A Higher Standard

2024 ANNUAL REPORT

Contents

The statements in this annual report relating to matters that are not historical fact are forward-looking statements that are based on management's beliefs and assumptions. Such statements are not guarantees of future performance and are subject to a number of uncertainties, including but not limited to future economic conditions, the markets that Tecsys Inc. serves, the actions of competitors, major new technological trends, and other factors beyond the control of Tecsys Inc., which could cause actual results to differ materially from such statements. More information about the risks and uncertainties associated with Tecsys Inc.'s business can be found in the MD&A section of this annual report and the Annual Information Form for the fiscal year ended April 30, 2024. These documents have been filed with the Canadian securities commissions and are available on our website (***https://www.tecsys.com/about-us/investors/***) and on SEDAR+ (***www.sedarplus.ca***).

Tecsys at a glance

Tecsys is a global provider of **advanced cloud-based** supply chain solutions

We provide transformative supply chain solutions designed to create clarity out of the complex supply chain challenges that organizations face with increases in scale, customer expectations and inventory. With a commitment to innovation and customer success, we equip organizations with the essential software, technology and expertise needed for operational excellence and competitive advantage.

Tecsys' solutions include purpose-built software for enterprise resource planning, warehouse management, distribution and transportation management, supply management at point of use, retail order management and fulfillment, as well as complete financial management and analytics solutions. Built on the extensible Itopia® low-code application platform, Tecsys' solutions give organizations the flexibility to customize their systems according to their evolving business needs.

Supply chain resiliency is not just about enduring challenges, but strategically preparing for them. We believe that reliable, robust and responsive software equips our customers to navigate disruptions with confidence.

Setting a higher standard

Unprecedented growth, purpose-driven innovation and a steadfast commitment to excellence are the hallmarks of Tecsys' journey. We have consistently pushed the boundaries, setting new benchmarks in customer satisfaction, quality and service. As you explore this annual report, you will see how our dedication to raising the bar has driven our success and positioned us for a bright future.

Our SaaS revenue has soared, our total revenue has reached new heights, and our annual recurring revenue (ARR) continues to climb, reflecting our strong market momentum. This growth is not just in numbers but in the trust and confidence our customers place in us. We are proud to empower supply chain users worldwide, ensuring they have the right tools to perform efficiently and effectively.

Raising the bar

As we look ahead, we remain dedicated to setting the bar even higher. Our vision for growth is sharper than ever, supported by technological investments and an unwavering obsession with customer success.

> *Having Tecsys as our technology partner has been invaluable as we evolve our operations to deliver faster and more accurately. Their solutions have helped us keep our customer commitments, making a real difference in our ability to grow the business."*
>
> **Louis Chertkow**
> ***President and CEO***
> *Elkay Plastics*

CUSTOMER SATISFACTION

We're raising the bar on customer satisfaction because we want to build on our outstanding net retention rate of over 100%.

QUALITY

We're raising the bar on quality because our software's reliability is non-negotiable.

SERVICE

We're raising the bar on service because when our customers trust us as strategic advisors to help them maximize the use of our software, they see the value in reinvesting.

EMPLOYEE EXPERIENCE

We're raising the bar on employee experience because we know a healthy and happy workforce is essential for delivering exceptional customer experiences.

A benchmark of excellence

100+
countries

Tecsys software is being used in over 100 countries around the world.

1,000+
customer sites

Global network of 1,000+ customer sites primarily located in Canada, the U.S. and Europe.

Top 2

Eight customers, two with Masters recognition, ranked on Gartner's Healthcare Supply Chain Top 25 for 2023[1].

Major
player

IDC MarketScape: Worldwide Warehouse Management 2024 Vendor Assessment[2].

Expert

Nucleus Research WMS Technology Value Matrix for 2023[3].

Challenger

2023 Gartner Magic Quadrant for Warehouse Management Systems[4].

[1] https://www.gartner.com/en/supply-chain/trends/gartner-healthcare-supply-chain-top-25

[2] https://www.idc.com/research/viewtoc.jsp?containerId=US49948523

[3] https://nucleusresearch.com/research/single/wms-technology-value-matrix-2023/

[4] https://www.gartner.com/en/documents/4331099

Financial highlights

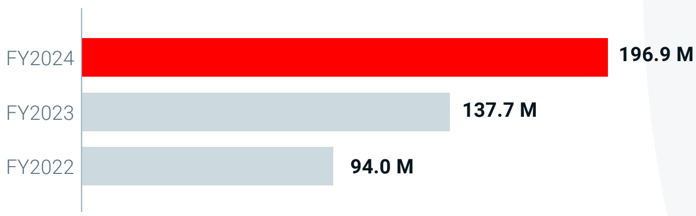
Tecsys SaaS customers sign multi-year agreements for Elite™ and Omni™ supply chain platform software. Our performance demonstrates consistent and resilient growth, while our business model provides a predictable recurring revenue base supplemented by new customer acquisition and expansion within our current customer base.

1,000s CAD except for EPS	2024	2023
Revenue	171,242	152,424
Profit from operations	1,933	3,568
Net profit	1,849	2,089
Adjusted EBITDA[1]	9,614	9,484
Earnings per share	0.13	0.14
SaaS ARR bookings[2]	18,554	16,392
Cash from operations	4,855	8,356
Annual Recurring Revenue[2]	94,680	78,252

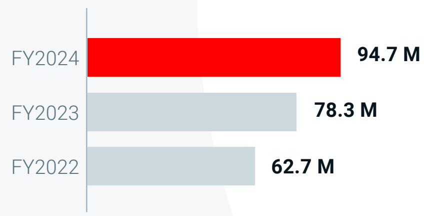
Shareholder value

As of April 30, 2024 in CAD millions

SaaS RPO

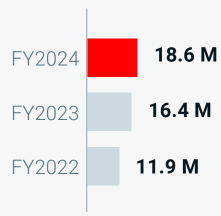


ARR



Total revenue

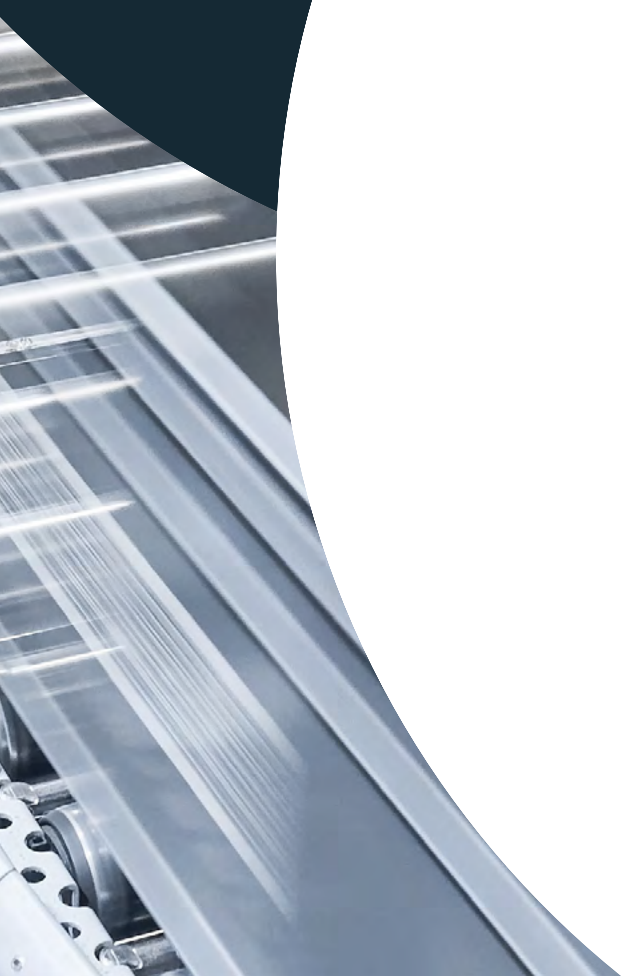
SaaS ARR bookings



1 Refer to section in the Management's Discussion and Analysis titled "Non-IFRS Performance Measures."
2 Refer to section in the Management's Discussion and Analysis titled "Key Performance Indicators."

A message from Peter Brereton

President and CEO



Dear stakeholders,

Once again this year, I have the privilege of highlighting a phenomenal fiscal performance underscored by an exciting outlook for Fiscal 2025. Fiscal 2024 has been a series of extraordinary achievements and record-breaking growth. Our commitment to excellence and innovation has driven us to new heights, and I am incredibly proud of our team's relentless efforts in setting a higher standard in everything we do.

Our growth has indeed been exceptional. We have not only increased our revenue and bookings but also strengthened our position in key market segments. In just a few short years after shifting to the SaaS delivery model, SaaS revenue now represents nearly two-thirds of our recurring revenue, highlighting our ability to deliver lasting value and build strong, long-term relationships with our customers. This success is a testament to our strategic focus on customer satisfaction, innovation and building a robust partner ecosystem.

Customer satisfaction

Our focus on customer satisfaction and overall success has been unwavering. As we build our customer network across industries and geographies, and deepen our engagement with those already on the Tecsys platform, we are reiterating our commitment to providing an intuitive, reliable software product that ensures the right inventory is in the right place at the right time.

But it goes deeper than that. We understand the importance of empowering our customers to achieve more through enhanced operational efficiency, cost savings and improved services levels. And so, we want to give them every opportunity to harness their software for continuous improvement.

One important way we do that is through the Tecsys User Conference. This year, we held our first in-person event since the pandemic, and it was the highest attended event in our company history, showcasing tremendous value in bringing our team, customers and partners together. The event fostered mutual learning and generated mutual value through shared experiences and insights. By discussing challenges, celebrating successes and innovating for the future, we gain a deeper understanding of the markets we serve. We also encourage membership in the customer-led Tecsys User Group as a means for our customers to build stronger connections and share best practices.

The appointment of Vito Calabretta as Chief Customer Officer early into the fiscal year emphasizes our dedication to this customer-centricity. We continue to architect our services organization with customer success as our highest priority, ensuring that we continually elevate our support and engagement to meet and exceed customer expectations.

Innovation

Innovation remains at the heart of Tecsys. The launch of the Tecsys Innovation Lab™ in September is a testament to our dedication around pushing boundaries and exploring new frontiers. This initiative is not just about developing cutting-edge technology but about creating solutions that address the real-world challenges our customers face. By fostering a culture of innovation, we are not just keeping pace with industry trends but leading the way in developing solutions that make a real difference for our customers.

We are also excited by the advancements we have made in our warehouse management product, where we now have enhanced traceability capabilities that support compliance with the U.S. Drug Supply Chain Security Act (DSCSA). This provides wholesale pharmaceutical distributors and 3PLs a market-tested solution for regulatory adherence as these supply chain organizations revamp for the DSCSA's November 2024 enforcement timeline.

“

The **Tecsys User Group** (TUG) is an invaluable community that strengthens our relationship with other users as well as with Tecsys.

Through it, we share best practices, collaborate on challenges and network with peers, which enhances our ability to leverage Tecsys' solutions effectively and drive better outcomes for our organizations.”

Joanna Hersey
Sr. Business Systems and Compliance Manager
Trinity Health

Scott Sturm
Performance Consultant Process and System Solutions
Mayo Clinic

Partner ecosystem

Our partner ecosystem has never been stronger, contributing significantly to our growth. We have seen excellent momentum in the form of co-marketing, accreditation and sales enablement. Our pipeline is stronger because of these collaborations and having achieved milestones that demonstrate our ability to leverage partnerships for mutual success. One such example is when Tecsys became the only WMS provider to achieve AWS Supply Chain Competency in three categories, announced in January.

Turning point in our growth

There's always a "next big thing" that promises to shake the foundation of supply chain as we know it. Assembly lines. Barcodes. The internet. Cloud. Robots. AI. But through it all, supply chains have a clear purpose: Get the right stuff to the right place at the right time. The technologies we use to hit that mark are revolutionary, but at its core, it's about the physical movement of goods according to need. That's our business. Since we began, we set out on a mission to help organizations run their supply chains with intelligence, dexterity and competitive advantage. That continues to be our driving force. We seek to be the standard-bearer, the bar-setters. Not for flash, but for what matters for your business.

With that in mind, we are now at a pivotal point in our journey, marked by solid revenue growth, margin expansion and a clear path to greater profitability. This growth also presents important opportunities that will drive customer success. We must put customer value first so that we are a strategic ally to new and existing customers alike. We must scale effectively, ensuring our products continue to perform flawlessly so our customers never miss a step in their businesses. We must not waver in our commitment to meaningful innovation.

As we look forward, our vision is clear. We are dedicated to continuous improvement, leveraging our strengths and exploring new opportunities. With a dedicated team, supportive partners and loyal customers, Tecsys is well-positioned to raise the bar even higher.

Thank you for your continued trust and support.

Together, we will achieve even greater heights.

Warm regards,

Peter Brereton

President and CEO

A message from Dave Brereton

Executive Chairman

Dear shareholders and valued partners,

It is my pleasure to reflect on an outstanding year for Tecsys, a year when we have consistently innovated and elevated our standards for success. Fiscal 2024 has been transformative, marked by significant achievements and a strategic vision that continues to drive us forward.

As we enter our fifth decade in business, our journey has been one of continuous growth and increasing responsibility. We have expanded our footprint within key markets, gained traction in new markets and strengthened our partner ecosystem; we have built an incredibly strong foundation, all while delivering sustained shareholder value. As our projects have grown larger and our customer base has expanded, we've recognized the need to continue raising our standards.

Now a few years into our shift from selling software on premises to cloud-based solutions, our role has evolved from simply delivering software to actively participating in the success our customers' operations. This evolution requires us to provide the kind of reliability that our customers can depend on without a second thought.

It is important to us that **we are the benchmark for reliability** in the supply chain software industry — consistent, always available and seamlessly integrated into our customers' operations.

This commitment to reliability is a key part of our broader focus of setting and achieving a higher standard in everything we do. This theme resonates deeply across all aspects of our business, from the robustness of our technology to the integrity of our corporate culture.

Our focus on enhancing our capabilities is a testament to this higher standard. By optimizing healthcare supply chain networks, we can improve patient outcomes and operational efficiencies. This represents a sustained growth vector for our organization as we deepen our footprint in the sector and find new avenues to broaden our offering to this market, such as we're seeing in the pharmacy supply chain.

Additionally, we are excited about expanding our presence in Western Europe and turning the promise of AI into the impact of AI. Unlike previous technological waves, AI represents a fundamental shift — it's a wave-maker that creates new opportunities and challenges. We are committed to being on the leading edge of this transformation, harnessing AI to drive innovation and growth.

Setting a higher standard also means upholding the highest ethical values and fostering a culture of integrity, transparency and respect. At Tecsys, we believe that a strong ethical foundation is crucial for long-term success. This is reflected in our interactions with customers, partners and within our own team. We strive to create an inclusive and supportive workplace where every team member feels valued and empowered to contribute their best.

Our commitment to community and social responsibility is another critical aspect of our higher standard. Every year, Tecsys allocates a portion of its revenues to community programs. As we grow as an organization, so does our ability to fund these programs. This year, I want to highlight our support for Education Plus, a high school designed to meet the needs of students with academic and social challenges in Quebec, Canada, that was founded 30 years ago through this community program allocation. Education Plus has been a beacon of hope for many young individuals, providing them with the tools and opportunities to build a better future. James Watts and his wife, Kim Perry, the dedicated leaders of the school, exemplify the spirit of resilience and commitment.

In terms of our business, we continue to strive for excellence and innovation. This year, we were pleased to welcome Andrew Kirkwood to our Board of Directors. Andrew brings a wealth of experience in logistics and supply chain management, further strengthening our leadership and guiding us toward new heights. His addition to the board reflects our commitment to bringing in fresh perspectives that drive our strategic vision forward. With his background in leadership roles at several supply chain technology firms, and his unique insights, particularly in international markets, Andrew is well-positioned to help us explore new opportunities and expand our global reach.

I want to take a moment to express my gratitude to our Board, our employees and our customers. Your dedication, hard work and trust in Tecsys have been instrumental in our success. Together, we are building a brighter future, both through our innovative solutions and our commitment to making a positive impact in the world. Our achievements this year are a direct result of our collective efforts to uphold a higher standard in all that we do.

Whether you are receiving care in a hospital, awaiting a delivery at home, buying a car or shopping online, our software is fundamental to the operations of brands you know and love. Tecsys often serves as the invisible hand that helps organizations worldwide fulfill their commitments, and we take that responsibility seriously.

As we look forward to the future, we remain dedicated to our mission of delivering exceptional value and making a meaningful difference. Thank you for your continued support.

Dave Brereton

Executive Chairman

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It’s more than just a software company; Tecsys embodies **compassion and dedication**.

Thanks to their unwavering support over 30 years, Education Plus has been able to provide invaluable resources and opportunities for young people who experience the world differently, empowering them to make healthy life choices.”

James Watts

Principal

Education Plus

Education **Plus**

It all started 30 years ago when Dave and I were walking along a dirt road at a summer camp. He asked me, "James, if you had the resources to make any change in education, what would it look like?"

I thought about it for a while and answered, "I'd open a school centered on relationship-building and hands-on learning, aimed at inspiring students who aren't engaged by conventional educational approaches."

The rest is history.

Dave's faith in the human spirit guides him. I like to think of him as the moral epicenter of anything he's involved in.

And that is why Education Plus high school has been able to **help over 2,500 students** since its founding.

James Watts
Principal
Education Plus

Elevating **every customer** interaction

At Tecsys, our customers are at the heart of everything we do. We are committed to delivering exceptional value and ensuring their success by providing innovative solutions tailored to their unique needs. Our customer-first approach drives us to constantly raise the bar, setting new standards for service, support and satisfaction.

This year, we hosted our first in-person Tecsys User Conference since the pandemic. This well-attended event proved to be highly valuable for both our customers and our company. We heard insights from executives at Nissan and Mayo Clinic, among others, and shared perspectives with partners like AWS, Locus Robotics and Zebra Technologies. The conference provided a forum for networking, strengthened the Tecsys customer community, and deepened our understanding of our customers' priorities, concerns and strategic direction.

For the third consecutive year, Tecsys was recognized as one of the 100 Great Supply Chain Partners by SupplyChainBrain. We are particularly proud of our inclusion in this list, as it is the result of being nominated by valued customers who have chosen to acknowledge our solutions as part of their success.

Raising the bar on operational excellence

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Over the past five years, Texas Children’s Supply Chain has transformed from a siloed department with serious technology deficits to an enterprise-wide, fully integrated system with benchmark technology from our Cloud ERP to our ‘One Inventory System’ strategy through our selection of Tecsys. Our strategy of focusing on foundational activities that drive stability and sustainability in our Supply Chain has paid off more than we could have predicted. Having one system for our point of use and one system for our ERP has allowed us to have cleaner, more accurate data and analytics than ever before.”

Mike Brown
Vice President, Supply Chain and Environmental Services
Texas Children’s Hospital

Texas Children’s Hospital®

“

The team at Baptist Health is committed to leading the way in CPSC innovation and Tecsys has been an invaluable partner in this endeavor. Their engagement and expertise are empowering us to implement the changes we envision, setting the stage for future success.”

Nilesh Desai
Chief Pharmacy Officer
Baptist Health

BAPTIST HEALTH®

Raising the bar on enabling growth

"

Truepill has always been at the intersection of technology and healthcare, supporting our customers and their patients through a seamless digital experience. Adopting Tecsys' Elite™ WMS is an investment in our growth and vision. It's not just about meeting today's demands — this system allows us to scale efficiently while maintaining the highest standards of compliance and accuracy."

Aaron Wurst
President
Truepill

"

We are in relentless pursuit of providing positive customer experiences, and that extends into our digital commerce ecosystem. [Tecsys partner] Allure Commerce helped us realize our vision for a seamless, omnichannel experience and provided the technical expertise to execute it flawlessly. Our new digital ecosystem effectively combines the elegant Shopify front end with the sophisticated Tecsys order management orchestration back end, providing a scalable platform for efficient omnichannel commerce."

Genevieve Bulgin
Director of Retail Operations
Eclipse Stores

eclipse

Raising the bar on digital transformation

“

It’s essential we continue to set a benchmark in our industry. Tecsys’ composable technology has empowered our team to craft and refine sales channels tailored to our clientele’s desires, from locker pickups to click and collect. This flexibility, inherent in the Tecsys platform, grants us the means to mold our technical infrastructure, offering truly individualized shopping encounters for our patrons. Every order, every engagement, every touchpoint now reflects our dedication to delivering unmatched satisfaction.”

Johan Ohlstenius
Director of IT
Magasin du Nord

Magasin

“

Our collaboration with Tecsys has been highly promising. Throughout our RFP process and subsequent partnership as we build a more robust system, Tecsys has demonstrated a strong commitment to understanding our unique requirements and refining their approach based on our feedback. This partnership gives us confidence that Tecsys will help us achieve our supply chain goals and successfully integrate their solutions into our operations.”

John Barnes
Supply Chain Director of System Integration & Planning
St. Luke’s Health System

St Luke’s™

Strengthening our **partner ecosystem**

Our partner ecosystem is a **cornerstone** of Tecsys' success

By building and nurturing strong partnerships, we enhance our ability to deliver comprehensive solutions that meet the diverse needs of our customers. This collaborative approach drives innovation, expands our market reach and creates mutual value.

With nearly a third of our deals and half of our new logos being partner-influenced, our expanding partner ecosystem significantly contributes to our growth. In addition to working with industry leaders to co-develop solutions and leverage shared expertise, we are maturing our go-to-market relationships for strategic cross-marketing and and access to new segments.

One notable example is this past January, when Tecsys became the only WMS provider to be certified in three AWS Supply Chain Competency categories: Move, Enable and Plan. This achievement underscores our commitment to helping customers solve their most complex and critical supply chain challenges through innovative cloud-based solutions.

This collaborative approach drives innovation, expands our market reach and creates mutual value.

