Propelling to New Heights

2020 **Annual Report**

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, 2020. These documents have been filed with the Canadian securities commissions and are available on our website (www.tecsys.com) 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.

Built on an enterprise platform, Tecsys solutions include warehouse management, distribution and transportation management, supply management at point of use, retail order management, as well as complete financial management and analytics solutions. Our customers reduce operating costs, improve customer service and uncover optimization opportunities.

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.

Our Values

Integrity is what our customers value most about Tecsys. Our corporate culture and values are based on it. Our founding principles are:

- Commitment to Customer Service
- Commitment to Excellence
- Respect for the Individual

Our *Customers for Life philosophy* is a compelling reason why more and more customers choose us to help them run their businesses.

2020 Highlights

As of April 30, 2020

104.9	48.1	35.0	112.7
Revenue, $ millions	*Annual Recurring Revenue, $ millions*[1]	*Professional Services Backlog, $ millions*[1]	*Bookings, $ millions*[1]

Over **1,000 customers**, primarily located in Canada, USA and Europe

Health systems market share: **Dominant**

Tecsys customers were **ranked top three** in "Masters Category" of Gartner's Healthcare Supply Chain Top 25 for 2019[2]

For the ninth consecutive time, Tecsys was positioned in the **"Visionaries"** quadrant of Gartner's 2020 Magic Quadrant for Warehouse Management Systems[3]

Top five Distributed Order Management in IDC's MarketScape research report

[1] Refer to section at end of Management Discussion and Analysis titled "Key Performance Indicators"
[2] Gartner "Healthcare Supply Chain Top 25 for 2019" By Stephen Meyer, Eric O'Daffer, Andrew Knight 13 November 2019
[3] Gartner "Magic Quadrant for Warehouse Management Systems" by C. Dwight Klappich & Simon Tunstall, 06 May 2020

Message from the President

Fellow Shareholders,

When we look back on it in the future, 2020 should be remembered as the year that Tecsys took flight. Whereas 2019 was a transformative year during which we rebranded, undertook a new business model, and made two very strategic acquisitions, 2020 was the year we made the world stand up and take notice. I believe that as Tecsys grows and becomes more recognized as a global supply chain solution provider for increasingly complex and critical ecosystems, all of our stakeholders will benefit including customers and partners, shareholders and employees, along with the communities that we serve.

$000's Except for EPS & ROE	2020	2019
Revenue	104,855	76,449
Profit (loss) from Operations	4,708	(1,798)
Profit (loss)	2,346	(741)
Adjusted EBITDA[1]	10,271	2,776
Earnings (Loss) per Share	0.18	(0.06)
Bookings[2]	112,683	63,211
Backlog[2]	120,351	76,563
ROE %	0.04	(0.02)
Cash from Operations	10,006	4,100
Annual Recurring Revenue[2]	48,140	38,276

Our cloud architecture continues to evolve to support evolving client needs, driven by our customer-facing R&D and product teams. Due to our service focus in SaaS customer support, our clients remain exceptionally pleased and prepared for success, even in some of the most tumultuous times of our collective lifetimes. I cannot be prouder of the accomplishments of the entire Tecsys team over this past fiscal year.

[1] Refer to section at end of Management Discussion and Analysis titled "Non-IFRS Performance Measure"
[2] Refer to section at end of Management Discussion and Analysis titled "Key Performance Indicators"

Our clients remain exceptionally pleased and prepared for success, even in some of the most tumultuous times of our collective lifetimes.

As we entered the year, we were optimistic that our transition to SaaS would lead to higher margins and more predictable revenue streams in the future, although we were cautious about the impact of our transition to SaaS on the growth of our revenue streams. Little did we anticipate that SaaS revenue, combined with exceptional professional services performance, would actually drive our growth. We have learned that not only does SaaS improve the quality of our revenue streams, it has also made it easier for both new and existing clients to buy our software solutions.

Now that our acquisitions are fully integrated, Tecsys A/S (formerly PCSYS) and OrderDynamics have proven to be strong contributors to our growth in omnichannel distribution and direct-to-consumer logistics. For obvious reasons heading into our fiscal 2021, we believe that we are well-positioned for further strong growth in these segments.

Our evolving partner ecosystem, led by our fruitful relationship with Workday, continues to allow us to maximize our sales footprint globally across multiple industries. We plan on leveraging our emergence as a global SaaS-based innovator of complex supply chain solutions to build aggressively upon our channel success to maximize scaling.

The arrival of the COVID-19 global pandemic during the fourth quarter of 2020 had minimal impact on our financial performance, although the impact on Tecsys employees was enormous. I would like to thank every single employee for adapting to our new normal so quickly and effectively, while providing our clients exceptional, uninterrupted service. Our clients will remember us for this.

Our long-term strategy of continuing to pursue both healthcare and complex distribution and now retail and brand management has put us in an enviable position as the world experiences rapid change. Our revenue streams are diversified into healthcare and digital commerce, two significant areas of strength in the new normal of post-COVID-19 pandemic. Our record bookings during the fourth quarter of fiscal 2020 is an encouraging datapoint for ongoing performance in both of those economic sectors.

Financial Results

In fiscal 2020, revenue increased by 37% to $104.9 million compared to $76.4 million reported in the previous year. Annual Recurring Revenue on April 30, 2020 was $48.1 million, up 26% from $38.3 million reported at the same time of the previous year. Profit from operations was $4.7 million for fiscal 2020, compared to a loss from operations of $1.8 million reported for fiscal 2019. The improvement in profit from operations can be attributed to the earnings leverage that we are experiencing from our ongoing transition to SaaS-based recurring revenue, and from robust professional services revenue.

Total contract bookings grew 78% to $112.7 million in fiscal 2020, up from $63.2 million in fiscal 2019. In the fourth quarter, we recorded $40.9 million of bookings, an increase of 112% over $19.2 million recorded for the corresponding fourth quarter of fiscal 2019. Although COVID-19 forced us to adopt and work remotely, we were able to adjust quickly to meet new deployment challenges, and the growth in bookings during the fourth quarter was partially driven by COVID-19 related demand for Tecsys solutions in all segments.

It was also during the fourth quarter of fiscal 2020, that Tecsys completed an oversubscribed $23 million bought deal through a syndicate of institutional brokers. On behalf of Tecsys management and employees, I would like to welcome new shareholders who have entrusted their returns to our ability to perform.

The Core Drivers for Fiscal Year 2021

Tecsys entered 2021 with its strongest balance sheet, backlog and sales pipeline of its nearly 40-year history. As demonstrated by the bookings momentum gained during the fourth quarter of 2020, we find ourselves positioned uniquely at the nexus of two of the most urgent market opportunities around, which are healthcare and the digital economy. To contextualize how massive our market opportunity is, from 2000 until March 2020, the digital economy grew from 0% to 16% of total consumer sales. During the first eight weeks of the COVID-19 pandemic, the digital economy jumped by more than 50% to represent 27% of consumer sales.

In fiscal 2021, we plan to maximize the market opportunities that have emerged in healthcare and the digital economy due to the likely permanent shifts caused by the COVID-19 pandemic. As I mentioned earlier in this note, Tecsys is taking flight at exactly the right time to maximize a unique opportunity.

The healthcare sector needs to fix and modernize outdated supply chains that were stressed to their limits by the pandemic, and Tecsys has proven to be among the best cloud-based solutions available on the market. Our SaaS approach has made it easier than ever for healthcare systems to buy and deploy efficiently and effectively – especially ahead of potential future waves of COVID-19 outbreaks. Our SaaS customer service gives us a unique capability to be flexible and responsive as our clients repair and upgrade their supply chains.

While market conditions can change quickly, as proven by the COVID-19 pandemic, Tecsys has never been in a stronger financial position to weather future sudden market volatility if it were to occur.

The roughly 50% jump in the digital economy appears to be permanent and most experts agree that this becomes a new baseline for future growth. Our enhanced global omnichannel solutions have Tecsys positioned well to help our clients navigate increasingly complex supply chain logistics as they quickly evolve to compete for the consumer doorstep.

We plan to exploit these previously unforeseen market opportunities by accelerating investment in channel and direct sales development and marketing programs to boost our ability to gain more market share rapidly. Our investment in the Workday relationship has proven to be successful. Over the coming year, we plan to intensify this relationship, and accelerate our reach to other channel partners. Although our organic sales and marketing expenses have been relatively stable over the previous eighteen months, we plan to expand our direct sales capabilities to exploit emerging opportunities globally. We also plan to make a commensurate investment in research and development. Although we plan to protect profitability, profit margins will be impacted in the short term as we invest for growth in fiscal 2021. We believe that slightly lower profit margins in the short term will be more than offset by gains in market share and revenue in the medium and long term.

Fiscal 2020 was a superlative year for Tecsys and the outlook for fiscal 2021 appears to be the best yet. While market conditions can change quickly, as proven by the COVID-19 pandemic, Tecsys has never been in a stronger financial position to weather future market volatility if it were to occur. Notwithstanding market volatility, we recognize that Tecsys is in a unique position to benefit from major short-term and permanent market opportunities in healthcare and the digital economy. We plan to aggressively exploit these opportunities by investing to gain market share quickly.

We would like to thank our customers from around the world who have chosen to rely on our solutions to help them manage their supply chains, even in the most challenging of circumstances. We are thankful for the ongoing dedication and skills of our over 500 employees around the globe, from wherever they may be working. We have an exciting year ahead of us.

We would also like to thank shareholders, both new and existing, for entrusting us to deliver solid returns on your investments now and into the future. We are grateful for, and wish to thank, the Board of Directors for their continued guidance and support.

Peter Brereton
President and CEO

Message from the Executive Chairman

A Record Year in the Face of Unprecedented Challenges

Fellow Shareholders,

Move to SaaS Exceeding Our Expectations

If you are familiar with our Company, you will know that we had set ourselves some ambitious targets for this year. The transformation to SaaS affected almost every area of our business. It is with great pride that the performance of our Company exceeded even the most ambitious internal targets we had. Indeed, we were prepared for a deceleration in revenue growth as we made the transformation. Not only did revenue growth accelerate, but it exceeded $100 million for the first time.

Financial Prudence Feeds Our Success

During the fourth quarter, and at the early stages of the COVID-19 pandemic, we raised approximately $23 million via a successful, oversubscribed bought deal. We made this decision to shore up our balance sheet out of an abundance of financial prudence to ensure Tecsys thrives during one of the most unprecedented market events of our collective lifetimes.

Although we are pleased with the growth trajectory of our recurring revenue streams, we have chosen not to sacrifice profit in the pursuit of growth. We believe that this prudent financial approach is helping to maximize shareholder value, and paradoxically, helping to accelerate our transition. We exit the year with the strongest balance sheet and largest backlog and pipeline in our history.

Core Values vs. Challenges

For 37 years, we have grown Tecsys based on our core set of values. Our culture of innovation, employee empowerment and unwavering dedication to our customers shows its colors in these unprecedented times. Several years ago, we had the foresight to migrate our solutions to the cloud. Due to the complexity, the critical nature of our solutions, and the size of our customer base, this was a daunting engineering and development task. With dedication,

Our expertise, cloud-based solutions and relentless focus on our customers make us a formidable competitor in both healthcare supply chain and digital commerce markets. Our opportunities have never been better.

focus, and a lot of innovative thinking, our Product Management and R&D teams were able to successfully accomplish this task. Because our solutions are so well virtualized, when the COVID-19 pandemic emerged, both Tecsys and its customers were able to seamlessly, and very quickly, transition to work from home while continuing to provide exceptional support and customer service. Being cloud-based was essential to our success during a unique global event, and so was the dedication of our IT and deployment and customer support teams who barely skipped a beat during the transition.

Although the COVID-19 pandemic presents Tecsys with some operating challenges, it has also offered enormous opportunity for our Company. As a dominant supply chain software vendor for the U.S. healthcare market, and a prominent vendor in complex supply chains with emerging presence in retail logistics, Tecsys finds itself at the nexus of two major surging post-COVID-19 markets; healthcare supply chain and digital commerce. Our expertise, cloud-based solutions and relentless focus on our customers make us a formidable competitor in both of these markets. Our opportunities have never been better.

Core Values Personified

We speak a lot of our dedicated team. Our customers regularly comment on the depth of our skill set and longevity of our employee base. It is with this thought in mind that I want to pay tribute to a very special employee named Marie Fournier. Marie joined us in 1987 and was with us for over 30 years until she retired a few months ago. As we evolve the product, it is important to pay tribute to the long-standing innovators in our Company. Marie was the lead developer for the Elite core that forms the baseline to the current modernized cloud-based solutions from which we are deriving so much success. In her years with Tecsys, Marie assumed multiple leadership roles in both R&D and Product Management as we continuously improved our solutions for our customers. The stability, longevity and insight of our dedicated employees has helped us become leaders in our industry, and I wanted to highlight Marie's contributions as an example of the incredible and unique value these attributes create.

Milestones

As we surpassed the $100 million revenue milestone for the first time, we also eclipsed 500 employees.

Concurrently, we completed the integration of our two acquisitions made in fiscal 2019, and both are contributing well to our performance, culture and expertise. We are especially proud that we were able to do so even with great distances between us. We are now confident that once we decide to make acquisitions in the future, we have what it takes to successfully integrate them, even in far-flung locations.

Board Nominations

As Tecsys develops into a global, market-oriented company, it is important that our Board reflects this development. It is therefore with great pleasure that we announced the nomination of two outstanding individuals for our Board to be confirmed at our next Annual General Meeting in September.

Rani Hublou brings enormous experience and guidance in SaaS marketing and branding for high-growth companies including 8x8, BEA Systems and Broadvision. If you remember, we executed a significant branding upgrade last year, and Rani will provide perspective and guidance to the Board and Management for Tecsys to continue the momentum created and help us scale into a major force in SaaS supply chain solutions.

Kathleen Miller brings to Tecsys years of finance experience in New York, San Francisco and Boston. As Tecsys exploits major market opportunities in healthcare supply chain and digital commerce globally, Kathleen's connections in New York and elsewhere will help expose us to key markets.

Giving Back

One of our core values is giving back to the community. Tecsys remains committed to donating one third of one percent of our revenues. As the Company has grown, so has our charitable giving. For the first time this year, we have broadened the scope of our beneficiaries and are pleased to report that our philanthropic reach to underprivileged children is now global.

Closing

37 years after our humble beginnings, it is my true belief that our Company has never been stronger. We face the future with a great deal of confidence, combined with the humility that drives our relentless pursuit of improvement. Our core values remain as strong and relevant as when we founded the Company almost four decades ago.

I want to thank management and our employees for their continued commitment and hard work. The Board, working with the management team, will endeavor to keep Tecsys on its current growth trajectory and continue to enhance value for shareholders. In closing, I want to thank you, our shareholders, for your continued support and we look forward to another successful year ahead.

Dave Brereton
Executive Chairman of the Board

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 July 8, 2020 comments on our operations, financial performance and financial condition as at and for the years ended April 30, 2020 and April 30, 2019 and should be read in conjunction with the Consolidated Financial Statements of Tecsys Inc. ("Tecsys", the "Company") and Notes thereto, which are included in this document. The Company's fiscal year ended on April 30, 2020. Fiscal 2020 refers to the twelve-month period ended April 30, 2020.

The Company prepares its consolidated financial statements in accordance with International Financial Reporting Standards ("IFRS") and 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 Company's functional currency is the Canadian dollar as it is the currency that represents the primary economic environment in which the Company operates with the exception of its Danish subsidiaries (Danish kroner).

The consolidated financial statements were authorized for issue by the Board of Directors on July 8, 2020.

Additional information about the Company can be obtained from SEDAR at www.sedar.com.

Overview

Tecsys is a global provider of supply chain solutions that equip the borderless enterprise for growth. Organizations thrive when they have the software, technology and expertise to drive operational greatness and deliver on their brand promise. Spanning multiple complex, regulated and high-volume distribution industries, Tecsys delivers dynamic and powerful solutions for warehouse management, distribution and transportation management, supply management at point of use, retail order management, as well as financial management and analytics solutions.

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

Tecsys is the market leader in North America for supply chain solutions for health systems and hospitals. Customers around the world trust their supply chains to Tecsys in the healthcare, service parts, third-party logistics, retail and general wholesale high-volume distribution industries.

With last year's acquisition of OrderDynamics Corporation, Tecsys has continued to serve a number of major customers in the retail industry located in Canada, the U.S., Europe and Australia, and began expanding its retail footprint across these markets.

In 2019, Tecsys acquired Danish warehouse management and mobile data solutions company PCSYS A/S. In 2020, PCSYS A/S was renamed Tecsys A/S and continues to serve as a key European extension. The PCSYS product line has been brought under the Tecsys brand and Tecsys A/S continues to add customers in the manufacturing, retail and logistics industries, primarily in Europe.

Tecsys has noted exponential growth in the ecommerce sector with mounting pressure for distribution organizations to fulfil higher order volumes under changing customer demands. As consumers had been steadily adopting expanded use of shopping options, order fulfillment complexity for retail and direct-to-consumer companies had been driving investment in Distributed Order Management (DOM) systems. Through the acquisition of OrderDynamics, Tecsys became a supplier to this market in 2018. Tecsys' DOM 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' management believes that demand for DOM systems will increase as a result of Covid-19. The restrictions on conventional in-store retail shopping in early 2020 has accelerated consumer demand for alternative fulfillment options such as curbside pickup, click-and-collect and ship-from-store. Tecsys' DOM is well-positioned to equip retailers for this expanded consumer demand.

Tecsys' partnership strategy continued to develop and mature in Fiscal 2020. Foundational relationships with key technology partners including International Business Machines Corporation, Oracle Corporation, Microsoft Corporation, Amazon Web Services (AWS), Workday Inc., and Honeywell International Inc. continued to support its product offering while strategic industry players like Zebra Technologies Corporation, Terso Solutions Inc., and Payroc LLC extend its offering. Value added reseller and service partners such as enVista LLC, Absolunet Inc., Sequoia Group Inc., Avalon Corporate Solution Corp, OSF Global Services Inc. and RiseNow, LLC have become active in the Company's customer base, extending its reach as intended.

Industry Verticals

Tecsys' management believes that the Itopia® 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 built on Tecsys' decades of expertise and investment into the healthcare industry through point-of-use, distribution and warehouse management solutions. Longstanding customers include major distributors, a number of health systems or Integrated Delivery Networks (IDNs), as well as third-party logistics providers (3PLs) in Canada and the United States. According to the American Hospital Association (AHA)[1], there are over 6,200 hospitals in the United States.

Today's healthcare supply chain is complex and costly; it represents the second largest area of expense for hospitals, behind only labor, consuming approximately 40% to 55%[2] of the average operating budget. Unlike retail and other industries where the supply chain is viewed as a strategic asset, the healthcare supply chain has often been underleveraged, even neglected. 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 behind other industries when it comes to supply chain technology investments. The manual labor required among supply chain, operations and clinical staff is inefficient, error prone and expensive. With disjointed systems and data, healthcare organizations have little or no visibility into and control over their supplies. This leads to expired product and significant waste.

In order 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.

Another vertical that carries opportunity is the converging retail market. Accelerated by a shift in consumer behavior following Covid-19 restrictions, there is greater demand[3] for ecommerce and order pickup buying options. Currently, many retailers operate siloed online and in-store order management processes, while others are not equipped for ecommerce options entirely. The bifurcation of physical and digital commerce has exposed disconnected retail customer experiences.

In order to transform the growing complexity of order management requirements in a retail environment offering multiple fulfillment options, retailers rely on DOM systems such as that offered by Tecsys. Technologies enabling optimization of complex order fulfillment routes, shipping costs, returns and inventory management equip retailers with a flexible platform for dynamic and scalable omnichannel retail.

1 *https://www.aha.org/statistics/fast-facts-us-hospitals*

2 *https://rctom.hbs.org/submission/healthcare-where-supply-chain-digitalization-is-life-or-death/*

3 *https://www.firstinsight.com/press-releases/coronavirus-impacting-shopping-decisions-spending-and-product-availability*

The SCM 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. 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 omnichannel 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 pose a significant threat, giving rise to omnichannel distribution networks and shrinking the margin for 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 brick and mortar, the resiliency of multichannel and online retailers, 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.

Agile companies are quickly outperforming and overtaking their less nimble competitors. A study by The Boston Consulting Group[4] shows that the leaders in digital supply chain management are seeing tremendous benefits:

- Increases in product availability of up to 10%.
- Response times to changes in market demand reduced by at least 25%.
- Realization of working-capital reductions improved by 30%
- Operating margins 40-110% higher than others, and 17-64% fewer cash conversion days.

