2023 Annual Report

40 Years of **Growth**

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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, 2023. 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.sedar.com***).

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Tecsys at a Glance

Since our founding in 1983, so much has changed in the realm of supply chain technology. But one thing has remained consistent across industries, geographies and decades — by transforming their supply chains, good organizations can become great.

We provide transformative supply chain solutions that equip growing organizations with industry-leading services and tools to achieve operational greatness. Tecsys' solutions are designed to create clarity out of the complex supply chain challenges that organizations face with increases in scale, customer expectations and inventory. Our customers reduce operating costs, improve customer service and uncover optimization opportunities.

Built on an enterprise platform, Tecsys' solutions include warehouse management, distribution and transportation management, supply management at point of use and retail order management, as well as complete financial management and analytics solutions.

We believe that visionary organizations should have the opportunity to thrive. And they should not have to sacrifice their core values and principles as they grow. Our approach to supply chain transformation enables growing organizations to realize their aspirations.

40 Years of History

40 Years of Growth

2022

CHALLENGER
Positioned as Challenger in the Gartner® Magic Quadrant for Warehouse Management Systems

2021

GARTNER MQ
Marks 10th consecutive inclusion in Gartner's Magic Quadrant for Warehouse Management Systems

2020

REVENUE
Reaches $100 million milestone, doubling annual revenue in five years

2019

EUROPE
Enters Danish market with the acquisition of PCSYS A/S

SAAS
In October 2018, sells the first Elite™ SaaS deal

2018

OMS
Enters retail OMS market with the acquisition of OrderDynamics

2012

POU
Enters Clinical POU market

2010

ENTERS GARTNER MQ
Included for the first time in the Gartner® Magic Quadrant for Warehouse Management Systems

2003

HEALTHCARE
Sisters of Mercy becomes Tecsys' first health system customer

1998

IPO
Becomes a public company traded on TSX

1995

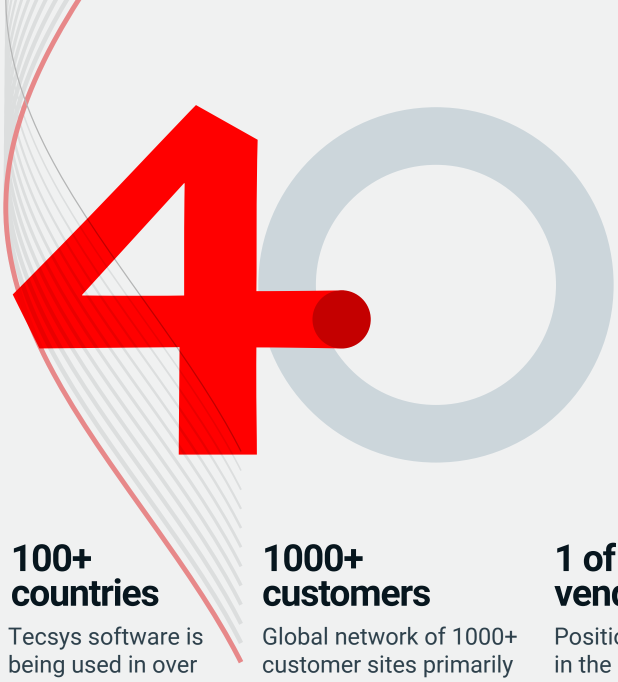
WMS
Enters the WMS market

1991

SCM
Launches SCM platform

1983

FOUNDED
Tecsys founded, initially a reseller of SCM solutions



Years of Complex Supply Network Experience

100+ countries

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

1000+ customers

Global network of 1000+ customer sites primarily located in Canada, USA and Europe.

1 of 4 vendors

Positioned as "Challenger" in the 2022 Gartner Magic Quadrant for Warehouse Management Systems.[1]

1 of 20 vendors

Named in the 2022 Gartner Market Guide for Retail Distributed Order Management System.[2]

Top 2

Eight customers, two with Masters recognition, ranked on Gartner's Healthcare Supply Chain Top 25 for 2022.[3]

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 and expanding customer acquisition.

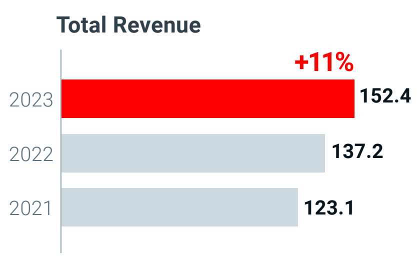
1000s CAD Except for EPS	2023	2022
Revenue	152,424	137,200
Profit from Operations	3,568	5,376
Profit	2,089	4,478
Adjusted EBITDA[4]	9,484	10,130
Earnings per Share	0.14	0.31
SaaS ARR Bookings[5]	16,392	11,920
Cash from Operations	7,760	4,944
Annual Recurring Revenue[5]	78,252	62,737

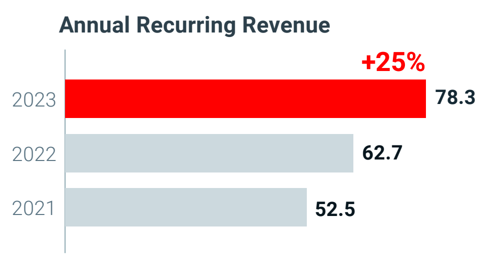
Shareholder Value

As of April 30, 2023 in CAD millions

16.4 million ↑ **38%**

SaaS ARR Bookings





Organizational Capacity

Headcount

745 Total Employees

3.6% ↑

30% of total ↑

Partner-influenced Pipeline

1 Gartner "Magic Quadrant for Warehouse Management Systems" By Simon Tunstall, Dwight Klappich, 01 June 2022.
2 Gartner "Market Guide for Retail Distributed Order Management Systems" By Tom Enright, 21 December 2022.
3 Gartner "Healthcare Supply Chain Top 25 for 2022" By Eric O'Daffer, Salil Joshi, 09 November 2022.
4 Refer to section in the Management's Discussion and Analysis titled "Non-IFRS Performance Measures."
5 Refer to section in the Management's Discussion and Analysis titled "Key Performance Indicators."

A Message from Peter Brereton

President and CEO

Dear stakeholders,

Fiscal Year 2023 was a great year and we are very pleased with our accomplishments. Our total revenue has continued to climb, our bookings are at record levels, our partnership program is gaining plenty of traction, and the business appears poised for sustained growth. We have witnessed the successful deployment of our solutions across industries, securing nine new hospital networks and expanding our footprint in converging distribution segments like automotive plants, electrical distributors and third-party logistics providers.

This year also marks the beginning of an important new chapter for Tecsys as we fully embrace our position as a pure SaaS company, with the transition to SaaS largely behind us. I am delighted to announce that our SaaS revenue has surged by 39% over last year, showing great sequential performance.

The opportunity that lies ahead of us is truly exciting. Our market presence in healthcare is unparalleled, exemplified by our strong and expanding engagements with organizations like Parkview Health and Sanford Health, where our proven value as a technology partner is spurring further investment in our solutions. As we continue to deepen these relationships and forge new ones, our market share and the total addressable market are expanding significantly.

More broadly, the landscape of supply chain management is evolving rapidly. Faced with rolling market disruptions, organizations across many industries are now recognizing the importance of investing in innovation and resilience. It appears that the converging distribution market, which represents about half of our operations, is experiencing a renaissance; inbound inquiries are surging, our pipeline is growing healthily, and we find ourselves in a solid position to capitalize on our share of a vast $6 billion total addressable market.

I want to emphasize the importance of supply chain investment and innovation at this time. We are seeing an accelerated demand for technology systems that equip supply chain operating teams for excellence.

> **As we continue to build market presence domestically and in key international markets, our global network of partners, surging SaaS revenue and robust pipeline give us every reason to be excited for the year ahead.**

Our path forward is underpinned by a talented team of individuals that will help build, sell and support our solutions. We are privileged to have added new leadership to that team this year to embolden our growth trajectory. To continue growing the organization, Chief Human Resources Officer Nancy Cloutier brings invaluable experience from Citigroup, Pratt & Whitney Canada and Pfizer. To scale and intensify our marketing and demand generation efforts, Chief Marketing Officer Shannon Karl will draw on her background at SAP, IBM and PwC. I believe that this additional expertise along with our existing sharp leadership team and our ongoing investments in technology and innovation sets us up well for the next phase of growth.

As you'll likely appreciate throughout this report, this year also marks an extraordinary milestone as Tecsys celebrates its 40th anniversary. Our longevity in this complex market is a testament to the hard work and dedication of our employees, past and present, and the support of our shareholders, customers, and partners. Throughout our four decades, integrity in business has been a founding principle that has guided our international growth and shaped our identity, and we are privileged to carry that torch into the future. We are proud of what we have accomplished, and we know that there is still much more to do.

As we continue to define the next chapter of modern and reliable supply chain management, we are confident that our market position, our steady momentum, and our innovative mindset will define our success moving forward.

We are thrilled to continue this journey together.

Peter Brereton
President and CEO

A Message from Dave Brereton

Executive Chairman

Dear shareholders and valued partners,

As we reflect upon the past year, I am filled with a sense of gratitude and pride for the journey we have embarked upon together. It is a privilege to highlight our phenomenal Fiscal 2023 performance against a backdrop of key themes and accomplishments that have defined our organization's 40 years of growth and success.

It is undeniable that the past year presented unique challenges and opportunities. In the ever-evolving tech landscape, we witnessed a surge of transformational advancements, accompanied by market corrections that tested the resilience of many. However, amidst this turbulence, our business remained steadfast, capitalizing on the market's accelerated investments in supply chain technology.

Moreover, our commitment to the healthcare sector has yielded industry dominance and continued shareholder value. We are proud to offer transformative solutions that directly tackle the ever-changing demands of healthcare providers. We have further solidified our leadership position within this sector through the acquisition of new customer logos, an expansion of base account activity, and a promotion to inclusion in the Challengers quadrant in Gartner's Magic Quadrant for Warehouse Management Systems.

In parallel, the revitalization of the complex distribution space presents an exciting avenue for growth, and we are well-positioned to seize these emerging opportunities. I am confident that our organization's stability and consistent growth stand out, emphasized by an enviable roster of customers across healthcare, industry and government. Our net retention rate, surpassing 100% of our customer base, exemplifies the loyalty and satisfaction of our customers, underpinned by the fact that our core supply chain systems have become integral to their operations.

We achieved an important milestone midyear when our SaaS revenue surpassed 50% of all our total recurring revenue. This momentum continued, resulting in a 44% increase in SaaS revenue for the fourth quarter. Today, we can say that our organization is no longer transitioning into a SaaS company, but that we are a SaaS company, with SaaS revenue climbing a remarkable 39% year over year. This accomplishment exemplifies our commitment to platform innovation and highlights the exceptional efforts of our team.

Speaking of our team, one of the aspects that distinguishes us is the remarkable longevity and expertise of our people. The talent spans the entire company, and I want to thank each and every one of them for building both amazing technology and careers at Tecsys. One example among many is the immense contributions of individuals like Catalin Badea, chief technology officer. Catalin joined our organization fresh out of Vanier College 33 years ago and has since risen through the ranks to become a crucial member of our executive team, helping to shape our evolution as a technology organization. His journey exemplifies our belief in nurturing talent and providing an environment where individuals can build lifelong careers.

It is also important to recognize that our commitment to making a positive impact extends beyond the business realm. As the volunteer CEO of Youth for Christ International, I had the privilege of laying the cornerstone for a new international school amongst the Pygmies in Rwanda. This school will give girls and boys equal access to an international level of education for the first time, benefiting a population of 500,000. Our dedication to empowering communities and fostering education aligns with our core values and strengthens our commitment to social responsibility.

It is through our collective efforts, the dedication of our team, the trust of our customers, the guidance of our Board and the support of our shareholders and partners, that we have reached this 40-year milestone. As we embark on our fifth decade, we remain committed to strategic partnerships, customer success and integrity in business. Our focus on these pillars not only fuels our growth but also enables us to remain a reliable technology and service partner, employer, community member and investment.

On behalf of the Board, thank you for your ongoing support and continued belief in our vision. Together we will forge ahead, leveraging the power of technology to drive innovation, transform industries, gain market share and build our global footprint towards an even brighter future.

Dave Brereton
Chairman

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40 Years of Customer Success

Tecsys is proud to have been awarded with Digital Partner of the Year by **Nissan North America Supply Chain Management**

Pictured: Geraldo Fonseca, Thomas Marrocco and Steven Klein accept on behalf of Tecsys

"For many years, Tecsys has been a trusted and valued logistics service provider to Canon U.S.A. and many of our subsidiaries. On behalf of the company, I would like to congratulate Tecsys on their 40th anniversary and wish them many more years of success."

Yukinari "Ritchie" Kaneta
Senior Vice President and General Manager
Information Technology Department
Canon U.S.A., Inc.

"Tecsys has been a valued partner to AdventHealth over the past few years, supporting our organization through tremendous growth and change. Tecsys will continue to be a trusted collaborator as we utilize their services on a number of innovative projects, notably using their warehouse management system in our new Consolidated Service Center. We congratulate Tecsys for 40 great years and look forward to our continued partnership."