Raising the bar on partner collaboration

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BRG and Tecsys' successful partnership provides a comprehensive solution for healthcare providers. By combining BRG's real-world expertise and proven methodologies with Tecsys' industry-leading technology solutions, we empower health systems to unlock significant ROI. Our complementary strengths ensure a smooth transition for health systems, making them 'change-ready' for Tecsys deployments, and ultimately, accelerating their path to success."

James McHugh
BRG Managing Director and Tecsys Partner Lead
BRG

"

Avalon has been a partner of Tecsys for close to 10 years now. We have worked together with Tecsys on a multitude of projects over the years, and more recently on some highly complex solutions that involved multiple integration points with automation and other systems. Each project brings its own unique challenges, and the Tecsys team is always with us every step of the way, bringing the solutions to life for our clients. Looking forward to continued partnership with Tecsys."

Nick Reonegro
Operations and Supply Chain Practice Lead
Avalon

"

Tecsys' commitment to innovation and customer success aligns perfectly with TraceLink's solution offerings. By integrating our cutting-edge end-to-end digital supply chain solutions into their offerings, Tecsys will be able to deliver industry-leading programs that drive tangible business outcomes. We are proud to support Tecsys in their mission to revolutionize supply chain management."

Dan Walles
Vice President & General Manager, Traceability & Compliance Solutions
TraceLink

"

Tecsys and Terso have a shared commitment to innovation and customer success. By integrating our RFID enclosures with their software solutions, Tecsys has improved efficiencies and delivered clear business benefits across the global healthcare supply chain. We're proud to partner with Tecsys as they continue to set a standard of excellence."

Jason Rosemurgy
Senior Vice President of Corporate Accounts
Terso Solutions

Cultivating our **company culture**

Good businesses make people's lives **better**

Supply chains connect the world. Every day, billions of supply chain transactions are taking place across a global network of interconnected nodes; the materials, products and information being transferred are linked to nearly everything we encounter in the industrialized world.

At the heart of Tecsys' business is the forging of these connections. Our value lies in the efficiency we broker between the people, products and processes that make up the supply chains around us. We have long held the belief that good businesses should thrive, and through our solutions we empower good businesses to do great things.

And so, together with our fiscal performance, we want to highlight how Tecsys is connected to the world around us; how we are incorporating environmental, social and governance (ESG) matters as a complementary lens for success.

Informed by recognized ESG standards, we prioritize issues that resonate with our customers, colleagues and communities, both local and global. We examine our impact on the world and consider the fingerprints we leave behind. We enrich our environment, foster employee engagement and strengthen our delivered value.

Our focus is rooted on these core principles:

- **Community engagement**
- **Ethics and integrity**
- **Corporate governance**
- **Diversity and inclusion**
- **Employee engagement**
- **Data privacy and security**
- **Health and wellness**
- **Environmental impact**

Focusing on **integrity**

At Tecsys, our culture of integrity is the **bedrock of our success**

It is what our customers value most and what our employees cherish dearly. We foster an inclusive, supportive environment where employees are empowered to excel and uphold the highest ethical standards. Our commitment to integrity ensures that we deliver on our promises and maintain the trust of our customers, partners and stakeholders.

Commitment to the customer

Commitment to excellence

Respect for the individual

We respect our customers

Our commitment to our customer is to always do the right thing. Financial results do not come at the expense of business ethics. We will remain transparent and honest. We will get creative to help solve problems. We will not cut corners. We believe that our success is deeply connected to our customers' success, and we pursue mutual excellence through that lens.

We respect our colleagues

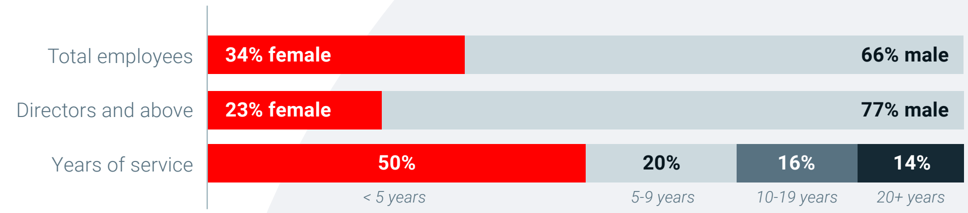
Tecsys is composed of a rich tapestry of business expertise and support functions from a global team with diverse backgrounds. We embrace the advantages that diversity, equity and inclusion afford each of us as we pursue our goals. At Tecsys, we can pursue our personal and professional ambitions knowing that we will be safe and respected for being us.

We respect the world around us

Tecsys has a proud legacy of giving back to the community. In business and in life, we are passionate changemakers committed to making a positive impact on the world around us. We think everyone has a role in making our global communities stronger. We embrace volunteerism and encourage principled engagements inside and outside of Tecsys.

Prioritizing our **people**

From the software we build and the services we deliver to the customer care we provide, our people are the cornerstone of our customer-first value proposition.



Tecsys is dedicated to creating a work environment that embraces individual differences and provides equal consideration for all employment opportunities. We value diversity, equity and inclusion, recognizing that diverse perspectives fuel innovation. We uphold equity principles, ensuring equal opportunities and fair outcomes. Inclusion is our strength, as we celebrate individuality and build a powerful, united team from all walks of life.

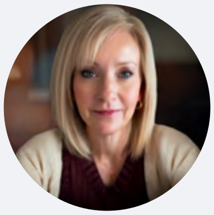
Our people are truly impressive.


Guy Courtin


Valerie Bandy


Neeta Garg


Vee Srithayakumar


Corinna Hoag

Guy Courtin (Vice President of Industry and Global Alliances) was named a 2023 Top Influencer by RETHINK Retail[1]. Tecsys leaders **Valerie Bandy** (Senior Director of Pharmacy Solutions) and **Neeta Garg** (Senior Director of Delivery for Retail) received the prestigious 2023 Women in Supply Chain Award[2] in September, and **Vee Srithayakumar** (WMS Product Manager) was recognized as one of Supply & Demand Chain Executive magazine's 2024 Pros to Know in the Rising Stars category. **Corinna Hoag** (Senior Product Line Manager) was honored with the 2024 Pros to Know Lifetime Achievement Award[3]. These accolades are just a glimpse of the award-winning talent that drives Tecsys forward.

Our collective achievements are a testament to the strength and dedication of our incredible team. As we continue to grow and innovate, we remain committed to creating a workplace where every team member can thrive and contribute their best. This commitment extends to nurturing future talent; by offering 30 internships this year, we are investing in the next generation of Tecsys employees.

[1] https://rethink.industries/top-retail-influencers-2023/
[2] https://www.tecsys.com/blog/2023-women-in-supply-chain-award
[3] https://www.tecsys.com/blog/tecsys-corinna-hoag-and-vee-srithayakumar-named-2024-supply-demand-chain-executive-pros-to-know

Nurturing **work-life balance**

We believe that happy employees lead to happy customers. Our commitment to work-life balance is a cornerstone of our incredible employee experience, resulting in industry-leading employee tenure and exceptional customer satisfaction. By setting a higher standard for our employees, we deliver a higher standard to our customers.

Our remote-first business model and comprehensive benefits package are designed to support the health and well-being of our team members. We offer robust health and wellness plans, ensuring that our employees have access to the care they need.

This year, we announced generous supplemental “top-up” pay for parental leave, allowing new parents to spend quality time with their families without financial stress. Additionally, we have introduced a wellness spending account and wellness days, providing employees with the opportunity to relax, pursue personal interests and maintain a healthy work-life balance.

Our focus on employee well-being extends beyond benefits. We strive to create an environment where every team member feels valued and empowered to contribute their best. We also support and encourage employee-led initiatives like the Tecsys Running Club. This dedication to our employees’ experiences directly translates to the exceptional service and innovative solutions we provide to our customers.

By prioritizing work-life balance and fostering a supportive workplace, Tecsys not only enhances the quality of life for our employees but also ensures that we continue to deliver outstanding value and service to our customers.

Together, we set a higher standard for success.

Tecsys Running Club members jogging around the Tecsys office in Montreal, Canada.

Caring for our **community**

At Tecsys, we prioritize our community and believe in making a positive impact. Our employees are deeply involved in grassroots charitable initiatives, supporting organizations like Education Plus, Pedal for Kids, Sun Youth, Operation: Santa Claus, Dans la Rue and Youth Unlimited. We are proud of our employees' contributions to the wellbeing of children. We recognize and support these efforts through our employee donation matching program. By matching their financial contributions to eligible charities and fundraising activities, we encourage their ongoing community involvement.

Additionally, Tecsys promotes in-house fundraising activities that benefit eligible charities or sports teams connected to our employees or their immediate families. We strive to nurture a sense of duty beyond our commercial objectives, fostering personal and professional growth throughout our workforce.

And as we have done for several years, Tecsys allocated a portion of revenue to support various charitable youth projects worldwide. By investing in the future of young individuals, we demonstrate our commitment to creating a better world for generations to come.

Building on 25 years of tradition, the Tecsys team once again raises funds for the Montreal Children's Hospital Foundation through their Pedal for Kids fundraiser.

Stewarding **sustainability**

Environmental stewardship is an underlying priority integrated across our operations. We have expanded our remote office setup, leveraging digital communication to enhance engagement with our team and customers, significantly reducing travel and commuting while fostering greener workday habits. Our decentralized recruitment strategy, focused on customer proximity, delivers both environmental and financial benefits. As we continue to adopt greener practices, we encourage simple, eco-friendly behaviors among our employees and raise awareness about how each of us can contribute to a sustainable future.

This commitment to sustainability extends to our products as well. While the financial benefits of supply chain transformation are often highlighted, our software also offers significant efficiency gains that enhance environmental sustainability.

The surge in digital commerce has resulted in an increase in smaller shipments, significantly impacting the environment. As supply chain organizations navigate the balance between in-store and digital operations, managing the rising costs of moving goods becomes both an economic and environmental priority.

WMS

Our warehouse management software reduces waste by optimizing warehouse density, minimizing inventory in the supply chain, preventing loss through location tracking, and minimizing waste through expiration date monitoring.

TMS

Our transportation management software can be tailored to reduce travel time, leading to substantial reductions in miles traveled and optimized shipping methods based on actionable metrics.

POU

Our point of use software reduces excess inventory, enables proactive expiration and recall management, and optimizes preference cards to eliminate unnecessary waste in the picking and return process.

These built-in advantages of our products not only provide financial benefits to our customers but also promote sustainability, aligning economic success with environmental responsibility.

On winning Tecsys' ***2023 Supply Chain Excellence Award*** for Innovation for pioneering augmented cluster building with a focus on sustainability:

“I am especially appreciative of our Tecsys partnership. Their results-based approach to data science has meshed well with the Lean Continuous Improvement passion of our Distribution Center leaders. This innovative, co-developed AI solution delivers an improved employee experience for our team members, both accelerating their training progression and freeing capacity to better serve our customers.”

Fred Mauermann
Vice President of Operations
Werner Electric Supply

Ensuring **corporate governance**

Our corporate governance is designed to guide the principled management of the company. Led by the highest standards of ethical conduct, these are the control processes that ensure the accuracy and integrity of business operations.

In service to the interests of Tecsys' stakeholders and shareholders alike, our corporate governance ensures that our success is underscored by the values we embrace.

	Audit Committee	Compensation Committee	Governance and Nominating Committee	Full Board of Directors
Strategic Planning				
Emerging Trends and Opportunities				•
Competitive Environment				•
Corporate Governance				
Governance Disclosure and Transparency			•	•
Oversight and Accountability	•			•
Code of Business Conduct			•	•
Human Resource Management				
Compensation Principles, Policies and Plans		•		•
Management Succession Review				•
Management Integrity				•
Risk Management				
Internal Controls	•			•
Enterprise Risk Management	•			•
Privacy and Data Security	•			•

David Brereton
Executive Chairman of the Board
Tecsys Inc.

Peter Brereton
President and CEO
Tecsys Inc.

David Booth (1) (3)
Consultant

Andrew Kirkwood (2) (3)
Strategic Advisor
AEK Ventures Ltd

Vernon Lobo (2) (3)
Managing Director
Mosaic Venture Partners Inc.

Kathleen Miller (1)
Corporate Director

Steve Sasser (1) (2)
Co-Founder and Managing Principal
Swordstone Partners

(1) Member of the Audit Committee
(2) Member of the Compensation Committee
(3) Member of the Corporate Governance and Nominating Committee

Forging the **future**

While the supply chain landscape constantly evolves, our commitment to excellence remains steady. Across industries and geographies, Tecsys delivers solutions and services that empower organizations to manage their supply chains more effectively and efficiently, reducing operating costs, improving customer service and uncovering optimization opportunities.

We look to forge the future with **three pillars** in mind:

Innovation

Building on the Tecsys Innovation Lab™ launch, a sustained focus on purpose-driven innovation for next-generation supply chain solutions.

Investment

Strategic investment in both platform development and cutting-edge technology, together with building a talented team, to propel our industry leadership.

Improvement

Continuous improvement to the software, service and support we deliver to our customers, ensuring our solutions meet their evolving needs.

Our pursuit of a higher standard drives us to continuously innovate and reimagine solutions for an ever-changing world. Innovation is at the core of Tecsys' strategy. This year, we launched the Tecsys Innovation Lab™, a hub for cutting-edge research and development that propels us forward and equips our customers for the future. By exploring new technologies and methodologies, we ensure our solutions stay at the forefront of the industry. With advancements in AI, machine learning and analytics, we enhance visibility, optimize inventory management and streamline operations in more powerful ways than ever before.

Organizations trust us with their most critical operations, and we consistently prove to be a reliable partner in supporting their success. Our commitment to a higher standard empowers customers to leverage their supply chains for competitive advantage. Together, we shape the future of supply chain management through continuous innovation, ensuring Tecsys remains a leader in providing cloud-based supply chain solutions that deliver exceptional value.

"Partnering with Tecsys has transformed our supply chain operations, enabling us to streamline processes and enhance efficiency. Their innovative solutions have been pivotal in supporting our commitment to delivering high-quality care across our health system."

Adam Flood
Director of Supply Chain
Wellstar Health System

Management’s discussion and analysis of financial condition and results of operations

Management's Discussion and Analysis of Financial Condition and Results of Operations

This Management Discussion and Analysis (MD&A) dated June 27, 2024, comments on our operations, financial performance and financial condition as at and for the years ended April 30, 2024 and April 30, 2023 and should be read in conjunction with the consolidated financial statements of Tecsys Inc. ("Tecsys", the "Company") and Notes thereto. Fiscal 2024 refers to the twelve-month period ended April 30, 2024 and Fiscal 2023 refers to the twelve-month period ended April 30, 2023.

The Company prepares its consolidated financial statements in accordance with IFRS Accounting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The consolidated financial statements are prepared by and are the responsibility of the Company's Management.

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

The consolidated financial statements were authorized for issue by the Board of Directors on June 27, 2024. Additional information about Tecsys, including copies of the continuous disclosure materials such as the annual information form and the management proxy circular, can be obtained from SEDAR+ at www.sedarplus.ca.

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 and geopolitical 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 rates; (xviii) technology and regulatory changes; (xix) internal information technology infrastructure and applications and (xx) cyber security.

Use of non-IFRS Performance Measures

The Company uses certain non-IFRS financial performance measures in its MD&A and other communications which are described in the "Non-IFRS Performance Measures" section of this MD&A. The non-IFRS measures do not have any standardized meaning prescribed by IFRS and may not 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.

Overview

Tecsys is a global provider of cloud-based supply chain solutions that equip the borderless enterprise for growth and competitive advantage. Tecsys caters to multiple complex, regulated and high-volume distribution industries. The Company's dynamic and powerful solutions include enterprise resource planning, warehouse management, distribution and transportation management, supply management at point of use, order management and fulfillment, financial management and analytics.

Customers running on Tecsys' supply chain platform have confidence they can execute with consistency, regardless of business fluctuations or changes in technology. As their businesses grow more complex, organizations operating on a Tecsys platform can adapt and scale to business needs or size, enabling them to expand and collaborate with customers, suppliers and partners as one borderless enterprise. The platform allows organizations to transform their supply chains for agility and performance at the speed that their growth requires. From demand planning to demand fulfillment, Tecsys puts power into the hands of both front-line workers and back-office planners, enabling business leaders to establish sustainable and scalable logistics so they can focus on the future of their products, services and people, not on their operational challenges.

Customers around the world trust their supply chains to Tecsys in the healthcare, automotive and service parts, third-party logistics, converging commerce, and industrial and general wholesale high-volume distribution markets. Tecsys is the market leader in North America for supply chain solutions for health systems and hospitals. It serves a number of marquee brands located in the U.S., Canada, Europe and Australia, and continues to expand its global footprint across its principal markets.

Tecsys continues to develop its international presence. Located in Copenhagen, Denmark, Tecsys A/S serves as a key European extension, and continues to add customers in the manufacturing, retail and logistics industries, primarily in Europe. Tecsys A/S extends brand awareness to the European market and provides a common global corporate identity. Tecsys and Tecsys A/S are well positioned to leverage a common software solution portfolio across geographies and capitalize on opportunities for solution cross-pollination.

Tecsys is also well positioned to enable organizations pursuing sustainability initiatives. With greater adoption of digital purchasing comes a higher number of smaller shipments, which carries a substantial environmental impact. As supply chain organizations structure themselves for a shifting balance between in-store showrooming and digital shopping and shipping, the need to control the increasing costs of moving one line item from point A to point B becomes economically and environmentally significant.

Tecsys has noted continued growth in the e-commerce fulfillment sector with mounting pressure for distribution organizations to fulfill higher order volumes under changing customer demands. Accelerated consumer adoption of digital commerce has escalated order fulfillment complexity for converging retail and direct-to-consumer companies, which has been driving investment in order management systems (OMS). Tecsys' OMS offering orchestrates and optimizes the process of customer order fulfillment across a wide variety of inventory-holding locations by meeting customer expectations at the lowest possible cost of order fulfillment.

Tecsys' partnership strategy continued to develop and mature during Fiscal 2024. Foundational relationships with key technology partners including Amazon Web Services (AWS), Microsoft Corporation, Oracle Corporation, and Workday, Inc. continue to support its product offering. Other technology solution partners like Honeywell International Inc., Zebra Technologies Corporation, and Terso Solutions Inc., round out Tecsys' ability to deliver complete supply chain solutions. Tecsys continues to expand service partners such as Avalon Corporate Solutions Corp, Bricz, TraceLink Inc., RiseNow LLC and others where Tecsys and the partners work together on opportunities within the customer base as well as on new client pursuits. Additionally, Tecsys has formed a number of partnerships to address Supply Chain Automation. These partners include SVT Robotics, Pendant Automation Inc., Locus Robotics Corp and others.

Industry Verticals

Tecsys' management believes that its enterprise supply chain platform is well-suited to respond to the changing distribution market. Currently, Tecsys' business development and sales efforts are focused on vertical markets where the Company has the greatest opportunity for success and best financial returns. From research and development and customer services perspectives, this allows Tecsys to replicate its solutions, enabling the Company to reduce costs inherent in new development and adoption of technology. It also helps increase the depth of expertise in these market segments where the Company has developed a reputation as an expert among its customers.

One such industry vertical is healthcare. Today, Tecsys can bring its decades of supply chain expertise and investment into the healthcare industry through point-of-use, distribution and warehouse management solutions. Long-standing customers include major distributors, a number of health systems or Integrated Delivery Networks (IDNs), and third-party logistics providers (3PLs) in Canada and the United States.

Today's healthcare supply chain is complex and costly. Unlike retail and other industries where the supply chain is viewed as a strategic asset, the healthcare supply chain has often been underleveraged. Most healthcare organizations are managing supplies using outdated information technology systems that cannot communicate with one another. As a result, supply chain processes are largely manual, with staff entering data into various hospital systems as they procure products, manage inventory, capture inventory use and trigger replenishment needs.

Healthcare has traditionally lagged behind other industries when it comes to supply chain technology investments. The manual labor required among supply chain, operations and clinical staff is inefficient, error prone and expensive. With disjointed systems and data, healthcare organizations have little or no visibility into, and control over their supplies. This leads to expired product and significant waste. Further, supply chain disruptions and gaps in supply visibility, together with sustained challenges in the labor market, has created greater market awareness of supply chain technology that enables a higher degree of operational responsiveness and agility. The healthcare distribution market is also being activated by impending regulatory constraints within the pharmacy supply chain (e.g. Drug Supply Chain Security Act or DSCSA), which requires more advanced supply chain traceability functionality.

For a hospital to transform its supply chain from a major liability into a strategic asset, it must transition from manual to electronic processes. This requires the use of enabling technologies for supply chain automation like those offered by Tecsys. Technologies enabling standardization, consolidation and integration within a unified platform are a prerequisite to overcoming the complexity and challenges.

The convergence of physical and digital commerce has exposed disconnected customer experiences. In order to cope with the growing complexity of order management requirements in a converging commerce environment offering multiple fulfillment options, retailers and brands rely on OMS systems such as those offered by Tecsys. Technologies enabling optimization of complex order fulfillment routes, shipping costs, returns and inventory management equip those in this market with a flexible platform for dynamic and scalable omnichannel fulfillment.

The Supply Chain Management Industry

Supply Chain Management (SCM) is a business strategy to improve shareholder and customer value. SCM encompasses the processes of creating and fulfilling the market's demand for goods and services. It enhances distributor and customer value by optimizing the flow of products, services and related information from suppliers to customers, with a goal of enabling customer satisfaction and improving return on assets. Within SCM is Supply Chain Execution (SCE), on which Tecsys has most of its focus: an execution-oriented set of solutions that enable the efficient procurement and supply of goods, services and information to meet customer-specific demand. Businesses deploying SCE solutions are looking to achieve greater visibility into product movements, cost containment and compliance.

Today's distribution landscape is more sophisticated and volatile than ever; nonetheless, it demands 100% fulfillment with faster service and resiliency. It demands collaboration with customers, suppliers and partners as a borderless enterprise. From unified commerce to the internet of things (IoT), change is reshaping supply chain platforms and supply chain organizations must extend, scale, and adapt to the size and needs of business. Competition is fierce, and disintermediation continues to introduce new nodes of complexity, giving rise to omnichannel distribution networks and shrinking the margin of error in operations.

