Evertz Technologies Limited

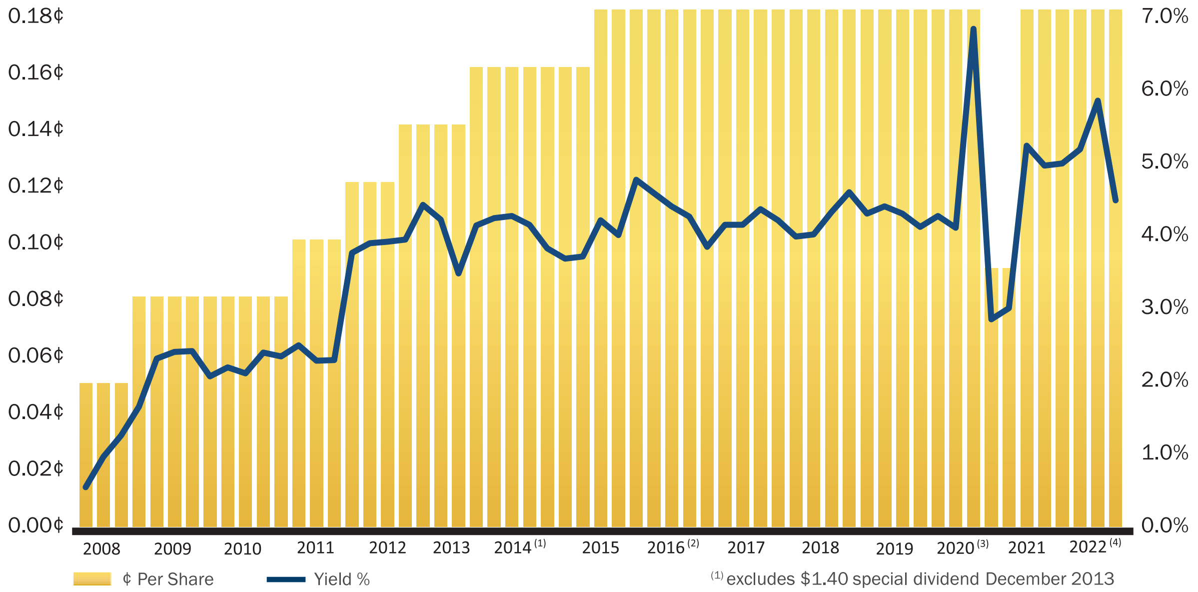
2022

ANNUAL REPORT

2022 HIGHLIGHTS

STRENGTH	INNOVATION	GENERATING CASH	PROFITABILITY
Annual Revenue	Re-investment in R&D	Operating Activities	Earnings Before Taxes
$441M	**$102M**	**$69M**	**$98M**

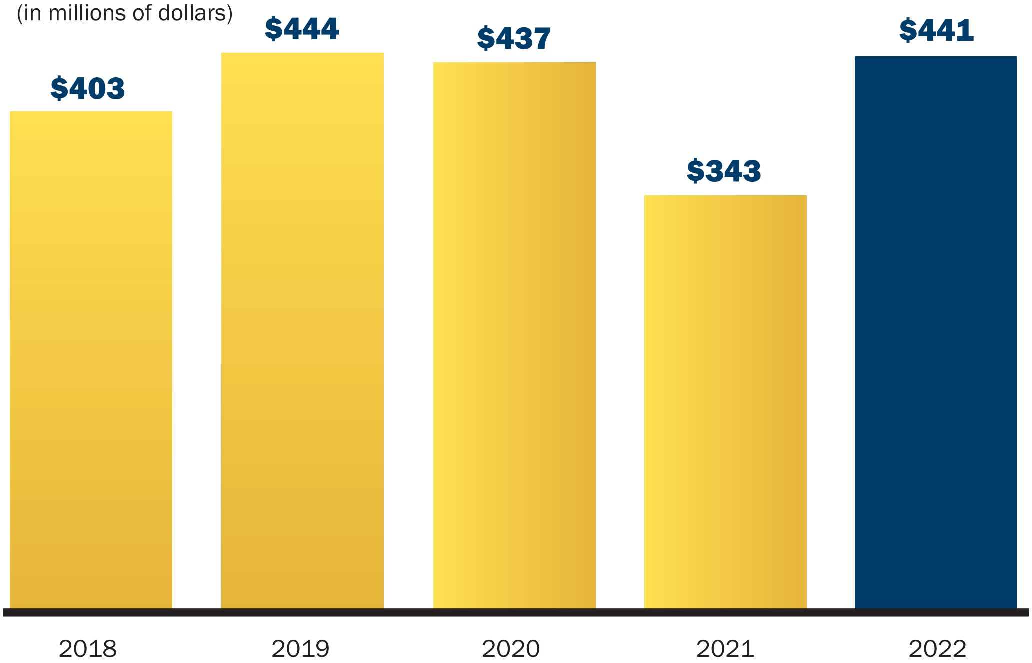
QUARTERLY DIVIDEND HISTORY



(1) excludes $1.40 special dividend December 2013
(2) excludes $1.10 special dividend December 2016
(3) excludes $0.90 special dividend September 2019
(4) excludes $1.00 special dividend September 2021

ANNUAL REVENUE

Year ended April 30,
(in millions of dollars)



A LETTER TO FELLOW SHAREHOLDERS

Fiscal 2022 marked Evertz' return to pre-pandemic revenues and profitability. Despite challenges, Evertz generated strong revenue growth of 29% year over year, while generating 75% more pre-tax earnings. Evertz has managed through the challenges by expeditiously addressing issues head on, while continuing to prioritize the health and safety of our employees, customers and partners, working assiduously with our customers to provide on-time deliveries and continuous support and solutions, and continuing to maintain our focus on investing into new technologies. Evertz decisive actions and adherence to our strategic vision has resulted in Evertz ending the year with a healthy balance sheet, strong operational cash flows, spirited efficiency gains, while delivering significant value to shareholders.

Highlights from the year include:

- Annual revenues of $441 million;
- Earnings before taxes of $98 million, an increase of 75% year-over-year;
- Annual investment in research and development of $102 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 $1.00 per share; and
- Year-end cash of $34 million.

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

Today our customers' evolving needs are driven by the global demand for more 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 and selective acquisition of new leading edge technologies is a unique competitive advantage. In the past year alone, Evertz invested $102 million in R&D and over $440 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 "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.

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

Evertz is at the forefront of the IP, IT and "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 the Evertz VUE Anywhere product seamlessly extends secure operation control to enable collaborative Work From Home (WFH) and other socially distant operational scenarios for our customers. Media companies across the globe continue to further adopt and leverage the Evertz Emmy Award winning Mediator and Overture platforms in public/private/hybrid "Cloud" environments to streamline their global operations and content supply chains in addition to generating industry leading and enterprise class linear, non-linear and OTT video streaming solutions. Evertz is designing, delivering and deploying the most advanced and innovative IP, IT and "Cloud" based solutions to help broadcast, new media, higher education and enterprise customer's future-proof their facilities, prepare for the growing landscape of remote operation and remote television production and deliver high quality video anywhere, anytime on any device.

COMPANY RECOGNITION

TV Technology – 2022 NAB Best of Show – *Evertz awarded, in April 2022, to NATX 32/64 100G network-based broadcast distribution solution, constructed using Evertz' award-winning SDVN architecture.*

Next TV – 2022 NAB Best of Show – *Evertz awarded, in April 2022, to evertz.io platform, a revolutionary streaming and playout SaaS service solution.*

CANADA BEST MANAGED COMPANIES | Platinum member

50 Best Managed Company - *Evertz was awarded as a 2022 Platinum Member of Canada's 50 Best Managed Companies, which recognizes excellence in Canadian companies. Canada's 50 Best Managed Companies identifies Canadian corporate success through companies focused on their core vision, creating stakeholder value and excelling in the global economy.*

SAVE SOIL

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

FOUNDATION FOR GROWTH

As a leader in our technology sector, we are continuously looking forward to position Evertz to lead; reaching out to current and new market 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

Evertz has managed through the last two years of disruption and is very well positioned, with the backing of our healthy balance sheet and consistent investments in our technological solutions, to benefit from an economic revival and the industry transition to IP and Cloud based solutions.