Marisa Farabaugh
Senior Vice President and Chief Supply Chain Officer
AdventHealth

Supply & Demand Chain Executive confers 2023 Top Supply Chain Project Award to **Parkview Health** and Tecsys for integrating pharmaceuticals into their broader healthcare supply chain processes.

Pictured: Karen Marquart, Michael Shanabarger, Tracie Bialik and Danielle Stetter accept on behalf of Parkview Health

40 Years of Strategic Partnerships

ZEBRA

"Tecsys' commitment to innovation and customer success aligns perfectly with our technology offerings. By integrating our cutting-edge technology into their solutions, Tecsys has been able to deliver industry-tailored solutions that drive tangible business outcomes. We are proud to support Tecsys in their mission to improve supply chain efficiency and management."

Denis Wills
Channel & Sales Lead Canada, Zebra Technologies

SVT ROBOTICS

"Working with the Tecsys team has been rewarding at many levels. Their customer-first approach, combined with a shared vision to help companies involved in supply chain quickly get value from their automation investment, is a constant reminder of how fortunate we are to partner with them."

Jay Blinderman
Vice President, Partner Success, SVT Robotics

LOCUS ROBOTICS

"Tecsys constantly pushes the boundaries of what's possible in the world of supply chain and has earned an enviable reputation amongst their peers. Their dedication to continuous improvement and innovation sets them apart as a trusted and reliable partner."

Steve Simmerman
Head of Global Alliances, Locus Robotics

RiseNow

"We have had the pleasure of collaborating with Tecsys on several projects. Their commitment to understanding the unique needs of the healthcare industry has provided a technology solution that has delivered outstanding results. Historically, healthcare has lacked a true inventory management solution that addresses the supply chain from the manufacturer to the point of consumption. With the foresight of the Tecsys leadership, they have established themselves as a best-in-class offering. We are thrilled to have them as a trusted partner."

Matt Stewart
CEO and Managing Partner, RiseNow LLC

40 Years of Supply Chain Excellence

Imagine a bustling warehouse where countless products move through a complex network of shelves, conveyors and hands. Amidst this organized chaos, there was one critical flaw — a single inefficiency that seemed innocuous at first glance. Each day, a worker would take a slightly longer route to retrieve items, adding just a few seconds to the process. No big deal, right?

But supply chain is a game of a thousand details.

So, here's the catch: These seemingly insignificant delays accumulate over time. The worker's "shortcut" turned into a pattern. Before long, those precious seconds turned into minutes, hours and even days of wasted time. Often, it's the invisible dysfunctions, the unnoticed inefficiencies, that hold businesses back from reaching their full potential. That's where supply chain technology comes into play — unleashing the power to uncover, address and eliminate those hidden obstacles.

As James Clear, author of Atomic Habits, wrote, "A single decision is easy to dismiss, but when we repeat 1% errors day after day by replicating poor decisions, duplicating tiny mistakes, and rationalizing little excuses, our small choices compound into toxic results." In the context of the supply chain, this rings particularly true. Every small improvement we make, every inefficiency we eliminate, has a compounding effect, propelling us towards success.

That's why we're so excited about the growth potential of supply chain technology. With advancements in artificial intelligence, machine learning and analytics, we have the tools to unlock unparalleled visibility, optimize inventory management and streamline operations. By harnessing these transformative technologies, we can turn those invisible dysfunctions into visible opportunities for improvement.

40 Years of Integrity in Business

Integrity is a priceless essential. It is what our customers value most and our employees cherish dearly. Our founding principles are deeply rooted in a culture of integrity that guides every engagement and has made Tecsys what it is today. That integrity extends into our business dealings, our collaborative culture and our Customer for Life philosophy.

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.

Building Our ESG Foundation

Good businesses make people's lives better.

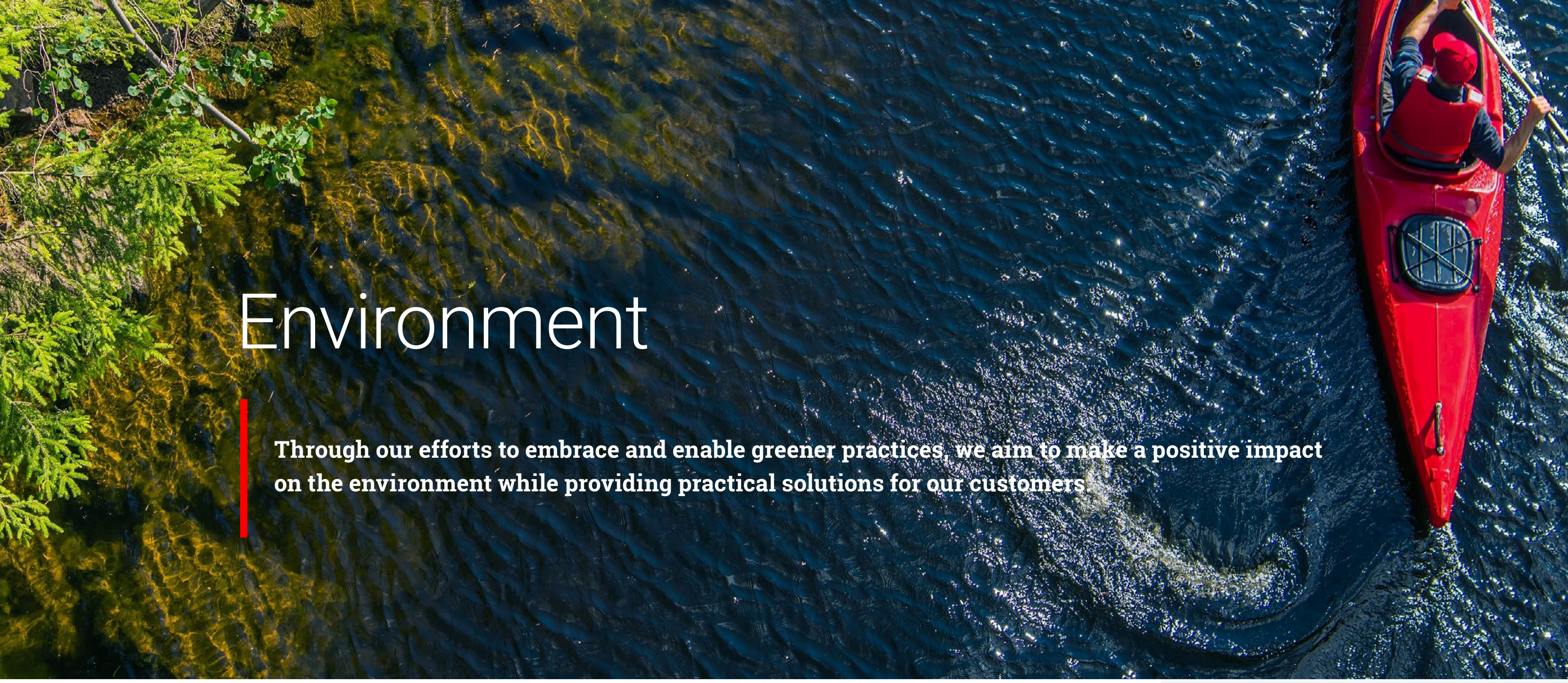
Supply chains connect the world. Every day, billions of supply chain transactions are taking place across a global network of interconnected nodes; the materials, products and information being transferred are linked to nearly everything we encounter in the industrialized world.

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 intentional employee engagement and strengthen our delivered value.

Our focus is rooted on these core principles:



Environment

Through our efforts to embrace and enable greener practices, we aim to make a positive impact on the environment while providing practical solutions for our customers.

ENABLING Greener Practices

Supply chain software plays a vital role in sustainability by enabling environmental gains. The accelerated shift toward digital commerce has led to a higher number of smaller shipments, which significantly impacts the environment. As supply chain organizations adapt to the balance between in-store and digital operations, the need to control the increasing costs of moving goods becomes economically and environmentally significant.

While our business cases often draw on the financial benefits of supply chain transformation, our software offers efficiency gains that contribute to environmental sustainability. For example, our Transportation Management software can be configured to reduce travel time and encourage significant reductions in miles and methods through meaningful metrics. Our Inventory 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. Additionally, our Point of Use software promotes returns and recycling to avoid unnecessary waste. These advantages are built into our products, benefiting our customers financially while promoting sustainability.

EMBRACING Greener Practices

At Tecsys, we prioritize integrating environmental stewardship throughout our operations and across the organization. We continue to build on our remote office setup, leveraging digital communication to strengthen engagement with our team and customers. This ongoing approach has helped us sustain reduced travel and commuting, contributing to greener workday habits. We have also decentralized our recruitment efforts to consider customer proximity, which carries both environmental and financial benefits.

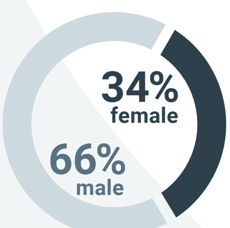
As we continue to embrace greener practices, we encourage simple behaviors among our employees and raise awareness how each of us can contribute to a greener future. Through these efforts, we are committed to creating a sustainable and environmentally responsible future.

Social

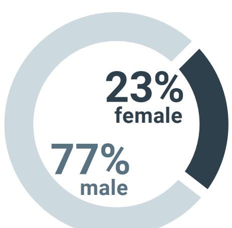
PRIORITIZING **Our People**

For four decades, we've known that our people are at the core of what we do; the software we build, the professional services we deliver, the customer care we provide. We work together to create innovative technology and drive customer successes. It's no wonder that we have exceptional employee tenure and that our CEO has a 99% approval rating on Glassdoor.

Tecsys strives to create a work environment that embraces individual differences and gives everyone full consideration for employment opportunities. We value diversity, equity and inclusion. We embrace the power of difference, seeking diverse perspectives to fuel innovation. We uphold equity principles, ensuring equal opportunities and fair outcomes. Inclusion is our strength, as we celebrate individuality and create an unstoppable team from all walks of life.



Total



Management (director +)

STRENGTHENING **Our Global 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 Pedal for Kids, Sun Youth, Operation: Santa Claus, Dans la Rue, and Youth Unlimited. We are proud of our employees' contributions to the well-being 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 aim to 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 approximately 1/3 of 1% of our revenue to support various charitable youth projects worldwide. By investing in the future of young individuals, we aim to create a better world for generations to come.

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.

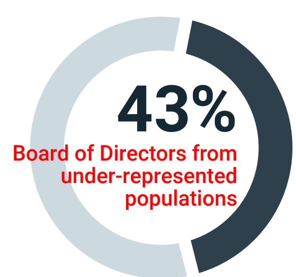
David Booth (1) (3)
Consultant
BackOffice Associates LLC

Rani Hublou (2) (3)
Principal
Incline Strategies

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

Our Road Ahead

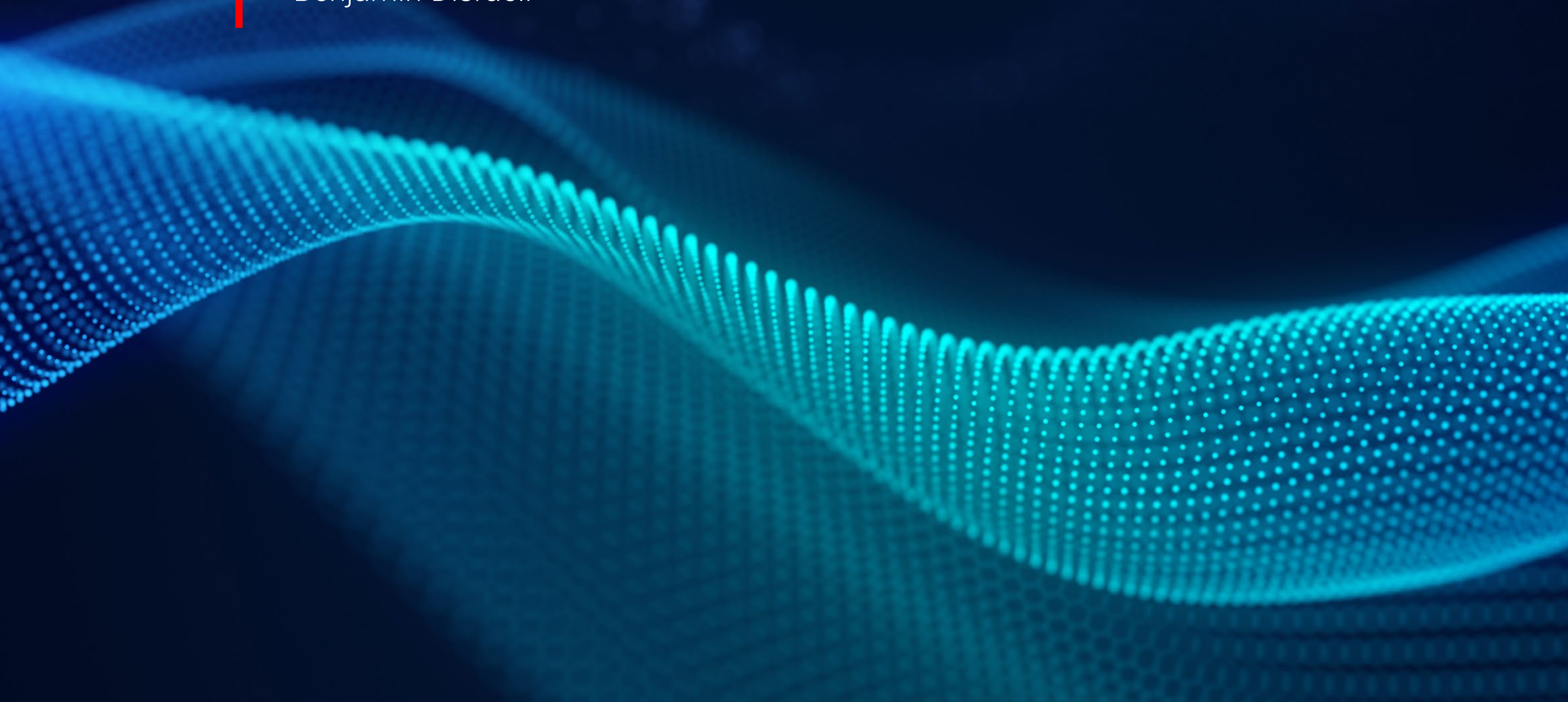
Since our founding 40 years ago, so much has changed in the realm of supply chain technology. However, one thing has remained consistent across industries, geographies and decades — Tecsys has been laser-focused on creating solutions and services that help organizations run their supply chains more effectively and efficiently. Our customers reduce operating costs, improve customer service and uncover optimization opportunities.