Thriving in the current distribution era means adapting internal infrastructure, technology and processes to external challenges. Considering the impact of major disruptions to traditional supply chains, the cost of labor and warehousing real estate, the changing face of retail and digital commerce, and the strong competition from those who stick to their core competencies, means investing in new and innovative technologies. Such disruptions and the accelerated digital environment are pressuring distribution industry leaders to rethink their strategy and take the first step to transform their supply chain or risk being left behind.

Selected Key Events

On May 8, 2023, Gartner, Inc. released the 2023 Magic Quadrant[1] for Warehouse Management Systems in which Tecsys held its position as a Challenger for the second year. Tecsys' "Ability to Execute" and "Completeness of Vision" are the reasons why it was named a Challenger in the Gartner Magic Quadrant. This evaluation marks the 12th consecutive time that Tecsys' Elite™ WMS has been recognized by Gartner.

On August 22, 2023, Tecsys was recognized in 2023 Gartner® Critical Capabilities for Warehouse Management Systems[2].

On September 12, 2023, Tecsys announced its intention to buy back Shares under a Normal Course Issuer Bid.

On September 18, 2023, Tecsys launched the Tecsys Innovation Lab™, designed to harness the practical potential of state-of-the-art technologies in service of its hundreds of supply chain customers worldwide. It is a research-driven group within Tecsys' Product and Technology Team committed to evaluating cutting-edge technologies to address intricate supply chain challenges.

In September 2023, Tecsys hosted the 2023 Tecsys User Conference in Scottsdale, AZ, marking the first in-person user conference since the COVID-19 pandemic and posting record attendance by customers and partners. Tecsys customers Anwar Williams (McLeod Health), Mike Brown (Texas Children's Hospital) and Werner Electric were recognized at the 2023 Supply Chain Excellence Awards for their outstanding contributions to the field of supply chain management.

On October 26, 2023, Tecsys became certified for the Amazon Web Services (AWS) Supply Chain Competency in the Software Offerings: Move, Enable and Plan categories. This designation recognizes Tecsys as the only warehouse management system (WMS) provider to have achieved this status across these three critical categories.

On November 3, 2023, Andrew Kirkwood joined Tecsys' Board of Directors. Kirkwood served as CEO at BluJay Solutions until its successful exit to E2Open in 2021. He has also held key roles at Blue Yonder (formerly JDA Software), RedPrairie and Manhattan Associates.

On November 14, 2023, Tecsys was recognized in the inaugural Nucleus Research WMS Technology Value Matrix for 2023, where it was positioned in the "Expert" quadrant. According to the technology research and advisory firm, Tecsys distinguishes itself from competitors due to its advanced capabilities, deep functionality, and Distribution and Healthcare-specific industry expertise[3].

On November 27, 2023, Tecsys announced Elite™ WMS for Healthcare Distribution, a warehouse management system with embedded serialized DSCSA support designed for efficient and continuous compliance with DSCSA regulations as outlined by the U.S. Food and Drug Administration (FDA).

On April 2, 2024, Tecsys was named a Major Player in the IDC MarketScape: Worldwide Warehouse Management 2024 Vendor Assessment (Doc #US49948523, March 2024). This inaugural IDC MarketScape assessment evaluated ten WMS vendors, positioning them in one of four categories based on their strategies and capabilities[4] .

Description of Business Model

The Company has five principal sources of revenue:

- Software as a service (SaaS) subscription, which represents the right to access our software platform in a hosted and managed environment for a period of time; these subscriptions are typically sold in three-to five-year term agreements with auto-renewal provisions;
- Maintenance and support services sold with perpetual licenses and hardware maintenance services; these services are typically sold in annual agreements with auto-renewal provisions;
- Professional services, including implementation, consulting and training services provided to customers;
- Licenses; and
- Hardware.

[1] Gartner, Magic Quadrant for Warehouse Management Systems, Simon Tunstall, Dwight Klappich, Rishabh Narang, Federica Stufano, May 8, 2023.

[2] Gartner, Critical Capabilities for Warehouse Management Systems, Simon Tunstall, Dwight Klappich, Rishabh Narang, Federica Stufano, July 27, 2023.

[3] Nucleus Research, WMS Technology Value Matrix 2023, Charles A. Brennan, November 14, 2023.

[4] IDC, IDC MarketScape: Worldwide Warehouse Management 2024 Vendor Assessment, Doc #US49948523, Roderick Gaines, March 2024.

Tecsys expects SaaS revenue to continue to grow over time. Revenue from maintenance and support services relate in a large part to our prior business model of selling perpetual licenses with attached maintenance and support fees. Revenue from maintenance and support services also results from selling hardware with attached maintenance which is part of our continuing business model. The Company expects maintenance and support services revenue to generally decline over time as new customers acquire SaaS subscriptions and existing customers eventually migrate to SaaS.

In the three months and year ended April 30, 2024, the Company generated $44.0 million and $171.2 million in total revenue, respectively. The revenue mix for the three months ended April 30, 2024, was: SaaS 32%; maintenance and support 18%; professional services 33%; license 1%; and hardware 16%. The revenue mix for Fiscal 2024 was: SaaS 30%; maintenance and support 20%; professional services 32%; license 1%; and hardware 17%.

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 do not have any standardized meaning prescribed by IFRS and therefore may not be comparable to similarly titled indicators reported by other companies and cannot be reconciled to a directly comparable IFRS measure. 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 IFRS and Non-IFRS measures as well as key performance indicators when planning, monitoring and evaluating the Company's performance.

Recurring Revenue

Recurring revenue (also referred to as Annual Recurring Revenue (ARR)) is defined as the contractually committed purchase of SaaS, maintenance, and customer support 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 unless the customer has cancelled. This portion of the Company's revenue is predictable and stable.

Bookings

Broadly speaking, bookings refer to the total value of accepted contracts. This includes SaaS ARR bookings (the average annual value of committed SaaS recurring revenue at the time of contract signing) and professional services bookings. The Company believes that these metrics are primary indicators of business performance.

Backlog

Backlog in general refers to the value of contracted revenue that is not yet recognized. Our backlog reporting focuses on (a) Annual Recurring Revenue, (b) Professional Services Backlog and (c) SaaS Remaining Performance Obligation (SaaS RPO). The Company enters into SaaS subscription agreements that are typically multi-year performance obligations with original contract terms of three to five years. SaaS RPO 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. Unlike ARR which has a one-year time horizon, SaaS RPO can include multiple years of contracted SaaS subscriptions.

Results of Operations

The following table presents a summary of the results of operations:

	Three months ended April 30,		Year ended April 30,		
(in thousands of CAD, except earnings per share)	2024	2023	2024	2023	2022
Statement of Operations					
Revenue	$ 43,955	$ 41,192	$ 171,242	$ 152,424	$ 137,200
Cost of revenue	23,341	22,828	92,853	85,615	76,890
Gross profit	20,614	18,364	78,389	66,809	60,310
Operating expenses	21,258	16,974	76,456	63,241	54,934
(Loss) profit from operations	(644)	1,390	1,933	3,568	5,376
Other income (costs)	122	(189)	557	145	48
(Loss) profit before income taxes	$ (522)	$ 1,201	$ 2,490	$ 3,713	$ 5,424
Income tax (benefit) expense	(781)	755	641	1,624	946
Net Profit	$ 259	$ 446	$ 1,849	$ 2,089	$ 4,478
Adjusted EBITDA[5]	$ 2,780	$ 2,449	$ 9,614	$ 9,484	$ 10,130
Basic earnings per share	$ 0.02	$ 0.03	$ 0.13	$ 0.14	$ 0.31
Diluted earnings per share	$ 0.02	$ 0.03	$ 0.13	$ 0.14	$ 0.30
SaaS Remaining Performance Obligation (RPO)[6]			$ 196,940	$ 137,699	$ 93,976
Total Annual Recurring Revenue (ARR)[6]			$ 94,680	$ 78,252	$ 62,737

Non-IFRS Performance Measures

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

EBITDA and Adjusted EBITDA

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, gain on remeasurement of lease liability, recognition of tax credits generated in prior periods and restructuring costs. The exclusion of interest expense, interest income, income taxes and restructuring costs eliminates the impact on earnings derived from non-operational activities and non-recurring items, and the exclusion of depreciation, amortization, stock-based compensation, gain on remeasurement of lease liability and recognition of tax credits generated in prior periods eliminates the non-cash impact of these items. Restructuring costs incurred in the fourth quarter of Fiscal 2024 are described in note 25 to the consolidated financial statements.

The Company believes that these measures are useful measures of financial performance without the variation caused by the impacts of the items described above and that could potentially distort the analysis of trends in our operating performance. In addition, they 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. Excluding these items does not imply that they are necessarily non-recurring. Management believes these non-IFRS financial measures, in addition to conventional measures prepared in accordance with IFRS, enable investors to evaluate the Company's operating results, underlying performance and future prospects in a manner similar to management. Although EBITDA and Adjusted EBITDA are frequently used by securities analysts, lenders and others in their evaluation of companies, they have limitations as an analytical tool, and should not be considered in isolation, or as a substitute for analysis of the Company's results as reported under IFRS.

[5] Refer to section "Non-IFRS Performance Measures" for definition.

[6] Refer to section "Key Performance Indicators" for definition.

The reconciliation of EBITDA and Adjusted EBITDA to the most directly comparable IFRS measure is provided below.

	Three months ended April 30,		Year ended April 30,		
(in thousands of CAD)	**2024**	**2023**	**2024**	**2023**	**2022**
Net Profit for the period	$ 259	$ 446	$ 1,849	$ 2,089	$ 4,478
Adjustments for:					
Depreciation of property and equipment and right-of-use assets	361	440	1,477	1,775	2,162
Amortization of deferred development costs	147	145	583	496	290
Amortization of other intangible assets	347	402	1,493	1,603	1,612
Interest expense	27	17	163	406	622
Interest income	(233)	(211)	(1,015)	(686)	(474)
Income taxes	(781)	755	641	1,624	946
EBITDA	$ 127	$ 1,994	$ 5,191	$ 7,307	$ 9,636
Adjustments for:					
Stock based compensation	531	455	2,301	2,177	1,684
Gain on remeasurement of lease liability	-	-	-	-	(573)
Recognition of tax credits generated in prior periods	-	-	-	-	(617)
Restructuring costs	2,122	-	2,122	-	-
Adjusted EBITDA	$ 2,780	$ 2,449	$ 9,614	$ 9,484	$ 10,130

Constant currency

Financial results at constant currency allow results to be viewed without the impact of fluctuations in foreign currency exchange rates, thereby facilitating period-to-period comparisons in the analysis of trends in business performance. Financial results at constant currency are obtained by translating prior period results denominated in U.S. dollars and Danish kroner at the foreign exchange rates of the current period. Current period foreign exchange rates used in the constant currency translation include the impact of designated U.S. dollar revenue hedges.

Revenue

Total revenue for the three months and year ended April 30, 2024, was $44.0 million and $171.2 million, respectively, an increase of $2.8 million or 7% and $18.8 million or 12%, respectively, compared to the same periods last year. On a constant currency basis (using Fiscal 2024 currency rates), fourth quarter and Fiscal 2024 revenue grew by approximately 5% and 9%, respectively, compared to the same periods of Fiscal 2023. Revenue is broken down as follows:

	Three months ended April 30,			Year ended April 30,		
(in thousands of CAD)	**2024**	**2023**	**Change %**	**2024**	**2023**	**Change %**
SaaS	$ 14,191	$ 11,133	27%	$ 51,918	$ 37,476	39%
Maintenance and Support	8,140	7,992	2%	33,957	32,714	4%
Professional Services	14,390	14,614	-2%	55,188	55,353	0%
License	282	529	-47%	1,386	3,116	-56%
Hardware	6,952	6,924	0%	28,793	23,765	21%
Total Revenue	$ 43,955	$ 41,192	7%	$ 171,242	$ 152,424	12%

Approximately 70% of the Company's revenues were generated in U.S. dollars during the fourth quarter of Fiscal 2024 (2023-72%). The U.S. dollar averaged CA$1.3572 in the fourth quarter of Fiscal 2024 in comparison to CA$1.3540 in the same period of Fiscal 2023. The increase in the value of the U.S dollar combined with the net impact of the Company's partial hedging of U.S. revenue gave rise to a net favorable foreign currency related revenue variance of $0.9 million in comparison to the fourth quarter of Fiscal 2023.

Approximately 71% of the Company's revenues were generated in U.S. dollars during the year ended April 30, 2024 (2023-69%). The U.S. dollar averaged CA$1.3503 in Fiscal 2024 in comparison to CA$1.3303 in Fiscal 2023. The increase in the value of the U.S dollar combined with the net impact of the Company's partial hedging of U.S. revenue gave rise to a net favorable foreign currency related revenue variance of $4.2 million in comparison to Fiscal 2023.

Total ARR on April 30, 2024 was $94.7 million, up 21% compared to $78.3 million on April 30, 2023. A significant amount of ARR is denominated in currencies other than Canadian Dollars. As a result, movements in exchange rates will have an impact on ARR. On a constant currency basis, ARR increased 20% in Fiscal 2024 compared to Fiscal 2023.

SaaS revenue

The Company generates revenue from proprietary software under a SaaS model. SaaS subscriptions represent the right to access our software platform in a hosted and managed environment for a period of time. The Company enters into SaaS subscription agreements that are typically multi-year performance obligations with original contract terms of three to five years.

SaaS revenue in the fourth quarter of Fiscal 2024 was $14.2 million, up 27% or $3.1 million compared to the fourth quarter of Fiscal 2023. The increase is due to new SaaS revenue from bookings in recent quarters and foreign exchange, net of any cancellations impacting the quarter. Foreign exchange positively impacted reported SaaS revenue growth as a significant portion of the Company's SaaS revenue is denominated in U.S. dollars. On a constant currency basis, SaaS revenue in the fourth quarter of Fiscal 2024 increased by approximately 25% compared to the same period of Fiscal 2023. SaaS revenue for Fiscal 2024 was $51.9 million, up 39% (35% on a constant currency basis) compared Fiscal 2023.

In the fourth quarter of Fiscal 2024, SaaS subscription bookings (measured on an ARR basis) were $8.0 million, up 108% compared to $3.9 million in the fourth quarter of Fiscal 2023. In Fiscal 2024, SaaS bookings were $18.6 million, up 13% from $16.4 million in Fiscal 2023. The Company has historically seen some lumpiness in quarterly deal closings, and the Company expects this to continue.

On April 30, 2024, SaaS RPO[7] was $196.9 million, up 43% from $137.7 million at the same time last year. A significant amount of SaaS RPO is denominated in currencies other than Canadian Dollars. As a result, movements in exchange rates will impact reported SaaS RPO. On a constant currency basis, SaaS RPO increased 41% during the twelve months ended April 30, 2024. SaaS RPO was up 25% in the fourth quarter of Fiscal 2024 sequentially compared to the third quarter of Fiscal 2024 and up by 23% on a constant currency basis.

Maintenance and support revenue

Maintenance and support revenue derives largely from the Company's legacy perpetual license installed base. The Company enters into maintenance and support contracts that typically have an original term of one year and are subject to annual renewal. Maintenance and support revenue for the three months and year ended April 30, 2024 increased to $8.1 million and $34.0 million, respectively. On a constant currency basis, fourth quarter and Fiscal 2024 maintenance and support revenue was flat and increased by 1%, respectively, compared to the same periods of Fiscal 2023. We expect a decline in maintenance and support revenue over time as the business continues to shift to SaaS, but this decline has been moderated by recurring maintenance revenue growth from our hardware business. See also below under Hardware revenue.

Professional services revenue

Professional services revenue includes fees for implementation, consulting and training services provided to customers, as well as reimbursable expenses. Professional services revenue for the three months and year ended April 30, 2024 was $14.4 million and $55.2 million, respectively, down 2% and flat, respectively, compared to $14.6 million and $55.4 million in the same periods of Fiscal 2023. Foreign exchange positively impacted reported professional services revenue growth as a significant portion of the Company's professional services revenue is denominated in U.S. dollars. On a constant currency basis, fourth quarter and Fiscal 2024 professional services revenue decreased by 3% compared to the same periods of Fiscal 2023. In the fourth quarter of Fiscal 2024, Professional services bookings were $12.3 million, down 26% compared to $16.7 million in

[7] Refer to section "Key Performance Indicators" for definition.

the same period of Fiscal 2023. In Fiscal 2024, professional services bookings were $51.4 million, down 16% compared to $61.1 million in Fiscal 2023. Professional services bookings are in part linked to SaaS subscription bookings and are subject to timing. In addition, in Fiscal 2024 we continued to see an uptick on work performed by implementation partners and we expect this trend to continue and have a long-term effect of moderating professional services revenue growth.

License revenue

License revenue includes revenue from proprietary software as well as third-party software. In the three months ended April 30, 2024, license revenue amounted to $0.3 million, down 47% from $0.5 million in the same period last year. For Fiscal 2024, license revenue was $1.4 million, down 56% from $3.1 million in Fiscal 2023. We expect license revenue to generally decline over time because of the shift to SaaS.

Hardware revenue

Hardware revenue includes third-party hardware products and proprietary technology products. While hardware revenue can tend to be uneven, it is a key component of our market offering and thereby supports our recurring revenue business. Hardware revenue for the three months ended April 30, 2024, was $7.0 million, flat compared to the same period of Fiscal 2023. For Fiscal 2024, hardware revenue was $28.8 million, up 21% from $23.8 million in Fiscal 2023. Notably, we had strong hardware backlog heading into Fiscal 2024 and this was a key driver for the increased hardware revenue compared to Fiscal 2023.

Cost of Revenue and Gross Profit

	Three months ended April 30,		Change	Year ended April 30,		Change
(in thousands of CAD)	**2024**	**2023**	**%**	**2024**	**2023**	**%**
Cost of revenue:						
SaaS, Maintenance, Support and Professional Services	$ 18,479	$ 17,787	4%	$ 72,463	$ 67,131	8%
License and Hardware	4,862	5,041	-4%	20,390	18,484	10%
Total cost of revenue	**23,341**	**22,828**	**2%**	**92,853**	**85,615**	**8%**
Gross profit & gross profit margin:						
SaaS, Maintenance, Support and Professional Services gross profit	$ 18,242	$ 15,952	14%	$ 68,600	$ 58,412	17%
Gross profit margin	50%	47%		49%	47%	
License and Hardware gross profit	$ 2,372	$ 2,412	-2%	$ 9,789	$ 8,397	17%
Gross profit margin	33%	32%		32%	31%	
Total gross profit	**$ 20,614**	**$ 18,364**	**12%**	**$ 78,389**	**$ 66,809**	**17%**
Total gross profit margin	**47%**	**45%**		**46%**	**44%**	

Total cost of revenue for the three months and year ended April 30, 2024, increased to $23.3 million and $92.9 million, respectively, or an increase of 2% and 8%, respectively, compared to the same periods in Fiscal 2023. For the fourth quarter of Fiscal 2024, the increase is driven by higher SaaS, maintenance, support and professional services costs. For Fiscal 2024, the increase is driven by both higher SaaS, maintenance, support and professional services costs and higher cost of hardware.

For the fourth quarter and Fiscal 2024, the cost of SaaS, maintenance, support and professional services increased to $18.5 million and $72.5 million, respectively, up $0.7 million and $5.3 million, respectively, compared to the same periods in Fiscal 2023. Cost of SaaS, maintenance, support and professional services increased compared to prior year periods as a result of direct costs associated with higher revenue, including higher employee costs and higher public cloud infrastructure costs. For the fourth quarter and Fiscal 2024, the cost of SaaS, maintenance, support and professional services includes tax credits of $0.6 million and $2.6 million, respectively, compared to $0.7 million and $3.0 million, respectively, for the same periods in Fiscal 2023.

The cost of license and hardware was $4.9 million in the fourth quarter of Fiscal 2024, a decrease of 4% compared to the same period in Fiscal 2023. The cost of license and hardware increased to $20.4 million in Fiscal 2024, up $1.9 million or 10% compared to Fiscal 2023, driven by higher hardware revenue.

Gross profit was $20.6 million, up $2.3 million in the fourth quarter of Fiscal 2024 compared to the same period in Fiscal 2023 with the driver being higher gross profit contribution from SaaS, maintenance, support and professional services. For Fiscal 2024, gross profit increased to $78.4 million, up $11.6 million compared to Fiscal 2023. The main driver for this increase is higher gross profit contribution from SaaS, maintenance, support and professional services.

As a percentage of revenue, total gross profit margin for the three months ended April 30, 2024 was 47% compared to 45% for the same period in Fiscal 2023. For Fiscal 2024, total gross profit margin was 46%, compared to 44% in Fiscal 2023.

Combined SaaS, maintenance, support and professional services gross profit margin for fourth quarter of Fiscal 2024 was 50% compared to 47% for the same period in Fiscal 2023. The main driver for this increased gross profit margin was SaaS margin expansion. Combined SaaS, maintenance, support and professional services gross profit margin for the year ended April 30, 2024 was 49% compared to 47% for the same period last year. The driver for this increased gross profit margin was SaaS margin expansion which was partially offset by the impact of lower professional services margins resulting from project implementation timing.

License and Hardware gross profit margin for the three months and year ended April 30, 2024 was 33% and 32%, respectively, compared to 32% and 31% for the same periods in Fiscal 2023. The uptick in this gross profit margin was the result of delivering a larger mix of higher margin hardware revenue, offsetting the impact of the decline in gross profit margin from lower license revenue.

