Trusted to deliver
Built for growth

2025 ANNUAL REPORT

tecsys™

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The statements in this annual report relating to matters that are not historical fact are forward-looking statements that are based on management's beliefs and assumptions. Such statements are not guarantees of future performance and are subject to a number of uncertainties, including but not limited to future economic conditions, the markets that Tecsys Inc. serves, the actions of competitors, major new technological trends, and other factors beyond the control of Tecsys Inc., which could cause actual results to differ materially from such statements. More information about the risks and uncertainties associated with Tecsys Inc.'s business can be found in the MD&A section of this annual report and the Annual Information Form for the fiscal year ended April 30, 2025. These documents have been filed with the Canadian securities commissions and are available on our website (***https://www.tecsys.com/about-us/investors/***) and on SEDAR+ (***www.sedarplus.ca***).

Tecsys at a glance

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

We deliver transformative supply chain software that helps organizations scale efficiently, meet rising customer demands and optimize inventory. Our purpose-built solutions span ERP, warehouse and transportation management, point-of-use supply, retail fulfillment and financials — built on our extensible Itopia® low-code platform for rapid adaptation and long-term agility.

With a focus on innovation and customer success, we empower our customers to achieve operational excellence and competitive advantage. In a world of constant disruption, Tecsys is how supply chains stay resilient, responsive and ready.

BENCHMARK OF EXCELLENCE

Built for growth

40+
years

Over four decades of complex supply network experience

100+
countries

Tecsys software is used in more than 100 countries across healthcare, distribution and complex supply chain environments

1,000+
customer sites

A global network of mission-critical operations across Canada, the U.S. and Europe

40%
customers

Forty percent of the 2024 Gartner® Healthcare Supply Chain Top 25, including two Masters, rely on Tecsys solutions[1]

Trusted to deliver

Leader

Positioned as a Leader in the Nucleus Research WMS Technology Value Matrix for 2024[2]

14
years

Named in the Gartner® Magic Quadrant™ for Warehouse Management Systems in 14 consecutive reports, positioned as Challenger since 2022[3]

67
global alliance partners

A robust network of value-added partners architected to deliver value quickly and consistently

[1] https://www.gartner.com/en/supply-chain/trends/gartner-healthcare-supply-chain-top-25
[2] https://nucleusresearch.com/research/single/wms-technology-value-matrix-2024/
[3] https://www.gartner.com/en/documents/5398663

A message from Peter Brereton

President and CEO

Dear stakeholders,

Times of change often bring uncertainty — and opportunity. For Tecsys, they bring momentum.

Over the past few years, change has become the norm in supply chain operations. Whether it's healthcare systems consolidating, fulfillment models being reimagined, or pharmacy operations being centralized, the underlying reality is the same: leaders are being asked to make high-impact decisions about how they operate, serve and grow. These aren't minor tweaks. They're complex, multi-year shifts in how supply chains are structured and executed.

And change is accelerating. We're not just being asked to lead. We're being called on to respond with precision, urgency and consistency. Across these critical moments, Tecsys has become the partner organizations trust to bring clarity to complexity and turn vision into results.

This year's fiscal performance reflects that readiness. We ended the year with record revenue, and adjusted EBITDA grew 39% over last year. Our SaaS revenue rose by 29%, led by strong adoption of our Elite™ offering, and we saw two straight quarters of exceptional services bookings, finishing the year with the largest professional services backlog in our history. What stands out to me isn't just the numbers, but what they represent: a healthy mix of new enterprise wins, strategic expansions from existing customers, and a deepening presence in our key markets.

Behind these results are real operational challenges being solved, often in settings where the consequences of failure are measured in more than just dollars.

39%

ADJUSTED EBITDA GROWTH

29%

SAAS REVENUE GROWTH

In Fiscal 2025, we invested heavily in quality and scalability. Nearly one third of our R&D spend was dedicated to improving the scalability and performance of our software, and addressing the underlying causes of challenges reported by our customers. We want adoption of our software to be straightforward and use of it to be a pleasure. Our customer survey at the end of the year showed a 25% improvement in customer satisfaction.

We also invested in pharmacy. The shift toward consolidated pharmacy service centers is reshaping how medications move through hospital networks. It's a space where clinical integrity meets logistics — and where Tecsys is uniquely positioned to lead. Our pharmacy footprint is growing not just because we have the right product, but because we understand the responsibility that comes with enabling these systems. That's a responsibility we take seriously.

This year also marked a strengthening of our leadership bench. Rex Ahlstrom joined Tecsys as chief strategy officer, bringing decades of experience in data innovation and enterprise transformation. His arrival reflects our long-term commitment to aligning technology, insight and customer outcomes. We're already seeing the early impact of that commitment in initiatives like TecsysIQ, where AI is being built into the fabric of our platform.

We recently expanded our global presence, including the establishment of our new India team shortly after year-end, extending our capacity while maintaining the quality and consistency our customers expect.

As we look ahead, we will continue to invest in quality, but we are also building on that quality with exciting AI innovations designed for the real world. I believe this is truly transformative technology that will drive SaaS bookings from new accounts and the expansion of existing accounts. We are also investing in platform efficiency to drive SaaS margins to new heights. These are the investments that create great shareholder value. I look forward to seeing the results.

At a time defined by volatility, Tecsys stands apart: **a stable strategy, a solid balance sheet, and meaningful growth potential**.

With a sincere thank you to new and returning customers, our dedicated and talented team, strong global alliances and supportive shareholders, we kick off Fiscal 2026 with everything we need to support mission-critical supply chains around the globe.

Peter Brereton
President and CEO
Tecsys Inc.

A message from Dave Brereton

Executive Chairman

Dear shareholders,

In every organization's journey, certain moments serve as pivotal turning points; occasions that may seem modest in real time, but in hindsight shine as catalysts for lasting progress and maturity. For Tecsys, this past year was one such moment, quietly transformative yet profoundly important in setting the stage for an exciting new chapter of growth.

As we embark on our fifth decade, I am inspired by the way Tecsys has achieved this progress: by balancing relentless execution with the courage to evolve. Many companies can react to industry shifts. Tecsys distinguishes itself by innovating proactively while staying firmly rooted in the core values that make this organization worth building in the first place.

This ethos of balance — between bold innovation and unwavering principles — has been the defining thread of the Tecsys story. We have always believed that product innovation, operational excellence, and human impact are strongest when they go hand in hand. Our customers operate in some of the world's most complex, consequential environments, and we strive to be the partner they trust most when clarity, care, and capability are paramount.

Our journey is guided not only by visionary strategy but also by strong governance. We are fortunate to have an engaged Board of Directors helping steer this course. This year, we had the privilege of welcoming two exceptional leaders to our Board: Sripriya Thinagar and Stephany Verstraete. Each brings a distinctive blend of experience, perspective, and purpose to our discussions. We are honored and excited to have their voices at the table as we chart Tecsys' future. Their arrival reaffirms our commitment to rigorous, forward-looking governance that keeps us prepared for the opportunities ahead.

In times of rapid growth, especially in sectors as essential as healthcare and complex distribution — where the stakes are incredibly high — it is tempting to focus solely on what's next. Yet I believe there is great value in pausing to reflect on what brought us here in the first place. Our journey has been fueled by a deep respect for our customers' missions, a commitment to purposeful innovation, and the conviction that how we grow is just as important as how fast we grow.

As I reflect on the distance we've traveled and the path that lies ahead, I am reminded of the wise words of Jane Goodall:

"What you do makes a difference, and you have to decide **what kind of difference** you want to make."

This message resonates at the heart of Tecsys' mission. Every decision we make is deliberate, our standards are uncompromising, and our focus remains fixed on making a meaningful difference in the systems we improve, the partnerships we forge, and the outcomes that matter most to those we serve.

In an increasingly complex and interconnected supply chain landscape, our unique ability to align people, data and decisions has become our hallmark. That unwavering focus is our North Star, guiding us as we boldly step into Tecsys' next great chapter.

Dave Brereton
Executive Chairman
Tecsys Inc.

VALUE-DRIVEN ECOSYSTEM

Built for shared success

By working in lockstep with forward-thinking customers and strategic partners, Tecsys delivers more than just products; we deliver a network of shared expertise, adaptability and innovation.