It is with that clear and constant purpose that we forge ahead with new and reimagined solutions for an evolving world. With advancements in AI, machine learning and analytics, we have the tools to enhance visibility, optimize inventory management and streamline operations in more powerful ways than ever before.

Customers new and old trust us with one of the most critical parts of their business; and for four decades, we have been proving that we are a reliable partner in supporting their success.

Our sharp focus on empowering customers to leverage their supply chains for competitive advantage will continue to be our strongest value for every stakeholder. Together, we shape the future of supply chain management through continuous innovation.

> **“The secret of success is constancy of purpose.”**
> Benjamin Disraeli



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 29, 2023, comments on our operations, financial performance and financial condition as at and for the years ended April 30, 2023 and April 30, 2022 and should be read in conjunction with the consolidated financial statements of Tecsys Inc. ("Tecsys", the "Company") and Notes thereto. Fiscal 2023 refers to the twelve-month period ended April 30, 2023 and Fiscal 2022 refers to the twelve-month period ended April 30, 2022.

The Company prepares its consolidated financial statements in accordance with International Financial Reporting Standards ("IFRS"). 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 29, 2023. Additional information about Tecsys Inc., 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.sedar.com.

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. Dynamic and powerful solutions include warehouse management, distribution and transportation management, supply management at point of use, order management and fulfillment, financial management and analytics solutions.

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 demands. 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 carry 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 exponential 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 2023. 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, Huron Consulting, RiseNow LLC and others where Tecsys and the partners work together jointly 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 highest winning opportunity 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. At this point, 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 its use and trigger replenishment needs.

Healthcare has traditionally lagged 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 highlighted by mounting volatility due to recent global events, 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.

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 such as those offered by Tecsys. Technologies enabling standardization, consolidation and integration within a unified platform are a prerequisite to overcome 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 they 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 June 1, 2022, Gartner, Inc. released the 2022 Magic Quadrant[1] for Warehouse Management Systems, in which Tecsys was promoted to the "Challengers" quadrant for the first time, having previously held the position of "Visionary" since its first inclusion in 2010. Tecsys management believes this is market validation of a capable, proven and mature product, with numerous live customers, and an overall solid and well-recognized position in the marketplace. The Gartner Magic Quadrant research methodology provides a graphical vendor comparison of four types of technology providers in fast-growing markets: Leaders, Visionaries, Niche Players and Challengers. Gartner evaluates global WMS vendors based on their completeness of vision and ability to execute and has recognized 17 WMS suppliers that were included in the 2022 Magic Quadrant for Warehouse Management Systems, one of which is Tecsys.

On October 4, 2022, Tecsys introduced Elite™ Healthcare Receiving, a hospital receiving application that integrates receiving and delivery processes into a health system's supply chain operations. This keystone in Tecsys' end-to-end healthcare supply chain portfolio means that there is no process gap from "dock to doc" (receiving dock to the doctor), connecting historically disconnected operational silos.

On October 25, 2022, Tecsys launched a six-week rapid implementation methodology for Omni™ OMS, taking advantage of out-of-the-box integrations and operational accelerators, including education, training and templated customer/vendor collaboration, in order to provide a shortest-time-to-value implementation for its retail customers.

On January 9, 2023, Tecsys announced that it has achieved Workday Certified Integration status. Through this certification, Tecsys provides customers with a seamless integration that connects Workday Supply Chain Management (SCM) for Healthcare with Elite™ Healthcare Warehouse Management System (WMS).

On January 16, 2023, Shannon Karl joined the company as Chief Marketing Officer. Karl brings over 25 years of executive marketing experience developing and executing strategic B2B marketing, communications and demand generation plans for enterprise SaaS solutions.

On March 20, 2023, Tecsys launched a new out-of-the-box analytics solution, an industry-first no-code digital twin dashboard and 3D heat map visualization solution that allows end users to visualize and optimize key warehouse operations.

On March 21, 2023, Tecsys announced its fully composable Order Management System (OMS), a headless order management system built with robust APIs and an optimized front end designed to integrate into retailers' existing back-end systems, providing retail customers more flexible implementation capabilities.

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.

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. 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, 2023, the Company generated $41.2 million and $152.4 million in total revenue, respectively. The revenue mix for the three months ended April 30, 2023, was: SaaS 27%; maintenance and support 19%; professional services 36%; license 1%; and hardware 17%. The revenue mix for Fiscal 2023 was: SaaS 25%; maintenance and support 21%; professional services 36%; license 2%; and hardware 16%.

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

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) Remaining Performance Obligation (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)	2023	2022	2023	2022	2021
Statement of Operations					
Revenue	$ 41,192	$ 34,288	$ 152,424	$ 137,200	$ 123,101
Cost of revenue	22,828	19,158	85,615	76,890	62,471
Gross profit	18,364	15,130	66,809	60,310	60,630
Operating expenses	16,974	13,819	63,241	54,934	49,949
Profit from operations	1,390	1,311	3,568	5,376	10,681
Other cost (income)	189	(164)	(145)	(48)	324
Profit before income taxes	$ 1,201	$ 1,475	$ 3,713	$ 5,424	$ 10,357
Income taxes	755	(1,111)	1,624	946	3,169
Net Profit	$ 446	$ 2,586	$ 2,089	$ 4,478	$ 7,188
Adjusted EBITDA[2]	$ 2,449	$ 1,730	$ 9,484	$ 10,130	$ 16,220
Basic earnings per share	$ 0.03	$ 0.18	$ 0.14	$ 0.31	$ 0.50
Diluted earnings per share	$ 0.03	$ 0.17	$ 0.14	$ 0.30	$ 0.49
SaaS Remaining Performance Obligation (RPO)[3]			$ 137,699	$ 93,976	$ 65,725
Total Annual Recurring Revenue (ARR)[3]			$ 78,252	$ 62,737	$ 52,485

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 and recognition of tax credits generated in prior periods. The exclusion of interest expense, interest income and income taxes eliminates the impact on earnings derived from non-operational activities, and the exclusion of depreciation, amortization, share-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.

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-GAAP 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.

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

[3] 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)	**2023**	**2022**	**2023**	**2022**	**2021**
Net Profit for the period	$ 446	$ 2,586	$ 2,089	$ 4,478	$ 7,188
Adjustments for:					
Depreciation of property and equipment and right-of-use assets	440	515	1,775	2,162	2,180
Amortization of deferred development costs	145	87	496	290	269
Amortization of other intangible assets	402	382	1,603	1,612	1,663
Interest expense	17	178	406	622	787
Interest income	(211)	(57)	(686)	(474)	(174)
Income taxes	755	(1,111)	1,624	946	3,169
EBITDA	$ 1,994	$ 2,580	$ 7,307	$ 9,636	$ 15,082
Adjustments for:					
Stock based compensation	455	340	2,177	1,684	1,138
Gain on remeasurement of lease liability	-	(573)	-	(573)	-
Recognition of tax credits generated in prior periods	-	(617)	-	(617)	-
Adjusted EBITDA	$ 2,449	$ 1,730	$ 9,484	$ 10,130	$ 16,220

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, 2023, was $41.2 million and $152.4 million, respectively, an increase of $6.9 million or 20% and $15.2 million or 11%, respectively, compared to the same periods last year. Total revenue excluding hardware for the three months and year ended April 30, 2023 increased by 17% and 12%, respectively, compared to the same periods last year (14% and 10%, respectively, on a constant currency basis). Revenue is broken down as follows:

	Three months ended April 30,			Year ended April 30,		
(in thousands of CAD)	**2023**	**2022**	**Change %**	**2023**	**2022**	**Change %**
SaaS	$ 11,133	$ 7,708	44%	$ 37,476	$ 26,929	39%
Maintenance and Support	7,992	8,008	0%	32,714	32,698	0%
Professional Services	14,614	12,896	13%	55,353	52,040	6%
License	529	558	-5%	3,116	2,806	11%
Hardware	6,924	5,118	35%	23,765	22,727	5%
Total Revenue	$ 41,192	$ 34,288	20%	$ 152,424	$137,200	11%
Total Revenue Excluding Hardware	$ 34,268	$ 29,170	17%	$ 128,659	$114,473	12%

Approximately 72% of the Company's revenues were generated in U.S. dollars during the fourth quarter of Fiscal 2023 (2022-65%). The U.S. dollar averaged CA$1.3540 in the fourth quarter of Fiscal 2023 in comparison to CA$1.2667 in the same period of Fiscal 2022. 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 $1.4 million in comparison to the fourth quarter of Fiscal 2022.

For the year ended April 30, 2023, approximately 69% of the Company's revenues were generated in U.S. dollars (2022-65%). The U.S. dollar averaged CA$1.3303 in Fiscal 2023 in comparison to CA$1.2547 in the same period of Fiscal 2022. 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 $4.3 million in comparison to Fiscal 2022.

On a constant currency basis (using Fiscal 2023 currency rates), fourth quarter and Fiscal 2023 revenue grew by approximately 16% and 9%, respectively, compared to the same periods of Fiscal 2022.

ARR on April 30, 2023, was $78.3 million, up 25% compared to $62.7 million on April 30, 2022. 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 19% in Fiscal 2023 compared to Fiscal 2022. ARR in the fourth quarter of Fiscal 2023 was up 4% sequentially compared to the third quarter of Fiscal 2023 and up 3% on a constant currency basis.

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 2023 was $11.1 million, up 44% or $3.4 million compared to the fourth quarter of Fiscal 2022 and up $1.6 million sequentially compared to the third quarter of Fiscal 2023. The increases are due to new SaaS revenue from bookings in recent quarters and foreign exchange, net of 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 2023 grew by approximately 40% compared to the same period of Fiscal 2022. SaaS revenue for the Fiscal 2023 was $37.5 million, up 39% (35% on a constant currency basis) or $10.5 million compared to Fiscal 2022.

In the fourth quarter of Fiscal 2023, SaaS subscription bookings (measured on an ARR basis) were $3.9 million, down 13% compared to $4.5 million in the fourth quarter of Fiscal 2022. In Fiscal 2023, SaaS bookings were $16.4 million, up 38% from $11.9 million in Fiscal 2022. The Company has historically seen some lumpiness in quarterly deal closings, and the Company expects this to continue.

On April 30, 2023, SaaS RPO[4] was $137.7 million, up 47% from $94.0 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 Fiscal 2023 over Fiscal 2022. SaaS RPO was up 7% in the fourth quarter of Fiscal 2023 sequentially compared to the third quarter of Fiscal 2023 and up by 6% 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, 2023 remained flat at $8.0 million and $32.7 million, respectively, compared to the same periods of Fiscal 2022. On a constant currency basis, fourth quarter and Fiscal 2023 maintenance and support revenue was down by 3% and 2%, respectively, compared to same periods of Fiscal 2022. We expect a decline in maintenance and support revenue over time as the business continues to shift to SaaS.

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, 2023 was $14.6 million and $55.4 million, respectively, up 13% and 6%, respectively compared to $12.9 million and $52.0 million in the same periods of Fiscal 2022. Foreign exchange positively impacted reported professional services revenue growth as a significant

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

portion of the Company's professional services revenue is denominated in U.S. dollars. On a constant currency basis, fourth quarter and Fiscal 2023 professional services revenue was up 10% and 3%, respectively, compared to the same periods of Fiscal 2022. In the fourth quarter of Fiscal 2023, professional services bookings were $16.7 million, up 13% compared to $14.8 million in the same period of Fiscal 2022. In Fiscal 2023, professional services bookings were $61.1 million, up 8% compared to $56.5 million in Fiscal 2022. Professional services bookings are in part linked to SaaS subscription bookings and license bookings and are subject to timing. We continue to see an uptick on work performed by implementation partners and 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, 2023, license revenue amounted to $0.5 million down 5% from $0.6 million in the same period last year. For Fiscal 2023, license revenue was $3.1 million, up 11% from $2.8 million in Fiscal 2022. Perpetual license bookings in the three months and year ended April 30, 2023 were $0.4 million and $2.8 million respectively, compared to $0.5 million and $2.4 million in the same periods of Fiscal 2022. Solid license bookings in Fiscal 2023 were the result of growth from existing customers as well as a new customer sale. 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, 2023, was $6.9 million, up 35% compared to the same period of Fiscal. For Fiscal 2023, hardware revenue was $23.8 million, up 5% from $22.7 million in Fiscal 2022. The increase in hardware revenue has been primarily the result of increased demand from healthcare networks.