Operating Expenses

(in thousands of CAD)	Three months ended April 30, 2024	2023	Change %	Year ended April 30, 2024	2023	Change %
Sales and marketing expenses	$ 8,437	$ 7,778	8%	$ 32,976	$ 28,080	17%
As a percentage of Total Revenue	19%	19%		19%	18%	
General and administration expenses	3,264	2,599	26%	11,844	11,218	6%
As a percentage of Total Revenue	7%	6%		7%	7%	
Research and development expenses, net of tax credits	7,435	6,597	13%	29,514	23,943	23%
As a percentage of Total Revenue	17%	16%		17%	16%	
Restructuring costs	2,122	-	n.a.	2,122	-	n.a.
As a percentage of Total Revenue	5%	0%		1%	0%	
Total operating expenses	**$ 21,258**	**$ 16,974**	**25%**	**$ 76,456**	**$ 63,241**	**21%**
As a percentage of Total Revenue	**48%**	**41%**		**45%**	**41%**	

Total operating expenses for the three months and year ended April 30, 2024 were $21.3 million and $76.5 million, respectively, an increase of $4.3 million and $13.2 million, respectively, compared to the same periods in Fiscal 2023. There was no significant impact of foreign exchange on expenses during the three months ended April 30, 2024. During Fiscal 2024, foreign exchange had an unfavorable impact on expenses of $0.6 million when compared to Fiscal 2023.

Sales and marketing expenses

Sales and marketing expenses for the three months and year ended April 30, 2024 amounted to $8.4 million and $33.0 million, respectively, an increase of $0.7 million and $4.9 million, respectively, when compared to the same periods last year. The increase is mainly attributed to higher personnel costs, marketing programs costs (including the user conference in the second quarter of Fiscal 2024) and travel.

General and administrative expenses

General and administrative expenses for the fourth quarter of Fiscal 2024, were $3.3 million, an increase of $0.7 million when compared to the same period in Fiscal 2023. The increase is attributed primarily to higher payroll taxes on stock options exercised and other personnel costs and bad debt expense.

General and administrative expenses for Fiscal 2024, were $11.8 million, an increase of $0.6 million when compared to Fiscal 2023. The increase is attributed primarily to higher payroll taxes on stock options exercised and other personnel costs.

Net R&D expenses

Net R&D expenses for the three months and year ended April 30, 2024, were $7.4 million and $29.5 million, respectively, an increase of $0.8 million and $5.6 million, respectively, from the same periods in Fiscal 2023. The general increase during Fiscal 2024 compared to Fiscal 2023 was the result of higher personnel costs, partially offset by higher tax credits and slightly higher capitalized development costs.

For the three months and year ended April 30, 2024, the Company deferred development costs of $0.2 million and $1.0 million, respectively, compared to $0.3 million and $0.9 million, respectively, in the same periods in Fiscal 2023. The Company amortized deferred development costs of $0.1 million in the fourth quarter of Fiscal 2024 and Fiscal 2023. Amortized development costs in Fiscal 2024 was $0.6 million compared to $0.5 million in Fiscal 2023.

The Company recorded R&D tax credits and e-business tax credits of $0.8 million for the fourth quarter of Fiscal 2024 and Fiscal 2023. For Fiscal 2024, the Company recorded R&D tax credits and e-business tax credits of $3.8 million, compared to $3.3 million for Fiscal 2023.

Restructuring costs

In February 2024, the Company embarked on a strategic restructuring initiative. This move is designed to boost profitability over the long term. As part of the restructuring effort, the Company reduced its workforce by about 4% across several departments, which resulted in restructuring costs (mainly severance) of $2.1 million. This restructuring plan was communicated to employees in February 2024.

The Company projects that this restructuring will lead to annual operating cost savings of around $4.6 million, chiefly through reductions in personnel-related costs. Additionally, the Company is committed to strategically investing in areas with high growth potential to not only increase its revenue streams but also to strengthen its competitive edge in the industry. The above statements contain projections based on the Company's current expectations and assumptions regarding future events and market trends. Actual outcomes may vary significantly. See also Forward-Looking Information above.

Other Income (Costs) and Income Tax (Benefit) Expense

	Three months ended April 30,		Change	Year ended April 30,		Change
(in thousands of CAD)	**2024**	**2023**	**%**	**2024**	**2023**	**%**
Other Income (Costs)	$ 122	$ (189)	-165%	$ 557	$ 145	284%
Income Tax (Benefit) Expense	(781)	755	-203%	641	1,624	-61%
Income Tax Expense as a percentage of profit before income taxes	150%	63%		26%	44%	

Other income for the three months ended April 30, 2024 was $0.1 million, compared to other costs of $0.2 million for the same period of Fiscal 2023. Other income in the fourth quarter of Fiscal 2024 consisted primarily of interest income partially offset by foreign exchange loss and interest expense on lease obligations. Other costs in the fourth quarter of Fiscal 2023 included foreign exchange loss and interest expense on lease obligations, partially offset by interest income.

For Fiscal 2024, other income was $0.6 million, compared to other income of $0.1 million in Fiscal 2023. Other income for Fiscal 2024 consisted of mainly interest income, partially offset by foreign exchange loss and interest expense on lease obligations. Other income for Fiscal 2023 consisted of interest income partially offset by interest expense on long term debt (through December 2022) and lease obligations and foreign exchange loss.

Income tax benefit for the three months ended April 30, 2024 was $0.8 million compared to $0.8 million tax expense in the same period in Fiscal 2023. The tax benefit in the fourth quarter of Fiscal 2024 was due primarily to utilization and recognition of previously unrecognized deferred tax assets.

Income tax expense for Fiscal 2024 was $0.6 million compared to $1.6 million in Fiscal 2023. The decrease in income tax expense in the current period is due primarily to the utilization and recognition of previously unrecognized tax benefits and the impact of lower pre-tax profit in Fiscal 2024.

Net Profit

(in thousands of CAD, except earnings per share)	Three months ended April 30, 2024	Three months ended April 30, 2023	Change %	Year ended April 30, 2024	Year ended April 30, 2023	Change %
Net Profit	$ 259	$ 446	-42%	$ 1,849	$ 2,089	-11%
Adjusted EBITDA	$ 2,780	$ 2,449	14%	$ 9,614	$ 9,484	1%
Basic earnings per share	$ 0.02	$ 0.03		$ 0.13	$ 0.14	
Diluted earnings per share	$ 0.02	$ 0.03		$ 0.13	$ 0.14	

Net Profit, Adjusted EBITDA and earnings per share in the fourth quarter and full year of Fiscal 2024 were positively impacted by higher gross margin contribution, which was substantially offset by higher operating expenses. Net profit in the fourth quarter and full year of Fiscal 2024 was negatively impacted by $2.1 million of restructuring costs and this was partially offset by approximately $0.9 million impact from the utilization and recognition of previously unrecognized tax benefits. Net profit, Adjusted EBITDA and earnings per share in the three months and year ended April 30, 2024 were positively impacted by $0.9 million and $3.6 million, respectively, from favorable foreign exchange movements compared to the same periods in Fiscal 2023.

Quarterly Selected Financial Data

The following table summarizes selected results for the eight most recently completed quarters to April 30, 2024:

(in thousands of CAD, except earnings per share)	FY 2024 Q4	FY 2024 Q3	FY 2024 Q2	FY 2024 Q1	FY 2023 Q4	FY 2023 Q3	FY 2023 Q2	FY 2023 Q1
Total revenue	$ 43,955	$ 43,823	$ 41,489	$ 41,975	$ 41,192	$ 38,917	$ 38,111	$ 34,204
Net Profit (loss)	259	759	(340)	1,171	446	888	715	40
Comprehensive (loss) income	(1,826)	4,770	(5,821)	3,318	414	3,998	(796)	(110)
Adjusted EBITDA[8]	2,780	2,640	1,021	3,173	2,449	2,774	2,777	1,484
Basic earnings per common share	0.02	0.05	(0.02)	0.08	0.03	0.06	0.05	0.00
Diluted earnings per common share	0.02	0.05	(0.02)	0.08	0.03	0.06	0.05	0.00

Total quarterly revenue has generally trended upward over the past eight quarters, primarily due to an increase in revenue from SaaS. Comprehensive (loss) income is impacted by foreign exchange movements resulting from revenue hedging. See note 22 in the Consolidated Financial Statements.

[8] See Reconciliation of EBITDA and Adjusted EBITDA to the most directly comparable IFRS measure

Liquidity and Capital Resources

On April 30, 2024, current assets totaled $79.0 million compared to $76.8 million at the end of Fiscal 2023. Cash and cash equivalents combined with short-term investments decreased $1.5 million to $35.6 million compared to $37.1 million at the end of Fiscal 2023. The decrease results primarily from financing and investing activities described below.

Accounts receivable and work in progress totaled $26.3 million on April 30, 2024, an increase of $1.7 million compared to $24.6 million as of April 30, 2023. The Company's Days Sales Outstanding (DSO) stood at 54 days at the end of April 30, 2024, compared to 58 days at January 31, 2024 and compared to 54 days at the end of Fiscal 2023. DSO is a measure of the average number of days that a company takes to collect revenue after a sale. The Company's DSO is determined on a quarterly basis and can be calculated by dividing the total 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.

Current liabilities on April 30, 2024, totaled $57.1 million compared to $52.9 million at the end of Fiscal 2023. The increase is mainly due to an increase in deferred revenue, partially offset by a decrease in accounts payable and accrued liabilities.

Cash from Operating Activities

Operating activities provided $4.9 million of cash in Fiscal 2024 in comparison to $8.4 million in Fiscal 2023.

For Fiscal 2024, cash from operating activities excluding changes in non-cash working capital items decreased by $3.1 million (to $5.1 million) compared to Fiscal 2023. Changes in non-cash working capital items used $0.3 million in Fiscal 2024 compared to providing $0.1 million in Fiscal 2023. The main cause for this increase in non-cash working capital usage was decreased accounts payable and accrued liabilities and increased work in progress in Fiscal 2024 compared to Fiscal 2023, partially offset by decreased accounts receivable.

Financing Activities

Cash flows used in financing activities was $5.8 million for Fiscal 2024 in comparison to $8.4 million in Fiscal 2023. In Fiscal 2024, cash flow used in financing activities was primarily the result of shares repurchased and cancelled under our Normal Course Issuer Bid and payments of dividends, partially offset by proceeds from the issuance of common shares on the exercise of stock options. In Fiscal 2023, the Company used $8.4 million of cash, including $5.0 million from short-term investments, to repay all its long-term debt. The remaining cash outflow for financing activities in Fiscal 2023 related primarily to payment of dividends.

Investing Activities

In Fiscal 2024, investing activities used funds of $1.5 million compared to $1.7 million for Fiscal 2023. The Company invested in its proprietary products with the capitalization of $1.0 million and $0.9 million reflected as deferred development costs in Fiscal 2024 and Fiscal 2023, respectively. The Company used funds of $0.6 million for the acquisition of property and equipment during Fiscal 2024, compared to $0.9 million in Fiscal 2023.

The Company believes that funds on hand at April 30, 2024 together with cash flows from operations will be sufficient to meet its needs for working capital, R&D, capital expenditures and dividend policy, as well as to invest in long-term growth.

Commitments and Contractual Obligations

The Company has a lease agreement for its head office in Montreal, Quebec which expires on November 30, 2025. The Company has a lease agreement for its office in Laval, Quebec. The lease term of ten years ends on February 28, 2026 and has an option to extend the lease for 5 years until February 28, 2031. The Company also has a lease agreement for its office in Denmark that terminates on December 31, 2026. These are the principal leases of the Company.

As at April 30, 2024, the principal commitments consist of operating leases and other obligations. The following table summarizes significant contractual obligations as at April 30, 2024.

The lease obligations represent the undiscounted minimum lease payments for leases of office space and equipment recognized on the consolidated balance sheet as lease liabilities under IFRS 16.

In thousands of Canadian dollars

	Payments due by period				
Contractual Obligations	**Total**	**Less than 1 year**	**1 – 3 years**	**3 – 5 years**	**After 5 years**
Lease obligations	$ 2,291	$ 816	$ 1,062	$ 292	$ 121
Other obligations	20,946	11,704	9,242	-	-
Accounts payable and accrued liabilities and other liabilities	20,526	20,030	496	-	-
Total Contractual Obligations	$ 43,763	$ 32,550	$ 10,800	$ 292	$ 121

Other obligations include operating leases with terms of less than 12 months and other service contracts.

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.

During Fiscal 2024, the Company declared quarterly dividends of $0.075 for the first two quarters and $0.08 for each of the following quarters for an aggregate of $4.6 million. During Fiscal 2023, the Company declared quarterly dividends of $0.07 for the first two quarters and $0.075 for each of the following quarters for an aggregate of $4.2 million.

Related Party Transactions

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 $0.4 million during Fiscal 2024 and Fiscal 2023 to facilitate their purchase of the Company's common shares. As of April 30, 2024, loans outstanding amounted to $0.1 million (April 30, 2023 - $0.1 million).

Contingencies

In the normal course of operations, the Company may be exposed to lawsuits, claims and contingencies. Provisions are recognized as liabilities in instances when there are present obligations and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations and where such liabilities can be reliably estimated. Although it is possible that liabilities may be incurred in instances where no provision has been made, the Company has no reason to believe that the ultimate resolution of such matters will have a material impact on its financial position.

Subsequent Events

On June 27, 2024, the Company's Board of Directors declared a quarterly dividend of $0.08 per share to be paid on August 2, 2024 to shareholders of record on July 12, 2024.

Off-Balance Sheet Agreements

The Company was not involved in any off-balance sheet arrangements as at April 30, 2024 with the exception of variable payments related to operating leases and operating leases with terms of twelve months or less (disclosed under **Commitments and Contractual Obligations**).

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 the industry may adjust quickly to exercise caution on capital spending. This uncertainty may impact the Company's revenue.

Based on ARR of $94.7 million and Professional services backlog of $32.1 million as of April 30, 2024, the Company's management believes that total services revenue (including SaaS, maintenance and support and professional services revenue) ranging between $37.0 million and $38.0 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 SaaS subscriptions, modular sales and implementations and enhanced payment terms to promote revenue growth. We see continued market appetite for subscription-based SaaS licensing.

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 currently derives more than 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.

Financial Instruments and Financial Risk Management

The Company has determined that the carrying values of its short-term financial assets and liabilities, including cash and cash equivalents, accounts receivable, other accounts receivable, short-term investments and accounts payable and accrued liabilities approximate their fair value because of the relatively short period to maturity of the instruments.

Derivative instruments are also recorded as assets and liabilities measured at their fair value. At April 30, 2024, the fair value of all outstanding foreign exchange contracts representing a $2.0 million loss was recorded in accounts payable and accrued liabilities (of which $0.5 million was recorded in long-term accrued liabilities) and $0.1 million gain recorded in other receivables (April 30, 2023 - $1.3 million loss was recorded in accounts payable and accrued liabilities, $0.3 million loss in long-term accrued liabilities and $0.4 million gain was recorded in other receivables).

Derivatives in the form of forward exchange contracts are used to manage currency risk related to the fluctuation of the U.S. dollar. The Company is exposed to currency risk as a certain portion of the Company's revenue and expenses are realized 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.

The Company's hedging strategy is practiced on two fronts. Firstly, the Company enters into forward exchange contracts to hedge some portion of its highly probable future revenue denominated in U.S. dollars, typically over a one to two fiscal-year time horizon, with the intention of stabilizing revenue and margin expectations due to possible short term exchange fluctuations. Secondly, the Company enters into forward exchange contracts in order to offset the impact of the fluctuation of the U.S. dollar regarding the revaluation of its U.S net monetary asset and liability position. In this regard, the Company practices economic hedging regularly by analyzing its net U.S. monetary asset and liability position and uses forward exchange contracts to equilibrate its position. 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. The Company uses derivative financial instruments only for risk management purposes, not for generating speculative trading profits.

Financial instruments which potentially subject the Company to credit risk consist principally of cash and cash equivalents, accounts receivable, other receivables, and accounts payable and accrued liabilities. The Company's cash and cash equivalents are maintained at major financial institutions. The Company manages its credit risk on investments by dealing only with major Canadian banks and investing only in instruments that management believes have high credit ratings. Given these high credit ratings, the Company does not expect any counterparties to these investments to fail to meet their obligations.

As at April 30, 2024 and 2023, no customers individually accounted for greater than 10% of total accounts receivable and work in progress. Generally, there is no particular concentration of credit risk related to accounts receivable due to the distribution of customers and procedures for the management of commercial risks. The Company performs ongoing credit reviews of all its customers and establishes an allowance for expected credit loss when accounts are determined to be uncollectible. Customers do not provide collateral in exchange for credit.

Refer to Note 22 – Financial instruments and risk management of the consolidated financial statements for additional discussion of the Company's risk management policies, including currency risk, credit risk, liquidity risk, interest rate risk and market price risk.

Outstanding Share Data

As at April 30, 2024, the Company had 14,840,150 common shares outstanding. The Company issued 461,813 shares on the exercise of stock options in Fiscal 2024. The Company repurchased and cancelled 204,500 of its common shares as part of its ongoing normal course issuer bid in Fiscal 2024.

Critical Accounting Policies and Critical Accounting Judgements and Key Sources of Estimation Uncertainty

The Company's critical accounting policies are those that it believes are the most important in determining its financial condition and results.

The preparation of the 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, and revenue and expenses. 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 these 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.

Refer to the Company's annual consolidated financial statements for Fiscal 2024 and the related notes for a discussion of the accounting policies and critical accounting judgments and key sources of estimation uncertainty that are essential to the understanding of the business and results of operations.

Risks and Uncertainties

The Company is exposed to risk and uncertainties, including the risk factors set forth below:

- The Company has incurred net losses in the past and may incur losses in the future.
- The Company's operations could be adversely affected by events outside of its control, such as natural disasters, wars or health epidemics.
- Economic conditions can adversely affect the Company's business, results of operations, cash flow and financial condition, including its revenue growth and profitability, which in turn could adversely affect its stock price
- If the Company is unable to attract new customers or sell additional products to and/or retain its existing customers, its revenue growth and profitability will be adversely affected.
- The Company relies significantly on recurring revenue, and if recurring revenue declines or contracts are not renewed, its future results of operations could be harmed.
- Fluctuations in quarterly results may fail to meet the expectations of investors or security analysts which could cause the Company's share price to decline.
- Lengthy sales and implementation cycle could have an adverse effect on the amount, timing and predictability of the Company's revenue.
- Defects, delays or interruptions in providing SaaS will have an impact on the operating results of the Company.
- Security breaches could delay or interrupt service to its customers, harm its reputation or subject the Company to significant liability and adversely affect its business and financial results. Its ability to retain customers and attract new customers could be adversely affected by an actual or perceived breach of security relating to customer information.

- Despite the Company's security measures, its information technology and infrastructure may be vulnerable to cyber-threats, security and privacy breaches by hackers or breaches due to employee error, malfeasance or other disruptions.
- The Company's ability to develop new products and services in order to sell its solutions into new markets or further penetrate its existing markets will impact its revenue growth.
- The market in which the Company participates is highly competitive, its failure to compete successfully would make it difficult to add and retain customers and would reduce and impede its growth.
- If the Company fails to retain its key employees, its business would be negatively impacted.
- The Company's strategy includes pursuing acquisitions and its potential inability to successfully integrate newly acquired companies or businesses may adversely affect its financial results.
- Risk of software defects could adversely affect the Company's business.
- The Company's intellectual property rights could be challenged, invalidated, circumvented or copied, causing a competitive disadvantage, lost opportunities or market share, and potential costly litigation to enforce or re-establish the Company's rights.
- Third parties could claim that the Company's products infringe their proprietary rights. This could subject the Company to costly and time-consuming litigation.
- There is no assurance that third-party software companies will continue to permit the Company to sub-license on commercially reasonable terms. This could delay or interrupt the delivery of the Company's solutions.
- Fluctuations in the exchange rate between the Canadian dollar and other currencies may have a material adverse effect on the margin the Company may realize from its products and services and may directly impact results of operations.
- The Company may need to raise additional funds to pursue its growth strategy or continue its operations, and it may be unable to raise capital when needed or on acceptable terms.

These risks are described in further detail in the section entitled "Risk Factors" in our most recently filed Annual Information Form.

Controls & Procedures

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 April 30, 2024.

Internal Control over Financial Reporting

The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting ("ICFR") to provide reasonable assurance regarding the reliability of the Company's financial reporting and its compliance with IFRS in its consolidated financial statements.

An evaluation was carried out under the supervision and with the participation of the Company's Chief Executive Officer and the Chief Financial Officer to evaluate the design and operating effectiveness of the Company's internal controls over financial reporting as at April 30, 2024. Based on that evaluation, the Company's Chief Executive Officer and Chief Financial Officer concluded that the internal control over financial reporting, as defined by National Instrument 52-109 was appropriately designed and operating effectively. The evaluations were conducted 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), a recognized control model, and the requirements of National Instrument 52-109, Certification of Disclosures in Issuers' Annual and Interim Filings.

No changes to internal controls over financial reporting have come to management's attention during the three- month period ending on April 30, 2024, that have materially affected or are reasonably likely to materially affect internal controls over financial reporting.

Supplemental Information

Reconciliation of EBITDA and Adjusted EBITDA to the most directly comparable IFRS measure

	FY 2024				FY 2023			
(in thousands of CAD)	**Q4**	**Q3**	**Q2**	**Q1**	**Q4**	**Q3**	**Q2**	**Q1**
Net Profit for the period	$ 259	$ 759	$ (340)	$ 1,171	$ 446	$ 888	$ 715	$ 40
Adjustments for:								
Depreciation of property and equipment and right-of-use assets	361	355	377	384	440	476	429	430
Amortization of deferred development costs	147	147	147	142	145	135	114	102
Amortization of other intangible assets	347	356	394	396	402	411	394	396
Interest expense	27	45	53	38	17	92	178	119
Interest income	(233)	(260)	(253)	(269)	(211)	(221)	(150)	(104)
Income taxes	(781)	644	(81)	859	755	455	389	25
EBITDA	127	2,046	297	2,721	1,994	2,236	2,069	1,008
Adjustments for:								
Stock based compensation	531	594	724	452	455	538	708	476
Restructuring costs	2,122	-	-	-	-	-	-	-
Adjusted EBITDA	$ 2,780	$ 2,640	$ 1,021	$ 3,173	$ 2,449	$ 2,774	$ 2,777	$ 1,484

Management's report

The consolidated financial statements of the Company included herewith as well as all the information presented in this Annual Report are the responsibility of management and have been approved by the Board of Directors.

