ANNUAL REPORT 2020

EVERTZ TECHNOLOGIES LIMITED

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2020

EVERTZ TECHNOLOGIES LIMITED · ANNUAL REPORT

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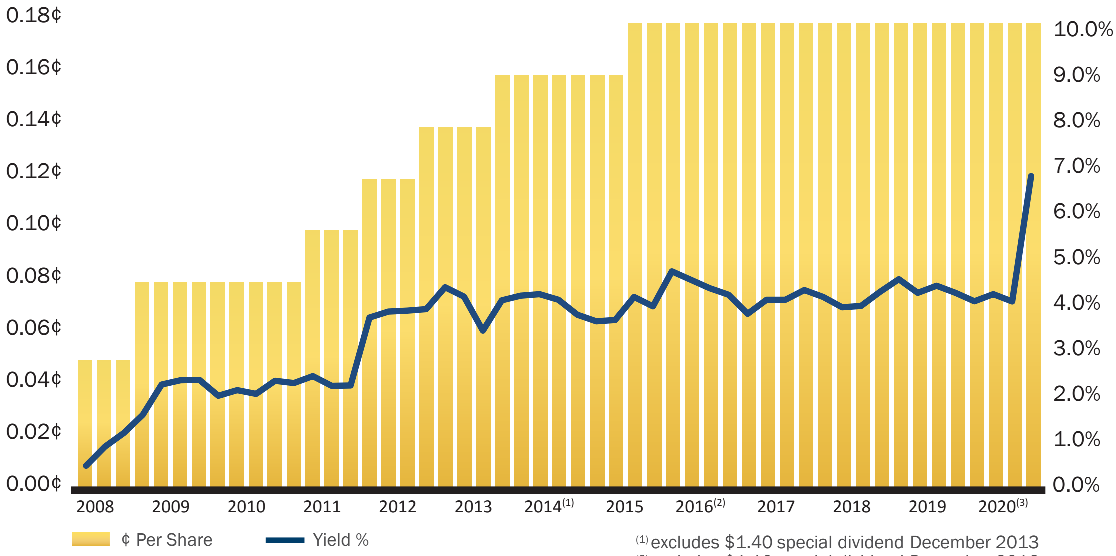
2020 HIGHLIGHTS

STRENGTH	INNOVATION	GENERATING CASH	PROFITABILITY
Annual Revenue	Re-investment in R&D	Operating Activities	Earnings Before Taxes
$437M	**$91M**	**$109M**	**$92M**

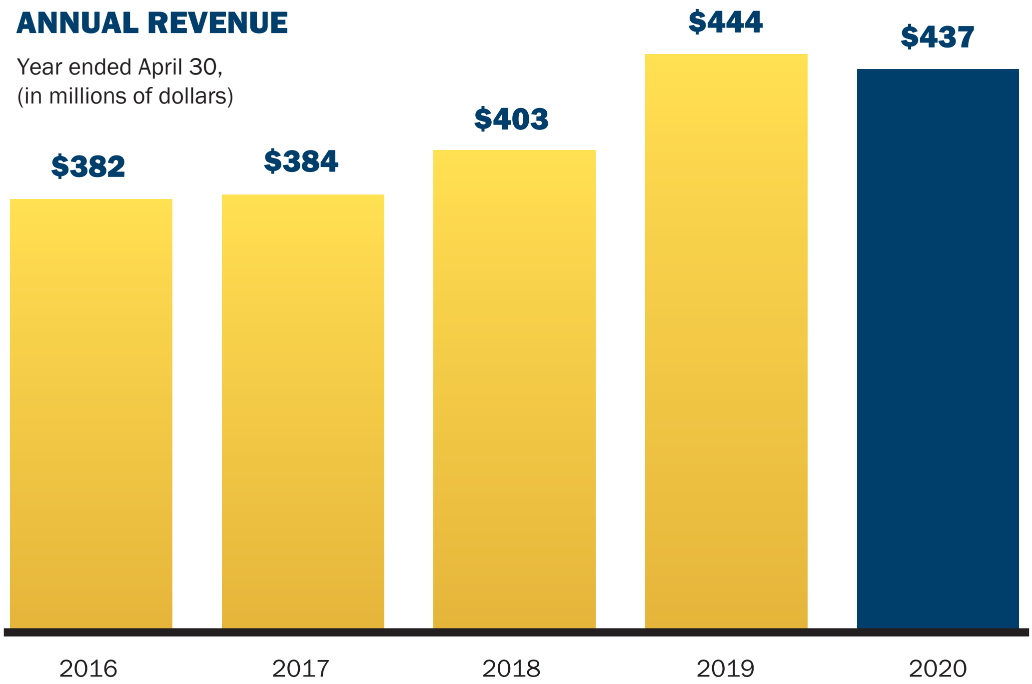
QUARTERLY DIVIDEND HISTORY



(1) excludes $1.40 special dividend December 2013
(2) excludes $1.10 special dividend December 2016
(3) excludes $0.90 special dividend September 2019

ANNUAL REVENUE

Year ended April 30,
(in millions of dollars)



A LETTER TO FELLOW SHAREHOLDERS

Evertz had a successful year in Fiscal 2020, delivering technological innovation, operational excellence and industry leading profitability. Evertz is a world leader in the video technology sector. Through product innovations and state of the art project deployments, Evertz is able to help its customers navigate and benefit from technology transitions and challenges in the market. Evertz has developed and deployed software defined IP, IT and virtualized public/private/hybrid "Cloud" based solutions which continue to lead the industry.

Fiscal 2020 included significant challenges associated with the COVID 19 crisis, which created uncertainty in the global economy, delayed customer deliveries and installations and impacted operations as Evertz prioritized the health and safety of our employees, customers and partners. Despite these challenges, Evertz generated industry leading earnings and cash flow from operations, while delivering significant value to shareholders.
Highlights from the year include:

- Annual revenues of $437 million;
- Earnings before taxes of $92 million;
- Annual investment in research and development increased 6% to $91 million;
- Generated cash from operations of $109 million;
- Distribution of excess cash flow through quarterly dividends totaling $0.72 per share during the year;
- Return to shareholders of excess capital through a special dividend of $0.90 per share; and
- Year-end cash of $75 million.

VIDEO PROLIFERATION, 4K/UltraHD, LIVE CONTENT, ANYWHERE & ANYTIME

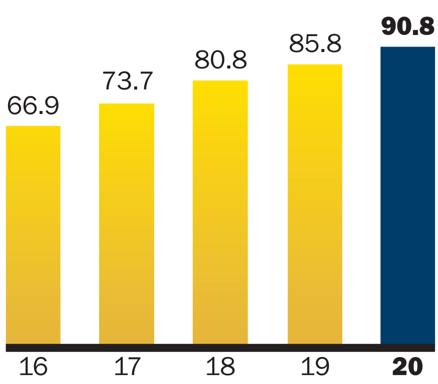
Today our customers' evolving needs are driven by the global demand for more live content, channels and services and by the emergence of UltraHD with High Dynamic Range and enhanced audio to create an immersive experience and by increasing consumer appetite for high quality video delivered anywhere, anytime across a broad array of devices. Evertz expertise in delivering end to end solutions, from production, content creation, distribution, through to delivery, provides compelling advantages which enable our global media, broadcast, cable, telco, OTT, IPTV, satellite, content creator, government agencies and enterprise customers to address this increasingly complex video landscape.

IP, IT, SOFTWARE NETWORKING & MULTI-CLOUD EXPANDS MARKET

Evertz foundation of unsurpassed video domain knowledge coupled with our commitment to the internal development of new leading edge technologies is a unique competitive advantage. In the past year alone, Evertz invested $91 million in R&D and over $398 million throughout the past five years. The annual investments fueled development activities within our core product portfolio and funded intensive longer term R&D initiatives, such as: unified Orchestration, Control & Management, Analytics and User Interface software platforms; high performance low latency IP networking technologies; our IT based and virtualized "Cloud" architectures; Playout & Content Management; DreamCatcher Replay & Live Production; Compression and Media Transport Solutions; and Professional AV Solutions. These initiatives are enabling our customers to efficiently transition to IP, IT and public/private/hybrid "Cloud" based solutions. We believe the hyper-scale EXE together with our modular Software Defined Video Networking (SDVN) platforms; Magnum Orchestration System; DreamCatcher IP based replay and live production suite, including BRAVO, which gives customers the tools to create content with smaller production teams and lower costs; and the extension of SDVN based, IP based, and dedicated AV distribution solutions through evertzAV, will significantly expand our addressable market and have a long-term benefit to Evertz customers and our shareholders.

R&D INVESTMENTS OVER 5 YEARS

$ millions



IP, IT & "CLOUD" LEADERSHIP - DESIGNED, DELIVERED, DEPLOYED & EXTENDED

Evertz is at the forefront of the IP, IT and Virtualized "Cloud" technical transition for the broadcast and new media industry with an extensive 10/25/100 Gigabit Ethernet product portfolio leveraging Evertz' Software Defined Video Networking solution and its industry's leading orchestration and control software. Evertz SDVN technology is deployed in industry leading facilities across the world. MAGNUM, Evertz' orchestration and control application bridges the major components in a hybrid or all IP based facility including Evertz switch fabrics, media IP gateways, and traditional broadcast products while Evertz VUE Anywhere, seamlessly extends secure operation control to enable collaborative Work From Home (WFH) and other social distance operational scenarios for our customers. Media companies across the globe leverage the Evertz Emmy Award winning Mediator and Overture platforms in public/private/hybrid "Cloud" environments to streamline their operations and content supply chains in addition to generating industry leading linear and non-linear video streaming solutions. Evertz is designing, delivering and deploying the most advanced and innovative IP, IT and Virtualized "Cloud" based solutions to help broadcast, new media, higher education and enterprise customer's future-proof their facilities for the transitioning and growing landscape of remote operation and television and high quality video anywhere, anytime on any device.

INDUSTRY RECOGNITION

Emmy Award for Technology and Engineering awarded by NATAS "National Academy of Television Arts and Sciences" in January 2020 for Pioneering *Cloud Based Linear Media Supply Chain Technology.*

TV Technology - 2020 NAB Future's Best of Show awarded to *Evertz Scorpion Smart Media Processing Platform,* an ultra-versatile tool designed to evolve production into a scalable workflow.

FOUNDATION FOR GROWTH

As the market leader, we make future oriented decisions to position Evertz to extend our competitive lead, by providing our customers with clean, technologically superior solutions. As the market leader, we are well positioned with numerous, large exciting opportunities to capitalize on this in the coming year. Evertz is built upon the long term vision of generating value and sustainable success through continuous investment in technology while maintaining a vigilant focus on operating discipline.

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

MOVING FOWARD

The pandemic and the efforts to contain it have created uncertainty for companies around the world. At Evertz, we are an essential service provider and have met or exceeded all Government health and safety protocols to ensure continued operations, including manufacturing, research and development activities and the provision of technical service and support to our customers. While widespread temporary customer shutdowns, travel restrictions and the postponement or cancellation of live events and projects present short-term challenges, we believe Evertz will emerge from the pandemic very well positioned with our technological leadership and fundamental operational strength.

Our 2021 plan is to maintain our focus on investing into new technologies, leverage and expand upon the high profile industry leading IP, IT installations and virtualized "Cloud" solutions Evertz has successfully deployed with key customers and gain broader adoption with the broadcast industry and within vertical markets.
Key successes to build upon:

- IP based Software Defined Video Networking platforms;
- IT based workflow and virtualized "Cloud" services Ultra HD and HDR, delivering an immersive viewing experience from production to playout;
- VUE Anywhere – securely extending operational intelligence, real-time control and workflow efficiency over the network to virtually anywhere, enabling operator WFH
- Media flow on premier Cloud solutions;
- Media eXchange compression platform;
- DreamCatcher – IP based instant replay & Bravo live production suite; and
- evertzAV – network based, high quality audio visual solutions.