Cost of Revenue and Gross Profit

	Three months ended April 30,		Change	Year ended April 30,		Change
(in thousands of CAD)	**2023**	**2022**	**%**	**2023**	**2022**	**%**
Cost of revenue:						
SaaS, Maintenance, Support and Professional Services	$ 17,787	$ 15,311	16%	$ 67,131	$ 58,916	14%
License and Hardware	5,041	3,847	31%	18,484	17,974	3%
Total cost of revenue	**22,828**	**19,158**	**19%**	**85,615**	**76,890**	**11%**
Gross profit & gross profit margin:						
SaaS, Maintenance, Support and Professional Services gross profit	$ 15,952	$ 13,301	20%	$ 58,412	$ 52,751	11%
Gross profit margin	47%	46%		47%	47%	
License and Hardware gross profit	$ 2,412	$ 1,829	32%	$ 8,397	$ 7,559	11%
Gross profit margin	32%	32%		31%	30%	
Total gross profit	**$ 18,364**	**$ 15,130**	**21%**	**$ 66,809**	**$ 60,310**	**11%**
Total gross profit margin	**45%**	**44%**		**44%**	**44%**	

Total cost of revenue for the three months and year ended April 30, 2023, increased to $22.8 million and $85.6 million, respectively, or an increase of 19% and 11%, respectively, compared to the same periods in Fiscal 2022. The increase is driven by higher SaaS, maintenance, support and professional services costs as well as higher cost of license and hardware.

For the fourth quarter and Fiscal 2023, the cost of SaaS, maintenance, support and professional services increased to $17.8 million and $67.1 million, respectively, up $2.5 million and $8.2 million, respectively, compared to the same periods in Fiscal 2022. 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 2023, the cost of SaaS, maintenance, support and professional services includes tax credits of $0.7 million and $3.0 million, respectively, compared to $0.6 million and $2.6 million, respectively, for the same periods in Fiscal 2022.

The cost of license and hardware was $5.0 million in the fourth quarter of Fiscal 2023, an increase of 31% compared to the same period in Fiscal 2022. The cost of license and hardware increased to $18.5 million in Fiscal 2023, up $0.5 million or 3% compared to Fiscal 2022, mainly driven by higher license and hardware revenue.

Gross profit was $18.4 million, up $3.2 million in the fourth quarter of Fiscal 2023 compared to the same period in Fiscal 2022 with the main driver being higher gross profit contribution from SaaS, maintenance, support and professional services. For Fiscal 2023 gross profit increased to $66.8 million, up $6.5 million compared to the same period in Fiscal 2022. Again, 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, 2023 was 45% compared to 44% for the same period in Fiscal 2022. For Fiscal 2023, total gross profit margin was 44%, flat, compared to the same period in Fiscal 2022.

Combined SaaS, maintenance, support and professional services gross profit margin for fourth quarter of Fiscal 2023 was 47% compared to 46% in the same period in Fiscal 2022. Combined SaaS, maintenance, support and professional services gross profit margin for the year ended April 30, 2023 was 47% for both Fiscal 2023 and Fiscal 2022.

License and Hardware gross profit margin for the three months and year ended April 30, 2023 was 32% and 31%, respectively, compared to 32% and 30% for the same periods in Fiscal 2022.

Operating Expenses

	Three months ended April 30,		**Change**	**Year ended April 30,**		**Change**
(in thousands of CAD)	**2023**	**2022**	**%**	**2023**	**2022**	**%**
Sales and marketing expenses	$ 7,778	$ 6,388	22%	$ 28,080	$ 24,294	16%
As a percentage of Total Revenue	19%	19%		18%	18%	
General and administration expenses	2,599	2,652	-2%	11,218	10,865	3%
As a percentage of Total Revenue	6%	8%		7%	8%	
Research and development expenses, net of tax credits	6,597	4,779	38%	23,943	19,775	21%
As a percentage of Total Revenue	16%	14%		16%	14%	
Total operating expenses	**$ 16,974**	**$ 13,819**	**23%**	**$ 63,241**	**$ 54,934**	**15%**
As a percentage of Total Revenue	**41%**	**40%**		**41%**	**40%**	

Total operating expenses for the three months and year ended April 30, 2023 were $17.0 million and $63.2 million, respectively, an increase of $3.2 million and $8.3 million, respectively, compared to the same periods in Fiscal 2022. The impact of foreign exchange during the three months and year ended April 30, 2023 had an unfavorable impact on expenses of $0.8 million and $2.5 million, respectively, when compared to the same periods in Fiscal 2022.

Sales and marketing expenses

During the fourth quarter of Fiscal 2023, sales and marketing expenses amounted to $7.8 million, $1.4 million higher than the comparable quarter in Fiscal 2022. Full year sales and marketing expenses were up $3.8 million in Fiscal 2023 compared to Fiscal 2022. The increases in both the comparable quarter and full year periods are mainly attributed to higher marketing program costs and travel as well as higher personnel costs as we continue to invest for growth.

General and administrative expenses

General and administrative expenses for the three months ended April 30, 2023, were $2.6 million, a slight decrease of $0.1 million or 2% compared to the same period in Fiscal 2022. General and administrative expenses for Fiscal 2023, were $11.2 million, an increase of $0.4 million or 3% when compared to the same period last year. The increase is attributed to higher bad debt expense and stock-based compensation, partially offset by lower professional fees. The higher bad debt expense in Fiscal 2023 compared to Fiscal 2022 resulted from a recovery recognized in Fiscal 2022.

Net R&D expenses

Net R&D expenses for the three months and year ended April 30, 2023, were $6.6 million and $23.9 million, respectively, an increase of $1.8 million and $4.2 million, respectively, from the same periods in Fiscal 2022. The general increase during Fiscal 2023 compared to Fiscal 2022 was the result of higher personnel costs and slightly lower capitalized development costs. The increase during the fourth quarter of Fiscal 2023 is mainly attributed to higher personnel costs as well as the comparative impact of fourth quarter Fiscal 2022 recognition of $0.6 million of Federal non-refundable SRED tax credits generated in prior periods. During Fiscal 2022, the Company recognized the prior periods non-refundable SRED tax credits since the criteria for recognition was met during that reporting period.

For the three months and year ended April 30, 2023, the Company deferred development costs of $0.3 million and $0.9 million, respectively, compared to $0.2 million and $1.1 million, respectively, in the same periods in Fiscal 2022. The Company amortized deferred development costs of $0.1 million in the fourth quarter of Fiscal 2023 and Fiscal 2022. Amortized development costs in Fiscal 2023 was $0.5 million compared to $0.3 million in Fiscal 2022.

The Company recorded R&D tax credits and e-business tax credits of $0.8 million for the fourth quarter of Fiscal 2023 compared to $1.4 million for the same period in Fiscal 2022. For Fiscal 2023, the Company recorded R&D tax credits and e-business tax credits of $3.3 million, flat compared to the same period in Fiscal 2022.

Other Costs (Income) and Income Tax Expense

	Three months ended April 30,		Change	Year ended April 30,		Change
(in thousands of CAD)	**2023**	**2022**	**%**	**2023**	**2022**	**%**
Other Costs (Income)	$ 189	$ (164)	-215%	$ (145)	$ (48)	202%
Income Tax Expense	755	$ (1,111)	-168%	1,624	946	72%
Income Tax Expense as a percentage of profit before income taxes	63%	(75%)		44%	17%	

Other costs for the three months ended April 30, 2023 was $0.2 million, compared to other income of $0.2 million for the same period of Fiscal 2022. Other costs in the fourth quarter of Fiscal 2023, consists primarily of interest expense on lease obligations and foreign exchange losses, offset by interest income. Other income in fourth quarter of Fiscal 2022 included a gain on remeasurement of lease liability of $0.6 million and also included interest expense on long term debt (which was fully repaid in December 2022).

For Fiscal 2023, other income was $0.1 million, relatively flat when compared to Fiscal 2022. Other income for Fiscal 2023, consists of interest income partially offset by interest expense on long term debt (through December 2022) and lease obligations and foreign exchange loss. Other income in Fiscal 2022 included the gain on remeasurement of lease liability mentioned above, interest income including a $0.3 million refund of interest related to the payment of an acquired tax liability (Refer to Note 19 – Other Income of the Consolidated Financial Statements) partially offset by interest expense on long term debt and lease obligations as well as foreign exchange loss.

Income tax expense for the three months ended April 30, 2023 was $0.8 million compared to $1.1 million tax benefit in the same period in Fiscal 2022. The tax benefit in the fourth quarter of Fiscal 2022 was due to the recognition of approximately $1.9 million net deferred tax assets in the that quarter. The recognition resulted from the completion of the amalgamation of certain entities in the group, thereby increasing the probability that future taxable profit will be available against which the Company can utilize these previously unrecognized tax assets. The amalgamation was completed effective May 1, 2022.

Income tax expense for Fiscal 2023 was $1.6 million compared to $0.9 million in Fiscal 2022. The comparable increase in income tax in the current period is due to the impact of deferred tax asset recognition in Fiscal 2022 partially offset by the impact of lower pre-tax profit in Fiscal 2023.

Net Profit

	Three months ended April 30,		Change	Year ended April 30,		Change
(in thousands of CAD)	**2023**	**2022**	**%**	**2023**	**2022**	**%**
Net Profit	$ 446	$ 2,586	-83%	$ 2,089	$ 4,478	-53%
Adjusted EBITDA	$ 2,449	$ 1,730	42%	$ 9,484	$ 10,130	-6%
Basic earnings per share	$ 0.03	$ 0.18		$ 0.14	$ 0.31	
Diluted earnings per share	$ 0.03	$ 0.17		$ 0.14	$ 0.30	

Net Profit, Adjusted EBITDA and earnings per share were all positively impacted by higher contribution from SaaS, maintenance and support and Professional services and, to a lesser extent, contribution from license and hardware. During the fourth quarter and full year of Fiscal 2023, we continued to invest in sales and marketing as well as research and development to drive continued growth. This investment drove operating expenses higher. In the fourth quarter of Fiscal 2023, Adjusted EBTIDA increased compared to the same period in Fiscal 2022. Adjusted EBITDA (as well as Net Profit) in the quarter was positively impact by about $0.6 million from favorable foreign exchange movements compared to the same period in Fiscal 2022. For the full year of Fiscal 2023, Adjusted EBITDA was slightly lower in Fiscal 2023 compared to Fiscal 2022, and this was after favorable foreign exchange movements of about $1.8 million in the current period compared to Fiscal 2022.

Regarding Net Profit and earnings per share, Fiscal 2022 benefited from the recognition of approximately $1.9 million net deferred tax assets and the recognition of approximately $0.6 million gain on remeasurement of lease liability as described above under Other costs (Income) and Income Taxes as well as by the recognition of approximately $0.6 million tax credits generated in prior periods.

Quarterly Selected Financial Data

The following table summarizes selected results for the eight most recently completed quarters to April 30, 2023:

	FY 2023				FY 2022			
(in thousands of CAD, except earnings per share)	**Q4**	**Q3**	**Q2**	**Q1**	**Q4**	**Q3**	**Q2**	**Q1**
Total revenue	$ 41,192	$ 38,917	$ 38,111	$ 34,204	$ 34,288	$ 35,411	$ 34,269	$ 33,232
Net Profit	446	888	715	40	2,586	940	708	244
Comprehensive income (loss)	414	3,998	(796)	(110)	2,159	317	489	(147)
Adjusted EBITDA[5]	2,449	2,774	2,777	1,484	1,730	2,738	3,206	2,456
Basic earnings per common share	0.03	0.06	0.05	0.00	0.18	0.06	0.05	0.02
Diluted earnings per common share	0.03	0.06	0.05	0.00	0.17	0.06	0.05	0.02

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

Total quarterly revenue excluding hardware has generally trended upward over the past eight quarters, primarily due to an increase in revenue from SaaS. During Fiscal 2023, continued investment in delivery capacity, sales and marketing and research and development moderated Profit and Adjusted EBITDA. As mentioned above, Net Profit in the fourth quarter of Fiscal 2022 included the recognition of approximately $1.9 million net deferred tax assets, $0.6 million gain on remeasurement of lease liability and $0.6 million recognition of tax credits generated in prior periods.

Liquidity and Capital Resources

On April 30, 2023, current assets totaled $76.8 million compared to $74.4 million at the end of Fiscal 2022. Cash and cash equivalents combined with short-term investments decreased $6.2 million to $37.1 million compared to $43.2 million at the end of Fiscal 2022. While operating activities provided cash, the overall decrease was driven by the full repayment of long-term debt during Fiscal 2023 as well as payment of dividends.

