



Propelling to New Heights

2nd Quarter Fiscal 2021 Report



Management's Discussion and Analysis of Financial Condition and Results of Operations dated December 2, 2020

The following discussion and analysis should be read in conjunction with the Condensed Interim Consolidated Financial Statements of Tecsys Inc. (the "Company") and Notes thereto, which are included in this document, and the annual report for the year ended April 30, 2020. The Company's second quarter of fiscal year 2021 ended on October 31, 2020. Additional information about the Company, including copies of the continuous disclosure materials such as the annual information form and the management proxy circular are available through the SEDAR Website at <http://www.sedar.com>.

The accompanying unaudited condensed interim consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management.

This document and the condensed interim consolidated financial statements are expressed in Canadian dollars unless it is otherwise indicated. The Company and its subsidiaries functional currency is the Canadian dollar with the exception of Danish subsidiaries (Danish kroner).

Overview

Tecsys is a global provider of supply chain solutions that equip organizations with industry-leading services and tools to achieve operational success. Tecsys' solutions are designed to create clarity out of the complex supply chain challenges facing organizations today. Tecsys solutions include warehouse management, distribution and transportation management, supply management at point-of-use, distributed order management, as well as financial management and analytics solutions. The Company sells its solutions primarily on a subscription basis as Software as a Service and also on a perpetual license basis with recurring support. The Company also provides related consulting, education and support services.

Customers running on Tecsys' Itopia® supply chain platform are confident knowing they can execute, day in and day out, regardless of business fluctuations or changes in technology. As their businesses grow more complex, organizations operating a Tecsys platform can adapt and scale to business needs or size, expand and collaborate with customers, suppliers and partners as one borderless enterprise, and transform their supply chains at the speed that their growth demands. From demand planning to demand fulfillment, Tecsys puts power into the hands of both front-line workers and back office planners, helping business leaders focus on the future of their products, services and people, not on their operational challenges.

Tecsys is the market leader in North America for supply chain solutions for health systems and hospitals. Over 1,000 small, mid-size and large customers trust their supply chains to Tecsys in the healthcare, service parts, third-party logistics, retail and general wholesale high-volume distribution industries.

With the acquisition of OrderDynamics Corporation on November 14, 2018, Tecsys has added major customers in the retail industry located in Canada, the U.S., Europe and Australia. With the acquisition of Tecsys A/S (formerly known as PCSYS A/S) on February 1, 2019, Tecsys has added hundreds of customers in the manufacturing, retail and logistics industries, most of which are based in Europe. Please refer to the 2020 annual report for a full description of these business acquisitions.

Quarterly Selected Financial Data

	FY 2021		FY 2020				FY 2019	
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Total Revenue	30 694	28 091	27 750	26 847	26 008	24 250	23 191	18 792
Profit (Loss)	2 086	1 235	375	834	1 404	(267)	79	(1 429)
Comprehensive Income (Loss)	1 486	2 897	1 200	818	1 439	(488)	(143)	(1 307)
Adjusted EBITDA ¹	4 830	3 509	1 951	2 648	3 677	1 995	684	(98)
Basic Earnings (Loss) per Common Share	0.14	0.09	0.03	0.06	0.11	(0.02)	0.01	(0.11)
Diluted Earnings (Loss) per Common Share	0.14	0.08	0.03	0.06	0.11	(0.02)	0.01	(0.11)

In the second quarter of fiscal 2021, Profit and Adjusted EBITDA¹ were positively impacted by \$2.5 million from higher profit

¹ Refer to section at end of MD&A titled "Non-IFRS Performance Measures"

margin mainly due to higher revenue compared to the first quarter of fiscal 2021. Profit and Adjusted EBITDA¹ were negatively impacted by \$1.0 million related to higher personnel costs (bonus and commissions). See further discussion under Results of Operations for the Second Quarter of Fiscal 2021. Profit was negatively impacted by \$0.5 million due to income tax expense recognized in the second quarter of fiscal 2021 compared to the first quarter of fiscal 2021.

In the first quarter of fiscal 2021, Profit and Adjusted EBITDA² were positively impacted by \$0.8 million resulting from lower operating expenses compared to the fourth quarter of fiscal 2020, mainly due to lower travel costs associated with COVID-19 and lower personnel costs (mainly bonus and commissions). Profit and Adjusted EBITDA² was also positively impacted by \$0.6 million resulting from higher profit margin mainly due higher revenue, lower travel costs and lower bonus costs compared to the fourth quarter of fiscal 2020. See further discussion under Results of Operations for the First Quarter. Profit and Adjusted EBITDA¹ was also positively impacted by \$0.1 million due to foreign exchange gains and losses compared to the fourth quarter of fiscal 2020. Profit was negatively impacted by \$0.7 million due to income tax expense recognized in the first quarter of fiscal 2021 compared to the fourth quarter of fiscal 2020.

In the fourth quarter of fiscal 2020, Adjusted EBITDA² was positively impacted by \$0.4 million resulting from the implementation of International Financial Reporting Standard No. 16 – “Leases”. See further discussion under New Accounting Standards adopted during the year in the consolidated financial statements year-ended April 30, 2020.

In the third quarter of fiscal 2020, Adjusted EBITDA² was positively impacted by \$0.3 million resulting from the implementation of International Financial Reporting Standard No. 16 - “Leases”. See further discussion under New Accounting Standards adopted during the year in the consolidated financial statements year-ended April 30, 2020.

In the second quarter of fiscal 2020, the Company recorded a \$0.2 million cost for the fair value of contingent consideration to be paid for Tecsys A/S. This change in the fair value of the contingent consideration resulted from strong financial performance of Tecsys A/S that increased contingent consideration expected to be paid to the sellers (Earnout). The Earnout period ended on September 30, 2019 and is the only Earnout period associated with the acquisition. The above amount had a negative impact on Profit and no impact on Adjusted EBITDA² as this item is excluded from Adjusted EBITDA². Adjusted EBITDA² was positively impacted by a quarterly sequential improvement from OrderDynamics, which achieved slightly positive Adjusted EBITDA² in the second quarter of fiscal 2020. Adjusted EBITDA² was also positively impacted by \$0.3 million resulting from the implementation of International Financial Reporting Standard No. 16 - “Leases”. See further discussion under New Accounting Standards adopted during the year in the consolidated financial statements year-ended April 30, 2020.

In the first quarter of fiscal 2020, the Company recorded \$0.4 million of restructuring costs related to acquisition integration (primarily severance). This had a negative impact on Profit and no impact on Adjusted EBITDA² as this item is excluded from Adjusted EBITDA². Adjusted EBITDA² was positively impacted by \$0.3 million resulting from the implementation of International Financial Reporting Standard No. 16 - “Leases”. See further discussion under New Accounting Standards adopted during the year in the consolidated financial statements year-ended April 30, 2020.

In the fourth quarter of fiscal 2019, the Company recorded \$0.5 million of costs related to the acquisitions of OrderDynamics and Tecsys A/S and \$0.1 million related to stock-based compensation expense. This had a negative impact on Profit. Also, included in the fourth quarter of fiscal 2019 is the loss related to OrderDynamics of \$1.1 million. This had a negative \$1.1 million impact on Profit and a negative \$0.9 million impact on Adjusted EBITDA². The total of the above items had a \$1.7 million negative impact on Profit and a \$0.9 million negative impact on Adjusted EBITDA² in the fourth quarter of fiscal 2019. The decline in our organic perpetual license revenue in the fourth quarter was influenced by a shift to SaaS subscription bookings. During the fourth quarter of fiscal 2019, approximately 60% of our software product bookings were SaaS compared to 4% in the fourth quarter of fiscal 2018. This had a material impact on Profit and Adjusted EBITDA² in the fourth quarter as these bookings result in revenue recognition over the coming years (typically five-year contracts recognized ratably) as opposed to up front revenue recognition for perpetual license bookings.

In the third quarter of fiscal 2019, the Company recorded \$0.8 million of costs related to the acquisitions of OrderDynamics and Tecsys A/S and \$0.1 million related to stock-based compensation expense. This had a negative impact on Profit and Comprehensive Loss. Also, included in the third quarter of fiscal 2019 is the loss related to OrderDynamics of \$0.7 million. This had a negative \$0.7 million impact on Profit and Comprehensive Loss and a negative \$0.6 million impact on Adjusted EBITDA². Additionally, the third quarter of fiscal 2019 included non-recurring marketing rebranding program costs of \$0.4 million. This had a negative impact on Profit, Comprehensive Loss and Adjusted EBITDA². The total of the above items had a \$2.0 million negative impact on Profit and Comprehensive Loss and a \$1.0 million negative impact on Adjusted EBITDA² in the third quarter of fiscal 2019.

² Refer to section at end of MD&A titled “Non-IFRS Performance Measures”

Results of Operations for the Second Quarter of Fiscal 2021

Three months ended October 31, 2020 compared to three months ended October 31, 2019

Revenue

Total revenue for the second quarter ended October 31, 2020 increased to \$30.7 million, \$4.7 million or 18% higher, compared to \$26.0 million for the same period of fiscal 2020. Approximately 65% (2020 – 55%) of the Company's revenues were generated in U.S. dollars during the second quarter of fiscal 2021. The U.S. dollar averaged CA\$1.3220 in the second quarter of fiscal 2021 in comparison to CA\$1.3238 in the second quarter of fiscal 2020. In comparison to the second quarter of fiscal 2020, the Company's partial hedging of U.S revenue gave rise to a favorable revenue variance of \$0.6 million. Lower travel in the second quarter of fiscal 2021 due to COVID-19 gave rise to an unfavorable reimbursable expense revenue variance of \$0.4 million compared to the same period of fiscal 2020.

