

Interim condensed consolidated financial statements of

EVERTZ TECHNOLOGIES LIMITED

Three month and Nine month periods ended January 31, 2024 and 2023
(Unaudited)

MANAGEMENT REPORT

The management of Evertz Technologies Limited (“Evertz” or the “Company”) is responsible for the preparation of the accompanying interim condensed consolidated financial statements. The interim condensed consolidated financial statements have been prepared in accordance with 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

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(Unaudited)

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Three month and Nine month ended January 31, 2024 and 2023

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EVERTZ TECHNOLOGIES LIMITED

Interim Condensed Consolidated Statements of Financial Position
(Unaudited)

As at January 31, 2024 and April 30, 2023
(In thousands of Canadian dollars)

	January 31, 2024	April 30, 2023
Assets		
Current assets		
Cash and cash equivalents	\$ 69,712	\$ 12,468
Trade and other receivables (note 3)	92,980	106,871
Contract assets	9,687	11,032
Prepaid expenses	10,704	10,319
Inventories (note 4)	207,046	202,479
	390,129	343,169
Property, plant and equipment (note 5)	33,772	34,730
Right-of-use assets (note 6)	20,710	20,396
Goodwill	21,297	21,333
Intangibles	1,307	2,125
Investments (note 2)	-	8,160
Deferred income taxes	5,554	6,739
	\$ 472,769	\$ 436,652
Liabilities		
Current liabilities		
Bank indebtedness (note 9)	\$ -	\$ 5,928
Trade and other payables	65,057	75,521
Provisions (note 7)	5,366	5,104
Deferred revenue	106,795	69,827
Current portion of redemption liability	3,811	3,711
Current portion of lease liabilities (note 8)	3,955	4,060
Income tax payable	5,564	7,590
	190,548	171,741
Long-term lease liabilities (note 8)	18,772	18,827
	209,320	190,568
Equity		
Capital stock (note 10)	144,196	143,344
Share based payment reserve	18,229	14,696
Accumulated other comprehensive loss	(541)	(2,402)
Retained earnings	98,274	87,460
	97,733	85,058
Total equity attributable to shareholders	260,158	243,098
Non-controlling interest	3,291	2,986
	263,449	246,084
	\$ 472,769	\$ 436,652

See accompanying notes to the interim condensed consolidated financial statements.

EVERTZ TECHNOLOGIES LIMITED

Interim Condensed Consolidated Statements of Changes in Equity
(Unaudited)

Nine month periods ended January 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
Balance at April 30, 2022	\$ 143,502	\$ 10,893	\$ (4,093)	\$ 80,636	\$ 230,938	\$ 2,710	\$ 233,648
Net earnings for the period	-	-	-	45,609	45,609	395	46,004
Unrealized loss on FVTOCI investments, net of tax	-	-	(3,368)	-	(3,368)	-	(3,368)
Foreign currency translation adjustment	-	-	2,031	-	2,031	121	2,152
Total comprehensive earnings for the period	\$ -	\$ -	\$ (1,337)	\$ 45,609	\$ 44,272	\$ 516	\$ 44,788
Dividends declared	-	-	-	(41,919)	(41,919)	(425)	(42,344)
Repurchase of common shares (note 10)	(96)	-	-	(524)	(620)	-	(620)
Share based compensation expense	-	2,586	-	-	2,586	-	2,586
Balance at January 31, 2023	\$ 143,406	\$ 13,479	\$ (5,430)	\$ 83,802	\$ 235,257	\$ 2,801	\$ 238,058
Balance at April 30, 2023	\$ 143,344	\$ 14,696	\$ (2,402)	\$ 87,460	\$ 243,098	\$ 2,986	\$ 246,084
Net earnings for the period	-	-	-	56,407	56,407	760	57,167
Unrealized loss on FVTOCI investments, net of tax	-	-	(1,131)	-	(1,131)	-	(1,131)
Transfer of earnings on disposal of investments	-	-	2,704	-	2,704	-	2,704
Foreign currency translation adjustment	-	-	288	-	288	(45)	243
Total comprehensive earnings for the period	\$ -	\$ -	\$ 1,861	\$ 56,407	\$ 58,268	\$ 715	\$ 58,983
Dividends declared	-	-	-	(43,747)	(43,747)	(410)	(44,157)
Repurchase of common shares (note 10)	(325)	-	-	(1,846)	(2,171)	-	(2,171)
Issued on exercise of employee stock options	1,133	-	-	-	1,133	-	1,133
Transfer of stock options (note 10)	44	-	-	-	44	-	44
Share based compensation expense (note 14)	-	3,533	-	-	3,533	-	3,533
Balance at January 31, 2024	\$ 144,196	\$ 18,229	\$ (541)	\$ 98,274	\$ 260,158	\$ 3,291	\$ 263,449

See accompanying notes to the interim condensed consolidated financial statements.

