

Interim condensed consolidated financial statements of

# **EVERTZ TECHNOLOGIES LIMITED**

Three months ended July 31, 2024 and 2023  
(Unaudited)

# EVERTZ TECHNOLOGIES LIMITED

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(Unaudited)

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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, 2024 and April 30, 2024  
(In thousands of Canadian dollars)

	July 31, 2024	April 30, 2024
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ 91,020	\$ 86,325
Trade and other receivables (note 3)	67,754	84,350
Contract assets	12,931	12,554
Prepaid expenses	11,911	11,179
Inventories (note 4)	212,238	206,154
	395,854	400,562
Property, plant and equipment (note 5)	34,065	34,384
Right-of-use assets	19,415	20,432
Goodwill	22,048	21,352
Intangibles	895	1,098
Deferred income taxes	8,748	6,894
	\$ 481,025	\$ 484,722
<b>Liabilities</b>		
Current liabilities		
Trade and other payables	77,196	63,249
Provisions (note 6)	5,091	4,946
Deferred revenue	104,511	119,597
Current portion of lease obligations	4,604	4,296
Current portion of redemption liability	3,811	3,811
Income tax payable	2,930	3,226
	198,143	199,125
Long-term lease obligations	17,713	18,920
	215,856	218,045
<b>Equity</b>		
Capital stock (note 7)	145,626	145,721
Share based payment reserve	20,416	19,246
Accumulated other comprehensive earning	4,274	1,197
Retained earnings	91,366	97,103
	95,640	98,300
Total equity attributable to shareholders	261,682	263,267
Non-controlling interest	3,487	3,410
	265,169	266,677
	\$ 481,025	\$ 484,722

See accompanying notes to the interim condensed consolidated financial statements.

## EVERTZ TECHNOLOGIES LIMITED

Interim Condensed Consolidated Statements of Changes in Equity  
(Unaudited)

Three month periods ended July 31, 2024 and 2023

(In thousands of Canadian dollars)

	Capital stock	Share-based payment reserve	Accumulated other comprehensive earnings	Retained earnings	Total equity attributable to shareholders	Non- controlling interest	Total Equity
<b>Balance at April 30, 2023</b>	<b>\$ 143,344</b>	<b>\$ 14,696</b>	<b>\$ (2,402)</b>	<b>\$ 87,460</b>	<b>\$ 243,098</b>	<b>\$ 2,986</b>	<b>\$ 246,084</b>
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)
<b>Total comprehensive earnings for the year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (638)</b>	<b>\$ 15,593</b>	<b>\$ 14,955</b>	<b>\$ 243</b>	<b>\$ 15,198</b>
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
<b>Balance at July 31, 2023</b>	<b>\$ 143,289</b>	<b>\$ 16,031</b>	<b>\$ (3,040)</b>	<b>\$ 88,287</b>	<b>\$ 244,567</b>	<b>\$ 3,229</b>	<b>\$ 247,796</b>
<b>Balance at April 30, 2024</b>	<b>\$ 145,721</b>	<b>\$ 19,246</b>	<b>\$ 1,197</b>	<b>\$ 97,103</b>	<b>\$ 263,267</b>	<b>\$ 3,410</b>	<b>\$ 266,677</b>
Net earnings for the period	-	-	-	9,669	9,669	42	9,711
Foreign currency translation adjustment	-	-	3,077	-	3,077	35	3,112
<b>Total comprehensive earnings for the year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 3,077</b>	<b>\$ 9,669</b>	<b>\$ 12,746</b>	<b>\$ 77</b>	<b>\$ 12,823</b>
Dividends declared	-	-	-	(14,851)	(14,851)	-	(14,851)
Repurchase of common shares (note 7)	(95)	-	-	(555)	(650)	-	(650)
Share based compensation expense (note 12)	-	1,170	-	-	1,170	-	1,170
<b>Balance at July 31, 2024</b>	<b>\$ 145,626</b>	<b>\$ 20,416</b>	<b>\$ 4,274</b>	<b>\$ 91,366</b>	<b>\$ 261,682</b>	<b>\$ 3,487</b>	<b>\$ 265,169</b>

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, 2024 and 2023  
(In thousands of Canadian dollars, except per share amounts)