Our 2023 plan is to utilize our procurement and design capabilities to address the global supply chain challenges and continue to deliver for our customers, while maintaining our focus on investing into new technologies, leveraging and expanding upon the high profile industry leading IP, IT installations and “Cloud” solutions that 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 “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 “work-from-home” virtual operations anywhere and to efficiently transition to evolving IP & IT based solutions including “Cloud” services.

We enter fiscal 2023 with significant momentum and demand for our solutions 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 provide solutions to customers and deliver to shareholders!

We would like to take this opportunity to thank our employees, channel partners, customers and shareholders for their continued support and we look forward to a 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, 2022

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 23, 2022.

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

Basis of Consolidation

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

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

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

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Business Combinations

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

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

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

Revenue Recognition

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

Step 1: Identifying the contract

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

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.

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

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

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

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

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

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

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

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

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

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

The 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 19 of 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, including restricted share units, or others providing similar services are measured at the fair value of the instruments at the grant date. The fair value is recognized as an expense with a corresponding increase in liabilities over the vesting period of the option grant. At each reporting period, the Company revises its estimate of fair value and the number of instruments expected to vest. The impact of the revision of the original estimates, if any, is recognized in earnings such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to liabilities.

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

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

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

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

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

Government Assistance
The Company applied and received assistance from multiple assistance programs within various countries worldwide. The assistance has been recognized as an offsetting reduction to expenses and the cost of labour applied to manufactured inventory. During the year, $3,259 (2021 - $31,096) in assistance was deducted from expenses and $904 (2021 - $2,303) 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
Long-term redemption liability	Amortized cost

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

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

Critical Accounting Estimates and Judgments
The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Consequently, actual results could differ from those estimates. Those estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected. Significant estimates include the determination of expected credit losses which are based on the amount and timing of cash flows expected to be received, 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 the pandemic on the estimates and judgements described above. 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 the pandemic 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.

YEAR END HIGHLIGHTS

Revenue was $441.0 million for the year ended April 30, 2022 an increase of $98.1 million, compared to $342.9 million for the year ended April 30, 2021.

For the year ended April 30, 2022, net earnings were $72.7 million, an increase from $42.0 million for the year ended April 30, 2021 and fully diluted earnings per share were $0.94, an increase from $0.55 for the year ended April 30, 2021.

Gross margin during the year ended April 30, 2022 was 57.9% as compared to 58.2% for the year ended April 30, 2021.

Foreign exchange gain during the year was $6.5 million, predominantly driven by the increase in value of the US dollar against the Canadian dollar since April 30, 2021.

Selling and administrative expenses for the year ended April 30, 2022 was $60.9 million as compared to the year ended April 30, 2021 of $49.4 million. As a percentage of revenue, selling and administrative expenses totaled 13.8% for the year ended April 30, 2022 as opposed to 14.4% for the year ended April 30, 2021.

Research and development ("R&D") expenses were $102.4 million for the year ended April 30, 2022 as compared to $80.2 million for the year ended April 30, 2021.

Cash and cash equivalents were $33.9 million and working capital was $158.9 million as at April 30, 2022, compared to cash and cash equivalents of $108.8 million and working capital of $214.5 million as at April 30, 2021.

HIGHLIGHTS FROM THE FOURTH QUARTER

Revenue was $116.1 million for the fourth quarter ended April 30, 2022; an increase of $22.8 million, when compared to $93.3 million for the same period ended April 30, 2021.

For the fourth quarter ended April 30, 2022, net earnings were $19.2 million, an increase from $9.8 million for the fourth quarter ended April 30, 2021. Fully diluted earnings per share were $0.25 an increase from $0.13 in the fourth quarter ended April 30, 2021.

For the fourth quarter ended April 30, 2022, foreign exchange gain during the quarter was $1.1 million, compared to a foreign exchange loss of $5.1 million for the fourth quarter April 30, 2021.

Gross margin during the fourth quarter ended April 30, 2022 was 58.9% compared to 59.6% in the fourth quarter ended April 30, 2021.

Selling and administrative expenses for the fourth quarter ended April 30, 2022 was $16.1 million as compared to the fourth quarter ended April 30, 2021 of $13.0 million. As a percentage of revenue, selling and administrative expenses totaled 13.9% for the fourth quarter ended April 30, 2022 compared to 13.9% in the fourth quarter ended April 30, 2021.

Research and development expenses were $27.3 million for the fourth quarter ended April 30, 2022 as compared to $22.5 million for the fourth quarter ended April 30, 2021.

SELECTED CONSOLIDATED FINANCIAL INFORMATION

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

	Year Ended April 30,		
	2022	2021	2020
Revenue	**$ 441,016**	$ 342,888	$ 436,592
Cost of goods sold	**185,701**	143,464	188,216
Gross margin	**255,315**	199,424	248,376
Expenses			
Selling and administrative	**60,884**	49,413	67,597
General	**4,563**	3,896	3,509
Research and development	**102,438**	80,187	90,827
Investment tax credits	**(12,336)**	(13,042)	(7,595)
Share based compensation	**5,028**	6,123	4,964
Foreign exchange (gain) loss	**(6,465)**	14,861	(3,484)
	154,112	141,438	155,818
Earnings before undernoted	**101,203**	57,986	92,558
Finance income	**309**	687	1,077
Finance costs	**(2,445)**	(1,709)	(1,845)
Share of net loss from Investment in Associate	**(1,493)**	(531)	-
Other income and expenses	**338**	(588)	169
Earnings before income taxes	**97,912**	55,845	91,959
Provision for (recovery of) income taxes			
Current	**26,959**	17,369	22,304
Deferred	**(1,724)**	(3,484)	483
	25,235	13,885	22,787
Net earnings for the year	**$ 72,677**	$ 41,960	$ 69,172
Net earnings attributable to non-controlling interest	**$ 932**	$ 202	$ 565
Net earnings attributable to shareholders	**71,745**	41,758	68,607
Net earnings for the year	**$ 72,677**	$ 41,960	$ 69,172
Earnings per share			
Basic	**$ 0.94**	$ 0.55	$ 0.90
Diluted	**$ 0.94**	$ 0.55	$ 0.90

SELECTED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

CONSOLIDATED BALANCE SHEET DATA

	As at April 30,		
	2022	2021	2020
Cash and cash equivalents	**$ 33,902**	$ 108,771	$ 75,025
Inventory	**$ 177,268**	$ 152,669	$ 161,985
Working capital	**$ 158,947**	$ 214,515	$ 223,720
Total assets	**$ 420,979**	$ 451,793	$ 443,673
Shareholders' equity	**$ 230,938**	$ 292,734	$ 295,012
Number of common shares outstanding:			
Basic	**76,229,696**	76,284,366	76,449,446
Fully-diluted	**81,285,196**	82,169,366	78,077,946
Weighted average number of shares outstanding:			
Basic	**76,266,341**	76,357,895	76,624,706
Fully-diluted	**76,570,564**	76,403,894	76,642,787

SELECTED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

CONSOLIDATED STATEMENT OF OPERATIONS DATA

	2022	2021	2020
Revenue	**100.0%**	100.0%	100.0%
Cost of goods sold	**42.1%**	41.8%	43.1%
Gross margin	**57.9%**	58.2%	56.9%
Expenses			
Selling and administrative	**13.8%**	14.4%	15.5%
General	**1.0%**	1.2%	0.8%
Research and development	**23.2%**	23.4%	20.8%
Investment tax credits	**(2.8%)**	(3.8%)	(1.7%)
Share based compensation	**1.2%**	1.8%	1.1%
Foreign exchange (gain) loss	**(1.5%)**	4.3%	(0.8%)
	34.9%	41.3%	35.7%
Earnings before undernoted	**23.0%**	16.9%	21.2%
Finance income	**0.1%**	0.2%	0.2%
Finance costs	**(0.6%)**	(0.5%)	(0.4%)
Share of net loss from Investment in Associate	**(0.4%)**	(0.1%)	0.0%
Other income and expenses	**0.1%**	(0.2%)	0.0%
Earnings before income taxes	**22.2%**	16.3%	21.0%
Provision for (recovery of) income taxes			
Current	**6.1%**	5.1%	5.1%
Deferred	**(0.4%)**	(1.0%)	0.1%
	5.7%	4.1%	5.2%
Net earnings for the year	**16.5%**	12.2%	15.8%
Net earnings attributable to non-controlling interest	**0.2%**	0.1%	0.1%
Net earnings attributable to shareholders	**16.3%**	12.1%	15.7%
Net earnings for the year	**16.5%**	12.2%	15.8%
Earnings per share:			
Basic	**$ 0.94**	$ 0.55	$ 0.90
Diluted	**$ 0.94**	$ 0.55	$ 0.90

REVENUE AND EXPENSES

Revenue

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

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

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

The Company currently generates approximately 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 a significant amount of its revenues in currencies other than the Canadian dollar and therefore has significant exposure to fluctuations in foreign currencies, in particular the US dollar. Approximately 75% to 80% of the Company's revenues are denominated in US dollars.