EVERTZ TECHNOLOGIES LIMITED

Interim Condensed Consolidated Statements of Earnings
(Unaudited)

Three month and nine month periods ended January 31, 2024 and 2023
(In thousands of Canadian dollars, except per share amounts)

	Three month period ended		Nine month period ended	
	January 31,		January 31,	
	2024	2023	2024	2023
Revenue (note 15 & 16)	\$ 135,278	\$ 110,873	\$ 391,846	\$ 325,659
Cost of goods sold	55,545	45,262	162,058	134,047
Gross margin	79,733	65,611	229,788	191,612
Expenses				
Selling, administrative and general (note 11)	19,447	17,730	55,970	47,811
Research and development (note 12)	35,035	31,641	101,578	90,266
Investment tax credits	(3,987)	(3,550)	(10,594)	(9,912)
Foreign exchange loss (gain)	2,840	2,325	1,979	(1,714)
	53,335	48,146	148,933	126,451
Earnings before undemoted	26,398	17,465	80,855	65,161
Finance income (costs)	90	(686)	42	(1,143)
Net loss on investments through profit and loss	-	(675)	(2,704)	(2,087)
Other (expenses) income	(526)	118	(404)	(42)
Earnings before income taxes	25,962	16,222	77,789	61,889
Provision for (recovery of) income taxes				
Current	6,045	3,376	20,481	16,545
Deferred	893	749	141	(660)
	6,938	4,125	20,622	15,885
Net earnings for the period	\$ 19,024	\$ 12,097	\$ 57,167	\$ 46,004
Net earnings attributable to non-controlling interest	302	146	760	395
Net earnings attributable to shareholders	18,722	11,951	56,407	45,609
Net earnings for the period	\$ 19,024	\$ 12,097	\$ 57,167	\$ 46,004
Earnings per share (note 18)				
Basic	\$ 0.25	\$ 0.16	\$ 0.74	\$ 0.60
Diluted	\$ 0.24	\$ 0.16	\$ 0.73	\$ 0.60

See accompanying notes to the interim condensed consolidated financial statements.

EVERTZ TECHNOLOGIES LIMITED

Interim Condensed Consolidated Statements of Comprehensive Earnings
(Unaudited)

Three month and nine month periods ended January 31, 2024 and 2023
(In thousands of Canadian dollars)

	Three month period ended		Nine month period ended	
	January 31,		January 31,	
	2024	2023	2024	2023
Net earnings for the period	\$ 19,024	\$ 12,097	\$ 57,167	\$ 46,004
Other comprehensive earnings (loss):				
Unrealized gain (loss) on investments net of tax	-	2,453	(1,131)	(3,368)
Reclassification to net earnings for loss on sale of FVTOCI investments, net of tax	-	-	2,704	-
Foreign currency translation adjustment	208	2,034	243	2,152
Comprehensive earnings	\$ 19,232	\$ 16,584	\$ 58,983	\$ 44,788
Comprehensive earnings attributable to non-controlling interests	\$ 281	\$ 266	\$ 715	\$ 516
Comprehensive earnings attributable to shareholders	\$ 18,951	\$ 16,318	\$ 58,268	\$ 44,272
Comprehensive earnings	\$ 19,232	\$ 16,584	\$ 58,983	\$ 44,788

See accompanying notes to the interim condensed consolidated financial statements.

EVERTZ TECHNOLOGIES LIMITED

Interim Condensed Consolidated Statements of Cash Flows
(Unaudited)

Three month and nine month periods ended January 31, 2024 and 2023
(In thousands of Canadian dollars)