We're building a connected, adaptable ecosystem designed to deliver enterprise value across every layer of supply chain complexity. From our products to our people, it's a reflection of our commitment to support long-term value creation and scalable execution.

Our ecosystem approach enables organizations to:

- **Connect best-in-class tools to a flexible foundation**
- **Scale intelligently without compromising performance**
- **Collaborate with expert partners to accelerate outcomes**

"

Investment in Tecsys is not just about technology; it's about strengthening our ability to deliver exceptional service and expand our footprint in the industry."

Farrah Mittel
President
Schaedler Yesco

“We recognize that the pharmacy is one of the most critical elements of both expense and revenue for healthcare systems. So why would we manage it any less effectively and efficiently than we would the med/surg supply chain?”

Donna J. Van Vlerah
Senior Vice President, Support Division
Parkview Health

“Carolina Cat is focused on driving operational improvements and delivering superior customer service. The choice of Tecsys’ Omni™ WMS reflects our commitment to enhancing our distribution capabilities.”

Bill Belus
Vice President, Supply Chain
Carolina Cat

“Unlike our legacy WMS, where meeting unique customer conditions required modifications to the core system, Avalon CSC’s personalizations to Elite™ WMS through Itopia® are simple and seamless.”

Erica Bhadhawar
Tecsys Operational Process Manager
Accuristix

“Itopia® is what sets Tecsys apart. It brings the platform to you, letting you capture the right data where it matters, adapt workflows to real-world processes, or build new logic and functionality — within the software itself. No tech exec wants to rely on code mods. They want near out-of-the-box. Itopia® gets you there.”

Josh McCurry
Data Integration Engineer II, ITG
HealthTrust | ROi

“Sequoia Group is proud to partner with Tecsys to deliver robust, scalable supply chain solutions that meet the evolving needs of our customers. Together, we help organizations streamline complex operations and unlock greater efficiency by implementing technology and applying deep industry expertise. In a world where supply chains are increasingly complex, our shared goal is to bring simplicity, clarity and confidence to every step of the process. Tecsys’ flexible platform and commitment to innovation make them an ideal partner as we work side by side to solve today’s toughest supply chain challenges.”

Steven Fitt
President & CEO
Sequoia Group

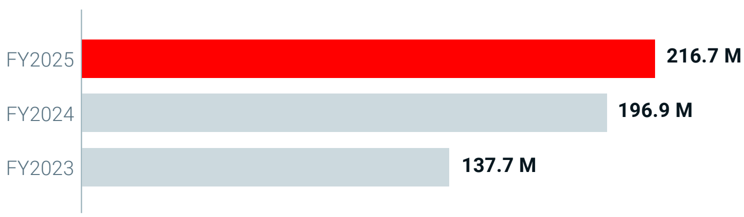
Financial highlights

1,000s CAD except for EPS	2025	2024
Revenue	176,454	171,242
SaaS revenue	67,071	51,918
Profit from operations	7,180	1,933
Net profit	4,459	1,849
Adjusted EBITDA[1]	13,373	9,614
Earnings per share	0.30	0.13
SaaS ARR bookings[2]	17,318	18,554
Cash from operations	13,908	4,855
Annual Recurring Revenue[2]	105,141	94,680

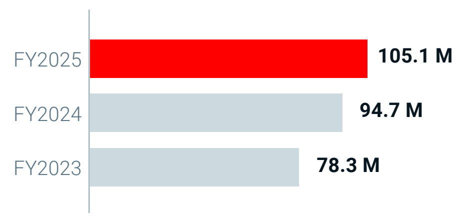
Shareholder value

As of April 30, 2025 in CAD millions

SaaS Remaining Performance Obligation (“RPO”)

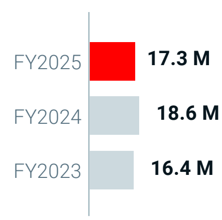


Annual Recurring Revenue (“ARR”)



Total revenue

SaaS ARR bookings



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

CORPORATE GOVERNANCE

Ensuring principled leadership and oversight

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

In service to the interests of both Tecsys' stakeholders and shareholders, our corporate governance ensures that our success is underpinned by the values we reinforce and the consistency with which we execute them.

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

[1] Member of the Audit Committee
[2] Member of the Compensation Committee
[3] Member of the Corporate Governance and Nominating Committee
[4] Lead Independent Director

Board of Directors

David Brereton
Executive Chairman of the Board
Tecsys Inc.

Peter Brereton
President and CEO
Tecsys Inc.

Andrew Kirkwood [2] [3]
Strategic Advisor
AEK Ventures Ltd

David Booth [1] [3]
Corporate Director

Kathleen Miller [1]
Corporate Director

Sripriya Thinagar [3]
CEO
ManoloAI LLC

Stephany Verstraete [2]
Chief Marketing Officer
Xometry

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

Vernon Lobo [2] [3] [4]
Managing Director
Mosaic Venture Partners Inc.

INSIDE TECSYS

A values-driven culture built for sustainable performance

Culture at Tecsys is a core driver of performance. In an industry where trust and precision are everything, our people are the reason we consistently deliver. Across regions and roles, we're united by a clear purpose, a shared set of values, and a commitment to building strong, resilient operations — both for our customers and for the long-term health of our business.

A culture built on values

Our values guide how we work, how we lead and how we serve. They show up in everyday decisions, in how we work across teams, and in the way we show up for customers. These aren't just words on a wall — they shape the experience of working with Tecsys.

This year, we undertook an important initiative to refresh our corporate values to reflect our organization's growth. The result is a clearer articulation of how our people lead, collaborate and deliver — reinforcing the confidence our customers place in Tecsys to support mission-critical operations. These values are embedded in our day-to-day work and reflect the trust our customers place in us.

Earn **trust** daily

We believe trust is earned through actions, not intentions. That means doing what's right, delivering high-quality outcomes and acting with integrity, consistently. In complex, high-stakes environments, credibility is everything.

Build each other up

Great work is rarely done alone. We create space for people to contribute, be recognized and grow. By supporting each other and working as a team, we elevate individual strengths into shared success.