REVENUE

	Year Ended April 30,		
(In thousands of Canadian dollars)	**2022**	2021	2020
United States/Canada	**$ 299,359**	$ 222,680	$ 289,003
International	**141,657**	120,208	147,589
	$ 441,016	$ 342,888	$ 436,592

Total revenue for the year ended April 30, 2022 was $441.0 million, an increase of $98.1 million as compared to revenue of $342.9 million for the year ended April 30, 2021. The increase in revenue is due to projects coming online and general increase in activity compared to the prior year.

Revenue in the United States/Canada region was $299.4 million for the year ended April 30, 2022, an increase of $76.7 million or 34% when compared to revenue of $222.7 million for the year ended April 30, 2021.

Revenue in the International region was $141.7 million for the year ended April 30, 2022, an increase of $21.5 million or 18% as compared to revenue of $120.2 million for the year ended April 30, 2021.

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.

GROSS MARGIN

	Year Ended April 30,		
(In thousands of Canadian dollars, except for percentages)	**2022**	2021	2020
Gross margin	**$ 255,315**	$ 199,424	$ 248,376
Gross margin % of sales	**57.9%**	58.2%	56.9%

Gross margin for the year ended April 30, 2022 was $255.3 million, compared to $199.4 million for the year ended April 30, 2021. As a percentage of revenue, the gross margin was 57.9% for the year ended April 30, 2022 compared to 58.2% for the year ended April 30, 2021.

Gross margins vary depending on the product mix, manufacturing volumes, geographic distribution, competitive pricing pressures and currency fluctuations. During fiscal 2022, a global supply chain disruption, including a global semi conductor chip shortage has caused the Company to experience unstable procurement capabilities leading to increased lead times and increased component costs. The Company has taken proactive steps to minimize the impact, resulting in $22.9 million increase in raw materials since April 30, 2021. 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)	**2022**	2021	2020
Selling and administrative	**$ 60,884**	$ 49,413	$ 67,597
Selling and administrative % of sales	**13.8%**	14.4%	15.5%

Selling and administrative expenses excludes stock based compensation, depreciation and amortization of intangibles. Selling and administrative expenses for the year ended April 30, 2022 were $60.9 million or 13.8% of revenue, as compared to selling and administrative expenses of $49.4 million or 14.4% of revenue for the year ended April 30, 2021. The increase of $11.5 million includes increases of $4.9 million in both travel and promotion costs associated with increased selling activities and in net salary. Selling and administrative expenses decreased $6.7 million when compared to $67.6 million in year ended April 30, 2020. The decrease of $6.7 million includes a $3.1 million decrease in travel and promotion costs and a $2.4 million decrease in net salary costs compared to the year ended April 30, 2020.

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, 2022, share based compensation expense associated with the plan was $3.7 million, as compared to $4.9 million for the year ended April 30, 2021.

RESEARCH AND DEVELOPMENT (R&D)

	Year Ended April 30,		
(In thousands of Canadian dollars, except for percentages)	**2022**	2021	2020
Research and development expenses	**$ 102,438**	$ 80,187	$ 90,827
Research and development % of sales	**23.2%**	23.4%	20.8%

Research and development expenses excluded stock based compensation but includes depreciation. For the year ended April 30, 2022, gross R&D expenses were $102.4 million, an increase of $22.2 million as compared to an expense of $80.2 million for the year ended April 30, 2021. The increase of $22.2 million includes a $19.9 million increase in net salary costs. R&D expenses increased $11.6 million when compared to the $90.8 million in year ended April 30, 2020. The increase of $11.6 million includes a $9.1 million increase in net salary costs compared to the year ended April 30, 2020.

Investment Tax Credits

For the year ended April 30, 2022, investment tax credits were $12.3 million compared to $13.0 million for the year ended April 30, 2021. The decrease in investment tax credits is predominantly a result of a successful appeal in the prior year.

Foreign Exchange

For the year ended April 30, 2022, the foreign exchange gain was $6.5 million, as compared to a foreign exchange loss for the year ended April 30, 2021 of $14.9 million. The loss was predominantly driven by the increase in value of the US dollar against the Canadian dollar since April 30, 2021.

Investment in Associate, Finance Income, Finance Costs, Other Income and Expenses

For the year ended April 30, 2022, a loss of $1.5 million was incurred in relation to the Company's share of losses in DDSports, Inc. an investment in an associate. For the year ended April 30, 2022, finance income, finance costs, other income and expenses netted to a loss of $1.8 million.

LIQUIDITY AND CAPITAL RESOURCES

Liquidity and Capital Resources

(In thousands of dollars except ratios)	Year Ended April 30,			
Key Balance Sheet Amounts and Ratios:		**2022**		2021
Cash and cash equivalents	**$**	**33,902**	$	108,771
Working capital	**$**	**158,947**	$	214,515
Long-term assets	**$**	**92,338**	$	100,854
Days sales outstanding in accounts receivable		**83**		82

Statement of Cash Flow Summary

	Year Ended April 30,			
		2022		2021
Operating activities	**$**	**68,673**	$	100,996
Investing activities	**$**	**(4,963)**	$	(18,638)
Financing activities	**$**	**(137,516)**	$	(49,381)
Net (decrease) increase in cash	**$**	**(74,869)**	$	33,746

Operating Activities
For the year ended April 30, 2022, the Company generated cash from operations of $68.7 million, compared to $101.0 million for the year ended April 30, 2021. Excluding the effects of the changes in non-cash working capital and current taxes, the Company generated cash from operations of $93.0 million for the year ended April 30, 2022 compared to $59.0 million for the year ended April 30, 2021.

Investing Activities
The Company used cash for investing activities of $5.0 million for the year ended April 30, 2022 which was principally driven by the acquisition of capital assets of $5.5 million.

Financing Activities
For the year ended April 30, 2022, the Company used cash from financing activities of $137.5 million, which was principally driven by dividends paid of $131.4 million including a special dividend of $76.3 million and capital stock repurchased for $0.7 million.

WORKING CAPITAL
As at April 30, 2022, the Company had cash and cash equivalents of $33.9 million, compared to $108.8 million at April 30, 2021.

The Company had working capital of $158.9 million as at April 30, 2022 compared to $214.5 million as at April 30, 2021.

Notwithstanding the uncertainty surrounding the impact of the pandemic, the Company believes that the current balance in cash plus future cash flow from operations will be sufficient to finance growth and related investment and financing activities in the foreseeable future.

Day sales outstanding in accounts receivable were 83 days at April 30, 2022 as compared to 82 for April 30, 2021.

SHARE CAPITAL STRUCTURE

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

	Year Ended April 30,	
	2022	2021
Common shares	**76,229,696**	76,284,366
Stock options granted and outstanding	**5,055,500**	5,885,000

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, 2022:

	Payments Due by Period				
(In thousands)	Total	Less than 1 Year	2-3 Years	4-5 Years	Thereafter
Lease commitments	$ 34,530	$ 5,436	$ 9,620	$ 8,476	$ 7,575
Redemption liabilities	3,423	3,423	-	-	-
	$ 37,953	$ 8,859	$ 9,620	$ 8,476	$ 7,575

OFF-BALANCE SHEET FINANCING

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

RELATED PARTY TRANSACTIONS

In the normal course of business, we may enter into transactions with related parties. These transactions occur under market terms consistent with the terms of transactions with unrelated arms-length second parties. The Company continues to lease a premise from a company in which two shareholders' each indirectly hold a 16% interest, continues to lease a facility from a company in which two shareholders each indirectly hold a 20% interest, continues to lease three facilities for manufacturing where two shareholders indirectly own 100% interest, continues to lease a facility from a company in which two shareholders each indirectly own a 35% interest, and continues to lease a facility where two shareholders each indirectly own 46.6%.