	Three month period ended		Nine month period ended	
	January 31,		January 31,	
	2024	2023	2024	2023
Operating activities				
Net earnings for the period	\$ 19,024	\$ 12,097	\$ 57,167	\$ 46,004
Add: Items not involving cash				
Depreciation of property, plant and equipment	2,359	2,451	7,212	8,323
Amortization of right-of-use assets	1,206	1,176	3,430	3,541
Amortization of intangibles	200	309	823	925
Gain (loss) on disposal of property, plant and equipment	1	(11)	(12)	16
Realized loss on investments	-	675	2,704	2,087
Share based compensation	1,120	1,089	3,577	2,586
Interest expense	394	547	977	1,532
Deferred income tax recovery	703	1,244	(49)	(165)
	25,007	19,577	75,829	64,849
Current tax expenses, net of investment tax credits	2,058	(174)	9,887	6,633
Income taxes paid	(1,097)	(2,290)	(4,731)	(10,110)
Changes in non-cash working capital items (note 13)	4,259	(868)	29,513	(33,456)
Cash provided by operating activities	30,227	16,245	110,498	27,916
Investing activities				
Acquisition of property, plant and equipment	(632)	(1,566)	(6,158)	(5,901)
Proceeds from disposal of property, plant and equipment	1	21	21	59
Acquisition of investments	-	(82)	-	(14,345)
Proceeds from disposal of investments	-	-	7,183	-
Cash (used in) provided by investing activities	(631)	(1,627)	1,046	(20,187)
Financing activities				
Principle payments of lease liabilities	(1,144)	(1,072)	(3,194)	(3,195)
Repayment of credit facilities	-	-	(5,928)	-
Interest paid	(394)	(547)	(877)	(1,244)
Dividends paid	(14,824)	(14,478)	(43,747)	(41,919)
Dividends paid by subsidiaries to non-controlling interest	-	-	(400)	(425)
Capital stock issued	580	-	1,133	-
Capital stock repurchased	(351)	(218)	(2,171)	(620)
Cash used in financing activities	(16,133)	(16,315)	(55,184)	(47,403)
Effect of exchange rates on cash and cash equivalents	384	626	884	508
Increase (decrease) in cash and cash equivalents	13,847	(1,071)	57,244	(39,166)
Cash and cash equivalents beginning of period	55,865	(4,193)	12,468	33,902
Cash and cash equivalents	\$ 69,712	\$ (5,264)	\$ 69,712	\$ (5,264)

See accompanying notes to the interim condensed consolidated financial statements.

EVERTZ TECHNOLOGIES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Three month and Nine month periods ended January 31, 2024
(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 Accounting Standard (“IAS”) 34 “Interim Financial Reporting” as issued by the International Accounting Standards Board (“IASB”) and under 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 March 14, 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.

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 are 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 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 judgments 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 14.

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

Note #2 continued ...

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. As at January 31, 2024, investments classified as FVTOCI were nil (April 30, 2023 - \$8,160).

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 annual reporting periods beginning on or after January 1, 2024. The Company is still evaluating the impact of the standard, but 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 annual reporting periods beginning on or after January 1, 2024. The Company is still evaluating the impact of the standard, but 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

	January 31, 2024	April 30, 2023
Trade receivables	\$ 91,731	\$ 105,692
Other receivables	1,249	1,179
	\$ 92,980	\$ 106,871

4. INVENTORIES

	January 31, 2024	April 30, 2023
Finished goods	\$ 58,183	\$ 53,446
Raw material and supplies	108,311	106,614
Work in progress	40,552	42,419
	\$ 207,046	\$ 202,479

5. PROPERTY, PLANT AND EQUIPMENT

	January 31, 2024			April 30, 2023		
	Cost	Accumulated Depreciation	Carrying Amount	Cost	Accumulated Depreciation	Carrying Amount
Office furniture and equipment	\$ 5,444	\$ 4,006	\$ 1,438	\$ 5,169	\$ 3,589	\$ 1,580
Research and development equipment	34,553	28,751	5,802	34,008	27,086	6,922
Airplanes	11,638	10,591	1,047	11,599	10,263	1,336
Machinery and equipment	72,647	58,886	13,761	69,811	56,937	12,874
Leaseholds	9,931	7,482	2,449	9,570	7,086	2,484
Land	2,219	-	2,219	2,276	-	2,276
Buildings	10,719	3,663	7,056	10,984	3,726	7,258
	\$ 147,151	\$ 113,379	\$ 33,772	\$ 143,417	\$ 108,687	\$ 34,730

6. RIGHT-OF-USE ASSESTS

Balance as at April 30, 2023	\$ 20,396
Additions	3,818
Amortization for the year	(3,430)
Foreign exchange adjustments	74
Balance as at January 31, 2024	\$ 20,710

7. PROVISIONS

	Warranty and Returns	Lease/Retirement Obligations	Total
Balance as at April 30, 2023	\$ 4,512	\$ 592	\$ 5,104
Net additions (reductions)	564	(251)	313
Foreign exchange differences	(50)	(1)	(51)
Balance as at January 31, 2024	\$ 5,026	\$ 340	\$ 5,366

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.