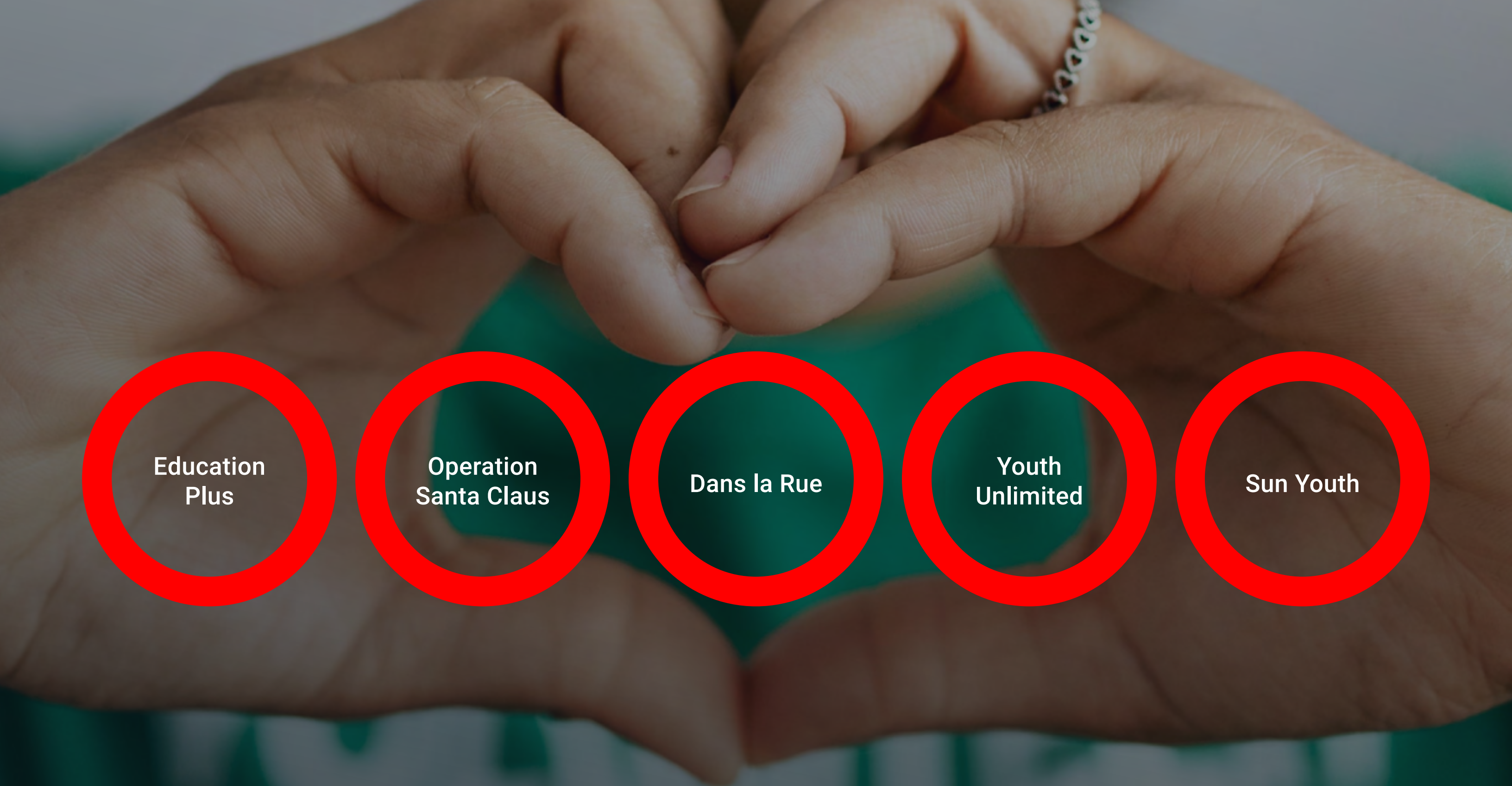
Explore boldly

We encourage curiosity, experimentation and the courage to challenge assumptions. Change is constant in our industry — bold thinking helps us navigate it, and thoughtful action helps us lead through it.

COMMUNITY ENGAGEMENT

Making a difference beyond the business

Tecsys' commitment to community is grounded in the same principles that guide how we work: accountability, empathy and action. Our people don't wait to be asked — they take initiative. And we support them in creating impact that reaches far beyond the workplace.



We match employee donations to eligible charities and fundraising activities and encourage grassroots engagement across our workforce. These efforts often focus on youth and education, including long-standing partnerships with organizations like Education Plus, Operation Santa Claus, Dans la Rue, Youth Unlimited, and Sun Youth. In-house fundraising initiatives are also supported, from local causes to sports teams connected to our employees and their families.

In Montreal, Pedal for Kids remains a cornerstone of our giving culture. For over 25 years, our team has raised funds for the Montreal Children's Hospital Foundation, continuing a proud tradition of showing up for the next generation.

Corporate giving plays a role as well. We continue to allocate a portion of our revenue to support charitable youth projects around the world. Increasingly, we also align with our customers' philanthropic initiatives, reinforcing shared values and multiplying impact.

> *"As someone responsible for making sure our supply chain supports the needs of patients and staff, it's meaningful when we can extend that work beyond the walls of the hospital. Partnering with Tecsys at events like the Houston Open allows us to contribute to the community in a different — but equally important — way."*
>
> **Mike Brown**
> *Vice President of Supply Chain*
> *Texas Children's Hospital*

At Tecsys, community engagement reflects who we are and the values we carry into every relationship, inside and outside the business.

BUILDING PROFESSIONAL COMMUNITIES

Connecting experts, amplifying impact

Tecsys is more than a software provider — we are an active participant in the professional communities that shape industry and supply chain innovation. By fostering peer collaboration, supporting independent user groups and hosting expert forums, we help customers turn shared challenges into shared progress.

These efforts not only support knowledge exchange and skill-building, they deepen product value, build champions and extend Tecsys' reach across the industries we serve.

Itopia® User Group

A growing network of citizen developers using Itopia® to share ideas, sharpen skills and build creative solutions. Members connect through webinars, peer forums and an evolving hub of curated tools and content.

Pharmacy Supply Chain Leadership Summit

A Tecsys-hosted event series bringing together pharmacy supply chain leaders to collaborate on shared challenges like drug costs, backorders and visibility. The summit fosters peer learning, strategic dialogue and forward-thinking solutions.

Tecsys User Group

An independent, user-led community of Tecsys customers dedicated to helping one another succeed. Through online collaboration and shared best practices, members strengthen each other's work and the value of the Tecsys ecosystem.

We are likewise engaged in several key industry associations, including SMI Supply Chain, the Association for Health Care Resource & Materials Management, the National Association of Electrical Distributors, and Supply Chain Leaders in Action, among others. These associations play an important role in broadening our network, driving industry collaboration, and providing valuable insights that shape our strategic direction.

Together with these industry associations, the communities we've built around our solutions are vital to helping our customers connect, grow and lead — and they help Tecsys cultivate an environment of insight, engagement and shared success. When our users share, innovate and advocate for one another, they create a multiplier effect that benefits everyone, including fellow customers, value-added partners and Tecsys alike.

> "
>
> *Brainstorming and sharing ideas about what's worked for others is incredibly beneficial. Seeing what other organizations are doing helps us bring those insights back, knowing we don't have to reinvent the wheel on our own."*
>
> **Neil Allen**
> *Senior Director of Supply Chain*
> *University of Kansas Health System*

STRATEGIC PRIORITIES

Building future-ready supply chain solutions

As supply chain challenges grow more complex and critical, Tecsys continues to evolve with purpose. Our commitment to innovation, investment and continuous improvement remains central to how we help customers operate with clarity and confidence, even in the most demanding environments.

We continue to build the future with three priorities in focus:

Innovation

We embrace fresh thinking and explore new possibilities in data, AI and advanced technology that challenge the status quo. This spirit drives our work to develop practical, forward-looking supply chain solutions that deliver meaningful value — not just today, but well into the future.

Investment

We make deliberate investments in the technology, people and partnerships that allow us to scale with speed and confidence. These investments reinforce our long-term platform strategy and strengthen our ability to support customers as they navigate disruption and pursue transformation.

Improvement

We treat every challenge as an opportunity to get better. From product enhancements to implementation excellence, we are continuously refining how we deliver support, insight and solutions that align with our customers' evolving needs.

Our long-standing commitment to delivering real results is matched by our willingness to adapt and move with our customers. Across sectors, from hospital networks to high-volume distribution centers, we apply fresh thinking and deep domain expertise to tackle complexity head-on. As AI, automation and real-time data become standard, our role is to harness those tools in ways that are pragmatic, meaningful and rooted in outcomes.

That's how we help our customers not just prepare for the future — but actively shape it.

Whether it's unlocking workflow visibility, modernizing infrastructure or designing for scale, we remain focused on building what's next with purpose, precision and proven operational strength.

> *In our journey with Tecsys, Werner Electric has benefited from advanced and applied AI initiatives that have resulted in competitive advantages. We are thrilled to continue co-creating the future state of our supply chain through a lens of innovation."*
>
> **Jonah Reinhardt**
> *IT Business Systems Manager*
> *Werner Electric Supply*

> *Today our med/surg nurses can just walk into a supply room, grab the items they need, and go take care of their patients. When a clinician taking care of a patient has the supplies they need, that's a good day."*

Carmen Winfield
Vice President of Supply Chain
McLeod Health

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

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

This Management Discussion and Analysis (MD&A) dated June 26, 2025, comments on our operations, financial performance and financial condition as at and for the years ended April 30, 2025 and April 30, 2024 and should be read in conjunction with the consolidated financial statements of Tecsys Inc. ("Tecsys", the "Company") and Notes thereto. Fiscal 2025 refers to the twelve-month period ended April 30, 2025 and Fiscal 2024 refers to the twelve-month period ended April 30, 2024.

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

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

The consolidated financial statements were authorized for issue by the Board of Directors on June 26, 2025. Additional information about Tecsys, including copies of the continuous disclosure materials such as the annual information form and the management proxy circular, can be obtained from SEDAR+ at www.sedarplus.ca.