These technologies provide superior solutions enabling our customers to address and implement complex multi-platform solutions, including the expansion of their remote operation capabilities, the implementation of WFM virtual operations anywhere and to efficiently transition to evolving IP & IT based solutions including virtualized "Cloud" services.

We enter fiscal 2021 with significant momentum of Evertz IP, IT & "Cloud" based solutions Designed, Delivered, Deployed and Extended with influential industry leaders across the world. As a leading innovator and one of the largest pure players in our technology sector, we believe Evertz is in a position of strength to deliver, to customers and to shareholders!

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

Romolo Magarelli
Director, President and Chief Executive Officer

Douglas A. DeBruin
Executive Chairman

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year ended April 30, 2020

THE FOLLOWING MANAGEMENT'S DISCUSSION AND ANALYSIS IS A REVIEW OF RESULTS OF THE OPERATIONS AND THE LIQUIDITY AND CAPITAL RESOURCES OF THE COMPANY. IT SHOULD BE READ IN CONJUNCTION WITH THE SELECTED CONSOLIDATED FINANCIAL INFORMATION AND OTHER DATA AND THE COMPANY'S CONSOLIDATED FINANCIAL STATEMENTS AND THE ACCOMPANYING NOTES CONTAINED ON SEDAR. THE CONSOLIDATED FINANCIAL STATEMENTS OF THE COMPANY ARE PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS") AND ARE PRESENTED IN CANADIAN DOLLARS. THE FISCAL YEAR OF THE COMPANY ENDS ON APRIL 30 OF EACH YEAR. CERTAIN INFORMATION CONTAINED HEREIN IS FORWARD-LOOKING AND BASED UPON ASSUMPTIONS AND ANTICIPATED RESULTS THAT ARE SUBJECT TO RISKS, UNCERTAINTIES AND OTHER FACTORS. SHOULD ONE OR MORE OF THESE UNCERTAINTIES MATERIALIZE OR SHOULD THE UNDERLYING ASSUMPTIONS PROVE INCORRECT, ACTUAL RESULTS MAY VARY SIGNIFICANTLY FROM THOSE EXPECTED.

FORWARD-LOOKING STATEMENTS

The report contains forward-looking statements reflecting Evertz's objectives, estimates and expectations. Such forward-looking statements use words such as "may", "will", "expect", "believe", "anticipate", "plan", "intend", "project", "continue" and other similar terminology of a forward-looking nature or negatives of those terms.

Although management of the Company believes that the expectations reflected in such forward-looking statements are reasonable, all forward-looking statements address matters that involve known and unknown risks, uncertainties and other factors. Accordingly, there are or will be a number of significant factors which could cause the Company's actual results, performance or achievements, or industry results to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements.

The report is based on information available to management on June 30, 2020.

OVERVIEW

Evertz is a leading solutions provider to the television broadcast, telecommunications and new-media industries. Founded in 1966, Evertz is a leading supplier of software, equipment and technology solutions to content creators, broadcasters, specialty channels and television service providers. Evertz designs, manufactures and markets video and audio infrastructure solutions for the production, post-production and transmission of television content. The Company's solutions are purchased by content creators, broadcasters, specialty channels and television service providers to support their increasingly complex multi-channel digital and high definition television ("HDTV/Ultra HD") and next generation high bandwidth low latency IP network environments and by telecommunications and new-media companies. The Company's products allow its customers to generate additional revenue while reducing costs through efficient signal routing, distribution, monitoring and management of content as well as the automation and orchestration of more streamlined and agile workflow processes on premise and in the "Cloud".

The Company made early research and development investments to establish itself as the leading supplier to the broadcast industry addressing the ongoing technical transition to IP and IT based production, workflow and distribution systems helping to create more efficient and agile workflows enabling the proliferation of high quality video emerging Ultra HD, High Dynamic range initiatives. The Company has maintained its track record of rapid innovation; is a leader in the expanding Internet Protocol Television ("IPTV") market and a leader in Software Defined Video Network ("SDVN") technology. The Company is committed to maintaining its leadership position, and as such, a significant portion of the Company's staff is focused on research and development to ensure that the Company's products are at the forefront of the industry. This commitment contributes to the Company being consistently recognized as a leading broadcast and video networking industry innovator by its customers.

SIGNIFICANT ACCOUNTING POLICIES

Outlined below are those policies considered particularly significant:

Basis of Measurement

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

Functional and Presentation Currency

These financial statements are presented in Canadian dollars, which is the Company's functional currency. All financial information presented in Canadian dollars has been rounded to the nearest thousand, except per share amounts.

Basis of Consolidation

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

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

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

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

On an acquisition by acquisition basis, any non-controlling interest is measured either at the fair value of the non-controlling interest or at the fair value of the proportionate share of the net identifiable assets acquired. Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

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

Step 1: Identifying the contract
Before recognizing revenue, the Company reviews customer contracts to ensure each party's rights and payment terms are identified, there is commercial substance, and that it is probable that the Company will collect the consideration in exchange for the goods or services as stated in the contract.

Step 2: Identifying performance obligations
The Company regularly sells hardware and software solutions including related services, training and commissioning on a stand-alone basis. A customer contract typically lists items separately with distinct item descriptions, quantities, and prices. If a contract contains a bundle of items priced together at a single price, the Company analyzes the contract to identify distinct performance obligations within the bundle.

Step 3: Determining the transaction price
Transaction prices are typically the prices stated on the purchase orders or contracts, net of discounts. The Company reviews customer contracts for any variable considerations, existence of significant financing components and payables to customers, and adjusts transaction prices accordingly.

Step 4: Allocating the transaction price to performance obligations
If a customer contract includes multiple performance obligations, the transaction price is allocated to each performance obligation based on its relative stand-alone selling price. If a stand-alone selling price is not directly observable, the Company estimates the stand-alone selling price of individual elements, based on prices at which the deliverable is regularly sold on a stand-alone basis after considering specific discounts where appropriate.

Step 5: Recognizing revenue upon satisfaction of performance obligations
The timing of revenue recognition is based on when a customer obtains control of the asset. Control of an asset refers to the ability to direct the use of, and obtain substantially all of the remaining benefits from, the asset. Control includes the ability to prevent other entities from directing the use of, and obtaining the benefits from, an asset. The Company reviews customer contracts and the nature of the performance obligations to determine if a performance obligation is satisfied over time or at a point in time, and recognizes revenue accordingly.

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

Revenue from software solutions are recognized either over a period of time or at a point in time depending on the contractual terms of the contract identified and the specific performance obligations identified therein. For performance obligations satisfied over time, the Company measures the progress using either an input or output method, depending on which yields the most reliable estimate.

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

Certain of the Company's contracts are long-term in nature. When the outcome of the contract can be assessed reliably, the Company recognizes revenue on long-term contracts over time, based on costs incurred relative to the estimated total contract costs. When the outcome of the contract cannot be assessed reliably contract costs incurred are immediately expensed and revenue is recognized only to the extent that costs are considered likely to be recovered. Revenue recognized in excess of billings are recorded as contract assets.

Contract assets are recognized when revenue is recognized in excess of billings or when the Company has a right to consideration and that right is conditional to something other than the passage of time. Contract assets are subsequently transferred to accounts receivable when the right to payment becomes unconditional.

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

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

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

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

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

The estimated useful lives are as follows:

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

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

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

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

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

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

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

Intangible Assets
Intangible Assets
Intangible assets represent intellectual property acquired through business acquisitions and are recorded at cost less any impairment loss and are amortized using the straight–line method over a five–year period. The estimated useful life and amortization method are reviewed at the end of each reporting period. Prior to the current year, intangible assets were amortized over a four-year period. Amortization period was determined as more reflective of the period of expected benefits.

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

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

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

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

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

Leasing

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

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

The right-of-use asset is depreciated on a straight-line basis over the lease term. The lease term consists of the non-cancellable period of the lease; periods covered by options to extend the lease, where the Company is reasonably certain to exercise the option; and periods covered by options to terminate the lease, where the Company is reasonably certain not to exercise the option.

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

Foreign Currency Translation

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

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

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

Income Taxes

Current Tax

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

Deferred Tax

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

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

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

Share Based Compensation

Equity settled share based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity settled share based transactions are set out in note 17 in the Consolidated Financial Statements.

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

Earnings Per Share

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

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

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

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

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

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

Asset/Liability	Classification
Cash and cash equivalents	Amortized cost
Marketable securities	Fair value through profit or loss
Trade and other receivables	Amortized cost
Trade and other payables, excluding RSUs	Amortized cost
RSUs	Fair value through profit or loss
Long term debt	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.

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 ("FVOCI")" and "amortized cost". The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on re-measurement recognized in earnings.

Impairment of Financial Assets
Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the time of initial recognition and at each reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected. For certain categories of financial assets, such as trade and other receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on

a collective basis. Objective evidence of impairment of a financial asset can include a significant or prolonged decline in the fair value of an asset, default or delinquency by a debtor, indication that a debtor will enter bankruptcy or financial re-organization or the disappearance of an active market for a security.

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

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

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

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

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

Use of Estimates and Judgments
The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Consequently, actual results could differ from those estimates. Those estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected. Significant estimates include the determination of expected credit losses which are based on the amount and timing of cash flows expected to be received, provision for inventory obsolescence which is recorded to adjust to the net realizable value of inventory and based on current market prices and past experiences, the useful life of property, plant and equipment and intangibles for depreciation which are based on past experiences, expected use and industry trends, amortization and valuation of net recoverable amount of property, plant and equipment and intangibles, determination of fair value for share based compensation, evaluating deferred income tax assets and liabilities, the determination of fair value of financial instruments and the likelihood of recoverability, and the determination of implied fair value of goodwill and implied fair value of assets and liabilities for purchase price allocation purposes and goodwill impairment assessment purposes.

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

The Company has also assessed the impact of Covid-19 on the estimates and judgements described above. Although the Company expects Covid-19 related disruptions to continue during fiscal 2021, the Company believes that the long-term estimates and assumptions do not require significant revisions. Although the Company determined that no significant revisions to such estimates, judgement or assumptions were required, the pandemic is fluid and given the inherent uncertainty at this time, revisions may be required in future periods to the extent that the negative impacts on the Company business operations arising from Covid-19 continue or worsen. Any such revisions could result in a material impact on our results of operations and financial condition.

Operating Segments

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components. The Company reviewed its operations and determined that it operates a single reportable segment, the television broadcast equipment market. The single reportable operating segment derives its revenue from the sale of hardware and software solutions including related services, training and commissioning.

CHANGES IN ACCOUNTING POLICIES

Leases

IFRS 16, *Leases* ("IFRS 16") was issued by the IASB in January 2016 to replace IAS 17, *Leases* and IFRIC 4, *Determining whether an arrangement contains a lease*. IFRS 16 introduced a single accounting model for lessees to bring leases on-balance sheet, while leaving lessor accounting largely unchanged. The Company adopted IFRS 16 on May 1, 2019 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under IAS 17 *Leases* and IFRIC 4 *Determining whether an arrangement contains a lease*. The impact resulting from adoption of IFRS 16 is disclosed in Note 27 of the Consolidated Financial Statements.

Uncertainty over Income Tax Positions

IFRIC 23, Uncertainty over income tax treatments ("IFRIC 23") was issued by the IASB in June 2017 and clarifies how to recognize and measure current and deferred income tax assets and liabilities when there is uncertainty over income tax treatments. The Company adopted IFRIC 23 on May 1, 2019. IFRIC 23 did not have a material impact on the Consolidated Financial Statements.

YEAR END HIGHLIGHTS

Revenue was $436.6 million for the year ended April 30, 2020 a decrease of $7.0 million, compared to $443.6 million for the year ended April 30, 2019.

For the year ended April 30, 2020, net earnings were $69.2 million, a decrease from $78.5 million for the year ended April 30, 2019 and fully diluted earnings per share were $0.90, a decrease from $1.02 for the year ended April 30, 2019.

Gross margin during the year ended April 30, 2020 was 56.9% as compared to 57.1% for the year ended April 30, 2019.