McKinsey & Company's research[5] suggests that, on average, companies that digitize their supply chains can expect to boost annual growth of earnings before interest and taxes by 3.2% and annual revenue growth by 2.3%.

In a 2020 publication[6], PriceWaterhouseCooper surveyed over 1600 executives from companies across seven industries to investigate the role of digital supply chains in turbulent times. The survey reveals that investments into digital supply chain excellence result in:

- 2x increased revenues and 2x decreased costs as compared to digital novices.
- 84% report >90% on-time in-full delivery performance (compared to 12% of digital novices).
- 53% more inventory turns than digital novices.
- Benefits beyond numbers like risk management, increased asset utilization and improved sustainability.

The publication explains: "For many companies market environments are becoming ever-more challenging. To cope with constant change, companies will need to make sure that their organization is able to continuously evolve and improve. They'll need a culture of continuous innovation and cross-functional collaboration to get there - always keeping the end-to-end value chain in mind. Generally, that means beginning with the needs of the end customer, but also taking into account everything from factories, to warehouses, to backend technologies."

Material Handling Industry ("MHI") is the largest material handling, logistics and supply chain association in the U.S. and publisher of the 2020 MHI Annual Industry Report[7], produced in conjunction with Deloitte Consulting LLP. The report explores labor shortages and meaningful customer engagement through a lens of digital adoption, and the essential role of data-driven decision making. Further, the report cites: "Companies with the deepest two-way relationships with customers will thrive in tomorrow's economy. Visibility and transparency are the key ingredients for creating and maintaining this customer connection. Customer intimacy requires the ability to anticipate customers' needs and interests before they themselves can articulate them. It also requires the ability to meet demand in a relatively short time window, without artificially inflating costs."

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[4] *https://on.bcg.com/2wkJDHC*

[5] *McKinsey & Company; Digital transformation: raising supply chain performance to new levels*

[6] *https://www.pwc.com/gx/en/industrial-manufacturing/digital-supply-chain/supply-chain-2025.pdf*

[7] *https://www.mhi.org/publications/report*

In response, leading companies are adopting a more digital approach to business. Using digital innovation to improve supply chain efficiency, transparency and sustainability has become a necessity for continuing to grow the customer base and maintain a competitive standing.

Selected Key Events

On May 8, 2019, Gartner, Inc. released the latest Magic Quadrant[8] for Warehouse Management Systems, in which Tecsys was positioned in the "Visionaries" quadrant, a position it has held since its first inclusion in 2010. Gartner Magic Quadrant research methodology provides a graphical competitive positioning of four types of technology providers in fast-growing markets: Leaders, Visionaries, Niche Players and Challengers. Gartner has evaluated global WMS vendors based on their completeness of vision and ability to execute and has recognized 14 WMS suppliers that were included in the 2019 Magic Quadrant for Warehouse Management Systems, one of which is Tecsys.

On July 23, 2019, Tecsys announced the appointment of Steven Berkovitz to the position of chief platform officer. The newly-created senior executive role will focus on Tecsys' strategic development and implementation of a unified approach to cloud architecture across product lines.

During Fiscal 2020, Tecsys enhanced its shift from perpetual license to SaaS bookings. It also announced important functional advancements to its end-to-end retail supply chain platform and omnichannel order fulfillment solution with highlighted new and robust data-driven business intelligence (BI) analytics, an optimized user interface for order management orchestration and an enhanced mobile in-store application for store associates.

Finally, Tecsys released its the next generation pack-check user experience module in its flagship warehouse management.

On April 28, 2020, Tecsys completed an offering of 1,333,333 common shares of the Company including 173,913 common shares issued as a result of the exercise in full by the underwriters of their over-allotment option (the "Offered Shares") at a price of $17.25 per share, for aggregate gross proceeds of $22,999,994.25 (the "2020 Offering"). The 2020 Offering was completed on a bought deal basis and was underwritten by a syndicate of underwriters co-led by Stifel Nicolaus Canada Inc. and Cormark Securities Inc. which included Laurentian Bank Securities Inc. and Echelon Wealth Partners Inc.

On May 6, 2020, Gartner, Inc. released the 2020 Magic Quadrant[10] for Warehouse Management Systems, in which Tecsys was positioned in the "Visionaries" quadrant, a position that it has held since its first inclusion in 2010. Gartner Magic Quadrant research methodology provides a graphical competitive positioning of four types of technology providers in fast-growing markets: Leaders, Visionaries, Niche Players and Challengers. Gartner has evaluated global WMS vendors based on their completeness of vision and ability to execute and has recognized 15 WMS suppliers that were included in the 2020 Magic Quadrant for Warehouse Management Systems, one of which is Tecsys.

Description of Recent Acquisitions

On November 14, 2018, Tecsys Inc. acquired 100% of the issued and outstanding shares of OrderDynamics Corporation ("OrderDynamics") for a total consideration of $13,399,461 including $9,380,184 of cash paid at closing, $500,000 of cash paid in January 2019, the assumption of $1,604,512 of short term liabilities owed by OrderDynamics to Canada Revenue Agency ("CRA Liability") and future cash payments of (a) $500,000 held back pending final calculation of the CRA Liability ("CRA Liability Holdback") and (b) $1,500,000 held back for indemnification security ("Indemnification Holdback"), which was recorded at present value. The CRA Liability Holdback will be paid to the seller upon final agreement with Canada Revenue Agency on the CRA Liability. The Indemnification Holdback will be released two years from the date of closing, subject to the terms of the share purchase agreement and is recorded in other non-current liabilities.

On February 1, 2019, Tecsys Inc. acquired 100% of the issued and outstanding shares of Tecsys A/S for $13,370,000, net of cash and cash equivalents acquired, and consisting of $10,355,088 of cash paid at closing, $792,135 cash paid in March 2019 for working capital adjustments and future cash payments of (a) $1,216,800 held back for indemnification security ("Indemnification holdback") payable fifty percent 12 months after closing and fifty percent 24 months after closing and

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[8] *Gartner, "Magic Quadrant for Warehouse Management Systems" by C. Dwight Klappich & Simon Tunstall,*

(b) $1,006,036 Earnout payment based on achieving certain revenue and earnings before income taxes, depreciation and amortization targets through September 30, 2019. Earnout consideration of $1.1 million was paid in December 2019 due to higher achievement of targets. Half of the indemnification holdback was paid in February 2020.

Description of Business Model

Tecsys generates revenue from proprietary software sold as a perpetual license as well as under a Software as a Service (SaaS) model, proprietary hardware technology, third-party products (which includes hardware and software products), and the provision of related services.

Cloud, maintenance and subscription revenue includes SaaS, proprietary software maintenance, customer support, application hosting, database administration services and third-party products maintenance. At the end of fiscal 2020, this Annual Recurring Revenue[9] amounted to $48.1 million, up 26% from the prior year (up 23% on a constant currency basis). Annual Recurring Revenue is defined as the contractually committed purchase of cloud, maintenance and subscription services over the next twelve months. The quantification assumes that the customer will renew the contractual commitments on a periodic basis as they come up for renewal. This portion of the Company's revenue is predictable and stable, and the Company has reasonable assurance that it will occur at regular intervals with a high degree of certainty.

Professional services revenue includes both the fees associated with implementation assistance and ongoing services. These ongoing services include consulting, training, product adaptations and upgrade implementation assistance. Such revenue is typically derived from contracts based on a fixed-price or time-and-material basis and is recognized as the services are performed.

Cost of revenue comprises the cost of products purchased for re-sale and the cost of services.

Cost of products includes the cost of proprietary hardware technology and all third-party products purchased for re-sale and required to complete customer solutions and internal production and coordination costs related to the delivery of proprietary hardware technology and third-party equipment. The third-party products purchased for re-sale are typically other software products such as database and business intelligence software and hardware such as radio frequency equipment, storage equipment, and computer servers.

Cost of services includes mainly salaries, incentives, benefits and travel expenses of all personnel providing services as well as third party cloud infrastructure costs associated with delivering SaaS and hosting services. Also included in the cost of services is a portion of overhead and e-business tax credits available under a Quebec government incentive program designed to support the development of the information technology industry.

Sales and marketing as well as general and administration expenses include all personnel costs involved in these functions. They also include all other costs related to sales and marketing and general and administration, such as travel, rent, advertising, trade shows, professional fees, office expenses, training, telecommunications, bad debts, stock-based compensation, acquisition costs, equipment rentals and maintenance costs and overhead.

Research and development (R&D) includes salaries, benefits, incentives and expenses of all staff assigned to R&D. Fees paid to external consultants and sub-contractors are also included, along with a portion of overhead partially offset by research and development tax credits as well as e-business tax credits.

At the end of fiscal 2020, the Company employed 514 employees in comparison to 480 at the end of fiscal 2019. The average number of employees was 481 in fiscal 2020 in comparison to 398 for fiscal 2019.

Key Foreign Exchange Exposure and Hedging

The U.S. dollar strengthened by 1% against the Canadian dollar during fiscal 2020 in comparison to fiscal 2019. The U.S. dollar to Canadian dollar exchange rates for fiscal 2020 averaged CA $1.3362 in comparison to CA $1.3176 for fiscal 2019. Approximately 58% of the Company's revenue was generated in the United States in fiscal 2020. In comparison to fiscal 2019, the stronger U.S. dollar partially offset by the Company's partial hedging of U.S. revenue in fiscal 2020 gave rise to a favorable variance of $1.5 million. The stronger U.S. dollar impacted costs of sales and operating expenses unfavorably by approximately $0.2 million in fiscal 2020 as compared to fiscal 2019.

The U.S. dollar strengthened by 3% against the Canadian dollar during fiscal 2019 in comparison to fiscal 2018. The U.S. dollar to Canadian dollar exchange rates for fiscal 2019 averaged CA $1.3176 in comparison to CA $1.2774 for fiscal 2018. Approximately 61% of the Company's revenue was generated in the United States in fiscal 2019. In comparison to fiscal 2018,

[9] *Refer to section at end of MD&A titled "Key Performance Indicators"*

the stronger U.S. dollar partially offset by the unfavorable variance of the Company's partial hedging of U.S. revenue in fiscal 2019 gave rise to a favorable variance of $0.5 million. The stronger U.S. dollar impacted costs of sales and operating expenses unfavorably by approximately $0.4 million in fiscal 2019 as compared to fiscal 2018.

Selected Annual Information

In thousands of Canadian dollars, except per share data

	2020	2019	2018
Total Revenue	104,855	76,449	70,718
Profit/(Loss)	2,346	(741)	3,949
Comprehensive Income (Loss)	2,969	(835)	4,115
Adjusted EBITDA[10]	10,271	2,776	6,490
Basic and Diluted Earnings (Loss) per Common Share	0.18	(0.06)	0.30
Common Share Dividends	0.23	0.21	0.19
Total Assets	124,433	85,445	63,417
Long-term Debt (including the current portion)	10,831	11,849	121

In fiscal 2020, total revenue increased by $28.4 million. The acquisitions of OrderDynamics and Tecsys A/S contributed $18.8 million while the organic business contributed $9.6 million. The Company recorded $1.0 million of stock-based compensation expense and $0.4 million of restructuring costs related to acquisition and integration (primarily severance), which had a negative impact on Profit and no impact on Adjusted EBITDA[10] as these items are excluded from Adjusted EBITDA[10]. The implementation of International Financial Reporting Standard No. 16 - Leases had an insignificant impact on profit and positively impacted adjusted EBITDA[10] by $1.3 million (see note 3 in consolidated financial statements of fiscal year 2020). The Company recorded a $0.2 million cost for the fair value of contingent consideration to be paid for Tecsys A/S. This change in the fair value of the contingent consideration resulted from a strong financial performance of Tecsys A/S that increased contingent consideration to be paid to the sellers ("Earnout"). The Earnout period ended on September 30, 2019 and is the only Earnout period associated with the acquisition. This had a negative impact on Profit and no impact on Adjusted EBITDA[10].

Compared to fiscal 2019, Profit and Adjusted EBITDA[10] was positively impacted by $0.8 million and $2.3 million, respectively, from Tecsys A/S contribution (acquisition closed in February 2019). Profit and Adjusted EBITDA[10] was also positively impacted by $0.4 million and $1.3 million, respectively, of yearly sequential improvement from OrderDynamics (acquisition closed in November 2018).

Fiscal 2019 was a very active year, including two acquisitions, a rebranding campaign and a significant shift in our business to SaaS along with development and sales and marketing investment to drive growth.

Compared to fiscal 2018, fiscal 2019 (Loss)/Profit was negatively impacted by $1.5 million of OrderDynamics losses (our first acquisition of the year which closed in November 2018), $0.7 million of amortization related to intangible assets acquired in acquisitions closed during the year, $0.7 million of marketing rebranding costs, $1.9 million increased investment in sales and marketing and research and development, $0.3 million increase in bonus cost driven primarily by increased bookings especially with respect to our SaaS business, $1.3 million of acquisition costs related to the two acquisitions closed during the year, and $0.4 million of stock-based compensation expense related to the stock option plan introduced during the year, and $0.3 million legal expenses resulting primarily from a legal fee recovery in 2018. Fiscal 2019 (Loss)/Profit was positively

[10] *Refer to section at end of MD&A titled "Non-IFRS Performance Measures"*

impacted by $0.6 million of Tecsys A/S contribution (our second acquisition during the year which closed February 2019), $0.5 million increase in gross margin from the organic business and $1.5 million of tax benefit resulting primarily from the recognition of deferred tax assets.

Results of Operations
Year ended April 30, 2020 compared to year ended April 30, 2019

Revenue

Total revenue increased to $104.9 million, $28.4 million or 37% higher, compared to $76.4 million for fiscal 2019. The OrderDynamics and Tecsys A/S (previously known as PCSYS A/S) acquisitions contributed $18.8 million of the revenue variance while organic revenue was up $9.6 million or 14%.

Overall total contract bookings amounted to $112.7 million during fiscal 2020, an increase of 78% in comparison to $63.2 million for the same period last year. The increase was the result of organic bookings[11] growth of 49% as well as increased OrderDynamics and Tecsys A/S bookings[11] (full year bookings in fiscal 2020 compared to partial year bookings in fiscal 2019, the year of acquisition) . During fiscal 2020, the Company signed 34 new accounts with a total contract value of $52.7 million, up 242% compared to 23 new accounts with a total contract value of $15.4 million in fiscal 2019.

Proprietary products revenue, defined as internally developed products including proprietary software and hardware technology products, decreased to $5.4 million in fiscal 2020, $1.5 million or 23% lower in comparison to $6.9 million for the same period last year. The decline was driven by lower perpetual license revenue which was influenced by a shift to SaaS subscription bookings[11]. In fiscal 2020, SaaS subscriptions bookings[11] (measured on an Annual Recurring Revenue basis[11]) were $8.8 million, up 486% compared to $1.5 million in fiscal 2019. Perpetual license bookings[11] in fiscal 2020 were $4.7 million, down 20% compared to $5.9 million in fiscal 2019.

Third party products revenue increased to $15.9 million, up $9.1 million or 133% in fiscal 2020 in comparison to $6.8 million for the same period last year. The increase was the result of the acquisition of Tecsys A/S, which contributed $7.6 million towards the increase while the organic business contributed $1.4 million of the increase.

Cloud, maintenance and subscription revenue increased to $41.1 million, up $9.8 million or 31% in fiscal 2020 in comparison to $31.3 million for the same period last year. The increase is the result of $6.2 million of contribution from the acquisitions of OrderDynamics and Tecsys A/S as well as $3.6 million or 13% growth in our organic business, driven primarily by SaaS. Total Annual Recurring Revenue[11] at April 30, 2020 is $48.1 million, up 26% compared to $38.3 million at April 30, 2019. A significant amount of Annual Recurring Revenue (ARR)[11] is denominated in currencies other than Canadian Dollars. As a result, movements in exchange rates will have an impact on ARR[11]. During fiscal 2020, exchange movements had a $1.0 million positive impact on ARR.

Professional services revenue increased to $40.6 million, up $11.3 million or 38%, in fiscal 2020 in comparison to $29.3 million for the same period last year. The organic business contributed $6.8 million of the increase (up 24% from the same period last year). The significant increase in professional services revenue from the organic business results from the accumulation of professional services backlog over the previous quarters as well as continued strong demand. Acquisitions of OrderDynamics and Tecsys A/S contributed $4.5 million of the overall professional services revenue increase. Professional Services Bookings[11] in fiscal 2020 were $50.7 million, up 36% compared to $37.4 million in fiscal 2019.

Cost of Revenue

Total cost of revenue increased to $54.5 million, up $15.5 million or 40%, in fiscal 2020, in comparison to $39.0 million for fiscal 2019. The increase is attributable to higher services costs of $8.9 million and higher product costs of $6.7 million.

The cost of products increased to $12.8 million, up $6.7 million or 112%, in fiscal 2020 in comparison to $6.0 million for the same period last year. The increase is mainly due to the acquisition of Tecsys A/S, which added $6.0 million of hardware cost of revenue.

The cost of services increased to $39.8 million, up $8.9 million or 29%, in fiscal 2020 in comparison to $30.9 million for

[11] *Refer to section at end of MD&A titled "Key Performance Indicators"*

the same period last year. The increase is primarily the result of the acquisitions of OrderDynamics and Tecsys A/S, which contributed $5.5 million including $0.6 million of intangible amortization. Organic cost of services increased primarily as a result of direct costs associated with higher revenue. The cost of services includes tax credits of $1.6 million for fiscal 2020 compared to $1.9 million for the same period last year.

Gross Profit

Gross profit increased to $50.3 million, up $12.9 million or 34%, in fiscal 2020 in comparison to $37.4 million for the same period last year. This is mainly attributable to higher service margin of $12.1 million. Total gross profit percentage in the fiscal 2020 was 48% compared to 49% in fiscal 2019.

Services gross profit during fiscal 2020 increased by $12.1 million to $41.8 million in comparison to $29.7 million for the same period last year. Services gross profit was 51% in fiscal 2020 in comparison to 49% for the same period last year.

The products margin increased by $0.8 million in fiscal 2020 compared to the same period last year. This was primarily the result of Tecsys A/S hardware products margin partially offset by lower products margin from the organic business. The lower products margin from the organic business was primarily the result of lower license revenue and was directly impacted by the shift to SaaS bookings noted above. The resulting higher mix of hardware products resulted in a decline in the overall products margin from 56% in fiscal 2019 to 40% in fiscal 2020.

Operating Expenses

Total operating expenses for fiscal 2020 increased to $45.6 million, higher by $6.4 million or 16%, compared to $39.2 million for fiscal 2019. The acquisition of Tecsys A/S (formerly known as PCSYS A/S) and OrderDynamics contributed $5.6 million of the increase. The most notable differences between fiscal 2020 in comparison to fiscal 2019 are as follows:

- Sales and marketing expenses increased to $20.1 million, $2.9 million higher than the comparable previous fiscal year. The acquisitions of OrderDynamics and Tecsys A/S contributed $2.0 million of the increase while the increase in the organic business is primarily due to higher personnel costs including commissions partially offset by lower marketing expenses driven by prior year non-recurring rebranding program costs.
- General and administrative expenses increased to $9.8 million, $0.5 million higher than the comparable previous fiscal year. OrderDynamics and Tecsys A/S contributed approximately $0.4 million of the increase. The general and administrative expenses of Tecsys A/S include a $0.2 million fair value adjustment on the contingent consideration ("Earnout") for the acquisition of Tecsys A/S. The Earnout period ended on September 30, 2019 and is the only Earnout period associated with the acquisition. Earnout consideration of $1.1 million was paid in December 2019. For the organic business, acquisition-related costs decreased by $1.3 million and is offset by higher costs related to stock-based compensation and higher personnel costs.
- Net R&D expenses increased to $15.2 million, $2.6 million higher than fiscal 2019. The acquisitions of OrderDynamics and Tecsys A/S contributed $2.7 million of the increase, which was partially offset by slightly lower expenses from the organic business. The Company recorded $2.0 million of refundable and non-refundable R&D and e-business tax credits in fiscal 2020 compared to $1.7 million for the prior fiscal year. The Company amortized deferred development costs and other intangible assets of $0.6 million in fiscal 2020 compared to $1.1 million for fiscal 2019. Additionally, the Company deferred $0.6 million of development costs in fiscal 2020 compared to $0.2 million in fiscal 2019.
- Restructuring costs increased to $0.4 million, compared to $nil in the comparable fiscal year 2019. These costs are related to acquisition integration costs, primarily for severance, and were incurred in the first quarter of fiscal 2020.