Proprietary products revenue, defined as internally developed products including proprietary software and hardware technology products, amounted to \$1.9 million in the second quarter of fiscal 2021, up \$0.2 million or 11% compared to the same period last year. Perpetual license bookings³ in the second quarter of fiscal 2021 were \$1.9 million compared to \$1.4 million in the second quarter of fiscal 2020.

Third party products revenue decreased to \$3.5 million, \$0.1 million or 2% lower in comparison to \$3.6 million for the same period last year.

Cloud, maintenance and subscription revenue increased to \$13.4 million, up \$3.3 million or 33%, in the second quarter of fiscal 2021 in comparison to \$10.1 million for the same period last year. The increase is primarily driven by SaaS. SaaS revenue in the second quarter of fiscal 2021 was \$5.1 million, up 142% over \$2.1 million in the second quarter of fiscal 2020 and up 33% or \$1.3 million sequentially compared to the first quarter of fiscal 2021. The increase in SaaS revenue was driven by new SaaS revenue from bookings³ in recent quarters and also benefited from transaction volume-based SaaS fees. Additionally, approximately \$0.5 million of the increase was related to a customer cancellation, which had the effect of pulling anticipated future revenues into the quarter.

In the second quarter of fiscal 2021, SaaS subscription bookings³ (measured on an Annual Recurring Revenue³ basis) were \$2.7 million, up 15% compared to \$2.4 million in the second quarter of fiscal 2020. At October 31, 2020, contracted SaaS backlog³ was \$60.2 million, up 16% from \$52.0 million at April 30, 2020 and up \$3.2 million sequentially compared to July 31, 2020. Total Annual Recurring Revenue³ at October 31, 2020 is \$50.9 million, up 26% compared to \$40.5 million at October 31, 2019 and up \$1.6 million from \$49.3 million at July 31, 2020. A significant amount of Annual Recurring Revenue³ (ARR) is denominated in currencies other than Canadian Dollars. As a result, movements in exchange rates will have an impact on ARR. During the second quarter of fiscal 2021, exchange movements had a \$0.3 million negative impact on ARR.

Professional services revenue increased to \$11.8 million, up \$1.6 million or 16%, in the second quarter of fiscal 2021 in comparison to \$10.2 million for the same period last year. Professional Services Bookings³ in the second quarter of fiscal 2021 were \$11.5 million, up 19% compared to \$9.7 million in the second quarter of fiscal 2020.

Cost of Revenue

Total cost of revenue increased to \$14.7 million, up \$1.7 million or 13%, in the second quarter of fiscal 2021, in comparison to \$13.0 million for the same period in fiscal 2020. The increase is primarily attributable to higher services costs of \$2.1 million and higher product costs of \$0.1 million, partially offset by lower reimbursable expenses of \$0.4 million.

The cost of products increased to \$2.8 million in the second quarter of fiscal 2021 and remained flat in comparison to the same period last year.

The cost of services increased to \$11.8 million, up \$2.1 million or 22%, in the second quarter of fiscal 2021 in comparison to \$9.7 million for the same period last year. Cost of services increased primarily as a result of direct costs associated with higher revenue, including higher employee costs. The cost of services includes tax credits of \$0.6 million for the second quarter of fiscal 2021 compared to \$0.3 million for the second quarter of fiscal 2020.

Gross Profit

Gross profit increased to \$16.0 million, up \$2.9 million or 23%, in the second quarter of fiscal 2021 in comparison to \$13.1 million for the same period last year. This is mainly attributable to higher service margin of \$2.9 million and higher product margin of \$0.1 million. Total gross margin was 52% for the second quarter of fiscal 2021 compared to 50% for the second

³ Refer to section at end of MD&A titled "Key performance indicators"

quarter of fiscal 2020.

Services gross profit during the second quarter of fiscal 2021 increased by \$2.9 million to \$13.4 million in comparison to \$10.5 million for the same period last year. Services gross margin was 53% in the second quarter of fiscal 2021 in comparison to 52% for the same period last year.

The products gross profit increased by \$0.1 million in the second quarter of fiscal 2021 compared to the same period last year. Product gross margin was 48% in the second quarter of fiscal 2021 compared to 47% for the same period last year.

Operating Expenses

Total operating expenses for the second quarter of fiscal 2021 increased to \$12.6 million, higher by \$1.8 million or 16%, compared to \$10.8 million for the same period last year. The weaker U.S dollar gave rise to an immaterial impact in the second quarter of fiscal 2021 compared to the same period last year.

The most notable differences between the second quarter of fiscal 2021 in comparison with the same period in fiscal 2020 are as follows:

- Sales and marketing expenses amounted to \$5.3 million, \$0.5 million higher than the comparable quarter last year. The increase is attributed to higher personnel costs, partially offset by lower marketing program costs and lower travel costs due to the COVID-19 pandemic.
- General and administrative expenses were \$2.9 million, \$0.5 million higher compared to the same quarter last year. The Company incurred higher personnel costs which was partially offset by lower travel costs due to COVID-19. Costs associated with Allowance for Expected Credit Losses contributed \$0.1 million of additional general and administrative expenses in the quarter compared to the same period last year.
- Net R&D expenses amounted to \$4.4 million in the second quarter of fiscal 2021, up \$0.8 million from the same quarter last year. The increase was primarily the result of higher personnel costs, partially offset by lower travel costs. The Company recorded \$0.6 million of R&D tax credits and e-business tax credits in the second quarter of fiscal 2021 in comparison to \$0.5 million for the same period in fiscal 2020. The Company amortized deferred development costs and other intangible assets of \$0.1 million in the second quarter of fiscal 2021 in comparison to \$0.2 million for the same period in the prior fiscal year. Additionally, the Company deferred \$0.1 million of development costs in the second quarter of fiscal 2021 compared to \$0.2 million in the same period of last year.

Profit from Operations

The Company recorded profit from operations of \$3.5 million in the second quarter of fiscal 2021, an increase of \$1.3 million or 56% compared to the same period in fiscal 2020. Contributing to the increase in profit is higher professional services and cloud, maintenance and subscription gross profit as well as higher product margin and lower travel costs due to the COVID-19 pandemic partially offset by higher personnel costs (including bonus and commissions).

Net Finance Costs

In the second quarter of fiscal 2021, the Company recorded \$0.1 million of net finance costs in comparison to \$0.3 million in net finance costs for the same quarter last year. For the second quarter of fiscal 2021, net finance costs consisted primarily of interest expense on long-term debt and lease obligations partially offset by interest income.

Income Taxes

In the second quarter of fiscal 2021, the Company recorded income tax expense of \$1.2 million in comparison to income tax expense of \$0.5 million in the second quarter of fiscal 2020. The increase in income tax expense as compared to the same period in fiscal 2020 is due primarily to higher profitability in the second quarter of fiscal 2021.

Profit

The Company realized a profit of \$2.1 million in the second quarter of fiscal 2021 compared to a profit of \$1.4 million for the same period in fiscal 2020. Basic and fully diluted earnings per share in the second quarter of fiscal 2021 were \$0.14 compared to \$0.11 per share for the same period in fiscal 2020.

Results of Operations for the First Half of Fiscal 2021

Six months ended October 31, 2020 compared to six months ended October 31, 2019

Revenue

Total revenue for the six months ended October 31, 2020 increased to \$58.8 million, \$8.5 million or 17% higher, compared to \$50.3 million for the same period of fiscal 2020. Approximately 65% (2020 – 55%) of the Company's revenues were generated in U.S. dollars during the first half of fiscal 2021. The U.S. dollar averaged CA\$1.3445 in the first half of fiscal 2021 in comparison to CA\$1.3260 in the first half of fiscal 2020. In comparison to the first half of fiscal 2020, the stronger U.S. dollar combined with by the Company's partial hedging of U.S revenue gave rise to a favorable revenue variance of \$1.1 million. Lower travel in the first half of fiscal 2021 due to COVID-19 gave rise to an unfavorable reimbursable expense revenue variance of \$1.0 million compared to the same period of fiscal 2020.

Proprietary products revenue, defined as internally developed products including proprietary software and hardware technology products, amounted to \$2.6 million in the first half of fiscal 2021, up \$0.4 million or 18% compared to the same period last year. Perpetual license bookings⁴ in the first half of fiscal 2021 were \$2.4 million compared to \$1.8 million in the first half of fiscal 2020.

Third party products revenue increased to \$7.5 million, \$0.3 million or 4% higher in the first half of fiscal 2021 in comparison to \$7.2 million for the same period last year.

Cloud, maintenance and subscription revenue increased to \$25.7 million, up \$5.9 million or 29%, in the first half of fiscal 2021 in comparison to \$19.8 million for the same period last year. The increase is primarily driven by SaaS. SaaS Revenue in the first half of fiscal 2021 was \$9.0 million, up 133% over \$3.9 million in the first half of fiscal 2020.