8. LEASE LIABILITIES

	January 31, 2024
Balance as of April 30, 2023	\$ 22,887
Additions	3,818
Interest	667
Lease Payments	(3,861)
Foreign exchange adjustments	784
Closing Balance	\$ 22,727
Less current portion	3,955
Long term lease obligations	\$ 18,772

9. 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 January 31, 2024 and April 30, 2023, the Company was in compliance with covenants. There were no borrowings against the facilities as at January 31, 2024 (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 January 31, 2024 or April 30, 2023.

10. 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	(173,023)	(325)
Issued on exercise of stock options	91,800	1,133
Transferred on stock option exercise	-	44
Balance as at January 31, 2024	76,064,535	\$ 144,196

Dividends Per Share

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

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 nine month periods, the Company purchased and cancelled 173,023 common shares at a weighted average price of \$12.55 and 22,761 at a weighted average price of \$12.65 for the three month period (2023 – 17,536 common shares at a weighted average price of \$12.40).

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. The Company did not purchase and cancel share units under the NCIB during the nine or three month period.

11. SELLING, ADMINISTRATIVE AND GENERAL EXPENSES

	Three month period ended		Nine month period ended	
	January 31,		January 31,	
	2024	2023	2024	2023
Selling and administrative	\$ 18,262	\$ 16,342	\$ 52,160	\$ 43,997
Depreciation - selling and administration	856	848	2,565	2,456
General:				
Share based compensation (note 14)	129	231	422	433
Amortization of intangibles	200	309	823	925
	\$ 19,447	\$ 17,730	\$ 55,970	\$ 47,811

12. RESEARCH AND DEVELOPMENT

	Three month period ended		Nine month period ended	
	January 31,		January 31,	
	2024	2023	2024	2023
Research and development	\$ 33,023	\$ 29,073	\$ 95,254	\$ 83,672
Depreciation - research and development	944	1,152	2,870	3,588
General:				
Share based compensation	1,068	1,416	3,454	3,006
	\$ 35,035	\$ 31,641	\$ 101,578	\$ 90,266

13. STATEMENT OF CASH FLOWS

Changes in non-cash working capital items

	Three month period ended		Nine month period ended	
	January 31,		January 31,	
	2024	2023	2024	2023
Trade and other receivables	\$ (12,973)	\$ 6,565	\$ 13,096	\$ 5,829
Contract assets	(2,236)	(3,495)	1,345	(9,523)
Inventories	(2,829)	(6,270)	(4,878)	(28,843)
Prepaid expenses	3,309	(2,604)	(190)	(3,922)
Trade and other payables	12,131	(2,359)	(17,090)	5,625
Deferred revenue	6,253	7,561	36,968	(956)
Provisions	604	(266)	262	(1,666)
Net cash provided by (used in)	\$ 4,259	\$ (868)	\$ 29,513	\$ (33,456)

14. SHARE BASED PAYMENTS

Stock Option Plan

The Company established, in June 2006, a stock option plan to attract, retain, motivate and compensate employees, officers and eligible directors who are integral to the growth and success of the Company. A number of shares equal to 10% of the Company's outstanding common shares are to be reserved for issuance under the stock option plan.

The Board of Directors administers the stock option plan and will determine the terms of any options granted. The exercise price of an option is to be set by the Board of Directors at the time of grant but shall not be lower than the market price as defined in the option plan at the time of grant. The term of the option cannot exceed 10 years. Stock options currently granted normally fully vest and expire by the end of the fifth year.

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

	Number of Options	Weighted Average Exercise Price
Balance as at April 30, 2023	4,788,500	\$ 13.38
Forfeited	(121,000)	12.82
Exercised	(407,500)	15.78
Expired	(91,800)	12.34
Balance as at January 31, 2024	4,168,200	\$ 13.19

Stock options outstanding as at January 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	3,405,700	1.5	2,043,420	\$ 12.35
14.07	\$ 14.07	100,000	2.2	-	-
16.08-16.20	\$ 16.17	220,000	0.9	144,000	\$ 16.16
17.24-17.98	\$ 17.97	442,500	0.9	354,000	\$ 17.97
Totals	\$ 13.19	4,168,200	1.5	2,541,420	\$ 13.35

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	(57,000)
Balance as at January 31, 2024	10,000

As at January 31, 2024, the average remaining contractual life for outstanding RSUs under the 2016 Plan is 0.6 years (2023 – 0.4 years).

Compensation expense

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)
Balance as at April 30, 2023	1,511,750
Granted	30,000
Forfeiture	(34,500)
Balance as at January 31, 2024	1,507,250

Compensation expense

Stock Option Plan

The share based compensation expense that has been charged against earnings over the nine month and three month period is \$448 (2023 - \$981) and \$152 (2023 - \$329). Compensation expense on grants during the year was calculated using the Black-Scholes option pricing model with the following weighted average assumptions:

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 - 22%).