Profit (Loss) from Operations

The Company recorded a profit from operations of $4.7 million representing 4% of revenue in fiscal 2020 in comparison to a loss from operations of $1.8 million in fiscal 2019 representing 2% of revenue. Contributing to the increase in profit is higher professional services and cloud, maintenance and subscription margin, stronger contribution from fiscal 2019 acquisitions, lower acquisition costs of $1.3 million and non-recurring rebranding program costs of $0.7 million and favorable impact from foreign exchange, partially offset by an increase in operating expenses and a decrease in perpetual license contribution in fiscal 2020 (resulting from the above noted shift to SaaS).

Net Finance Costs

In fiscal 2020, the Company recorded $1.1 million in net finance costs in comparison to $39,000 of net finance income for the prior fiscal year. These costs in the current period relate primarily to foreign exchange losses of $0.1 million and $1.0 million related to interest expense on long-term debt and interest expense resulting from new accounting for leases under IFRS 16. See "New Accounting Standards adopted during the year" below.

Income Taxes

In fiscal 2020, the Company recorded an income tax expense of $1.2 million comprised of current income tax expense of $2.1 million and deferred income tax benefit of $0.9 million. In fiscal 2019, the Company recorded an income tax benefit of $1.0 million comprised of current income tax expense of $0.8 million and deferred income tax benefit of $1.8 million. The increase in current income tax expense as compared to fiscal 2019 is due to the increase in profitability as compared to the prior fiscal year. The decrease in deferred income tax benefit in fiscal 2020 is mainly due to a decrease in the net change of unrecognized net deferred tax assets in fiscal 2020. The Company has not recorded deferred tax assets related to OrderDynamics operating losses, in spite of significant improvement in operating results, as OrderDynamics has not yet demonstrated a history of taxable profit.

As at April 30, 2020, the Company had recognized deferred tax assets of $7.0 million and has an unrecognized net deferred tax asset of $4.3 million covering various jurisdictions and approximately $5.6 million of Canadian federal non- refundable SRED tax credits which may be used only to reduce future Canadian federal income taxes otherwise payable. As such, the Company does not anticipate any significant cash disbursements related to Canadian federal income taxes in the medium term given its availability of Canadian federal non-refundable tax credits and deferred tax assets. Refer to note 18 of the consolidated financial statements for further details.

Profit (loss)

The Company realized a profit of $2.3 million or $0.18 per common share in fiscal 2020 compared to a loss of $0.7 million or $(0.06) per common share for fiscal 2019. See prior discussion above regarding profitability.

Results of Operations for the Fourth Quarter
Quarter ended April 30, 2020 compared to quarter ended April 30, 2019

Revenue

Total revenue for the fourth quarter ended April 30, 2020 increased to $27.7 million, $4.5 million or 20% higher, compared to $23.2 million for the same period of fiscal 2019. The U.S. dollar averaged CA$1.3765 in the fourth quarter of fiscal 2020 in comparison to CA$1.3321 in the fourth quarter of fiscal 2019. Approximately 64% (2019 – 58%) of the Company's revenues were generated in U.S. dollars during the fourth quarter of fiscal 2020. In comparison to the fourth quarter of fiscal 2019, the stronger U.S. dollar offset by the Company's partial hedging of U.S revenue gave rise to a favorable revenue variance of $0.7 million. The stronger U.S dollar gave rise to an unfavorable variance of $0.1 million on operating expenses during the fourth quarter of fiscal 2020 compared to the fiscal 2019 period.

Overall total contract bookings amounted to $40.9 million in the fourth quarter of fiscal 2020, an increase of 112% in comparison to $19.2 million for the same period last year. During the fourth quarter of fiscal 2020, the Company signed 8 new accounts with a total contract value of $25.4 million compared to 9 new accounts with a total contract value of $6.7 million in the fourth quarter of fiscal 2019.

Proprietary products revenue, defined as internally developed products including proprietary software and hardware technology products, amounted to $1.7 million in the fourth quarter of fiscal 2020, which remained flat compared to the same period last year. In the fourth quarter of fiscal 2020, SaaS subscription bookings (measured on an Annual Recurring Revenue basis) were $4.1 million, up 356% compared to $0.9 million in the fourth quarter of fiscal 2019. Perpetual license bookings in the fourth quarter of fiscal 2020 were $1.4 million compared to $1.2 million in the fourth quarter of fiscal 2019.

Third party products revenue increased to $4.2 million, up $1.5 million or 56% in the fourth quarter of fiscal 2020 in comparison to $2.7 million for the same period last year.

Cloud, maintenance and subscription revenue increased to $10.6 million, up $1.2 million or 14%, in the fourth quarter of fiscal 2020 in comparison to $9.4 million for the same period last year. The increase is primarily driven by SaaS. Total Annual Recurring Revenue at April 30, 2020 is $48.1 million, up 26% compared to $38.3 million at April 30, 2019 and up 13% sequentially compared to $42.5 million at January 31, 2020. A significant amount of Annual Recurring Revenue (ARR) is denominated in currencies other than Canadian Dollars. As a result, movements in exchange rates will have an impact on ARR. During the fourth quarter of fiscal 2020, exchange movements had a $1.4 million positive impact on ARR.

Professional services revenue increased to $10.8 million, up $1.8 million or 20%, in the fourth quarter of fiscal 2020 in comparison to $9.0 million for the same period last year. Professional Services Bookings in the fourth quarter of fiscal 2020 were $20.7 million, up 127% compared to $9.1 million in the fourth quarter of fiscal 2019. Professional services bookings are also up sequentially from prior quarters ($12.9 million in the third quarter of fiscal 2020 and $9.7 million in the second quarter of fiscal 2020).

Cost of Revenue

Total cost of revenue increased to $14.9 million, up $2.6 million or 21%, in the fourth quarter of fiscal 2020, in comparison to $12.3 million for the same period in fiscal 2019. The increase is primarily attributable to higher services costs of $1.6 million and higher product costs of $1.1 million.

The cost of products increased to $3.5 million, up $1.1 million or 47%, in the fourth quarter of fiscal 2020 in comparison to $2.4 million for the same period last year. The increase was the result of higher costs associated with higher hardware revenue.

The cost of services increased to $11.0 million, up $1.6 million or 17%, in the fourth quarter of fiscal 2020 in comparison to $9.4 million for the same period last year. The increase includes $0.2 million of intangible amortization. Cost of services increased primarily as a result of direct costs associated with higher revenue. The cost of services includes tax credits of $0.4 million for the fourth quarter of fiscal 2020 in comparison to $0.4 million in the fourth quarter of fiscal 2019.

Gross Profit

Gross profit increased to $12.9 million, up $2.0 million or 18%, in the fourth quarter of fiscal 2020 in comparison to $10.9 million for the same period last year. This is mainly attributable to higher service margin of $1.5 million and higher product margin of $0.5 million. Total gross profit percentage in the fourth quarter of fiscal 2020 was 46% compared to 47% in the same period of fiscal 2019.

Services gross profit during the fourth quarter of fiscal 2020 increased by $1.5 million to $10.5 million in comparison to $9.0 million for the same period last year. Services gross profit was 49% in the fourth quarter of fiscal 2020 in comparison to 49% for the same period last year.

The products margin increased by $0.5 million in the fourth quarter of fiscal 2020 compared to the same period last year. Product gross profit was 41% in the fourth quarter of fiscal 2020 compared to 45% for the same period last year. The decline is due to a higher mix of lower margin hardware revenue.

Operating Expenses

Total operating expenses for the fourth quarter of fiscal 2020 increased to $12.3 million, higher by $0.6 million or 5%, compared to $11.7 million for the same period last year. The most notable differences between the fourth quarter of fiscal 2020 in comparison with the same period in fiscal 2019 are as follows:

- Sales and marketing expenses amounted to $5.4 million, $0.3 million higher than the comparable quarter last year. The increase is attributed to higher personnel costs, partially offset by lower marketing program costs and lower travel costs due to the COVID-19 outbreak.
- General and administrative expenses decreased to $2.6 million, $0.2 million lower than the comparable quarter last year. The Company incurred higher personnel costs, which was offset by lower acquisition-related costs of $0.4 million. Stock-based compensation costs contributed $0.1 million of additional general and administrative expenses in the quarter compared to the same period last year.
- Net R&D expenses amounted to $4.3 million in fourth quarter of fiscal 2020, up $0.4 million from the same quarter last year. The increase was primarily the result of higher personnel and consulting costs. The Company recorded $0.5 million of R&D tax credits and e-business tax credits in the fourth quarter of fiscal 2020 in comparison to $0.4 million for the same period in fiscal 2019. The Company amortized deferred development costs and other intangible assets of $0.1 million in the fourth quarter of fiscal 2020 in comparison to $0.2 million for the same period in the prior fiscal year. Additionally, the Company deferred $0.1 million of development costs in the fourth quarter of fiscal 2020 compared to $0.1 million in the same period of last year.

Profit (loss) from Operations

The Company recorded profit from operations of $0.6 million representing 2% of revenue in the fourth quarter of fiscal 2020 in comparison to a loss from operations of $0.8 million representing 4% of revenue for the same period in fiscal 2019. Contributing to the increase in profit is higher professional services and cloud, maintenance and subscription margin as well as product margin, stronger contribution from FY2019 acquisitions, lower acquisition costs, favorable impact from foreign exchange and lower travel costs due to the COVID-19 outbreak partially offset by higher bonus costs.

Net Finance Costs

In the fourth quarter of fiscal 2020, the Company recorded $0.1 million in net finance costs in comparison to $0.1 in net finance costs for the comparable quarter last year. These costs in the current period relate primarily to a foreign exchange gains of $0.1 million and $0.2 million of interest expense on long-term debt and interest expense resulting from new accounting for leases under IFRS 16. See "New Accounting Standards adopted during the year" below.

Income Taxes

In the fourth quarter of fiscal 2020, the Company recorded an income tax expense of $0.1 million in comparison to an income tax benefit of $1.0 million in the fourth quarter of fiscal 2019. The decrease in income tax benefit as compared to the same period in fiscal 2019 is due primarily to higher profitability in the fourth quarter of fiscal 2020 as well as the recognition in fiscal 2019 of previously unrecognized deferred tax assets.

Profit

The Company realized a profit of $0.4 million or $0.03 per share in the fourth quarter of fiscal 2020 compared to a profit of $0.1 million or $0.01 per share for the same period in fiscal 2019.

Quarterly Selected Financial Data

(Quarterly data are unaudited)

In thousands of Canadian dollars, except per share data

Fiscal Year 2020	Q1	Q2	Q3	Q4	Total
Total Revenue	24,250	26,008	26,847	27,750	104,855
Profit (loss)	(267)	1,404	834	375	2,346
Comprehensive Income (loss)	(488)	1,439	818	1,200	2,969
Adjusted EBITDA[12]	1,995	3,677	2,648	1,951	10,271
Basic and Diluted Earnings per Common Share	(0.02)	0.11	0.06	0.03	0.18

Fiscal Year 2019	Q1	Q2	Q3	Q4	Total
Total Revenue	16,282	18,184	18,792	23,191	76,449
Profit (loss)	13	596	(1,429)	79	(741)
Comprehensive Income (loss)	63	552	(1,307)	(143)	(835)
Adjusted EBITDA[12]	536	1,654	(98)	684	2,776
Basic and Diluted Earnings per Common Share	NIL	0.05	(0.11)	0.01	(0.06)

In the fourth quarter of fiscal 2020, Adjusted EBITDA was positively impacted by $0.4 million resulting from the implementation of International Financial Reporting Standard No. 16 – "Leases". See further discussion below under New Accounting Standards adopted during the year.

In the third quarter of fiscal 2020, Adjusted EBITDA was positively impacted by $0.3 million resulting from the implementation of International Financial Reporting Standard No. 16 - "Leases". See further discussion below under New Accounting Standards adopted during the year.

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

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

In the fourth quarter of fiscal 2019, the Company recorded $0.5 million of costs related to the acquisition of OrderDynamics and Tecsys A/S and $0.1 million related to stock-based compensation expense. This had a negative impact on Profit. Also, included in the fourth quarter of fiscal 2019 is the loss related to OrderDynamics of $1.1 million. This had a negative $1.1 million impact on Profit and a negative $0.9 million impact on Adjusted EBITDA. The total of the above items had a $1.7 million negative impact on Profit and a $0.9 million negative impact on Adjusted EBITDA in the fourth quarter of fiscal 2019.

[12] *Refer to section at end of MD&A titled "Non-IFRS Performance Measures*

As noted above, the decline in our organic perpetual license revenue in the fourth quarter of fiscal 2019 was influenced by a shift to SaaS subscription bookings. During the fourth quarter of fiscal 2019, approximately 60% of our software product bookings were SaaS compared to 4% in the fourth quarter of fiscal 2018. This had a material impact on Profit and Adjusted EBITDA in the fourth quarter as these bookings result in revenue recognition over the coming years (typically five-year contracts recognized rateably) as opposed to up front revenue recognition for perpetual license bookings.

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

In the fourth quarter of fiscal 2019, the Company recorded $0.1 million of Canadian federal non-refundable research and development tax credits and $1.8 million of deferred tax benefit.

Liquidity and Capital Resources

On April 30, 2020, current assets totaled $67.0 million compared to $38.0 million at the end of fiscal 2019. Cash and cash equivalents increased to $27.5 million compared $14.9 million in fiscal 2019. The increase in Cash and cash equivalents is primarily due to the bought deal share issuance. On April 28, 2020, the Company completed an offering of 1,333,333 common shares resulting in net total proceeds of $21,718,842 (See note 16 of the April 30, 2020 Annual Consolidated Financial Statements for more details). The Company invested $10.0 million of the net proceeds in a 30-days renewable simple-interest guaranteed investment certificate (''GIC''), which is presented as short-term investments on the consolidated balance sheet.

Accounts receivable and work in progress totaled $19.3 million on April 30, 2020 compared to $15.8 million as at April 30, 2019. The increase in accounts receivable and work in progress is due to higher revenue which more than offset significant cash collections during fiscal year 2020 and to the foreign exchange impact on the translation of U.S dollar receivables due to the closing rate for the U.S dollar increasing from CA$1.3391 as at April 30, 2019 to CA$1.3877 as at April 30, 2020.

The Company's DSO[13] (days sales outstanding) stood at 63 days at the end of fiscal 2020 compared to 61 at the end of fiscal 2019.

Current liabilities on April 30, 2020 increased to $42.9 million compared to $31.0 million at the end of fiscal 2019 mainly due to an increase in accounts payable and accrued liabilities, deferred revenue, lease obligations, other current liabilities and current portion of long-term debt. Working capital increased to $24.1 million at the end of April 30, 2020 in comparison to $6.9 million at the end of fiscal year 2019. The increase is primarily due to higher cash and cash equivalents, increase in short-term investments and accounts receivable, partially offset by higher accounts payable and accrued liabilities, deferred revenue and lease obligations resulting from the implementation of IFRS 16 (see further discussion under New Accounting standards adopted during the year).

The Company believes that funds on hand at April 30, 2020 combined with cash flow from operations and its accessibility to banking facilities will be sufficient to meet its covenants and its needs for working capital, R&D, capital expenditures, and dividends for at least the next twelve months.

Cash from Operations

Operating activities generated $10.0 million of cash in fiscal 2020 in comparison to $4.1 million in fiscal 2019. Operating activities excluding changes in non-cash working capital items related to operations generated $7.3 million in fiscal 2020 and $0.6 million in fiscal 2019. The increase is primarily due to higher profitability compared to fiscal 2019 and was also positively impacted by the implementation of IFRS 16 in fiscal 2020, under which fixed rent payments are recognized as negative cash flows under financing activities as opposed to operating activities.

Non-cash working capital items generated funds of $2.7 million in fiscal 2020 primarily due to increases in accounts receivable of $3.4 million, other receivables of $0.3 million and prepaid expenses and contract acquisition costs of $2.9 million, offset by increases in accounts payable and accrued liabilities of $7.3 million and deferred revenue of $1.9 million.

Non-cash working capital items generated funds of $3.5 million in fiscal 2019 primarily due to decreases in accounts

[13] *Refer to section at end of MD&A titled "Key Performance Indicators"*

receivable of $1.7 million and inventory of $0.5 million, increases of accounts payable and accrued liabilities of $0.8 million and deferred revenue of $1.3 million, partially offset by increases in tax credits of $0.2 million and prepaid expenses and contract acquisition costs of $0.6 million.

Financing Activities

Cash flows generated from financing activities amounted to $15.9 million for fiscal 2020 in comparison to $8.9 million for fiscal 2019.

During fiscal 2020, financing activities related primarily to proceeds from issuance of common shares, partially offset by payments related to dividends, interests, lease obligations and long-term debt.

During fiscal 2019, financing activities related primarily to proceeds received from the Term Loan of $12.0 million, partially offset by payments related to long-term debt and dividends. Cash proceeds from the Term loan were subsequently used for the acquisition of Tecsys A/S.

During fiscal 2020, on April 28, 2020, the Company completed an offering of 1,333,333 common shares of the Company at the offering price of $17.25 per common share for aggregate gross proceeds of $22,999,994 (the "Offering"). The Offering included a treasury offering of 1,159,420 shares by the Company and 173,913 common shares purchased by the underwriters pursuant to the exercise of their over-allotment option on April 28, 2020. The Offering was completed on a bought deal basis and was underwritten by a syndicate of underwriters co-led by Stifel Nicolaus Canada Inc. and Cormark Securities Inc.

The common shares were offered by way of a short form prospectus filed in all provinces in Canada.

Transaction costs directly associated with this issuance of treasury shares of approximately $1,706,896 ($1,258,342 net of taxes) have been recognized as a reduction of the proceeds, resulting in net total proceeds of $21,718,842.

During fiscal 2020, the Company repaid $1.0 million of the long-term debt compared to $0.3 million for fiscal 2019.

During fiscal 2020, the Company declared quarterly dividends of $0.0555 for the first two quarters and $0.06 for each of the following quarters for an aggregate of $3.0 million. During fiscal 2019, the Company declared quarterly dividends of $0.05 for each of the first two quarters and $0.055 for each of the following two quarters for an aggregate of $2.7 million.

Investing Activities

During fiscal 2020, investing activities used funds of $13.2 million in comparison to $11.5 million for fiscal 2019.

During April 2020, $10.0 million of cash from the Offering was invested in a renewable short-term GIC. During fiscal 2019, the Company redeemed its long-term GIC of $10.0 million to partially fund the acquisition of OrderDynamics on November 14, 2018.

During fiscal 2020, the Company paid $1.1 million related to the contingent payable earnout of Tecsys A/S. Part of that earnout payment included $0.2 million related to the fair value adjustment of the contingent payable which was presented under operating activities with the remaining payment presented under investing activities. In fiscal 2020, the Company also paid $0.6 million for the first instalment on Tecsys A/S' Indemnification holdback.

The Company used funds of $1.1 million and $0.6 million for the acquisition of property and equipment and intangible assets in fiscal 2020 and fiscal 2019, respectively.

Additionally, the Company invested in its proprietary products with the capitalization of $0.6 million and $0.2 million reflected as deferred development costs in fiscal 2020 and fiscal 2019, respectively.

The Company received interest of $0.1 million and $0.2 million in fiscal 2020 and fiscal 2019, respectively.

Commitments and Contractual Obligations

The Company has a lease agreement for its head office in Montreal, Quebec which expires on November 30, 2025 and has an option to extend for five additional years until November 30, 2030. The Company has a lease agreement for its office in Markham, Ontario. The lease term of ten years and eight months terminates on July 31, 2022 and has two options to extend for 5 additional years per option. 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, 2020, the principal commitments consist of operating leases, long-term debt and other obligations. The following table summarizes significant contractual obligations as at April 30, 2020. The operating leases represents the minimum lease payments for leases of office space and equipment recognized on the consolidated balance sheet as lease liabilities under IFRS16.

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
Long-term Debt	10,831	1,231	9,600	-	-
Lease obligations	12,245	1,175	3,440	3,329	4,301
Other obligations	877	388	430	59	-
Accounts payable and accrued liabilities and other liabilities	24,603	24,603	-	-	-
Total Contractual Obligations	48,556	27,397	13,470	3,388	4,301

Other obligations above 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 2020, the Company declared a dividend of $0.055 per share on two occasions that were paid on August 2, 2019 and October 4, 2019 to shareholders of a record at the close of business on July 19, 2019 and September 20, 2019, respectively and declared a dividend of $0.06 per share on two other separate occasions that were paid on January 10, 2020 and April 9, 2020 to shareholders of record at the close of business on December 19, 2019 and March 19, 2020, respectively, for an aggregate of $3.0 million.