SELECTED CONSOLIDATED QUARTERLY FINANCIAL INFORMATION

The following table sets out selected consolidated financial information for each of the eight quarters ended April 30, 2022. 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)	**2022**		2021				2020	
(Unaudited)	**Apr 30**	Jan 31	Oct 31	July 31	Apr 30	Jan 31	Oct 31	July 31
Revenue	**$ 116,089**	$ 120,563	$ 107,199	$ 97,165	$ 93,293	$ 92,776	$ 100,482	$ 56,337
Cost of goods sold	**47,749**	51,351	46,122	40,479	37,735	40,793	40,823	24,113
Gross margin	**$ 68,340**	$ 69,212	$ 61,077	$ 56,686	$ 55,558	$ 51,983	$ 59,659	$ 32,224
Operating expenses	**41,477**	38,885	37,377	36,373	41,503	37,659	30,986	31,289
Earnings from operations	**$ 26,863**	$ 30,327	$ 23,700	$ 20,313	$ 14,055	$ 14,324	$ 28,673	$ 935
Other income and expenses	**(1,030)**	(1,429)	(279)	(553)	1,138	(298)	(555)	(150)
Earnings before taxes	**$ 25,833**	$ 28,898	$ 23,421	$ 19,760	$ 12,917	$ 14,026	$ 28,118	$ 785
Net earnings	**18,957**	21,250	16,991	14,547	9,954	10,272	21,048	485
Net earnings per share:								
Basic	**$ 0.25**	$ 0.28	$ 0.22	$ 0.19	$ 0.13	$ 0.13	$ 0.28	$ 0.01
Diluted	**$ 0.25**	$ 0.28	$ 0.22	$ 0.19	$ 0.13	$ 0.13	$ 0.28	$ 0.01
Dividends per share	**$ 0.18**	$ 0.18	$ 1.18	$ 0.18	$ 0.18	$ 0.18	$ 0.09	$ 0.09

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, 2022.

Management has concluded that, as of April 30, 2022, 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, 2022, 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, 2022 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 pandemic to be temporary, and the Company has shown improvement since the first quarter of fiscal 2022, 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 delays, travel restrictions and the postponement or cancellation of sporting as well as other live events and various other related projects may have an adverse effect on the Company's revenues and future financial results. Given the uncertainty regarding the situation, it cannot reasonably estimate the severity of any such impact at this time. 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, 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, 2022 and 2021, 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, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

BASIS FOR OPINION

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

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matter described below to be the key audit matter to be communicated in our report.

REVENUE RECOGNITION

Description of the Key Audit Matter

The Company generates revenue through the sale of hardware, software solutions, services, warranty as well as a combination of these revenue streams over long-term contacts with certain customers. Contracts where revenue is recognized over time involves significant estimates and judgments including:

- Determination of the number of performance obligations;
- Estimation of the project costs to complete for long term contracts; and
- Determination of whether revenue from the contracts should be recognized at a point in time or over time.

As a result of the number different streams and complexities that arise, revenue recognition was determined to be a key audit matter requiring special audit consideration.

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

How the Key Audit Matter Was Addressed in the Audit
Our audit procedures included a review of the terms of a sample of contracts in effect during the year, including any modifications or amendments, for recognition and measurement in a manner consistent with the Company's accounting policies, including management's assessment of the number of performance obligations and the period of recognition.

We obtained an understanding of any changes in revenue streams that would have occurred since April 30, 2021.

For estimation of project costs to complete for long term contracts, we evaluated the reasonableness of the significant assumptions used by management in estimating the total costs to completion, performed a retrospective review on previous estimated costs on completed contracts and performed procedures to compare the original estimated costs to actual costs incurred to date.

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, 2022; and
- The information included in the 2022 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 for the year ended April 30, 2022 prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

BDO Canada LLP

BDO CANADA LLP
CHARTERED PROFESSIONAL ACCOUNTANTS, LICENSED PUBLIC ACCOUNTANTS

Oakville, Ontario
June 23, 2022

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As at April 30, 2022 and April 30, 2021

(In thousands of Canadian dollars)	April 30, 2022	April 30, 2021
ASSETS		
Current assets		
Cash and cash equivalents	**$ 33,902**	$ 108,771
Trade and other receivables (note 3)	**100,020**	76,785
Contract assets	**6,398**	2,821
Prepaid expenses	**5,930**	6,559
Inventories (note 4)	**177,268**	152,699
	323,518	347,635
Property, plant and equipment (note 5)	**37,877**	44,799
Right-of-use assets (note 6)	**24,637**	23,570
Goodwill (notes 7 and 28)	**21,033**	21,140
Intangibles (notes 8 and 28)	**3,317**	4,476
Investment in an Associate (notes 9 and 29)	**5,474**	6,869
Deferred income taxes (note 27)	**5,123**	3,304
	$ 420,979	$ 451,793
LIABILITIES		
Current liabilities		
Trade and other payables	**$ 68,405**	$ 66,727
Provisions (note 10)	**7,379**	4,069
Deferred revenue	**74,267**	58,047
Current portion of lease obligations (note 11)	**4,088**	4,122
Current portion of redemption liability (notes 13 and 28)	**3,423**	-
Income tax payable (note 27)	**7,009**	155
	164,571	133,120
Long-term redemption liability (note 13 and 28)	**-**	2,523
Long-term lease obligations (note 11)	**22,760**	21,245
	187,331	156,888
EQUITY		
Capital stock (note 14)	**143,502**	143,605
Share based payment reserve	**10,893**	9,514
Accumulated other comprehensive loss	**(4,093)**	(1,062)
Retained earnings	**80,636**	140,677
	76,543	139,615
Total equity attributable to shareholders	**230,938**	292,734
Non-controlling interest (note 24)	**2,710**	2,171
	233,648	294,905
	$ 420,979	$ 451,793

See accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Years ended April 30, 2022 and 2021

(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, 2020	**$ 143,915**	**$ 8,279**	**$ 1,032**	**$ 141,786**	**$ 295,012**	**$ 2,408**	**$ 297,420**
Net earnings for the year	-	-	-	41,758	41,758	202	41,960
Foreign currency translation adjustment	-	-	(2,094)	-	(2,094)	(39)	(2,133)
Total comprehensive earnings for the year	$ -	$ -	$ (2,094)	$ 41,758	$ 39,664	$ 163	$ 39,827
Dividends declared	-	-	-	(41,222)	(41,222)	(400)	(41,622)
Share based compensation expense (note 19)	-	1,235	-	-	1,235	-	1,235
Repurchase of common shares (note 14)	(310)	-	-	(1,645)	(1,955)	-	(1,955)
Balance at April 30, 2021	**$ 143,605**	**$ 9,514**	**$ (1,062)**	**$ 140,677**	**$ 292,734**	**$ 2,171**	**$ 294,905**
Net earnings for the year	-	-	-	71,745	71,745	932	72,677
Foreign currency translation adjustment	-	-	(3,031)	-	(3,031)	(143)	(3,174)
Total comprehensive earnings for the year	$ -	$ -	$ (3,031)	$ 71,745	$ 68,714	$ 789	$ 69,503
Dividends declared	-	-	-	(131,198)	(131,198)	(250)	(131,448)
Share based compensation expense (note 19)	-	1,379	-	-	1,379	-	1,379
Repurchase of common shares (note 14)	(103)	-	-	(588)	(691)	-	(691)
Balance at April 30, 2022	**$ 143,502**	**$ 10,893**	**$ (4,093)**	**$ 80,636**	**$ 230,938**	**$ 2,710**	**$ 233,648**