In the first half of fiscal 2021, SaaS subscription bookings⁴ (measured on an Annual Recurring Revenue⁴ basis) were \$5.1 million, up 85% compared to \$2.7 million in the first half of fiscal 2020. At October 31, 2020, contracted SaaS backlog⁴ was \$60.2 million, up 16% from \$52.0 million at April 30, 2020 and up \$3.2 million sequentially compared to July 31, 2020. Total Annual Recurring Revenue⁴ at October 31, 2020 is \$50.9 million, up 26% compared to \$40.5 million at October 31, 2019. A significant amount of Annual Recurring Revenue⁴ (ARR) is denominated in currencies other than Canadian Dollars. As a result, movements in exchange rates will have an impact on ARR. During the first half of fiscal 2021, exchange movements had a \$1.0 million negative impact on ARR.

Professional services revenue increased to \$23.0 million, up \$3.1 million or 15%, in the first half of fiscal 2021 in comparison to \$19.9 million for the same period last year. Professional Services Bookings⁴ in the first half of fiscal 2021 were \$25.6 million, up 50% compared to \$17.1 million in the first half of fiscal 2020.

Cost of Revenue

Total cost of revenue increased to \$29.3 million, up \$3.6 million or 14%, in the first half of fiscal 2021, in comparison to \$25.7 million for the same period in fiscal 2020. The increase is primarily attributable to higher services costs of \$4.3 million and higher product costs of \$0.3 million, partially offset by lower reimbursable expenses of \$1.0 million.

The cost of products increased to \$6.1 million in the first half of fiscal 2021, up \$0.3 million compared to the same period last year and driven by higher third-party product costs associated with higher revenue.

The cost of services increased to \$23.1 million, up \$4.3 million or 23%, in the first half of fiscal 2021 in comparison to \$18.8 million for the same period last year. Cost of services increased primarily as a result of direct costs associated with higher revenue, including higher employee costs. The cost of services includes tax credits of \$1.2 million for the first half of fiscal 2021 compared to \$0.8 million for the first half of fiscal 2020.

Gross Profit

Gross profit increased to \$29.5 million, up \$4.9 million or 20%, in the first half of fiscal 2021 in comparison to \$24.6 million for the same period last year. This is mainly attributable to higher service margin of \$4.6 million and higher product margin of \$0.3 million. Total gross margin was 50% for the first half of fiscal 2021 compared to 49% for the first half of fiscal 2020.

Services gross profit during the first half of fiscal 2021 increased by \$4.6 million to \$25.5 million in comparison to \$20.9 million for the same period last year. Services gross margin was 52% in the first half of fiscal 2021 in comparison to 53% for the same period last year.

⁴ Refer to section at end of MD&A titled "Key performance indicators"

The products margin increased by \$0.3 million in the first half of fiscal 2021 compared to the same period last year. Product gross profit was 39% in both of the first half of fiscal 2021 and fiscal 2020.

Operating Expenses

Total operating expenses for the first half of fiscal 2021 increased to \$24.1 million, higher by \$2.2 million or 10%, compared to \$21.9 million for the same period last year. The stronger U.S dollar gave rise to an unfavorable impact of \$0.1 million in the first half of fiscal 2021 compared to the same period last year.

The most notable differences between the first half of fiscal 2021 in comparison with the same period in fiscal 2020 are as follows:

- Sales and marketing expenses amounted to \$10.3 million, \$1.0 million higher than the comparable period last year. The increase is attributed to higher personnel costs, partially offset by lower marketing program costs and lower travel costs due to the COVID-19 pandemic.
- General and administrative expenses were \$5.3 million, \$0.5 million higher compared to the same period last year. The Company incurred higher personnel costs which was partially offset by lower travel costs due to COVID-19. Costs associated with Allowance for Expected Credit Losses contributed \$0.2 million of additional general and administrative expenses in the first half of fiscal 2021 compared to the same period last year.
- Net R&D expenses amounted to \$8.5 million in the first half of fiscal 2021, up \$1.2 million from the same period last year. The increase was primarily the result of higher personnel costs, partially offset by lower travel costs. The Company recorded \$1.1 million of R&D tax credits and e-business tax credits in the first half of fiscal 2021 in comparison to \$1.0 million for the same period in fiscal 2020. The Company amortized deferred development costs and other intangible assets of \$0.2 million in the first half of fiscal 2021 in comparison to \$0.3 million for the same period in the prior fiscal year. Additionally, the Company deferred \$0.2 million of development costs in the first half of fiscal 2021 compared to \$0.4 million in the same period of last year.
- Restructuring costs were \$nil, compared to \$0.4 million in the comparable period last year. These costs were related to acquisition integration costs, primarily for severance.

Profit from Operations

The Company recorded profit from operations of \$5.4 million in the first half of fiscal 2021, an increase of 99% in comparison to a profit from operations of \$2.7 million for the same period in fiscal 2020. Contributing to the increase in profit is higher professional services and cloud, maintenance and subscription margin as well as product margin, lower restructuring costs and lower travel costs due to the COVID-19 pandemic partially offset by higher personnel costs (including bonus and commissions).

Net Finance Costs

In the first half of fiscal 2021, the Company recorded \$0.1 million of net finance costs in comparison to \$0.7 million in net finance costs for the comparable period last year. For the first half of fiscal 2021, net finance costs consisted of interest expense on long-term debt and lease obligations partially offset by foreign exchange gains and interest income.

Income Taxes

In the first half of fiscal 2021, the Company recorded income tax expense of \$2.0 million in comparison to income tax expense of \$0.9 million in the first half of fiscal 2020. The increase in income tax expense as compared to the same period in fiscal 2020 is due primarily to higher profitability in the first half of fiscal 2021.

Profit

The Company realized a profit of \$3.3 million in the first half of fiscal 2021, an increase of 192% compared to profit of \$1.1 million in the same period in fiscal 2020. Basic and fully diluted earnings per share were \$0.23 in the first half of fiscal 2021 compared to \$0.09 for the same period in fiscal 2020.

Liquidity and Capital Resources

On October 31, 2020, current assets totaled \$69.2 million compared to \$67.0 million at the end of fiscal 2020. Cash and cash equivalents decreased to \$10.5 million compared to \$27.5 million at the end of fiscal 2020. The decrease in cash and cash

equivalents is primarily due to financing and investing activities. The Company invested \$10.0 million in a guaranteed investment certificate ("GIC") during the first quarter of fiscal 2021, which is presented as short-term investments on the consolidated balance sheet. Also contributing to the decrease in cash and cash equivalents was the payment of \$2.2 million during the second quarter of fiscal 2021 relating to the acquired tax liability ("CRA Liability"), which was part of the total consideration to acquire OrderDynamics Corporation, and quarterly dividends totaling \$1.7 million. The tax liability from the acquisition of OrderDynamics was previously disclosed in note 4 of the April 30, 2020 Annual Consolidated Financial Statements and had been presented on the Consolidated Statements of Financial Position as current liabilities.

Accounts receivable and work in progress totaled \$24.9 million on October 31, 2020, an increase of \$5.6 million compared to \$19.3 million as at April 31, 2020. The increase in accounts receivable and work in progress is due to higher revenue, increase in deferred revenue primarily on SaaS contracts and timing of cash collections. As a result, the Company's DSO⁵ (days sales outstanding) stood at 73 days at the end of October 31, 2020 compared to 63 at the end of fiscal 2020 and 58 days at the end of the first half of fiscal 2020. On October 31, 2020, the Company's current accounts receivable represented 51% of total accounts receivable and has remained stable as a percentage of total accounts receivable compared to 50% on July 31, 2020.

On April 28, 2020, the Company completed an offering of 1,333,333 common shares resulting in net total proceeds of \$21,718,842 (See note 16 of the April 30, 2020 Annual Consolidated Financial Statements for more details). As of April 30, 2020, the Company invested \$10.0 million of the net proceeds in a 30-days renewable simple-interest GIC, which is presented as short-term investments on the consolidated balance sheet. As mentioned above, the Company invested an additional \$10.0 million in a GIC during the first quarter of fiscal 2021.

Current liabilities on October 31, 2020 and at the end of fiscal 2020 stood at \$42.9 million with an increase in deferred revenue offset by a decrease in accounts payable and accrued liabilities and decrease in other current liabilities.

Working capital increased to \$26.3 million at the end of October 31, 2020 in comparison to \$24.1 million at the end of fiscal year 2020.

Cash from Operations

Operating activities used \$0.4 million of cash in the second quarter of fiscal 2021 in comparison to generating \$1.4 million in the second quarter of fiscal 2020. Operating activities used \$0.7 million of cash in the first half of fiscal 2021 in comparison to generating \$0.9 million in the first half of fiscal 2020.

Operating activities excluding changes in non-cash working capital items related to operations generated \$4.1 million in the second quarter of fiscal 2021 compared to \$2.4 million in the second quarter of fiscal 2020. The increase is primarily due to higher profitability compared to the second quarter of fiscal 2020. Operating activities excluding changes in non-cash working capital items related to operations generated \$6.8 million in the first half of fiscal 2021 compared to \$3.6 million in the first half of fiscal 2020. The increase is primarily due to higher profitability compared to the first half of fiscal 2020.

Non-cash working capital items used funds of \$4.6 million in the second quarter of fiscal 2021 primarily due to increases of accounts receivable, work in progress and other receivables of \$6.1 million, tax credits of \$0.9 million, inventory of \$0.1 million, partially offset by increases of accounts payable and accrued liabilities of \$0.9 million and deferred revenue of \$1.6 million. Non-cash working capital items used funds of \$7.6 million in the first half of fiscal 2021 primarily due to increases of accounts receivable, work in progress and other receivables of \$5.6 million, tax credits of \$1.7 million, prepaid expenses and contract acquisition costs of \$1.0 million and decrease of accounts payable and accrued liabilities of \$2.9 million, partially offset by an increase in deferred revenue of \$3.6 million.