Forward-Looking Information

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

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

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

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Use of non-IFRS Performance Measures

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

Overview

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

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

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

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

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

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

Tecsys' alliance strategy continued to develop and mature during Fiscal 2025. Foundational relationships with key technology partners including Amazon Web Services (AWS), Microsoft Corporation, Shopify, Oracle Corporation, and Workday, Inc. continue to support its product offering. Other technology solution partners like Honeywell International Inc., Zebra Technologies Corporation, and Terso Solutions Inc., round out Tecsys' ability to deliver complete supply chain solutions. Tecsys continues to expand service partners such as Avalon Corporate Solutions Corp, Bricz, TraceLink Inc., Sequoia Group, RiseNow LLC and others where Tecsys and the partners work together on opportunities within the customer base as well as on new client pursuits. Additionally, Tecsys has formed a number of partnerships to address Supply Chain Automation. These partners include SVT Robotics, Autostore, Locus Robotics Corp and others.

Industry Verticals

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

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

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

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

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

The Supply Chain Management Industry

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

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

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

Selected Key Events

On May 2, 2024, Gartner, Inc. released the 2024 Magic Quadrant[1] for Warehouse Management Systems in which Tecsys held its position as a Challenger for the second year. Tecsys' "Ability to Execute" and "Completeness of Vision" are the reasons why it was named a Challenger in the Gartner Magic Quadrant. This evaluation marks the 13th consecutive time that Tecsys' Elite™ WMS has been recognized by Gartner[1].

On July 23, 2024, Tecsys announced its 2024 Great Place To Work® Certification™ in Canada, the U.S. and Europe. Great Place To Work® is the global authority on workplace culture, employee experience, and the leadership behaviors proven to deliver market-lading revenue, employee retention and increased innovation.

On September 5, 2024, Stephany Verstraete and Sripriya Thinagar joined Tecsys' Board of Directors. Verstraete is a distinguished technology and digital healthcare executive with over two decades of experience scaling businesses, including significant roles at Teladoc Health, Expedia and PepsiCo. Thinagar brings over 25 years of experience in technology and operational excellence, having held senior executive roles at Olo, Manhattan Associates and Bank of America.

On September 18, 2024, Tecsys announced the renewal of its Normal Course Issuer Bid and the approval from the Toronto Stock Exchange to repurchase up to 500,000 common shares, representing 3.4% of the Company's public float of 14,788,706 issued and outstanding common shares as at September 16, 2024, covering the twelve-month period commencing September 20, 2024 and ending September 19, 2025.

On October 21, 2024, Tecsys introduced new advanced capabilities in its Elite™ software platform as part of its 24.2 release. These enhancements include a dynamic picking control tower, AI-assisted item master cleansing for the healthcare industry, a personalized business intelligence dashboard labeled "My Top 5" and electronic shelf labels that add to the Company's portfolio of in-hospital automation and technology solutions.

On November 13, 2024, Tecsys announced its inclusion as a "Leader" in the 2024 Nucleus Research WMS Technology Value Matrix, a recognition underscored by Tecsys' industry-focused expertise in distribution, healthcare, pharmacy, industrial and third-party logistics environments, according to the research. Twenty vendors were assessed based on usability and functionality, and categorized into one of four groups: Leaders, Experts, Facilitators or Core Providers[2].

On December 9, 2024, Tecsys announced it had been named a recipient of the 2024 Top Software & Tech Award by Supply & Demand Chain Executive for its new-to-market Digital Twin 3D Heat Map for Warehouse Management, a new-to-market enhancement to its existing warehouse management system[3] . The enhancement was recognized for its ability to provide organizations with a virtual representation of their physical warehouses, enabling them to visualize key warehouse operations and make data-driven decisions in real time.

Description of Business Model

The Company has five principal sources of revenue:

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

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

[1] Gartner, Magic Quadrant for Warehouse Management Systems, Simon Tunstall, Dwight Klappich, Rishabh Narang, Federica Stufano, May 2, 2024.

[2] Nucleus Research, WMS Technology Value Matrix 2024, Charles A. Brennan, November 12, 2024.

[3] Supply & Demand Chain Executive, "Top Software & Tech Award: Supply Chain Visibility Solutions Reign as Industry Problem Solvers," December 1, 2024.

In the three months and year ended April 30, 2025, the Company generated $46.6 million and $176.5 million in total revenue, respectively. The revenue mix for the three months ended April 30, 2025, was: SaaS 39%; maintenance and support 17%; professional services 35%; license 1%; and hardware 8%. The revenue mix for Fiscal 2025 was: SaaS 38%; maintenance and support 18%; professional services 33%; license 1%; and hardware 10%.

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

Key Performance Indicators

The Company uses certain key performance indicators in its MD&A and other communications which are described in the following section. These key performance indicators do not have any standardized meaning prescribed by IFRS and therefore may not be comparable to similarly titled indicators reported by other companies and cannot be reconciled to a directly comparable IFRS measure. Readers are cautioned that the disclosure of these metrics are meant to add to, and not to replace, the discussion of financial results determined in accordance with IFRS. Management uses IFRS and Non-IFRS measures as well as key performance indicators when planning, monitoring and evaluating the Company's performance.

Recurring Revenue

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

Bookings

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

Backlog

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

Results of Operations

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

(in thousands of CAD, except earnings per share)	Three months ended April 30, 2025	Three months ended April 30, 2024	Year ended April 30, 2025	Year ended April 30, 2024	Year ended April 30, 2023
Statement of Operations					
Revenue	$ 46,555	$ 43,955	$ 176,454	$ 171,242	$ 152,424
Cost of revenue	22,712	23,341	91,161	92,853	85,615
Gross profit	23,843	20,614	85,293	78,389	66,809
Operating expenses	20,733	21,258	78,113	76,456	63,241
Profit (loss) from operations	3,110	(644)	7,180	1,933	3,568
Other (costs) income	(98)	122	255	557	145
Profit (loss) before income taxes	$ 3,012	$ (522)	$ 7,435	$ 2,490	$ 3,713
Income tax expense (benefit)	1,302	(781)	2,976	641	1,624
Net Profit	$ 1,710	$ 259	$ 4,459	$ 1,849	$ 2,089
Adjusted EBITDA[4]	$ 4,305	$ 2,780	$ 13,373	$ 9,614	$ 9,484
Basic earnings per share	$ 0.12	$ 0.02	$ 0.30	$ 0.13	$ 0.14
Diluted earnings per share	$ 0.11	$ 0.02	$ 0.30	$ 0.13	$ 0.14
SaaS Remaining Performance Obligation (RPO)[5]			$ 216,657	$ 196,940	$ 137,699
Total Annual Recurring Revenue (ARR)[5]			$ 105,141	$ 94,680	$ 78,252

Non-IFRS Performance Measures

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

EBITDA and Adjusted EBITDA

EBITDA is calculated as earnings before interest expense, interest income, income taxes, depreciation and amortization. Adjusted EBITDA is calculated as EBITDA before stock-based compensation and restructuring costs. The exclusion of interest expense, interest income, income taxes and restructuring costs eliminates the impact on earnings derived from non-operational activities and non-recurring items, and the exclusion of depreciation, amortization and stock-based compensation eliminates the non-cash impact of these items.

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

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

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

	Three months ended April 30,		Year ended April 30,		
(in thousands of CAD)	**2025**	**2024**	**2025**	**2024**	**2023**
Net Profit for the period	$ 1,710	$ 259	$ 4,459	$ 1,849	$ 2,089
Adjustments for:					
Depreciation of property and equipment and right-of-use assets	349	361	1,473	1,477	1,775
Amortization of deferred development costs	184	147	769	583	496
Amortization of other intangible assets	320	347	1,304	1,493	1,603
Interest expense	15	27	82	163	406
Interest income	(111)	(233)	(641)	(1,015)	(686)
Income taxes	1,302	(781)	2,976	641	1,624
EBITDA	$ 3,769	$ 127	$ 10,422	$ 5,191	$ 7,307
Adjustments for:					
Stock based compensation	536	531	2,951	2,301	2,177
Restructuring costs	-	2,122	-	2,122	-
Adjusted EBITDA	$ 4,305	$ 2,780	$ 13,373	$ 9,614	$ 9,484

Constant currency

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

Revenue

Total revenue for the three months and year ended April 30, 2025, was $46.6 million and $176.5 million, respectively, an increase of $2.6 million or 6% and $5.2 million or 3%, respectively, compared to the same periods last year. Total revenue excluding hardware increased 16% and 12%, respectively, for the quarter and year ended April 30, 2025. On a constant currency basis (using Fiscal 2025 currency rates), fourth quarter and Fiscal 2025 revenue grew by approximately 4% and 1%, respectively, compared to the same periods of Fiscal 2024. Revenue is broken down as follows:

	Three months ended April 30,			Year ended April 30,		
(in thousands of CAD)	**2025**	**2024**	**Change %**	**2025**	**2024**	**Change %**
SaaS	$ 18,375	$ 14,191	29%	$ 67,071	$ 51,918	29%
Maintenance and Support	7,910	8,140	-3%	32,470	33,957	-4%
Professional Services	16,213	14,390	13%	57,665	55,188	4%
License	294	282	4%	1,811	1,386	31%
Hardware	3,763	6,952	-46%	17,437	28,793	-39%
Total Revenue	$ 46,555	$ 43,955	6%	$ 176,454	$ 171,242	3%

Approximately 71% of the Company's revenues were generated in U.S. dollars during the fourth quarter of Fiscal 2025 (2024-70%). The U.S. dollar averaged CA$1.4217 in the fourth quarter of Fiscal 2025 in comparison to CA$1.3572 in the same period of Fiscal 2024. The increase in the value of the U.S dollar combined with the net impact of the Company's partial hedging of U.S. revenue gave rise to a net favorable foreign currency related revenue variance of $1.0 million in comparison to the fourth quarter of Fiscal 2024.