Foreign exchange gain during the year was $3.5 million, predominantly driven by the increase in value of the US dollar against the Canadian dollar since April 30, 2019.

Selling and administrative expenses for the year ended April 30, 2020 was $67.6 million as compared to the year ended April 30, 2019 of $67.8 million. As a percentage of revenue, selling and administrative expenses totaled 15.5% for the year ended April 30, 2020 as opposed to 15.3% for the year ended April 30, 2019.

Research and development ("R&D") expenses were $90.8 million for the year ended April 30, 2020 as compared to $85.8 million for the year ended April 30, 2019.

Cash and cash equivalents were $75.0 million and working capital was $223.7 million as at April 30, 2020, compared to cash and cash equivalents of $104.6 million and working capital of $282.5 million as at April 30, 2019.

HIGHLIGHTS FROM THE FOURTH QUARTER

Revenue was $92.2 million for the fourth quarter ended April 31, 2020; a decrease of $15.0 million, when compared to $107.2 million for the same period ended April 30, 2019.

For the fourth quarter ended April 30, 2020, net earnings were $16.0 million, a decrease from $18.6 million for the fourth quarter ended April 30, 2019. Fully diluted earnings per share were $0.21, a decrease from $0.24 in the fourth quarter ended April 30, 2019.

For the fourth quarter ended April 30, 2020, foreign exchange gain during the quarter was $6.1 million, compared to a foreign exchange gain of $1.9 million for the fourth quarter April 30, 2019.

Gross margin during the fourth quarter ended April 30, 2020 was 56.5% compared to 58.5% in the fourth quarter ended April 30, 2019.

Selling and administrative expenses for the fourth quarter ended April 30, 2020 was $15.4 million as compared to the fourth quarter ended April 30, 2019 of $18.0 million. As a percentage of revenue, selling and administrative expenses totaled 16.7% for the fourth quarter ended April 30, 2020 consistent with 16.7% for the fourth quarter ended April 30, 2019.

Research and development expenses were $21.2 million for the fourth quarter ended April 30, 2020 as compared to $21.8 million for the fourth quarter ended April 30, 2019.

SELECTED CONSOLIDATED FINANCIAL INFORMATION

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

	Year Ended April 30,		
	2020	2019	2018
Revenue	**$ 436,592**	$ 443,556	$ 402,832
Cost of goods sold	**188,216**	190,198	179,931
Gross margin	**248,376**	253,358	222,901
Expenses			
Selling and administrative	**67,597**	67,821	65,531
General	**3,509**	3,410	3,336
Research and development	**90,827**	85,823	80,804
Investment tax credits	**(7,595)**	(8,158)	(6,743)
Share based compensation	**4,964**	4,501	4,562
Foreign exchange (gain) loss	**(3,484)**	(3,404)	4,727
	155,818	149,993	152,217
Earnings before undernoted	**92,558**	103,365	70,684
Finance income	**1,077**	1,394	781
Finance costs	**(1,845)**	(752)	(455)
Other income and expenses	**169**	1,080	1,956
Earnings before income taxes	**91,959**	105,087	72,966
Provision for (recovery of) income taxes			
Current	**22,304**	26,499	24,076
Deferred	**483**	84	(4,656)
	22,787	26,583	19,420
Net earnings for the year	**$ 69,172**	$ 78,504	$ 53,546
Net earnings attributable to non-controlling interest	**$ 565**	$ 629	$ 460
Net earnings attributable to shareholders	**68,607**	77,875	53,086
Net earnings for the year	**$ 69,172**	$ 78,504	$ 53,546
Earnings per share			
Basic	**$ 0.90**	$ 1.02	$ 0.70
Diluted	**$ 0.90**	$ 1.02	$ 0.70

SELECTED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

CONSOLIDATED BALANCE SHEET DATA

	As at April 30,		
	2020	2019	2018
Cash and cash equivalents	**$ 75,025**	$ 104,583	$ 94,184
Inventory	**$ 161,985**	$ 171,271	$ 168,070
Working capital	**$ 223,720**	$ 282,521	$ 264,514
Total assets	**$ 443,673**	$ 466,597	$ 421,115
Shareholders' equity	**$ 295,012**	$ 353,123	$ 329,227
Number of common shares outstanding:			
Basic	**76,449,446**	76,545,246	76,481,746
Fully-diluted	**78,077,946**	77,958,746	78,722,746
Weighted average number of shares outstanding:			
Basic	**76,624,706**	76,510,417	76,211,007
Fully-diluted	**76,642,787**	76,529,799	76,347,750

SELECTED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

CONSOLIDATED STATEMENT OF OPERATIONS DATA

	2020	2019	2018
Revenue	**100.0%**	100.0%	100.0%
Cost of goods sold	**43.1%**	42.9%	44.7%
Gross margin	**56.9%**	57.1%	55.3%
Expenses			
Selling and administrative	**15.5%**	15.3%	16.3%
General	**0.8%**	0.8%	0.8%
Research and development	**20.8%**	19.3%	20.1%
Investment tax credits	**(1.7%)**	(1.8%)	(1.7%)
Share based compensation	**1.1%**	1.0%	1.1%
Foreign exchange (gain) loss	**(0.8%)**	(0.8%)	1.2%
	35.7%	33.8%	37.8%
Earnings before undernoted	**21.2%**	23.3%	17.5%
Finance income	**0.2%**	0.3%	0.2%
Finance costs	**(0.4%)**	(0.2%)	(0.1%)
Other income and expenses	**0.0%**	0.3%	0.5%
Earnings before income taxes	**21.0%**	23.7%	18.1%
Provision for (recovery of) income taxes			
Current	**5.1%**	6.0%	6.0%
Deferred	**0.1%**	0.0%	(1.2%)
	5.2%	6.0%	4.8%
Net earnings for the year	**15.8%**	17.7%	13.3%
Net earnings attributable to non-controlling interest	**0.1%**	0.1%	0.1%
Net earnings attributable to shareholders	**15.7%**	17.6%	13.2%
Net earnings for the year	**15.8%**	17.7%	13.3%
Earnings per share:			
Basic	**$ 0.90**	$ 1.02	$ 0.70
Diluted	**$ 0.90**	$ 1.02	$ 0.70

REVENUE AND EXPENSES

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

The Company markets and sells its products and services through both direct and indirect sales strategies. The Company's direct sales efforts focus on large and complex end-user customers. These customers have long sales cycles typically ranging from four to eight months before an order may be received by the Company for fulfillment.

The Company monitors revenue performance in two main geographic regions: (i) United States/Canada and (ii) International.

The Company currently generates approximately 60% to 70% of its revenue in the United States/Canada. The Company recognizes the opportunity to more aggressively target markets in other geographic regions and intends to invest in personnel and infrastructure in those markets.

While a significant portion of the Company's expenses are denominated in Canadian dollars, the Company collects substantially all of its revenues in currencies other than the Canadian dollar and therefore has significant exposure to fluctuations in foreign currencies, in particular the US dollar. Approximately 75% to 85% of the Company's revenues are denominated in US dollars.

REVENUE

	Year Ended April 30,		
(In thousands of Canadian dollars)	**2020**	2019	2018
United States/Canada	**$ 289,003**	$ 297,803	$ 252,770
International	**147,589**	145,753	150,062
	$ 436,592	$ 443,556	$ 402,832

Total revenue for the year ended April 30, 2020 was $436.6 million, a decrease of $7.0 million as compared to revenue of $443.6 million for the year ended April 30, 2019. The decrease in revenue is due to projects on hold or cancelled as a result of the Covid-19 pandemic.

Revenue in the United States/Canada region was $289.0 million for the year ended April 30, 2020, a decrease of $8.8 million or 3% when compared to revenue of $297.8 million for the year ended April 30, 2019.

Revenue in the International region was $147.6 million for the year ended April 30, 2020, an increase of $1.8 million or 1% as compared to revenue of $145.8 million for the year ended April 30, 2019.

COST OF SALES
Cost of sales consists primarily of costs of manufacturing and assembly of products. A substantial portion of these costs is represented by components and compensation costs for the manufacture and assembly of products as well as inventory obsolescence and write-offs. Cost of sales also includes related overhead, certain depreciation, final assembly, quality assurance, inventory management and support costs. Cost of sales also includes the costs of providing services to clients, primarily the cost of service-related personnel. During the year, cost of sales included $0.5 million of wage related Government assistance, which was recorded as a reduction of salary costs.

GROSS MARGIN

	Year Ended April 30,		
(In thousands of Canadian dollars, except for percentages)	**2020**	2019	2018
Gross margin	**$ 248,376**	$ 253,358	$ 222,901
Gross margin % of sales	**56.9%**	57.1%	55.3%

Gross margin for the year ended April 30, 2020 was $248.4 million, compared to $253.4 million for the year ended April 30, 2019. As a percentage of revenue, the gross margin was 56.9% for the year ended April 30, 2020 compared to 57.1% for the year ended April 30, 2019.

Gross margins vary depending on the product mix, geographic distribution and competitive pricing pressures and currency fluctuations. For the year ended April 30, 2020 the gross margin, as a percentage of revenue, was in the Company's projected range. The pricing environment continues to be very competitive with substantial discounting by our competition.

The Company expects that it will continue to experience competitive pricing pressures. The Company continually seeks to build its products more efficiently and enhance the value of its product and service offerings in order to reduce the risk of declining gross margin associated with the competitive environment.

Operating Expenses

The Company's operating expenses consist of: (i) selling, administrative and general; (ii) research and development and (iii) foreign exchange.

Selling expenses primarily relate to remuneration of sales and technical personnel. Other significant cost components include trade show costs, advertising and promotional activities, demonstration material and sales support. Selling and administrative expenses relate primarily to remuneration costs of related personnel, legal and professional fees, occupancy and other corporate and overhead costs. The Company also records certain depreciation and amortization charges as general expenses. For the most part, selling, and administrative expenses are fixed in nature and do not fluctuate directly with revenue. The Company has certain selling expenses that tend to fluctuate in regards to the timing of trade shows.

The Company invests in research and development to maintain its position in the markets it currently serves and to enhance its product portfolio with new functionality and efficiencies. Although the Company's research and development expenditures do not fluctuate directly with revenues, it monitors this spending in relation to revenues and adjusts expenditures when appropriate. Research and development expenditures consist primarily of personnel costs and material costs. Research and development expenses are presented on a gross basis (without deduction of research and development tax credits). Research and development tax credits associated with research and development expenditures are shown separately under research and development tax credits.

SELLING AND ADMINISTRATIVE

	Year Ended April 30,		
(In thousands of Canadian dollars, except for percentages)	**2020**	2019	2018
Selling and administrative	**$ 67,597**	$ 67,821	$ 65,531
Selling and administrative % of sales	**15.5%**	15.3%	16.3%

Selling and administrative expenses excludes stock based compensation, depreciation and amortization of intangibles. Selling and administrative expenses for the year ended April 30, 2020 were $67.6 million or 15.5% of revenue, as compared to selling and administrative expenses of $67.8 million or 15.3% of revenue for the year ended April 30, 2019. Selling and administrative expenses includes a $1.7 million reduction in trade show and promotion costs, driven by the Company not attending trade shows which were cancelled due to the Covid-19 pandemic. Partially offsetting the decreases is the inclusion of $1.3 million in selling and administrative costs associated with an additional six months of consolidated operations of Quintech Electronics and Communications Inc. ("Quintech"), which was acquired on November 1, 2018.

Share Based Compensation

In March 2016, the Company adopted a restricted share unit (RSU) plan to attract, motivate and compensate persons who are integral to the growth and success of the Company. During the year ended April 30, 2020, share based compensation expense associated with the plan was $4.5 million, as compared to $4.0 million for the year ended April 30, 2019.