During fiscal 2019, the Company declared a dividend of $ 0.05 per share on two occasions that were paid on August 3, 2018 and October 5, 2018 to shareholders of record at the close of business on July 20, 2018, and September 21, 2018, respectively, and declared a dividend of $0.055 per share on two other separate occasions that were paid on January 11, 2019 and April 11, 2019 to shareholders of record at the close of business on December 21, 2018 and March 21, 2019, respectively, for an aggregate of $2.7 million.

Related Party Transactions

Under the provisions of the executive share purchase plan for key management and other management employees, the company provided interest-free loans to key management and other management employees of $682,000 (2019-$575,000) to facilitate their purchase of the Company's common shares during fiscal 2020. As of April 30, 2020, loans outstanding amounted to $528,000 (2019-$241,000).

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 Event

On July 8, 2020, the Company's Board of Directors declared a quarterly dividend of $0.06 per share to be paid on August 7, 2020 to shareholders of record on July 24, 2020.

Off-Balance Sheet Agreements

The Company was not involved in any off-balance sheet arrangements as at April 30, 2020 with the exception of variable payments related to operating leases and operating leases with terms of twelve months or less. See further discussion under "New Accounting Standards Adopted during the Year" below.

Current and Anticipated Impacts of Current Economic Conditions

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

Total backlog[14] at April 30, 2020 was $120.4 million. This includes Annual Recurring Revenue[14] of $48.1 million, Professional Services backlog[14] of $35.0 million and multi-year recurring revenue amounts beyond one year and hardware. Based on the Annual Recurring Revenue[14] and Professional Services backlog[14], the Company's management believes that quarterly services revenue (Cloud, Maintenance and Subscription revenue plus Professional Services revenue) ranging between $20.5 million and $21.5 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 licensing, hosting services, modular sales and implementations, and enhanced payment terms to promote revenue growth. We see continued market appetite for subscription based SAAS licensing. To the extent our bookings continue to shift from perpetual license to SAAS, revenue and operating profit will be impacted in the medium term and this could be material.

The exchange rate of the U.S. dollar in comparison to the Canadian dollar continues to be an important factor affecting revenues and profitability as the Company generally derives approximately 55% to 65% 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.

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

COVID-19

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

[14] *Refer to section at end of MD&A titled "Non-IFRS Performance Measures*

The Company will continue to monitor developments of the pandemic and continuously assess the pandemic's potential further impact on Tecsys' operations and business. The situation is dynamic, and the ultimate duration and magnitude of the impact of the pandemic on the economy and the financial effect on Tecsys' operations and business are not known at this time. In developing estimates for the year ended April 30, 2020, management determined that COVID-19 has minimal impact on key assumptions. However, because of the uncertainty that exists, it is not possible to reliably estimate the impact that these developments will have on the Company's financial results, conditions and cash flow.

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 $0.3 million net gain was recorded as $1.0 million in other accounts receivable and $0.7 million in accounts payable and accrued liabilities as at April 30, 2020 (April 30, 2019 - $0.3 million loss was recorded as a liability 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 over the coming year with the intention of stabilizing revenue and margin expectations due to possible short term exchange fluctuations, and secondly 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, short-term investments and other receivables. 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.

At April 30, 2020, there is one customer comprising 6% (fiscal 2019 - 9%) of total trade accounts receivable and work in progress. Subsequent to April 30, 2020, this amount has been substantially collected. 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 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. As discussed in the MD&A section on Recent Developments, the Company is not currently experiencing or anticipating any material credit losses as a result of the COVID-19 outbreak.

Refer to note 23 of the April 30, 2020 Annual 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 July 8, 2020, the Company has 14,416,543 common shares outstanding. The Company issued 1,333,333 shares as part of a bought deal offering and 834 shares for the exercise of stock options in fiscal 2020.

Critical Accounting Policies

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

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, disclosures of contingent assets and liabilities and recognized amounts of revenue and expenses. Actual results may differ from these estimates.

Reported amounts and note disclosures reflect the overall economic conditions that are most likely to occur and the anticipated measures that management intends to take. Actual results may differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

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.

Impairment of assets:

Impairment assessments may require the Company 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:

Revenue recognition is subject to critical judgment, particularly in bundled arrangements where judgment is required in identifying performance obligations and allocating revenue to each performance obligation, which may include licenses, professional services, maintenance services and subscription services, 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 the performance obligations impacts the amount and timing of revenue recognition.

(ii) Government assistance:

Management uses judgment in estimating amounts receivable for various refundable and non-refundable tax credits earned from the federal and provincial governments and in assessing the eligibility of research and development and other expenses which give rise to these credits.

(iii) 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.

(iv) Impairment of assets:

Impairment assessments are based on internal estimates of the recoverable amount of a CGU. This determination requires significant estimates in a variety of areas including: expected sales, gross margins, selling costs, timing and size of cash flows, and discount and interest rates. The Company documents and supports all assumptions made in 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.

(v) Allowance for expected credit losses:

The Company recognizes a loss allowance for expected credit losses on trade accounts receivable, using a probability weighted estimate of credit losses. In its assessment, management estimates the expected credit losses based on actual credit loss experience and informed credit assessment, taking into consideration credit loss insurance and the creditworthiness of each customer, taking into account each customer's financial condition and payment history and forward-looking information. Furthermore, these estimates must be continuously evaluated and updated. If actual credit losses differ from estimates, future earnings would be affected.

(vi) Business combinations:

Business combinations are accounted for in accordance with the acquisition method. On the date that control is obtained, the identifiable assets, liabilities and contingent liabilities of the acquired company are measured at their fair value. Depending on the complexity of determining these valuations, the Company uses appropriate valuation techniques which are generally based on a forecast of the total expected future net discounted cash flows. These valuations are linked closely to the assumptions made by management regarding the future performance of the related assets and the discount rate applied as it would be assumed by a market participant.

New Accounting Standards adopted during the year

International Financial Reporting Standard No. 16 – "Leases" ("IFRS 16"):

Effective May 1, 2019, the Company adopted IFRS 16 using the modified retrospective approach with the effect of initially applying this standard recognized at the date of application. The Company has not restated the comparatives for the 2019 financial year as permitted under the specific transitional provisions in the standard. The impact from the new leasing standard is therefore recognized in the opening balance sheet on May 1, 2019.

IFRS 16 introduces new or amended requirements with respect to lease accounting. The standard specifies how to recognize, measure, present and disclose leases. IFRS 16 provides a single lessee accounting model, requiring lessees to recognize a right-of-use asset as well as a lease liability reflecting the present value of future lease payments.

The implementation of IFRS 16 allows for certain practical expedients at the date of initial application. The Company has elected to use the following exemptions and practical expedients:

(i) To grandfather the assessment of which transactions are leases on the date of initial application, the Company applied IFRS 16 only to contracts that were previously identified as leases under IAS 17.

(ii) Use of the same discount rate for portfolio of leases with similar characteristics;

(iii) Exemption, on a lease-by-lease basis, of recognizing a right-of-use asset and lease liability when the lease term is within 12 months of the date of initial application;

(iv) Exemption, on a lease-by-lease basis, of recognizing a right-of-use asset and lease liability when the lease has an underlying asset that is of low value;

(v) Exclude initial direct costs, at the date of initial application only, on a lease-by-lease basis from the measurement of the right-of-use asset;

(vi) Use hindsight at the date of initial application only, on a lease-by-lease basis, to determine the lease term if the contract contains options to extend or terminate the lease;

(vii) No reassessment on whether a contract is or contains a lease under IAS 17.

Impact of transition

IFRS 16 changes how the Company accounts for leases previously classified as operating leases under IAS 17, which were off-balance-sheet. Under this method, the Company elected to measure right-of-use of asset as if IFRS 16 had been applied since the commencement date of a lease using a discount rate based on the borrowing rate at the date of initial application. The cumulative effect of initially applying IFRS 16 at initial application was recognized in retained earnings as of May 1, 2019 and comparative information presented for 2019 has not been restated.

The Company used its incremental borrowing rate at May 1, 2019 to calculate the right-of-use assets and lease liabilities. The weighted-average rate applied is 3.77%.

The following tables summarize the impact of adopting IFRS 16 on the Company's consolidated statement of financial position as at May 1, 2019, and its statement of income and comprehensive income for the year ended April 30, 2020.

	Impact of adopting IFRS 16 at May 1, 2019
Right-of-use assets - Increase	$ 8,418
Deferred tax assets - Increase	404
Lease obligations – current - Increase	(984)
Lease obligations – non-current - Increase	(9,226)
Deferred rent liability - Decrease	271
Impact at May 1, 2019 - Retained earnings	$ (1,117)

	Impact of adopting IFRS 16 for year ended April 30, 2020
Cost of revenue – Services - Decrease	$ 154
Cost of revenue – Products - Decrease	20
Operating expenses – Sales and Marketing - Decrease	19
Operating expenses – General and Administration - Decrease	44
Operating expenses – Research and Development - Decrease	81
Interest expense – Increase	(372)
Income tax expense – Decrease	14
Impact at April 30, 2020 – Statements of Income and Comprehensive income	$ (40)

The following table reconciles the Company's operating lease obligations at April 30, 2019, as previously disclosed in the Company's consolidated financial statements, to the lease obligations recognized on initial application of IFRS 16 at May 1, 2019:

Operating lease commitments at April 30, 2019	$ 13,804
Effect of discounting using the incremental borrowing rate at May 1, 2019	$ (1,636)
Variable lease payments that do not depend on an index or rate	(5,513)
Recognition exemption for short-term leases	(484)
Recognition exemption for low value leases	(348)
Extension options reasonably certain to be exercised	4,387
Lease obligations as at May 1, 2019	$ 10,210

New standards and interpretations not yet adopted

A number of new standards, and amendments to standards and interpretations, are not yet effective for the years ended April 30, 2020 and 2019, and have not been applied in preparing these consolidated financial statements. Management does not expect that any of the new standards and amendments to existing standards issued but not yet effective would have a material impact on the Company's consolidated financial statements.

Risks and Uncertainties

The Company has incurred net losses in the past and may incur losses in the future.

The Company incurred net profits from fiscal 2008 to fiscal 2018, incurred a net loss in fiscal 2019 and then profit in fiscal 2020. The Company continuously adjusts its operating model to ensure ongoing profitability. However, there can be no assurance that the Company will achieve or sustain profitability in the future. As of April 30, 2020, the Company had retained earnings of $8.8 million. The limited operating history of the Company as a public company and its dependence on a market characterized by rapid technological change make the prediction of future results of operations difficult or impossible. There can be no assurance that the Company can generate substantial revenue growth on a quarterly or annual basis, or that any revenue growth that is achieved can be sustained. Revenue growth that the Company has achieved or may achieve may not be indicative of future operating results. In addition, the Company may increase its operating expenses in order to fund higher levels of R&D, increase its sales and marketing efforts, develop new distribution channels, broaden its customer support capabilities and expand its administrative resources in anticipation of future growth. To the extent that increases in such expenses precede or are not subsequently followed by increased revenues, the Company's business, results of operations and financial condition would be materially adversely affected.

The Company's operations could be adversely affected by events outside of its control, such as natural disasters, wars or health epidemics.

The Company may be impacted by business interruptions resulting from pandemics and public health emergencies, including those related to COVID-19 coronavirus, geopolitical actions, including war and terrorism or natural disasters including earthquakes, typhoons, floods and fires. COVID-19 has had disruptive effects on the global economy and such impact and increased uncertainty has increased volatility in worldwide financial markets. Although the full extent of the impact of the outbreak is uncertain, increased or prolonged economic disruption as a result of the coronavirus may have an adverse impact on the Company's results of operations or financial condition. A prolonged disruption may in the future impact the Company's ability to sign new orders and execute project implementations. This may have a material adverse impact on the Company's ability to maintain operating cash flow and collect trade receivables. It may also have a materially adverse impact on the recoverability of the Company's long-term non-financial assets, including intangible assets and goodwill.

If the Company is unable to attract new customers or sell additional products to its existing customers, its revenue growth and profitability will be adversely affected.

To increase its revenue and achieve and maintain profitability, the Company must regularly add new customers or sell additional solutions to its existing customers, which it plans to do. Numerous factors, however, may impede its ability to add new customers and sell additional solutions to its existing customers, including its inability to convert companies that have been referred to the Company by its existing network into paying customers, failure to attract and effectively train new sales and marketing personnel, failure to retain and motivate its current sales and marketing personnel, failure to develop relationships with partners or resellers and/or failure to ensure the effectiveness of its marketing programs. In addition, if prospective customers do not perceive its solutions to be of sufficiently high value and quality, it will not be able to attract the number and types of new customers that it is seeking.

Impact of transitioning from primarily on-premise perpetual license sales to a higher mix of Software as a Service ("SaaS")

The Company offers certain of its solutions as Software as a Service ("SaaS") which will negatively impact revenue and earnings in the transition period and make forecasting its revenue, earnings and cash flow more unpredictable. The Company significantly began to offer more of its solutions under the SaaS option in fiscal 2019, in addition to its on- premise perpetual license option. Under a SaaS subscription agreement, customers pay a periodic fee for the right to use the Company's software within a cloud-based environment that it provides and manages over a specified period of time. The Company believes that over time a growing number of its customers and prospects will elect to purchase its solutions as SaaS rather than under an on-premise perpetual license.

Until the Company has fully transitioned to a stable mix of SaaS and on-premise perpetual license arrangements, it expects that combined license and SaaS revenue will decrease due to the difference in revenue recognition for SaaS (for which revenue is recognized ratably over the term of the SaaS arrangement) and on-premise perpetual license (for which revenue is generally recognized upon purchase) and that maintenance revenue (which comprises a significant portion of Tecsys' revenue) may also be impacted due to support being included in the SaaS offering.

The Company's revenue, earnings and cash flow are based on the mix of revenue between SaaS and on-premise perpetual license revenue including timing, number and size of deals. If a greater percentage of its customers purchase its solutions as SaaS in any period, Tecsys' revenue, earnings and cash flow will likely fall below expectations for that period.

Fluctuations in Quarterly Results may fail to meet the expectations of investors or security analyst which could cause the Company's share price to decline.

The Company's quarterly operating results have in the past, and will in the future, fluctuate significantly, depending on factors such as the demand for the Company's products, the size and timing of orders, the mix of on-premise perpetual license and SaaS, the number, timing and significance of new product announcements by the Company and its competitors, the ability of the Company to develop, introduce and market new and enhanced versions of its products on a timely basis, the level of product and price competition, changes in operating expenses, changes in average selling prices and product mix, sales personnel changes, the mix of direct and indirect sales, product returns and general economic factors, among others.

In particular, the Company's quarterly results are affected by the mix of on-premise perpetual license and SaaS, timing of new releases of its products and upgrades. The Company's operating expenses are based on anticipated revenue levels in the short term and are relatively fixed and incurred throughout the quarter. As a result, if the revenues are not realized in the expected quarter, the Company's operating results could be materially adversely affected. Quarterly results in the future will be influenced by these or other factors, including possible delays in the shipment of new products and purchasing delays of current products as customers anticipate new product releases. Accordingly, there could be significant variations in the Company's quarterly operating results.

Lengthy Sales and Implementation Cycle could have an adverse effect on the amount, timing and predictability of the Company's revenue.

The sale and implementation of the Company's products generally involves a significant commitment of resources by prospective customers. As a result, the Company's sales process is often subject to delays associated with lengthy approval processes attendant to significant capital expenditures. For these and other reasons, the sales cycle associated with the signing of new sales agreements for the Company's products varies substantially from customer to customer and typically lasts between six and twelve months. During this time, the Company may devote significant resources to a prospective customer, including costs associated with multiple site visits, product demonstrations and feasibility studies, and experience a number of significant delays over which it has no control. In addition, following a new sales agreement, the implementation period may involve six to twenty-four months for consulting services, customer training and integration with the customer's other existing systems.

Defects, Delays or Interruptions in providing SaaS will have an impact on the operating results of the Company.

If the Company encounters defects, delays or interruptions in its SaaS, the demand for these services could diminish, and the Company could incur significant liability. The Company currently utilizes data center hosting facilities and cloud compute service providers, which are managed by third-parties, to provide cloud-based solutions and hosting services to its customers. If the data center facilities or cloud compute service providers fail or encounter any damage, it could result in interruptions in services to the Company's customers. This could result in unanticipated downtime for the Company's customers, and in turn, its reputation and business could be adversely affected. In addition, if the Company's customers use SaaS arrangements in unanticipated ways, this could cause an interruption in service for other customers attempting to access their data. Moreover, since SaaS customers access the services via the internet, any interruptions in the internet availability will affect the customers' operations.

If any defects, delays or interruption in the Company's SaaS solutions occur, customers could elect to cancel their service, delay or withhold payment to the Company, not purchase from the Company in the future or make claims against it, which could adversely affect its business reputation, results of operations, cash flow, and financial condition.

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.

The Company's operations involve the storage and transmission of the confidential information of many of its customers and security breaches could expose it to a risk of loss of this information, litigation, indemnity obligations and other liability. If its security measures are breached as a result of third-party action, employee error, malfeasance or otherwise, and, as a result, someone obtains unauthorized access to its customers' data, including personally identifiable information regarding users, damage to its reputation is likely, its business may suffer and it could incur significant liability. Because techniques used to obtain unauthorized access or to sabotage systems change frequently and generally are not recognized until launched against a target, it may be unable to prevent these techniques or to implement adequate preventative measures. The Company has implemented technical, organizational and physical security measures, including employee training, backup systems, monitoring and testing and maintenance of protective systems and contingency plans, to protect and to prevent unauthorized access to confidential information of its customers and to reduce the likelihood of disruptions to its systems.

Despite these measures, all its information systems, including back-up systems and any third party service provider systems that it employs, are vulnerable to damage, interruption, disability or failure due to a variety of reasons, including physical theft, electronic theft, fire, power loss, computer and telecommunication failures or other catastrophic events, as well as from internal and external security breaches, denial of service attacks, viruses, worms and other known or unknown disruptive events. The Company or its third-party service providers may be unable to anticipate, timely identify or appropriately respond to one or more of the rapidly evolving and increasingly sophisticated means by which computer hackers, cyber- terrorists and others may attempt to breach its security measures or those of its third-party service providers' information systems.

If a breach of its security measures occurs, the market perception of their effectiveness could be harmed and the Company could lose potential sales and existing customers. Further, a security breach affecting one of its competitors or any other company that provides hosting services or delivers applications under a SaaS model, even if no confidential information of its customers is compromised, may adversely affect the market perception of its security measures and it could lose potential sales and existing customers.

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 software industry is characterized by rapid technological change and frequent new product introductions. Accordingly, the Company believes that its future success depends upon its ability to enhance current products or develop and introduce new products that enhance performance and functionality at competitive prices. The Company's inability, for technological or other reasons, to develop and introduce products in a timely manner in response to changing market conditions or customer requirements could have a material adverse effect on its business, results of operations and financial condition.

The ability of the Company to compete successfully will depend in large measure on its ability to maintain a technically competent R&D staff and adapt to technological changes and advances in the industry, including providing for the continued compatibility of its software products with evolving computer hardware and software platforms and operating environments. There can be no assurance that the Company will be successful in these efforts.

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.

The Company competes in many cases against companies with more established and larger sales and marketing organizations, larger technical staff and significantly greater financial resources. As the market for the Company's products continues to develop, additional competitors may enter the market and competition may intensify. Additionally, there can be no assurance that competitors will not develop products superior to the Company's products or achieve greater market acceptance due to pricing, sales channels or other factors.

If the Company fails to retain its key employees, its business would be negatively impacted.

The Company's dependence on key personnel to operate its business represents risk of loss of expertise if key personnel were to leave.

The Company depends on the experience and expertise of its executive management team. Competition for executives, as well as for skilled product development and technical personnel, in the software industry is intense and the Company may not be able to retain or recruit needed personnel. If the Company is not able to retain and attract existing and additional highly-qualified management, sales and technical personnel, it may not be able to successfully execute its business strategy.

The Company's ability to support the growth of its business will be substantially dependent upon having in place highly trained internal and third-party resources to conduct pre-sales activity, product implementation, training and other customer support services.

The Company's strategy includes pursuing acquisitions and its potential inability to successfully integrate newly-acquired companies or businesses may adversely affect its financial results.

The Company may continue to expand its operations or product line through the acquisition of additional businesses, products or technologies which may include different geographic locations. Acquisitions may involve a number of special risks, including diversion of Management's attention, failure to retain key acquired personnel, risk associated with specific vertical markets, business model, integration, geographic locations, unanticipated events or circumstances and legal liabilities, some or all of which could have a material adverse effect on the Company's business, results of operations and financial condition.