Approximately 72% of the Company's revenues were generated in U.S. dollars during the year ended April 30, 2025 (2024-71%). The U.S. dollar averaged CA$1.3941 in Fiscal 2025 in comparison to CA$1.3503 in Fiscal 2024. The increase in the value of the U.S dollar combined with the net impact of the Company's partial hedging of U.S. revenue gave rise to a net favorable foreign currency related revenue variance of $2.3 million in comparison to Fiscal 2024.

Total ARR on April 30, 2025 was $105.1 million, up 11% compared to $94.7 million on April 30, 2024. A significant amount of ARR is denominated in currencies other than Canadian Dollars. As a result, movements in exchange rates will have an impact on ARR. On a constant currency basis, ARR increased 10% at April 30, 2025 compared to April 30, 2024.

SaaS revenue

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

SaaS revenue in the fourth quarter of Fiscal 2025 was $18.4 million, up 29% or $4.2 million compared to the fourth quarter of Fiscal 2024. This growth was driven by new SaaS revenue from recent bookings. Foreign exchange positively impacted reported SaaS revenue growth as a significant portion of the Company's SaaS revenue is denominated in U.S. dollars. On a constant currency basis, SaaS revenue in the fourth quarter of Fiscal 2025 increased by approximately 27% compared to the same period in Fiscal 2024. SaaS revenue for Fiscal 2025 was $67.1 million, up 29% (27% on a constant currency basis), or $15.2 million, compared to Fiscal 2024.

In the fourth quarter of Fiscal 2025, SaaS subscription bookings (measured on an ARR[6] basis) were $6.5 million, down 19% compared to $8.0 million in the fourth quarter of Fiscal 2024. In Fiscal 2025, SaaS bookings were $17.3 million, down 7% from $18.6 million in Fiscal 2024. The Company has historically seen some lumpiness in quarterly deal closings, and the Company expects this to continue.

On April 30, 2025, SaaS RPO[6] was $216.7 million, up 10% from $196.9 million at the same time last year. A significant amount of SaaS RPO is denominated in currencies other than Canadian Dollars. Foreign exchange did not have a significant impact on SaaS RPO at April 30, 2025 compared to April 30, 2024.

Maintenance and support revenue

Maintenance and support revenue derives largely from the Company's legacy perpetual license installed base. The Company enters into maintenance and support contracts that typically have an original term of one year and are subject to annual renewal. Maintenance and support revenue for the three months and year ended April 30, 2025 were $7.9 million and $32.5 million, respectively, down 3% and 4%, respectively, compared to the same periods of Fiscal 2024. We expect a decline in maintenance and support revenue over time as the business continues to shift to SaaS.

Professional services revenue

Professional services revenue includes fees for implementation, consulting and training services provided to customers, as well as reimbursable expenses. Professional services revenue for the three months and year ended April 30, 2025 was $16.2 million and $57.7 million, respectively, up 13% and 4%, respectively, compared to the same periods of Fiscal 2024. In the fourth quarter of Fiscal 2025, professional services bookings were $22.2 million, up 80% compared to $12.3 million in the same period of Fiscal 2024. In Fiscal 2025, professional services bookings were $75.2 million, up 46% compared to $51.4 million in Fiscal 2024. Professional services bookings are in part linked to SaaS subscription bookings and are subject to timing. In addition, we continue to see strong involvement from our implementation partners, and we expect this trend to continue and have a long-term effect of moderating professional services revenue growth.

License revenue

License revenue includes revenue from proprietary software as well as third-party software. In the three months ended April 30, 2025, license revenue amounted to $0.3 million, up 4% compared to the same period of Fiscal 2024. For Fiscal 2025, license revenue was $1.8 million, up 31% from $1.4 million in Fiscal 2024. Despite the increase in the current year, we expect license revenue to generally decline over time because of the shift to SaaS.

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

Hardware revenue

Hardware revenue includes third-party hardware products and proprietary technology products. While hardware revenue can tend to be uneven, it is a key component of our market offering and thereby supports our recurring revenue business. Hardware revenue for the three months ended April 30, 2025, was $3.8 million, down from $7.0 million in the same period last year. For Fiscal 2025, hardware revenue was $17.4 million, down 39% from $28.8 million in Fiscal 2024. The higher revenue in the prior year was driven by a significantly larger backlog at the start of Fiscal 2024, partly resulting from earlier chip shortages.

Cost of Revenue and Gross Profit

	Three months ended April 30,			Year ended April 30,		
(in thousands of CAD)	**2025**	**2024**	**Change %**	**2025**	**2024**	**Change %**
Cost of revenue:						
SaaS, Maintenance, Support and Professional Services	$ 19,739	$ 18,479	7%	$ 76,919	$ 72,463	6%
License and Hardware	2,973	4,862	-39%	14,242	20,390	-30%
Total cost of revenue	**22,712**	**23,341**	**-3%**	**91,161**	**92,853**	**-2%**
Gross profit & gross profit margin:						
SaaS, Maintenance, Support and Professional Services gross profit	$ 22,759	$ 18,242	25%	$ 80,287	$ 68,600	17%
Gross profit margin	54%	50%		51%	49%	
License and Hardware gross profit	$ 1,084	$ 2,372	-54%	$ 5,006	$ 9,789	-49%
Gross profit margin	27%	33%		26%	32%	
Total gross profit	**$ 23,843**	**$ 20,614**	**16%**	**$ 85,293**	**$ 78,389**	**9%**
Total gross profit margin	**51%**	**47%**		**48%**	**46%**	

Total cost of revenue for the three months and year ended April 30, 2025, decreased to $22.7 million and $91.2 million, respectively, or a decrease of 3% and 2%, respectively, compared to the same periods in Fiscal 2024. For both periods, the decrease is driven by lower license and hardware costs, partly offset by the increase in SaaS, maintenance, support and professional services costs.

For the fourth quarter and Fiscal 2025, the cost of SaaS, maintenance, support and professional services increased to $19.7 million and $76.9 million, respectively, up 7% and 6%, respectively, compared to the same periods in Fiscal 2024. Cost of SaaS, maintenance, support and professional services increased compared to prior year periods as a result of direct costs associated with higher revenue, including higher employee costs and higher public cloud infrastructure costs.

For the fourth quarter and Fiscal 2025, the cost of SaaS, maintenance, support and professional services included tax credits of $0.5 million and $2.5 million, respectively, compared to $0.6 million and $2.6 million, respectively, for the same periods in Fiscal 2024. The cost of license and hardware was $3.0 million in the fourth quarter of Fiscal 2025, a decrease of 39% compared to the same period in Fiscal 2024. The cost of license and hardware decreased to $14.2 million in Fiscal 2025, down $6.1 million or 30% compared to Fiscal 2024. Declining costs were driven by lower hardware revenue in the current periods.

Gross profit was $23.8 million, up $3.2 million in the fourth quarter of Fiscal 2025 compared to the same period in Fiscal 2024. For Fiscal 2025, gross profit increased to $85.3 million, up $6.9 million compared to Fiscal 2024. In both periods, the increase in gross profit was driven by higher SaaS, maintenance, support and professional services gross profit contribution, which was partly offset by lower gross profit contribution from license and hardware.