The consolidated financial statements have been prepared by management in accordance with International Financial Reporting Standards ("IFRS"). The consolidated financial statements include amounts based on the use of best estimates and judgements. Management has established these amounts in a reasonable manner in order to ensure that the consolidated financial statements are fairly presented in all material respects. Management has also prepared the financial information presented elsewhere in the annual report and has ensured that it agrees with the consolidated financial statements. The Company maintains control systems for internal accounting and administration. The objective of these systems is to provide a reasonable assurance that the financial information is pertinent, reliable and accurate and that the Company's assets are properly accounted for and safeguarded.

The Board of Directors is entrusted with ensuring that management assumes its responsibilities with regard to the presentation of financial information and is ultimately responsible for the examination and approval of the financial statements. However, it is mainly through its Audit Committee, whose members are external directors, that the Board discharges this responsibility. This committee meets periodically with management and the external auditors to discuss the internal controls exercised over the process of presentation of the financial information, auditing issues and questions on the presentation of financial information, in order to assure itself that each party properly fulfills its function and also to examine the consolidated financial statements and the external auditors' report.

The consolidated financial statements have been audited on behalf of the shareholders by the external auditors, KPMG LLP for the fiscal years ended April 30, 2024 and 2023. The auditors have free and full access to internal records, to management and to the Audit Committee.

Peter Brereton
President and CEO
June 27, 2024

Mark J. Bentler
Chief Financial Officer

KPMG LLP
Tour KPMG
600 de Maisonneuve Blvd West, Suite 1500,
Montréal, QC H3A 0A3
Canada
Telephone 514 840 2100
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Independent auditors' report

To the Shareholders of Tecsys Inc.

Opinion

We have audited the consolidated financial statements of Tecsys Inc. (the "Entity"), which comprise:

- the consolidated statements of financial position as at April 30, 2024 and April 30, 2023
- the consolidated statements of income and other comprehensive income for the years then ended
- the consolidated statements of changes in equity for the years then ended
- the consolidated statements of cash flows for the years then ended
- and notes to the consolidated financial statements, including a summary of material accounting policy information. (Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at April 30, 2024 and April 30, 2023, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with IFRS Accounting Standards.

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 Financial Statement***s" section of our auditor's report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the 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 financial statements for the year ended April 30, 2024. These matters were addressed in the context of our audit of the 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 auditors' report.

Revenue Recognition - Determination of distinct performance obligations and stand- alone selling prices

Description of the matter

We draw attention to the Notes 2 (e) (i) and 3 (a) to the financial statements. The Entity enters into bundled arrangements with customers that may include licenses, professional services, maintenance services and subscription services. Judgment is required by the Entity to identify the various distinct performance obligations and to allocate the contractual transaction price to each distinct performance obligation based on the stand-alone selling prices.

Why the matter is a key audit matter

We identified the determination of distinct performance obligations and the allocation of the contractual transaction price based on the stand-alone selling prices as a key audit matter. Significant auditor judgment was required to evaluate the Entity's significant judgments of whether the licenses, professional services, maintenance services and subscription services are distinct and what the stand-alone selling price was. There was significant auditor effort, involving more senior professionals, required to address this matter.

How the matter was addressed in the audit

For a selection of contracts entered into during the year with customers, the primary procedures we performed to address this key audit matter included the following:

- We assessed the Entity's determination of each distinct performance obligation in each bundled arrangement by examining the contract source documents; and
- We evaluated the methodology used to determine the stand-alone selling price of certain elements of the bundled services by comparing it to historical pricing patterns in comparable customer contracts.

Other Information

Management is responsible for the other information. Other information comprises:

- the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions.
- the information, other than the financial statements and the auditor's report thereon, included in a document likely to be entitled "Annual Report 2024".

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

In connection with our audit of the 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 financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions as at 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 the auditor's report.

We have nothing to report in this regard.

The information, other than the financial statements and the auditor's report thereon, included in a document likely to be entitled "Annual Report 2024" is expected to be made available to us after the date of this 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 Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 the 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 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 Entity'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 Entity'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 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 Entity to cease to continue as a going concern.

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

- 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.

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group Entity to express an opinion on the financial statements.

- We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

- Determine, from the matters communicated with those charged with governance, those matters that were of most significance in the audit of the 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 auditor's 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 auditor's report is Aaron Fima.

KPMG LLP*

Montréal, Canada
June 27, 2024

*CPA auditor, public accountancy permit No. A125211

Tecsys Inc.

Consolidated Statements of Financial Position

(in thousands of Canadian dollars)

	Note	April 30, 2024	April 30, 2023
Assets			
Current assets			
Cash and cash equivalents		$ 18,856	$ 21,235
Short-term investments	4	16,713	15,835
Accounts receivable	22	22,090	22,900
Work in progress		4,248	1,734
Other receivables	21, 22	134	523
Tax credits	5	6,422	5,338
Inventory	6	1,359	1,034
Prepaid expenses and other	9	9,143	8,193
Total current assets		78,965	76,792
Non-current assets			
Other long-term receivables and assets		421	363
Tax credits	5	4,737	5,368
Property and equipment	7	1,372	1,802
Right-of-use assets	8	1,251	1,708
Contract acquisition costs	9	4,478	3,738
Deferred development costs	10	2,683	2,254
Other intangible assets	10	7,703	9,287
Goodwill	10	17,363	17,467
Deferred tax assets	17	9,073	8,137
Total non-current assets		49,081	50,124
Total assets		**$ 128,046**	**$ 126,916**
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	13	$ 20,030	$ 21,669
Deferred revenue		36,211	30,388
Lease obligations	12	812	793
Total current liabilities		57,053	52,850
Non-current liabilities			
Other long-term accrued liabilities	22	496	253
Deferred tax liabilities	17	826	1,255
Lease obligations	12	1,302	2,120
Total non-current liabilities		2,624	3,628
Total liabilities		$ 59,677	$ 56,478
Other commitments	20		
Equity			
Share capital	14	$ 52,256	$ 44,338
Contributed surplus		9,417	15,285
Retained earnings		8,121	10,832
Accumulated other comprehensive loss	22	(1,425)	(17)
Total equity attributable to the owners of the Company		68,369	70,438
Total liabilities and equity		**$ 128,046**	**$ 126,916**

Approved by the Board of Directors

David Booth Director

Kathleen Miller Director

See accompanying notes to the consolidated financial statements.

Tecsys Inc.

Consolidated Statements of Income and Comprehensive Income

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

Years ended April 30,	Note	2024	2023
Revenue:			
SaaS		$ 51,918	$ 37,476
Maintenance and Support		33,957	32,714
Professional Services		55,188	55,353
License		1,386	3,116
Hardware		28,793	23,765
Total revenue		**171,242**	**152,424**
Cost of revenue	16	**92,853**	**85,615**
Gross profit		**78,389**	**66,809**
Operating expenses:			
Sales and marketing		32,976	28,080
General and administration		11,844	11,218
Research and development, net of tax credits	5	29,514	23,943
Restructuring costs	25	2,122	-
Total operating expenses		76,456	63,241
Profit from operations		**1,933**	**3,568**
Other income	19	557	145
Profit before income taxes		2,490	3,713
Income tax expense	17	641	1,624
Net profit		**$ 1,849**	**$ 2,089**
Other comprehensive income (loss):			
Effective portion of changes in fair value on designated revenue hedges	22	(1,086)	(6)
Exchange differences on translation of foreign operations	22	(322)	1,423
Comprehensive income		**$ 441**	**$ 3,506**
Basic and diluted earnings per common share	14	**$ 0.13**	**$ 0.14**

See accompanying notes to the consolidated financial statements.

Tecsys Inc.

Consolidated Statements of Cash Flows

(in thousands of Canadian dollars)

	Note	April 30, 2024	April 30, 2023
Cash flows from operating activities:			
Net profit		$ 1,849	$ 2,089
Adjustments for:			
Depreciation of property and equipment and right-of-use assets	7, 8	1,477	1,775
Amortization of deferred development costs	10	583	496
Amortization of other intangible assets	10	1,493	1,603
Interest (income) expense and foreign exchange loss	19	(557)	(145)
Unrealized foreign exchange and other		(569)	1,754
Non-refundable tax credits		(1,961)	(2,095)
Stock-based compensation	14	2,301	2,177
Income taxes		519	554
Net cash from operating activities excluding changes in non-cash working capital items related to operations		5,135	8,208
Accounts receivable		764	(5,915)
Work in progress		(2,518)	(151)
Other receivables and assets		1	(58)
Tax credits		113	(114)
Inventory		(327)	(226)
Prepaid expenses		(646)	(1,452)
Contract acquisition costs	9	(1,045)	(908)
Accounts payable and accrued liabilities		(2,455)	3,259
Deferred revenue		5,833	5,713
Changes in non-cash working capital items related to operations		(280)	148
Net cash provided by operating activities		**4,855**	**8,356**
Cash flows from financing activities:			
Repayment of long-term debt	11	-	(8,400)
Proceeds from short-term investments	4	-	5,000
Payment of lease obligations	12	(786)	(689)
Payment of dividends	14	(4,560)	(4,225)
Interest paid	19	(163)	(406)
Issuance of common shares on exercise of stock options	14	6,964	297
Shares repurchased and cancelled	14	(7,215)	-
Net cash used in financing activities		**(5,760)**	**(8,423)**
Cash flows from investing activities:			
Interest received	19	97	90
Transfers from short-term investments	4	40	-
Acquisitions of property and equipment	7	(599)	(850)
Acquisitions of other intangible assets	10	-	(62)
Deferred development costs	10	(1,012)	(880)
Net cash used in investing activities		**(1,474)**	**(1,702)**
Net decrease in cash and cash equivalents during the period		(2,379)	(1,769)
Cash and cash equivalents - beginning of period		21,235	23,004
Cash and cash equivalents - end of period		**$ 18,856**	**$ 21,235**

See accompanying notes to the consolidated financial statements.

Tecsys Inc.

Consolidated Statements of Changes in Equity

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

	Note	Share capital Number		Share capital Amount		Contributed surplus		Accumulated other comprehensive income (loss)		Retained earnings		Total
Balance, May 1, 2023		**14,582,837**	**$**	**44,338**	**$**	**15,285**	**$**	**(17)**	**$**	**10,832**	**$**	**70,438**
Net profit		-		-		-		-		1,849		1,849
Other comprehensive (loss) income:												
Effective portion of changes in fair value on designated revenue hedges	22	-		-		-		(1,086)		-		(1,086)
Exchange difference on translation of foreign operations	22	-		-		-		(322)		-		(322)
Total comprehensive (loss) income		**-**		**-**		**-**		**(1,408)**		**1,849**		**441**
Shares repurchased and cancelled	14	(204,500)		(684)		(6,531)		-		-		(7,215)
Stock-based compensation	14	-		-		2,301		-		-		2,301
Dividends to equity owners	14	-		-		-		-		(4,560)		(4,560)
Share options exercised	14	461,813		8,602		(1,638)		-		-		6,964
Total transactions with owners of the Company		**257,313**	**$**	**7,918**	**$**	**(5,868)**	**$**	**-**	**$**	**(4,560)**	**$**	**(2,510)**
Balance, April 30, 2024		**14,840,150**	**$**	**52,256**	**$**	**9,417**	**$**	**(1,425)**	**$**	**8,121**	**$**	**68,369**
Balance, May 1, 2022		**14,562,895**	**$**	**43,973**	**$**	**13,176**	**$**	**(1,434)**	**$**	**12,968**	**$**	**68,683**
Net profit		-		-		-		-		2,089		2,089
Other comprehensive income:												
Effective portion of changes in fair value on designated revenue hedges		-		-		-		(6)		-		(6)
Exchange difference on translation of foreign operations		-		-		-		1,423		-		1,423
Total comprehensive income		**-**		**-**		**-**		**1,417**		**2,089**		**3,506**
Stock-based compensation		-		-		2,177		-		-		2,177
Dividends to equity owners		-		-		-		-		(4,225)		(4,225)
Share options exercised		19,942		365		(68)		-		-		297
Total transactions with owners of the Company		**19,942**	**$**	**365**	**$**	**2,109**	**$**	**-**	**$**	**(4,225)**	**$**	**(1,751)**
Balance, April 30, 2023		**14,582,837**	**$**	**44,338**	**$**	**15,285**	**$**	**(17)**	**$**	**10,832**	**$**	**70,438**

See accompanying notes to the consolidated financial statements.

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

The consolidated financial statements for the year ended April 30, 2024 were authorized for issuance by the Board of Directors on June 27, 2024.

(b) Basis of consolidation:

These consolidated financial statements include the accounts of the Company and its subsidiaries.

(i) Subsidiaries:

Subsidiaries are entities controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The Company's wholly-owned subsidiaries and their jurisdiction of incorporation are as follows:

Subsidiary	Jurisdiction of incorporation
Tecsys U.S. Inc.	Ohio
Tecsys Europe Limited	England
Logi D Holding Inc.	Canada
Logi D Inc.	Canada
Logi D Corp.	Delaware
Tecsys Denmark Holding ApS	Denmark
Tecsys A/S	Denmark

(ii) Transactions eliminated on consolidation:

Inter-company balances and transactions, and any income and expenses arising from inter-group transactions, are eliminated in preparing the consolidated financial statements.

(c) Basis of measurement:

The consolidated financial statements have been prepared on a going concern basis using the historical cost basis except for the following items in the consolidated statements of financial position:

- Derivative financial instruments which are measured at fair value;

2. Basis of preparation (continued)

(c) Basis of measurement (continued):

- Share based compensation arrangements which are measured in accordance with IFRS 2, *Share Based Payment*; and
- Lease liabilities which are measured at the present value of minimum lease liabilities in accordance with IFRS 16, *Leases*.

(d) Functional and presentation currency:

The consolidated financial statements are presented in Canadian dollars, which is the functional currency of the Company, and amounts are rounded to the nearest thousand ($000) except when otherwise indicated.

(e) Critical accounting judgments and key sources of estimation uncertainty:

The preparation of the 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, and revenue and expenses. 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 these estimates.

The 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 the revision and future periods if the revision affects both current and future periods.

The following are the critical judgments, apart from those involving estimations, that management has made in the process of applying the Company's accounting policies and that the Company believes could have the most significant impact on reported amounts.

Impairment of assets:

The Company assesses whether there are any indicators of impairment of non-financial assets at each reporting period date. In addition, the Company is required to determine the recoverable amount of a cash-generating unit ("CGU"), defined as the smallest identifiable group of assets that generates cash inflows independent of other assets. Management applies judgment in assessing and identifying each CGU.

Key sources of estimation uncertainty

Information about areas requiring the use of judgment, management assumptions and estimates, and key sources of estimation uncertainty that the Company believes could have the most significant impact on reported amounts is noted below:

(i) Revenue recognition – Determination of distinct performance obligations and stand-alone selling prices:

Revenue recognition, particularly in bundled arrangements which may include licenses, professional services, maintenance services and subscription services, requires judgment in identifying performance obligations and allocating revenue to each performance obligation based on the relative stand-alone selling price of each performance obligation. As certain of these performance obligations have a term of more than one year, the identification and the allocation of the consideration received to each distinct performance obligation impacts the amount and timing of revenue recognition.

2. Basis of preparation (continued):

(e) Critical accounting judgments and key sources of estimation uncertainty (continued):

(ii) Income taxes:

In assessing the realizability of deferred tax assets, management considers whether it is probable that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income and available tax planning strategies.

Deferred tax assets and liabilities contain estimates about the nature and timing of future permanent and temporary differences as well as the future tax rates that will apply to those differences. Changes in tax laws and rates as well as changes to the expected timing of reversals may have a significant impact on the amounts recorded for deferred tax assets and liabilities. Management closely monitors current and potential changes to tax law and bases its estimates on the best available information at each reporting date.

(iii) Impairment of assets:

Impairment assessments are based on internal estimates of the recoverable amount of a CGU. The recoverable amount of a CGU is the greater of its value in use and its fair value less costs of disposal. This determination requires significant estimates in a variety of areas including cash flows projected based on past experience, actual operating results and future projections, the calculation of discount rates as well as the identification of comparable companies used to identify market multiples for the determination of fair value less costs of disposal. The Company documents and supports all assumptions made to determine the above estimates and updates such assumptions to reflect the best information available to the Company if and when an impairment assessment requires the recoverable amount of a CGU to be determined.

3. Material accounting policies:

These consolidated financial statements have been prepared with the accounting policies set out below and have been applied consistently to all periods presented, unless otherwise indicated.

(a) Revenue recognition:

The Company's revenue consists of fees from software as a service ("SaaS"), Cloud subscriptions, proprietary software licenses, third-party software, customer support services, fees from implementation services such as training, installation, consulting as well as fees from sale of hardware. Software licenses sold by the Company are generally perpetual in nature and the arrangement generally comprise various services.

Revenues generated by the Company include the following:

(i) SaaS:

The Company generates revenue from proprietary software under a Software as a Service (SaaS) model. Under SaaS agreements, our customers have the right to access our cloud-based environment that we provide and manage and the right to receive support and to use the software. However, the customer does not have the right to take possession of the software. SaaS revenue is recognized over the term of the related contracts, commencing on the date an executed contract exists and the customer has the right to use and access the platform. Certain SaaS contracts have variable fees that are recognized based on transaction volumes.

(ii) Maintenance and support:

Maintenance and support services provided to customers on legacy perpetual software licenses is recognized ratably over the term of the maintenance and support services. The Company also provides hosting services to customers, which is recognized over the term of the related contracts. Maintenance service revenue related to hardware products that is serviced by a third party is recognized upon delivery of the product when the estimated cost of providing support during the arrangement is deemed insignificant.

3. Material accounting policies (continued):

(a) Revenue recognition (continued):

(ii) Maintenance and support (continued):

Third-party support revenues related to third-party software and the related cost are generally recognized upon the delivery of the third-party products as the support fee is included with the initial licensing fee. The support included with the initial license is for one year or less, and the estimated cost of providing support during the arrangement is deemed insignificant. In addition, unspecified upgrades for third-party support agreements historically have been and are expected to continue to be minimal and infrequent.

(iii) Professional services:

The Company provides consulting and training services to its customers. Revenues from such services are recognized as the services are performed. Included in professional service revenue are reimbursable travel expenses related to providing services to customers. The Company records reimbursable expense revenue in Professional Services revenue and records the associated cost under Cost of Revenue in its statements of comprehensive income.

(iv) License:

The Company recognizes perpetual license revenue at a point in time when the product has been delivered and where the title and risk of loss has been passed to the customer and the Company no longer retains continuing managerial involvement or effective control over the products sold.

(v) Hardware:

The Company recognizes hardware revenue as per shipping terms or when the Company has completed its contractual obligations.

For certain hardware contracts, hardware revenue is recognized net of related costs. The Company recognizes hardware revenue net of related costs when the Company acts as an agent in the transaction.

(vi) Bundled arrangements:

Some of the Company's sales involve bundled arrangements that include products (software and/or hardware), SaaS, maintenance and various professional services. The Company evaluates each deliverable in an arrangement to determine whether such deliverable would represent a distinct performance obligation. Revenue is recognized for each performance obligation when the applicable revenue recognition criteria, as described above, are met. In bundled arrangements, the Company separately accounts for each product or service when the promised product or service is capable of being distinct and is distinct within the context of the contract.

The transaction price is allocated to each performance obligation on a relative stand-alone selling price basis. The residual approach is used if the stand-alone selling price of one or more goods or services is highly variable or uncertain, and observable stand-alone selling prices exist for the other goods or services promised in the contract.

(vii) Contract acquisition costs:

The Company recognizes an asset for the incremental costs of obtaining a contract with a customer if it expects the costs to be recoverable and has determined that certain sales incentive programs (commissions) meet the requirements to be capitalized. Capitalized contract acquisition costs are amortized consistently with the pattern of transfer to the customer for the goods and services to which the asset relates. Generally, the contract acquisition costs are amortized over 3 to 5 years.

3. Material accounting policies (continued):

(a) Revenue recognition (continued):

(viii) Work in progress and deferred revenue:

The Company recognizes amounts as revenue in excess of billings as work in progress. The Company has deferred revenue for amounts billed in accordance with customer contracts for which the service associated with these revenues have not yet been rendered. Revenues on these services are recorded once the performance obligation has been met.

(b) Financial instruments:

The Company initially recognizes financial assets and financial liabilities on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

Financial assets are initially measured at fair value. If the financial asset is not subsequently accounted for at fair value through profit or loss, then the initial measurement includes transaction costs that are directly attributable to the asset's acquisition or origination. On initial recognition, the Company classifies its financial assets as subsequently measured at either amortized cost or fair value, depending on its business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred.

Financial assets and financial liabilities are classified into the following categories and depend on the purpose for which the financial assets were acquired.

(i) Financial assets measured at amortized cost:

A financial asset is subsequently measured at amortized cost, using the effective interest method except for short-term receivables where the interest revenue would be immaterial, and net of any impairment loss, if:

- The asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest.

The Company currently classifies its cash and cash equivalents, short-term investments, accounts receivable, and other accounts receivable (excluding the fair value of derivatives) as financial assets measured at amortized cost.

(ii) Financial assets measured at fair value:

These assets are measured at fair value and changes therein, including any interest or dividend income, are recognized in profit or loss. The Company measures derivative financial instruments at fair value.

(iii) Financial liabilities measured at amortized cost:

A financial liability is subsequently measured at amortized cost, using the effective interest method. The Company currently classifies accounts payable and accrued liabilities (excluding derivative financial instruments designated as effective hedging instruments and non-hedge derivative financial instruments) as financial liabilities measured at amortized cost.