Restricted Share Unit Plan (2016 Plan)

The share based compensation expense that has been charged against earnings over the nine month and three month periods are \$298 and \$76 respectively (2023 - \$853 and \$558 respectively). Share based compensation expense was calculated using a weighted average forfeiture rate of 0% (2023 - 7%). As at January 31, 2024, the total liability included within trade and other payables is \$142 (2023 - \$3,756).

Restricted Share Unit Plan (2022 Plan)

The share base compensation expense that has been charged against earnings over the nine month and three month period is \$3,129 and \$969 (2023 - \$1,605 and \$760 respectively). 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 used a weighted average forfeiture rate of 9% (2023 - 11%).

15. 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		Nine month period ended	
	January 31, 2024		January 31, 2024	
Revenue	2024	2023	2024	2023
United States	\$ 76,137	\$ 58,275	\$ 229,306	\$ 215,995
International	54,777	39,640	150,320	87,469
Canada	4,364	12,958	12,220	22,195
	\$ 135,278	\$ 110,873	\$ 391,846	\$ 325,659

	January 31, 2024			April 30, 2023		
	Property, Plant and Equipment	Goodwill	Intangible Assets	Property, Plant and Equipment	Goodwill	Intangible Assets
United States	\$ 3,778	\$ 1,467	\$ 121	\$ 4,114	\$ 1,411	\$ 395
International	9,235	18,304	1,384	9,553	18,339	1,730
Canada	22,134	1,538	-	21,063	1,583	-
	\$ 35,147	\$ 21,309	\$ 1,505	\$ 34,730	\$ 21,333	\$ 2,125

16. REVENUE

	Three month period ended		Nine month period ended	
	January 31,		January 31,	
	2024	2023	2024	2023
Hardware, including related software	\$ 99,830	\$ 89,647	\$ 273,733	\$ 251,524
Services, including warranty, training and commissioning	21,211	10,074	74,743	37,286
Long term contract revenue	14,237	11,152	43,370	36,849
	\$ 135,278	\$ 110,873	\$ 391,846	\$ 325,659

17. 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 \$5,679 committed over the remaining term. During the nine month and three month periods, rent paid for the leased principal premises amounted to \$810 (2023 - \$787) and \$270 (2023 - \$262) with no outstanding amounts due as at January 31, 2024.

The Company also leases property where two shareholders indirectly own 100% interest. This lease was renewed in October 2021 and expires in 2026 with a total of \$840 committed over the remaining term. During the nine month and three month periods, rent paid for the leased principal premises amounted to \$225 (2023 - \$218) and \$76 (2023 - \$72) with no outstanding amounts due as at January 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 \$4,470 committed over the remaining term. During the nine month and three month periods, rent paid for the leased

principal premises amounted to \$669 (2023 – \$654) and \$223 (2023 - \$217) with no outstanding amounts due as at January 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 \$2,962 committed over the remaining term. During the nine month and three month periods, rent paid for the leased principal premises amounted to \$408 (2023 – \$394) and \$136 (2023 - \$131) with no outstanding amounts due as at January 31, 2024.

In December 2023, the Company renewed a lease of property where two shareholders indirectly own 100% interest. The lease expires in 2028 with a total of \$1,559 committed over the remaining term. During the nine month and three month periods, rent paid for the leased principal premises amounted to \$124 (2023 – \$114) and \$48 (2023 - \$38) with no outstanding amounts due as at January 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 \$2,388 committed over the remaining term. During the nine month and three month periods, rent paid for the leased principal premises amounted to \$758 (2023 – \$758) and \$253 (2023 - \$253) with no outstanding amounts due as at January 31, 2024.

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 \$704 committed over the remaining term. During the nine month and three month periods, rent paid for the leased principal premises amounted to \$205 (2023 – \$203) and \$68 (2023 - \$68) with no outstanding amounts due as at January 31, 2024.

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

18. EARNINGS PER SHARE

	Three month period ended		Nine month period ended	
	January 31,		January 31,	
	2024	2023	2024	2023
Weighted average common shares outstanding	76,019,435	76,188,752	76,084,597	76,212,096
Dilutive effect of stock options	937,355	-	793,798	93,437
Diluted weighted average common shares outstanding	76,956,790	76,188,752	76,878,395	76,305,533

The weighted average number of diluted common shares excludes 762,500 options because they were anti-dilutive during the period (2023 – 1,245,000).

19. SUBSEQUENT EVENT

On March 14, 2024, the Company declared a quarterly dividend of \$0.195 with a record date of March 21, 2024 and a payment date of March 29, 2024.