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)		2022		2021
Revenue (notes 15 and 22)	**$**	**441,016**	$	342,888
Cost of goods sold		**185,701**		143,464
Gross margin		**255,315**		199,424
Expenses				
Selling, administrative and general (note 16)		**66,388**		54,508
Research and development (note 17)		**106,525**		85,111
Investment tax credits		**(12,336)**		(13,042)
Foreign exchange (gain) loss		**(6,465)**		14,861
		154,112		141,438
		101,203		57,986
Finance income		**309**		687
Finance costs		**(2,445)**		(1,709)
Share of net loss from Investment in Associate, net of income taxes (note 9)		**(1,493)**		(531)
Other income (loss)		**338**		(588)
Earnings before income taxes		**97,912**		55,845
Provision for (recovery of) income taxes				
Current (note 27)		**26,959**		17,369
Deferred (note 27)		**(1,724)**		(3,484)
		25,235		13,885
Net earnings for the year	**$**	**72,677**	$	41,960
Net earnings attributable to non-controlling interest (note 24)	**$**	**932**	$	202
Net earnings attributable to shareholders		**71,745**		41,758
Net earnings for the year	**$**	**72,677**	$	41,960
Earnings per share (note 26)				
Basic	**$**	**0.94**	$	0.55
Diluted	**$**	**0.94**	$	0.55

See accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE EARNINGS

Years ended April 30

(In thousands of Canadian dollars)		2022		2021
Net earnings for the year	**$**	**72,677**	$	41,960
Items that may be reclassified to net earnings:				
Foreign currency translation adjustment		**(3,174)**		(2,133)
Comprehensive earnings	**$**	**69,503**	$	39,827
Comprehensive earnings attributable to non-controlling interest	**$**	**789**	$	163
Comprehensive earnings attributable to shareholders		**68,714**		39,664
Comprehensive earnings	**$**	**69,503**	$	39,827

See accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years ended April 30

(In thousands of Canadian dollars)	**2022**	2021
Operating activities		
Net earnings for the year	**$ 72,677**	$ 41,960
Add: Items not involving cash		
Depreciation of property, plant and equipment (note 5)	**11,451**	11,679
Amortization of right-of-use assets (note 6)	**4,924**	5,130
Amortization of intangible (note 8)	**1,207**	795
Gain on disposal of property, plant and equipment (note 5)	**(400)**	(12)
Share of net loss from Investment in Associate (note 9)	**1,493**	531
Share-based compensation (note 19)	**1,379**	1,235
Interest expense	**1,955**	1,142
Deferred income tax expense (note 27)	**(1,724)**	(3,484)
	92,962	58,976
Current tax expenses, net of investment tax credits (note 27)	**14,623**	4,327
Income taxes paid	**(8,848)**	(6,732)
Changes in non-cash working capital items (note 18)	**(30,064)**	44,425
Cash provided by operating activities	**68,673**	100,996
Investing activities		
Acquisition of property, plant and equipment (note 5)	**(5,478)**	(9,577)
Proceeds from disposal of property, plant and equipment	**515**	26
Business acquisitions (note 28)	**-**	(1,287)
Investment in an Associate (note 29)	**-**	(7,800)
Cash used in investing activities	**(4,963)**	(18,638)
Financing activities		
Repayment of long term debt (note 12)	**-**	(241)
Principle payments of lease liabilities (note 11)	**(4,322)**	(4,422)
Interest paid	**(1,055)**	(1,142)
Dividends paid	**(131,198)**	(41,222)
Dividends paid by subsidiaries to non-controlling interests	**(250)**	(400)
Capital stock repurchased (note 14)	**(691)**	(1,954)
Cash used in financing activities	**(137,516)**	(49,381)
Effect of exchange rates on cash and cash equivalents	**(1,063)**	769
(Decrease) increase in cash and cash equivalents	**(74,869)**	33,746
Cash and cash equivalents beginning of year	**108,771**	75,025
Cash and cash equivalents end of year	**$ 33,902**	$ 108,771

See accompanying notes to the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Years ended April 30, 2022 and 2021

(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 23, 2022.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Measurement

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

Functional and Presentation Currency

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

Basis of Consolidation

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

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

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

Business Combinations

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

is recorded instead of a non-controlling interest. Options that are not exercisable for at least one year are presented as non-current liabilities. Subsequent measurement of the redemption liability is recorded using the effective interest rate method and recognized in the statement of earnings while no earnings are attributed to the non-controlling interest.

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

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

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

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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

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

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

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

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

Provisions

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

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

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

Leasing

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

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

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

The 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

Income Taxes

Current Tax

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

Deferred Tax

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

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

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

Share Based Compensation

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Earnings Per Share

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

Finance Costs

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

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

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

Investment Tax Credits

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

Government Assistance

The Company applied and received assistance from multiple assistance programs within various countries worldwide. The assistance has been recognized as an offsetting reduction to expenses and the cost of labour applied to manufactured inventory. During the year, $3,259 (2021 - $31,096) in assistance was deducted from expenses and $904 (2021 - $2,303) 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
Long-term redemption liability	Amortized cost

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Critical Accounting Estimates and Judgments

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

Significant estimates include the determination of expected credit losses which are based on the amount and timing of cash flows expected to be received, provision for inventory obsolescence which is recorded to adjust to the net realizable value of inventory and based on current market prices and past experiences, the useful life of property, plant and equipment and intangibles for depreciation which are based on past experiences, expected use and industry trends, amortization and valuation of net recoverable amount of property, plant and equipment and intangibles, determination of fair value for share based compensation, evaluating deferred income tax assets and liabilities, the determination of fair value of financial instruments and the likelihood of recoverability, and the determination of implied fair value of goodwill and implied fair value of assets and liabilities for purchase price allocation purposes and goodwill impairment assessment purposes.

Significant items requiring the use of judgment in application of accounting policies and assumptions include the determination of functional currencies, classification of financial instruments, classification of leases, determination of the number of revenue performance obligations, 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 the pandemic on the estimates and judgements described above. 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 the pandemic 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.

Years ended April 30, 2022 and 2021 (In thousands of Canadian dollars, except for "number of common shares", "number of options" and "per share" information)

3. TRADE AND OTHER RECEIVABLES

		2022		2021
Trade receivables, net of allowances	**$**	**96,966**	$	72,529
Other receivables		**3,054**		4,256
	$	**100,020**	$	76,785

4. INVENTORIES

		2022		2021
Finished goods	**$**	**53,970**	$	58,319
Raw material and supplies		**83,058**		60,124
Work in progress		**40,240**		34,256
	$	**177,268**	$	152,699

Cost of sales for the year ended April 30, 2022 included $169,691 of inventory (2021 - $138,110) and $4,005 of inventory write-offs (2021 - $3,274).

5. PROPERTY, PLANT AND EQUIPMENT

	April 30, 2022			April 30, 2021		
	Cost	**Accumulated Depreciation**	**Carrying Amount**	Cost	Accumulated Depreciation	Carrying Amount
Office furniture and equipment	**$ 4,593**	**$ 3,068**	**$ 1,525**	$ 4,787	$ 3,231	$ 1,556
Research and development equipment	**40,316**	**30,544**	**9,772**	40,778	28,027	12,751
Airplanes	**11,599**	**9,720**	**1,879**	11,535	9,154	2,381
Machinery and equipment	**69,153**	**55,936**	**13,217**	69,202	54,094	15,108
Leaseholds	**9,195**	**6,527**	**2,668**	9,188	6,037	3,151
Land	**2,055**	**-**	**2,055**	2,197	-	2,197
Buildings	**9,916**	**3,155**	**6,761**	10,710	3,055	7,655
	$ 146,827	**$ 108,950**	**$ 37,877**	$ 148,397	$ 103,598	$ 44,799