	<b>Three months July 31, 2024</b>	<b>Three months July 31, 2023</b>
Revenue (notes 13 and 14)	\$ 111,643	\$ 125,819
Cost of goods sold	45,381	53,783
Gross margin	66,262	72,036
Expenses		
Selling, administrative and general (note 9)	19,003	17,730
Research and development (note 10)	38,431	33,342
Investment tax credits	(3,760)	(3,395)
Foreign exchange (gain) loss	(21)	2,052
	53,653	49,729
	12,609	22,307
Finance income	705	124
Finance costs	(309)	(244)
Net loss on investments through profit and loss	-	(212)
Other income (loss)	210	(94)
Earnings before income taxes	13,215	21,881
Provision for (recovery of) income taxes		
Current	5,563	7,761
Deferred	(2,059)	(1,772)
	3,504	5,989
Net earnings for the period	9,711	15,892
Net earnings attributable to non-controlling interest	42	299
Net earnings attributable to shareholders	9,669	15,593
Net earnings for the period	\$ 9,711	\$ 15,892
Earnings per share (note 16)		
Basic	\$ 0.13	\$ 0.20
Diluted	\$ 0.13	\$ 0.20

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, 2024 and 2023  
(In thousands of Canadian dollars)

	Three months ended July 31, 2024	Three months ended July 31, 2023
Net earnings for the period	\$ 9,711	\$ 15,892
Other comprehensive (loss) earnings		
Items that may or will be reclassified to earnings:		
Unrealized loss on investments, net of tax	-	(284)
Foreign currency translation adjustment	3,112	(410)
Comprehensive earnings	\$ 12,823	\$ 15,198
Comprehensive earnings attributable to non-controlling interest	\$ 77	\$ 243
Comprehensive earnings attributable to shareholders	12,746	14,955
Comprehensive earnings	\$ 12,823	\$ 15,198

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, 2024 and 2023  
(In thousands of Canadian dollars)

	Three months ended July 31, 2024	Three months ended July 31, 2023
Operating activities		
Net earnings for the period	\$ 9,711	\$ 15,892
Add: Items not involving cash		
Depreciation of property, plant and equipment	2,720	2,429
Amortization of right-of-use assets	1,247	1,156
Amortization of intangibles	202	309
Realized loss on investments	-	212
Loss on disposal of property, plant and equipment	(40)	-
Share-based compensation (note 12)	1,170	1,335
Interest expense	238	247
Deferred income tax recovery	(1,909)	(1,687)
	13,339	19,893
Current tax expenses, net of investment tax credits	1,893	4,366
Income taxes paid	(2,439)	(2,705)
Changes in non-cash working capital items (note 11)	9,474	38,435
Cash provided by operating activities	22,267	59,989
Investing activities		
Acquisition of property, plant and equipment	(2,054)	(3,254)
Proceeds from disposal of property, plant and equipment	54	-
Proceeds from disposal of investments	-	843
Cash used in investing activities	(2,000)	(2,411)
Financing activities		
Principle payments of lease liabilities	(1,082)	(1,088)
Repayment of credit facilities (note 8)	-	(5,928)
Interest paid	(238)	(247)
Dividends paid	(14,851)	(14,463)
Capital Stock repurchased	(651)	(358)
Cash used in financing activities	(16,822)	(22,084)
Effect of exchange rates on cash and cash equivalents	1,250	972
Increase in cash and cash equivalents	4,695	36,466
Cash and cash equivalents beginning of the period	86,325	12,468
Cash and cash equivalents end of period	\$ 91,020	\$ 48,934

See accompanying notes to the interim condensed consolidated financial statements.



# EVERTZ TECHNOLOGIES LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

Three months ended July 31, 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 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, 2024, with the exception of new accounting policies that were adopted on May 1, 2024 as described in note 2.

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, 2024 annual consolidated financial statements.

These interim condensed consolidated financial statements were authorized for issue by the Board of Directors on September 11, 2024.

### 2. SIGNIFICANT ACCOUNTING POLICIES

#### *Basis of Measurement*

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

#### *Functional and Presentation Currency*

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

#### *Basis of Consolidation*

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

Note #2 continued ...

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.

### ***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, 2024.

### **Changes in Accounting Policies**

#### ***Lease Liability in Sale and Leaseback Transactions***

Effective May 1, 2024, the Company adopted amendments to IFRS 16, *Leases* which clarifies the subsequent measurement requirements for sale and leaseback transactions for sellers-leasees. The adoption of the amendments did not have a material impact on the interim consolidated financial statements of the Company.

#### ***Presentation of Non-Current Liabilities with Covenants***

Effective May 1, 2024, The Company adopted amendments to IAS 1, *Presentation of Financial Statements* which clarifies the classification, presentation and disclosure requirements in the standard for non-current liabilities with covenants. The adoption of the amendments did not have a material impact on the consolidated financial statements of the Company.