Non-cash working capital items used funds of \$0.9 million in the second quarter of fiscal 2020 due to an increase in accounts receivable of \$3.1 million and increases in tax credits and prepaid expenses and contract acquisition costs of \$0.8 million offset by increases in accounts payable and accrued liabilities of \$1.8 million and deferred revenue of \$0.8 million. Non-cash working capital items used funds of \$2.7 million in the first half fiscal 2020 primarily due to an increase in accounts receivable of \$1.3 million and increases in tax credits, inventory, prepaid expenses and contract acquisition costs and other receivables totaling \$2.5 million partially offset by a decrease in work in progress of \$0.3 million and an increase in deferred revenue of \$0.4 million and accounts payable and accrued liabilities of \$0.4 million.

The Company believes that funds on hand at October 31, 2020 combined with cash flow from operations and its accessibility to banking facilities will be sufficient to meet its covenants and its needs for working capital, R&D, capital expenditures, and dividends for at least the next twelve months.

⁵ Refer to section at end of MD&A titled "Key performance indicators"

Financing Activities

Cash flows used in financing activities amounted to \$4.5 million for the second quarter of fiscal 2021 in comparison to \$2.2 million for the second quarter of fiscal 2020. In the second quarter of fiscal 2021, the Company paid the \$2.2 million CRA liability from the acquisition of OrderDynamics. Cash flows used in financing activities amounted to \$5.3 million for the first half of fiscal 2021 in comparison to \$2.9 million for the first half of fiscal 2020.

Financing activities in the second quarter and first half of fiscal 2021 related primarily to payment of the CRA liability, repayment of long-term debt and lease obligations as well as interest on long term debt and leases obligations.

Investing Activities

During the second quarter of fiscal 2021 and 2020, investing activities used funds of \$0.5 million. During the first half of fiscal 2021, investing activities used funds of \$11.1 million compared to \$0.8 million in the first half of fiscal 2020. As indicated above, during the first quarter of fiscal 2021, the Company invested \$10.0 million in a GIC. The GIC has an interest rate equivalent to the Bank of Canada Overnight Target Rate plus 0.60% and the interest is automatically reinvested monthly.

During the second quarter of fiscal 2021, the Company used funds of \$0.5 million for the acquisition of property and equipment and intangible assets compared to \$0.3 million in the second quarter of fiscal 2020. During the first half of fiscal 2021, the Company used funds of \$1.0 million for the acquisition of property and equipment and intangible assets compared to \$0.5 million in the first half of fiscal 2020.

In the second quarter of fiscal 2021, the Company invested in its proprietary software products with the capitalization of \$0.1 million reflected as deferred development costs compared to \$0.2 million in the second quarter of fiscal 2020. In the first half of fiscal 2021, the Company invested in its proprietary software products with the capitalization of \$0.2 million reflected as deferred development costs compared to \$0.4 million in the first half of fiscal 2020.

Related Party Transactions

Under the provisions of the executive share purchase plan for key management and other management employees, the Company provided interest-free loans to key management and other management employees of \$0.5 million during the first six months of fiscal 2021 (\$0.7 million for the same period of fiscal 2020) to facilitate their purchase of the Company's common shares. As of October 31, 2020, loans outstanding amounted to \$0.7 million (April 30, 2020 - \$0.5 million).

Subsequent Events

On December 2, 2020, the Company's Board of Directors declared a quarterly dividend of \$0.065 per share to be paid on January 8, 2021 to shareholders of record on December 17, 2020.

Current and Anticipated Impacts of Current Economic Conditions

Current overall economic conditions together with market uncertainty and volatility may have an adverse impact on the demand for the Company's products and services as industry may adjust quickly to exercise caution on capital spending. This uncertainty may impact the Company's revenue.

Based on Annual Recurring Revenue⁶ of \$50.9 million and Professional Services backlog⁶ of \$38.7 million, the Company's management believes that quarterly services revenue (Cloud, Maintenance and Subscription revenue plus Professional Services revenue) ranging between \$24.0 million and \$25.0 million per quarter can be sustained in the short term.

Strategically, the Company continues to focus its efforts on the most likely opportunities within its existing vertical markets and customer base. The Company also currently offers subscription-based licensing, hosting services, modular sales and implementations and enhanced payment terms to promote revenue growth. We see continued market appetite for subscription based SaaS licensing. To the extent our bookings continue to shift from perpetual license to SaaS, revenue and operating profit will be impacted in the medium term and this could be material.

The exchange rate of the U.S. dollar in comparison to the Canadian dollar continues to be an important factor affecting revenues and profitability as the Company generally derives approximately 60% to 70% of its business from U.S. customers while the majority of its cost base is in Canadian dollars.

The Company will continue to adjust its business model to ensure that costs are aligned to its revenue expectations and economic reality to the extent possible.

⁶ Refer to section at end of MD&A titled "Key performance indicators"

The Company believes that funds on hand together with anticipated cash flows from operations, and its accessibility to the operating line of credit will be sufficient to meet all its needs for a least the next twelve months. The Company can further manage its capital structure by adjusting its dividend policy.

COVID-19

On March 11, 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization, which is causing significant financial market and social dislocation. The Company continues to operate during the current pandemic. The Company is well-equipped to uphold comprehensive support and services for its end-to-end supply chain execution software through its multi-tiered customer care and support teams. Employees continue to work remotely and support Tecsyst's customers and partners. Work that was historically done both on site and remotely through telephone and video conferencing, including progressing sales cycles and project implementations, is now supported remotely by its employees. To date, Tecsyst's ability to continue to progress sales cycles, sign new orders and execute project implementations has not been affected adversely by the pivot to remote work. Tecsyst's end market customer exposure is diverse encompassing a wide range of industries including healthcare, complex distribution and, to a lesser extent, retail. While Tecsyst anticipates that some client projects may be postponed or delayed during the pandemic, other client projects are starting up. Based on current activity and considering the Company's significant project backlog, Tecsyst believes that this pandemic is not having any material adverse impact on its operating results. Moreover, Tecsyst is not currently experiencing or anticipating any material credit losses as a result of the pandemic. Finally, Tecsyst does not currently foresee any material adverse impact on the carrying amounts of its intangible assets, including customer relationships and technology, or on the carrying amount of goodwill, as a result of the pandemic.

The Company will continue to monitor developments of the pandemic and continuously assess the pandemic's potential further impact on Tecsyst's operations and business. The situation is dynamic, and the ultimate duration and magnitude of the impact of the pandemic on the economy and the financial effect on Tecsyst's operations and business are not known at this time. In developing estimates for the six months ended October 31, 2020, management determined that COVID-19 has minimal impact on key assumptions. However, because of the uncertainty that exists, it is not possible to reliably estimate the impact that these developments will have on the Company's financial results, conditions and cash flow.

Outstanding Share Data

As at December 2, 2020, the Company has 14,419,043 common shares outstanding. The company issued 2,500 shares related to the exercise of stock options in the second quarter of fiscal 2021.

Critical Accounting Policies

The Company's critical accounting policies are those that it believes are the most important in determining its financial condition and results. A summary of the Company's significant accounting policies, including the critical accounting policies discussed below, is set out in the notes to the consolidated financial statements and the financial statements for the year ended April 30, 2020.

Critical accounting judgements and key sources of estimation uncertainty

The preparation of the condensed interim consolidated financial statements in accordance with IFRS requires management to make estimates, assumptions, and judgments that affect the application of accounting policies and the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities and recognized amounts of revenue and expenses. Actual results may differ from these estimates.

Reported amounts and note disclosures reflect the overall economic conditions that are most likely to occur and the anticipated measures that management intends to take. Actual results may differ from those estimates. 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 if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

There have been no significant changes in the key sources of estimation uncertainty and judgements made in relation to the accounting policies applied to those disclosed in the Company's annual consolidated financial statements for the year ended April 30, 2020.

Disclosure Controls and Procedures

Disclosure controls and procedures are designed to provide reasonable assurance that material information is gathered and reported to senior management on a timely basis so that appropriate decisions can be made regarding public disclosure. The Company's Chief Executive Officer (CEO) and its Chief Financial Officer (CFO) are responsible for establishing and maintaining disclosure controls and procedures regarding the communication of information. They are assisted in this responsibility by the Company's Executive Committee, which is composed of members of senior management. Based on the evaluation of the Company's disclosure controls and procedures, the Chief Executive Officer and Chief Financial Officer have concluded that these disclosure controls and procedures were effective as of October 31, 2020.

Internal Control over Financial Reporting

The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting to provide reasonable assurance regarding the reliability of the Company's financial reporting and its compliance with IFRS in its consolidated financial statements. The control framework that was designed by the Company's ICFR is in accordance with the framework criteria established in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013) (COSO).

No changes to internal controls over financial reporting have come to management's attention during the six months period ending on October 31, 2020 that have materially affected or are reasonably likely to materially affect internal controls over financial reporting.

Forward-Looking Information

This management's discussion and analysis contains "forward-looking information" within the meaning of applicable securities legislation. Although the forward-looking information is based on what the Company believes are reasonable assumptions, current expectations, and estimates, investors are cautioned from placing undue reliance on this information since actual results may vary from the forward-looking information. Forward-looking information may be identified by the use of forward-looking terminology such as "believe", "intend", "may", "will", "expect", "estimate", "anticipate", "continue" or similar terms, variations of those terms or the negative of those terms, and the use of the conditional tense as well as similar expressions.