As a percentage of revenue, total gross profit margin for the three months ended April 30, 2025 was 51% compared to 47% for the same period in Fiscal 2024. In the fourth quarter of Fiscal 2025, the gross profit margin improvement was driven primarily by SaaS margin expansion and professional services margin expansion. For Fiscal 2025, total gross profit margin was 48%, compared to 46% in Fiscal 2024. The primary driver of increased gross profit margin in Fiscal 2025 was SaaS margin expansion.

License and Hardware gross profit margin for the three months and year ended April 30, 2025 was 27% and 26%, respectively, compared to 33% and 32% for the same periods in Fiscal 2024. The decrease in gross profit margin was due to a higher mix of lower margin third-party licenses and third-party hardware in the current fiscal year.

Operating Expenses

	Three months ended April 30,		Change	Year ended April 30,		Change
(in thousands of CAD)	**2025**	**2024**	**%**	**2025**	**2024**	**%**
Sales and marketing expenses	$ 9,695	$ 8,437	15%	$ 36,152	$ 32,976	10%
As a percentage of Total Revenue	21%	19%		20%	19%	
General and administration expenses	3,373	3,264	3%	12,646	11,844	7%
As a percentage of Total Revenue	7%	7%		7%	7%	
Research and development expenses, net of tax credits	7,665	7,435	3%	29,315	29,514	-1%
As a percentage of Total Revenue	16%	17%		17%	17%	
Restructuring costs	-	2,122	-100%	-	2,122	-100%
As a percentage of Total Revenue	0%	5%		0%	1%	
Total operating expenses	**$ 20,733**	**$ 21,258**	**-2%**	**$ 78,113**	**$ 76,456**	**2%**
As a percentage of Total Revenue	**45%**	**48%**		**44%**	**45%**	

Total operating expenses for the three months and year ended April 30, 2025 were $20.7 million and $78.1 million, respectively, a decrease of $0.5 million and an increase of $1.7 million, respectively, compared to the same periods in Fiscal 2024. During the three months and year ended April 30, 2025, foreign exchange had an unfavorable impact on expenses of $0.6 million and $1.8 million, respectively, when compared to the same periods in Fiscal 2024.

Sales and marketing expenses

Sales and marketing expenses for the three months and year ended April 30, 2025 amounted to $9.7 million and $36.2 million, respectively, an increase of $1.3 million and $3.2 million, respectively, when compared to the same periods last year. These increases were primarily driven by higher personnel costs and marketing programs.

General and administrative expenses

General and administrative expenses for the fourth quarter of Fiscal 2025, were $3.4 million, an increase of $0.1 million when compared to the same period in Fiscal 2024. The increase is mainly attributed to higher stock-based compensation and professional fees.

General and administrative expenses for Fiscal 2025 were $12.6 million, an increase of $0.8 million when compared to Fiscal 2024. The increase is attributed primarily to higher stock-based compensation and personnel costs.

Net R&D expenses

Net R&D expenses for the three months and year ended April 30, 2025, were $7.7 million and $29.3 million, respectively, an increase of $0.2 million and decrease of $0.2 million, respectively, from the same periods in Fiscal 2024. The increase during the fourth quarter of Fiscal 2025 compared to Fiscal 2024 resulted primarily from higher personnel costs and professional fees, partially offset by higher net capitalized development costs and R&D tax credits. The decrease in Fiscal 2025 resulted primarily from higher net capitalized development costs and higher tax credit recognition in the current period partially offset by increases in other costs.

For the three months and year ended April 30, 2025, the Company incurred deferred development costs of $0.6 million and $1.9 million, respectively, compared to $0.2 million and $1.0 million, respectively, in the same periods in Fiscal 2024. The Company amortized deferred development costs of $0.2 million in the fourth quarter of Fiscal 2025 compared to $0.1 million in the same period of Fiscal 2024. Amortized development costs in Fiscal 2025 was $0.8 million compared to $0.6 million in Fiscal 2024.

The Company recorded R&D tax credits and e-business tax credits of $1.0 million for the fourth quarter of Fiscal 2025 compared to $0.8 million in the same period of Fiscal 2024. For Fiscal 2025, the Company recorded R&D tax credits and e-business tax credits of $4.3 million, compared to $3.8 million for Fiscal 2024.

Restructuring costs

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

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

	Three months ended April 30,		Year ended April 30,	
(in thousands of CAD)	**2025**	**2024**	**2025**	**2024**
Other (costs) income	$ (98)	$ 122	$ 255	$ 557
Income Tax Expense (Benefit)	1,302	(781)	2,976	641
Income Tax Expense as a percentage of profit before income taxes	43%	150%	40%	26%

Other costs and income for the three months and year ended April 30, 2025 consisted primarily of interest income on short-term investments, foreign exchange loss and interest on lease obligations.

Income tax expense for the three months and year ended April 30, 2025 was $1.3 million and $3.0 million, respectively, compared to an income tax benefit of $0.8 million and income tax expense of $0.7 million, respectively, for the same periods in Fiscal 2024. The increase in income tax expense is due primarily to higher pre-tax profit in the current periods as well as the impact of utilization and recognition of previously unrecognized deferred tax assets in the fourth quarter of Fiscal 2024.

Net Profit

(in thousands of CAD, except earnings per share)	Three months ended April 30, 2025	Three months ended April 30, 2024	Change %	Year ended April 30, 2025	Year ended April 30, 2024	Change %
Net Profit	$ 1,710	$ 259	560%	$ 4,459	$ 1,849	141%
Adjusted EBITDA	$ 4,305	$ 2,780	55%	$ 13,373	$ 9,614	39%
Basic earnings per share	$ 0.12	$ 0.02	500%	$ 0.30	$ 0.13	131%
Diluted earnings per share	$ 0.11	$ 0.02	450%	$ 0.30	$ 0.13	131%

The increase in net profit, Adjusted EBITDA and earnings per share in the three months and year ended April 30, 2025 compared to the same periods last year was driven by SaaS margin expansion. Net profit in the fourth quarter and full year of Fiscal 2024 was negatively impacted by $2.1 million of restructuring costs and this was partly offset by approximately $0.9 million impact from the utilization and recognition of previously unrecognized tax benefits. Net profit, Adjusted EBITDA and earnings per share in the fourth quarter and full year of Fiscal 2025 were positively impacted by $0.4 million and $0.5 million, respectively, due to favorable foreign exchange movements compared to the same periods in Fiscal 2024.

Quarterly Selected Financial Data

The following table summarizes selected results for the eight most recently completed quarters to April 30, 2025:

(in thousands of CAD, except earnings per share)	FY 2025 Q4	FY 2025 Q3	FY 2025 Q2	FY 2025 Q1	FY 2024 Q4	FY 2024 Q3	FY 2024 Q2	FY 2024 Q1
SaaS revenue	$ 18,375	$ 17,252	$ 16,130	$ 15,314	$ 14,191	$ 14,160	$ 12,072	$ 11,495
Total revenue	46,555	45,181	42,442	42,276	43,955	43,823	41,489	41,975
Net Profit (loss)	1,710	1,193	758	798	259	759	(340)	1,171
Comprehensive income (loss)	9,858	(4,085)	410	935	(1,826)	4,770	(5,821)	3,318
Adjusted EBITDA[7]	4,305	3,535	2,942	2,591	2,780	2,640	1,021	3,173
Basic earnings per share	0.12	0.08	0.05	0.05	0.02	0.05	(0.02)	0.08
Diluted earnings per share	0.11	0.08	0.05	0.05	0.02	0.05	(0.02)	0.08

SaaS revenue has shown sustained growth over the last eight quarters. Total revenue growth during this period has been moderated by fluctuations in professional services revenue, hardware revenue as well as legacy maintenance & support revenue.

Comprehensive income (loss) is impacted by foreign exchange movements resulting from revenue hedging. These impacts are described in note 21 of the consolidated financial statements.

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

Liquidity and Capital Resources

On April 30, 2025, current assets totaled $89.9 million compared to $79.0 million at the end of Fiscal 2024. Cash and cash equivalents combined with short-term investments increased $3.7 million to $39.3 million compared to $35.6 million at the end of Fiscal 2024. The increase was primarily driven by cash inflows from operating activities and cash proceeds received upon the exercise of employee stock options. These inflows were partially offset by share repurchases under our Normal Course Issuer Bid ("NCIB") and dividend payments.