RESEARCH AND DEVELOPMENT (R&D)

	Year Ended April 30,		
(In thousands of Canadian dollars, except for percentages)	**2020**	2019	2018
Research and development expenses	**$ 90,827**	$ 85,823	$ 80,804
Research and development % of sales	**20.8%**	19.3%	20.1%

For the year ended April 30, 2020, gross R&D expenses were $90.8 million, an increase of $5.0 million as compared to an expense of $85.8 million for the year ended April 30, 2019. The increase of $5.0 million was predominantly a result of increased head count and the inclusion of $0.8 million in research and development costs associated with an additional six months of consolidated operations of Quintech. The majority of the head count increase was to address recent growth in the cloud-based business and support anticipated increases in cloud-based opportunities. Partially offsetting the increases is $3.0 million of salary related assistance programs applicable to the Covid-19 pandemic, recorded as a reduction in costs.

Investment Tax Credits

For the year ended April 30, 2020, investment tax credits were $7.6 million compared to $8.2 million for the year ended April 30, 2019.

Foreign Exchange

For the year ended April 30, 2020, the foreign exchange gain was $3.5 million, as compared to a foreign exchange gain for the year ended April 30, 2019 of $3.4 million.

Finance Income, Finance Costs, Other Income and Expenses

For the year ended April 30, 2020, finance income, finance costs, other income and expenses netted to a loss of $0.6 million. Finance costs have increased by $1.1 million as a result of the adoption of IFRS 16 and the resulting finance costs on capitalized leases.

LIQUIDITY AND CAPITAL RESOURCES

Liquidity and Capital Resources

(In thousands of dollars except ratios)	Year Ended April 30,			
Key Balance Sheet Amounts and Ratios:		**2020**		2019
Cash and cash equivalents	**$**	**75,025**	$	104,583
Working capital	**$**	**223,720**	$	282,521
Long-term assets	**$**	**98,961**	$	71,555
Long-term debt	**$**	**-**	$	239
Days sales outstanding in accounts receivable		**76**		67

Statement of Cash Flow Summary

	Year Ended April 30,			
		2020		2019
Operating activities	**$**	**109,293**	$	88,470
Investing activities	**$**	**(5,739)**	$	(23,511)
Financing activities	**$**	**(132,657)**	$	(54,831)
Net (decrease) increase in cash	**$**	**(29,558)**	$	10,399

Operating Activities

For the year ended April 30, 2020, the Company generated cash from operations of $109.3 million, compared to $88.5 million for the year ended April 30, 2019. Excluding the effects of the changes in non-cash working capital and current taxes, the Company generated cash from operations of $87.7 million for the year ended April 30, 2020 compared to $89.1 million for the year ended April 30, 2019.

Investing Activities

The Company used cash for investing activities of $5.7 million for the year ended April 30, 2020 which was principally driven by the acquisition of capital assets of $10.1 million, partially offset by the disposal of instruments held for trading of $4.1 million.

Financing Activities

For the year ended April 30, 2020, the Company used cash from financing activities of $132.7 million, which was principally driven by dividends paid of $124.8 million and capital stock repurchased for $6.5 million, partially offset by the issuance of Capital Stock pursuant to the Company's Stock Option Plan for $4.4 million.

WORKING CAPITAL

As at April 30, 2020, the Company had cash and cash equivalents of $75.0 million, compared to $104.6 million at April 30, 2019.

The Company had working capital of $223.7 million as at April 30, 2020 compared to $282.5 million as at April 30, 2019.

Notwithstanding, the Company believes that the current balance in cash plus future cash flow from operations will be sufficient to finance growth and related investment and financing activities in the foreseeable future. The Company also increased its line of credit to $75 million during the fourth quarter of fiscal 2020.

Day sales outstanding in accounts receivable were 76 days at April 30, 2020 as compared to 67 for April 30, 2019.

SHARE CAPITAL STRUCTURE

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

	Year Ended April 30,	
	2020	2019
Common shares	**76,449,446**	76,545,246
Stock options granted and outstanding	**1,628,500**	1,413,500

FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash and cash equivalents, trade and other receivables, trade and other payables and long- term debt. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest or credit risks arising from these financial instruments. The Company estimates the fair value of these instruments approximates the carrying values as listed below.

Fair Values and Classification of Financial Instruments:

The following summarizes the significant methods and assumptions used in estimating the fair values of financial instruments:

I. Quoted prices (unadjusted) in active markets for identical assets or liabilities.

II. Inputs other than quoted prices included in level I that are observable for the asset or liability, either directly or indirectly. Cash and cash equivalents, trade and other receivables, trade and other payables and long-term debt fair value measurements have been measured within level II.

III. Inputs for the asset or liability that are not based on observable market data.

CONTRACTUAL OBLIGATIONS

The following table sets forth the Company's contractual obligations as at April 30, 2020:

	Payments Due by Period				
(In thousands)	Total	Less than 1 year	2-3 Years	4-5 Years	Thereafter
Lease commitments	$ 34,473	$ 5,634	$ 9,365	$ 8,060	$ 11,414
Other long-term debt	238	238	-	-	-
	$ 34,711	$ 5,872	$ 9,365	$ 8,060	$ 11,414

OFF-BALANCE SHEET FINANCING

The Company does not have any off-balance sheet arrangements.

RELATED PARTY TRANSACTIONS

In the normal course of business, we may enter into transactions with related parties. These transactions occur under market terms consistent with the terms of transactions with unrelated arms-length fourth parties.

The Company continues to lease a premise from a company in which two shareholders' each indirectly hold a 16% interest, continues to lease a facility from a company in which two shareholders each indirectly hold a 20% interest, continues to lease three facilities for manufacturing where two shareholders indirectly own 100% interest, continues to lease a facility from a company in which two shareholders each indirectly own a 35% interest, and continues to lease a facility where two shareholders each indirectly own 46.6%.

SELECTED CONSOLIDATED QUARTERLY FINANCIAL INFORMATION

The following table sets out selected consolidated financial information for each of the eight quarters ended April 30, 2020. In the opinion of management, this information has been prepared on the same basis as the audited consolidated financial statements. The operating results for any quarter should not be relied upon as any indication of results for any future period.

	Quarter Ending								
(In thousands)	**2020**		2019				2018		
(Unaudited)	**Apr 30**	Jan 31	Oct 31	July 31	Apr 30	Jan 31	Oct 31	July 31	Apr 30
Revenue	**$ 92,167**	$ 121,226	$ 119,788	$ 103,411	$ 107,245	$ 120,942	$ 112,280	$ 103,089	$ 92,988
Cost of goods sold	**40,114**	53,377	50,466	44,259	44,520	53,245	48,122	44,311	43,979
Gross margin	**$ 52,053**	$ 67,849	$ 69,322	$ 59,152	$ 62,725	$ 67,697	$ 64,158	$ 58,778	$ 49,009
Operating expenses	**30,653**	41,643	42,099	41,423	38,205	39,529	36,770	35,489	37,406
Earnings from operations	**$ 21,400**	$ 26,206	$ 27,223	$ 17,729	$ 24,520	$ 28,168	$ 27,388	$ 23,289	$ 11,603
Non-operating income	**(423)**	(265)	60	29	198	1,224	232	68	89
Earnings before taxes	**$ 20,977**	$ 25,941	$ 27,283	$ 17,758	$ 24,718	$ 29,392	$ 27,620	$ 23,357	$ 11,692
Net earnings	**15,900**	19,258	20,372	13,077	18,562	21,694	20,346	17,273	8,190
Net earnings per share:									
Basic	**$ 0.21**	$ 0.25	$ 0.27	$ 0.17	$ 0.24	$ 0.28	$ 0.27	$ 0.23	$ 0.11
Diluted	**0.21**	0.25	0.27	0.17	0.24	0.28	0.27	0.23	0.11
Dividends per share	**0.18**	0.18	1.08	0.18	0.18	0.18	0.18	0.18	0.18

The Company's revenue and corresponding earnings can vary from quarter to quarter depending on the delivery requirements of our customers. Our customers can be influenced by a variety of factors including upcoming sports or entertainment events as well as their access to capital. Net earnings represent net earnings attributable to shareholders.

DISCLOSURE CONTROLS AND PROCEDURES

Management, including the Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the Company's disclosure controls and procedures (as defined in National Instrument 52-109 of the Canadian Securities Administrators) as of April 30, 2020.

Management has concluded that, as of April 30, 2020, the Company's disclosure controls and procedures were effective to provide reasonable assurance that material information relating to the Company would be made known to them by others within the Company, particularly during the period in which this report was being prepared.

INTERNAL CONTROLS OVER FINANCIAL REPORTING

Management is responsible for and has designed internal controls over financial reporting, or caused it to be designed under management's supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. Management has concluded that, as of April 30, 2020, the Company's internal controls over financial reporting were effective to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

CHANGES IN INTERNAL CONTROLS OVER FINANCIAL REPORTING

There have been no changes to the Company's internal controls over financial reporting during the period ended April 30, 2020 that have materially affected, or reasonably likely to materially affect, its internal controls over financial reporting.

On May 15, 2013 the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") released *Internal Control-Integrated Framework: 2013*, which is an update to the internal control framework previously issued in 1992. Management is currently operating under the 1992 Framework and is transitioning to the updated Framework. While no significant changes to the Company's internal control system are expected to result from the transition, any modifications to such expectation will be reported by the Company within the following MD&A.

OUTLOOK

While the Company believes the Covid-19 pandemic to be temporary, the situation is fluid and the impact of the pandemic on future operations and results, including the impact on overall customer demands is inherently uncertain at this time. Although the Company is an essential service provider and has increased health and safety protocols to continue operations, widespread customer shutdowns, travel restrictions and the postponement or cancellation of sporting as well as other live events and various other related projects will have an adverse effect on the Company's revenues and financial results in the first quarter of fiscal 2021. The Company believes these restraints will also have adverse effects on the second quarter of fiscal 2021 and potentially beyond, but given the uncertainty regarding the situation, it cannot reasonably estimate the severity of any such impact at this time. Notwithstanding the uncertainty, the Company believes the situation is temporary and is well positioned to benefit from an economic revival and the industry transition to IP and Cloud based solutions. The Company will continue to maintain the financial flexibility needed to fund working capital needs and investment opportunities in the foreseeable future. Gross margin percentages may vary depending on the impact of the pandemic on operations, future assistance, mix of products sold, the Company's success in winning more complete projects, utilization of manufacturing capacity and the competitiveness of the pricing environment. R&D will continue to be a key focus as the Company continues to invest in new product developments despite the uncertainty surrounding the pandemic.

RISKS AND UNCERTAINTIES

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

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Evertz Technologies Limited

OPINION

We have audited the consolidated financial statements of Evertz Technologies Limited ("Evertz"or the "Company"), which comprise the consolidated statements of financial position as at April 30, 2020, and 2019, and the consolidated statements of earnings, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at April 30, 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

BASIS FOR OPINION

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

OTHER INFORMATION

Management is responsible for the other information. The other information which is filed with the relevant Canadian Securities Commissions comprises:

- The information included in the Management Discussion and Analysis for the year ended April 30, 2020; and
- The information included in the Annual Report.