3. Material accounting policies (continued):

(b) Financial instruments (continued):

(iv) Derivative financial instruments not designated in a hedging relationship measured at fair value:

Non-hedge derivative financial instruments, including forward foreign exchange contracts, are recorded as either assets or liabilities measured initially at fair value. Attributable transaction costs are recognized in profit or loss as incurred. The Company may hold derivative financial instruments to offset its risk exposure to fluctuations of other currencies compared to the Canadian dollar. All derivative financial instruments not designated in a hedge relationship are classified as financial instruments at fair value through profit and loss. The fair value of derivative financial instruments is based on forward rates considering the market price, rate of interest and volatility and takes into account the credit risk of the financial instrument.

The net fair value of outstanding forward foreign exchange contracts is included as part of the accounts designated "other receivable", "accounts payable and accrued liabilities" or "other long-term accrued liabilities" as appropriate. Any subsequent change in the fair value of non-hedge designated outstanding forward foreign exchange contracts is accounted for in other income in profit or loss for the period in which it arises.

The foreign currency gains and losses on these contracts are recognized in the period in which they are generated and offset the exchange losses or gains recognized on the revaluation of the foreign currency net monetary assets. Cash flows from foreign exchange contract settlements are classified as cash flows from operating activities along with the corresponding cash flows from the monetary assets being economically hedged.

(v) Derivative financial instruments designated in a hedging relationship measured at fair value:

The Company uses derivative financial instruments to hedge its exposure to exchange rate fluctuations on highly probable future foreign currency denominated revenue.

The Company formally documents all relationships between hedging instruments and hedged items, as well as its risk management objectives and strategies for undertaking hedge transactions. This process includes linking all derivative hedging instruments to forecasted transactions. Hedge effectiveness is assessed based on the degree to which the cash flows from the derivative contracts are expected to offset the cash flows of the underlying transaction being hedged.

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in fair value is recognized in accumulated other comprehensive income (loss). The amounts in accumulated other comprehensive income (loss) are classified to profit when the underlying hedged transaction, identified at contract inception, affects profit or loss. Any ineffective portion of a hedge relationship is recognized immediately in profit. Ineffectiveness is mainly caused by the differences in discount rates between the actual derivative instrument and the perfectively effective hypothetical derivative.

When derivative contracts designated as cash flow hedges are terminated, expired, sold or no longer qualify for hedge accounting, hedge accounting is discontinued prospectively. Any amounts recorded in accumulated other comprehensive income (loss) up until the time the contracts do not qualify for hedge accounting remain in accumulated other comprehensive income (loss) until the hedged future cash flows occur if they are still expected to occur.

However, if the amount in accumulated other comprehensive income (loss) is a loss and the Company expects that all or a portion of that loss will not be recovered in future periods, then it shall immediately reclassify the amount that is not expected to be recovered into profit. Additionally, if the hedged future cash flows are no longer expected to occur, then the amount in accumulated other comprehensive income (loss) shall be immediately reclassified to profit. Amounts recognized in accumulated other comprehensive income (loss) are recognized in profit in the period in which the underlying hedged transaction is completed. Gains or losses arising subsequent to the derivative contracts not qualifying for hedge accounting are recognized in the period incurred.

3. Material accounting policies (continued):

(b) Financial instruments (continued):

(vi) Fair value of financial instruments:

The Company must classify the fair value measurements of financial instruments according to a three-level hierarchy, based on the type of inputs used in making these measurements. These tiers include: Level 1, defined as observable inputs such as quoted prices in active markets; Level 2, defined as inputs other than quoted prices in active markets that are either directly or indirectly observable; and Level 3, defined as unobservable inputs in which little or no market data exists, therefore requiring an entity to develop its own assumptions.

(vii) Impairment of financial assets:

The Company uses the simplified expected credit-loss ("ECL") model for its trade accounts receivables, as permitted by IFRS 9. The simplified approach under IFRS 9 permits the use of the lifetime expected loss provision for all trade receivables. Lifetime ECL represents the ECL that will result from all probable default events over the expected life of a financial instrument. The Company establishes an impairment loss allowance on a collective and individual assessment basis, by considering past events, its past experience of collecting payments, as well as current conditions and forecasts of future economic conditions. Collective assessment is carried out by grouping together trade accounts receivable with similar characteristics .

Impairment losses related to trade and other receivables are presented separately in the consolidated income statements.

(c) Cash and cash equivalents:

Cash and cash equivalents consist primarily of unrestricted cash and short-term investments having an initial maturity of one months or less.

(d) Short-term investments:

Short-term investments consist of a simple interest guaranteed income certificates held with Schedule 1 Canadian banks. Investments are measured at amortized cost. The carrying amount of investments approximates fair market value due to the short-term maturity of these instruments.

(e) Inventory:

Inventory is stated at the lower of cost and net realizable value. Cost is determined on an average cost basis. Inventory costs include the purchase price and other costs directly related to the acquisition of materials, and other costs incurred in bringing the inventories to their present location and condition. Net realizable value is the estimated selling price in the ordinary course of business less selling expenses.

(f) Property and equipment:

Property and equipment are carried at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Gains and losses on disposal of an item of property and equipment are determined by comparing the proceeds from disposal with the carrying amount of property and equipment and are recognized net within profit or loss.

3. Material accounting policies (continued):

(f) Property and equipment (continued):

Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset less its residual value.

The Company provides for depreciation of property and equipment commencing once the related assets have been put into service. Depreciation is recognized in profit or loss on a straight-line basis since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The following periods are used to calculate depreciation:

	Period
Computer equipment	2 to 5 years
Furniture and fixtures	10 years
Leasehold improvements	Lower of term of lease or economic life

Depreciation methods, useful lives and residual values are reviewed at each financial period-end and adjusted prospectively if appropriate.

(g) Intangible assets:

(i) Goodwill:

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

(ii) Research and development costs:

Costs related to research are expensed as incurred.

Development costs of new software products for sale, net of government assistance, are capitalized as deferred development costs if they can be measured reliably, the product 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 product. Otherwise, development costs are expensed as incurred. Expenditures capitalized include the cost of materials, direct labour and overhead costs that are directly attributable to preparing the asset for its intended use.

Deferred development costs are amortized, commencing when the product is available for general release and sale, over the estimated product life of five years using the straight-line method.

Subsequent to initial measurement, deferred development costs are stated at cost less accumulated amortization and accumulated impairment losses.

(iii) Other intangible assets:

Other intangible assets consist of software technology and customer assets and are carried at cost less accumulated amortization and accumulated impairment losses. All intangible assets have finite useful lives and are therefore subject to amortization. Amortization is calculated over the cost of the asset, or other amount substituted for cost, less its residual value.

3. Material accounting policies (continued):

(g) Intangible assets (continued):

(iii) Other intangible assets (continued):

The Company uses the straight-line method and the following periods are used to calculate amortization:

	Period
Technology	5 to 10 years
Customer assets	5 to 15 years
Other	5 years
Software	5 years

Amortization methods, useful lives and residual values are reviewed at each financial period-end and adjusted prospectively if appropriate.

(h) Impairment of non-financial assets:

The Company reviews the carrying value of its non-financial assets, which include property and equipment, technology, customer assets, patents, software, and deferred development costs at each reporting date to determine whether events or changed circumstances indicate that the carrying value may not be recoverable. For goodwill, the recoverability is estimated annually, on April 30 or more often when there are indicators of impairment.

For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit, or CGU"). For the purposes of goodwill impairment testing, goodwill acquired in a business combination is allocated to the CGU, or the group of CGUs, that is expected to benefit from the synergies of the combination. This allocation is subject to an operating segment ceiling test and reflects the lowest level at which that goodwill is monitored for internal reporting purposes.

The Company's corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU or group of CGU's to which the corporate asset belongs.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. 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. In assessing its fair value less costs to sell, the Company estimates the fair value of an asset in an active market, less the costs directly attributable to selling the asset.

An impairment loss is recognized if the carrying value of a non-financial asset exceeds the recoverable amount. Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the unit, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other non-financial assets, impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognized.

3. Material accounting policies (continued):

(i) Government assistance:

Government assistance consists of scientific research and experimental development ("SRED") tax credits and e-business tax credits. SRED and e-business tax credits are accounted for as a reduction of the related expenditures and recorded when there is reasonable assurance that the Company has complied with the terms and conditions of the approved government program.

The refundable portion of tax credits is recorded in the period in which the related expenditures are incurred. The non-refundable portion of tax credits is recorded in the period in which the related expenditures are incurred or in a subsequent period to the extent that their future realization is determined to be probable, provided the Company has reasonable assurance the credits will be received and the Company will comply with the conditions associated with the award.

SRED and e-business tax credits claimed for the current and prior years are subject to government review which could result in adjustments to profit or loss.

(j) Leases:

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

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use is initially measured at cost, which comprises 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 to restore the underlying asset or the site on which it is located, less any lease incentives received. The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The lease term includes periods covered by an option to extend if the Company is reasonably certain to exercise that option.

The lease liability is initially measured at the present value of the 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 lessee's incremental borrowing rate. Lease payments used for the calculations comprise mainly fixed payments and variable lease payments that depend on an index or a rate, the exercise price of a purchase option if the lessee is reasonably certain to exercise that option and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease. The lease liability is subsequently measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual guarantee, or if the Company changes its assessments of whether it will exercise a purchase, extension or termination option.

When a lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset. If the carrying amount of the right-of-use asset has already been reduced to zero, the remaining amount of the remeasurement is recognized in profit or loss.

The Company has elected to apply the practical expedient not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low value assets. The lease payments associated with these leases are recognized as an expense on a straight-line basis over the lease term.

(k) Income taxes:

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income (loss).

Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

3. Material accounting policies (continued):

(k) Income taxes (continued):

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

(l) Share-based payment arrangements:

The Company measures stock options granted to employees and directors that vest in specified installments over the service period based on the fair value of each tranche on the grant date by using the Black-Scholes option-pricing model. Each tranche of an award is considered a separate award with its own vesting period. Based on the Company's estimate of equity instruments that will eventually vest, a compensation expense is recognized over the vesting period applicable to the tranche with a corresponding increase to contributed surplus. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in Note 14.

At the end of 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 profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment in contributed surplus. When the stock options are exercised, share capital is credited by the sum of the consideration paid and the related portion previously recorded in contributed surplus.

(m) Earnings per share:

Basic earnings per share is calculated using the weighted average number of common shares outstanding during the period.

Diluted earnings per share is calculated based on the weighted average number of common shares outstanding during the period plus the effects of dilutive potential common shares outstanding during the period. This method requires that the dilutive effect of outstanding options be calculated as if all dilutive options had been exercised at the later of the beginning of the reporting period or date of issuance, and that the funds obtained thereby be used to purchase common shares of the Company at the average trading price of the common shares during the period.

(n) Segment reporting:

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 operating segment's operating results are reviewed regularly by the Company's Chief Operating Decision Maker ("CODM") to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the CODM include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly of corporate assets (primarily the Company's headquarters), head office expenses, and income tax assets and liabilities.

3. Material accounting policies (continued):

(o) Foreign currency transactions:

Transactions in foreign currencies that are not hedged are translated to the respective functional currencies of the Company's subsidiaries at the average exchange rates for the period. The monetary assets and liabilities denominated in currencies other than the functional currency of a subsidiary are translated at the exchange rates prevailing at the statement of financial position date and translation gains and losses are included in the consolidated income statement. Non-monetary items denominated in foreign currencies other than the functional currency are translated at historical rates. Revenues that are hedged are translated at the exchange rate specified in the underlying derivative instrument hedging the transaction.

Foreign currency translation

The assets and liabilities of foreign operations, whose functional currency is not the Canadian dollar, are translated into Canadian dollars at the exchange rates in effect at the statement of financial position date. Revenue and expenses that are not hedged are translated at the exchange rate in effect on the date of the transaction. Differences arising from the exchange rate changes are included in other comprehensive income (loss) in the cumulative translation account.

On disposal of a foreign operation where control is lost, the cumulative amount of the exchange differences recognized in other comprehensive income (loss) relating to that particular foreign operation is recognized in the consolidated income statement as part of the gain or loss on disposal.

For foreign operations whose functional currency is the Canadian dollar, monetary assets and liabilities are translated into Canadian dollars at the exchange rates in effect at the statement of financial position date. Non-monetary items measured at historical cost are translated using the historical exchange rate at the date of the transaction. Non-monetary assets and liabilities measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Revenue and expenses that are not hedged are translated at average exchange rates for the period. Differences arising from the exchange rate changes are included in the statement of income and comprehensive income (loss).

Foreign exchange gains or losses arising from a monetary item receivable from or payable to a foreign operation, the settlement of which is neither planned nor likely to occur in the foreseeable future and monetary items for which the settlement is planned but that have been designated as a hedge of the net investment in a foreign operation and to the extent the hedge is effective, are recognized in other comprehensive income (loss) in the cumulative translation account and reclassified from equity to the consolidated income statement on the disposal of the net investment.

New standards and interpretations adopted by the Company

The IASB has issued the following amendments, effective for annual periods beginning on or after January 1, 2023:

- IAS 1 *Presentation of Financial Statements* requiring companies to disclose their material accounting policy information.
- IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*, clarifying how to distinguish changes in accounting policies from changes in accounting estimates.
- IAS 12 *Income Taxes* requiring companies to recognize deferred tax on transactions such as leases and decommissioning obligations that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences.

There was no impact on the Company's accounting policies or the consolidated financial statements as a result of adopting the IAS 1, IAS 8 and IAS 12 amendments.

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

3. Material accounting policies (continued):

New standards and interpretations not yet adopted by the Company

For the period ended April 30, 2024, the Company has not yet applied the following new and revised IFRS Standards that have been issued but are not yet effective:

- Amendments to IAS 1 *Presentation of Financial Statements* affecting the presentation of liabilities as current or non-current in the statement of financial position.
- Amendments to IAS 7 *Statement of Cash Flows* and IFRS 7 *Financial Instruments*: disclosures to enhance the transparency of supplier finance arrangements by including disclosure requirements.
- Amendments to IFRS 16 *Leases* to include variable payments when measuring a lease liability arising from a sale-and-leaseback transaction.

These amendments to IAS 1, IAS 7, IFRS 7 and IFRS 16 are effective for annual periods beginning on or after January 1, 2024. The Company does not expect that the adoption of these amendments will have a material impact on the financial statements of the Company in future periods.

The IASB has also issued IFRS 18 *Presentation and Disclosure in Financial Statements* which includes requirements for the presentation and disclosure of information in general purpose financial statements to help ensure they provide relevant information that faithfully represents an entity's assets, liabilities, equity, income and expenses. The new IFRS 18 standard is effective for annual periods beginning on or after January 1, 2027. The Company is currently evaluating the impact of this standard on its consolidated financial statements.

4. Short-term investments:

	Twelve months ended April 30, 2024	Twelve months ended April 30, 2023
Balance, beginning of period	$ 15,835	$ 20,239
Withdrawals to repay long-term debt (note 11)	-	(5,000)
Net withdrawals	(40)	-
Interest on short-term investments (note 19)	918	596
Balance, end of period	**$ 16,713**	**$ 15,835**

Short-term investment consists of Guaranteed Investment Certificates (GIC) with maturities of less than 3 months.

5. Government assistance (Tax credits):

The Company is eligible to receive scientific research and experimental development ("SRED") tax credits granted by the Canadian federal government ("Federal") and the governments of the provinces of Québec and Ontario ("Provincial").

Federal SRED tax credits, which are non-refundable, are earned on qualified Canadian SRED expenditures and can only be used to offset Federal income taxes otherwise payable. Provincial SRED tax credits, which are refundable, are earned on qualified SRED salaries in the provinces of Québec and Ontario.

The Company is also eligible to receive a Provincial refundable and non-refundable tax credit for the development of e-business information technologies. This tax credit is granted to corporations on salaries paid to employees carrying out activities based on specific eligibility requirements. The credits are earned at an annual rate of 30% of salaries paid to eligible employees engaged in eligible activities, to a maximum annual refundable tax credit of $20 and maximum annual non-refundable tax credit of $5 per eligible employee. The Company must obtain an eligibility certificate each year confirming that it has satisfied the criteria relating to the proportion of the activities in the information technology sector and for the services supplied. Provincial non-refundable tax credits can only be applied against provincial tax payable.

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

5. Government assistance (Tax credits) (continued):

The following table presents the tax credits for the Company:

	SRED		E-business provincial credits		
	Canadian Federal non-refundable tax credits	Provincial refundable tax credits	Refundable tax credits	Non-refundable tax credits	Total
Balance, April 30, 2023	$ 5,090	$ 84	$ 4,236	$ 1,296	$ 10,706
Tax credits received or utilized against income tax expense	(902)	(41)	(4,446)	(493)	(5,882)
Adjustments to prior year's credits	281	11	210	(45)	457
Recognition of tax credit	710	93	4,060	1,015	5,878
Balance, April 30, 2024	$ 5,179	$ 147	$ 4,060	$ 1,773	$ 11,159
Presented as:					
Current Tax credits	$ 1,090	$ 147	$ 4,060	$ 1,125	$ 6,422
Non-Current Tax credits	$ 4,089	$ -	$ -	$ 648	$ 4,737

	SRED		E-business provincial credits		
	Canadian Federal non-refundable tax credits	Provincial refundable tax credits	Refundable tax credits	Non-refundable tax credits	Total
Balance, April 30, 2022	$ 4,362	$ 42	$ 3,787	$ 815	$ 9,006
Tax credits received or utilized against income tax expense	(239)	(61)	(3,911)	(647)	(4,858)
Adjustments to prior year's credits	280	19	124	67	490
Recognition of tax credit	687	84	4,236	1,061	6,068
Balance, April 30, 2023	$ 5,090	$ 84	$ 4,236	$ 1,296	$ 10,706
Presented as:					
Current Tax credits	$ 621	$ 84	$ 4,236	$ 397	$ 5,338
Non-Current Tax credits	$ 4,469	$ -	$ -	$ 899	$ 5,368

The amounts recorded as receivable or recoverable are subject to a government tax audit and the final amounts received may differ from those recorded. There are no unfulfilled conditions or contingencies associated with the government assistance received.

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

5. Government assistance (Tax credits) (continued):

As at April 30, 2024, the Company has non-refundable tax credits totaling approximately $6,952 (April 30, 2023 - $6,386) for Canadian Federal and Provincial income tax purposes which may be used to reduce taxes payable in future years. These non-refundable tax credits may be claimed no later than fiscal years ending April 30:

	Provincial Non-refundable tax credits	Federal Non-refundable tax credits
2036	$ -	$ 170
2037	-	246
2038	-	289
2039	-	349
2040	-	507
2041	-	583
2042	-	500
2043	-	833
2044	777	958
2045	996	744
	$ 1,773	$ 5,179

Tax credits recognized in profit and loss for the years are outlined below:

	2024	**2023**
Federal non-refundable research and development tax credits	$ 710	$ 687
Provincial refundable research and development tax credits	93	84
E-business refundable tax credits for research and development employees	2,034	1,821
E-business non-refundable tax credits for research and development employees	509	455
Adjustments to prior year's credits	431	371
Total research and development tax credits	$ 3,777	$ 3,418
E-business refundable tax credits for other employees	2,025	2,415
E-business non-refundable tax credits for other employees	507	606
Adjustments to prior year's credits	26	119
Tax credits recognized in the year	$ 6,335	$ 6,558

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

6. Inventory:

	2024	2023
Finished goods	$ 1,265	$ 1,017
Third-party software licenses for resale	94	17
	$ 1,359	**$ 1,034**

During fiscal 2024, finished goods and third-party software licenses for resale recognized as cost of revenue amounted to $19,924 (2023 - $18,019).

7. Property and equipment:

	Computer equipment	Furniture and fixtures	Leasehold Improvements	Total
Cost				
Balance at April 30, 2022	$ 11,237	$ 1,984	$ 2,506	$ 15,727
Additions	850	-	-	850
Effect of foreign currency exchange differences	(5)	-	-	(5)
Disposals/ retirements	-	(216)	(424)	(640)
Balance at April 30, 2023	$ 12,082	$ 1,768	$ 2,082	$ 15,932
Additions	593	6	-	599
Effect of foreign currency exchange differences	-	4	-	4
Disposals/ retirements	(120)	(6)	-	(126)
Balance at April 30, 2024	$ 12,555	$ 1,772	$ 2,082	$ 16,409
Accumulated Depreciation				
Balance at April 30, 2022	$ 10,140	$ 1,572	$ 1,951	$ 13,663
Depreciation	832	122	158	1,112
Effect of foreign currency exchange differences	(5)	-	-	(5)
Disposals/ retirements	-	(216)	(424)	(640)
Balance at April 30, 2023	$ 10,967	$ 1,478	$ 1,685	$ 14,130
Depreciation	802	77	150	1,029
Effect of foreign currency exchange differences	-	4	-	4
Disposals/ retirements	(120)	(6)	-	(126)
Balance at April 30, 2024	$ 11,649	$ 1,553	$ 1,835	$ 15,037
Carrying Amounts				
At April 30, 2023	$ 1,115	$ 290	$ 397	$ 1,802
At April 30, 2024	$ 906	$ 219	$ 247	$ 1,372

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

8. Right-of-use assets:

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

	Offices	Data centers	Vehicles and equipment	Total
Balance at April 30, 2022	$ 4,474	$ -	$ 73	$ 4,547
Depreciation	(550)	(63)	(50)	(663)
Additions	-	217	-	217
Remeasurement of lease liability (note 12)	(2,449)	-	-	(2,449)
Effect of foreign currency exchange differences	38	16	2	56
Balance, April 30, 2023	$ 1,513	$ 170	$ 25	$ 1,708
Depreciation	(359)	(66)	(23)	(448)
Additions	-	-	-	-
Effect of foreign currency exchange differences	(5)	(4)	-	(9)
Balance, April 30, 2024	$ 1,149	$ 100	$ 2	$ 1,251

9. Contract acquisition costs:

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

	2024	**2023**
Balance, beginning of the period	$ 5,799	$ 4,891
Additions	3,415	2,920
Amortization	(2,370)	(2,012)
Balance, end of period	**$ 6,844**	**$ 5,799**

Presented as:

	2024	**2023**
Current	$ 2,366	$ 2,061
Non-current	$ 4,478	$ 3,738

The current portion of contract acquisition costs is included in Prepaid expenses in the Consolidated Statements of Financial Position. Amortization of contract acquisition costs is recorded in sales and marketing expense.