Accounts receivable and work in progress totaled $24.6 million on April 30, 2023, an increase of $6.1 million compared to $18.5 million as of April 30, 2022. The increase is mainly attributed to higher revenue and timing of cash collections. The Company's Days Sales Outstanding (DSO) stood at 54 days at the end of April 30, 2023, compared to 60 days at January 31, 2023 (the end of the prior fiscal quarter) and compared to 49 days at the end of Fiscal 2022. 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, 2023, totaled $52.9 million compared to $43.5 million at the end of Fiscal 2022. The increase is mainly due to an increase in deferred revenue and accounts payables partially offset by a reduction in current portion of long-term debt resulting from the repayment of the long-term debt during Fiscal 2023.

Cash from Operating Activities

Operating activities provided $7.8 million of cash in Fiscal 2023 in comparison to $4.9 million in Fiscal 2022.

For Fiscal 2023, cash from operating activities excluding changes in non-cash working capital items decreased by $1.2 million (to $8.2 million) compared to Fiscal 2022. Changes in non-cash working capital items used $0.4 million in Fiscal 2023 compared to $4.4 million in Fiscal 2022. The main cause for this decrease in non-cash working capital usage was increased accounts payable and accrued liabilities as well as deferred revenue in Fiscal 2023 compared to Fiscal 2022, partially offset by increased accounts receivable.

Financing Activities

Cash flows used in financing activities was $8.4 million for Fiscal 2023, driven primarily by the full re-payment of long-term debt and payment of dividends. 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 related primarily to payment of dividends. In Fiscal 2022, cash flow used in financing activities was $5.3 million, driven primarily by payments of dividends and long-term debt partially offset by proceeds from the issuance of shares on the exercise of stock options.

Investing Activities

In Fiscal 2023, investing activities used funds of $1.1 million compared to $2.4 million for Fiscal 2022. The Company invested in its proprietary products with the capitalization of $0.9 million and $1.1 million reflected as deferred development costs in Fiscal 2023 and Fiscal 2022, respectively. The Company used funds of $0.9 million for the acquisition of property and equipment during Fiscal 2023, compared to $0.7 million in Fiscal 2022. In Fiscal 2022, the Company made a final payment of $0.5 million related to a prior business acquisition. Partially offsetting the cash outflows from investing activities, the Company received interest income of $0.7 million in Fiscal 2023 compared to $0.2 million in Fiscal 2022.

The Company believes that funds on hand at April 30, 2023 together with cash flows from operations, and its accessibility to the operating line of credit 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, 2023, the principal commitments consist of operating leases and other obligations. The following table summarizes significant contractual obligations as at April 30, 2023.

The lease obligations represent the 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	$ 3,212	$ 840	$ 1,813	$ 292	$ 267
Other obligations	26,462	10,177	16,285	-	-
Accounts payable and accrued liabilities and other liabilities	21,922	21,669	253	-	-
Total Contractual Obligations	$ 51,596	$ 32,686	$ 18,351	$ 292	$ 267

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 2023, the Company declared quarterly dividends of $0.070 for the first two quarters and $0.075 for each of the following quarters for an aggregate of $4.2 million. During Fiscal 2022, the Company declared quarterly dividends of $0.065 for the first two quarters and $0.07 for each of the following quarters for an aggregate of $3.9 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 the Fiscal 2023 ($0.3 million for the same period last year) to facilitate their purchase of the Company's common shares. As of April 30, 2023, loans outstanding amounted to $0.1 million (April 30, 2022 - $0.2 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 29, 2023, the Company's Board of Directors declared a quarterly dividend of $0.075 per share to be paid on August 4, 2023 to shareholders of record on July 14, 2023.

Off-Balance Sheet Agreements

The Company was not involved in any off-balance sheet arrangements as at April 30, 2023 with the exception of variable payments related to operating leases and operating leases with terms of twelve months or less.

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 $78.3 million and Professional services backlog of $41.3 million, the Company's management believes that total services revenue (including SaaS, maintenance and support and professional services revenue) ranging between $33.5 million and $34.5 million per quarter can be sustained in the short term.

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

The exchange rate of the U.S. dollar in comparison to the Canadian dollar continues to be an important factor affecting revenues and profitability as the Company generally derives approximately 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. The fair value of the long-term debt was determined to be not significantly different from its carrying value.

Derivative instruments are also recorded as assets and liabilities measured at their fair value. As such, the fair value of all outstanding foreign exchange contracts representing a $1.5 million loss was recorded in accounts payable and accrued liabilities at April 30, 2023 and a $0.4 million gain recorded in other receivables (April 30, 2022 - $0.6 million loss was recorded in accounts payable and accrued liabilities).

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, 2023 no customers individually accounted for greater than 10% of total accounts receivable and work in progress (April 30, 2022 – 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, 2023, the Company had 14,582,837 common shares outstanding. The Company issued 19,942 shares on the exercise of stock options in Fiscal 2023.

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 2023 and the related notes for a discussion of the accounting policies and critical accounting judgements and key sources of estimation uncertainty that are essential to the understanding of the business and results of operations.

New standards and interpretations not yet adopted:

A number of new standards, interpretations and amendments to existing standards were issued by the IASB that are not yet effective for the period ended April 30, 2023 and have not been applied in preparing these consolidated financial statements.

The following amendments are currently being assessed by the Company:

Standard	Issue date	Effective date for the Company	Impact
IAS 1, Presentation of Financial Statements	January 2020, July 2020, February 2021 and October 2022	May 1, 2024	In assessment
IAS 8, Definition of Accounting Estimates	February 2021	May 1, 2023	Not expected to be material
IAS 12, Income Taxes	May 2021	May 1, 2023	Not expected to be material

Refer to the Company's annual consolidated financial statements for Fiscal 2023 for a discussion of new standards and interpretations not yet adopted.

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 our business, results of operations, cash flow and financial condition, including our revenue growth and profitability, which in turn could adversely affect our 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, our 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 breached due to employee error, malfeasance or other disruptions. Any such breach could compromise Tecsys' networks and the information stored there could be accessed, publicly disclosed, lost or stolen.
- 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 markets 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 business 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, 2023.

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, 2023. 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, 2023, 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 2023				FY 2022			
(in thousands of CAD)	**Q4**	**Q3**	**Q2**	**Q1**	**Q4**	**Q3**	**Q2**	**Q1**
Net Profit for the period	$ 446	$ 888	$ 715	$ 40	$ 2,586	$ 940	$ 708	$ 244
Adjustments for:								
Depreciation of property and equipment and right-of-use assets	440	476	429	430	515	551	553	543
Amortization of deferred development costs	145	135	114	102	87	80	69	54
Amortization of other intangible assets	402	411	394	396	382	408	411	411
Interest expense	17	92	178	119	178	138	145	161
Interest income	(211)	(221)	(150)	(104)	(57)	(337)	(40)	(40)
Income taxes	755	455	389	25	(1,111)	537	791	729
EBITDA	1,994	2,236	2,069	1,008	2,580	2,317	2,637	2,102
Adjustments for:								
Stock based compensation	455	538	708	476	340	421	569	354
Gain on remeasurement of lease liability	-	-	-	-	(573)	-	-	-
Recognition of tax credits generated in prior periods	-	-		-	(617)	-	-	-
Adjusted EBITDA	$ 2,449	$ 2,774	$ 2,777	$ 1,484	$ 1,730	$ 2,738	$ 3,206	$ 2,456

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, 2023 and 2022. The auditors have free and full access to internal records, to management and to the Audit Committee.

Peter Brereton
President and CEO
June 29, 2023

Mark J. Bentler
Chief Financial Officer

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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, 2023 and April 30, 2022;
- 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 significant accounting policies.

(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, 2023 and April 30, 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditors' Responsibilities for the Audit of the Financial Statements***" section of our auditors' 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, 2023. 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 Notes 2 (d) (i) and 3 (c) to the financial statements. The Entity enters into bundled arrangements with customers that may include products (software and/or hardware), software as a service, maintenance and various professional 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 products (software and/or hardware), software as a service, maintenance and various professional 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 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;
- 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 auditors' report thereon, included in a document likely to be entitled "Annual Report 2023".

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 the Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions as at the date of this auditors' 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 auditors' report.

We have nothing to report in this regard.

The information, other than the financial statements and the auditors' report thereon included in a document likely to be entitled "Annual Report 2023" is expected to be made available to us after the date of this auditors' 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, 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.

Auditors' 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 auditors' 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 auditors' 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 auditors' 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 auditors' 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 auditors' 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 auditors' report is Aaron Fima.

KPMG LLP*

Montréal, Canada
June 29, 2023

*CPA auditor, public accountancy permit No. A125211

Tecsys Inc.

Consolidated Statements of Financial Position

(in thousands of Canadian dollars)

	Note	April 30, 2023	April 30, 2022
Assets			
Current assets			
Cash and cash equivalents		$ 21,235	$ 23,004
Short-term investments	4	15,835	20,239
Accounts receivable	22	22,900	16,962
Work in progress		1,734	1,579
Other receivables	21, 22	523	234
Tax credits	5	5,338	5,224
Inventory	6	1,034	806
Prepaid expenses	9	8,193	6,392
Total current assets		76,792	74,440
Non-current assets			
Other long-term receivables		363	192
Tax credits	5	5,368	3,782
Property and equipment	7	1,802	2,064
Right-of-use assets	8	1,708	4,547
Contract acquisition costs	9	3,738	3,177
Deferred development costs	10	2,254	1,870
Other intangible assets	10	9,287	10,301
Goodwill	10	17,467	16,863
Deferred tax assets	17	8,137	8,608
Total non-current assets		50,124	51,404
Total assets		**$ 126,916**	**$ 125,844**
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	13	$ 21,669	$ 16,971
Deferred revenue		30,388	24,689
Current portion of long-term debt	11	-	1,200
Lease obligations	12	793	662
Total current liabilities		52,850	43,522
Non-current liabilities			
Other long-term accrued liabilities	22	253	-
Long-term debt	11	-	7,200
Deferred tax liabilities	17	1,255	1,258
Lease obligations	12	2,120	5,181
Total non-current liabilities		3,628	13,639
Total liabilities		$ 56,478	$ 57,161
Contingencies and other commitments	20		
Equity			
Share capital	14	$ 44,338	$ 43,973
Contributed surplus		15,285	13,176
Retained earnings		10,832	12,968
Accumulated other comprehensive loss	22	(17)	(1,434)
Total equity attributable to the owners of the Company		70,438	68,683
Total liabilities and equity		**$ 126,916**	**$ 125,844**

Approved by the Board of Directors

David Brodd 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	2023	2022
Revenue:			
SaaS		$ 37,476	$ 26,929
Maintenance and Support		32,714	32,698
Professional Services		55,353	52,040
License		3,116	2,806
Hardware		23,765	22,727
Total revenue		**152,424**	**137,200**
Cost of revenue	16	**85,615**	**76,890**
Gross profit		**66,809**	**60,310**
Operating expenses:			
Sales and marketing		28,080	24,294
General and administration		11,218	10,865
Research and development, net of tax credits	5	23,943	19,775
Total operating expenses		63,241	54,934
Profit from operations		**3,568**	**5,376**
Other income	19	145	48
Profit before income taxes		3,713	5,424
Income tax expense	17	1,624	946
Net profit		**$ 2,089**	**$ 4,478**
Other comprehensive income (loss):			
Effective portion of changes in fair value on designated revenue hedges	22	(6)	(693)
Exchange differences on translation of foreign operations	22	1,423	(967)
Comprehensive income		**$ 3,506**	**$ 2,818**
Basic earnings per common share	14	**$ 0.14**	**$ 0.31**
Diluted earnings per common share	14	**$ 0.14**	**$ 0.30**

See accompanying notes to the consolidated financial statements.

Tecsys Inc.