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

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

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

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

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

BDO Canada LLP

CHARTERED PROFESSIONAL ACCOUNTANTS
LICENSED PUBLIC ACCOUNTANTS

Markham, Ontario
June 30, 2020

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As at April 30, 2020 and April 30, 2019

(In thousands of Canadian dollars)	**April 30, 2020**	April 30, 2019
ASSETS		
Current assets		
Cash and cash equivalents	**$ 75,025**	$ 104,583
Marketable securities	**-**	4,023
Trade and other receivables (note 3)	**90,631**	81,498
Contract assets	**7,864**	22,348
Prepaid expenses	**9,003**	9,045
Inventories (note 4)	**161,985**	171,271
Income tax receivable (note 25)	**-**	708
	344,508	393,476
Property, plant and equipment (note 5)	**47,794**	48,887
Right-of-use assets (notes 6 and 27)	**28,823**	-
Goodwill (note 7)	**20,771**	20,716
Intangibles (note 8)	**1,573**	1,952
Deferred income taxes (note 25)	**204**	1,566
	$ 443,673	$ 466,597
LIABILITIES		
Current liabilities		
Trade and other payables	**$ 62,231**	$ 63,647
Provisions (note 9)	**5,031**	4,171
Deferred revenue	**45,076**	42,843
Current portion of long term debt (note 11)	**238**	294
Current portion of lease obligations (notes 10 and 27)	**4,400**	-
Income tax payable (note 25)	**3,812**	-
	120,788	110,955
Long-term lease obligations (notes 10 and 27)	**25,465**	-
Long-term debt (note 11)	**-**	239
	146,253	111,194
EQUITY		
Capital stock (note 12)	**143,915**	139,865
Share based payment reserve	**8,279**	8,245
Accumulated other comprehensive earnings	**1,032**	1,729
Retained earnings	**141,786**	203,284
	142,818	205,013
Total equity attributable to shareholders	**295,012**	353,123
Non-controlling interest (note 22)	**2,408**	2,280
	297,420	355,403
	$ 443,673	$ 466,597

See accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Years ended April 30, 2020 and 2019

(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, 2018	**$ 138,675**	**$ 7,885**	**$ 2,149**	**$ 180,518**	**$ 329,227**	**$ 2,056**	**$ 331,283**
Net earnings for the period	-	-	-	77,875	77,875	629	78,504
Foreign currency translation adjustment	-	-	(420)	-	(420)	(30)	(450)
Total comprehensive earnings for the period	$ -	$ -	$ (420)	$ 77,875	$ 77,455	$ 599	$ 78,054
Dividends declared	-	-	-	(55,088)	(55,088)	(375)	(55,463)
Impact of change in accounting policy	-	-	-	(21)	(21)	-	(21)
Share based compensation expense	-	529	-	-	529	-	529
Exercise of employee stock options	1,021	-	-	-	1,021	-	1,021
Transfer on stock option exercise	169	(169)	-	-	-	-	-
Balance at April 30, 2019	**$ 139,865**	**$ 8,245**	**$ 1,729**	**$ 203,284**	**$ 353,123**	**$ 2,280**	**$ 355,403**
Net earnings for the period	-	-	-	68,607	68,607	565	69,172
Foreign currency translation adjustment	-	-	(697)	-	(697)	13	(684)
Total comprehensive earnings for the period	$ -	$ -	$ (697)	$ 68,607	$ 67,910	$ 578	$ 68,488
Dividends declared	-	-	-	(124,327)	(124,327)	(450)	(124,777)
Share based compensation expense	-	425	-	-	425	-	425
Exercise of employee stock options	4,372	-	-	-	4,372	-	4,372
Transfer on stock option exercise	391	(391)	-	-	-	-	-
Repurchase of common shares	(713)	-	-	(5,778)	(6,491)	-	(6,491)
Balance at April 30, 2020	**$ 143,915**	**$ 8,279**	**$ 1,032**	**$ 141,786**	**$ 295,012**	**$ 2,408**	**$ 297,420**

See accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENTS OF EARNINGS

Years ended April 30

(In thousands of Canadian dollars, except per share amounts)		**2020**		2019
Revenue (notes 13 and 20)	**$**	**436,592**	$	443,556
Cost of goods sold		**188,216**		190,198
Gross margin		**248,376**		253,358
Expenses				
Selling, administrative and general (note 14)		**71,233**		71,451
Research and development (note 15)		**95,664**		90,104
Investment tax credits		**(7,595)**		(8,158)
Foreign exchange gain		**(3,484)**		(3,404)
		155,818		149,993
		92,558		103,365
Finance income		**1,077**		1,394
Finance costs		**(1,845)**		(752)
Other income		**169**		1,080
Earnings before income taxes		**91,959**		105,087
Provision for (recovery of) income taxes				
Current (note 25)		**22,304**		26,499
Deferred (note 25)		**483**		84
		22,787		26,583
Net earnings for the year	**$**	**69,172**	$	78,504
Net earnings attributable to non-controlling interest (note 22)	**$**	**565**	$	629
Net earnings attributable to shareholders		**68,607**		77,875
Net earnings for the year	**$**	**69,172**	$	78,504
Earnings per share (note 24)				
Basic	**$**	**0.90**	$	1.02
Diluted	**$**	**0.90**	$	1.02

See accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE EARNINGS

Years ended April 30

(In thousands of Canadian dollars)		**2020**		2019
Net earnings for the year	**$**	**69,172**	$	78,504
Items that may be reclassified to net earnings:				
Foreign currency translation adjustment		**(684)**		(450)
Comprehensive earnings	**$**	**68,488**	$	78,054
Comprehensive earnings attributable to non-controlling interest	**$**	**578**	$	599
Comprehensive earnings attributable to shareholders		**67,910**		77,455
Comprehensive earnings	**$**	**68,488**	$	78,054

See accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years ended April 30

(In thousands of Canadian dollars)	2020	2019
Operating activities		
Net earnings for the year	**$ 69,172**	$ 78,504
Add: Items not involving cash		
Depreciation of property, plant and equipment (note 5)	**10,680**	10,942
Amortization of right-of-use assets	**5,156**	-
Amortization of intangible (note 8)	**432**	217
Gain on disposal of property, plant and equipment	**(10)**	(85)
Realized gain on marketable securities	**(33)**	(1,164)
Unrealized gain on marketable securities	**-**	(23)
Share-based compensation (note 17)	**425**	529
Interest expense	**1,352**	49
Deferred income tax expense	**483**	84
	87,657	89,053
Current tax expenses, net of investment tax credits	**14,709**	18,341
Income taxes paid	**(10,978)**	(18,535)
Changes in non-cash working capital items (note 16)	**17,905**	(389)
Cash provided by operating activities	**109,293**	88,470
Investing activities		
Acquisition of property, plant and equipment (note 5)	**(10,052)**	(11,648)
Proceeds from disposal of property, plant and equipment	**257**	181
Business acquisitions (note 26)	**-**	(9,208)
Acquisition of marketable securities	**-**	(17,708)
Proceeds from sales of marketable securities	**4,056**	14,872
Cash used in investing activities	**(5,739)**	(23,511)
Financing activities		
Repayment of long term debt	**(292)**	(340)
Principle payments of lease liabilities	**(4,117)**	-
Interest paid	**(1,352)**	(49)
Dividends paid	**(124,327)**	(55,088)
Dividends paid by subsidiaries to non-controlling interests	**(450)**	(375)
Capital stock repurchased	**(6,491)**	-
Capital stock issued (note 12)	**4,372**	1,021
Cash used in financing activities	**(132,657)**	(54,831)
Effect of exchange rates on cash and cash equivalents	**(455)**	271
(Decrease) increase in cash and cash equivalents	**(29,558)**	10,399
Cash and cash equivalents beginning of year	**104,583**	94,184
Cash and cash equivalents end of year	**$ 75,025**	$ 104,583

See accompanying notes to the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Years ended April 30, 2020 and 2019

(In thousands of Canadian dollars, except for "number of common shares", "number of options" and "per share" information)

EVERTZ TECHNOLOGIES LIMITED ("EVERTZ" OR THE "COMPANY") IS INCORPORATED UNDER THE *CANADA BUSINESS CORPORATIONS ACT*. THE COMPANY IS INCORPORATED AND DOMICILED IN CANADA AND THE REGISTERED HEAD OFFICE IS LOCATED AT 5292 JOHN LUCAS DRIVE, BURLINGTON, ONTARIO, CANADA. THE COMPANY IS A LEADING SUPPLIER OF SOFTWARE, EQUIPMENT AND TECHNOLOGY SOLUTIONS TO CONTENT CREATORS, BROADCASTERS, SPECIALTY CHANNELS AND TELEVISION SERVICE PROVIDERS. THE COMPANY DESIGNS, MANUFACTURES AND DISTRIBUTES VIDEO AND AUDIO INFRASTRUCTURE SOLUTIONS FOR THE PRODUCTION, POST–PRODUCTION, BROADCAST AND TELECOMMUNICATIONS MARKETS.

1. STATEMENT OF COMPLIANCE

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

These consolidated financial statements were authorized for issue by the Board of Directors on June 30, 2020.

2. SIGNIFICANT ACCOUNTING POLICIES

Outlined below are those policies considered particularly significant:

Basis of Measurement

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

Functional and Presentation Currency

These financial statements are presented in Canadian dollars, which is the Company's functional currency. All financial information presented in Canadian dollars has been rounded to the nearest thousand, except per share amounts.

Basis of Consolidation

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

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

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

Business Combinations

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

On an acquisition by acquisition basis, any non-controlling interest is measured either at the fair value of the non-controlling interest or at the fair value of the proportionate share of the net identifiable assets acquired. Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition

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

Step 1: Identifying the contract
Before recognizing revenue, the Company reviews customer contracts to ensure each party's rights and payment terms are identified, there is commercial substance, and that it is probable that the Company will collect the consideration in exchange for the goods or services as stated in the contract.

Step 2: Identifying performance obligations
The Company regularly sells hardware and software solutions including related services, training and commissioning on a stand alone basis. A customer contract typically lists items separately with distinct item descriptions, quantities, and prices. If a contract contains a bundle of items priced together at a single price, the Company analyzes the contract to identify distinct performance obligations within the bundle.

Step 3: Determining the transaction price
Transaction prices are typically the prices stated on the purchase orders or contracts, net of discounts. The Company reviews customer contracts for any variable considerations, existence of significant financing components and payables to customers, and adjusts transaction prices accordingly.

Step 4: Allocating the transaction price to performance obligations
If a customer contract includes multiple performance obligations, the transaction price is allocated to each performance obligation based on its relative stand-alone selling price. If a stand-alone selling price is not directly observable, the Company estimates the stand-alone selling price of individual elements, based on prices at which the deliverable is regularly sold on a stand-alone basis after considering specific discounts where appropriate.

Step 5: Recognizing revenue upon satisfaction of performance obligations
The timing of revenue recognition is based on when a customer obtains control of the asset. Control of an asset refers to the ability to direct the use of, and obtain substantially all of the remaining benefits from, the asset. Control includes the ability to prevent other entities from directing the use of, and obtaining the benefits from, an asset. The Company reviews customer contracts and the nature of the performance obligations to determine if a performance obligation is satisfied over time or at a point in time, and recognizes revenue accordingly.

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

Revenue from software solutions are recognized either over a period of time or at a point in time depending on the contractual terms of the contract identified and the specific performance obligations identified therein. For performance obligations satisfied over time, the Company measures the progress using either an input or output method, depending on which yields the most reliable estimate.

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

Certain of the Company's contracts are long-term in nature. When the outcome of the contract can be assessed reliably, the Company recognizes revenue on long-term contracts over time, based on costs incurred relative to the estimated total contract costs. When the outcome of the contract cannot be assessed reliably contract costs incurred are immediately expensed and revenue is recognized only to the extent that costs are considered likely to be recovered. Revenue recognized in excess of billings are recorded as contract assets.

Contract assets are recognized when revenue is recognized in excess of billings or when the Company has a right to consideration and that right is conditional to something other than the passage of time. Contract assets are subsequently transferred to accounts receivable when the right to payment becomes unconditional.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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

The estimated useful lives are as follows:

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

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

Intangible Assets

Intangible Assets

Intangible assets represent intellectual property acquired through business acquisitions and are recorded at cost less any impairment loss and are amortized using the straight–line method over a five–year period. The estimated useful life and amortization method are reviewed at the end of each reporting period. Prior to the current year, intangible assets were amortized over a four-year period. Amortization period was determined as more reflective of the period of expected benefits.

Research and Development

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

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

Provisions

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

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

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

Leasing

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The right-of-use asset is depreciated on a straight-line basis over the lease term. The lease term consists of the non-cancellable period of the lease; periods covered by options to extend the lease, where the Company is reasonably certain to exercise the option; and periods covered by options to terminate the lease, where the Company is reasonably certain not to exercise the option.