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

10. Goodwill, deferred development costs, and other intangible assets:

	Goodwill	Deferred development costs	Other intangible assets: Software	Technology	Customer assets	Other	Total of other intangible assets
Cost							
Balance at April 30, 2022	$ 16,863	$ 13,120	$ 5,588	$ 8,573	$ 9,884	$ 245	$ 24,290
Additions	-	880	62	-	-	-	62
Effect of foreign currency exchange differences	604	-	-	106	636	-	742
Balance at April 30, 2023	$ 17,467	$ 14,000	$ 5,650	$ 8,679	$ 10,520	$ 245	$ 25,094
Additions	-	1,012	-	-	-	-	-
Effect of foreign currency exchange differences	(104)	-	-	(18)	(108)	-	(126)
Balance at April 30, 2024	**$ 17,363**	**$ 15,012**	**$ 5,650**	**$ 8,661**	**$ 10,412**	**$ 245**	**$ 24,968**
Accumulated amortization							
Balance at April 30, 2022	$ -	$ 11,250	$ 4,780	$ 4,545	$ 4,419	$ 245	$ 13,989
Amortization for the year	-	496	289	616	698	-	1,603
Effect of foreign currency exchange differences	-	-	-	35	180	-	215
Balance at April 30, 2023	$ -	$ 11,746	$ 5,069	$ 5,196	$ 5,297	$ 245	$ 15,807
Amortization for the year	-	583	230	622	641	-	1,493
Effect of foreign currency exchange differences	-	-	-	(7)	(28)	-	(35)
Balance at April 30, 2024	**$ -**	**$ 12,329**	**$ 5,299**	**$ 5,811**	**$ 5,910**	**$ 245**	**$ 17,265**
Carrying amounts							
At April 30, 2023	$ 17,467	$ 2,254	$ 581	$ 3,483	$ 5,223	$ -	$ 9,287
At April 30, 2024	$ 17,363	$ 2,683	$ 351	$ 2,850	$ 4,502	$ -	$ 7,703

Certain technology, customer relationships, and other intangible assets are fully amortized, but are still property of the Company.

The following tables reflect the amortization expense recognized for the various intangible assets within the various functions for the years ended April 30, 2024 and 2023:

	2024 Deferred development costs	Software	Technology	Customer assets	Total
Cost of revenue: Products	$ -	$ -	$ -	$ 87	$ 87
Cost of revenue: Services	-	190	622	-	812
Sales and marketing	-	21	-	554	575
Research and development	583	19	-	-	602
	$ 583	**$ 230**	**$ 622**	**$ 641**	**$ 2,076**

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

10. Goodwill, deferred development costs, and other intangible assets (continued):

	2023				
	Deferred development costs	Software	Technology	Customer assets	Total
Cost of revenue: Products	$ -	$ -	$ -	$ 87	$ 87
Cost of revenue: Services	-	186	616	-	802
Sales and marketing	-	41	-	611	652
General and administration	-	15	-	-	15
Research and development	496	47	-	-	543
	$ 496	**$ 289**	**$ 616**	**$ 698**	**$ 2,099**

Impairment testing for cash-generating units containing goodwill

For the purposes of impairment testing, goodwill is allocated to the cash-generating units ("CGUs") which represent the lowest level within the Company for which there are separately identifiable cash inflows. The Company has two CGUs, the non-Tecsys A/S CGU and the Tecsys A/S CGU. As at April 30, 2024 goodwill for Non-Tecsys A/S and Tecsys A/S represent $10,783 and $6,580 respectively (April 30, 2023 - $10,783 and $6,684 respectively).

The Company performs its goodwill impairment assessment on an annual basis or more frequently if there are any indications that impairment may exist. The recoverable amount of the Company's CGU's was based on the higher of its value in use (which was determined by discounting the future cash flows generated from the continuing use of the units) and the fair value less cost to dispose based on market multiples. The carrying amount of the units were determined to be lower than their recoverable amount and no impairment loss was recognized in April 30, 2024 and 2023.

Value in use

The value in use was determined by discounting the future cash flows generated from the continuing use of the units. Cash flows were projected based on past experience, actual operating results and the annual business plan prepared at the end of fiscal 2024 for the upcoming year. Cash flows for an additional four-year period and a terminal value were extrapolated using a constant growth rate, which does not exceed the long-term average growth rate for the industry. The Company uses a discount rate to calculate the present value of its projected cash flows.

Fair value less costs of disposal

The market approach was used which assumes that comparable companies share similar characteristics, and that company fair values will correlate to those characteristics. Comparable companies will have similar business models, market presence, growth prospects and revenue profiles. Therefore, a comparison of a CGU to similar companies whose financial information is publicly available may provide a reasonable basis to estimate fair value. Under the market approach, fair value is calculated based on revenue multiples of benchmark comparable to the CGU's business applied to current year revenues less an estimate for cost of sales.

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

10. Goodwill, deferred development costs, and other intangible assets (continued):

Impairment testing for cash-generating units containing goodwill (continued):

Key assumptions used in calculations

The following table presents the basis used as the recoverable amount and the key assumptions used in calculating the recoverable amount:

			2024
	Basis used as recoverable amount	Pre-tax discount rate/ Multiple	Terminal Growth rate
Non-Tecsys A/S	Value in use	14.25%	5%
Tecsys A/S	Fair value less costs of disposal	1.2x Revenue	N/A

			2023
	Basis used as recoverable amount	Pre-tax discount rate/ Multiple	Terminal Growth rate
Non-Tecsys A/S	Value in use	14.25%	5%
Tecsys A/S	Fair value less costs of disposal	1.4x Revenue	N/A

The assumptions used by the Company in the determination of the recoverable amounts are classified as Level 3 in the fair value hierarchy.

When using the value in use for Non-Tecsys A/S for Fiscal 2024, no reasonably possible change in the key assumptions used in determining the recoverable amount would result in any impairment of goodwill.

When using the fair value less costs of disposal for Tecsys A/S for Fiscal 2024, varying the assumption on the multiple to 0.73x Revenue, assuming all other variables remained constant, would cause the carrying amount to be equal to its recoverable amount.

11. Banking facilities:

On January 30, 2019, the Company entered into a Credit Agreement. The Credit Agreement included a Term Facility of up to $12,000 and a Revolving Facility of $5,000. The Revolving Facility was for general corporate purposes. Canadian Dollar borrowings under the Credit Agreement were made in the form of Prime Rate Loans or Banker's Acceptances. The Credit Agreement (including Revolving Facility) expired on January 30, 2024.

The Company repaid the outstanding balance of the Term Facility on December 30, 2022. As at April 30, 2023 the Company had no outstanding balances under the Term Facility and the Revolving Facility.

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

12. Lease obligations:

The Company's leases are for office space, data centers, vehicles and equipment. Most of these leases do not contain renewal options. For those that have such options, the renewal period is 5 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:

	2024	2023
Current	$ 812	$ 793
Non-current	1,302	2,120
Total lease obligations	**$ 2,114**	**$ 2,913**

The following table presents the contractual undiscounted cash flows for lease obligations as at April 30, 2024:

Less than one year	$ 816
One to five years	1,354
More than five years	121
Total undiscounted lease obligations	**$ 2,291**

Interest expense on lease obligations for fiscal year 2024 was $121 (2023 - $205). Total cash outflow was $907 for fiscal year 2024 (2023 - $894), including $786 of principal payments on lease obligations (2023 - $689). The expense relating to variable lease payments not included in the measurement of lease obligations was $973 (2023 – $933). 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 were not significant for fiscal year 2024 and 2023. Expenses relating to leases of low value assets were $220 (2023 - $223). There were no additions on lease obligations during fiscal year 2024 (2023 - $217)

During fiscal year 2023, the Company remeasured certain of its lease liabilities due to changes in the assessments of the renewal periods included in the lease terms. In fiscal year 2023, a lease liability was adjusted by $2,449 with an equal reduction of the carrying value of the right-of-use asset.

13. Accounts payable and accrued liabilities:

	2024	2023
Trade payables	$ 4,486	$ 6,937
Accrued liabilities and other payables	3,829	3,571
Salaries and benefits due to related parties	851	1,472
Employee salaries and benefits payable	9,346	8,416
Fair value of derivatives in a loss position	1,518	1,273
	$ 20,030	**$ 21,669**

14. Share capital and Stock option plan:

(a) Authorized share capital:

Authorized - unlimited as to number and without par value.

Common shares

The holders of common shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings of the Company.

All outstanding shares issued are fully paid.

Class A preferred shares

Class A preferred shares are issuable in series, having such attributes as the Board of Directors may determine. Holders of Class A preferred shares do not carry the right to vote. No preferred shares are outstanding as at April 30, 2024 and April 30, 2023.

(b) Executive share purchase plan:

The Company has an executive share purchase plan (the "purchase plan") to provide for mandatory purchases of common shares by certain key executives of the Company (the "participants") in order to better align the participant's financial interests with those of the holders of common shares, create ownership focus and build long-term commitment to the Company.

Each participant is required to make annual purchases of common shares through the facilities of the TSX secondary market ("annual purchases") having an aggregate purchase price equal to 10% of his or her annual base salary during the immediately preceding fiscal year (the "base salary"). Annual purchases must be made within 90 days of May 1 of every fiscal year.

Each participant has the obligation to make annual purchases until he or she owns common shares having an aggregate market value equal to at least 50% of his or her base salary (the "threshold"). If a participant reached his or her threshold and ceased making annual purchases but on any determination date for any subsequent fiscal year of the Company, (i) the market value of the common shares owned by a participant falls below his or her threshold, whether as a result of a disposition of common shares or a decrease in the market value of the common shares he or she owns, such participant is required to make additional purchases of common shares in accordance with the plan until his or her threshold is reached, or (ii) the market value of the common shares owned by a participant exceeds his or her threshold, whether as a result of an acquisition of common shares or an increase in the market value of the common shares he or she owns, such participant is entitled to dispose of common shares having an aggregate market value equal to the amount in excess of his or her threshold.

During each fiscal year, a participant is required to make an annual purchase, each participant has the right to borrow from the Company, and the Company has the obligation to loan to each participant, an amount not to exceed the annual purchase for such fiscal year for such participant (a "loan"). The loans bear no interest and are disbursed in one lump sum. If the employment of a participant with the Company terminates for any reason whatsoever, all amounts due under any outstanding loan become immediately due and payable.

If a participant fails to make his or her annual purchase in full in any fiscal year, the Company may withhold half of any bonus or other incentive payment earned by the participant in that fiscal year until the participant completes the required annual purchase.

The Board of Directors may at any time amend, suspend or terminate the purchase plan upon notice to the participants.

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

14. Share capital and Stock option plan (continued):

(c) 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.

During fiscal 2024, the Company declared quarterly dividends of $0.075 for the first two quarters and $0.08 for each of the following quarters for an aggregate of $4,560. During fiscal 2023, the Company declared quarterly dividends of $0.07 for the first two quarters and $0.075 for each of the following quarters for an aggregate of $4,225.

(d) Earnings per share:

The calculation of basic earnings per share is based on the profit 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:

		2024		2023
Net profit, attributable to common shareholders	$	1,849	$	2,089
Weighted average number of common shares outstanding		14,706,251		14,567,839
Dilutive impact of stock options		19,905		239,154
Weighted average number of common shares outstanding		14,726,156		14,806,993
Basic earnings per common share	$	0.13	$	0.14
Diluted earnings per common share	$	0.13	$	0.14

As at April 30, 2024, 567,743 options were excluded from the calculation of weighted average number of diluted common shares as their effect would have been anti-dilutive (381,293 options as at April 30, 2023).

(e) 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.

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

14. Share capital and Stock option plan (continued):

(e) Stock option plan (continued):

The movement in outstanding stock options for fiscal year 2024 and 2023 is as follows:

	Number of options	Weighted average exercise price
Outstanding at April 30, 2023	991,966	$ 25.32
Granted	283,874	25.65
Exercised	(461,813)	15.08
Forfeited	(46,540)	34.85
Outstanding at April 30, 2024	767,487	$ 31.02

	Number of options	Weighted average exercise price
Outstanding at April 30, 2022	806,666	$ 22.64
Granted	217,846	34.70
Exercised	(19,942)	14.88
Forfeited	(12,604)	32.56
Outstanding at April 30, 2023	991,966	$ 25.32

The following table outlines the outstanding stock options of the Company as at April 30, 2024:

	Fair value per option	Remaining contractual life in years	Number of options currently exercisable	Exercise price	Outstanding options
Granted on February 28, 2020	$ 4.78	0.83	7,500	$ 18.95	7,500
Granted on July 8, 2020	6.95	1.19	133,243	26.75	142,125
Granted on December 2, 2020	10.74	1.59	2,646	36.77	3,257
Granted on February 24, 2021	18.79	1.82	1,500	60.62	2,000
Granted on June 29, 2021	12.66	2.16	100,833	40.34	146,664
Granted on June 29, 2022	12.90	3.16	80,990	34.91	185,122
Granted on September 26, 2022	10.80	3.41	1,313	28.55	3,500
Granted on March 1, 2023	10.42	3.83	750	26.88	3,000
Granted on June 29, 2023	9.98	4.16	50,339	25.48	268,471
Granted on November 30, 2023	13.68	4.58	366	33.52	5,848

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.

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

14. Share capital and Stock option plan (continued):

(e) Stock option plan (continued):

The fair value of options granted on June 29, 2023 and November 30, 2023 were determined using the Black-Scholes option pricing model with the following assumptions:

	Fiscal 2024		Fiscal 2023		
	June 29, 2023	**November 30, 2023**	**June 29, 2022**	**September 26, 2022**	**March 1, 2023**
Exercise share price	$ 25.48	$ 33.52	$ 34.91	$ 28.55	$ 26.88
Expected option life (years)	5	5	5	5	5
Weighted average expected stock price volatility	43.56%	44.76%	39.67%	41.53%	42.98%
Weighted average dividend yield	1.14%	0.90%	0.77%	0.96%	1.06%
Weighted average risk-free interest rate	3.72%	3.70%	3.26%	3.39%	3.54%

For the fiscal year ended April 30, 2024, the Company recognized stock-based compensation expense of $2,301 ($2,177 for the fiscal year ended April 30, 2023). 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.

(f) Share capital:

On September 12, 2023, the Company announced its Notice of Intention to make a normal course issuer bid ("NCIB") with the Toronto Stock Exchange ("TSX"). Pursuant to the NCIB, during the twelve-month period commencing September 14, 2023 and ending September 13, 2024, the Company intends to purchase up to 500,000 common shares, which represents 3.40% of its 14,694,143 issued and outstanding common shares as of September 1, 2023. Under the NCIB, other than purchases made under block purchase exemptions, the Company may purchase up to 3,572 common shares during any trading day, which represents 25% of 14,288, being the average daily trading volume for the six months ended August 31, 2023. These purchases will be made at the prevailing market price at the time of acquisition, plus brokerage fees, through the facilities of the TSX and/or alternative Canadian trading systems, in accordance with the TSX's applicable policies. All common shares purchased under the NCIB will be cancelled.

During the fiscal year ended April 30, 2024 the Company purchased 204,500 (same period in Fiscal 2023 – nil) of its outstanding common shares for cancellation at an average price of $34.67 per share. The total cost related to purchasing these shares, including other related costs, was $7,215. The excess of the purchase price over the net book value of these shares of $6,531 has been charged to contributed surplus.

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

15. Remaining performance obligation:

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

The following table presents revenue expected to be recognized in the future related to SaaS and maintenance and support 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 April 30, 2024:

				2024	2023
	Fiscal 2025	Fiscal 2026	Fiscal 2027 and thereafter	Total	Total
SaaS	$ 57,864	$ 51,903	$ 87,173	$ 196,940	$ 137,699
Maintenance and support	1,078	109	-	1,187	1,657
Total	**$ 58,942**	**$ 52,012**	**$ 87,173**	**$ 198,127**	**$ 139,356**

16. Cost of revenue:

	For the year ended	
	April 30, 2024	April 30, 2023
SaaS, maintenance, support and professional services:		
Gross expenses	$ 72,685	$ 67,451
Amortization of intangible assets	812	802
Reimbursable expenses	1,551	1,916
E-business tax credits	(2,585)	(3,038)
	$ 72,463	$ 67,131
License and hardware	20,390	18,484
Cost of revenue	**$ 92,853**	**$ 85,615**

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

17. Income Taxes:

(a) Income taxes comprise the following components:

		2024		2023
Current income taxes:				
Current year	$	1,144	$	1,940
Adjustments of previous year's tax expense		840		(676)
Current income taxes expense	$	1,984	$	1,264
Deferred income taxes:				
Origination and reversal of temporary differences		386		(172)
Net change in unrecognized deductible temporary difference		(518)		144
Recognition and/or utilization of previously unrecognized temporary difference		(355)		(332)
Adjustments of previous year's tax expense		(856)		720
Deferred income tax (benefit) expense		(1,343)		360
Income tax expense	**$**	**641**	**$**	**1,624**

(b) The provision for income taxes varies from the expected provision at the statutory rate for the following reasons:

		2024		2023
Combined basic federal and provincial statutory income tax rate		26.50%		26.50%
Profit before income taxes	$	2,490	$	3,713
Expected combined income tax expense		660		984
Increase (reduction) in income taxes resulting from:				
Effect of differences in tax rates and additional income taxes in other jurisdictions		124		-
Utilization of unrecognized benefits		(355)		(332)
Net changes in unrecognized benefits		(518)		144
Utilization of previously unrecognized temporary difference		(16)		-
Permanent differences and other		746		828
Income tax expense	**$**	**641**	**$**	**1,624**

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

17. Income Taxes (continued):

(c) Recognized deferred tax assets and liabilities:

Changes in deferred tax assets and liabilities for the years ended April 30, 2024 and April 30, 2023 are as follows:

	Balance as at April 30, 2023	Recognized in statement of profit	Foreign Exchange	Balance as at April 30, 2024
Research and development expenses	$ 4,920	$ 1,627	$ -	$ 6,547
Net operating losses	3,414	(753)	-	2,661
Property and equipment	4,077	270	-	4,347
Non-deductible reserves and accruals	198	34	-	232
Right-of-use assets and lease liability	318	(88)	-	230
Charitable donations	143	(25)	-	118
Share issue costs	90	(90)	-	-
Other	(12)	17	-	5
Contract acquisition costs	(1,535)	1	-	(1,534)
E-business tax credits	(540)	(16)	-	(556)
Federal tax credits	(1,543)	151	-	(1,392)
Deferred development costs	(597)	(114)	-	(711)
Intangibles	(2,051)	309	42	(1,700)
Net deferred tax recognized	$ 6,882	$ 1,323	$ 42	$ 8,247

	Balance as at April 30, 2022	Recognized in statement of profit	Foreign Exchange	Balance as at April 30, 2023
Research and development expenses	$ 5,345	$ (425)	$ -	$ 4,920
Net operating losses	3,418	(4)	-	3,414
Property and equipment	3,717	360	-	4,077
Non-deductible reserves and accruals	189	9	-	198
Right-of-use assets and lease liability	342	(24)	-	318
Charitable donations	145	(2)	-	143
Share issue costs	181	(91)	-	90
Other	-	(12)	-	(12)
Contract acquisition costs	(1,237)	(298)	-	(1,535)
E-business tax credits	(416)	(124)	-	(540)
Federal tax credits	(1,581)	38	-	(1,543)
Deferred development costs	(495)	(102)	-	(597)
Intangibles	(2,258)	315	(108)	(2,051)
Net deferred tax recognized	$ 7,350	$ (360)	$ (108)	$ 6,882

As at April 30, 2024 the Company has net deferred tax assets of $9,073 (April 30, 2023 – $8,137) and net deferred tax liabilities of $826 (April 30, 2023 – $1,255) presented on the Consolidated Statements of Financial Position.

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

17. Income Taxes (continued):

(c) Recognized deferred tax assets and liabilities (continued):

The Company had Canadian Federal non-refundable SRED tax credits totaling approximately $5,179 (note 5) (April 30, 2023 – $5,090) which may be used only to reduce future current federal income taxes otherwise payable. For the year ended April 30, 2024, the Company intends to claim available Federal non-refundable tax credits to reduce Canadian Federal income taxes otherwise payable of $74.

The Company had provincial non-refundable tax credits of $1,773 (note 5) (April 30, 2023 - $1,296) which may be used only to reduce future current provincial income taxes otherwise payable. For the year ended April 30, 2024, the Company intends to claim available provincial non-refundable tax credits to reduce provincial income taxes otherwise payable of $493.

(d) Unrecognized net deferred tax assets

As at April 30, 2024 and 2023, unrecognized net deferred tax assets consist of the following:

	2024	**2023**
Research and development expenses	$ -	$ 300
Net operating losses of Canadian subsidiaries	1,576	2,137
Net operating losses of UK subsidiary	62	74
Capital losses	854	854
Other	(27)	(27)
Unrecognized net deferred tax assets	**$ 2,465**	**$ 3,338**

Canadian subsidiaries have unrecognized accumulated research and development expenses of $nil (April 30, 2023 – $1,435) for Federal income tax purposes, $nil (April 30, 2023 – $726) for Québec provincial income tax purposes, and $nil (April 30, 2023 – $778) for Ontario income tax purposes which may be carried forward indefinitely and used to reduce taxable income in future years. In addition, Canadian subsidiaries have net operating losses carried forward of $nil (April 30, 2023 - $11,656) for Federal income tax purposes, $16,857 (April 30, 2023 - $3,170) for Québec provincial income tax purposes and $nil (April 30, 2023 - $1,485) for Ontario provincial tax purposes which may be applied to reduce taxable income in future years.

