises amounted to \$38 (2022 – \$38) with no outstanding amounts due as at July 31, 2023.

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 \$2,894 committed over the remaining term. During the period, rent paid for the leased principal premises amounted to \$253 (2022 – \$252) with no outstanding amounts due as at July 31, 2023.

On August 1, 2016, the Company entered into a property lease agreement. Currently two shareholders indirectly own 100% interest. This lease expires in 2026 with a total of \$841 committed over the remaining term. During this period, rent paid for the leased principal premises amounted to \$68 (2022 – \$66) with no outstanding amounts due as at July 31, 2023.

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

16. EARNINGS PER SHARE

	Three month period ended July 31, 2023	Three month period ended July 31, 2022
Weighted average common shares outstanding	76,128,001	76,228,014
Dilutive-effect of stock options	539,108	180,267
Diluted weighted average common shares outstanding	76,667,109	76,408,281

The weighted average number of diluted common shares excludes 1,567,500 options because they were anti-dilutive during the period (2022 – 1,270,500).

17. SUBSEQUENT EVENT

On September 12, 2023, the Company declared a quarterly dividend of \$0.19 with a record date of September 22, 2023 and a payment date of September 29, 2023.