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

Foreign Currency Translation

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

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

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

Income Taxes

Current Tax

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

Deferred Tax

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Share Based Compensation
Equity settled share based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity settled share based transactions are set out in note 17.

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

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

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government Assistance
The Company applied for assistance from multiple assistance programs, including the Canadian Emergency Wage Subsidy ("CEWS") program as a result of the impact Covid-19 had on Company operations. The assistance has been recognized as an offsetting reduction to the salary expenses and the cost of labour applied to manufactured inventory. During the year, $4,247 (2019 - $0) in assistance was deducted from expenses and $1,122 (2019 - $0) from the cost of inventory.

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:

Asset/Liability	Classification
Cash and cash equivalents	Amortized cost
Marketable securities	Fair value through profit or loss
Trade and other receivables	Amortized cost
Trade and other payables, excluding RSUs	Amortized cost
RSUs	Fair value through profit or loss
Long term debt	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.

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 ("FVOCI")" and "amortized cost". The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on re-measurement recognized in earnings.

Impairment of Financial Assets
Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the time of initial recognition and at each reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected. For certain categories of financial assets, such as trade and other receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment of a financial asset can include a significant or prolonged decline in the fair value of an asset, default or delinquency by a debtor, indication that a debtor will enter bankruptcy or financial re-organization or the disappearance of an active market for a security.

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

Use of Estimates and Judgments

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Consequently, actual results could differ from those estimates. Those estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected. Significant estimates include the determination of expected credit losses which are based on the amount and timing of cash flows expected to be received, provision for inventory obsolescence which is recorded to adjust to the net realizable value of inventory and based on current market prices and past experiences, the useful life of property, plant and equipment and intangibles for depreciation which are based on past experiences, expected use and industry trends, amortization and valuation of net recoverable amount of property, plant and equipment and intangibles, determination of fair value for share based compensation, evaluating deferred income tax assets and liabilities, the determination of fair value of financial instruments and the likelihood of recoverability, and the determination of implied fair value of goodwill and implied fair value of assets and liabilities for purchase price allocation purposes and goodwill impairment assessment purposes.

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

The Company has also assessed the impact of Covid-19 on the estimates and judgements described above. Although the Company expects Covid-19 related disruptions to continue during fiscal 2021, the Company believes that the long-term estimates and assumptions do not require significant revisions. Although the Company determined that no significant revisions to such estimates, judgement or assumptions were required, the pandemic is fluid and given the inherent uncertainty at this time, revisions may be required in future periods to the extent that the negative impacts on the Company business operations arising from Covid-19 continue or worsen. Any such revisions could result in a material impact on our results of operations and financial condition.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Operating Segments
An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components. The Company reviewed its operations and determined that it operates a single reportable segment, the television broadcast equipment market. The single reportable operating segment derives its revenue from the sale of hardware and software solutions including related services, training and commissioning.

CHANGES IN ACCOUNTING POLICIES

Leases
IFRS 16, *Leases* ("IFRS 16") was issued by the IASB in January 2016 to replace IAS 17, *Leases* and *IFRIC 4, Determining whether an arrangement contains a lease*. IFRS 16 introduced a single accounting model for lessees to bring leases on-balance sheet, while leaving lessor accounting largely unchanged. The Company adopted IFRS 16 on May 1, 2019 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under IAS 17 *Leases* and *IFRIC 4 Determining whether an arrangement contains a lease*. The impact resulting from adoption of IFRS 16 is disclosed in Note 27.

Uncertainty over Income Tax Positions
IFRIC 23, Uncertainty over income tax treatments ("IFRIC 23") was issued by the IASB in June 2017 and clarifies how to recognize and measure current and deferred income tax assets and liabilities when there is uncertainty over income tax treatments. The Company adopted IFRIC 23 on May 1, 2019. IFRIC 23 did not have a material impact on the Consolidated Financial Statements.

3. TRADE AND OTHER RECEIVABLES

		2020		2019
Trade receivables	**$**	**83,422**	$	79,262
Other receivables		**7,209**		2,236
	$	**90,631**	$	81,498

4. INVENTORIES

		2020		2019
Finished goods	**$**	**63,835**	$	64,917
Raw material and supplies		**64,044**		64,524
Work in progress		**34,106**		41,830
	$	**161,985**	$	171,271

Cost of sales for the year ended April 30, 2020 was comprised of $180,585 of inventory (2019 - $182,409) and $4,604 of inventory write-offs (2019 - $2,832).

Years ended April 30, 2020 and 2019 (In thousands of Canadian dollars, except for "number of common shares", "number of options" and "per share" information)

5. PROPERTY, PLANT AND EQUIPMENT

	April 30, 2020			April 30, 2019		
	Cost	**Accumulated Depreciation**	**Carrying Amount**	Cost	Accumulated Depreciation	Carrying Amount
Office furniture and equipment	**$ 4,819**	**$ 3,252**	**$ 1,567**	$ 4,252	$ 2,586	$ 1,666
Research and development equipment	**38,735**	**25,072**	**13,663**	34,549	22,029	12,520
Airplanes	**11,535**	**8,579**	**2,956**	11,348	7,992	3,356
Machinery and equipment	**67,698**	**52,407**	**15,291**	64,858	48,266	16,592
Leaseholds	**9,206**	**5,546**	**3,660**	8,770	5,078	3,692
Land	**2,332**	**-**	**2,332**	2,379	-	2,379
Buildings	**11,293**	**2,968**	**8,325**	11,488	2,806	8,682
	$ 145,618	**$ 97,824**	**$ 47,794**	$ 137,644	$ 88,757	$ 48,887

	Office furniture and equipment	Research and development equipment	Airplanes	Machinery and equipment	Leaseholds	Land	Buildings	Total
Cost								
Balance as at April 30, 2018	**$ 3,881**	**$ 36,756**	**$ 10,806**	**$ 61,880**	**$ 8,620**	**$ 2,430**	**$ 10,603**	**$ 134,976**
Additions	302	3,112	542	6,402	141	-	1,149	11,648
Business acquisitions	93	21	-	578	-	-	-	692
Foreign exchange adjustments	(7)	(55)	-	(23)	9	(51)	(264)	(391)
Disposals	(17)	(5,285)	-	(3,979)	-	-	-	(9,281)
Balance as at April 30, 2019	**$ 4,252**	**$ 34,549**	**$ 11,348**	**$ 64,858**	**$ 8,770**	**$ 2,379**	**$ 11,488**	**$ 137,644**
Additions	223	5,194	187	4,007	428	-	13	10,052
Foreign exchange adjustments	344	813	-	1,637	8	(47)	(208)	2,547
Disposals	-	(1,821)	-	(2,804)	-	-	-	(4,625)
Balance as at April 30, 2020	**$ 4,819**	**$ 38,735**	**$ 11,535**	**$ 67,698**	**$ 9,206**	**$ 2,332**	**$ 11,293**	**$ 145,618**
Accumulated Depreciation								
Balance as at April 30, 2018	$ 2,262	$ 23,529	$ 7,514	$ 46,654	$ 4,486	$ -	$ 2,616	$ 87,061
Depreciation for the year	354	3,813	478	5,525	592	-	180	10,942
Foreign exchange adjustments	(13)	(28)	-	(29)	-	-	10	(60)
Disposals	(17)	(5,285)	-	(3,884)	-	-	-	(9,186)
Balance as at April 30, 2019	**$ 2,586**	**$ 22,029**	**$ 7,992**	**$ 48,266**	**$ 5,078**	**$ -**	**$ 2,806**	**$ 88,757**
Depreciation for the year	307	4,000	587	5,136	468	-	182	10,680
Foreign exchange adjustments	359	852	-	1,561	-	-	(20)	2,752
Disposals	-	(1,809)	-	(2,556)	-	-	-	(4,365)

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Balance as at April 30, 2020	**$ 3,252**	**$ 25,072**	**$ 8,579**	**$ 52,407**	**$ 5,546**	**$ -**	**$ 2,968**	**$ 97,824**
Carrying amounts								
At April 30, 2019	$ 1,666	$ 12,520	$ 3,356	$ 16,592	$ 3,692	$ 2,379	$ 8,682	$ 48,887
At April 30, 2020	**$ 1,567**	**$ 13,663**	**$ 2,956**	**$ 15,291**	**$ 3,660**	**$ 2,332**	**$ 8,325**	**$ 47,794**

6. RIGHT-OF-USE ASSETS

	Land & Building
Balance as at May 1, 2019	**$ 33,621**
Additions	193
Amortization for the year	(5,156)
Foreign exchange adjustments	165
Balance as at April 30, 2020	**$ 28,823**

7. GOODWILL

The changes in carrying amounts of goodwill are as follows:

	Cost
Balance as at April 30, 2018	**$ 18,168**
Business acquisitions (note 26)	2,535
Foreign exchange differences	13
Balance as at April 30, 2019	**$ 20,716**
Foreign exchange differences	55
Balance as at April 30, 2020	**$ 20,771**

The Company performs an impairment test annually on April 30th or whenever there is an indication of impairment. For the purposes of testing for impairment, goodwill has been allocated to the following cash-generating units as follows:

	April 30,	
	2020	2019
Evertz Microsystems Ltd.	**$ 14,006**	$ 14,008
Holdtech Kft	**5,346**	5,346
Quintech	**1,022**	978
ATCI	**397**	384
	$ 20,771	$ 20,716

The key assumptions used in performing the impairment tests as at April 30, 2020 are as follows:

Method of determining recoverable amount: Value in use
Discount Rate: 7.5% - 16.0%
Perpetual growth rate: 1 - 4%

The key assumptions are inherently uncertain due to the fluidly evolving impact of the Covid-19 pandemic.

Years ended April 30, 2020 and 2019 (In thousands of Canadian dollars, except for "number of common shares", "number of options" and "per share" information)

7. GOODWILL (CONTINUED)

Recoverable Amount

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

Discount Rate

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

Perpetual Growth Rate

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

Sensitivity Analysis

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

8. INTANGIBLES

		Cost
Balance as at April 30, 2018	**$**	**-**
Business acquisitions (note 26)		2,124
Amortization		(217)
Foreign exchange differences		45
Balance as at April 30, 2019	**$**	**1,952**
Amortization		(432)
Foreign exchange differences		53
Balance as at April 30, 2020	**$**	**1,573**

9. PROVISIONS

		Warranty and Returns		Lease/ Retirement Obligations		Total
Balance as at April 30, 2018	**$**	**3,544**	**$**	**437**	**$**	**3,981**
Net additions		(35)		107		72
Foreign exchange differences		120		(2)		118
Balance as at April 30, 2019	**$**	**3,629**	**$**	**542**	**$**	**4,171**
Net additions		672		105		777
Foreign exchange differences		80		3		83
Balance as at April 30, 2020	**$**	**4,381**	**$**	**650**	**$**	**5,031**

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.

9. PROVISIONS (CONTINUED)

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

10. LEASE LIABILITIES

		Land & Building
Balance as at May 1, 2019	**$**	**33,621**
Additions		193
Interest expense		1,263
Lease payments		(5,380)
Foreign exchange adjustments		168
Balance as at April 30, 2020	**$**	**29,865**
Less current portion		4,400
Long term lease obligations	**$**	**25,465**

11. LONG TERM DEBT

a) Credit Facilities

The Company has the following credit facilities available:

1. Credit facility of $75,000 and a treasury risk management facility up to $10,000 available, bearing interest at prime, subject to certain covenants and secured by all Canadian based assets. Advances under these facilities bear interest at prime. There were no borrowings against either of these facilities as at April 30, 2020 or 2019.
2. Credit facility available of $1,979 bearing interest at WIBOR plus 1.4% per annum. There were no borrowings outstanding under this facility as at April 30, 2020 or 2019.

b) Long Term Debt

		April 30, 2020		April 30, 2019
1. Mortgage payable denominated in Euros, secured by buildings, bearing interest at fixed rate of 4.41% per annum, payable monthly, maturing in March 2021 with an option to end the contract prior to maturity upon payment of a penalty fee.	**$**	**225**	$	454
2. Other		**13**		79
	$	**238**	$	533
Less current portion		**238**		294
	$	**-**	$	239

12. CAPITAL STOCK

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

Years ended April 30, 2020 and 2019 (In thousands of Canadian dollars, except for "number of common shares", "number of options" and "per share" information)

12. CAPITAL STOCK (CONTINUED)

	Number of Common Shares		Amount
Balance as at April 30, 2018	**76,481,746**	**$**	**138,675**
Issued on exercise of stock options	63,500		1,021
Transferred on stock option exercise	-		169
Balance as at April 30, 2019	**76,545,246**	**$**	**139,865**
Issued on exercise of stock options	284,000		4,372
Cancelled pursuant to NCIB	(379,800)		(713)
Transferred on stock option exercise	-		391
Balance as at April 30, 2020	**76,449,446**	**$**	**143,915**

Dividends Per Share
During the year, $1.62 in dividends per share were declared, including a special dividend of $0.90 per share (2019 - $0.72).