### **New and Revised IFRSs Issued but Not Yet Effective**

The 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 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**

	<b>July 31, 2024</b>		<b>April 30, 2024</b>
Trade receivables, net of allowances	\$ 64,095	\$	81,742
Other receivables	3,659		2,608
	<b>\$ 67,754</b>	<b>\$</b>	<b>84,350</b>

#### 4. INVENTORIES

	July 31, 2024		April 30, 2024	
Finished goods	\$	59,291	\$	58,588
Raw material and supplies		114,985		109,750
Work in progress		37,961		37,816
	\$	212,238	\$	206,154

#### 5. PROPERTY, PLANT AND EQUIPMENT

	July 31, 2024			April 30, 2024		
	Cost	Accumulated Depreciation	Carrying Amount	Cost	Accumulated Depreciation	Carrying Amount
Office furniture and equipment	\$ 5,719	\$ 4,336	\$ 1,383	\$ 5,387	\$ 4,168	\$ 1,219
Research and development equipment	36,457	29,337	7,120	35,590	28,610	6,980
Airplanes	12,010	11,009	1,001	11,987	10,740	1,247
Machinery and equipment	74,311	62,273	12,038	73,845	60,974	12,871
Leaseholds	10,540	7,759	2,781	10,240	7,581	2,659
Land	2,261	-	2,261	2,252	-	2,252
Buildings	11,347	3,866	7,481	10,864	3,708	7,156
	\$ 152,645	\$ 118,580	\$ 34,065	\$ 150,165	\$ 115,781	\$ 34,384

#### 6. PROVISIONS

	Warranty and Returns	Lease/Retirement Obligations	Total
<b>Balance as at April 30, 2024</b>	\$ 4,603	\$ 343	\$ 4,946
Net additions	104	-	104
Foreign exchange differences	30	11	41
<b>Balance as at July 31, 2024</b>	\$ 4,737	\$ 354	\$ 5,091

##### *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
<b>Balance as at April 30, 2024</b>	<b>76,164,322</b>	<b>\$ 145,721</b>
Cancelled pursuant to NCIB	(50,222)	(95)
<b>Balance as at July 31, 2024</b>	<b>76,114,100</b>	<b>\$ 145,626</b>

### *Dividends Per Share*

During the quarter, \$0.195 in dividends per share were declared (2023 - \$0.19).

### *Normal Course Issuer Bid*

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 period, the Company purchased and cancelled 50,222 common shares at a weighted average price of \$13.00. In the first quarter of the prior year, the Company purchased and cancelled 29,347 common shares at a weighted average price of \$12.20 under a prior NCIB.

## 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, 2024 and April 30, 2024, the Company was in compliance with covenants. There were no borrowings against the facilities as at July 31, 2024 or April 30, 2024.
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, 2024 or April 30, 2024.

## 9. SELLING, ADMINISTRATIVE AND GENERAL EXPENSES

	Three month period ended July 31, 2024	Three month period ended July 31, 2023
Selling and administrative	\$ 17,604	\$ 16,398
Depreciation - selling and administrative	1,079	849
General :		
Share based compensation (note 12)	118	174
Amortization of intangibles	202	309
	<b>\$ 19,003</b>	<b>\$ 17,730</b>

## 10. RESEARCH AND DEVELOPMENT

	Three month period ended July 31, 2024	Three month period ended July 31, 2023
Research and development	\$ 36,479	\$ 31,086
Depreciation - research and development	895	905
General :		
Share based compensation (note 12)	1,057	1,351
	\$ 38,431	\$ 33,342

## 11. STATEMENT OF CASH FLOWS

	Three month period ended July 31, 2024	Three month period ended July 31, 2023
Trade and other receivables	\$ 16,924	\$ 23,196
Contract assets	(377)	(1,732)
Inventories	(5,791)	(2,939)
Prepaid expenses	(284)	(1,496)
Trade and other payables	15,262	(465)
Deferred revenue	(16,405)	22,862
Provisions	145	(991)
	\$ 9,474	\$ 38,435

## 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
<b>Balance as at April 30, 2024</b>	<b>3,955,625</b>	<b>\$ 13.18</b>
Forfeited	(7,900)	12.39
Expired	(15,000)	17.65
<b>Balance as at July 31, 2024</b>	<b>3,932,725</b>	<b>\$ 13.16</b>