Such forward-looking information that is not historical fact, including statements based on management's belief and assumptions, cannot be considered as guarantees of future performance. They are subject to a number of risks and uncertainties, including but not limited to future economic conditions, the markets that the Company serves, the actions of competitors, major new technological trends, and other factors, many of which are beyond the Company's control, that could cause actual results to differ materially from those that are disclosed in or implied by such forward-looking information. The Company undertakes no obligation to update publicly any forward-looking information whether as a result of new information, future events or otherwise other than as required by applicable legislation. Important risk factors that may affect these expectations include, but are not limited to, the factors described under the section "Risks and Uncertainties".

Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this management discussion and analysis. Such statements are based on a number of assumptions which may prove to be incorrect, including, but not limited to, assumptions about: (i) competitive environment; (ii) operating risks; (iii) the Company's management and employees; (iv) capital investment by the Company's customers; (v) customer project implementations; (vi) liquidity; (vii) current global financial conditions; (viii) implementation of the Company's commercial strategic plan; (ix) credit; (x) potential product liabilities and other lawsuits to which the Company may be subject; (xi) additional financing and dilution; (xii) market liquidity of the Company's common shares; (xiii) development of new products; (xiv) intellectual property and other proprietary rights; (xv) acquisition and expansion; (xvi) foreign currency; (xvii) interest rate; (xviii) technology and regulatory changes; (xix) internal information technology infrastructure and applications, (xx) cyber security and (xxi) expected impact of COVID-19 on the Company's future operations and performance.

Non-IFRS Performance Measures

The Company uses certain non-IFRS financial performance measures in its MD&A and other communications which is described in the following section. The non-IFRS measures do not have any standardized meaning prescribed by IFRS and are unlikely to be comparable to similarly titled measures reported by other companies. Readers are cautioned that the disclosure of these metrics is meant to add to, and not to replace, the discussion of financial results determined in accordance with IFRS. Management uses both IFRS and non-IFRS measures when planning, monitoring and evaluating the Company's

performance.

EBITDA and Adjusted EBITDA

The terms and definitions of the non-GAAP measure used in this MD&A and a reconciliation of the non-GAAP measure to the most directly comparable GAAP measure are provided below. These non-GAAP measures do not have any standardized meanings prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other companies. Accordingly, they should not be considered in isolation.

EBITDA is calculated as earnings before interest expense, interest income, income taxes, depreciation and amortization. Adjusted EBITDA is calculated as EBITDA before stock-based compensation, fair value adjustment on contingent consideration earnout and restructuring costs. The Company believes that these measures are commonly used by investors and analysts to measure a company's performance, its ability to service debt and to meet other payment obligations, or as a common valuation measurement.

The EBITDA and Adjusted EBITDA calculation for three and six months ended October 31, 2020 and October 31, 2019 derived from IFRS measures in the Company's Consolidated financial statements, is as follows:

	Three months ended October 31, 2020	Three months ended October 31, 2019	Six months ended October 31, 2020	Six months ended October 31, 2019
Profit for the period	\$ 2,086	\$ 1,404	\$ 3,321	\$ 1,137
Adjustments for:				
Depreciation of property and equipment and right-of-use assets	526	480	1,059	957
Amortization of deferred development costs	58	151	161	313
Amortization of other intangible assets	426	325	834	738
Interest expense	195	290	471	571
Interest income	(63)	(18)	(113)	(46)
Income taxes	1,235	529	1,970	878
EBITDA	\$ 4,463	\$ 3,161	\$ 7,703	\$ 4,548
Adjustments for:				
Stock based compensation	367	345	636	533
Restructuring costs	-	-	-	420
Fair value adjustment on contingent consideration earnout – Tecsys A/S	-	171	-	171
Adjusted EBITDA	\$ 4,830	\$ 3,677	\$ 8,339	\$ 5,672

Key Performance Indicators

The Company uses certain key performance indicators in its MD&A and other communications which are described in the following section. These key performance indicators are unlikely to be comparable to similarly titled indicators reported by other companies. Readers are cautioned that the disclosure of these metrics are meant to add to, and not to replace, the discussion of financial results determined in accordance with IFRS. Management uses both IFRS measures and key performance indicators when planning, monitoring and evaluating the Company's performance.

Recurring Revenue

Recurring revenue (also referred to as Annual Recurring Revenue) is defined as the contractually committed purchase of SaaS, proprietary software maintenance, customer support, application hosting, database administration services and third-party maintenance services, over the next twelve months. The quantification assumes that the customer will renew the contractual commitment on a periodic basis as they come up for renewal. This portion of the Company's revenue is predictable and stable.

Bookings

Broadly speaking, bookings refers to the value of accepted contracts. The Company's quantification of bookings is focused on SaaS ARR bookings (the average annual value of committed SaaS recurring revenue at the time of contract signing), perpetual license bookings and Professional Services bookings. The Company believes that these metrics are primary indicators of business performance.

Backlog

Generally, backlog refers to something unfulfilled. In a traditional software company, this term is used largely within finance. Backlog could also refer to the value of contracted or committed revenue that is not yet recognizable due to acceptance criteria, delivery of professional services, or an accounting rule. With the Company's shift to SaaS, our backlog reporting has focused on (a) the natural backlog that is created by Annual Recurring Revenue (annual recurring revenue assuming the customer will renew the contractual commitment on a periodic basis as those commitments come up for renewal) and (b) Professional Services Backlog. The Company has also begun to focus on contracted SaaS backlog as a key performance indicator. The Company enters into SaaS subscription agreements that are typically multi-year performance obligations with original contract terms of three to five years. Contracted SaaS backlog represents revenue that we expect to recognize in the future related to firm performance obligations that are unsatisfied (or partially unsatisfied) at the reporting date.

Days Sales Outstanding (DSO)

Days sales outstanding (DSO) is a measure of the average number of days that a company takes to collect revenue after a sale has been made. The Company's DSO is determined on a quarterly basis and can be calculated by dividing the amount of accounts receivable and work in progress at the end of a quarter by the total value of sales during the same quarter, and multiplying the result by 90 days.

Additional Information about Tecsys

Additional information about the Company, including copies of the continuous disclosure materials such as annual information form and the management proxy circular are available through the SEDAR website at <https://www.sedar.com>.

Condensed Interim Consolidated Financial Statements
(Unaudited)

TECSYS INC.

For the three and six month periods ended October 31, 2020 and 2019

MANAGEMENT'S COMMENTS ON THE UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE AND SIX MONTH PERIODS ENDED OCTOBER 31, 2020 and 2019

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

The accompanying unaudited condensed interim consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's Management.

The Company's independent auditors, KPMG LLP, have not performed a review of these financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditors.

Dated this 2nd day of December 2020.

Tecsys Inc.**Condensed Interim Consolidated Statements of Financial Position**

As at October 31, 2020 and April 30, 2020

(Unaudited)

(in thousands of Canadian dollars)

	Note	October 31, 2020	April 30, 2020
Assets			
Current assets			
Cash and cash equivalents		\$ 10,463	\$ 27,528
Short-term investments	3	20,058	10,000
Accounts receivable		23,466	18,434
Work in progress		1,383	837
Other receivables		2,510	1,633
Tax credits		6,260	4,162
Inventory		658	634
Prepaid expenses		4,385	3,778
Total current assets		69,183	67,006
Non-current assets			
Other long-term receivables		322	350
Tax credits		4,854	4,624
Property and equipment		2,777	2,823
Right-of-use assets	4	7,757	8,234
Contract acquisition costs	5	2,673	2,324
Deferred development costs		1,103	1,103
Other intangible assets		13,308	13,401
Goodwill		17,738	17,540
Deferred tax assets		7,024	7,028
Total non-current assets		57,556	57,427
Total assets		\$ 126,739	\$ 124,433
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		\$ 18,345	\$ 19,933
Deferred revenue		19,762	16,163
Current portion of long-term debt	6	1,231	1,231
Other current liabilities		2,646	4,670
Lease obligations	7	905	922
Total current liabilities		42,889	42,919
Non-current liabilities			
Long-term debt	6	9,000	9,600
Deferred tax liabilities		1,686	1,638
Lease obligations	7	8,720	9,157
Total non-current liabilities		19,406	20,395
Total liabilities		62,295	63,314
Equity			
Share capital	8	40,960	40,901
Contributed surplus		11,577	10,964
Retained earnings		10,429	8,838
Accumulated other comprehensive income	14	1,478	416
Total equity attributable to the owners of the Company		64,444	61,119
Total liabilities and equity		\$ 126,739	\$ 124,433

See accompanying notes to the unaudited condensed interim consolidated financial statements

Tecsys Inc.**Condensed Interim Consolidated Statements of Income and Comprehensive Income**

Three and six months ended October 31, 2020 and 2019

(Unaudited)

(in thousands of Canadian dollars, except per share data)