Consolidated Statements of Cash Flows

(in thousands of Canadian dollars)

	Note	April 30, 2023	April 30, 2022
Cash flows from operating activities:			
Net profit		$ 2,089	$ 4,478
Adjustments for:			
Depreciation of property and equipment and right-of-use assets	7, 8	1,775	2,162
Amortization of deferred development costs	10	496	290
Amortization of other intangible assets	10	1,603	1,612
Interest (income) expense and foreign exchange loss	19	(145)	525
Gain on lease remeasurement	12,19	-	(573)
Unrealized foreign exchange and other		1,754	1,117
Non-refundable tax credits		(2,095)	(2,332)
Stock-based compensation	14	2,177	1,684
Income taxes		554	402
Net cash from operating activities excluding changes in non-cash working capital items related to operations		8,208	9,365
Accounts receivable		(5,915)	(270)
Work in progress		(151)	(1,410)
Other receivables		(58)	219
Tax credits		(114)	(397)
Inventory		(226)	(186)
Prepaid expenses		(1,452)	(1,502)
Contract acquisition costs		(908)	(499)
Accounts payable and accrued liabilities		2,663	(3,076)
Deferred revenue		5,713	2,700
Changes in non-cash working capital items related to operations		(448)	(4,421)
Net cash provided by operating activities		**7,760**	**4,944**
Cash flows from financing activities:			
Repayment of long-term debt	11	(8,400)	(1,216)
Proceeds from short-term investments	4	5,000	-
Payment of lease obligations	12	(689)	(859)
Payment of dividends	14	(4,225)	(3,929)
Refund of acquired tax liability	19	-	299
Interest paid		(406)	(622)
Issuance of common shares on exercise of stock options	14	297	1,020
Net cash used in financing activities		**(8,423)**	**(5,307)**
Cash flows from investing activities:			
Interest received	19	686	175
Payments related to prior business acquisitions	25	-	(500)
Acquisitions of property and equipment	7	(850)	(733)
Acquisitions of other intangible assets	10	(62)	(255)
Deferred development costs	10	(880)	(1,072)
Net cash used in investing activities		**(1,106)**	**(2,385)**
Net decrease in cash and cash equivalents during the period		(1,769)	(2,748)
Cash and cash equivalents - beginning of period		23,004	25,752
Cash and cash equivalents - end of period		**$ 21,235**	**$ 23,004**

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)

		Share capital			Accumulated other com-prehensive income (loss)		
	Note	Number	Amount	Contributed surplus		Retained earnings	Total
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	22	-	-	-	(6)	-	(6)
Exchange difference on translation of foreign operations	22	-	-	-	1,423	-	1,423
Total comprehensive income		**-**	**-**	**-**	**1,417**	**2,089**	**3,506**
Stock-based compensation	14	-	-	2,177	-	-	2,177
Dividends to equity owners	14	-	-	-	-	(4,225)	(4,225)
Share options exercised	14	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**
Balance, May 1, 2021		**14,505,095**	**$ 42,700**	**$ 11,745**	**$ 226**	**$ 12,419**	**$ 67,090**
Net profit		-	-	-	-	4,478	4,478
Other comprehensive income:							
Effective portion of changes in fair value on designated revenue hedges		-	-	-	(693)	-	(693)
Exchange difference on translation of foreign operations		-	-	-	(967)	-	(967)
Total comprehensive (loss) income		**-**	**-**	**-**	**(1,660)**	**4,478**	**2,818**
Stock-based compensation		-	-	1,684	-	-	1,684
Dividends to equity owners		-	-	-	-	(3,929)	(3,929)
Share options exercised		57,800	1,273	(253)	-	-	1,020
Total transactions with owners of the Company		**57,800**	**$ 1,273**	**$ 1,431**	**$ -**	**$ (3,929)**	**$ (1,225)**
Balance, April 30, 2022		**14,562,895**	**$ 43,973**	**$ 13,176**	**$ (1,434)**	**$ 12,968**	**$ 68,683**

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 International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The consolidated financial statements for the year ended April 30, 2023 were authorized for issuance by the Board of Directors on June 29, 2023.

(b) 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;
- Identifiable assets acquired and liabilities assumed in connection with a business combination which are initially measured at fair value at the acquisition date;
- 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.

(c) 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.

(d) Critical accounting judgements 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 judgements, 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.

2. Basis of preparation (continued):

(d) Critical accounting judgements and key sources of estimation uncertainty (continued):

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 judgement 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.

(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. Significant 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) 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.

3. Significant accounting policies (continued):

(a) Basis of consolidation (continued):

(i) Subsidiaries (continued):

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

The Company amalgamated with OrderDynamics Corporation, a previously wholly-owned subsidiary, on May 1, 2022.

(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.

(b) 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.

3. Significant accounting policies (continued):

(c) 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, 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.

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 (loss).

(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.

3. Significant accounting policies (continued):

(c) Revenue recognition (continued):

(vi) Bundled arrangements (continued):

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.

(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.

(d) 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.

3. Significant accounting policies (continued):

(d) Financial instruments (continued):

(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), and long-term debt as financial liabilities measured at amortized cost.

(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” or “accounts payable and 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.

3. Significant accounting policies (continued):

(d) Financial instruments (continued):

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

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.

(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.

For other trade receivables, the Company determines whether the credit risk of a financial asset has increased significantly since initial recognition. The Company compares the risk of default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition of the financial asset. When determining whether the credit risk of a financial asst has increased significantly since initial recognition, the Company considers both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment, including forward- looking information. The Company considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as recovering inventory or the Company's credit insurance (if any).

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

(e) Cash and cash equivalents:

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

(f) Short-term investments:

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

(g) 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.

3. Significant accounting policies (continued):

(h) 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.

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.

(i) 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 depreciated, 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 depreciation and accumulated impairment losses.

3. Significant accounting policies (continued):

(i) Intangible assets (continued):

(iii) Other intangible assets:

Other intangible assets consist of software technology and customer assets and are carried at cost less accumulated depreciation and accumulated impairment losses. All intangible assets have finite useful lives and are therefore subject to depreciation.

Depreciation is calculated over the cost of the asset, or other amount substituted for cost, less its residual value. The Company uses the straight-line method and the following periods are used to calculate depreciation:

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

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

(j) 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. Significant accounting policies (continued):

(k) 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.

(l) Provisions:

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. This includes provisions for onerous contracts, litigation and contingencies.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as a finance cost.

(m) 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. Lease terms range from 5 to 16 years for offices and 3 to 6 years for equipment and vehicles.

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.

3. Significant accounting policies (continued):

(n) 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.

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.

(o) 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.

(p) 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.

(q) 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.

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

3. Significant accounting policies (continued):

New standards and interpretations not yet adopted

A number of new standards, interpretations and amendments to existing standards were issued by the IASB that are not yet effective for the period ended April 30, 2023 and have not been applied in preparing these consolidated financial statements.

The following standards or amendments are currently being assessed by the Company:

Standard	Issue date	Effective date for the Company	Impact
IAS 1, Presentation of Financial Statements	January 2020, July 2020, February 2021 and October 2022	May 1, 2024	In assessment
IAS 8, Definition of Accounting Estimates	February 2021	May 1, 2023	Not expected to be material
IAS 12, Income Taxes	May 2021	May 1, 2023	Not expected to be material

IAS 1, Presentation of Financial Statements:

In January 2020, the IASB issued *Classification of Liabilities as Current or Non-current (Amendments to IAS 1)* which provides a general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date. The amendments in *Classification of Liabilities as Current or Non-current (Amendments to IAS 1)* affect only the presentation of liabilities in the statement of financial position, not the amount or timing of recognition of any asset, liability income or expenses, or the information that entities disclose about those items. In July 2020, the IASB published *Classification of Liabilities as Current or Non-current – Deferral of Effective Date (Amendment to IAS 1)* deferring the effective date of the January 2020 amendments to IAS 1 by one year.

In February 2021 the IASB issued Disclosure Initiative – Accounting Policies (Amendments to IAS 1 and IFRS Practice Statements 2 Making Materiality Judgements) with amendments that are required to help preparers in deciding which accounting policy to disclose in their financial statement. An entity is now required to disclose its material accounting policies rather than their significant accounting policies. The amendments clarify that accounting policy information may be material because if its nature, even if the related amounts are immaterial; accounting policy information is material if users of an entity's financial statements would need it to understand other material information in the financial statements; and if an entity discloses immaterial accounting policy information, such information shall not obscure material accounting policy information. The IASB has developed guidance on how an entity can identify material accounting policy information and provides examples of when accounting policy information is likely to be material.

In October 2022, the IASB published *Non-current Liabilities with Covenants (Amendments to IAS 1)* to clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments modify the requirements introduced by *Classification of Liabilities as Current or Noncurrent* on how an entity classifies debt and other financial liabilities as current or non-current in particular circumstances: only covenants with which an entity is required to comply on or before the reporting date affect the classification of a liability as current or non-current. In addition, an entity has to disclose information in the notes that enables users of financial statements to understand the risk that non-current liabilities with covenants could become repayable within twelve months. The amendments also defer the effective date of the 2020 amendments to January 1, 2024.

The amendments to IAS 1 are effective for annual reporting periods beginning on or after January 1, 2024. Earlier application is permitted. The Company will adopt the amendments on May 1, 2024.

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

3. Significant accounting policies (continued):

New standards and interpretations not yet adopted (continued):

IAS 8, Definition of Accounting Estimates:

In February 2022, the IASB issued *Definition of Accounting Estimates (Amendments to IAS 8)* with amendments that are intended to help entities distinguish between accounting policies and accounting estimates. The amendments clarify that: the definition of a change in accounting estimate is replaced with a definition of accounting estimates; entities develop accounting estimates when items in the financial statements are subject to measurement uncertainty; a change in accounting estimate that results from new information or new developments is not the correction of an error, and a change in an accounting estimate may affect only the current period's profit or loss, or the profit or loss of both the current period and future periods. The amendments to IAS 8 are effective for annual reporting periods beginning on or after January 1, 2023. Earlier adoption is permitted. The Company will adopt the amendments on May 1, 2023. The application of the amendment is not expected to have a material impact on the consolidated financial statements.

IAS 12, Income Taxes:

In May 2021, the IASB issued *Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction (Amendments to IAS 12)* that clarifies how companies account for deferred tax on transactions such as leases and decommissioning obligations. The main change is an exemption from the initial recognition exemption, so that it does not apply to transactions in which both deductible and taxable temporary differences arise on initial recognition. Instead, companies are required to recognize equal deferred tax assets and liabilities. The amendments to IAS 12 are effective for annual reporting periods beginning on or after January 1, 2023. Earlier application is permitted. The Company will adopt the amendments on May 1, 2023. The application of the amendment is not expected to have a material impact on the consolidated financial statements.

4. Short-term investments:

	Twelve months ended April 30, 2023	**Twelve months ended April 30, 2022**
Balance, beginning of period	$ 20,239	$ 20,100
Withdrawals to repay long-term debt (note 11)	(5,000)	-
Interest on short-term investments	596	139
Balance, end of period	**$ 15,835**	**$ 20,239**

Short-term investment consists of Guaranteed Investment Certificates (GIC). The GIC have a 31-day withdrawal notice requirement, and the interest is automatically reinvested monthly.

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, 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

	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, 2021	$ 4,859	$ 20	$ 3,412	$ 972	$ 9,263
Tax credits received or utilized against income tax expense	(1,947)	(52)	(3,201)	(1,039)	(6,239)
Adjustments to prior year's credits	232	32	(211)	(65)	(12)
Recognition of tax credit	1,218	42	3,787	947	5,994
Balance, April 30, 2022	$ 4,362	$ 42	$ 3,787	$ 815	$ 9,006
Presented as:					
Current Tax credits	$ 580	$ 42	$ 3,787	$ 815	$ 5,224
Non- Current Tax credits	$ 3,782	$ -	$ -	$ -	$ 3,782

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. During fiscal 2023, the Company recognized $nil (2022 – $617) of Federal non-refundable SRED tax credits generated in prior periods that met the criteria for recognition in the current year.

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

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

As at April 30, 2023, the Company has non-refundable tax credits totaling approximately $6,386 (April 30, 2022 - $4,362) 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
2031	$ -	$ 80
2032	-	73
2033	-	94
2034	-	240
2035	-	243
2036	-	238
2037	-	297
2038	-	482
2039	-	507
2040	-	583
2041	-	743
2042	235	833
2043	1,061	677
	$ 1,296	$ 5,090

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

	2023	**2022**
Federal non-refundable research and development tax credits	$ 687	$ 1,218
Provincial refundable research and development tax credits	84	42
E-business refundable tax credits for research and development employees	1,821	1,624
E-business non-refundable tax credits for research and development employees	455	363
Adjustments to prior year's credits	371	115
Total research and development tax credits	$ 3,418	$ 3,362
E-business refundable tax credits for other employees	2,415	2,163
E-business non-refundable tax credits for other employees	606	584
Adjustments to prior year's credits	119	(127)
Tax credits recognized in the year	$ 6,558	$ 5,982

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

6. Inventory:

	2023	2022
Finished goods	$ 1,017	$ 660
Third-party software licenses for resale	17	146
	$ 1,034	**$ 806**

During fiscal 2023, finished goods and third-party software licenses for resale recognized as cost of revenue amounted to $18,019 (2022 - $17,617).