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Office furniture and equip-ment	Research and develop-ment equip-ment	Airplanes	Machin-ery and equip-ment	Lease-holds	Land	Buildings	Total
Cost								
Balance as at April 30, 2020	**$ 4,819**	**$ 38,735**	**$ 11,535**	**$ 67,698**	**$ 9,206**	**$ 2,332**	**$ 11,293**	**$ 145,618**
Additions	373	4,281	-	4,917	6	-	-	9,577
Foreign exchange adjustments	(186)	(266)	-	(957)	(24)	(135)	(567)	(2,135)
Disposals	(219)	(1,972)	-	(2,456)	-	-	(16)	(4,663)
Balance as at April 30, 2021	**$ 4,787**	**$ 40,778**	**$ 11,535**	**$ 69,202**	**$ 9,188**	**$ 2,197**	**$ 10,710**	**$ 148,397**
Additions	538	1,940	64	2,936	-	-	-	5,478
Foreign exchange adjustments	(260)	(374)	-	(153)	7	(142)	(794)	(1,716)
Disposals	(472)	(2,028)	-	(2,832)	-	-	-	(5,332)
Balance as at April 30, 2022	**$ 4,593**	**$ 40,316**	**$ 11,599**	**$ 69,153**	**$ 9,195**	**$ 2,055**	**$ 9,916**	**$ 146,827**
Accumulated Depreciation								
Balance as at April 30, 2020	$ 3,252	$ 25,072	$ 8,579	$ 52,407	$ 5,546	$ -	$ 2,968	$ 97,824
Depreciation for the year	346	5,201	575	4,879	491	-	187	11,679
Foreign exchange adjustments	(148)	(274)	-	(746)	-	-	(100)	(1,268)
Disposals	(219)	(1,972)	-	(2,446)	-	-	-	(4,637)
Balance as at April 30, 2021	**$ 3,231**	**$ 28,027**	**$ 9,154**	**$ 54,094**	**$ 6,037**	**$ -**	**$ 3,055**	**$ 103,598**
Depreciation for the year	542	4,877	566	4,562	490	-	414	11,451
Foreign exchange adjustments	(245)	(337)	-	(76)	-	-	(314)	(972)
Disposals	(460)	(2,023)	-	(2,644)	-	-	-	(5,127)
Balance as at April 30, 2022	**$ 3,068**	**$ 30,544**	**$ 9,720**	**$ 55,936**	**$ 6,527**	**$ -**	**$ 3,155**	**$ 108,950**
Carrying amounts								
At April 30, 2021	$ 1,556	$ 12,751	$ 2,381	$ 15,108	$ 3,151	$ 2,197	$ 7,655	$ 44,799
At April 30, 2022	**$ 1,525**	**$ 9,772**	**$ 1,879**	**$ 13,217**	**$ 2,668**	**$ 2,055**	**$ 6,761**	**$ 37,877**

Years ended April 30, 2022 and 2021 (In thousands of Canadian dollars, except for "number of common shares", "number of options" and "per share" information)

6. RIGHT-OF-USE ASSETS

		Land & Building
Balance as at May 1, 2020	**$**	**28,823**
Amortization for the year		(5,130)
Foreign exchange adjustments		(123)
Balance as at April 30, 2021	**$**	**23,570**
Additions		5,665
Amortization for the year		(4,924)
Foreign exchange adjustments		326
Balance as at April 30, 2022	**$**	**24,637**

7. GOODWILL

The changes in carrying amounts of goodwill are as follows:

		Cost
Balance as at April 30, 2020	**$**	**20,771**
Business acquisitions (note 28)		650
Foreign exchange differences		(281)
Balance as at April 30, 2021	**$**	**21,140**
Foreign exchange differences		(107)
Balance as at April 30, 2022	**$**	**21,033**

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,			
		2022		2021
Evertz Microsystems Ltd.	**$**	**13,782**	$	13,951
Holdtech Kft		**5,558**		5,549
Quintech		**676**		639
ATCI		**366**		351
Ease Live		**651**		650
	$	**21,033**	$	21,140

The key assumptions used in performing the impairment tests as at April 30, 2022 are as follows:

Method of determining recoverable amount:	Value in use
Discount Rate:	8.0% - 11.0%
Perpetual growth rate:	2 - 4%

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

Recoverable Amount

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

7. GOODWILL (CONTINUED)

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, 2020	**$**	**1,573**
Amortization		(795)
Foreign exchange differences		(158)
Business acquisitions (note 28)		3,856
Balance as at April 30, 2021	**$**	**4,476**
Amortization		(1,207)
Foreign exchange differences		48
Balance as at April 30, 2022	**$**	**3,317**

9. INVESTMENT IN AN ASSOCIATE

		Cost
Balance as at May 1, 2020	**$**	**-**
Purchase of shares in associate (note 29)		7,800
Foreign exchange differences		(400)
Share of net loss, net of income taxes		(531)
Balance as at April 30, 2021	**$**	**6,869**
Foreign exchange differences		98
Share of net loss, net of income taxes		(1,493)
Balance as at April 30, 2022	**$**	**5,474**

10. PROVISIONS

		Warranty and Returns	Lease/ Retirement Obligations	Total
Balance as at April 30, 2020	**$**	**4,381**	**650**	**5,031**
Net additions		(740)	107	(633)
Foreign exchange differences		(310)	(19)	(329)
Balance as at April 30, 2021	**$**	**3,331**	**738**	**4,069**
Net (reductions) additions		3,435	(185)	(309)
Foreign exchange differences		90	(30)	60
Balance as at April 30, 2022	**$**	**6,856**	**523**	**7,379**

Years ended April 30, 2022 and 2021 (In thousands of Canadian dollars, except for "number of common shares", "number of options" and "per share" information)

10. PROVISIONS (CONTINUED)

Warranty and Returns

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

Lease/Retirement Obligations

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

11. LEASE LIABILITIES

		April 30, 2022		April 30, 2021
Opening Balance	**$**	**25,367**	$	29,865
Additions		**5,665**		-
Interest		**1,029**		1,097
Lease Payments		**(5,351)**		(5,519)
Foreign exchange adjustments		**138**		(76)
Closing Balance		**26,848**		25,367
Less current portion		**4,088**		4,122
Long term lease obligations	**$**	**22,760**	$	21,245

12. 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, 2022 or 2021.
2. Credit facility available of $1,155 bearing interest at WIBOR plus 1.4% per annum. There were no borrowings outstanding under this facility as at April 30, 2022 or 2021.

13. REDEMPTION LIABILITY

		April 30, 2022		April 30, 2021
Opening Balance	**$**	**2,523**	$	-
Business Acquisitions (note 28)		**-**		2,523
Amortization		**781**		-
Foreign Exchange Adjustments		**119**		-
Closing Balance	**$**	**3,423**	$	2,523

14. CAPITAL STOCK

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

	Number of Common Shares		Amount
Balance as at April 30, 2020	**76,449,446**	**$**	**143,915**
Cancelled pursuant to NCIB	(165,080)		(310)
Balance as at April 30, 2021	**76,284,366**	**$**	**143,605**
Cancelled pursuant to NCIB	(54,670)		(103)
Balance as at April 30, 2022	**76,229,696**	**$**	**143,502**

Dividends Per Share
During the year, $1.72 in dividends per share including a special dividend of $1.00 per share, were declared (2021 - $0.54 including per share).

Normal Course Issuer Bid
In October 2020, the Company filed a Normal Course Issuer Bid ("NCIB") with the TSX to repurchase, at the Company's discretion, until October 25, 2021 up to 3,819,487 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 did not purchase and cancel any shares (2021 – 123,700 common shares at a weighted average price of $11.86).

In October 2021, the Company renewed the Normal Course Issuer Bid ("NCIB") with the TSX to repurchase, at the Company's discretion, until October 28, 2022 up to 3,814,218 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 54,670 common shares at a weighted average price of $12.64 (2021 – nil).