	Note	Three months ended October 31, 2020	Three months ended October 31, 2019	Six months ended October 31, 2020	Six months ended October 31, 2019
Revenue:					
Proprietary products		\$ 1,918	\$ 1,726	\$ 2,562	\$ 2,170
Third-party products		3,515	3,592	7,497	7,244
Cloud, maintenance and subscription	9	13,432	10,063	25,685	19,845
Professional services		11,788	10,169	22,980	19,911
Reimbursable expenses		41	458	61	1,088
Total revenue		30,694	26,008	58,785	50,258
Cost of revenue					
Products		2,845	2,795	6,087	5,757
Services	10	11,798	9,700	23,137	18,825
Reimbursable expenses		41	458	61	1,088
Total cost of revenue		14,684	12,953	29,285	25,670
Gross profit		16,010	13,055	29,500	24,588
Operating expenses:					
Sales and marketing		5,265	4,807	10,262	9,315
General and administration		2,895	2,437	5,321	4,821
Research and development, net of tax credits		4,398	3,595	8,497	7,313
Restructuring costs	11	-	-	-	420
Total operating expenses		12,558	10,839	24,080	21,869
Profit from operations		3,452	2,216	5,420	2,719
Net finance costs	13	131	283	129	704
Profit before income taxes		3,321	1,933	5,291	2,015
Income tax expense		1,235	529	1,970	878
Profit attributable to the owners of the Company		\$ 2,086	\$ 1,404	\$ 3,321	\$ 1,137
Other comprehensive income:					
Effective portion of changes in fair value on designated revenue hedges	14	(455)	(18)	654	118
Exchange differences on translation of foreign operations	14	(145)	53	408	(304)
Comprehensive income attributable to the owners of the Company		\$ 1,486	\$ 1,439	\$ 4,383	\$ 951
Basic and diluted earnings per common share	8	\$ 0.14	\$ 0.11	\$ 0.23	\$ 0.09

See accompanying notes to the unaudited condensed interim consolidated financial statements

Tecsys Inc.

Condensed Interim Consolidated Statements of Cash Flows

Three and six months ended October 31, 2020 and 2019

(Unaudited)

(in thousands of Canadian dollars)

	Note	Three months ended October 31, 2020	Three months ended October 31, 2019	Six months ended October 31, 2020	Six months ended October 31, 2019
Cash flows from operating activities:					
Profit for the period		\$ 2,086	\$ 1,404	\$ 3,321	\$ 1,137
Adjustments for:					
Depreciation of property and equipment and right-of-use-assets		526	480	1,059	957
Amortization of deferred development costs		58	151	161	313
Amortization of other intangible assets		426	325	834	738
Net finance costs	13	131	283	129	704
Unrealized foreign exchange and other		(233)	(333)	(472)	(585)
Non-refundable tax credits		(361)	(510)	(670)	(746)
Stock-based compensation	8	367	345	636	533
Income taxes		1,120	207	1,844	556
Net cash from operating activities excluding changes in non-cash working capital items related to operations					
		4,120	2,352	6,842	3,607
Accounts receivable		(6,038)	(3,066)	(4,963)	(1,310)
Work in progress		(234)	191	(541)	330
Other receivables		138	253	(78)	(461)
Tax credits		(903)	(347)	(1,658)	(1,038)
Inventory		(61)	(177)	(20)	(163)
Prepaid expenses		183	(313)	(606)	(497)
Contract acquisition costs		(154)	(108)	(349)	(357)
Accounts payable and accrued liabilities		902	1,815	(2,908)	433
Deferred revenue		1,609	847	3,578	384
Changes in non-cash working capital items related to operations					
		(4,558)	(905)	(7,545)	(2,679)
Net cash (used in) from operating activities					
		(438)	1,447	(703)	928
Cash flows from (used in) financing activities:					
Repayment of long-term debt		(300)	(236)	(600)	(472)
Payment of lease obligations	7	(234)	(243)	(487)	(485)
Payment of dividends		(1,730)	(1,439)	(1,730)	(1,439)
Payment of acquired tax liability	12	(2,191)	-	(2,191)	-
Common shares issued on exercise of stock options		36	-	36	-
Interest paid		(151)	(248)	(319)	(489)
Net cash used in financing activities					
		(4,570)	(2,166)	(5,291)	(2,885)
Cash flows from (used in) investing activities:					
Purchase of short-term investments		-	-	(10,000)	-
Interest received	13	63	17	113	46
Acquisitions of property and equipment		(454)	(232)	(503)	(359)
Acquisitions of other intangible assets		(16)	(72)	(521)	(135)
Deferred development costs		(54)	(189)	(160)	(355)
Net cash used in investing activities					
		(461)	(476)	(11,071)	(803)
Net decrease in cash and cash equivalents during the period					
		(5,469)	(1,195)	(17,065)	(2,760)
Cash and cash equivalents - beginning of period					
		15,932	13,348	27,528	14,913
Cash and cash equivalents - end of period					
		\$ 10,463	\$ 12,153	\$ 10,463	\$ 12,153

See accompanying notes to the unaudited condensed interim consolidated financial statements

Tecsys Inc.

Condensed Interim Consolidated Statements of Changes in Equity

Six months ended October 31, 2020 and 2019

(Unaudited)

(in thousands of Canadian dollars, except number of shares)

	Share capital		Contributed surplus	Accumulated other comprehensive income (loss)	Retained earnings	Total	
	Note	Number					Amount
Balance, April 30, 2020		14,416,543	40,901	10,964	416	8,838	61,119
Profit for the period		-	-	-	-	3,321	3,321
Other comprehensive income for the period:							
Effective portion of changes in fair value on designated revenue hedges	14	-	-	-	654	-	654
Exchange difference on translation of foreign operations		-	-	-	408	-	408
Total comprehensive income for the period		-	-	-	1,062	3,321	4,383
Stock-based Compensation	8	-	-	636	-	-	636
Dividends to equity owners	8	-	-	-	-	(1,730)	(1,730)
Share options exercised	8	2,500	59	(23)	-	-	36
Total transactions with owners of the Company		2,500	59	613	-	(1,730)	(1,058)
Balance, October 31, 2020		14,419,043	\$ 40,960	\$ 11,577	\$ 1,478	\$ 10,429	\$ 64,444
Balance, April 30, 2019		13,082,376	\$ 19,144	\$ 9,943	\$ (207)	\$ 9,501	\$ 38,381
Profit for the period		-	-	-	-	1,137	1,137
Other comprehensive income (loss) for the period:							
Effective portion of changes in fair value on designated revenue hedges		-	-	-	118	-	118
Exchange difference on translation of foreign operations		-	-	-	(304)	-	(304)
Total comprehensive income (loss) for the period		-	-	-	(186)	1,137	951
Stock-based Compensation		-	-	533	-	-	533
Dividends to equity owners		-	-	-	-	(1,439)	(1,439)
Total transactions with owners of the Company		-	-	533	-	(1,439)	(906)
Balance, October 31, 2019		13,082,376	\$ 19,144	\$ 10,476	\$ (393)	\$ 9,199	\$ 38,426

See accompanying notes to the unaudited condensed interim consolidated financial statements

Tecsys Inc.

Notes to the Condensed Interim Consolidated Financial Statements
Three and six months ended October 31, 2020 and 2019
(Unaudited)

(in thousands of Canadian dollars, except per share data)

1. Description of business:

Tecsys Inc. (the "Company") was incorporated under the Canada Business Corporations Act in 1983. The Company's principal business activity is the development, marketing and sale of enterprise-wide supply chain management software for distribution, warehousing, transportation logistics, point-of-use and order management. The Company sells its software primarily on a subscription basis as Software as a Service and also on a perpetual license basis with recurring support. The Company also provides related consulting, education and support services. The Company is headquartered at 1, Place Alexis Nihon, Montréal, Canada, and derives substantially all of its revenue from customers located in the United States, Canada and Europe. The Company's customers consist primarily of healthcare systems, services parts, third-party logistics, retail and general wholesale high volume distribution industries. The condensed interim consolidated financial statements comprise the Company and its wholly-owned subsidiaries. The Company is a publicly listed entity and its shares are traded on the Toronto Stock Exchange under the symbol TCS.

2. Basis of preparation:

(a) Statement of compliance:

The Company's unaudited condensed interim consolidated financial statements and the notes thereto have been prepared in accordance with International Accounting Standards ("IAS") 34, Interim Financial Reporting as issued by the International Accounting Standards Board ("IASB"). They do not include all the information required in the full annual financial statements. Certain information and footnote disclosures normally included in annual financial statements were omitted or condensed where such information is not considered material to the understanding of the Company's interim financial information. As such, they should be read in conjunction with the consolidated financial statements of the Company as at and for the year ended April 30, 2020.

The unaudited condensed interim consolidated financial statements were authorized for issue by the Board of Directors on December 2, 2020.

The preparation of financial data is based on accounting principles and practices consistent with those used in the preparation of the audited annual consolidated financial statements as at April 30, 2020.

(b) Functional and presentation currency:

The unaudited condensed interim consolidated financial statements are presented in Canadian dollars, which is the functional currency of the Company. All financial information presented in Canadian dollars has been rounded to the nearest thousand (\$000) except when otherwise indicated.

3. Short-term investments:

On April 28, 2020, the Company invested \$10,000 in a 30-day simple-interest GIC. The GIC is renewable at maturity.

On May 1, 2020, the Company invested \$10,000 in a guaranteed investment certificate ("GIC"). The GIC has an interest rate equivalent to the Bank of Canada Overnight Target Rate plus 0.60% and the interest is automatically reinvested monthly. The GIC has a 31-day withdrawal notice requirement.

Tecsys Inc.