7. Property and equipment:

	Computer equipment	Furniture and fixtures	Leasehold Improve-ments	Total
Cost				
Balance at April 30, 2021	$ 10,526	$ 1,982	$ 2,506	$ 15,014
Additions	715	2	-	717
Effect of foreign currency exchange differences	(4)	-	-	(4)
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
Accumulated Depreciation				
Balance at April 30, 2021	$ 9,151	$ 1,424	$ 1,757	$ 12,332
Depreciation	992	148	194	1,334
Effect of foreign currency exchange differences	(3)	-	-	(3)
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
Carrying Amounts				
At April 30, 2022	$ 1,097	$ 412	$ 555	$ 2,064
At April 30, 2023	$ 1,115	$ 290	$ 397	$ 1,802

(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, 2021	$ 7,058	$ 30	$ 157	$ 7,245
Depreciation	(721)	(33)	(77)	(831)
Remeasurement of lease liability (note 12)	(1,815)	-	-	(1,815)
Effect of foreign currency exchange differences	(48)	3	(7)	(52)
Balance, 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

9. Contract acquisition costs:

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

	2023	2022
Balance, beginning of the period	$ 4,891	$ 4,202
Additions	2,920	2,482
Amortization	(2,012)	(1,793)
Balance, end of period	**$ 5,799**	**$ 4,891**

Presented as:

	2023	2022
Current	$ 2,061	$ 1,714
Non-current	$ 3,738	$ 3,177

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, 2021	$ 17,417	$12,048	$ 5,333	$ 8,673	$ 10,467	$ 245	$24,718
Additions	-	1,072	255	-	-	-	255
Effect of foreign currency exchange differences	(554)	-	-	(100)	(583)	-	(683)
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
Accumulated amortization							
Balance at April 30, 2021	$ -	$10,960	$ 4,507	$ 3,949	$ 3,823	$ 245	$12,524
Amortization for the year	-	290	273	621	718	-	1,612
Effect of foreign currency exchange differences	-	-	-	(25)	(122)	-	(147)
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
Carrying amounts							
At April 30, 2022	$ 16,863	$ 1,870	$ 808	$ 4,028	$ 5,465	$ -	$10,301
At April 30, 2023	$ 17,467	$ 2,254	$ 581	$ 3,483	$ 5,223	$ -	$ 9,287

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

The following table reflects the amortization expense recognized for the various intangible assets within the various functions for the years ended April 30, 2023 and 2022:

	2023: Deferred development costs	Software	Technology	Customer relationships	Other intangible 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

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

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

	2022				
	Deferred development costs	Software	Technology	Customer assets	Total
Cost of revenue: Products	$ -	$ -	$ -	$ 87	$ 87
Cost of revenue: Services	-	125	621	-	746
Sales and marketing	-	30	-	631	661
General and administration	-	91	-	-	91
Research and development	290	27	-	-	317
	$ 290	$ 273	$ 621	$ 718	$ 1,902

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, 2023 goodwill for Non-Tecsys A/S and Tecsys A/S represent $10,783 and $6,684 respectively (April 30, 2022 - $10,783 and $6,080 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, 2023 and 2022.

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 2023 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. The range of comparable revenue multiples was between 1x and 1.8x revenues.

(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:

			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

			2022
	Basis used as recoverable amount	Pre-tax discount rate/ Multiple	Terminal Growth rate
Non-Tecsys A/S	Value in use	14.00%	5%
Tecsys A/S	Value in use	14.00%	5%

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 2023, 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 2023, varying the assumption on the multiple to 0.75 x Revenue, assuming all other variables remained constant, would cause the carrying amount to be equal to its recoverable amount.

11. Banking facilities and long-term debt:

On January 30, 2019, the Company entered into a Credit Agreement. The Credit Agreement includes a Term Facility of up to $12,000 and a Revolving Facility of $5,000. The Term Facility was used for the purchase of Tecsys A/S and for general corporate purposes. The Revolving Facility is for general corporate purposes. The Company may repay outstanding amounts under the Credit Agreement at any time. Canadian Dollar borrowings under the Credit Agreement are made in the form of Prime Rate Loans (bearing interest at prime plus 0.75%-1.75% per annum) or Banker's Acceptances (bearing interest at base plus 1.75% - 2.75% per annum). The Term Facility and Revolving facility is secured by a hypothec on movable properties.

The Company repaid the outstanding balance of the term facility on December 30, 2022. As a result, at April 30, 2023 the Company had no outstanding balance under the Term Facility (the ''Term Loan") (April 30, 2022 - $8,400). The Revolving Facility was undrawn as of April 30, 2023 and April 30, 2022.

(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:

	2023	2022
Current	$ 793	$ 662
Non-current	2,120	5,181
Total lease obligations	**$ 2,913**	**$ 5,843**

The following table presents the contractual undiscounted cash flows for lease obligations as at April 30, 2023:

Less than one year	$ 840
One to five years	2,105
More than five years	267
Total undiscounted lease obligations	**$ 3,212**

Interest expense on lease obligations for fiscal year 2023 was $205 (2022 - $308). Total cash outflow was $894 for fiscal year 2023 (2022 - $1,153), including $689 of principal payments on lease obligations (2022 - $845). The expense relating to variable lease payments not included in the measurement of lease obligations was $933 (2022 – $1,008). This consists of variable lease payments for operating costs, property taxes and insurance.

Expenses relating to short-term leases not included in the measurement of lease obligations for fiscal year ended April 30, 2023 was $15 (2022 - $60). Expenses relating to leases of low value assets was $223 (2022 -$179). Additions on lease obligations during fiscal year 2023 were $217 (2022 - $nil).

During both fiscal year 2023 and 2022, 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 2023, a lease liability was adjusted by $2,449 with an equal reduction of the carrying value of the right-of-use asset. In fiscal 2022, a lease liability was adjusted by $2,388, reducing the carrying value of the right-of-use asset to zero, and as a result a gain on remeasurement of lease liability of $573 was recognized in other income.

13. Accounts payablea and accrued liabilities:

	2023	2022
Trade payables	$ 6,937	$ 3,880
Accrued liabilities and other payables	3,571	4,259
Salaries and benefits due to related parties	1,472	1,680
Employee salaries and benefits payable	8,416	6,541
Fair value of derivatives in a loss position	1,273	611
	$ 21,669	**$ 16,971**

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, 2023 and April 30, 2022.

(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 2023, the Company declared quarterly dividends of $0.070 for the first two quarters and $0.075 for each of the following quarters for an aggregate of $4,225. During fiscal 2022, the Company declared quarterly dividends of $0.065 for the first two quarters and $0.07 for each of the following quarters for an aggregate of $3,929.

(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:

		2023		2022
Net profit, attributable to common shareholders	$	2,089	$	4,478
Weighted average number of common shares outstanding (basic)		14,567,839		14,541,263
Dilutive impact of stock options		239,154		370,669
Weighted average number of common shares outstanding (diluted)		14,806,993		14,911,932
Basic earnings per common share	$	0.14	$	0.31
Diluted earnings per common share	$	0.14	$	0.30

As at April 30, 2023, 381,293 options were excluded from the calculation of weighted average number of diluted common shares as their effect would have been anti-dilutive (2,000 options as at April 30, 2022).

(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 2023 and 2022 is as follows:

	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

	Number of options	Weighted average exercise price
Outstanding at April 30, 2021	709,086	$ 18.02
Granted	166,472	40.34
Exercised	(57,800)	17.66
Forfeited	(11,092)	18.97
Outstanding at April 30, 2022	806,666	$ 22.64

The following table outlines the outstanding stock options of the Company as at April 30, 2023:

	Fair value per option	Remaining contractual life in years	Number of options currently exercisable	Exercise price	Outstanding options
Granted on September 6, 2018	$ 4.42	0.35	108,900	$ 17.23	108,900
Granted on July 3, 2019	3.28	1.17	327,268	14.29	350,790
Granted on February 28, 2020	4.78	1.83	5,625	18.95	7,500
Granted on July 8, 2020	6.95	2.19	98,538	26.75	143,483
Granted on December 2, 2020	10.74	2.59	3,664	36.77	6,514
Granted on February 24, 2021	18.79	2.82	1,000	60.62	2,000
Granted on June 29, 2021	12.66	3.16	70,391	40.34	160,895
Granted on June 29, 2022	12.90	4.16	38,510	34.91	205,384
Granted on September 26, 2022	10.80	4.41	438	28.55	3,500
Granted on March 1, 2023	10.42	4.84	-	26.88	3,000

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, 2022, September 26, 2022 and March 1, 2023 were determined using the Black-Scholes option pricing model with the following assumptions:

	Fiscal 2023			Fiscal 2022
	June 29, 2022	**September 26, 2022**	**March 1, 2023**	**June 29, 2021**
Exercise share price	$ 34.91	$ 28.55	$ 26.88	$ 40.34
Expected option life (years)	5	5	5	5
Weighted average expected stock price volatility	39.67%	41.53%	42.98%	36.61%
Weighted average dividend yield	0.77%	0.96%	1.06%	0.62%
Weighted average risk-free interest rate	3.26%	3.39%	3.54%	0.97%

For the fiscal year ended April 30, 2023, the Company recognized stock-based compensation expense of $2,177 ($1,684 for the fiscal year ended April 30, 2022). 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.

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, 2023:

	2023				2022
	Fiscal 2024	**Fiscal 2025**	**Fiscal 2026 and thereafter**	**Total**	
SaaS	$ 42,306	$ 36,808	$ 58,585	$ 137,699	$ 93,976
Maintenance and support	1,272	277	108	1,657	2,512
Total	**$ 43,578**	**$ 37,085**	**$ 58,693**	**$ 139,356**	**$ 96,488**

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

16. Cost of revenue:

	For the year ended			
		April 30, 2023		April 30, 2022
SaaS, maintenance, support and professional services:				
Gross expenses	$	67,451	$	59,920
Amortization of intangible assets		802		746
Reimbursable expenses		1,916		800
E-business tax credits		(3,038)		(2,550)
	$	67,131	$	58,916
License and hardware		18,484		17,974
Cost of revenue	**$**	**85,615**	**$**	**76,890**

17. Income Taxes:

(a) Income taxes comprise the following components:

		2023		2022
Current income taxes:				
Current year	$	1,940	$	3,146
Adjustments of previous year's tax expense		(676)		531
Current income taxes expense	$	1,264	$	3,677
Deferred income taxes:				
Origination and reversal of temporary differences	$	(172)	$	(1,379)
Net change in unrecognized deductible temporary difference		144		1,204
Recognition and/or utilization of previously unrecognized temporary difference		(332)		(2,293)
Adjustments of previous year's tax expense		720		(263)
Deferred income tax (benefit) expense	$	360	$	(2,731)
Income tax expense	**$**	**1,624**	**$**	**946**

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

		2023		2022
Combined basic federal and provincial statutory income tax rate		26.50%		26.50%
Profit before income taxes	$	3,713	$	5,424
Expected combined income tax expense		984		1,437
Increase (reduction) in income taxes resulting from:				
Utilization of unrecognized benefits		(332)		(332)
Net changes in unrecognized benefits		144		1,204
Utilization of previously unrecognized temporary difference		-		(1,961)
Permanent differences and other		828		598
Income tax expense	**$**	**1,624**	**$**	**946**

(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, 2023 and April 30, 2022 are as follows:

	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

	Balance as at April 30, 2021	Recognized in statement of profit	Foreign Exchange	Balance as at April 30, 2022
Research and development expenses	$ 4,601	$ 744	$ -	$ 5,345
Net operating losses	1,468	1,950	-	3,418
Property and equipment	3,343	374	-	3,717
Non-deductible reserves and accruals	153	36	-	189
Right-of-use assets and lease liability	502	(160)	-	342
Charitable donations	139	6	-	145
Share issue costs	323	(142)	-	181
Other	17	(17)	-	-
Contract acquisition costs	(1,061)	(176)	-	(1,237)
E-business tax credits	(380)	(36)	-	(416)
Federal tax credits	(1,605)	24	-	(1,581)
Deferred development costs	(288)	(207)	-	(495)
Intangibles	(2,705)	335	112	(2,258)
Net deferred tax recognized	$ 4,507	$ 2,731	$ 112	7,350

As at April 30, 2023 the Company has net deferred tax assets of $8,137 (April 30, 2022 – $8,608) and net deferred tax liabilities of $1,255 (April 30, 2022 – $1,258) 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 $5,090 (note 5) (April 30, 2022 – $4,362) which may be used only to reduce future current federal income taxes otherwise payable. For the year ended April 30, 2023, the Company intends to claim available Federal non-refundable tax credits to reduce Canadian Federal income taxes otherwise payable of $735.

The Company had provincial non-refundable tax credits of $1,296 (note 5) (April 30, 2022 - $815) which may be used only to reduce future current provincial income taxes otherwise payable. For the year ended April 30, 2023, the Company intends to claim available provincial non-refundable tax credits to reduce provincial income taxes otherwise payable of $564.

During fiscal 2022, the Company recognized $2,125 of deferred tax assets related to operating losses and $164 of deferred tax liabilities related to federal tax credits, both related to previous periods. The recognition resulted from the increased probability that future taxable profit will be available against which the Company can utilize the benefits. Future taxable profit as per the profitability analysis includes the plan to amalgamate certain entities in the group. Such amalgamation was completed effective May 1, 2022.

(d) Unrecognized net deferred tax assets

As at April 30, 2023 and 2022, unrecognized net deferred tax assets consist of the following:

	2023	2022
Research and development expenses	$ 300	$ 300
Net operating losses of Canadian subsidiaries	2,137	2,269
Net operating losses of UK subsidiary	74	81
Capital losses	854	854
Other	(27)	22
Unrecognized net deferred tax assets	**$ 3,338**	**$ 3,526**

Canadian subsidiaries have unrecognized accumulated research and development expenses of approximately $1,435 (April 30, 2022 – $1,435) for Federal income tax purposes, $726 (April 30, 2022 – nil) for Québec provincial income tax purposes, and $778 (April 30, 2022 – $738) 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 approximately $11,656 (April 30, 2022 - $12,151) for Federal income tax purposes, $3,170 (April 30, 2022 - $3,878) for Québec provincial income tax purposes and $1,485 (April 30, 2022 - $nil) 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 $391 (£ 233) (April 30, 2022 – $426 (£ 264)) 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, 2022 – $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.