The Company's U.K. subsidiary has unrecognized net operating losses carried forward for income tax purposes of approximately $328 (£196) (April 30, 2023 – $391 (£ 233)) which may be applied to reduce taxable income in future years.

The Company and its subsidiaries have unrecognized accumulated capital losses of approximately $6,384 (April 30, 2023 – $6,384) which may be applied to reduce future taxable capital gains.

These deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Company can utilize the benefits.

Unrecognized deferred tax liabilities:

As at April 30, 2024, no deferred tax liabilities were recognized for temporary differences arising from investments in subsidiaries because the Company controls the decisions affecting the realization of such liabilities and it is probable that the temporary differences will not reverse in the foreseeable future.

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

18. Personnel expenses:

	For the year ended	
	April 30, 2024	**April 30, 2023**
Salaries, including bonus and commissions	$ 101,195	$ 92,451
Benefits	14,152	11,926
	$ 115,347	**$ 104,377**

19. Other income (costs):

	For the year ended	
	April 30, 2024	**April 30, 2023**
Interest expense on bank loans and other	$ (42)	$ (201)
Interest accretion expense – lease obligations	(121)	(205)
Foreign exchange loss	(295)	(135)
Interest income on short-term investments	918	596
Interest income - other	97	90
	$ 557	**$ 145**

20. Other commitments:

As at April 30, 2024, with the exception of the leases recognized under IFRS 16 as lease liabilities, the Company had other commitments which includes operating leases with terms of less than 12 months and commitments under service contracts including public cloud infrastructure costs. The minimum payments are as follows:

	Payments due by period				
	Total	**Less than 1 year**	**1 - 3 years**	**3 - 5 years**	**After 5 years**
Other contractual obligations	$ 20,946	$ 11,704	$ 9,242	$ -	$ -

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

21. 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 April 30, 2024, key management and their spouses control 17.7% (April 30, 2023 – 18.9%) of the issued common shares of the Company. The compensation paid or payable to key management for employee services is as follows:

	For the year ended	
	April 30, 2024	**April 30, 2023**
Salaries, including bonus and commissions	$ 4,285	$ 5,109
Other short-term benefits	273	249
Payment to defined contribution plans	147	141
	$ 4,705	**$ 5,499**

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 $424 (2023 - $416) to facilitate their purchase of the Company's common shares during fiscal 2024. As of April 30, 2024, loans outstanding amounted to $62 (2023 -$142) and are included in other receivables in the Consolidated Statements of Financial Position.

22. Financial instruments and risk management:

Classification of financial instruments

The table below summarizes the Company's financial instruments and their classifications.

	2024			2023
	Fair value	**Amortized cost**	**Total**	
Financial assets				
Cash and cash equivalents	$ -	$ 18,856	$ 18,856	$ 21,235
Short-term investments	-	16,713	16,713	15,835
Accounts receivable	-	22,090	22,090	22,900
Foreign exchange derivatives included in other receivables	-	-	-	285
Foreign exchange derivatives included in other long-term receivables	72	-	72	117
Other receivables and other long-term receivables	-	213	213	484
	$ 72	**$ 57,872**	**$ 57,944**	**$ 60,856**
Financial liabilities				
Accounts payable and accrued liabilities	$ -	$ 18,512	$ 18,512	$ 20,396
Foreign exchange derivatives included in accounts payable and accrued liabilities	1,518	-	1,518	1,273
Foreign exchange derivatives included in other long-term accrued liabilities	496	-	496	253
	$ 2,014	**$ 18,512**	**$ 20,526**	**$ 21,922**

22. Financial instruments and risk management (continued):

(a) Fair value disclosures

The Company has determined that the carrying values of its short-term financial assets and liabilities, including cash and cash equivalents, accounts receivable, other receivables, short-term investments and accounts payable and accrued liabilities approximate their fair value because of the relatively short period to maturity of the instruments.

The fair value of derivatives consisting of foreign exchange forward contracts is measured using a generally accepted valuation technique which is the discounted value of the difference between the contract's value at maturity based on the rate set out in the contract and the contract's value at maturity based on the rate that the counterparty would use if it were to renegotiate the same contract at the measurement date under the same conditions. The fair value of derivative financial instruments is based on forward rates considering the market price, rate of interest and volatility and takes into account the credit risk of the financial instrument.

The fair value of financial assets, financial liabilities and derivative financial instruments were measured using the Level 2 inputs in the fair value hierarchy as at April 30, 2024 and 2023.

The forward foreign exchange contracts in a hedging relationship designated as cash flow hedges qualified for hedge accounting. The forward foreign exchange contracts outstanding as at April 30, 2024 and April 30, 2023 consisted primarily of contracts to reduce the exposure to fluctuations in the U.S. dollar. For fiscal 2024 and 2023, the derivatives designated as cash flow hedges were considered to be fully effective and no ineffectiveness has been recognized in net finance costs.

(b) Risk management

The Company is exposed to the following risks as a result of holding financial instruments: currency risk, credit risk, liquidity risk, interest rate risk and market price risk.

Currency risk

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 April 30, 2024, the Company held five outstanding foreign exchange contracts with various maturities to September 27, 2024 to sell US$4,500 into Canadian dollars at rates averaging CA$1.3477 to yield CA$6,065. On April 30, 2024, the Company recorded an unrealized exchange loss of $136 included in accounts payable and accrued liabilities representing the change in fair value of these outstanding contracts since inception and their initial measurement.

On April 30, 2023, the Company held three outstanding foreign exchange contracts with various maturities to July 31, 2023 to sell US$2,650 into Canadian dollars at rates averaging CA$1.3352 to yield CA$3,538. On April 30, 2023, the Company recorded an unrealized exchange loss of $51 included in accounts payable and accrued liabilities representing the change in fair value of these outstanding contracts since inception and their initial measurement.

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

22. Financial instruments and risk management (continued):

(b) Risk management (continued):

Currency risk (continued)

Revenue hedge designated derivative instruments
On April 30, 2024, the Company held seventy outstanding foreign exchange contracts with various maturities to July 29, 2026 to sell US$111,500 at rates averaging CA$1.3496 to yield CA$150,479. Of the outstanding US$111,500 hedge designated foreign exchange contracts, US$97,500 pertain to highly probable future revenue denominated in U.S. dollars expected over the twenty-four-month period through April 2026 while US$14,000 is related to realized U.S. dollar denominated revenue. Of the US$97,500 outstanding hedge designated foreign exchange contracts pertaining to highly probable future revenue denominated in U.S. dollars, US$49,500 relates to highly probable future revenue in the twelve-month period through April 2025 and US$48,000 relates to highly probable future revenue in the twelve-month period through April 2026. On April 30, 2024, the Company had recorded an unrealized gain of $72 included in other long-term receivables and an unrealized loss of $1,878 included in accounts payable and accrued liabilities (of which $496 is included in non-current liabilities) representing the change in fair value of these outstanding contracts since inception and their initial measurement.

On April 30, 2023, the Company held sixty-four outstanding foreign exchange contracts with various maturities to July 2025 to sell US$105,500 at rates averaging CA$1.3376 to yield CA$141,115. Of the outstanding US$105,500 hedge designated foreign exchange contracts, US$93,500 pertain to highly probable future revenue denominated in U.S. dollars expected over the twenty-four-month period through April 2025 while US$12,000 is related to realized U.S. dollar denominated revenue. Of the US$93,500 outstanding hedge designated foreign exchange contracts pertaining to highly probable future revenue denominated in U.S. dollars, US$50,000 relates to highly probable future revenue in the twelve-month period through April 2024 and US$43,500 relates to highly probable future revenue in the twelve-month period through April 2025. On April 30, 2023, the Company had recorded an unrealized gain of $402 included in other receivables and an unrealized loss of $1,475 included in accounts payable and accrued liabilities representing the change in fair value of these outstanding contracts since inception and their initial measurement.

	Carrying amount of the hedging instrument			
	Notional amount of the hedging instrument	Assets presented in other receivables	Liabilities presented in accounts payable and accrued liabilities	Changes in fair value used for calculating hedge ineffectiveness
Cash-flow hedges:				
April 30, 2024 Foreign exchange risk:	US$ 111,500	CA$ 72	CA$ 1,878	CA$ (1,806)
April 30, 2023 Foreign exchange risk:	US$ 105,500	CA$ 402	CA$ 1,475	CA$ (1,073)

22. Financial instruments and risk management (continued):

(b) Risk management (continued):

Currency risk (continued)

Hedging components of accumulated other comprehensive income (loss)

The following table represents the movement in accumulated other comprehensive income (loss) since the designation of hedging derivative instruments:

	2024	2023
Accumulated other comprehensive income (loss) on cash flow hedges as at the beginning of the period	$ (207)	$ (201)
Changes in fair value on derivatives designated as cash flow hedges	(1,681)	(3,145)
Amounts reclassified from accumulated other comprehensive income to net earnings, and included in:		
Revenue	375	2,657
Other costs	220	482
Accumulated other comprehensive loss from cash flow hedges	$ (1,293)	$ (207)
Accumulated other comprehensive (loss) income - translation adjustment from foreign operations at the end of period	(132)	190
Total accumulated other comprehensive loss as at the end of period	**$ (1,425)**	**$ (17)**

As at April 30, 2024, $1,293 (2023 - $207) of the net loss presented in accumulated other comprehensive loss is expected to be classified to net profit within the next twenty-four months.

Foreign currency exposure

The following table (in thousands of local currency) provides an indication of the Company's significant foreign exchange currency exposures excluding designated hedge derivatives related to highly probable future revenue as at April 30, 2024 and 2023.

	2024					2023				
	DKK	**US$**	**£**	**€**	**AU$**	**DKK**	**US$**	**£**	**€**	**AU$**
Cash and cash equivalents	4,643	6,329	9	279	-	1,334	3,998	42	301	-
Accounts receivable	5,744	16,043	32	751	1	6,991	16,805	22	1,056	106
Other receivables	409	-	-	-	-	396	78	-	-	-
Accounts payable and accrued liabilities	(3,326)	(4,288)	(113)	(598)	-	(2,685)	(5,306)	(102)	(301)	-
Derivative financial instruments – notional amount	-	(18,500)	-	-	-	-	(14,650)	-	-	-
	7,470	(416)	(72)	432	1	6,036	925	(38)	1,056	106

22. Financial instruments and risk management (continued):

(b) Risk management (continued):

Currency risk (continued)

The following exchange rates applied during the years ended April 30, 2024 and 2023:

	2024		2023	
	Average rate	Reporting date rate	Average rate	Reporting date rate
CA$ per US$	1.3503	1.3780	1.3303	1.3546
CA$ per £	1.6976	1.7213	1.5979	1.7023
CA$ per €	1.4617	1.4698	1.3870	1.4925
CA$ per DKK	0.1961	0.1971	0.1864	0.2002
CA$ per AU$	0.8860	0.8919	0.9028	0.8962

Based on the Company's foreign currency exposures noted above, varying the above foreign currency reporting date exchange rates to reflect a 5% appreciation would have had the following impact on profit (in thousands of Canadian dollars), assuming all other variables remained constant.

	2024				2023			
	US$	**£**	**€**	**AU$**	**US$**	**£**	**€**	**AU$**
(Decrease)/Increase in profit	(29)	(6)	32	-	63	(3)	79	5

A 5% depreciation of these currencies would have an equal but opposite effect on the profit, assuming all other variables remained constant.

All variations in CA$ per DKK have no impact on the Company's profit since all amounts denominated in DKK are from a foreign operation. Exchanges differences on translating the foreign operation have no impact on profit.

Credit risk

Credit risk is the risk associated with incurring a financial loss when the other party fails to discharge an obligation.

Financial instruments which potentially subject the Company to credit risk consist principally of cash and cash equivalents, short-term investments, accounts receivable, and other accounts receivable. The Company's cash and cash equivalents are maintained at major financial institutions. The Company manages its credit risk on investments by dealing only with major Canadian banks and investing only in instruments that management believes have high credit ratings. Given these high credit ratings, the Company does not expect any counterparties to these investments to fail to meet their obligations.

As at April 30, 2024 and 2023, no customers individually accounted for greater than 10% of total trade receivables and work in progress. Generally, there is no particular concentration of credit risk related to the accounts receivable due to the distribution of customers and procedures for the management of commercial risks. The Company performs ongoing credit reviews of its customers and establishes an allowance for expected credit losses when accounts are determined to be uncollectible. Customers do not provide collateral in exchange for credit.

The Company has an arrangement, which automatically renewed in fiscal 2024, with a federal crown corporation and another insurer ("the insurers") wherein the insurers assume the risk of credit loss in the case of bankruptcy for up to 90% of accounts receivable for certain qualifying foreign and domestic customers. The insurance is subject to a deductible and maximum of US$2,000 (April 30, 2023 - US$2,000) for export losses and US$570 (April 30, 2023 - US$570) for domestic losses in any policy period. The insurance policy period runs from February 1 to January 31 of each year.

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

22. Financial instruments and risk management (continued):

(b) Risk management (continued):

Credit risk (continued)

The Company maintains an allowance for expected credit losses at an amount estimated to be sufficient to provide adequate protection against losses resulting from collecting less than full payment on its receivables. Individual overdue accounts are reviewed, and allowance adjustments are recorded when determined necessary to state receivables at the realizable value. If the financial condition of customers deteriorates resulting in their diminished ability or willingness to make payment, additional provisions for doubtful accounts are recorded. The Company's maximum credit risk exposure corresponds to the carrying amounts of the trade accounts receivable.

	2024	2023
Not past due	$ 14,078	$ 15,797
Past due 1-180 days	8,660	7,865
Past due over 180 days	311	13
Allowance for expected credit losses	(959)	(775)
	$ 22,090	**$ 22,900**

Allowance for expected credit losses:	**2024**	**2023**
Balance at beginning	$ 775	$ 926
Impairment losses recognized - write off	(21)	(425)
Additional provisions	205	274
Balance	**$ 959**	**$ 775**

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk through the management of its capital structure and financial leverage, as outlined in the capital disclosure discussion in note 23 below. It also manages liquidity risk by monitoring actual and projected cash flows. The Board of Directors reviews and approves the Company's operating and capital budgets, as well as any material transactions out of the ordinary course of business.

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

22. Financial instruments and risk management (continued):

(b) Risk management (continued):

Liquidity risk (continued)

The following are contractual maturities of financial liabilities as of April 30, 2024 and 2023:

	April 30, 2024			
	Total	**Less than 1 year**	**1-3 years**	**Beyond**
Accounts payable and accrued liabilities	$ 20,030	$ 20,030	$ -	$ -
Other long-term accrued liabilities	496	-	496	-
	$ 20,526	**$ 20,030**	**$ 496**	**$ -**

	April 30, 2023			
	Total	**Less than 1 year**	**1-3 years**	**Beyond**
Accounts payable and accrued liabilities	$ 21,669	$ 21,669	$ -	$ -
Other long-term accrued liabilities	253	-	253	-
	$ 21,922	**$ 21,669**	**$ 253**	**$ -**

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to financial instruments with interest rate risk is not significant.

Market price risk

Market price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market price risk comprises three types of risk: currency risk; interest rate risk; and other price risk. Other price risk includes fluctuations in value caused by factors specific to the financial instrument or its issuer or factors affecting all similar instruments traded in the market. The Company's exposure to financial instruments with market risk characteristics is not significant.

23. Capital disclosure:

The Company defines capital as equity, borrowings under credit agreements, and bank advances, net of cash and short-term investments. The Company's objectives in its management of capital is to safeguard its ability to continue funding its operations as a going concern, ensuring sufficient liquidity to finance its operations, working capital, capital expenditures, organic growth, potential future acquisitions, and to provide returns to shareholders through its dividend policy. The capital management objectives remain the same as for the previous fiscal year.

Its capital management policies may also include promoting shareholder value through the concentration of its shareholdings by means of purchasing its own shares for cancellation through normal course issuer bids when the Company considers it advisable to do so. As mentioned in Note 14, the Company has repurchased and cancelled 204,500 of its outstanding common shares in fiscal 2024.

In order to maintain or adjust its capital structure, the Company may upon approval from its Board of Directors, issue shares, repurchase shares for cancellation, adjust the amount of dividends to shareholders, pay off debt, and extend or amend its banking and credit facilities as deemed appropriate under the specific circumstances. The Credit Agreement (including Revolving Facility) expired on January 30, 2024.

The Company repaid the outstanding balance of the Term Facility on December 30, 2022. As at April 30, 2023 the Company had no outstanding balances under the Term Facility and the Revolving Facility.

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

24. Operating segment:

Management has organized the Company under one reportable segment: the development and marketing of enterprise-wide distribution software and related services. 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:

	For the year ended	
	April 30, 2024	**April 30, 2023**
Canada	$ 30,348	$ 27,276
United States	122,218	104,560
Europe	17,286	18,097
Other	1,390	2,491
	$ 171,242	**$ 152,424**

25. Restructuring cost:

In February 2024, the Company embarked on a strategic restructuring initiative. As part of the restructuring effort, the Company reduced its workforce by about 4% across several departments, which resulted in severance costs of $2,122. This restructuring plan was communicated to employees in February 2024.

26. Subsequent event:

On June 27, 2024, the Company's Board of Directors declared a quarterly dividend of $0.08 per share to be paid on August 2, 2024 to shareholders of record on July 12, 2024.

General information

Common share information

Principal market

The Company's common shares were first listed on the Toronto Stock Exchange (TSX) on July 27, 1998. The stock symbol of the Company's common shares is TCS. The following table sets forth the high and low prices, as well as the trading volume for the common shares for the fiscal periods shown below.

Fiscal Year 2024: May 1, 2023 to April 30, 2024

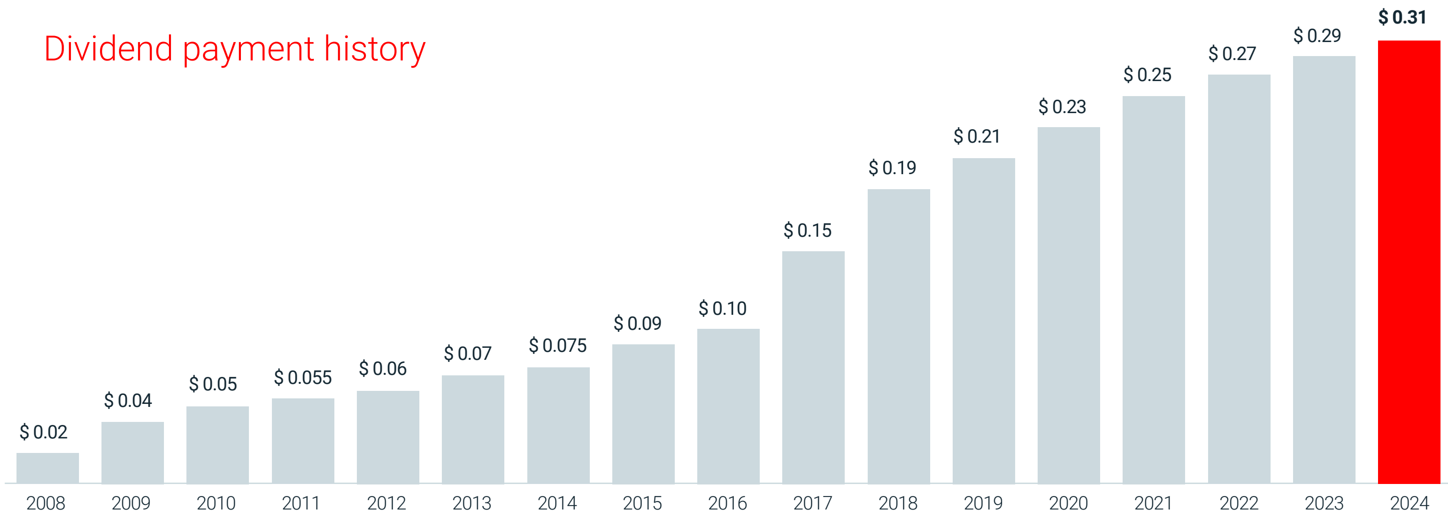
	High	Low	Volume TSX
First Quarter	$ 31.74	$ 23.75	988,121
Second Quarter	$ 30.71	$ 24.31	403,409
Third Quarter	$ 36.15	$ 25.46	564,984
Fourth Quarter	$ 40.91	$ 32.31	687,107
			2,643,621

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 June 27, 2024, the Company's Board of Directors declared a quarterly dividend of $0.08 per share to be paid on August 2, 2024 to shareholders of record on July 12, 2024.

Dividend payment history



Investor inquiries

In addition to its Annual Report, the Company files an Annual Information Form (AIF), as well as a Management Proxy Circular with the Canadian Securities Commissions which are available on Tecsys' website (www.tecsys.com) and on SEDAR+ (www.sedarplus.ca). For further information or to obtain additional copies of any of the above-mentioned documents, please contact:

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Executive Chairman of the Board
Tecsys Inc.

Peter Brereton
President and CEO
Tecsys Inc.

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Consultant

Andrew Kirkwood (2) (3)
Strategic Advisor
AEK Ventures Ltd

Vernon Lobo (2) (3)
Managing Director
Mosaic Venture Partners Inc.

Kathleen Miller (1)
Corporate Director

Steve Sasser (1) (2)
Co-Founder and Managing Principal
Swordstone Partners

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Executive Chairman of the Board

Peter Brereton
President and CEO

Mark Bentler
Chief Financial Officer

Bill King
Chief Revenue Officer

Vito Calabretta
Chief Customer Officer

Shannon Karl
Chief Marketing Officer

Martin Schryburt
Senior Vice-President, Product and Technology

Nancy Cloutier
Chief Human Resources Officer

Charles Kierpiec
Chief Legal Officer

(1) Member of the Audit Committee
(2) Member of the Compensation Committee
(3) Member of the Corporate Governance and Nominating Committee

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LOGI D INC.
LOGI D CORP.

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