15. REVENUE

		2022		2021
Hardware, including related software	**$**	**344,868**	$	273,499
Services, including warranty, training and commissioning		**37,563**		26,969
Long term contract revenue		**58,585**		42,420
	$	**441,016**	$	342,888

16. SELLING, ADMINISTRATIVE AND GENERAL EXPENSES

		2022		2021
Selling and administrative	**$**	**60,884**	$	49,413
Depreciation - selling and administrative		**3,356**		3,101
General:				
Share based compensation (note 19)		**941**		1,199
Amortization of intangibles		**1,207**		795
	$	**66,388**	$	54,508

Years ended April 30, 2022 and 2021 (In thousands of Canadian dollars, except for "number of common shares", "number of options" and "per share" information)

17. RESEARCH AND DEVELOPMENT

		2022		2021
Research and development	$	**97,020**	$	74,971
Depreciation - research and development		**5,418**		4,924
General:				
Share based compensation (note 19)		**4,087**		5,216
	$	**106,525**	$	85,111

18. STATEMENT OF CASH FLOWS

Changes in non–cash working capital items

		2022		2021
Trade and other receivables	$	**(25,880)**	$	12,518
Contract assets		**(3,577)**		5,043
Inventories		**(25,488)**		8,919
Prepaid expenses		**276**		2,274
Trade and other payables		**5,075**		3,662
Deferred revenue		**16,220**		12,971
Provisions		**3,310**		(962)
	$	**(30,064)**	$	44,425

19. SHARE BASED PAYMENTS

Stock Option Plan

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

The Board of Directors administers the stock option plan and will determine the terms of any options granted. The exercise price of an option is to be set by the Board of Directors at the time of grant but shall not be lower than the market price as defined in the option plan at the time of grant. The term of the option cannot exceed 10 years. Stock options 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, 2020	**1,628,500**	**$**	**16.75**
Granted	4,697,000		12.39
Forfeited	(341,500)		14.01
Expired	(99,000)		15.36
Balance as at April 30, 2021	**5,885,000**	**$**	**13.46**
Granted	3,000		15.14
Forfeited	(672,500)		12.80
Expired	(160,000)		16.99
Balance as at April 30, 2022	**5,055,500**	**$**	**13.43**

19. SHARE BASED PAYMENTS (CONTINUED)

Stock options outstanding as at April 30, 2022 are:

Exercise Price	Weighted Average Exercise Price	Number of Outstanding Options	Weighted Average Remaining Contractual Life	Number of Options Exercisable	Weighted Average Exercise Price of Exercisable Options
$ 12.28 - $12.86	$ 12.35	3,760,000	3.3	-	$ -
$ 14.07 - $15.80	$ 15.38	510,500	2.0	246,300	$ 15.70
$ 16.08 - $16.87	$ 16.24	245,000	2.4	56,000	$ 16.36
$ 17.39 - $18.63	$ 17.88	540,000	2.4	72,000	$ 17.47
Totals	$ 13.43	5,055,500	3.0	374,300	$ 16.14

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, 2020	**921,000**
Granted	77,000
Exercised	(160,000)
Forfeited	(40,500)
Balance as at April 30, 2021	**797,500**
Granted	10,000
Exercised	(315,500)
Forfeited	(49,000)
Balance as at April 30, 2022	**443,000**

As at April 30, 2022, the average remaining contractual life for outstanding RSUs is 0.8 years (2021 – 1.38 years).

Compensation Expense

Stock Option Plan

The share based compensation expense that has been charged against earnings over the fiscal period is $1,379 (2021 - $1,235). Compensation expense on grants during the year was calculated using the Black-Scholes option pricing model with the following weighted average assumptions:

	April 30, 2022	April 30, 2021
Risk-free interest rate	**0.94%**	0.38%
Dividend yield	**4.76%**	5.66%
Expected life	**5 years**	5 years
Expected volatility	**24%**	23%
Weighted average grant-date fair value	**$ 1.74**	$ 1.09

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 22% (2021 – 13%).

Years ended April 30, 2022 and 2021 (In thousands of Canadian dollars, except for "number of common shares", "number of options" and "per share" information)

19. SHARE BASED PAYMENTS (CONTINUED)

Restricted Share Unit Plan
The share based compensation expense that has been charged against earnings over the fiscal period is $3,649 (2021 - $4,888). Share based compensation expense was calculated using a weighted average forfeiture rate of 11% (2021 - 7%). As at April 30, 2022, the total liability included within trade and other payables is $5,646 (2021 - $7,535).

20. COMMITMENTS AND CONTINGENCIES

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

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

	Redemption Liabilities	Leases Payments	Total
2022	$ 3,423	$ 5,436	$ 8,859
2023	-	4,977	4,977
2024	-	4,643	4,643
2025	-	4,938	4,938
2026	-	3,538	3,538
Thereafter	-	7,575	7,575
Balance as at April 30, 2022	**$ 3,423**	**$ 31,107**	**$ 34,530**

Total operating lease expense during the year was $420 (2021 - $425).

The Company has obtained documentary and standby letters of credit aggregating to a total of $4,524 (2021 - $16,005).

21. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

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

I. Quoted prices (unadjusted) in active markets for identical assets or liabilities.
II. Inputs other than quoted prices included in level I that are observable for the asset or liability, either directly or indirectly. 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, 2022:

21. 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 using the lifetime expected credit losses related to total receivables, while factoring in the credit risks of the individual customer and the aging of receivables. Amounts owing over 90 days are individually evaluated and provided for as an expected credit loss where appropriate in the allowance for doubtful accounts. When considering the need for provisions in relation to balances past due, the Company considers forward looking information such as region specific economic factors including industry outlook, employment, politics, and other market indicators including the estimated impact of the 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, 2022	April 30, 2021
Trade and other receivables	**$ 102,522**	$ 80,334
Allowance for doubtful accounts	**(2,502)**	(3,549)
	$ 100,020	$ 76,785

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

	April 30, 2022	April 30, 2021
Balance at beginning of year	**$ 3,549**	$ 4,030
Increase in allowance	**658**	1,307
Bad debt recaptured and write-offs	**(1,685)**	(1,492)
Impact of variation in exchange rates	**(20)**	(296)
Balance at end of year	**$ 2,502**	$ 3,549

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

	April 30, 2022	April 30, 2021
Less than 30 days past billing date	**$ 41,297**	$ 33,814
30-60 days past billing date	**17,720**	20,289
61-90 days past billing date	**11,299**	5,256
Greater than 90 days past billing date	**29,704**	17,426
	$ 100,020	$ 76,785

Years ended April 30, 2022 and 2021 (In thousands of Canadian dollars, except for "number of common shares", "number of options" and "per share" information)

21. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Exchange Rate Risk

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

U.S. dollar financial instruments are as follows:

	April 30, 2022	April 30, 2021
Cash and cash equivalents	$ 14,071	$ 76,970
Trade and other receivables	76,702	60,330
Trade and other payables	(10,400)	(7,421)
	$ 80,373	$ 129,879

Based on the financial instruments as at April 30, 2022, a 5% change in the value of the U.S. dollar would result in a gain or loss of $4,019 in earnings before income tax.

Liquidity Risk

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

22. SEGMENTED INFORMATION

The Company reviewed its operations and determined that it operates a single 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	2022	2021
United States	$ 279,005	$ 210,503
International	141,657	120,208
Canada	20,354	12,177
	$ 441,016	$ 342,888

April 30, 2022	Property, Plant and Equipment	Goodwill	Intangible Assets	Right-of-Use Assets	Investment in an Associate
United States	$ 4,388	$ 1,286	$ 896	$ 718	$ 5,474
International	9,577	18,164	2,421	3,770	-
Canada	23,912	1,583	-	20,149	-
	$ 37,877	$ 21,033	$ 3,317	$ 24,637	$ 5,474

22. SEGMENTED INFORMATION (CONTINUED)

	April 30, 2021									
		Property, Plant and Equipment		Goodwill		Intangible Assets		Right-of-Use Assets		Investment in an Associate
United States	$	4,959	$	1,225	$	1,363	$	$1,162	$	6,869
International		10,794		18,332		3,113		94		-
Canada		29,046		1,583		-		22,314		-
	$	44,799	$	21,140	$	4,476	$	23,570	$	6,869

23. RELATED PARTY TRANSACTIONS

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Company and other related parties are disclosed below.

Related Party Transactions

Two shareholders each indirectly hold a 16% interest in the Company's leased premises in Ontario. This lease expires in 2029 with a total of $7,544 committed over the remaining term. During the year, rent paid for the leased principal premises amounted to $1,049 (2021 – $1,024) with no outstanding amounts due as at April 30, 2022.

The Company also leases property where two shareholders indirectly own 100% interest. This lease was renewed in October 2021 and this lease expires in September 2026 with a total of $1,356 committed over the remaining term. During the year, rent paid for the leased principal premises amounted to $279 (2021 – $252) with no outstanding amounts due as at April 30, 2022.

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 $6,017 committed over the remaining term. During the year, rent paid for the leased principal premises amounted to $867 (2021 – $851) with no outstanding amounts due as at April 30, 2022.

On May 1, 2009 the Company entered into a property lease agreement where two shareholders each indirectly hold a 35% interest. This lease expires in 2029 with a total of $3,895 committed over the remaining term. During the year, rent paid for the leased principal premises amounted to $525 (2021 – $507) with no outstanding amounts due as at April 30, 2022.