Current liabilities on April 30, 2025, totaled $68.0 million compared to $57.1 million at the end of Fiscal 2024. The increase is mainly due to deferred revenue and accounts payable and accrued liabilities.

Cash from Operating Activities

Operating activities provided $13.9 million of cash in Fiscal 2025 in comparison to $4.9 million in Fiscal 2024.
For Fiscal 2025, cash from operating activities excluding changes in non-cash working capital items increased by $4.8 million (to $9.9 million) compared to Fiscal 2024. Changes in non-cash working capital items provided $4.0 million in Fiscal 2025 compared to $0.3 million of cash used in Fiscal 2024. This increase was mainly due to increased deferred revenue and accounts payable, partially offset by increased work in progress and accounts receivable.

Financing Activities

Cash flows used in financing activities was $8.1 million for Fiscal 2025 in comparison to $5.8 million in Fiscal 2024. In Fiscal 2025, cash flow used in financing activities was primarily the result of shares repurchased and cancelled under our Normal Course Issuer Bid and payments of dividends, partially offset by proceeds from the issuance of common shares on the exercise of stock options.

Investing Activities

In Fiscal 2025, investing activities provided funds of $2.9 million compared to $1.5 million of cash used in Fiscal 2024. The increase in funds generated from investing activities in Fiscal 2025 is primarily due to higher transfers from short-term investments, partially offset by higher investment in deferred development costs.

The Company believes that funds on hand at April 30, 2025 together with cash flows from operations will be sufficient to meet its needs for working capital, R&D, capital expenditures and dividend policy, as well as to invest in long-term growth.

Commitments and Contractual Obligations

The Company has entered into a new lease agreement for its head office in Montreal, Quebec, expiring on April 30, 2036. This new lease will replace the existing Montreal head office lease, which expires on November 30, 2025. During Fiscal 2025, the Company extended its lease agreement for its office in Laval, Quebec, to June 30, 2027. 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, 2025, the principal commitments consist of operating leases and other obligations. The following table summarizes significant contractual obligations as at April 30, 2025.

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

In thousands of Canadian dollars

	Payments due by period				
Contractual Obligations	**Total**	**Less than 1 year**	**1 – 3 years**	**3 – 5 years**	**After 5 years**
Lease obligations	$ 1,417	$ 627	$ 790	$ -	$ -
Other obligations	27,418	10,094	6,695	2,471	8,158
Accounts payable and accrued liabilities and other liabilities	22,400	22,367	33	-	-
Total Contractual Obligations	$ 51,235	$ 33,088	$ 7,518	$ 2,471	$ 8,158

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

Dividend Policy

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

During Fiscal 2025, the Company declared quarterly dividends of $0.08 for the first two quarters and $0.085 for each of the following quarters for an aggregate of $4.9 million. During Fiscal 2024, the Company declared quarterly dividends of $0.075 for the first two quarters and $0.08 for each of the following quarters for an aggregate of $4.6 million.

Related Party Transactions

Under the provisions of the share purchase plan for key management and other management employees, the Company provided interest-free loans to key management and other management employees of $0.5 million during Fiscal 2025 (Fiscal 2024 - $0.4 million) to facilitate their purchase of the Company's common shares. As of April 30, 2025, loans outstanding amounted to $35 thousand (April 30, 2024 - $0.1 million).

Contingencies

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

Subsequent Events

On June 26, 2025, the Company's Board of Directors declared a quarterly dividend of $0.085 per share to be paid on August 1, 2025 to shareholders of record on July 11, 2025.

On May 1, 2025, the Company announced the establishment of a new subsidiary in India as part of an asset acquisition that included the hiring of an India-based team. The $2.7 million acquisition includes customer contracts and other intangible assets and was paid for with cash of $2.0 million and assumption of liabilities (primarily related to customer performance obligations) of approximately $0.7 million. The Company and the entity, from which the assets were acquired share a common director, who recused himself from all discussions and meetings related to the transaction.

Off-Balance Sheet Agreements

The Company was not involved in any off-balance sheet arrangements as at April 30, 2025 with the exception of variable payments related to operating leases and operating leases with terms of twelve months or less (disclosed under **Commitments and Contractual Obligations**).

Current and Anticipated Impacts of Current Economic Conditions

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

Based on ARR of $105.1 million and Professional services backlog of $48.9 million as of April 30, 2025, the Company's management believes that total services revenue (including SaaS, maintenance and support and professional services revenue) ranging between $41.5 million and $42.5 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 SaaS subscriptions, modular sales and implementations and enhanced payment terms to promote revenue growth. We see continued market appetite for subscription-based SaaS licensing.

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

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

Financial Instruments and Financial Risk Management

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

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 receivables and accounts payable and accrued liabilities. In addition, certain of the Company's cash and cash equivalents are denominated in U.S. dollars.

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

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

As at April 30, 2025 and 2024, no customers individually accounted for greater than 10% of total accounts receivable and work in progress. Generally, there is no particular concentration of credit risk related to accounts receivable due to the distribution of customers and procedures for the management of commercial risks. The Company performs ongoing credit reviews of all its customers and establishes an allowance for expected credit loss when accounts are determined to be uncollectible. Customers do not provide collateral in exchange for credit.

Refer to Note 21 – Financial instruments and risk management of the consolidated financial statements for additional discussion of the Company's risk management policies, including currency risk, credit risk, liquidity risk, interest rate risk and market price risk.

Outstanding Share Data

As at April 30, 2025, the Company had 14,836,120 common shares outstanding. The Company issued 168,170 shares on the exercise of stock options in Fiscal 2025 (Fiscal 2024 – 461,813). The Company repurchased and cancelled 172,200 of its common shares as part of its ongoing normal course issuer bid in Fiscal 2025 (Fiscal 2024 – 204,500).

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

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

The preparation of the consolidated financial statements in accordance with IFRS requires management to make estimates, assumptions, and judgments that affect the application of accounting policies and the reported amounts of assets and liabilities, and revenue and expenses. Reported amounts and note disclosures reflect the overall economic conditions that are most likely to occur and the anticipated measures that management intends to take. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

Refer to the Company's annual consolidated financial statements for Fiscal 2025 and the related notes for a discussion of the accounting policies and critical accounting judgments and key sources of estimation uncertainty that are essential to the understanding of the business and results of operations.

Risks and Uncertainties

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

- The Company has incurred net losses in the past and may incur losses in the future.
- The Company's operations could be adversely affected by events outside of its control, such as natural disasters, wars or health epidemics.
- Economic and geopolitical conditions can adversely affect the Company's business, results of operations, cash flow and financial condition, including its revenue growth and profitability, which in turn could adversely affect its stock price.
- If the Company is unable to attract new customers or sell additional products to and/or retain its existing customers, its revenue growth and profitability will be adversely affected.
- The Company relies significantly on recurring revenue, and if recurring revenue declines or contracts are not renewed, its future results of operations could be harmed.
- Fluctuations in quarterly results may fail to meet the expectations of investors or security analysts which could cause the Company's share price to decline.
- Lengthy sales and implementation cycle could have an adverse effect on the amount, timing and predictability of the Company's revenue.
- Defects, delays or interruptions in providing SaaS will have an impact on the operating results of the Company.
- Security breaches could delay or interrupt service to its customers, harm its reputation or subject the Company to significant liability and adversely affect its business and financial results. Its ability to retain customers and attract new customers could be adversely affected by an actual or perceived breach of security relating to customer information.
- Despite the Company's security measures, its information technology and infrastructure may be vulnerable to cyber-threats, security and privacy breaches by hackers or breaches due to employee error, malfeasance or other disruptions.
- The Company's ability to develop new products and services in order to sell its solutions into new markets or further penetrate its existing markets will impact its revenue growth.
- The market in which the Company participates is highly competitive, its failure to compete successfully would make it difficult to add and retain customers and would reduce and impede its growth.
- If the Company fails to retain its key employees, its business would be negatively impacted.
- The Company's strategy includes pursuing acquisitions and its potential inability to successfully integrate newly acquired companies or businesses may adversely affect its financial results.
- Risk of software defects could adversely affect the Company's business.
- The Company's intellectual property rights could be challenged, invalidated, circumvented or copied, causing a competitive disadvantage, lost opportunities or market share, and potential costly litigation to enforce or re- establish the Company's rights.
- Third parties could claim that the Company's products infringe their proprietary rights. This could subject the Company to costly and time-consuming litigation.