Risk of Software Defects could adversely affect the Company's business.

Software products as complex as those offered by the Company frequently contain errors or defects, especially when first introduced or when new versions or enhancements are released. Despite product testing, the Company has in the past released products with defects, discovered software errors in certain of its new versions after introduction and experienced delays or lost revenue during the period required to correct these errors. The Company regularly introduces new releases and periodically introduces new versions of its software. There can be no assurance that, despite testing by the Company and its customers, defects and errors will not be found in existing products or in new products, releases, versions or enhancements after commencement of commercial shipments.

Risk Related to Protection of Intellectual Property

The Company considers certain aspects of its internal operations, software and documentation to be proprietary, and relies on a combination of copyright, patents, trademark and trade secret laws; confidentiality agreements with employees and third parties; protective contractual provisions (such as those contained in its license agreements with consultants, vendors, partners and customers) and other measures to maintain its intellectual property rights. Any of 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. This could materially and adversely affect the Company's business, operating results and financial condition.

Risk of Third-Party Claims for Infringement

The Company is not aware that any of its products infringe the proprietary rights of third parties. There can be no assurance, however, that third parties will not claim such infringement by the Company or its licensees with respect to current or future products. The Company expects that software developers will increasingly be subject to such claims as the number of products and competitors in the Company's industry segment grows and as functionality of products in different industry segments overlaps.

Reliance on Third-Party Software

The Company relies on certain software that it sub-licenses from third parties. There can be no assurance that these third-party software companies will continue to permit the Company to sub-license on commercially reasonable terms.

Cyber Security

With the increasing sophistication and persistence of cyber-threats, Tecsys is well aware of the need to manage the risks of data loss, malware and malicious attacks, whether originating internally or externally. Tecsys has implemented a continuously-evolving security program to keep pace with these threats. Independent checks reveal that Tecsys has not experienced material breaches in cyber security. Tecsys continues to monitor these risks and continues to fortify its defenses against intrusion and refine its security governance. Despite the Company's security measures, its information technology and infrastructure may be vulnerable to attacks 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.

Currency Risk

A significant part of the Company's revenues are realized in U.S. dollars. Fluctuations in the exchange rate between the U.S. 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. From time to time, the Company may take steps to manage such risk by engaging in exchange rate hedging activities; however, there can be no assurance that the Company will be successful

in such hedging activities. The Company also has an operating subsidiary in Denmark. Significant fluctuations between the Danish krone and the Canadian dollar may have an impact on the Company's operating results.

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.

From time to time, the Company may seek additional equity or debt financing to fund its growth, enhance is products and services, respond to competitive pressures or make acquisitions or other investments. Its business plans may change, general economic, financial or political conditions in its markets may deteriorate or other circumstances may arise, in each case that have a material adverse effect on its cash flows and the anticipated cash needs of its business. Any of these events or circumstances could result in significant additional funding needs, requiring the Company to raise additional capital. It cannot predict the timing or amount of any such capital requirements at this time. If financing is not available on satisfactory terms, or at all, it may be unable to expand its business at the rate desired and its results of operations may suffer. Financing through issuances of equity securities would be dilutive to holders of its shares.

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, 2020.

Internal Control over Financial Reporting

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

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, 2020. 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.

As at April 30, 2020 there have been no changes in the Company's internal controls over financial reporting that could have materially affected or is reasonably likely to materially affect the Company's internal controls over financial reporting.

Forward-Looking Information

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

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

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

Non-IFRS Performance Measures

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

EBITDA and Adjusted EBITDA

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

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

The EBITDA and Adjusted EBITDA calculation for fiscal 2020, 2019 and 2018 derived from IFRS measures in the Company's Consolidated financial statements, is as follows:

		2020		2019		2018
Profit (loss) for the period	$	2,346	$	(741)	$	3,949
Adjustments for:						
Depreciation of property and equipment and right-of-use assets		2,004		879		760
Amortization of deferred development costs		536		949		1,118
Amortization of other intangible assets		1,530		995		462
Interest expense		1,080		196		4
Interest income		(74)		(197)		(259)
Income taxes		1,234		(1,018)		456
EBITDA	$	8,656	$	1,063	$	6,490
Adjustments for:						
Acquisition related costs		-		1,347		-
Stock based compensation		1,024		366		-
Fair value adjustment on contingent consideration earnout – Tecsys A/S		171		-		-
Restructuring costs		420		-		-
Adjusted EBITDA	$	10,271	$	2,776	$	6,490

The adoption of IFRS 16 had a positive impact of $1.3 million on Adjusted EBITDA in fiscal 2020 ($nil in fiscal 2019). The interest expense on lease obligations recognized under IFRS 16 was $0.4 million in fiscal 2020 ($nil in fiscal 2019) and the depreciation of right-of-use assets under IFRS 16 was $1.0 million ($nil in fiscal 2019).

Key Performance Indicators

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

Recurring Revenue

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

Bookings

Broadly speaking, bookings refers to the total value of accepted contracts, including software licenses and other proprietary products and related support services, SaaS, third-party hardware and software and related support services, contracted work for services, and changes to such contracts recorded during a specified period. The Total Contract Value (TCV) is not typically limited to the first year, nor would it typically exclude certain transaction types. The Company believes that this metric is a primary indicator of the general state of the business performance. Bookings typically include all items with a revenue implication, such as new contracts, renewals, upgrades, downgrades, add-ons, early terminations and refunds. Bookings have historically been segmented into classifications, such as new account bookings or base account bookings, and performance in these bookings classes is frequently used in various sales and other compensation plans. Acknowledging the business shift to SaaS and in order to provide greater clarity around expected timing of future revenue, the Company has,

in fiscal 2020, started providing disaggregated information about bookings including software product bookings (perpetual license as well as SaaS Annual Recurring Revenue bookings) and professional services bookings. Accordingly, we expect to phase out the reporting of TCV bookings.

Backlog

Generally, backlog refers to something unfulfilled. In a traditional software company, this term is used largely within finance. Historically for Tecsys, backlog referred to the value of contracted orders that have not shipped and services that had not yet been delivered. Backlog could also refer to the value of contracted or committed revenue that is not yet recognizable due to acceptance criteria, delivery of professional services, or some accounting rule. The Company's quantification of backlog was not limited to the first year, nor would it typically exclude certain transaction types. In this context, backlog was really "revenue backlog" and was the total unrecognized future revenue from existing signed contracts. Historically, Backlog included recurring revenue as discussed earlier.

With the Company's shift to SaaS, we believe it has become more relevant to measure Backlog from two different perspectives: (a) Professional Services Backlog that includes the value of contracted orders for the delivery of professional services (including those contracted orders that may extend beyond one year) and (b) the natural backlog that is created by Annual Recurring Revenue (recurring revenue assuming the customer will renew the contractual commitment on a periodic basis as those commitments come up for renewal). We believe that this disaggregation provides greater visibility to stakeholders in particular as the Company continues its transition to SaaS. As such, we expect to phase out the reporting of aggregated Backlog amounts.

Days Sales Outstanding (DSO)

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

Additional Information about Tecsys

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

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, 2020 and 2019. The auditors have free and full access to internal records, to management and to the Audit Committee.

Peter Brereton
President and CEO
July 8, 2020

Mark J. Bentler
Chief Financial Officer

KPMG LLP
600 de Maisonneuve Blvd. West
Suite 1500, Tour KPMG
Montréal (Québec) H3A 0A3
Canada

Telephone (514) 840-2100
Fax (514) 840-2187
Internet www.kpmg.ca

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, 2020 and April 30, 2019;
- the consolidated statements of income and comprehensive income (loss) 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, 2020 and April 30, 2019, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the ***"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.

Emphasis of Matter - Change in Accounting Policy

We draw attention to Note 3 to the financial statements which indicates that the Entity has changed its accounting policy for leases as of May 1, 2019, due to the adoption of IFRS 16, Leases, and has applied that change using a modified retrospective transition approach. Our opinion is not modified in respect of this matter.

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 2020".

KPMG LLP is a Canadian limited liability partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.
KPMG Canada provides services to KPMG LLP.

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 2020" is expected to be 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 International Financial Reporting Standards (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.

KPMG LLP*

The engagement partner on the audit resulting in this auditors' report is Michael Jr. Baratta.

Montréal, Canada
July 8, 2020

*CPA auditor, CA, public accountancy permit No. A120841

Tecsys Inc.

Consolidated Statements of Financial Position

(in thousands of Canadian dollars)

	Note	April 30, 2020	April 30, 2019
Assets			(Note 27)
Current assets			
Cash and cash equivalents	5	$ 27,528	$ 14,913
Short-term investments	6	10,000	-
Accounts receivable		18,434	14,986
Work in progress		837	811
Other receivables	22, 23	1,633	392
Tax credits	7	4,162	3,493
Inventory	8	634	673
Prepaid expenses	11	3,778	2,687
Total current assets		67,006	37,955
Non-current assets			
Other long-term receivables		350	278
Tax credits	7	4,624	5,260
Property and equipment	9	2,823	2,714
Right-of-use assets	10	8,234	-
Contract acquisition costs	11	2,324	536
Deferred development costs	12	1,103	1,064
Other intangible assets	12	13,401	14,706
Goodwill	12	17,540	17,456
Deferred tax assets	18	7,028	5,476
Total non-current assets		57,427	47,490
Total assets		$ 124,433	$ 85,445
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	15	$ 19,933	$ 11,633
Deferred revenue		16,163	14,252
Current portion of long-term debt	13	1,231	1,022
Other current liabilities	15	4,670	4,111
Lease obligations	14	922	-
Total current liabilities		42,919	31,018
Non-current liabilities			
Long-term debt	13	9,600	10,827
Other non-current liabilities	15	-	2,333
Deferred tax liabilities	18	1,638	1,769
Lease obligations	14	9,157	-
Total non-current liabilities		20,395	14,929
Total liabilities		63,314	45,947
Contingencies and other commitments	21		
Equity			
Share capital	16	40,901	19,144
Contributed surplus		10,964	9,943
Retained earnings		8,838	10,618
Accumulated other comprehensive income (loss)	23	416	(207)
Total equity attributable to the owners of the Company		61,119	39,498
Total liabilities and equity		$ 124,433	$ 85,445

Approved by the Board of Directors

Director

Director

See accompanying notes to the consolidated financial statements.

Tecsys Inc.

Consolidated Statements of Income and Comprehensive Income (Loss)

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

Years ended April 30,	Note	2020	2019
Revenue:			
Proprietary products		$ 5,384	$ 6,948
Third-party products		15,885	6,822
Cloud, maintenance and subscription	17	41,058	31,282
Professional services		40,616	29,338
Reimbursable expenses		1,912	2,059
Total revenue		104,855	76,449
Cost of revenue:			
Products		12,780	6,036
Services		39,845	30,913
Reimbursable expenses		1,912	2,059
Total cost of revenue		54,537	39,008
Gross profit		50,318	37,441
Operating expenses:			
Sales and marketing		20,134	17,204
General and administration		9,821	9,354
Research and development, net of tax credits	7	15,235	12,681
Restructuring costs	26	420	-
Total operating expenses		45,610	39,239
Profit (loss) from operations		4,708	(1,798)
Net finance costs (income)	20	1,128	(39)
Profit (loss) before income taxes		3,580	(1,759)
Income tax expense (benefit)	18	1,234	(1,018)
Profit (loss) attributable to the owners of the Company		$ 2,346	$ (741)
Other comprehensive income (loss):			
Effective portion of changes in fair value on designated revenue hedges	23	696	(14)
Exchange differences on translation of foreign operations	23	(73)	(80)
Comprehensive income (loss) attributable to the owners of the Company		$ 2,969	$ (835)
Basic and diluted earnings (loss) per common share	16	$ 0.18	$ (0.06)

See accompanying notes to the consolidated financial statements.

Tecsys Inc.

Consolidated Statements of Cash Flows

(in thousands of Canadian dollars)

Years ended April 30,	Note	2020	2019
Cash flows from operating activities:			
Profit (loss) for the year		$ 2,346	$ (741)
Adjustments for:			
Depreciation of property and equipment and right-of-use assets	9, 10	2,005	879
Amortization of deferred development costs	12	536	949
Amortization of other intangible assets	12	1,530	995
Net finance costs (income)	20	1,128	(39)
Unrealized foreign exchange and other		(245)	275
Non-refundable tax credits		(1,398)	(902)
Stock-based compensation	16	1,024	366
Income taxes		399	(1,182)
Net cash from operating activities excluding changes in non-cash working capital items related to operations		7,325	600
Accounts receivable		(3,434)	1,749
Work in progress		(27)	(129)
Other receivables		(315)	109
Tax credits		103	(212)
Inventory		38	476
Prepaid expenses		(1,089)	(310)
Contract acquisition costs		(1,788)	(285)
Accounts payable and accrued liabilities		7,285	795
Deferred revenue		1,908	1,307
Changes in non-cash working capital items related to operations		2,681	3,500
Net cash from operating activities		10,006	4,100
Cash flows from financing activities:			
Repayment of long-term debt	13	(1,018)	(272)
Issuance of long-term debt	13	-	12,000
Payment of lease obligations	14	(993)	-
Issuance of common shares, net of transaction costs of $1,281	16	21,719	-
Payment of dividends	16	(3,009)	(2,747)
Issuance of common shares on exercise of stock options	16	12	-
Interest paid		(854)	(115)
Net cash from financing activities		15,857	8,866
Cash flows from investing activities:			
Purchase of short-term investments	6	(10,000)	-
Decrease in long-term investments		-	10,007
Interest received	20	74	197
Acquisitions of property and equipment	9	(934)	(403)
Acquisitions of other intangible assets	12	(196)	(160)
Deferred development costs	12	(575)	(163)
Business acquisitions	4	(1,617)	(21,027)
Net cash used in investing activities		(13,248)	(11,549)
Net increase in cash and cash equivalents during the year		12,615	1,417
Cash and cash equivalents - beginning of year		14,913	13,496
Cash and cash equivalents - end of year		$ 27,528	$ 14,913
Supplemental cash flow information:			
Purchase of property and equipment included in accounts payable and accrued liabilities		$ 133	$ -
Right-of-use assets additions		$ 863	$ -
Deferred tax asset recognized in share capital related to transaction fees		$ 449	$ -
Transaction costs included in accounts payable and accrued liabilities related to issuance of common shares		$ 426	$ -

See accompanying notes to the consolidated financial statements.

Tecsys Inc.

Consolidated Statements of Changes in Equity

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

	Note	Share capital Number	Share capital Amount	Contributed surplus	Accumulated other comprehensive income (loss)	Retained earnings	Total
Balance, April 30, 2019		13,082,376	$ 19,144	$ 9,943	$ (207)	$ 10,618	$ 39,498
Adjustment on initial application of IFRS 16	3	-	-	-	-	(1,117)	(1,117)
Adjusted balance, May 1, 2019		13,082,376	19,144	9,943	(207)	9,501	38,381
Profit for the year		-	-	-	-	2,346	2,346
Other comprehensive income for the year:							
Effective portion of changes in fair value on designated revenue hedges	23	-	-	-	696	-	696
Exchange difference on translation of foreign operations	23	-	-	-	(73)	-	(73)
Stock-based Compensation	16	-	-	1,024	-	-	1,024
Total comprehensive income for the year		-	-	1,024	623	2,346	3,993
Dividends to equity owners	16	-	-	-	-	(3,009)	(3,009)
Share options exercised	16	834	15	(3)	-	-	12
Common shares issued under bought deal financing, net of share issue costs of $1,707 and deferred taxes of $449	16	1,333,333	21,742	-	-	-	21,742
Total transactions with owners of the Company		1,334,167	21,757	(3)	-	(3,009)	18,745
Balance, April 30, 2020		14,416,543	$ 40,901	$ 10,964	$ 416	$ 8,838	$ 61,119
Balance, May 1, 2018		13,082,376	$ 19,144	$ 9,577	$ (113)	$ 14,106	$ 42,714
Loss for the year		-	-	-		(741)	(741)
Other comprehensive income (loss) for the year:							
Effective portion of changes in fair value on designated revenue hedges		-	-	-	(14)	-	(14)
Exchange difference on translation of foreign operations		-	-		(80)	-	(80)
Stock-based Compensation		-	-	366	-	-	366
Total comprehensive income (loss) for the year		-	-	366	(94)	(741)	(469)
Dividends to equity owners		-	-	-	-	(2,747)	(2,747)
Total transactions with owners of the Company		-	-	-	-	(2,747)	(2,747)
Balance, April 30, 2019		13,082,376	$ 19,144	$ 9,943	$ (207)	$ 10,618	$ 39,498

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 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, 2020 were authorized for issuance by the Board of Directors on July 8, 2020.

(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 Payments; and
- Lease liabilities which are measured at the present value of minimum lease liabilities in accordance with IFRS 16 (see note 3).

(c) Functional and presentation currency:

The consolidated financial statements are presented in Canadian dollars, except where 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, disclosures of contingent assets and liabilities and revenue and expenses. Actual results may differ from these estimates.

Reported amounts and note disclosures reflect the overall economic conditions that are most likely to occur and the anticipated measures that management intends to take. Actual results may differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of 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.

Impairment of assets:

Impairment assessments may require the Company 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:

Revenue recognition is subject to critical judgment, particularly in bundled arrangements where judgment is required in identifying performance obligations and allocating revenue to each performance obligation, which may include licenses, professional services, maintenance services and subscription services, 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 the performance obligations impacts the amount and timing of revenue recognition.

(ii) Government assistance:

Management uses judgment in estimating amounts receivable for various refundable and non-refundable tax credits earned from the federal and provincial governments and in assessing the eligibility of research and development and other expenses which give rise to these credits.

(iii) 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.

(iv) Impairment of assets:

Impairment assessments are based on internal estimates of the recoverable amount of a CGU. This determination requires significant estimates in a variety of areas including: expected sales, gross margins, selling costs, timing and size of cash flows, and discount and interest rates. The Company documents and supports all assumptions made in 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.

(v) Allowance for expected credit losses:

The Company recognizes a loss allowance for expected credit losses on trade accounts receivable, using a probability weighted estimate of credit losses. In its assessment, management estimates the expected credit losses based on actual credit loss experience and informed credit assessment, taking into consideration credit loss insurance and the creditworthiness of each customer, considering the customer's financial condition and payment history and forward-looking information. Furthermore, these estimates must be continuously evaluated and updated. If actual credit losses differ from estimates, future earnings would be affected.

(vi) Business combinations:

Business combinations are accounted for in accordance with the acquisition method. On the date that control is obtained, the identifiable assets, liabilities and contingent liabilities of the acquired company are measured at their fair value. Depending on the complexity of determining these valuations, the Company uses appropriate valuation techniques which are generally based on a forecast of the total expected future net discounted cash flows. These valuations are linked closely to the assumptions made by management regarding the future performance of the related assets and the discount rate applied as it would be assumed by a market participant.

(vii) COVID-19:

On March 11, 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization, which is causing significant financial market and social dislocation. The Company continues to operate during the current pandemic. The Company is well-equipped to uphold comprehensive support and services for its end-to-end supply chain execution software through its multi-tiered customer care and support teams. Employees are now working remotely and supporting Tecsys' customers and partners. Work that was historically done both on site and remotely through telephone and video conferencing, including progressing sales cycles and project implementations, is now supported entirely remotely by its employees. To date, Tecsys' ability to continue to progress sales cycles, sign new orders and execute project implementations has not been affected adversely by the pivot to remote work.

Tecsys' end market customer exposure is diverse encompassing a wide range of industries including healthcare, complex distribution and, to a lesser extent, retail. While Tecsys anticipates that some client projects may be postponed or delayed during the pandemic, other client projects are starting up. Based on current activity and considering the Company's significant project backlog, Tecsys believes that this outbreak is not having any material adverse impact on its operating results. Moreover, Tecsys is not currently experiencing or anticipating any material credit losses as a result of the pandemic. Finally, Tecsys does not currently foresee any material adverse impact on the carrying amounts of its intangible assets, including customer relationships and technology, or on the carrying amount of goodwill, as a result of the pandemic.

The Company will continue to monitor developments of the pandemic and continuously assess the pandemic's potential further impact on Tecsys' operations and business. The situation is dynamic, and the ultimate duration and magnitude of the impact of the pandemic on the economy and the financial effect on Tecsys' operations and business are not known at this time.

In developing estimates for the year ended April 30, 2020, management determined that COVID-19 has minimal impact on key assumptions. However, because of the uncertainty that exists, it is not possible to reliably estimate the impact that these developments will have on the Company's financial results, conditions and cash flows.