Stock options outstanding as at July 31, 2024 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	3,245,225	1.0	2,518,780	\$ 12.33
\$14.07	\$ 14.07	100,000	1.7	60,000	\$ 14.07
\$16.20	\$ 16.20	160,000	0.7	128,000	\$ 16.20
\$17.98	\$ 17.98	427,500	0.4	342,000	\$ 17.98
Totals	\$ 13.16	3,932,725	1.0	3,048,780	\$ 13.16

*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)
<b>Balance as at April 30, 2024</b>	<b>10,000</b>
Granted/Exercised/forfeited	-
<b>Balance as at July 31, 2024</b>	<b>10,000</b>

As at July 31, 2024, the average remaining contractual life for outstanding RSUs under the 2016 Plan is 0.1 years (2023 – 0.4 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 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)
<b>Balance as at April 30, 2024</b>	<b>1,494,500</b>
Granted	157,000
Forfeited	(5,250)
<b>Balance as at July 31, 2024</b>	<b>1,646,250</b>

As at July 31 2024 the average remaining contractual life for outstanding RSUs under the 2022 Plan is 2.4 years (2023- 3.4 years).

## Compensation expense

### *Stock Option Plan*

The share based compensation expense that has been charged against earnings over the fiscal period is \$55 (2023 - \$145). Compensation expense on grants during the period was calculated using the Black-Scholes option pricing model. No issuances of stock options were made in the current period.

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 period is \$5 (2023 - \$190). Share based compensation expense was calculated using a weighted average forfeiture rate of 0% (2023 - 23%). As at July 31, 2024, the total liability included within trade and other payables is \$144 (2023 - \$964).

### *Restricted Share Unit Plan (2022 Plan)*

The share base compensation expense that has been charged against earnings over the fiscal period is \$1,116 (2023 – \$1,190). 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%).

## 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.

	Three month period ended		Three month period ended	
Revenue	July 31, 2024		July 31, 2023	
United States	\$	68,607	\$	85,199
International		37,679		38,798
Canada		5,357		1,822
	\$	111,643	\$	125,819

July 31, 2024					
	Property, Plant and Equipment	Goodwill	Intangible Assets	Right-of-Use Assets	
United States	\$ 3,048	\$ 1,455	\$ 30	\$ 2,953	
International	10,428	19,010	865	3,199	
Canada	20,589	1,583	-	13,263	
	\$ 34,065	\$ 22,048	\$ 895	\$ 19,415	

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	

## 14. REVENUE

	Three month period ended July 31, 2024	Three month period ended July 31, 2023
Hardware	\$ 55,711	\$ 81,378
Reoccurring software, services and other software	55,932	44,441
	\$ 111,643	\$ 125,819

During the year, the company recognized \$16,070 revenue under the long-term contract method (2024 -12,647).

## 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 \$5,138 committed over the remaining term. During the year, rent paid for the leased principal premises amounted to \$270 (2023 – \$270) with no outstanding amounts due as at July 31, 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 \$4,023 committed over the remaining term. During the year, rent paid for the leased principal premises amounted to \$223 (2023 – \$223) with no outstanding amounts due as at July 31, 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 \$2,690 committed over the remaining term. During the year, rent paid for the leased principal premises amounted to \$136 (2023 – \$135) with no outstanding amounts due as at July 31, 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 \$1,879 committed over the remaining term. During the year, rent paid for the leased principal premises amounted to \$256 (2023 – \$252) with no outstanding amounts due as at July 31, 2024.

The Company also leases properties where two shareholders indirectly own 100% interest. There were no amounts owing on the leases as at July 31, 2024. The term of these leases are as follows:

Lease Commencement Date	Lease Expiry Date	Amount committed over remaining term	For Three Months ending July 31, 2024	For Three Months ending July 31, 2023
October 2021	September 2026	\$ 687	\$ 76	\$ 74
December 2023	November 2028	\$ 1,423	\$ 67	\$ 38
August 2016	July 2026	\$ 567	\$ 68	\$ 273

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



**16. EARNINGS PER SHARE**

	<b>Three month period ended July 31, 2024</b>	<b>Three month period ended July 31, 2023</b>
Weighted average common shares outstanding	76,152,101	76,128,001
Dilutive-effect of stock options	1,126,055	539,108
Diluted weighted average common shares outstanding	77,278,156	76,667,109

The weighted average number of diluted common shares excludes 687,000 options because they were anti-dilutive during the period (2023 – 1,567,500).

**17. SUBSEQUENT EVENT**

On September 11, 2024, the Company declared a quarterly dividend of \$0.195 with a record date of September 17, 2024 and a payment date of September 25, 2024.