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

17. Income Taxes (continued):

(d) Unrecognized net deferred tax assets(continued):

Unrecognized deferred tax liabilities:

As at April 30, 2023, 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.

18. Personnel expenses:

	For the year ended	
	April 30, 2023	**April 30, 2022**
Salaries, including bonus and commissions	$ 92,451	$ 81,908
Other short-term benefits	7,045	6,231
Payments to defined contribution plans	4,881	4,277
	$ 104,377	**$ 92,416**

19. Other income:

	For the year ended	
	April 30, 2023	**April 30, 2022**
Interest expense on bank loans and other	$ 201	$ 314
Interest accretion expense – lease obligations	205	308
Foreign exchange loss	135	377
Interest income	(686)	(474)
Gain on remeasurement of lease liability	-	(573)
	$ (145)	**$ (48)**

Interest income for April 30, 2022 includes a $299 refund of interest related to the settlement of the acquired tax liability ("CRA Liability"), which was part of the total consideration to acquire OrderDynamics Corporation.

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

20. Provisions, contingencies and other commitments:

In the normal course of operations, the Company may be exposed to lawsuits, claims and contingencies. Provisions are recognized as liabilities 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.

As at April 30, 2023, 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	$ 26,462	$ 10,177	$ 16,285	-	-

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, 2023, key management and their spouses control 18.9% (April 30, 2022 – 21.6%) 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, 2023	**April 30, 2022**
Salaries	$ 5,109	$ 5,201
Other short-term benefits	249	246
Payment to defined contribution plans	141	146
	$ 5,499	**$ 5,593**

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 $416 (2022-$300) to facilitate their purchase of the Company's common shares during fiscal 2023. As of April 30, 2023, loans outstanding amounted to $142 (2022-$241) and are included in other receivables and other long-term receivables in the Consolidated Statements of Financial Position.

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

22. Financial instruments and risk management:

Classification of financial instruments

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

	2023			2022
	Fair value	**Amortized cost**	**Total**	
Financial assets				
Cash and cash equivalents	$ -	$ 21,235	$ 21,235	$ 23,004
Short-term investments	-	15,835	15,835	20,239
Accounts receivable	-	22,900	22,900	16,962
Foreign exchange derivatives included in other receivables	285	-	285	-
Foreign exchange derivatives included in other long-term receivables	117	-	117	-
Other receivables and other long-term receivables	-	484	484	241
	$ 402	**$ 60,454**	**$ 60,856**	**$ 60,176**
Financial liabilities				
Accounts payable and accrued liabilities	$ -	$ 20,396	$ 20,396	$ 16,360
Foreign exchange derivatives included in accounts payable and accrued liabilities	1,273	-	1,273	611
Foreign exchange derivatives included in other long-term accrued liabilities	253	-	253	-
Long-term debt	-	-	-	8,400
	$ 1,526	**$ 20,396**	**$ 21,922**	**$ 25,371**

(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 the long-term debt was determined using level 2 of the fair value hierarchy, by discounting the future cash flows using interest rates which the Company could obtain for loans with similar terms, conditions, and maturity dates. There is no significant difference between the fair value and the carrying value of the long-term debt as at April 30, 2022.

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, 2023 and 2022.

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, 2023 and April 30, 2022 consisted primarily of contracts to reduce the exposure to fluctuations in the U.S. dollar. For fiscal 2023 and 2022, the derivatives designated as cash flow hedges were considered to be fully effective and no ineffectiveness has been recognized in net finance costs.

22. Financial instruments and risk management (continued):

(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, 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.

On April 30, 2022, the Company held two outstanding foreign exchange contracts with various maturities to July 2022 to sell US$4,300 into Canadian dollars at rates averaging CA$1.254 to yield CA$5,392. On April 30, 2022, the Company recorded an unrealized exchange loss of $131 included in accounts payable and accrued liabilities representing the change in fair value of these outstanding contracts since inception and their initial measurement.

Revenue hedge designated derivative instruments

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.

On April 30, 2022, the Company held twenty outstanding foreign exchange contracts with various maturities to July 2023 to sell US$36,000 at rates averaging CA$1.2716 to yield CA$45,779. Of the outstanding US$36,000 hedge designated foreign exchange contracts, US$24,000 pertain to highly probable future revenue denominated in U.S. dollars expected over the twelve-month period through April 2023 while US$12,000 is related to realized U.S. dollar denominated revenue. On April 30, 2022, the Company had recorded an unrealized loss of $480 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 (continued):

	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, 2023 Foreign exchange risk:	US$ 105,500	CA$ 402	CA$ 1,475	CA$ (1,073)
April 30, 2022 Foreign exchange risk:	US$ 36,000	CA$ -	CA$ 480	CA$ (480)

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:

	2023	2022
Accumulated other comprehensive income (loss) on cash flow hedges as at the beginning of the period	$ (201)	$ 492
Changes in fair value on derivatives designated as cash flow hedges	(3,145)	(1,012)
Amounts reclassified from accumulated other comprehensive income to net earnings, and included in:		
Revenue	2,657	33
Other costs	482	286
Accumulated other comprehensive loss from cash flow hedges	$ (207)	$ (201)
Accumulated other comprehensive loss- translation adjustment from foreign operations at the end of period	190	(1,233)
Total accumulated other comprehensive loss as at the end of period	**$ (17)**	**$ (1,434)**

As at April 30, 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.

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

22. Financial instruments and risk management (continued):

(b) Risk management (continued)

Currency risk (continued)

Foreign currency exposure

The following table 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, 2023 and 2022.

	2023					2022			
	DKK	**US$**	**£**	**€**	**AU$**	**DKK**	**US$**	**£**	**€**
Cash and cash equivalents	1,334	3,998	42	301	-	5,661	4,204	29	1,045
Accounts receivable	6,991	16,805	22	1,056	106	8,119	14,148	37	201
Other receivables	396	78	-	-	-	369	55	-	-
Accounts payable and accrued liabilities	(2,685)	(5,306)	(102)	(301)	-	(5,918)	(2,691)	(88)	(300)
Derivative financial instruments – notional amount	-	(14,650)	-		-	-	(16,300)	-	-
	6,036	925	(38)	1,056	106	8,231	(584)	(22)	946

The following exchange rates applied during the years ended April 30, 2023 and 2022:

	2023		2022	
	Average rate	Reporting date rate	Average rate	Reporting date rate
CA$ per US$	1.3303	1.3546	1.2547	1.2851
CA$ per £	1.5979	1.7023	1.7050	1.6158
CA$ per €	1.3870	1.4925	1.4461	1.3551
CA$ per DKK	0.1864	0.2002	0.1945	0.1821
CA$ per AU$	0.9028	0.8962	0.9239	0.9074

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, assuming all other variables remained constant.

	2023				2022		
	US$	**£**	**€**	**AU$**	**US$**	**£**	**€**
(Decrease)/Increase in profit	63	(3)	79	5	(18)	(2)	64

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.

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

22. Financial instruments and risk management (continued):

(b) Risk management (continued)

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, 2023, no customers individually accounted for greater than 10% of total trade receivables and work in progress (April 30, 2022 – no customers above 10%). 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 2023, 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, 2022 - US$2,000) for export losses and US$570 (April 30, 2022 - US$570) for domestic losses in any policy period. The insurance policy period runs from February 1 to January 31 of each year.

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.

	2023	2022
Not past due	$ 15,797	$ 10,515
Past due 1-180 days	7,865	6,904
Past due over 180 days	13	469
	23,675	17,888
Allowance for expected credit losses	(775)	(926)
	$ 22,900	**$ 16,962**

Allowance for expected credit losses:	**2023**	**2022**
Balance at beginning	$ 926	$ 1,290
Impairment losses recognized - write off	(425)	(199)
Additional (reversal of) provisions	274	(165)
Balance	**$ 775**	**$ 926**

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

22. Financial instruments and risk management (continued):

(b) Risk management (continued)

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.

The following are contractual maturities of financial liabilities as of April 30, 2023 and 2022:

	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**	**$ -**

	April 30, 2022			
	Total	**Less than 1 year**	**1-3 years**	**Beyond**
Accounts payable and accrued liabilities	$ 16,971	$ 16,971	$ -	$ -
Short term and long-term debt	8,400	1,200	7,200	-
	$ 25,371	**$ 18,171**	**$ 7,200**	**$ -**

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.

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

23. Capital disclosure (continued):

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 Company has a Revolving Facility which remains undrawn as of April 30, 2023 and can be utilized for general corporate purposes. The Company's banking and credit facilities require adherence to financial covenants. The Company is in compliance with these covenants as at April 30, 2023 and at April 30, 2022. Other than its banking agreement covenants, the Company is not subject to externally imposed capital requirements.

24. Operating segment:

Management has organized the Company under one reportable segment: the development and marketing of enterprise-wide distribution software and related services. Substantially all of the Company's property and equipment (including right-of-use assets), goodwill and other intangible assets are located in Canada and Denmark. For Denmark, the property and equipment (including right-of-use assets), goodwill and other intangible assets (including deferred development costs) as at April 30, 2023 were $595, $6,684 and $5,704 respectively (2022 – $540, $6,080 and $5,720). For Canada, the amounts were $2,915, $10,783, and $5,837 respectively (2022 - $6,071, $10,783 and $6,451). As at April 30, 2023, total assets attributable to Denmark were $16,910 (April 30, 2022 - $15,300). 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, 2023	**April 30, 2022**
Canada	$ 27,276	$ 29,264
United States	104,560	89,185
Europe	18,097	17,350
Other	2,491	1,401
	$ 152,424	**$ 137,200**

25. Payments related to prior business acquisition:

As at April 30, 2021, other current liabilities included $500 indemnification holdback security associated with the acquisition of OrderDynamics Corporation. During fiscal 2022, the Company made the final payment of $500 to the vendors.

26. Subsequent event:

On June 29, 2023, the Company's Board of Directors declared a quarterly dividend of $0.075 per share to be paid on August 4, 2023 to shareholders of record on July 14, 2023.

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 2023: May 1, 2022 to April 30, 2023

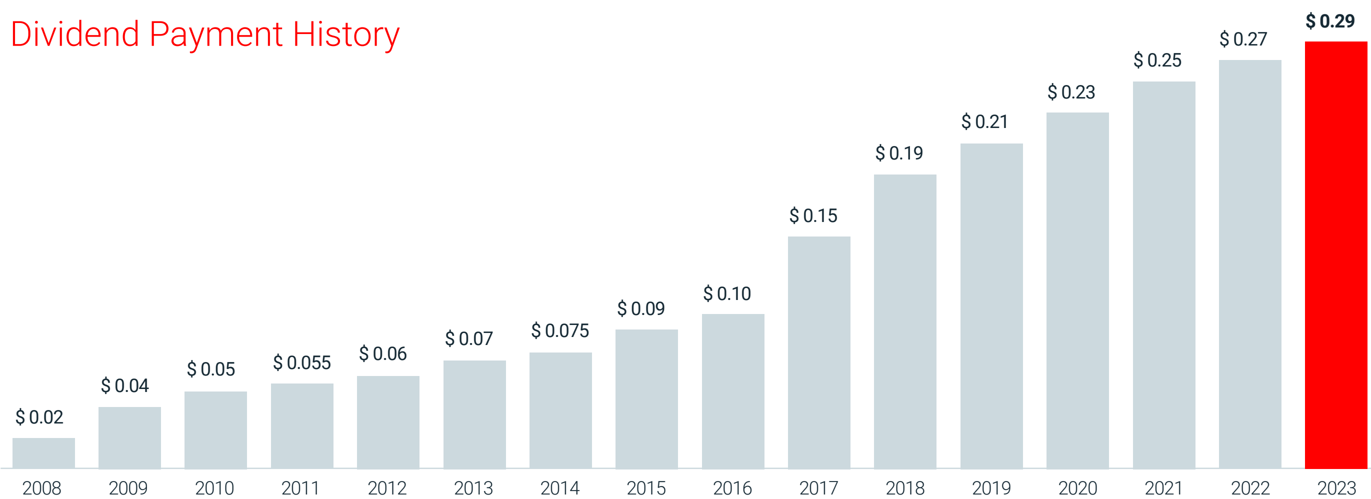
	High	Low	Volume TSX
First Quarter	$ 39.61	$ 25.38	910,943
Second Quarter	$ 41.13	$ 26.69	358,044
Third Quarter	$ 31.70	$ 24.27	712,541
Fourth Quarter	$ 32.03	$ 25.03	1,253,574

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 29, 2023, the Company's Board of Directors declared a quarterly dividend of $0.075 per share to be paid on August 4, 2023 to shareholders of record on July 14, 2023.

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.sedar.com). For further information or to obtain additional copies of any of the above-mentioned documents, please contact:

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Rani Hublou (2) (3)
Principal
Incline Strategies

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

Kathleen Miller (1)
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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

Greg MacNeill
Senior Vice President, World Wide Sales

Vito Calabretta
Senior Vice President, Global Operations

Shannon Karl
Chief Marketing Officer

Martin Wulff
Managing Director, Tecsys A/S

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Vice President, Research and Development

Nancy Cloutier
Chief Human Resources Officer

Catalin Badea
Chief Technology Officer

Charles Kierpiec
Vice President and General Counsel

(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.
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