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) Business combinations:

Business combinations are accounted for using the acquisition method. The Company measures goodwill as the fair value of the consideration transferred less the net recognized amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Company incurs in connection with a business combination are expensed as incurred.

(ii) Subsidiaries:

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

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

Subsidiary	Jurisdiction of Incorporation
Tecsys U.S. Inc.	Ohio
Tecsys Europe Limited	England
Logi D Holding Inc.	Canada
Logi D Inc.	Canada
Logi D Corp.	Delaware
OrderDynamics Corp.	Canada
Tecsys Denmark Holding ApS	Denmark
Tecsys A/S, formerly PCSYS A/S	Denmark

(iii) 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.

(c) Financial instruments:

The Company initially recognizes financial assets 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 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. However, for investments in equity instruments that are not held for trading, the Company may elect at initial recognition to present gains and losses in other comprehensive income. For such investments measured at fair value through other comprehensive income, gains and losses are never reclassified to profit or loss, and no impairment is recognized in profit or loss. Dividends earned from such investments are recognized in profit or loss, unless the dividend clearly represents a repayment of part of the cost of the investment. The Company measures derivative financial instruments at fair value.

(iii) Financial liabilities measured at amortized cost:

A financial liability is subsequently measured at amortized cost, using the effective interest method. The Company currently classifies accounts payable and accrued liabilities (excluding derivative financial instruments designated as effective hedging instruments and non-hedge derivative financial instruments), 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 are included as part of the accounts designated "other accounts 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 are accounted for in finance income or finance cost in profit or loss for the period in which it arises. The foreign currency gains and losses on these contracts are recognized in the period in which they are generated and offset the exchange losses or gains recognized on the revaluation of the foreign currency net monetary assets. Cash flows from foreign exchange contract settlements are classified as cash flows from operating activities along with the corresponding cash flows from the monetary assets being economically hedged.

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

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

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

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

When derivative contracts designated as cash flow hedges are terminated, expired, sold or no longer qualify for hedge accounting, hedge accounting is discontinued prospectively. Any amounts recorded in accumulated other comprehensive income (loss) up until the time the contracts do not qualify for hedge accounting remain in accumulated other comprehensive income (loss) until the hedged future cash flows occur if they are still expected to occur. However, if the amount in accumulated other comprehensive income (loss) is a loss and the Company expects that all or a portion of that loss will not be recovered in future periods, then it shall immediately reclassify the amount that is not expected to be recovered into profit. Additionally, if the hedged future cash flows are no longer expected to occur, then the amount in accumulated other comprehensive income (loss) shall be immediately reclassified to profit. Amounts recognized in accumulated other comprehensive income (loss) are recognized in profit in the period in which the underlying hedged transaction is completed. Gains or losses arising subsequent to the derivative contracts not qualifying for hedge accounting are recognized in the period incurred.

(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:

Loss allowances for 'expected credit losses' ("ECLs") are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from possible default events within the 12 months after the reporting date; and
- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

The Company has elected to measure loss allowances for trade accounts receivable at an amount equal to lifetime ECLs.

The Company measures loss allowances for other receivables in accordance with the following model:

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes 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).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

i. Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). The Company establishes an impairment loss allowance on a collective and individual assessment basis, by considering past events, current conditions and forecasts of future economic conditions. Collective assessment is carried out by grouping together trade accounts receivable with similar characteristics. ECLs are discounted at the effective interest rate of the financial asset.

ii. Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortized cost are credit impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Examples of events that could occur are:

- significant financial difficulty of the borrower;
- a breach of contract, such as a default or past due event;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for that financial asset because of financial difficulties.

It may not be possible to identify a single discrete event; instead, the combined effect of several events may have caused financial assets to become credit impaired.

iii. Presentation of impairment

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. Impairment losses related to trade and other receivables are presented separately in the consolidated income statements.

iv. Write-off

The gross carrying amount of a financial assets is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

(d) 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.

(e) 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.

(f) 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.

(g) 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.

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.

Subsequent costs

The cost of replacing a part of an item of property and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. Costs of the day-to-day servicing of property and equipment are recognized in profit or loss as incurred.

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 Company uses the straight-line method and 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.

(h) Intangible assets:

(i) Goodwill:

Goodwill is measured at cost less accumulated impairment loss.

(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, overhead costs that are directly attributable to preparing the asset for its intended use and borrowing costs on qualifying assets.

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.

(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
Patents	5 years
Software	5 years

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

(i) 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. 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.

(j) 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.

(k) 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. 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.

(l) Leases:

(i) Effective May 1, 2019:

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 21 years for offices and 3 to 6 years for data centers, 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 and is remeasured to reflect changes in the lease payments.

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.

(ii) Prior to May 1, 2019:

All of the Company's leases are operating leases. The leased assets are not recognized in the Company's consolidated statements of financial position since the Company does not assume substantially all risks and rewards of ownership of the leased assets. Payments made under operating leases are recognized in profit or loss on a straight-line basis over the term of the leases. Lease incentives are recognized as an integral part of the total lease expense, over the term of the leases. The deferred portion of the lease expense is included in accounts payable and accrued liabilities and other non-current liabilities.

(m) 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.

(n) Revenue recognition:

The Company's revenue consists of fees from sale of proprietary software licenses, third-party software, customer support services, software as a service ("SaaS") and Cloud subscriptions, 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) License fees and hardware products:

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. In the case of hardware, the revenue is recognized upon evidence of acceptance is received from the customer or the Company has completed its contractual obligations.

In some arrangements, the support must be renewed annually in order to maintain active use of the Tecsys' license. In such circumstances, revenue is recognized over time over the estimated contract support period of the license which has been determined to be seven years.

(ii) Support agreements:

Maintenance and support services provided to customers on legacy perpetual software licenses is recognized ratably over the term of the maintenance and support services.

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.

Cloud subscriptions include SaaS. 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 and hosting revenues are recognized over the term of the related contracts.

(iii) Consulting and training services:

The Company provides consulting and training services to its customers. Revenues from such services are recognized as the services are performed.

(iv) Reimbursable expenses:

The Company records revenue and the associated cost of revenue on a gross basis in its statements of comprehensive income (loss) for reimbursable expenses such as airfare, hotel lodging, meals, automobile rental and other charges related to providing services to its customers.

(v) Bundled arrangements:

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

The transaction price is allocated to each performance obligation on a relative stand-alone selling price basis. In certain cases, 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.

(vi) Contract 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.

(vii) 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 service or contract terms have been met and the services have been delivered.

(o) Employee benefits:

The Company maintains employee benefit programs which provide retirement savings, medical, dental and group insurance benefits for current employees. The Company's expense is limited to the employer's match of employees' contributions to a retirement savings plan, and to the employer's share of monthly premiums for insurance covering other benefits. The Company has no legal or constructive obligation to pay additional amounts. An employee's entitlement to all benefits ceases upon termination of employment with the Company.

(i) Short-term employee benefits:

Short-term employee benefits include wages, salaries, compensated absences, medical, dental and insurance

benefits, profit-sharing and bonuses. Short-term employee benefits are measured on an undiscounted basis and are recognized in profit or loss as the related service is provided or capitalized if the related service is rendered in connection with creation of property and equipment or intangible assets.

A liability is recognized for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

(ii) Defined contribution plans:

Post-employment benefits include defined contribution plans under which the Company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay additional amounts. Obligations for contributions to defined contribution plans are recognized as an employee benefit expense when earned by the employee.

(iii) Termination benefits:

Termination benefits are recognized as an expense when the Company is committed demonstrably, without realistic possibility of withdrawal, to a formal detailed plan or through a contractual agreement, to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognized as an expense if the Company has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting period, then they are discounted to their present value.

(p) 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 16.

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.

(q) Finance income and finance costs:

Finance income comprises interest income on funds invested and gains in the fair value of financial assets held at fair value through profit or loss. Interest income is recognized as it accrues in profit or loss, using the effective interest method.

Finance costs comprise interest expense on financial liabilities measured at amortized cost, losses in fair value of financial assets and liabilities recognized at fair value through profit or loss, unwinding of the discount related to provisions, and any losses on sale of financial assets. Borrowing costs that are not directly attributable to the acquisition or production of a qualifying asset are recognized in profit or loss using the effective interest method.

Foreign currency gains and losses are reported on a net basis as finance income or finance costs.

The net change in the fair value of foreign exchange contracts not designated in a hedging relationship and the net change in the fair value of outstanding foreign exchange contracts designated in a hedging relationship after the hedged transaction has occurred are reported as finance income or finance costs, as appropriate.

(r) 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.

(s) Share capital:

Common shares are classified as equity. Incremental costs directly attributable to the issuance of common shares are recognized as a deduction from equity, net of any tax effects.

(t) 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.

New accounting standards adopted during the year:

International Financial Reporting Standard No. 16 – "Leases" ("IFRS 16"):

Effective May 1, 2019, the Company adopted IFRS 16 using the modified retrospective approach with the effect of initially applying this standard recognized at the date of application. The Company has not restated the comparatives for the 2019 financial year as permitted under the specific transitional provisions in the standard. The impact from the new leasing standard is therefore recognized in the opening balance sheet on May 1, 2019.

IFRS 16 introduces new or amended requirements with respect to lease accounting. The standard specifies how to recognize, measure, present and disclose leases. IFRS 16 provides a single lessee accounting model, requiring lessees to recognize a right-of-use asset as well as a lease liability reflecting the present value of future lease payments.

The implementation of IFRS 16 allows for certain practical expedients at the date of initial application. The Company has elected to use the following exemptions and practical expedients:

(i) To grandfather the assessment of which transactions are leases on the date of initial application, the Company applied IFRS 16 only to contracts that were previously identified as leases under IAS17;

(ii) Use of the same discount rate for portfolio of leases with similar characteristics;

(iii) Exemption, on a lease-by-lease basis, of recognizing a right-of-use asset and lease liability when the lease term is within 12 months of the date of initial application;

(iv) Exemption, on a lease-by-lease basis, of recognizing a right-of-use asset and lease liability when the lease has an underlying asset that is of low value;

(v) Exclude initial direct costs, at the date of initial application only, on a lease-by-lease basis from the measurement of the right-of-use asset;

(vi) Use hindsight at the date of initial application only, on a lease-by-lease basis, to determine the lease term if the contract contains options to extend or terminate the lease;

(vii) No reassessment on whether a contract is or contains a lease under IAS 17.

Impact of transition

IFRS 16 changes how the Company accounts for leases previously classified as operating leases under IAS 17, which were off-balance-sheet. Under this method, the Company elected to measure right-of-use of asset as if IFRS 16 had been applied since the commencement date of a lease using a discount rate based on the borrowing rate at the date of initial application. The cumulative effect of initially applying IFRS 16 at initial application was recognized in retained earnings as of May 1, 2019 and comparative information presented for 2019 has not been restated.

The Company used its incremental borrowing rate at May 1, 2019 to calculate the right-of-use assets and lease liabilities. The weighted-average rate applied is 3.77%.

The following tables summarize the impact of adopting IFRS 16 on the Company's consolidated statement of financial position as at May 1, 2019, and its statement of income and comprehensive income (loss) for the year ended April 30, 2020.

	Impact of adopting IFRS 16 on May 1, 2019
Right-of-use assets - Increase	$ 8,418
Deferred tax assets - Increase	404
Lease obligations – current - Increase	(984)
Lease obligations – non-current - Increase	(9,226)
Deferred rent liability - Decrease	271
Impact at May 1, 2019 - Retained earnings	$ (1,117)

	Impact of adopting IFRS 16 for the year ended April 30, 2020
Cost of revenue – Services - Decrease	$ 154
Cost of revenue – Products - Decrease	20
Operating expenses – Sales and Marketing - Decrease	19
Operating expenses – General and Administration - Decrease	44
Operating expenses – Research and Development - Decrease	81
Interest expense – Increase	(372)
Income tax expense – Decrease	14
Impact at April 30, 2020 – Statements of Income and Comprehensive income (loss)	$ (40)

The following table reconciles the Company's operating lease obligations at April 30, 2019, as previously disclosed in the Company's consolidated financial statements, to the lease obligations recognized on initial application of IFRS 16 at May 1, 2019:

Operating lease commitments at April 30, 2019	$	13,804
Effect of discounting using the incremental borrowing rate at May 1, 2019		(1,636)
Variable lease payments that do not depend on an index or rate		(5,513)
Recognition exemption for short-term leases		(484)
Recognition exemption for low value leases		(348)
Extension options reasonably certain to be exercised		4,387
Lease obligations as at May 1, 2019	$	10,210

New standards and interpretations not yet adopted:

A number of new standards, and amendments to standards and interpretations, are not yet effective for the years ended April 30, 2020 and 2019, and have not been applied in preparing these consolidated financial statements. Management does not expect that any of the new standards and amendments to existing standards issued but not yet effective would have a material impact on the Company's consolidated financial statements.

4. Business acquisitions:

OrderDynamics

On November 14, 2018, Tecsys Inc. acquired 100% of the issued and outstanding shares of OrderDynamics Corporation ("OrderDynamics") for a total consideration of $13,399,461 including $9,380,184 of cash paid at closing, $500,000 of cash paid in January 2019, the assumption of $1,604,512 of short term liabilities owed by OrderDynamics to Canada Revenue Agency ("CRA Liability") and future cash payments of (a) $500,000 held back pending final calculation of the CRA Liability ("CRA Liability Holdback") and (b) $1,500,000 held back for indemnification security ("Indemnification Holdback"), which was recorded at present value. The CRA Liability Holdback will be paid to the seller upon final agreement with Canada Revenue Agency on the CRA Liability. The Indemnification Holdback will be released two years from the date of closing, subject to the terms of the share purchase agreement and is recorded in other non-current liabilities.

OrderDynamics is a software company based in Ontario, Canada with a Software as a Service distributed order management solution enabling retail merchants and brand managers to optimize inbound business-to-consumer order channels and fulfilment, increasing sales, reducing operating costs, and improving customer satisfaction.

The acquisition was funded from existing cash balances.

As at April 30, 2020, an amount of $0.5 million related to CRA Liability Holdback, $2.1 million related to CRA Liability including interest, $1.5 million related to Indemnification Holdback, recorded at its present value of $1.4 million is included in other current liabilities. See note 15 - Accounts payable and accrued liabilities.

On November 14, 2018, the acquired receivables comprise primarily accounts receivable representing the gross contractual amount receivable which is equal to fair value.

Purchase price

The following table represents the final purchase price allocation based on the fair value of the assets acquired and liabilities assumed at the date of acquisition, with any excess allocated to goodwill.

Cash payments	$ 9,880
CRA Liability	1,605
CRA Liability Holdback	500
Indemnification Holdback	1,414
Total purchase price	$13,399

Final Purchase Price Allocation

Assets Acquired		
Accounts receivable	$	875
Prepaid expenses		296
Property and equipment		43
Identified intangible assets:		
Technology assets		5,074
Customer assets		884
Deferred tax assets		1,579
		8,751
Liabilities Assumed		
Bank overdraft	$	12
Accounts payable and accrued liabilities		530
Deferred revenue		418
Deferred tax liabilities		1,579
		2,539
Net Assets Acquired		**6,212**
Goodwill		7,187
Gross purchase consideration	**$**	**13,399**

The deferred tax liabilities represent the tax effect from the recognition of identifiable intangible assets at date of acquisition, at OrderDynamics' statutory rate of 26.5%. The deferred tax assets represent the recognition of previously unrecognized tax assets to the extent of the deferred tax liabilities recognized.

This acquisition will allow the Company to broaden its existing supply chain solutions offering by providing order management and e-fulfilment capabilities.

Goodwill recorded in connection with this acquisition is non-deductible for tax purposes. Goodwill is primarily attributable to expected synergies, which were not recorded separately since they did not meet the recognition criteria for identifiable intangible assets.

The purchase price allocation is final.

Tecsys A/S

On February 1, 2019, Tecsys Inc. acquired 100% of the issued and outstanding shares of Tecsys A/S for $13,370,000, net of cash and cash equivalents acquired, and consisting of $10,355,088 of cash paid at closing, $792,135 cash paid in March 2019 for working capital adjustments and future cash payments of (a) $1,216,800 held back for indemnification security ("Indemnification holdback") payable fifty percent 12 months after closing and fifty percent 24 months after closing and (b) $1,006,036 Earnout payment based on achieving certain revenue and earnings before income taxes, depreciation and amortization targets through September 30, 2019.

Tecsys A/S, a Danish technology company, is a Scandinavian leader in software and hardware solutions for warehouse management, transportation management, and labelling systems. Tecsys A/S supports more than 1,000 companies on their journey to achieve supply chain excellence by using robust technology to manage ever changing requirements and introduce new productivity and cost-savings strategies. This acquisition brings two technology-based companies together with the intention to reach new markets and be a stronger supply chain partner to new and existing customers worldwide.

Cash payments for the acquisition were funded with a bank term loan of $12.0 million and existing cash balances.

On February 1, 2019, the acquired receivables comprise primarily accounts receivable representing the gross contractual amount receivable which is equal to fair value.

As at April 30, 2020, an amount of $0.6 million related to Indemnification holdback including interest is included in other current liabilities. See note 15 - Accounts payable and accrued liabilities.

During the third quarter of fiscal 2020, the Company paid $1.1 million related to the contingent earnout. The payment was based on achieving certain revenue and earnings before income taxes, depreciation and amortization targets through September 30, 2019. The earnout period ended on September 30, 2019 and is the only earnout period associated with the acquisition. Due to Tecsys A/S' higher achievement of targets, the Company incurred a fair value adjustment of the contingent consideration payable of $0.2 million. The fair value adjustment has been accounted for in operating expenses.

Purchase price

The following table represents the final purchase price allocation based on the fair value of the assets acquired and liabilities assumed at the date of acquisition, with any excess allocated to goodwill.

Net cash consideration on closing	$ 10,355
Working capital adjustment paid on March 2019	792
Indemnification holdback, payable in two equal annual instalments to February 2021	1,217
Contingent consideration – Earnout	1,006
Total purchase price	$ 13,370

Final Purchase Price Allocation

Assets Acquired		
Cash	$	595
Accounts receivable		1,933
Work in progress		66
Inventory		5
Prepaid expenses		134
Other receivables		97
Property and equipment		56
Identified intangible assets:		
Technology assets		1,185
Customer assets		7,111
		11,182
Liabilities Assumed		
Accounts payable and accrued liabilities		1,319
Deferred revenue		776
Other current liabilities		69
Deferred tax liabilities		1,825
		3,989
Net Assets Acquired		7,193
Goodwill		6,772
Gross purchase consideration	**$**	**13,965**
Less: Cash acquired on acquisition		**595**
Purchase price, net of cash acquired	**$**	**13,370**

The deferred tax liabilities represent the tax effect from recognition of identifiable intangible assets at date of acquisition, at the Tecsys A/S statutory rate of 22.0%.

Goodwill recorded in connection with this acquisition is non-deductible for tax purposes. The goodwill recognized in connection with this acquisition is primarily attributable to synergies with existing businesses, and other intangibles that do not qualify for separate recognition including assembled workforce.

The purchase price allocation is final.

5. Cash and cash equivalents:

Cash and cash equivalents are comprised of the following:

	2020	2019
Bank balances	$ 27,528	$ 14,913

6. Short-term investments:

On April 28, 2020, the Company invested $10,000,000 in a 30-day simple-interest guaranteed investment certificate ("GIC"). The GIC has an initial interest rate of 0.93% and the interest payment is made at maturity. The GIC is renewable at maturity.

7. 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 government of the province of Québec ("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 province of Québec.

The Company is also eligible to receive a 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 $20,000 and maximum annual non-refundable tax credit of $5,000 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.

	SRED Canadian Federal non-refundable tax credits	SRED Canadian Provincial refundable tax credits	E-business refundable tax credits	E-business non-refundable tax credits	Total
Balance, April 30, 2018	$ 5,573	$ 235	$ 2,423	$ -	$ 8,231
Tax credits received or utilized against income tax expense	(390)	(110)	(2,463)	(201)	(3,164)
Adjustments to prior year's credits	125	(125)	40	(14)	26
Recognition of tax credit	364	116	2,529	651	3,660
Balance, April 30, 2019	$ 5,672	$ 116	$ 2,529	$ 436	$ 8,753
Presented as:					
Current					
Tax credits	$ 412	$ 116	$ 2,529	$ 436	$ 3,493
Non-current					
Tax credits	$ 5,260	$ -	$ -	$ -	$ 5,260
Tax credits received or utilized against income tax expense	(708)	(30)	(2,388)	(374)	(3,500)
Adjustments to prior year's credits	185	(86)	(141)	(149)	(191)
Recognition of tax credit	460	20	2,607	637	3,724
Balance, April 30, 2020	$ 5,609	$ 20	$ 2,607	$ 550	$ 8,786
Presented as:					
Current					
Tax credits	$ 985	$ 20	$ 2,607	$ 550	$ 4,162
Non-current					
Tax credits	$ 4,624	$ -	$ -	$ -	$ 4,624

The amounts recorded as receivable 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.