Normal Course Issuer Bid
In October 2019, the Company filed a Normal Course Issuer Bid ("NCIB") with the TSX to repurchase, at the Company's discretion, until October 23, 2020 up to 3,830,252 outstanding common shares on the open market or as otherwise permitted, subject to normal terms and limitations of such bids. During the year, the Company purchased and cancelled 379,800 common shares at a weighted average price of $17.09.

13. REVENUE

		2020		2019
Hardware, including related software	**$**	**369,020**	$	399,482
Services, including warranty, training and commissioning		**18,160**		20,866
Long term contract revenue		**49,412**		23,208
	$	**436,592**	$	443,556

14. SELLING, ADMINISTRATIVE AND GENERAL EXPENSES

		2020		2019
Selling and administrative	**$**	**67,597**	$	67,821
Depreciation - selling and administrative		**3,077**		3,193
General:				
Share-based compensation (note 17)		**127**		220
Amortization of intangibles		**432**		217
	$	**71,233**	$	71,451

15. RESEARCH AND DEVELOPMENT

		2020		2019
Research and development	**$**	**85,989**	$	81,347
Depreciation - research and development		**4,838**		4,476
General:				
Share-based compensation (note 17)		**4,837**		4,281
	$	**95,664**	$	90,104

16. STATEMENT OF CASH FLOWS

Changes in non–cash working capital items

		2020		2019
Trade and other receivables	**$**	**(8,522)**	$	(10,924)
Contract assets		**14,484**		(518)
Inventories		**9,348**		(459)
Prepaid expenses		**149**		(3,433)
Trade and other payables		**(647)**		5,438
Deferred revenue		**2,233**		9,317
Provisions		**860**		190
	$	**17,905**	$	(389)

17. 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, 2018	**2,241,000**	**$**	**16.78**
Granted	647,500		15.79
Exercised	(63,500)		16.08
Forfeited	(123,000)		16.79
Expired	(1,288,500)		17.03
Balance as at April 30, 2019	**1,413,500**	**$**	**16.13**
Granted	715,000		17.55
Exercised	(284,000)		15.39
Forfeited	(105,500)		16.42
Expired	(110,500)		17.74
Balance as at April 30, 2020	**1,628,500**	**$**	**16.75**

Years ended April 30, 2020 and 2019 (In thousands of Canadian dollars, except for "number of common shares", "number of options" and "per share" information)

17. SHARE BASED PAYMENTS (CONTINUED)

Stock options outstanding as at April 30, 2020 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
$ 15.20 - $ 15.37	$ 15.36	99,000	0.2	20,000	$ 15.37
$ 15.61 - $ 15.80	$ 15.69	452,000	3.5	-	$ -
$ 16.08 - $ 17.38	$ 16.55	445,000	3.4	96,000	$ 16.99
$ 17.39 - $ 18.63	$ 17.87	632,500	4.4	-	$ -
Totals	$ 16.75	1,628,500	3.6	116,000	$ 16.71

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

	Number of RSUs
Balance as at April 30, 2018	**690,000**
Granted	351,500
Exercised	(210,000)
Forfeited	(19,000)
Balance as at April 30, 2019	**812,500**
Granted	418,500
Exercised	(301,000)
Forfeited	(9,000)
Balance as at April 30, 2020	**921,000**

As at April 30, 2020, the average remaining contractual life for outstanding RSUs is 1.42 years (2019 – 1.54 years).

Compensation expense

Stock Option Plan
The share based compensation expense that has been charged against earnings over the fiscal period is $425 (2019 - $529). Compensation expense on grants during the year was calculated using the Black-Scholes option pricing model with the following weighted average assumptions:

	April 30, 2020	April 30, 2019
Risk-free interest rate	**1.38%**	2.05%
Dividend yield	**4.11%**	4.56%
Expected life	**5 years**	5 years
Expected volatility	**15%**	15%
Weighted average grant-date fair value	**$ 1.19**	$ 1.08

17. SHARE BASED PAYMENTS (CONTINUED)

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 9% (2019 – 17%).

Restricted Share Unit Plan

The share based compensation expense that has been charged against earnings over the fiscal period is $4,539 (2019 - $3,971). Share based compensation expense was calculated using a weighted average forfeiture rate of 4% (2019 - 10%). As at April 30, 2020, the total liability included within trade and other payables is $5,391 (2019 - $7,401).

18. COMMITMENTS AND CONTINGENCIES

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

The Company is committed to payments under long term debt agreements and certain lease obligations in Note 26 with minimum annual lease payments as follows:

	Long Term Debt	Leases Payments	Total
2020	$ 238	$ 5,634	$ 5,872
2021	-	5,071	5,071
2022	-	4,294	4,294
2023	-	4,221	4,221
2024	-	3,839	3,839
Thereafter	-	11,414	11,414
Balance as at April 30, 2020	**$ 238**	**$ 34,473**	**$ 34,711**

Total operating lease expense during the year was $405 (2019 - $5,579).

The Company has obtained documentary and standby letters of credit aggregating to a total of $18,857 (2019 - $12,597).

19. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company estimates that the fair value of financial instruments approximates their carrying values. The following summarizes the significant methods and assumptions used in estimating the fair values of financial instruments.

I. Quoted prices (unadjusted) in active markets for identical assets or liabilities.

II. Inputs other than quoted prices included in level I that are observable for the asset or liability, either directly or indirectly. Cash and cash equivalents, trade and other receivables, trade and other payables, long term debt, and fair value disclosures have been determined using level II fair values.

III. Inputs for the asset or liability that are not based on observable market data.

(a) Financial risk management:

The Company, through its financial assets and liabilities, is exposed to various risks. The following analysis provides a measurement of risks as at April 30, 2020:

Years ended April 30, 2020 and 2019 (In thousands of Canadian dollars, except for "number of common shares", "number of options" and "per share" information)

19. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Credit risk

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

The Company sets up an allowance for doubtful accounts based on the credit risks of the individual customer and the aging of receivables. Amounts owing over 90 days are individually evaluated and provided for where appropriate in the allowance for doubtful accounts. When considering the need for provisions in relation to balances past due, the Company considers forward looking information such as region specific economic factors including industry outlook, employment, politics, and other market indicators including the estimated impact of the Covid-19 pandemic. The Company also takes into consideration customer specific payment history. The trade and other receivables are presented as follows net of the allowance for doubtful accounts:

	April 30, 2020	April 30, 2019
Trade and other receivables	**$ 94,661**	$ 85,514
Allowance for doubtful accounts	**(4,030)**	(4,016)
	$ 90,631	$ 81,498

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

	April 30, 2020	April 30, 2019
Balance at beginning of year	**$ 4,016**	$ 5,607
Increase in allowance	**1,125**	1,955
Bad debt recaptured and write-offs	**(1,159)**	(3,787)
Impact of variation in exchange rates	**48**	241
Balance at end of year	**$ 4,030**	$ 4,016

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

	April 30, 2020	April 30, 2019
Less than 30 days past billing date	**$ 37,130**	$ 42,092
30-60 days past billing date	**24,377**	14,549
61-90 days past billing date	**14,558**	6,935
Greater than 90 days past billing date	**14,566**	17,922
	$ 90,631	$ 81,498

Exchange Rate Risk

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

19. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

U.S. dollar financial instruments are as follows:

	April 30, 2020	April 30, 2019
Cash and cash equivalents	$ 29,289	$ 42,051
Trade and other receivables	46,797	58,294
Trade and other payables	(6,492)	(4,979)
	$ 69,594	$ 95,366

Based on the financial instruments as at April 30, 2020, a 5% change in the value of the U.S. dollar would result in a gain or loss of $3,480 in earnings before income tax.

Liquidity Risk
Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with its financial liabilities. The Company's primary source of liquidity is its cash reserves. The Company also maintains certain credit facilities to support short term funding of operations and trade finance. The Company believes it has sufficient available funds to meet current and foreseeable financial requirements. The Company expects to settle all current financial liabilities within the next year. Maturity of long term debt is disclosed in Note 11 and lease obligations are under Note 18.

20. 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.

Revenue	2020	2019
United States	$ 281,184	$ 280,183
International	147,589	145,753
Canada	7,819	17,620
	$ 436,592	$ 443,556

	April 30, 2020			April 30, 2019		
	Property, Plant and Equipment	Goodwill	Intangible Assets	Property, Plant and Equipment	Goodwill	Intangible Assets
United States	$ 5,185	$ 1,420	$ 1,573	$ 5,713	$ 1,361	$ 1,952
International	11,049	17,768	-	11,590	17,772	-
Canada	31,560	1,583	-	31,584	1,583	-
	$ 47,794	$ 20,771	$ 1,573	$ 48,887	$ 20,716	$ 1,952

Years ended April 30, 2020 and 2019 (In thousands of Canadian dollars, except for "number of common shares", "number of options" and "per share" information)

21. 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 $9,617 committed over the remaining term. During the year, rent paid for the leased principal premises amounted to $1,019 (2019 – $908) with no outstanding amounts due as at April 30, 2020.

The Company also leases property where two shareholders indirectly own 100% interest. This lease expires in 2021 with a total of $364 committed over the remaining term. During the year, rent paid for the leased principal premises amounted to $264 (2019 – $264) with no outstanding amounts due as at April 30, 2020.

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 $7,735 committed over the remaining term. During the year, rent paid for the leased principal premises amounted to $841 (2019 – $838) with no outstanding amounts due as at April 30, 2020.

On May 1, 2009 the Company entered into a property lease agreement where two shareholders each indirectly hold a 35% interest. This lease expires in 2029 with a total of $4,928 committed over the remaining term. During the year, rent paid for the leased principal premises amounted to $507 (2019 – $485) with no outstanding amounts due as at April 30, 2020.

The Company also leases a property where two shareholders indirectly own 100% interest. The lease expires in 2023 with a total of $407 committed over the remaining term. During the year, rent paid for the leased principal premises amounted to $152 (2019 – $145) with no outstanding amounts due as at April 30, 2020.

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 $6,149 committed over the remaining term. During the year, rent paid for the leased principal premises amounted to $982 (2019 – $982) with no outstanding amounts due as at April 30, 2020.

On August 1, 2016 the Company entered into a property lease agreement where two shareholders indirectly own 100% interest. This lease expires in 2026 with a total of $1,704 committed over the remaining term. During the year, rent paid for the leased principal premises amounted to $253 (2019 – $251) with no outstanding amounts due as at April 30, 2020.

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

The remuneration of directors and other members of key management personnel for the years ended April 30, 2020 and April 30, 2019 are as follows:

		2020		2019
Short-term salaries and benefits	$	5,129	$	4,676
Share-based payments		511		-
	$	5,640	$	4,676

The total employee benefit expense was $140,803 (2019 - $136,657).

21. RELATED PARTY TRANSACTIONS (CONTINUED)

Subsidiaries:
The Company has the following significant subsidiaries:

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

22. NON-CONTROLLING INTERESTS

The Company has non-controlling interests of 25% of Truform Metal Fabrication Ltd., located in Canada and 10% with Studiotech Poland Sp. z.o.o., located in Poland.