Notes to the Condensed Interim Consolidated Financial Statements
Three and six months ended October 31, 2020 and 2019
(Unaudited)

(in thousands of Canadian dollars, except per share data)

4. Right-of-use assets:

The following table presents the right-of-use assets for the Company:

	Offices	Data centers	Vehicles and equipment	Total
Balance, April 30, 2020	\$ 7,816	\$ 165	\$ 253	\$ 8,234
Depreciation	(379)	(83)	(48)	(510)
Effect of foreign currency exchange differences	23	4	6	33
Balance, October 31, 2020	\$ 7,460	\$ 86	\$ 211	\$ 7,757

5. Contract acquisition costs:

The following table presents the contract acquisition costs of the Company:

	October 31, 2020	April 30, 2020
Balance, beginning of the period	\$ 3,087	\$ 833
Additions	1,092	2,723
Amortization	(447)	(469)
Balance, end of the period	\$ 3,732	\$ 3,087
Presented as:		
Current portion	\$ 1,059	\$ 763
<i>Non-current</i>		
Contract acquisition costs	\$ 2,673	\$ 2,324

The current portion of contract acquisition costs is included in Prepaid expenses in the Condensed interim Consolidated Statements of Financial Position.

6. Banking facilities and long-term debt:

On January 30, 2019, the Company entered into a Credit Agreement. The Credit Agreement includes a Term Facility of up to \$12,000 and a Revolving Facility of \$5,000. The Term Facility was used for the purchase of Tecsys A/S and for general corporate purposes. The Revolving Facility is for general corporate purposes. As at October 31, 2020, the Company had outstanding \$10,200 under the Term Facility (the "Term Loan") (April 30, 2020 - \$10,800). The Revolving Facility was undrawn as of October 31, 2020 and April 30, 2020.

Tecsys Inc.

Notes to the Condensed Interim Consolidated Financial Statements
Three and six months ended October 31, 2020 and 2019
(Unaudited)

(in thousands of Canadian dollars, except per share data)

Canadian Dollar borrowings under the Credit Agreement are made in the form of Prime Rate Loans (bearing interest at prime plus 0.75%-1.75% per annum) or Banker's Acceptances (bearing interest at base plus 1.75% - 2.75% per annum). The Company may repay outstanding amounts under the Credit Agreement at any time.

Security under the credit agreement consists of a first-ranking movable hypothec on the Company's corporeal and incorporeal, present and future movable property.

On November 13, 2019, the Company signed an amendment to the Credit Agreement with the effect of replacing the minimum level of Working Capital Ratio from 1.2 : 1.0 to 1.05 : 1.0 throughout fiscal year 2020 and for the first quarter of fiscal 2021. Thereafter, the minimum Working Capital Ratio reverts back to not less than 1.2 : 1.0. The Credit Agreement also requires the Company to maintain a Fixed Charge Coverage Ratio of not less than 1.20 : 1.0 and a Net Debt to Bank EBITDA ratio not greater than 3.50 : 1.0 until July 31, 2019, then decreasing to not greater than 3.00 : 1.0 until April 29, 2021, and finally down to 2.50 : 1.0 thereafter. At October 31, 2020, the Company was in compliance with all financial covenants.

The remaining term loan is payable in quarterly installments of \$300 until January 2024, with the balance payable on that same date.

	October 31, 2020	April 30, 2020
Term loan, secured by hypothec on movable properties	\$ 10,200	\$ 10,800
Government funded debt, with no interest or security, payable over various instalments	31	31
	\$ 10,231	\$ 10,831
Current portion	(1,231)	(1,231)
Long-term debt	\$ 9,000	\$ 9,600

7. Lease obligations:

The Company's leases are for office space, data centers, vehicles and equipment. Most of these leases do not contain renewal options. The range of renewal options for those that have such options are between 5 to 10 years. The Company has included renewal options in the measurement of lease obligations when it is reasonably certain to exercise the renewal option.

The following table presents lease obligations for the Company as at October 31, 2020:

	October 31, 2020	April 30, 2020
Current	\$ 905	\$ 922
Non-current	8,720	9,157
Total lease obligations	\$ 9,625	\$ 10,079

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The following table presents the contractual undiscounted cash flows for lease obligations as at October 31, 2020:

Less than one year	\$ 1,154
One to five years	5,730
More than five years	4,745
<hr/>	
Total undiscounted lease obligations	\$ 11,629

Interest expense on lease obligations for the three and six months ended October 31, 2020 was \$91 and \$184 (\$94 and \$189 for the same periods of fiscal 2020).

Total cash outflow was \$325 and \$671 for the three and six months ended October 31, 2020 (\$336 and \$673 for the same period of fiscal 2020), including \$234 and \$487 of principal payments on lease obligations (\$243 and \$485 for the same period of fiscal 2020).

The expense relating to variable lease payments not included in the measurement of lease obligations was \$316 and \$588 for the three and six months ended October 31, 2020 (\$262 and \$536 for the same period of fiscal 2020). This consists of variable lease payments for operating costs, property taxes and insurance.

Expenses relating to short-term leases not included in the measurement of lease obligations for the three and six months ended October 31, 2020 was \$54 and \$185 (\$338 and \$979 for the same period of fiscal 2020). Expenses relating to leases of low value assets for the three and six months ended October 31, 2020 was \$46 and \$99 (\$48 and \$100 for the same period of fiscal 2020). There were no additions on lease obligations during the three and six months ended October 31, 2020 (nil for the same period of fiscal 2020).

8. Share capital and Stock option plan:

(a) Dividend policy:

The Company maintains a quarterly dividend policy. The declaration and payment of dividends is at the discretion of the Board of Directors, which will consider earnings, capital requirements, financial conditions and other such factors as the Board of Directors, in its sole discretion, deems relevant.

On July 8, 2020, the Company declared a dividend of \$0.06 per share, paid on August 7, 2020 to shareholders of record on July 24, 2020.

On September 10, 2020, the Company declared a dividend of \$0.06 per share, paid on October 9, 2020 to shareholders of record on September 25, 2020.

(b) Earnings per share:

The calculation of basic earnings per share is based on the profit (loss) attributable to common shareholders and the weighted average number of common shares outstanding. The calculation of diluted earnings per share is based on the profit attributable to common shareholders and the weighted average number of common shares outstanding after adjustment for the effects of all dilutive common shares. Basic and diluted earnings per share are calculated as follows:

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	Three Months Ended October 31, 2020	Three Months Ended October 31, 2019	Six Months Ended October 31, 2020	Six Months Ended October 31, 2019
Profit attributable to common shareholders	\$ 2,086	\$ 1,404	\$ 3,321	\$ 1,137
Weighted average number of common shares outstanding (basic)	14,417,603	13,082,376	14,416,858	13,082,376
Dilutive impact of assumed exercise of stock options	302,350	-	263,110	-
Weighted average number of common shares outstanding (diluted)	14,723,574	13,082,376	14,683,139	13,082,376
Basic earnings per common share	\$ 0.14	\$ 0.11	\$ 0.23	\$ 0.09
Diluted earnings per common share	\$ 0.14	\$ 0.11	\$ 0.23	\$ 0.09

As at October 31, 2020, 140,116 and 150,124 options were excluded from the three and six months weighted average number of diluted common shares as their effect would have been anti-dilutive (655,309 for the comparative periods of fiscal 2020).

(c) Stock option plan:

The Company has a stock option plan under which stock options may be granted to certain employees and directors. Under the terms of the plan, the Company may grant options up to 10% of its issued and outstanding shares. The stock option plan is administered by the Board of Directors who may determine, in accordance with the terms of the plan, the terms relating to each option, including the extent to which each option is exercisable during the term of the options.

The exercise price is generally determined based on the weighted average trading price of the Company's common shares for the 5 days prior to the date the Board of Directors grants the option.

The movement in outstanding stock options for the six months ended October 31, 2020 is as follows:

	Number of options	Weighted average exercise price
Outstanding at April 30, 2020	646,587	\$ 15.16
Granted on July 8, 2020	161,060	26.75
Exercised on September 15, 2020	(2,500)	14.29
Forfeited	(8,435)	15.67
Outstanding at October 31, 2020	796,712	\$ 17.53

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The following table outlines the outstanding stock options of the Company as at October 31, 2020:

	Fair value per option	Remaining contractual life in years	Number of options currently exercisable	Exercise price	Outstanding options
Granted on September 8, 2018	\$ 4.42	2.84	94,350	\$ 17.23	188,700
Granted on July 3, 2019	3.28	3.67	137,621	14.29	440,387
Granted on February 28, 2020	4.78	4.33	938	18.95	7,500
Granted on July 8, 2020	6.95	4.68	10,008	26.75	160,125

The issued options vest on quarterly straight-line basis (6.25% per quarter) over the vesting period of 4 years and must be exercised within 5 years from the date of grant.

The fair value of options granted on July 8, 2020 were determined using the Black-Scholes option pricing model with the following assumptions:

	July 8, 2020
Weighted average share price	\$ 26.75
Weighted average expected option life (years)	5
Weighted average expected stock price volatility	32.06%
Weighted average dividend yield	0.86%
Weighted average risk-free interest rate	0.37%

For the three and six months ended October 31, 2020, the Company recognized stock-based compensation expense of \$367 and \$636 (\$345 and \$533 for the same period of fiscal 2020). The contributed surplus accounts are used to record the accumulated compensation expense related to equity-settled share-based compensation transactions. Upon exercise of stock options, the corresponding amounts previously credited to contributed surplus are transferred to share capital.