As at April 30, 2020, the Company has non-refundable research and development tax credits totaling approximately $5,609,000 (April 30, 2019 - $5,672,000) for Canadian income tax purposes which may be used to reduce taxes payable in future years. These Federal non-refundable tax credits may be claimed no later than fiscal years ending April 30:

	Federal non-refundable tax credits
2021	$ 285
2022	1,139
2023	999
2024	160
2025	204
2026	173
2027	143
2028	165
2029	154
2030	86
2031	94
2032	73
2033	94
2034	129
2035	114
2036	115
2037	166
2038	349
2039	507
2040	460
	$ 5,609

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

	2020	2019
Federal non-refundable research and development tax credits	$ 460	$ 364
Provincial refundable research and development tax credits	20	116
E-business refundable tax credits for research and development employees	1,095	963
E-business non-refundable tax credits for research and development employees	367	268
Adjustments to prior year's credits	99	-
Total research and development tax credits	2,041	1,711
E-business refundable tax credits for other employees	1,361	1,566
E-business non-refundable tax credits for other employees	421	383
Adjustments to prior year's credits	(290)	26
Tax credits recognized in the year	$ 3,533	$ 3,686

8. Inventory:

	2020	2019
Finished goods	$ 475	$ 611
Third-party software licenses for resale	159	62
	$ 634	$ 673

During fiscal 2020, finished goods and third-party software licenses for resale recognized as cost of revenue amounted to $12,347,252 (2019 - $5,116,861).

9. Property and equipment:

	Computer equipment	Furniture and fixtures	Leasehold Improve-ments	Total
Cost				
Balance at April 30, 2018	$ 9,029	$ 1,716	$ 2,490	$ 13,235
Additions	374	25	4	403
Additions through business combinations	68	21	10	99
Balance at April 30, 2019	$ 9,471	$ 1,762	$ 2,504	$ 13,737
Additions	981	84	2	1,067
Balance at April 30, 2020	$ 10,452	$ 1,846	$ 2,506	$ 14,804
Accumulated Depreciation				
Balance at April 30, 2018	$ 7,956	$ 1,014	$ 1,174	$ 10,144
Depreciation for the year	538	144	197	879
Balance at April 30, 2019	$ 8,494	$ 1,158	$ 1,371	$ 11,023
Depreciation for the year	620	150	188	958
Balance at April 30, 2020	$ 9,114	$ 1,308	$ 1,559	$ 11,981
Carrying Amounts				
At April 30th, 2019	$ 977	$ 604	$ 1,133	$ 2,714
At April 30th, 2020	$ 1,338	$ 538	$ 947	$ 2,823

10. Right-of-use assets:

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

	Offices	Data centers	Vehicles and equipment	Total
Balance, May 1, 2019 (Note 3)	$ 7,845	$ 389	$ 184	$ 8,418
Additions	721	-	142	863
Depreciation	(750)	(224)	(73)	(1,047)
Balance, April 30, 2020	$ 7,816	$ 165	$ 253	$ 8,234

11. Contract acquisition costs:

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

	2020	2019
Balance, beginning of the year	$ 833	$ 406
Additions	2,723	553
Amortization	(469)	(126)
Balance, end of the year	$ 3,087	$ 833
Presented as:		
Current portion	$ 763	$ 297
Non-current		
Contract acquisition costs	$ 2,324	$ 536

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

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

			Other intangible assets				
	Goodwill	Deferred development costs	Software	Technology	Customer relationships	Other	Total of other intangible assets
Cost							
Balance at April 30, 2018	$ 3,596	$11,056	$ 4,408	$ 2,440	$ 2,600	$ 245	$ 9,693
Additions	-	-	160	-	-	-	160
Additions from business acquisition	13,905	163	-	6,259	7,995	-	14,254
Effect of foreign currency exchange differences	(45)	-	-	(8)	(47)	-	(55)
Balance at April 30, 2019	$ 17,456	$11,219	$ 4,568	$ 8,691	$ 10,548	$ 245	$24,052
Additions	-	575	196	-	-	-	196
Additions from business acquisition	54	-	-	-	-	-	-
Effect of foreign currency exchange differences	30	-	-	5	33	-	38
Balance at April 30, 2020	$ 17,540	$11,794	$ 4,764	$ 8,696	$ 10,581	$ 245	$24,286
Accumulated amortization							
Balance at April 30, 2018	$ -	$ 9,206	$ 3,802	$ 2,260	$ 2,072	$ 217	$ 8,351
Amortization for the year	-	949	212	427	345	11	995
Balance at April 30, 2019	$ -	$10,155	$ 4,014	$ 2,687	$ 2,417	$ 228	$ 9,346
Amortization for the year	-	536	211	637	671	11	1,530
Effect of foreign currency exchange differences	-	-	-	2	7	-	9
Balance at April 30, 2020	$ -	$10,691	$ 4,225	$ 3,326	$ 3,095	$ 239	$10,885
Carrying amounts							
At April 30, 2019	$ 17,456	$ 1,064	$ 554	$ 6,004	$ 8,131	$ 17	$14,706
At April 30, 2020	$ 17,540	$ 1,103	$ 539	$ 5,370	$ 7,486	$ 6	$13,401

Additions to goodwill and other intangible assets were primarily the result of business acquisitions. (See note 4 - Business acquisitions.)

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, 2020 and 2019:

	2020					
	Deferred development costs	Software	Technology	Customer relationships	Other intangible assets	Total
Cost of revenue: Products	$ -	$ -	$ -	$ 87	$ -	$ 87
Cost of revenue: Services	-	84	624	-	-	708
Sales and marketing	-	14	-	584	-	598
General and administration	-	113	-	-	11	124
Research and development	536	-	13	-	-	549
	$ 536	$ 211	$ 637	$ 671	$ 11	$ 2,066

	2019					
	Deferred development costs	Software	Technology	Customer relationships	Other intangible assets	Total
Cost of revenue: Products	$ -	$ -	$ -	$ 87	$ -	$ 87
Cost of revenue: Services	-	99	262	-	-	361
Sales and marketing	-	8	-	258	-	266
General and administration	-	105	-	-	11	116
Research and development	949	-	165	-	-	1,114
	$ 949	$ 212	$ 427	$ 345	$ 11	$ 1,944

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 Tecsys organic business including OrderDynamics ("the non-Tecsys A/S CGU") and Tecsys A/S. As at April 30, 2020 goodwill for Non-Tecsys A/S and Tecsys A/S represent $10,783,000 and $6,757,000 respectively (April 30, 2019 - $10,684,000 and $6,772,000 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 its value in use which was determined by discounting the future cash flows generated from the continuing use of the units. The carrying amount of the units were determined to be lower than their recoverable amount and no impairment loss was recognized on April 30, 2020 and 2019.

The calculation of the value in use was based on the following key assumptions:

Cash flows were projected based on past experience, actual operating results and the annual business plan prepared at the end of fiscal 2020 for the forthcoming year. Cash flows for an additional four-year period and a terminal value were extrapolated using a constant growth rate of 6%, which does not exceed the long-term average growth rate for the industry.

A pre-tax discount rate of 12% for the non-Tecsys A/S CGU and 13% for the Tecsys A/S CGU was applied in determining the recoverable amount of the unit. The values assigned to the key assumptions represent management's assessment of future trends in the software industry and are based on both external and internal sources.

No reasonably possible change in the key assumptions used in determining the recoverable amount would result in any impairment of goodwill.

13. 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 $12,000,000 and a Revolving Facility of $5,000,000. The Term Facility was used for the purchase of Tecsys A/S (see note 4 – Business acquisitions) and for general corporate purposes. The Revolving Facility is for general corporate purposes. As at April 30, 2020, the Company borrowed $10,800,000 under the Term Facility (the ''Term Loan") (2019 - $11,775,000). The Revolving Facility was undrawn as of April 30, 2020 and April 30, 2019.

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

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

On November 13, 2019, the Company signed an amendment to the Credit Agreement with the effect of replacing the minimum level of Working Capital Ratio from 1.2 : 1.0 to 1.05 : 1.0 throughout fiscal year 2020 and for the first quarter of fiscal 2021. Thereafter, the minimum Working Capital Ratio reverts back to not less than 1.2 : 1.0. The Credit Agreement also requires the Company to maintain a Fixed Charge Coverage Ratio of not less than 1.20 : 1.0 and a Net Debt to Bank EBITDA ratio not greater than 3.50 : 1.0 until July 31, 2019, then decreasing to not greater than 3.00 : 1.0 until April 29, 2021, and finally down to 2.50 : 1.0 thereafter. At April 30, 2020, the Company was in compliance with all financial covenants.

The term loan is payable in quarterly installments of 1.875% of the amount borrowed, starting April 30, 2019 through January 31, 2020; then 2.5% of the amount borrowed becomes payable quarterly thereafter until January 2024, with the balance payable on that same date.

	April 30, 2020	April 30, 2019
Term Loan, secured by a hypothec on movable properties	$ 10,800	$ 11,775
Government funded debt, with no interest or security, payable over various installments	31	74
	$ 10,831	$ 11,849
Current portion	(1,231)	(1,022)
Long-term debt	$ 9,600	$ 10,827

14. Lease obligations:

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

The following table presents lease obligations for the Company as at April 30, 2020:

		2020
Current	$	922
Non-current		9,157
Total lease obligations	$	10,079

The following table presents the contractual undiscounted cash flows for lease obligations as at April 30, 2020:

		2020
Less than one year	$	1,175
One to five years		5,662
More than five years		5,408
Total undiscounted lease obligations	$	12,245

Interest expense on lease obligations for 2020 was $372,000. Total cash outflow was $1,370,000 for fiscal year 2020, including $993,000 of principal payments on lease obligations. The expense relating to variable lease payments not included in the measurement of lease obligations was $1,100,000. 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, 2020 was $824,000. Expenses relating to leases of low value assets was $229,000. Additions on lease obligations during fiscal year 2020 were $867,000.

15. Accounts payable and accrued liabilities:

	2020	2019
Trade payables	$ 3,238	$ 2,008
Accrued liabilities and other payables	5,618	4,325
Salaries and benefits due to related parties	2,123	1,419
Employee salaries and benefits payable	8,282	5,894
Fair value of derivatives in a loss position	672	320
Other current liabilities	4,670	4,111
	$ 24,603	$ 18,077
Presented as:		
Current		
Accounts payable and accrued liabilities	$ 19,933	$ 11,633
Other current liabilities (note 4)	4,670	4,111
	$ 24,603	$ 15,744
Non-current		
Other non-current liabilities	$ -	$ 2,333

As at April 30, 2020, other current liabilities are comprised of $2.1 million related to CRA Liability including interest ($1.9 million as at April 30, 2019), $0.5 million related to CRA Liability Holdback ($0.5 million as at April 30, 2019), $1.5 million related to Indemnification Holdback related to OrderDynamics' acquisition ($1.4 million as at April 30, 2019) and $0.6 million of Tecsys A/S indemnification holdback ($0.6 million as at April 30, 2019). See note 4 – Business Acquisitions.

16. 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, 2020 and April 30, 2019.

(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 following receipt by the Company of a proof of purchase of the common shares. 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.

(c) Bought deal shares issuance:

On April 28, 2020, the Company completed an offering of 1,333,333 common shares of the Company at the offering price of $17.25 per common share for aggregate gross proceeds of $22,999,994 (the "Offering"). The Offering included a treasury offering of 1,159,420 shares by the Company and 173,913 common shares purchased by the underwriters pursuant to the exercise of their over-allotment option on April 28, 2020. The Offering was completed on a bought deal basis and was underwritten by a syndicate of underwriters.

The common shares were offered by way of a short form prospectus filed in all provinces in Canada.

Transaction costs directly associated with this issuance of treasury shares of approximately $1,706,896 ($1,258,342 net of deferred taxes) have been recognized as a reduction of the proceeds, resulting in net total proceeds of $21,293,098. At April 30, 2020, $425,744 of transaction costs remained unpaid and were recorded in accounts payable and accrued liabilities. The costs have been substantially paid after April 30, 2020.

(d) 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 2020, the Company declared quarterly dividends of $0.055 for the first two quarters and $0.06 for each of the following quarters for an aggregate of $3,009,000. During fiscal 2019, the Company declared quarterly dividends of $0.05 for the first two quarters and $0.055 for each of the following quarters for an aggregate of $2,747,000.

(e) Earnings per share:

Basic earnings per share:

The calculation of basic earnings per share is based on the profit (loss) attributable to common shareholders and the weighted average number of common shares outstanding calculated as follows:

	2020	2019
Profit (loss) attributable to common shareholders	$ 2,346	$ (741)
Weighted average number of common shares outstanding (basic)	13,093,630	13,082,376
Dilutive impact of assumed exercise of stock options	6,191	-
Weighted average number of common shares outstanding (diluted)	13,099,821	13,082,376
Basic earnings (loss) per common share	$ 0.18	$ (0.06)
Diluted earnings (loss) per common share	$ 0.18	$ (0.06)

Diluted earnings per share:

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. As at April 30, 2020, 449,542 options were excluded from the weighted average number of diluted common shares as their effect would have been anti-dilutive (188,700 for the comparative period of fiscal 2019).

(f) Stock option plan:

On September 6, 2018, the shareholders approved a common share stock option plan for the Company's employees and directors. Under the terms of the plan, the Company may grant options up to 10% of its issued and outstanding shares. The stock option plan is administered by the Board of Directors who may determine, in accordance with the terms of the plan, the terms relating to each option, including the extent to which each option is exercisable during the term of the options

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

The movement in outstanding stock options for fiscal year ended April 30, 2020 is as follows:

	Number of options	Weighted average exercise price
Outstanding at April 30, 2019	188,700	17.23
Granted on July 3, 2019	466,609	14.29
Granted on February 28, 2020	7,500	18.95
Exercised	(834)	14.29
Forfeited	(15,388)	14.29
Outstanding at April 30, 2020	646,587	15.16

In fiscal 2019, the Company issued 188,700 options with a weighted average exercise price of $17.23 per option with a fair value of $4.42 per option. This was the only movement in the options in fiscal 2019.

On July 3, 2019, the Company issued 466,609 options with a weighted average exercise price of $14.29 per option with a fair value of $3.28 per option.

On February 28, 2020, the Company issued 7,500 options with a weighted average exercise price of $18.95 per option with a fair value of $4.78 per option.

As of April 30, 2020, the total weighted average grant date fair value of the outstanding stock options was $3.63 per option.

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

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

	February 28, 2020	July 3, 2019
Weighted average share price	$ 18.95	$ 14.29
Weighted average expected option life (years)	5	5
Weighted average expected stock price volatility	30.93%	28.63%
Weighted average dividend yield	1.21%	1.57%
Weighted average risk-free interest rate	1.07%	1.41%

For fiscal year ended April 30, 2020, the Company recognized stock-based compensation expense of $1.0 million ($0.4 million for fiscal year ended April 30, 2019). 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.

As at April 30, 2020, the remaining contractual life in years of the options granted on September 6, 2018 is 3.35 years (4.35 years as at April 30, 2019) with 70,763 options (23,588 options as at April 30, 2019) currently exercisable.

As at April 30, 2020, the remaining contractual life in years of the granted options on July 3, 2019 is 4.17 years (nil as at April 30, 2019) with 84,448 options (nil as at April 30, 2019) currently exercisable.

As at April 30, 2020, the remaining contractual life in years of the granted options on February 28, 2020 is 4.83 years (nil as at April 30, 2019) with no options (nil as at April 30, 2019) currently exercisable

17. Cloud, maintenance and subscription revenue:

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

		2020		2019
SaaS	$	9,000	$	2,374
Cloud, maintenance and other		32,058		28,908
Total - Cloud, maintenance and subscription	$	41,058	$	31,282

The Company enters into SaaS subscription agreements and has historically entered into hosting agreements (classified under Cloud, maintenance and other below) that are typically multi-year performance obligations with original contract terms of three to five years. The Company enters into maintenance contracts that typically have an original term of one year and are subject to annual renewal. These maintenance contracts are excluded from the table below. The following table presents revenue expected to be recognized in the future related to SaaS and hosting performance obligations that are part of a contract with an original duration of greater than one year and that are unsatisfied (or partially satisfied) at April 30, 2020:

		2021		2022		2023 and thereafter		Total
SaaS	$	13,970	$	13,811	$	24,245	$	52,026
Cloud, maintenance and other		1,691		616		338		2,645
Total	$	15,661	$	14,427	$	24,583	$	54,671

18. Income taxes:

(a) Income taxes comprise the following components:

		2020		2019
Current income taxes				
Current year	$	1,831	$	836
Adjustments of previous year’s tax expenses		233		-
Current income taxes expense	$	2,064	$	836
Deferred income taxes				
Origination and reversal of temporary differences	$	(603)	$	(519)
Net change in unrecognized deductible temporary difference		97		(1,335)
Adjustments of previous year’s tax expenses		(324)		-
Deferred income tax benefit	$	(830)	$	(1,854)
Income tax expense (benefit)	$	1,234	$	(1,018)

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

	2020	2019
Combined basic federal and provincial statutory income tax rate	26.50%	26.71%
Expected combined income tax expense (benefit)	$ 949	$ (470)
Increase (reduction) in income taxes resulting from:		
Net impact of current period unrecognized benefits	(122)	(964)
Permanent differences and other	407	416
Income tax expense (benefit)	1,234	(1,018)

(c) Unrecognized net deferred tax assets

As at April 30, 2020 and 2019, the unrecognized net deferred tax assets consist of the following:

	2020	2019
Research and development expenses	$ 585	$ 456
Net operating losses of Canadian subsidiaries	2,755	2,791
Net operating losses of UK subsidiary	99	106
Capital losses	854	854
Other	17	5
Unrecognized net deferred tax assets	$ 4,310	$ 4,212

On April 30, 2020:

The Company has unrecognized accumulated research and development expenses of nil (April 30, 2019 - $2,206,000) for Federal income tax purposes, nil (April 30, 2019 - $831,000) for Québec provincial income tax purposes and nil (April 30, 2019 - $185,000) for Ontario provincial income tax purposes which may be carried forward indefinitely and used to reduce taxable income in future years.

Canadian subsidiaries have unrecognized accumulated research and development expenses of approximately $2,091,000 (April 30, 2019 – $1,435,000) for Federal income tax purposes, $925,000 (April 30, 2019 - nil) for Québec provincial income tax purposes, and $1,435,000 (April 30, 2019 – $1,435,000) 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 $10,419,000 (April 30, 2019 - $10,032,000) for Federal income tax purposes, $5,341,000 (April 30, 2019 - $7,019,000) for Québec provincial income tax purposes and $5,025,000 (April 30, 2019 - $2,096,000) 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 $518,000 (£ 300,000) (April 30, 2019 – $560,000 (£ 326,000)) which may be applied to reduce taxable income in future years.

The Company and its subsidiaries have unrecognized accumulated capital losses of approximately $6,384,000 (April 30, 2019 – $6,384,000) 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.