The Company also leases a property where two shareholders indirectly own 100% interest. The lease expires in 2023 with a total of $254 committed over the remaining term. During the year, rent paid for the leased principal premises amounted to $152 (2021 – $152) with no outstanding amounts due as at April 30, 2022.

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 $4,157 committed over the remaining term. During the year, rent paid for the leased principal premises amounted to $996 (2021 – $996) with no outstanding amounts due as at April 30, 2022.

On August 1, 2016 the Company entered into a property lease agreement. Currently two shareholders indirectly own 100% interest. This lease expires in 2026 with a total of $1,180 committed over the remaining term. During year, rent paid for the leased principal premises amounted to $263 (2021 – $261) with no outstanding amounts due as at April 30, 2022.

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

Years ended April 30, 2022 and 2021 (In thousands of Canadian dollars, except for "number of common shares", "number of options" and "per share" information)

23. RELATED PARTY TRANSACTIONS (CONTINUED)

The remuneration of directors and other members of key management personnel for the years ended April 30, 2022 and April 30, 2021 are as follows:

		2022		2021
Short-term salaries and benefits	**$**	**4,600**	$	4,330
Share-based payments		**-**		204
	$	**4,600**	$	4,534

The total employee benefit expense was $139,600 (2021 - $117,536).

Subsidiaries:
The Company has the following significant subsidiaries:

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

24. NON-CONTROLLING 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 Company also has a non-controlling interest of 27% of Ease Live AS, located in Norway, whose interest has been separately recorded as a redemption liability (see note 28).

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

		April 30, 2022		April 30, 2021
Current assets	**$**	**19,937**	$	16,957
Non-current assets		**10,358**		11,750
Current liabilities		**4,422**		2,992
Non-current liabilities		**262**		247
Equity attributable to shareholders		**22,901**		21,353
Non-controlling interest		**2,710**		2,171

		April 30, 2022		April 30, 2021
Revenue	**$**	**48,539**	$	30,277
Net earnings attributable to:				
Shareholders		**3,079**		1,607
Non-controlling interest		**932**		202

During the year, $250 (2021 - $400) in dividends were paid to non-controlling interests.

25. CAPITAL DISCLOSURES

The Company's capital is composed of total equity attributable to shareholders which totals $230,938 (2021 - $292,734) as at April 30, 2022. 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, 2021.

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

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

26. EARNINGS PER SHARE

	2022	2021
Weighted average common shares outstanding	**76,266,341**	76,357,895
Dilutive-effect of stock options	**304,223**	45,999
Diluted weighted average common shares outstanding	**76,570,564**	76,403,894

The weighted average number of diluted common shares excludes 1,295,500 options because they were anti-dilutive during the period (2021 – 1,539,500).

27. INCOME TAXES

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

		2022		2021
Expected income tax expense using statutory rates (25%, 2021 - 25%)	**$**	**24,478**	$	13,961
Difference in foreign tax rates		**640**		545
Benefit arriving from prior year losses		**-**		(45)
Non-deductible stock based compensation		**365**		321
Non-deductible losses		**395**		138
Change in estimates relating to prior periods		**(759)**		(755)
Other		**116**		(280)
	$	**25,235**	$	13,885

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

Components of deferred income taxes are summarized as follows:

		April 30, 2022		April 30, 2021
Deferred income tax assets (liabilities):				
Tax loss carried forward	**$**	**142**	$	107
Research and development tax credits		**(2,963)**		(2,428)
Equipment tax vs accounting basis		**3,001**		913
Non-deductible reserves		**4,943**		4,712
	$	**5,123**	$	3,304

Years ended April 30, 2022 and 2021 (In thousands of Canadian dollars, except for "number of common shares", "number of options" and "per share" information)

As at April 30, 2022, the Company had $3,092 (2021 - $3,267) in tax losses for which no deferred tax asset has been recognized in the statement of financial position. Of these losses, $1,058 expire in 2025 while the remaining balance has no expiry.

28. BUSINESS ACQUISITIONS

Business Combinations

On October 27, 2020, the Company completed the investment of 73% in the voting share capital of Ease Live AS ("Ease Live"), who are based in Bergen, Norway. Ease Live, which was formerly part of Sixty AS, is a direct to consumer interactive graphics company. The fair value of total consideration transferred upon acquisition included cash considerations of $5,327, which was transferred into Ease Live for future use. The non-controlling shareholders hold a put option for the remaining shareholdings, exercisable between November 15, 2022 and December 15, 2022 for a fixed cash price of $3,518. The put option has been separately valued as a redemption liability, as summarized in note 13, and the non-controlling interest is deemed to have been acquired at the acquisition date. 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 the year, $1,289 in revenue and $606 in losses were included within the consolidated statement of earnings (2021 - $233 in revenue and $832 in losses).

The allocation of the purchase price was based on management's estimate of the fair value of assets acquired and liabilities assumed. The total purchase price of $795 is net of $4,532 cash left in the company for future operations. The allocation of the purchase price was as follows and is subject to adjustments as additional information is evaluated by the company:

Trade and other payables		(791)
Intangible assets		3,459
Goodwill (not tax deductible)		650
Long-term redemption liability		(2,523)
	$	795

The intangible assets relate to the technology, patents and workforce acquired during the investment. Goodwill of $650 arising from the acquisition consists largely of the expansion of the Company's product lines and potential customer base.

Asset Acquisitions

In February 2021, the Company completed the strategic asset acquisition of the "Studer" audio brand technology and related assets from Harman International. The fair value of total consideration transferred upon acquisition included cash considerations of $369, cash considerations held in escrow for twelve months after acquisition of $123 and the undertaking of warranty and other related obligations fair valued at $63. 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:

Inventory		158
Intangible assets		397
Trade and other payables		(63)
	$	492

The intangible assets relate to the technology, patents, brand and workforce acquired.

29. INVESTMENT IN AN ASSOCIATE

In December, 2020 the Company invested $7,800 in the share capital of DDSports Inc. (Shot Tracker), a revolutionary sports technology company based in Kansas, United States. The Company has a significant influence on DDSports Inc., due to its approximately 20% percentage ownership and the holding of a board seat. As such, the investment is treated under the equity method. Under the equity method, the initial investment is recognized at cost, and the carrying amount is increased or decreased in recognition of the Company's share of the profit or loss of DDSports Inc. after the date of acquisition.

During fiscal 2022, $1,493 in losses were recorded in recognition of the Company's share of DDSports Inc. losses after the date of acquisition (2021 - $531). As at April 30, 2022, DDSports Inc. had $6,068 in working capital and $9,603 in net assets (2021 - $11,477 in working capital and $24,262 in net assets).

30. SUBSEQUENT EVENT

On June 23, 2022 the Company declared a quarterly dividend of $0.18 with a record date of July 5, 2022 and a payment date of July 12, 2022.

5-YEAR FINANCIAL HIGHLIGHTS

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

Consolidated Statement of Earnings Data

	Year Ended April 30,				
	2022	2021	2020	2019	2018
Sales	**$ 441,016**	$ 342,888	$ 436,592	$ 443,556	$ 402,832
Selling and administrative expenses	**60,884**	49,413	67,597	67,821	65,531
Research and development expenses	**102,438**	80,187	90,827	85,823	80,804
Earnings before income taxes	**97,912**	55,845	91,959	105,087	72,966
Net earnings	**72,677**	41,960	69,172	78,504	53,546
Fully diluted EPS	**0.94**	0.55	0.90	1.02	0.70

Consolidated Balance Sheet Data

	Year Ended April 30,				
	2022	2021	2020	2019	2018
Cash and cash equivalents	**$ 33,902**	$ 108,771	$ 75,025	$ 94,184	$ 94,184
Total assets	**420,979**	451,793	443,673	421,115	421,115
Shareholder's equity	**230,938**	292,734	295,012	329,227	329,227
Number of common shares Outstanding					
Basic	**76,266,341**	76,357,895	76,449,446	76,481,746	76,481,746
Fully-diluted	**76,570,564**	76,403,894	78,077,941	78,722,746	78,722,746

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

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

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ANNUAL SHAREHOLDERS MEETING

10:00 a.m. Wednesday, October 5, 2022
1160 Sutton Drive
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