9. Cloud, maintenance and subscription revenue:

The following table presents the cloud, maintenance and subscription revenue of the Company:

	Three Months Ended October 31, 2020	Three Months Ended October 31, 2019	Six Months Ended October 31, 2020	Six Months Ended October 31, 2019
SaaS	\$ 5,120	\$ 2,112	\$ 8,964	\$ 3,854
Cloud, maintenance and other	8,312	7,951	16,721	15,991
Total – Cloud, maintenance and subscription	\$ 13,432	\$ 10,063	\$ 25,685	\$ 19,845

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The Company enters into SaaS agreements and has historically entered into hosting agreements (classified under Cloud and other below) that are typically multi-year performance obligations with original contract terms of three to five years. The Company enters into maintenance contracts that typically have an original term of one year and are subject to annual renewal. These maintenance contracts are excluded from the table below.

The following table presents revenue expected to be recognized in the future related to SaaS and hosting performance obligations that are part of a contract with an original duration of greater than one year and that are unsatisfied (or partially satisfied) at October 31, 2020:

	Remainder of fiscal 2021	Fiscal 2022	Fiscal 2023 and thereafter	Total
SaaS	\$ 8,921	\$ 18,545	\$ 32,768	\$ 60,234
Cloud and other	1,243	974	621	2,838
Total	\$ 10,164	\$ 19,519	\$ 33,389	\$ 63,072

10. Cost of revenue – services:

Cost of revenue - services includes costs related to cloud, maintenance and subscription and professional services and is broken down as follows:

	Three Months Ended October 31, 2020	Three Months Ended October 31, 2019	Six Months Ended October 31, 2020	Six Months Ended October 31, 2019
Gross expenses	\$ 12,307	\$ 9,825	\$ 24,014	\$ 19,297
Amortization of intangible assets	140	156	315	312
E-business tax credits	(649)	(281)	(1,192)	(784)
	\$ 11,798	\$ 9,700	\$ 23,137	\$ 18,825

11. Restructuring costs:

For the three and six months ended October 31, 2020, the Company recognized restructuring costs of \$nil (\$nil and \$420 for the respective comparative periods of fiscal 2020). The prior period costs were related to acquisition integration, primarily for severance.

12. Payment of acquired tax liability:

In August 2020, the Company paid \$2,191 to the Canada Revenue Agency relating to the acquired tax liability ("CRA Liability"), which was part of the total consideration to acquire OrderDynamics Corporation. Refer to note 4 of the April 30, 2020 Annual Consolidated Financial Statements regarding the acquisition of OrderDynamics.

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13. Finance income and finance costs:

	Three Months Ended October 31, 2020	Three Months Ended October 31, 2019	Six Months Ended October 31, 2020	Six Months Ended October 31, 2019
Interest expense on bank loans and other	\$ 104	\$ 196	\$ 287	\$ 383
Interest accretion expense – lease obligations	91	93	184	188
Foreign exchange (gain) loss	(1)	12	(229)	180
Interest income on bank deposits	(63)	(18)	(113)	(47)
Net finance costs recognized in profit	\$ 131	\$ 283	\$ 129	\$ 704

14. Derivative instruments and risk management:

The Company is exposed to currency risk as a certain portion of the Company's revenues and expenses are incurred in U.S. dollars resulting in U.S. dollar denominated accounts receivable and accounts payable and accrued liabilities. In addition, certain of the Company's cash and cash equivalents are denominated in U.S. dollars. These balances are therefore subject to gains or losses due to fluctuations in that currency. The Company may enter into foreign exchange contracts in order to (a) offset the impact of the fluctuation of the U.S. dollar on its U.S. net monetary assets and (b) hedge highly probable future revenue denominated in U.S. dollars. The Company uses derivative financial instruments only for risk management purposes, not for generating trading profits. As such, any change in cash flows associated with derivative instruments is expected to be offset by changes in cash flows related to the net monetary position in the foreign currency and the recognition of highly probable future U.S. denominated revenue and related accounts receivable.

Non-hedge designated derivative instruments

On October 31, 2020, the Company held five outstanding foreign exchange contracts with various maturities to January 29, 2021 to sell US\$ 6,450 into Canadian dollars at a rate of CA\$1.319 to yield CA\$8,510. On October 31, 2020, the Company had recorded an unrealized exchange loss of \$83, included in accounts payable and accrued liabilities and an unrealized gain of \$2, representing the change in fair value of these outstanding contracts since inception and their initial measurement.

On October 31, 2019, the Company held four outstanding foreign exchange contracts with various maturities to January 30, 2020 to sell US\$ 3,050 into Canadian dollars at a rate of CA\$1.319 to yield CA\$4,023. On October 31, 2019, the Company had recorded an unrealized exchange loss of \$1, included in accounts payable and accrued liabilities and an unrealized gain of \$8, representing the change in fair value of these outstanding contracts since inception and their initial measurement.

Revenue hedge designated derivative instruments

On October 31, 2020, the Company held ten outstanding foreign exchange contracts with various maturities to July 30, 2021 to sell US\$17,500 into Canadian dollars at rates averaging CA\$1.435 to yield CA\$25,112. Of the outstanding US\$17,500 hedge designated foreign exchange contracts, US\$11,200 pertains to highly probable future revenue denominated in U.S. dollars expected over the next six-month period while US\$6,300 relates to realized U.S. dollar denominated revenue. On October 31, 2020, the Company had recorded an unrealized gain of \$1,808 representing the change in fair value of these outstanding contracts since inception.

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On October 31, 2019, the Company held nine outstanding foreign exchange contracts with various maturities to July 31, 2020 to sell US\$12,000 into Canadian dollars at rates averaging CA\$1.31760 to yield CA\$15,811. Of the outstanding US\$12,000 hedge designated foreign exchange contracts, US\$8,000 pertains to highly probable future revenue denominated in U.S. dollars expected over the next six-month period while US\$4,000 relates to realized U.S. dollar denominated revenue. On October 31, 2019, the Company had recorded an overall unrealized loss of \$54 included in accounts payable and accrued liabilities and an unrealized gain of \$63 representing the change in fair value of these outstanding contracts since inception.

The following table represents the movement in accumulated other comprehensive income (loss) from derivatives designated as hedges.

	Three Months Ended October 31, 2020	Three Months Ended October 31, 2019	Six Months Ended October 31, 2020	Six Months Ended October 31, 2019
Accumulated other comprehensive income (loss) on cash flow hedges as at the beginning of period	\$ 1,678	\$ 9	\$ 569	\$ (127)
Net gain (loss) on derivatives designated as cash flow hedges	217	(22)	1,546	146
Amounts reclassified from accumulated other comprehensive (loss) income to net earnings, and included in:				
Revenue	(641)	3	(659)	42
Net finance costs	(31)	1	(233)	(70)
Accumulated other comprehensive income from cash flow hedges	\$ 1,223	\$ (9)	\$ 1,223	\$ (9)
Accumulated other comprehensive gain (loss) - translation adjustment as at the end of period	255	(384)	255	(384)
Total accumulated other comprehensive income (loss) as at the end of period	\$ 1,478	\$ (393)	\$ 1,478	\$ (393)

15. Related party transactions:

Key management includes Board of Directors (executive and non-executive) and members of the Executive Committee that report directly to the President and Chief Executive Officer of the Company.

As at October 31, 2020, key management and their spouses control 25.5% (April 30, 2020 - 26.4%) of the issued common shares of the Company.

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The compensation paid or payable to key management for employee services during the three and six months ended October 31, 2020 and 2019 is as follows:

	Three Months Ended October 31, 2020	Three Months Ended October 31, 2019	Six Months Ended October 31, 2020	Six Months Ended October 31, 2019
Salaries	\$ 1,691	\$ 1,330	\$ 2,923	\$ 2,396
Other short-term benefits	152	45	256	111
Payment to defined contribution plans	21	30	69	73
	\$ 1,864	\$ 1,405	\$ 3,248	\$ 2,580

Under the provisions of the share purchase plan for key management and other management employees, the Company provided interest-free loans to key management and other management employees of \$500 (\$658 for the same period of fiscal 2020) to facilitate their purchase of the Company's common shares during the six months ended October 31, 2020. As of October 31, 2020, loans outstanding amounted to \$654 (April 30, 2020 - \$528) and are included in Other receivables in the Consolidated Statements of Financial Position.

16. Operating segment:

Management has organized the Company under one reportable segment: the development and marketing of enterprise-wide distribution software and related services. As at October 31, 2020, substantially all of the Company's property and equipment, goodwill and other intangible assets are located in Canada and Denmark. Total assets attributable to Denmark were \$19,907 (April 30, 2020: \$21,100). The Company's subsidiaries in the U.S. and the U.K. comprise sales and service operations offering implementation and maintenance services only.

Following is a summary of revenue by geographic location in which the Company's customers are located:

	Three Months Ended October 31, 2020	Three Months Ended October 31, 2019	Six Months Ended October 31, 2020	Six Months Ended October 31, 2019
Canada	\$ 6,010	\$ 5,836	\$ 10,775	\$ 11,939
United States	19,883	14,204	38,388	27,687
Europe	4,644	5,363	9,199	9,798
Other	157	605	423	834
	\$ 30,694	\$ 26,008	\$ 58,785	\$ 50,258

17. Subsequent event

On December 2, 2020, the Company's Board of Directors declared a quarterly dividend of \$0.065 per share to be paid on January 8, 2021 to shareholders of record on December 17, 2020



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