(d) Recognized deferred tax assets and liabilities

At April 30, 2020 and 2019 the recognized net deferred tax assets consist of the following:

	2020		2019	
Deferred tax assets	Assets	Liabilities	Assets	Liabilities
Research and development expenses	$ 5,225	$ -	$ 4,080	$ -
Net operating losses	356	-	159	-
Property and equipment	3,082	-	2,805	-
Non-deductible reserves and accruals	193	-	236	-
IFRS 16 transition (see note 3 - Significant accounting policies)	488	-	-	-
Charitable donations	219	-	155	-
Share issue costs	467	-	162	-
Other	91	-	154	-
Deferred tax liabilities				
Contract acquisition costs	(704)	-	-	-
E-business tax credits	(266)	-	(294)	-
Federal tax credits	(1,670)	-	(1,573)	-
Deferred development costs	(310)	-	(282)	-
Intangibles	(143)	1,638	(126)	1,769
Net deferred tax recognized	$ 7,028	$ 1,638	$ 5,476	$ 1,769

Changes in deferred tax assets and liabilities for the years ended April 30, 2020 and April 30, 2019 are as follows:

	Balance as at April 30, 2019	Recognized in statement of comprehensive income (loss)	Recognized in retained earnings	Recognized in share capital	Balance as at April 30, 2020
Research and development expenses	$ 4,080	$ 1,145	$ -	$ -	$ 5,225
Net operating losses	159	197	-	-	356
Property and equipment	2,805	277	-	-	3,082
Non-deductible reserves and accruals	236	(43)	-	-	193
IFRS 16 transition (note 3)	-	84	404	-	488
Charitable donations	155	64	-	-	219
Share issue costs	162	(144)	-	449	467
Other	154	(63)	-	-	91
Contract acquisition costs	-	(704)	-	-	(704)
E-business tax credits	(294)	28	-	-	(266)
Federal tax credits	(1,573)	(97)	-	-	(1,670)
Deferred development costs	(282)	(28)	-	-	(310)
Intangibles	(1,895)	114	-	-	(1,781)
Net deferred tax recognized	$ 3,707	$ 830	$ 404	$ 449	$ 5,390

	Balance as at April 30, 2018	Recognized in statement of comprehensive income (loss)	Recognized in retained earnings	Business acquisition	Balance as at April 30, 2019
Research and development expenses	$ 2,815	$ 1,265	$ -	$ -	$ 4,080
Net operating losses	106	53	-	-	159
Property and equipment	2,630	175	-	-	2,805
Non-deductible reserves and accruals	217	19	-	-	236
Charitable donations	79	76	-	-	155
Share issue costs	236	(74)	-	-	162
Other	5	(5)	154	-	154
E-business tax credits	(297)	3	-	-	(294)
Federal tax credits	(1,671)	98	-	-	(1,573)
Deferred development costs	(490)	208	-	-	(282)
Intangibles	(106)	36	-	(1,825)	(1,895)
Net deferred tax recognized	$ 3,524	$ 1,854	$ 154	$ (1,825)	$ 3,707

The Company had Canadian Federal non-refundable SRED tax credits totaling approximately $5,609,000 (note 7) (April 30, 2019 – $5,672,000) which may be used only to reduce future current federal income taxes otherwise payable. For the year ended April 30, 2020, the Company intends to claim available Federal non-refundable tax credits to reduce Canadian Federal income taxes otherwise payable of $708,000.

19. Personnel expenses:

	2020	2019
Salaries	$ 61,806	$ 47,271
Other short-term benefits	4,464	3,901
Payments to defined contribution plans	2,775	2,265
	$ 69,045	$ 53,437

20. Finance income and finance costs:

	2020	2019
Interest expense on bank loans and other	$ 708	$ 196
Interest accretion expense – lease obligations	372	-
Foreign exchange loss (gain)	122	(38)
Interest income on bank deposits	(74)	(197)
Net finance costs (income) recognized in profit	$ 1,128	$ (39)

21. 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. 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.

As at April 30, 2020, 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. 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	877	388	430	59	-

22. 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, 2020, key management and their spouses control 26.4% (April 30, 2019 - 30.3%) of the issued common shares of the Company.

The compensation paid or payable to key management for employee services is as follows:

		2020		2019
Salaries	$	5,387	$	3,244
Other short-term benefits		209		207
Payment to defined contribution plans		153		105
	$	5,749	$	3,556

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 $682,000 (2019-$575,000) to facilitate their purchase of the Company's common shares during fiscal 2020. As of April 30, 2020, loans outstanding amounted to $528,000 (2019-$241,000) and are included in Other receivables in the Consolidated Statements of Financial Position.

23. Financial instruments and risk management:

Classification of financial instruments

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

	2020			2019
	Fair value	Amortized cost	Total	
Financial assets				
Cash and cash equivalents	$ -	$ 27,528	$ 27,528	$ 14,913
Short-term investments	-	10,000	10,000	-
Accounts receivable	-	18,434	18,434	14,986
Other receivables	-	590	590	392
Foreign exchange derivatives included in other receivables	1,043	-	1,043	-
	$ 1,043	$ 56,552	$ 57,595	$ 30,291
Financial liabilities				
Accounts payable and accrued liabilities	$ -	$ 19,261	$ 19,261	$ 11,313
Other current liabilities	-	4,670	4,670	4,111
Foreign exchange derivatives included in accounts payable and accrued liabilities	672	-	672	320
Long-term debt	-	10,831	10,831	11,849
	$ 672	$ 34,762	$ 35,434	$ 27,593

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, 2020 and 2019.

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, 2020 and 2019.

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, 2020 and April 30, 2019 consisted primarily of contracts to reduce the exposure to fluctuations in the U.S. dollar.

The fair value of long-term investments is approximately equal to the amortized cost.

For fiscal 2020 and 2019, the derivatives designated as cash flow hedges were considered to be fully effective and no ineffectiveness has been recognized in net finance costs.

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 offset the impact of the fluctuation of the U.S. dollar regarding the revaluation of its U.S. net monetary assets and to 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, 2020, the Company held four outstanding foreign exchange contracts with various maturities to August 2020 to sell US$4,800,000 into Canadian dollars at rates averaging CA$1.3994 to yield CA$6,717,000. On April 30, 2020, the Company recorded an unrealized exchange gain of $37,000 included in other receivables representing the change in fair value of these outstanding contracts since inception and their initial measurement.

On April 30, 2019, the Company held five outstanding foreign exchange contracts with various maturities to July 2019 to sell US$2,750,000 into Canadian dollars at rates averaging CA$1.3194 to yield CA$3,628,000. On April 30, 2019, the Company recorded an unrealized exchange loss of $52,000, 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, 2020, the Company held twenty-one outstanding foreign exchange contracts with various maturities to July 2021 to sell US$29,000,000 at rates averaging CA$1.4029 to yield CA$40,685,000. Of the outstanding US$29,000,000 hedge designated foreign exchange contracts, US$23,800,000 pertain to highly probable future revenue denominated in U.S. dollars expected over the twelve-month period through April 2021 while US$5,200,000 is related to realized U.S. dollar denominated revenue. On April 30, 2020, the Company had recorded an unrealized exchange loss of $652,000 included in accounts payable and accrued liabilities and an unrealized exchange gain of $987,000 representing the change in fair value of these outstanding contracts since inception and their initial measurement.

On April 30, 2019, the Company held nine outstanding foreign exchange contracts with various maturities to January 31, 2020, to sell US$12,000,000 at rates averaging CA$1.31266 to yield CA$15,752,000. Of the outstanding US$12,000,000 designated foreign exchange contracts, US$8,000,000 pertain to highly probably future revenue denominated in U.S dollars expected over the six-month period through October 2019 while US$4,000,000 is related to realized U.S. dollar denominated revenue. On April 30, 2019, the Company had recorded an unrealized exchange loss of $273,000 included in accounts payables and accrued liabilities and an unrealized exchange gain of $5,000 representing the change in fair value of these outstanding contracts since inception and their initial measurement.

	Carrying amount of the hedging instrument							
	Notional amount of the hedging instrument		Assets presented in other receivables		Liabilities presented in accounts payable and accrued liabilities		Changes in fair value used for calculating hedge ineffectiveness	
Cash-flow hedges:								
April 30, 2020 Foreign exchange risk:	US$	29,000	CA$	987	CA$	652	CA$	335
April 30, 2019 Foreign exchange risk:	US$	12,000	CA$	5	CA$	273	CA$	(268)

Hedging components of accumulated other comprehensive income (loss)

During fiscal 2020, the Company recorded a gain of $309,000 (2019 - loss $771,000) in other comprehensive income, representing the change in fair value of the designated hedging contracts during the year. The following table represents the movement in accumulated other comprehensive loss since the designation of hedging derivative instruments.

	2020	2019
Accumulated other comprehensive loss as at the beginning of the fiscal year	$ (127)	$ (113)
Net gain (loss) on derivatives designated as cash flow hedges	309	(771)
Amounts reclassified from accumulated other comprehensive loss to net earnings, and included in:		
Revenue	269	577
Net finance costs	118	180
Accumulated other comprehensive gain (loss) from cash flow hedges	$ 569	$ (127)
Accumulated (loss) translation adjustment from foreign operations	(153)	(80)
Accumulated other comprehensive gain (loss)	$ 416	$ (207)

As at April 30, 2020, $569,000 of the net gain presented in accumulated other comprehensive gain is expected to be classified to net profit within the next twelve months.

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, 2020 and 2019.

	2020				2019			
	DKK	US$	£	€	DKK	US$	£	€
Cash and cash equivalents	14,487	1,244	285	326	2,779	1,301	154	239
Accounts receivable	12,133	11,071	55	43	9,443	6,323	50	267
Other receivables	351	217	-	-	349	227	-	-
Accounts payable and accrued liabilities	(14,792)	(3,181)	(92)	-	(17,397)	(1,405)	(61)	-
Derivative financial instruments – notional amount	-	(10,000)	-	-	-	(6,750)	-	-
	12,179	(649)	248	369	(4,826)	(304)	143	506

The following exchange rates applied during the years ended April 30, 2020 and 2019.

	2020		2019	
	Average rate	Reporting date rate	Average rate	Reporting date rate
CA$ per US$	1.3362	1.3877	1.3176	1.3391
CA$ per £	1.6916	1.7306	1.7189	1.7457
CA$ per €	1.4804	1.5094	1.5142	1.5018
CA$ per DKK	0.1989	0.2024	0.2029	0.2011

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.

	2020			2019		
	US$	£	€	US$	£	€
(Decrease) increase in profit	(45)	21	28	(20)	12	38

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

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

Credit risk

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

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

At April 30, 2020 and April 30, 2019, no customer individually accounted for greater than 10% of total trade receivables and work in progress. Generally, there is no particular concentration of credit risk related to the accounts receivable due to the distribution of customers and procedures for the management of commercial risks. The Company performs ongoing credit reviews of its customers and establishes an allowance for expected credit losses when accounts are determined to be uncollectible. Customers do not provide collateral in exchange for credit.

The Company has an arrangement, which automatically renewed in fiscal 2020, 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 of US$20,000 for export and US$30,000 for domestic (April 30, 2019 – US$50,000 overall) for each deductible period, in respect of trade accounts receivable generated during that period, and subject to a maximum of US$2,000,000 (April 30, 2019 - US$2,000,000) for export losses and US$900,000 (April 30, 2019 - US$700,000) for domestic losses, in any policy period. The insurance policy period runs from February 1 to January 31 of each year.

On April 30, 2020, accounts receivable included foreign accounts totaling US$2,134,000 and domestic accounts for $1,310,000 (US$944,000) that were pre-approved for coverage, subject to the above-noted maximums, under this arrangement.

On April 30, 2019, accounts receivable included foreign accounts totaling US$954,000 and £18,000 and domestic accounts for $1,033,000 (US$772,000) that were pre-approved for coverage, subject to the above-noted maximums, under this arrangement.

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.

	2020	2019
Not past due	$ 11,115	$ 9,003
Past due 1-180 days	8,151	6,138
Past due over 180 days	235	890
	19,501	16,031
Allowance for expected credit losses	(1,067)	(1,045)
	$ 18,434	$ 14,986

Allowance for expected credit losses	2020	2019
Balance at beginning	$ 1,045	$ 822
Impairment losses recognized	(512)	(591)
Additional provisions	534	814
Balance at April 30	$ 1,067	$ 1,045

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 disclosures discussion in note 24 below. It also manages liquidity risk by continuously 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, 2020 and 2019.

	2020				
	Total	Less than 1 year	1-3 years	3-5 years	Beyond
Accounts payable and accrued liabilities	$ 19,933	$ 19,933	$ -	$ -	$ -
Other current liabilities	4,670	4,670	-	-	-
Long-term debt	10,831	1,231	9,600	-	-
Other non-current liabilities	-	-			
	$ 35,434	$ 25,834	$ 9,600	$ -	$ -

	2019				
	Total	Less than 1 year	1-3 years	3-5 years	Beyond
Accounts payable and accrued liabilities	$ 11,633	$ 11,633	$ -	$ -	$ -
Other current liabilities	4,111	4,111	-	-	-
Long-term debt	11,849	1,022	3,627	7,200	-
Other non-current liabilities	2,333	2,333			
	$ 29,926	$ 19,099	$ 3,627	$ 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 is exposed to cash flow risk due to the interest rate fluctuation in its floating-rate interest-bearing financial obligations.

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, comprising those changes 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 insignificant.

24. Capital disclosure

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

Its capital management policies may also include promoting shareholder value through the concentration of its shareholdings by means of purchasing its own shares for cancellation through normal course issuer bids when the Company considers it advisable to do so. As part of its business growth strategy, on January 30, 2019, the Company entered into a Credit Agreement and undertook a Revolving Facility of $5,000,000 and a Term Facility of up to $12,000,000. The Revolving Facility remains undrawn as of April 30, 2020 and will be utilized for general corporate purposes. The Company borrowed $12,000,000 under the Term Facility to fund the acquisition of Tecsys A/S (see note 4).

On April 28, 2020, the Company completed an offering of 1,333,333 common shares of the Company at the offering price of $17.25 per common share for aggregate gross proceeds of $22,999,994 (see note 16). The Company intends to use the net proceeds of the Offering for working capital and general corporate purposes. During April 2020, $10,000,000 of the cash generated by the bought deal was invested in a renewable short-term GIC for a period of 30 days (see note 6). An additional $10,000,000 of the net proceeds was deposited in an interest bearing bank account.

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 existing debt, and extend or amend its banking and credit facilities as deemed appropriate under the specific circumstances. The Company's banking and credit facilities require adherence to financial covenants. The Company is in compliance with these covenants as at April 30, 2020 and at April 30, 2019. Other than its banking agreement covenants, the Company is not subject to externally imposed capital requirements.

25. 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, goodwill and other intangible assets are located in Canada and Denmark. Total assets attributable to Denmark total $21.1 million (2019 - $17.9 million). 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:

	2020	2019
Canada	$ 24,393	$ 24,582
United States	60,399	46,815
Europe	18,858	4,706
Other	1,205	346
	$ 104,855	$ 76,449

26. Restructuring costs:

For the fiscal year ended April 30, 2020, the Company recognized restructuring costs of $0.4 million ($nil for April 30, 2019). These costs are related to acquisition integration, primarily for severance.

27. Comparative information:

Certain comparative figures have been reclassified to conform with the basis of presentation used in the current year. Contract acquisition costs were previously reported within prepaids and are now presently separately and classified into current and non-current components. The Company expects to realize some of the benefits derived from the contract acquisition costs beyond a 12 months operating cycle. As a result of the change, $536,000 has been reclassified from prepaids to contract acquisition costs as of April 30, 2019.

28. Subsequent event:

On July 8, 2020, the Company's Board of Directors declared a quarterly dividend of $0.06 per share to be paid on August 7, 2020 to shareholders of record on July 24, 2020.

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 2020: May 1, 2019 to April 30, 2020

	High	Low	Volume
First Quarter	$ 15.57	$ 12.43	431,583
Second Quarter	$ 16.33	$ 12.49	209,099
Third Quarter	$ 22.58	$ 15.50	959,413
Fourth Quarter	$ 23.25	$ 13.23	1,231,955

Dividend Policy

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

On July 8, 2020, the Company has declared a quarterly dividend of $0.06 per share to be paid on August 7, 2020 to shareholders of record at the close of business on July 24, 2020.

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:

Investor Relations

Tecsys Inc.
1 Place Alexis Nihon, Suite 800
Montreal, Quebec H3Z 3B8
Canada

Tel: (800) 922-8649
(514) 866-0001
Fax: (514) 866-1805

investor@tecsys.com
www.tecsys.com

Below is Tecsys' Dividend Payment History and Increases:

Dividend Period	Amount	Date Paid
Semi-Annual		
Q3, 2008	$ 0.020	31-Mar-08
Q1, 2009	$ 0.020	07-Oct-08
Q3, 2009	$ 0.020	31-Mar-09
Q1, 2010	$ 0.025	07-Oct-09
Q3, 2010	$ 0.025	31-Mar-10
Q1, 2011	$ 0.025	06-Oct-10
Q3, 2011	$ 0.030	31-Mar-11
Q1, 2012	$ 0.030	06-Oct-11
Q3, 2012	$ 0.030	30-Mar-12
Q1, 2013	$ 0.035	05-Oct-12
Q3, 2013	$ 0.035	29-Mar-13
Q1, 2014	$ 0.035	04-Oct-13
Q3, 2014	$ 0.040	28-Mar-14
Quarterly		
Q1, 2015	$ 0.0225	06-Aug-14
Q2, 2015	$ 0.0225	10-Oct-14
Q3, 2015	$ 0.0225	06-Jan-15
Q4, 2015	$ 0.0225	09-Apr-15
Q1, 2016	$ 0.025	06-Aug-15
Q2, 2016	$ 0.025	09-Oct-15
Q3, 2016	$ 0.025	12-Jan-16
Q4, 2016	$ 0.025	12-Apr-16
Q1, 2017	$ 0.030	04-Aug-16
Q2, 2017	$ 0.030	07-Oct-16
Q3, 2017	$ 0.045	12-Jan-17
Q4, 2017	$ 0.045	11-Apr-17
Q1, 2018	$ 0.045	04-Aug-17
Q2, 2018	$ 0.045	06-Oct-17
Q3, 2018	$ 0.050	11-Jan-18
Q4, 2018	$ 0.050	12-Apr-18
Q1, 2019	$ 0.050	03-Aug-18
Q2, 2019	$ 0.050	05-Oct-18
Q3, 2019	$ 0.055	11-Jan-19
Q4, 2019	$ 0.055	11-Apr-19
Q1, 2020	$ 0.055	02-Aug-19
Q2, 2020	$ 0.055	04-Oct-19
Q3, 2020	$ 0.06	10-Jan-20
Q4, 2020	$ 0.06	09-Apr-20

Directors and Executive Management

Board of Directors

Frank J. Bergandi
Business Consultant

David Brereton
Executive Chairman of the Board
Tecsys Inc.

Peter Brereton
President and CEO
Tecsys Inc.

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

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

David Wayland [(1)]
Corporate Director

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

John Ensign [(2) (3)]
President and Chief Legal Officer
MRI Software LLC

Executive Management

David Brereton
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

Laurie McGrath
Chief Marketing Officer

Klaus Juhl
Managing Director, Tecsys A/S

Yan Charbonneau
Vice President, Research and Development

Patricia Barry
Vice President, Human Resources

Steve Berkovitz
Chief Platform Officer

Catalin Badea
Chief Technology Officer

Catherine Sigmar
Chief Legal Officer and Vice President, Strategic Initiatives

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

Corporate Information

North America

Corporate Headquarters

Tecsys Inc.
1 Place Alexis Nihon
Suite 800
Montreal, Quebec H3Z 3B8
Canada
Tel: (800) 922-8649
(514) 866-0001
Fax: (514) 866-1805

Tecsys U.S., Inc.
1001 Avenue of the Americas
4th Floor
New York, NY 10018
USA
Toll Free: (800) 922-8649

Tecsys Inc.
15 Allstate Parkway
Suite 501
Markham, Ontario L3R 5B4
Canada
Tel: (905) 752-4550
Fax: (905) 752-6400

Tecsys Inc.
820 St-Martin Blvd. West
Laval, Quebec H7M 0A7
Canada
Tel: (450) 628-8800
Fax: (450) 688-3288

Europe

Tecsys A/S*
Stationsparken 25
2600 Glostrup
Denmark
Tel: +45 43 43 29 29

Subsidiary of Tecsys Inc.

Investor Inquiries

Tecsys Inc.
Investor Relations
1 Place Alexis Nihon
Suite 800
Montreal, Quebec H3Z 3B8
Canada
Tel: (800) 922-8649
(514) 866-0001
Fax: (514) 866-1805
investor@tecsys.com
www.tecsys.com

Subsidiaries

Tecsys U.S., Inc.
Tecsys Europe Limited
Tecsys A/S (formerly PCSYS A/S)
Tecsys Denmark Holding ApS
LOGI D HOLDING INC.
LOGI D INC.
LOGI D CORP.
OrderDynamics Corporation

Auditors

KPMG LLP
Montreal, Quebec, Canada

Bankers

National Bank of Canada
Montreal, Quebec, Canada

Legal Counsel

Mccarthy Tétrault LLP
Montreal, Quebec, Canada

Transfer Agent and Registrar

Computershare Investor Services Inc.
100 University Ave.
8th Floor, North Tower
Toronto, Ontario M5J 2Y1
Canada
Tel: (514) 982-7555 or (800) 564-6253
Fax: (514) 982-7635
service@computershare.com

Tecsys Inc.
1 Place Alexis Nihon
Suite 800
Montreal, Quebec H3Z 3B8
Canada
Tel: (800) 922-8649
(514) 866-0001
Fax: (514) 866-1805

www.tecsys.com

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