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

		April 30, 2020		April 30, 2019
Current assets	$	15,766	$	11,355
Non-current assets		7,146		6,923
Current liabilities		5,942		2,376
Non-current liabilities		461		76
Equity attributable to shareholders		14,100		13,547
Non-controlling interest		2,408		2,280

		April 30, 2020		April 30, 2019
Revenue	$	32,084	$	41,824
Net earnings attributable to:				
Shareholders		2,563		2,893
Non-controlling interest		565		629

During the year, $450 (2019 - $375) in dividends were paid to non-controlling interests.

23. CAPITAL DISCLOSURES

The Company's capital is composed of total equity attributable to shareholders which totals $295,012 (2019 - $353,123) as at April 30, 2020. The Company's objective in managing capital is to ensure sufficient liquidity to finance increases in non-cash working capital, capital expenditures for capacity expansions, pursuit of selective acquisitions and the payment of quarterly dividends. The Company's strategy on capital risk management has not changed significantly since April 30, 2019.

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

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

Years ended April 30, 2020 and 2019 (In thousands of Canadian dollars, except for "number of common shares", "number of options" and "per share" information)

24. EARNINGS PER SHARE

	2020	2019
Weighted average common shares outstanding	**76,624,706**	76,510,417
Dilutive-effect of stock options	**18,081**	19,382
Diluted weighted average common shares outstanding	**76,642,787**	76,529,799

The weighted average number of diluted common shares excludes 832,500 options because they were anti-dilutive during the period (2019 – 435,000).

25. INCOME TAXES

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

		2020		2019
Expected income tax expense using statutory rates (25%, 2019 - 25%)	**$**	**22,990**	$	26,272
Difference in foreign tax rates		**346**		455
Non-deductible stock based compensation		**(13)**		164
Change in estimates relating to prior periods		**(338)**		(280)
Other		**(198)**		(28)
	$	**22,787**	$	26,583

Benefit arising from a previously unrecognized tax loss has been recognized in the year as a result of new business opportunities expected to result in taxable income in future years.

Components of deferred income taxes are summarized as follows:

		April 30, 2020		April 30, 2019
Deferred income tax assets (liabilities):				
Tax loss carried forward	**$**	**32**	$	33
Research and development tax credits		**(2,264)**		(2,229)
Equipment tax vs accounting basis		**(984)**		(800)
Non-deductible reserves		**3,420**		4,562
	$	**204**	$	1,566

As at April 30, 2020, the Company had $3,754 (2019 - $3,283) in tax losses for which no deferred tax asset has been recognized in the statement of financial position. Of these losses, $946 expire in 2025 while the remaining balance has no expiry.

26. BUSINESS ACQUISITIONS

On November 1, 2018, the Company acquired 100% equity of Quintech Electronics and Communications, Inc. ("Quintech"), a privately held company headquartered in Indiana, Pennsylvania, USA, with world class RF solutions and products deployed in over 120 countries. The fair value of total consideration transferred upon acquisition includes cash considerations of $6,635, net of $23 in cash acquired and contingent consideration valued at $1,016. The contingent consideration also includes potential management fees based on future earnings before interest, taxes, depreciation and amortization ("EBITDA") of Quintech from November 1, 2018 through to December 31, 2020, potentially resulting in additional expenses up an undiscounted maximum of $3,286. The acquisition was accounted for under the acquisition method and its operating results have been included in these financial statements since the date of acquisition. During fiscal 2019, from the date of acquisition, a total of $5,595 in revenue and $309 in earnings were included within the consolidated statement of earnings. During fiscal 2019 the Company recognized $186 of transaction costs in selling, administrative and general expenses relating to the transaction.

26. BUSINESS ACQUISITIONS (CONTINUED)

The allocation of the purchase price was based on management's estimate of the fair value of assets acquired and liabilities assumed. The allocation of the purchase price was as follows:

Trade and other receivables	$	1,734
Inventories		3,045
Income tax receivable		3
Trade and other payables		(1,297)
Deferred revenue		(11)
Property, plant and equipment		685
Prepaid expenses		161
Deferred tax liability		255
Intangible assets		2,124
Goodwill (not tax deductible)		952
	$	7,651

The Goodwill of $952 arising from the acquisition consists largely of the expansion of the Company's product lines and potential customer base. Fair value of trade and other receivables is equivalent to gross receivables as no amount within receivables has been deemed uncollectable.

On February 13, 2019 the Company acquired 100% equity of a privately owned company headquartered in Ontario, Canada. The fair value of total consideration transferred upon acquisition included cash consideration of $1,557, net of $58 in cash acquired.

The allocation of the purchase price was based on management's estimate of the fair value of assets acquired and liabilities assumed. The allocation of the purchase price was as follows:

Trade and other receivables	$	78
Trade and other payables		(111)
Property, plant and equipment		7
Goodwill (not tax deductible)		1,583
	$	1,557

27. EXPLANATION OF ADOPTION OF IFRS 16, LEASES

IFRS 16, *Leases* ("IFRS 16") was issued by the IASB in January 2016 to replace IAS 17, *Leases* and *IFRIC 4, Determining whether an arrangement contains a lease*. IFRS 16 introduced a single accounting model for lessees to bring leases on-balance sheet, while leaving lessor accounting largely unchanged. The details of the primary changes on adoption of IFRS 16 are set out below.

A lessee is now required to recognize, on its statement of financial position, a right-of-use asset, representing its right to use the underlying leased asset, and a lease liability, representing its obligation to make lease payments.

The Company has adopted IFRS 16, effective May 1, 2019, using the modified retrospective approach. Under this approach, the Company has applied IFRS 16 to all contracts that are not complete on the date of initial application, without restatement of comparative figures as previously reported for 2019. Therefore, the comparative information has not been restated and continues to be reported under IAS 17 and IFRIC 4. At transition, the Company applied the practical expedient available to us as lessee that allows the Company to maintain its lease assessments made under IAS 17 and IFRIC 4 for existing contracts. Therefore, the definition of a lease under IFRS 16 was applied only to contracts entered into or changed after May 1, 2019.

27. EXPLANATION OF ADOPTION OF IFRS 16, LEASES (CONTINUED)

When applying IFRS 16 to leases previously classified as operating leases, the Company has followed practical expedients that allow a single discount rate to a portfolio of leases with similar characteristics; allow the exclusion of initial direct costs from measuring the right-of-use asset as at May 1, 2019; allow the use of hindsight in determining the lease term where the lease contract contains purchase, extension, or termination options; and reliance upon the Company's assessment of whether leases are onerous under the requirements of IAS 37, *Provisions, contingent liabilities and contingent assets* as at May 1, 2019 as an alternative to reviewing the Company's right-of-use assets for impairment. The Company has also elected to account for all short-term leases and all leases for which the underlying asset is of low value as expenses on either a straight-line basis over the lease term or another systematic basis, and thus not recognize a lease liability and a right-of-use asset at the date of initial application.

For remaining leases previously classified as operating leases under IAS 17, the lease liability has been measured at the present value of the remaining lease payments, discounted using the related incremental borrowing rate as at May 1, 2019. The weighted average discount rate applied to the total lease liabilities recognized on transition was 3.95%. The associated right-of-use asset has been measured at an amount equal to the lease liability, adjusted by the amount of any lease retirement obligations, lease incentives previously received, and prepaid or accrued lease payments recognized in the statement of financial position immediately before the date of initial application.

As a result of adopting IFRS 16, the Company has recognized a significant increase to both right-of-use assets and lease liabilities on the Consolidated Statements of Financial Position, with no net impact on retained earnings. The impact on the Consolidated Income Statement is a decrease in operating lease expenses and an increase in amortization of the right-of-use asset and interest costs on the lease liability. Amortization of right-of-use assets and operating lease expenses are recorded in the same line items within the Consolidated Income Statement.

Prior to adopting IFRS 16, the Company had a total amount of future lease commitments as at May 1, 2019 of $39,197. The difference between the total lease liabilities recognized on transition of $33,621 and future lease commitments of $39,197 as disclosed in the Company's 2019 Annual Consolidated Financial Statements, was mainly a result of discounting on the minimum lease payments and the exclusion of short-term leases and leases for which the underlying asset is of low value from the total lease liability recognized upon transition.

The Company had no leases previously classified as finance leases under IAS 17, as at May 1, 2019. There was no significant impact for contracts in which the Company is the lessor.

Below is the effect of transition to IFRS 16 on our condensed consolidated statement of financial position as at May 1, 2019:

(In thousands of Canadian dollars)

	As reported as at April 30, 2019	Effect of IFRS 16 transition	Subsequent to transition as at May 1, 2019
Assets			
Right-of-use assets	$ -	$ 33,621	$ 33,621
Liabilities			
Current liabilities			
Current portion of lease obligations	-	4,117	4,117
Long-term lease obligations	-	29,504	29,504
	$ -	**$ 33,621**	**$ 33,621**

During the year, the Company recognized amortization of right-of-use assets of $5,156 as well as finance costs on lease liabilities of $1,263. In the Consolidated Statement of Cash Flows, additional line items were added that related to the amortization of the right-of-use assets and principle payments of lease liabilities.

28. SUBSEQUENT EVENT

On June 30, 2020 the Company declared a quarterly dividend of $0.09 with a record date of July 10, 2020 and a payment date of July 17, 2020.

5-YEAR FINANCIAL HIGHLIGHTS

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

Consolidated Statement of Earnings Data

	Year Ended April 30,				
	2020	2019	2018	2017	2016
Sales	**$ 436,592**	$ 443,556	$ 402,832	$ 384,432	$ 381,550
Selling and administrative expenses	**67,597**	67,821	65,531	62,135	60,986
Research and development expenses	**90,827**	85,823	80,804	73,699	66,892
Earnings before income taxes	**91,959**	105,087	72,966	93,546	96,795
Net earnings	**69,172**	78,504	53,546	69,773	70,886
Fully diluted EPS	**0.90**	1.02	0.70	0.92	0.94

Consolidated Balance Sheet Data

	Year Ended April 30,				
	2020	2019	2018	2017	2016
Cash and cash equivalents	**$ 75,025**	$ 104,583	$ 94,184	$ 54,274	$ 123,102
Total assets	**443,673**	466,597	421,115	410,568	448,314
Shareholder’s equity	**295,012**	353,123	329,227	317,830	366,205
Number of common shares outstanding					
Basic	**76,449,446**	76,545,246	76,481,746	75,742,746	74,188,746
Fully-diluted	**78,077,941**	77,958,746	78,722,746	78,621,246	78,595,246

CORPORATE AND SHAREHOLDER INFORMATION

DIRECTORS AND EXECUTIVE OFFICERS

Romolo Magarelli
Director, President and Chief Executive Officer

Douglas DeBruin
Executive Chairman

Christopher Colclough [1, 2]
Director

Dr. Thomas Pistor [1]
Director

Dr. Ian McWalter [1, 2]
Director

Brian Piccioni
Director

Rakesh Patel
Chief Technology Officer,
Director

Brian Campbell
Executive Vice-President,
Business Development

Jonathan Pannaman
Executive Vice-President
Advanced Architecture and
Solutions Engineering

Douglas Moore
Chief Financial Officer

Eric Fankhauser
Vice-President,
Product Development

Vince Silvestri
Vice-President of Software
Systems

Robert Peter
Vice-President,
International Operations

Jeff Marks
Vice-President
of Manufacturing

Dan Turow
Vice-President of File Based
Solutions

Paulo Francisco
Vice-President of Engineering
Evertz AV Division

Marsha Garner
Vice-President, Inside Sales
and Administration

Orest Holyk
Vice-President of Sales USA

[1] Member of the Audit Committee.
[2] Member of the Compensation Committee.

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EXCHANGE LISTING

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

INVESTOR RELATIONS

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ANNUAL SHAREHOLDERS MEETING

10:00 a.m. Wednesday, October 7, 2020
1160 Sutton Drive
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