- There is no assurance that third-party software companies will continue to permit the Company to sub-license on commercially reasonable terms. This could delay or interrupt the delivery of the Company's solutions.
- Fluctuations in the exchange rate between the Canadian dollar and other currencies may have a material adverse effect on the margin the Company may realize from its products and services and may directly impact results of operations.
- The Company relies on the federal Scientific Research and Experimental Development (SR&ED) program and provincial e-Business tax credits to support its ongoing innovation and technology development and other activities. Changes in government policy, funding priorities, or administrative practices could materially reduce or eliminate these incentives in future periods.
- The Company may need to raise additional funds to pursue its growth strategy or continue its operations, and it may be unable to raise capital when needed or on acceptable terms.

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

Controls & Procedures

Disclosure Controls and Procedures

Disclosure controls and procedures are designed to provide reasonable assurance that material information is gathered and reported to senior management on a timely basis so that appropriate decisions can be made regarding public disclosure. The Company's Chief Executive Officer (CEO) and its Chief Financial Officer (CFO) are responsible for establishing and maintaining disclosure controls and procedures regarding the communication of information. They are assisted in this responsibility by the Company's Executive Committee, which is composed of members of senior management. Based on the evaluation of the Company's disclosure controls and procedures, the Chief Executive Officer and Chief Financial Officer have concluded that these disclosure controls and procedures were effective as of April 30, 2025.

Internal Control over Financial Reporting

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

An evaluation was carried out under the supervision and with the participation of the Company's Chief Executive Officer and the Chief Financial Officer to evaluate the design and operating effectiveness of the Company's internal controls over financial reporting as at April 30, 2025. Based on that evaluation, the Company's Chief Executive Officer and Chief Financial Officer concluded that the internal control over financial reporting, as defined by National Instrument 52-109 was appropriately designed and operating effectively. The evaluations were conducted in accordance with the framework criteria established in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013) (COSO), a recognized control model, and the requirements of National Instrument 52-109, Certification of Disclosures in Issuers' Annual and Interim Filings.

No changes to internal controls over financial reporting have come to management's attention during the three- month period ending on April 30, 2025, that have materially affected or are reasonably likely to materially affect internal controls over financial reporting.

Supplemental Information

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

	FY 2025				FY 2024			
(in thousands of CAD)	**Q4**	**Q3**	**Q2**	**Q1**	**Q4**	**Q3**	**Q2**	**Q1**
Net Profit for the period	$ 1,710	$ 1,193	$ 758	$ 798	$ 259	$ 759	$ (340)	$ 1,171
Adjustments for:								
Depreciation of property and equipment and right-of-use assets	349	376	377	371	361	355	377	384
Amortization of deferred development costs	184	190	198	197	147	147	147	142
Amortization of other intangible assets	320	322	328	334	347	356	394	396
Interest expense	15	18	24	25	27	45	53	38
Interest income	(111)	(150)	(163)	(217)	(233)	(260)	(253)	(269)
Income taxes	1,302	811	427	436	(781)	644	(81)	859
EBITDA	3,769	2,760	1,949	1,944	127	2,046	297	2,721
Adjustments for:								
Stock based compensation	536	775	993	647	531	594	724	452
Restructuring costs	-	-	-	-	2,122	-	-	-
Adjusted EBITDA	$ 4,305	$ 3,535	$ 2,942	$ 2,591	$ 2,780	$ 2,640	$ 1,021	$ 3,173

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, 2025 and 2024. The auditors have free and full access to internal records, to management and to the Audit Committee.

Peter Brereton
President and CEO
June 26, 2025

Mark J. Bentler
Chief Financial Officer

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Independent auditor's 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, 2025 and April 30, 2024
- the consolidated statements of income and comprehensive income for the years then ended
- the consolidated statements of changes in equity for the years then ended
- the consolidated statements of cash flows for the years then ended
- and notes to the consolidated financial statements, including a summary of material accounting policy information. (Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at April 30, 2025 and April 30, 2024, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditor's Responsibilities for the Audit of the Financial Statements***" section of our auditor's report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended April 30, 2025. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matters described below to be the key audit matters to be communicated in our auditor's report.

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

Description of the matter

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

Why the matter is a key audit matter

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

How the matter was addressed in the audit

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

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

Other Information

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

- the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions.
- the information, other than the financial statements and the auditor's report thereon, included in a document likely to be entitled "Annual Report 2025".

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions as at the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditor's report.

We have nothing to report in this regard.

The information, other than the financial statements and the auditor's report thereon, included in a document likely to be entitled "Annual Report 2025" is expected to be made available to us after the date of this auditor's report. If, based on the work we will perform on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

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

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

  The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- Provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.
- Determine, from the matters communicated with those charged with governance, those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our auditor's report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this auditor's report is Aaron Fima.

KPMG LLP*

Montréal, Canada
June 26, 2025

*CPA auditor, public accountancy permit No. A125211

Tecsys Inc.

Consolidated Statements of Financial Position

(in thousands of Canadian dollars)

	Note	April 30, 2025	April 30, 2024
Assets			
Current assets			
Cash and cash equivalents		$ 27,580	$ 18,856
Short-term investments	4	11,712	16,713
Accounts receivable	21	23,943	22,090
Work in progress		7,436	4,248
Other receivables	20, 21	274	134
Tax credits	5	6,390	6,422
Inventory	6	1,870	1,359
Prepaid expenses and other	9	10,699	9,143
Total current assets		89,904	78,965
Non-current assets			
Other long-term receivables and assets	21	1,457	421
Tax credits	5	6,120	4,737
Property and equipment	7	1,164	1,372
Right-of-use assets	8	836	1,251
Contract acquisition costs	9	5,017	4,478
Deferred development costs	10	3,838	2,683
Other intangible assets	10	6,726	7,703
Goodwill	10	17,827	17,363
Deferred tax assets	16	7,521	9,073
Total non-current assets		50,506	49,081
Total assets		**$ 140,410**	**$ 128,046**
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	12	$ 22,367	$ 20,030
Deferred revenue		45,025	36,211
Lease obligations	11	590	812
Total current liabilities		67,982	57,053
Non-current liabilities			
Other long-term accrued liabilities	21	33	496
Deferred tax liabilities	16	405	826
Lease obligations	11	728	1,302
Total non-current liabilities		1,166	2,624
Total liabilities		$ 69,148	$ 59,677
Other commitments	19		
Equity			
Share capital	13	$ 57,573	$ 52,256
Contributed surplus		4,755	9,417
Retained earnings		7,700	8,121
Accumulated other comprehensive income (loss)	21	1,234	(1,425)
Total equity attributable to the owners of the Company		71,262	68,369
Total liabilities and equity		**$ 140,410**	**$ 128,046**

Approved by the Board of Directors

David Booth _______________ Director

Kathleen Miller _______________ Director

See accompanying notes to the consolidated financial statements.

Tecsys Inc.

Consolidated Statements of Income and Comprehensive Income

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

Years ended April 30,	Note	2025	2024
Revenue:			
SaaS		$ 67,071	$ 51,918
Maintenance and Support		32,470	33,957
Professional Services		57,665	55,188
License		1,811	1,386
Hardware		17,437	28,793
Total revenue		**176,454**	**171,242**
Cost of revenue	15	**91,161**	**92,853**
Gross profit		**85,293**	**78,389**
Operating expenses:			
Sales and marketing		36,152	32,976
General and administration		12,646	11,844
Research and development, net of tax credits	5	29,315	29,514
Restructuring costs	24	-	2,122
Total operating expenses		78,113	76,456
Profit from operations		**7,180**	**1,933**
Other income	18	255	557
Profit before income taxes		7,435	2,490
Income tax expense	16	2,976	641
Net profit		**$ 4,459**	**$ 1,849**
Other comprehensive income (loss):			
Effective portion of changes in fair value on designated revenue hedges	21	1,941	(1,086)
Exchange differences on translation of foreign operations	21	718	(322)
Comprehensive income		**$ 7,118**	**$ 441**
Basic and diluted earnings per common share	13	**$ 0.30**	**$ 0.13**

See accompanying notes to the consolidated financial statements.

Tecsys Inc.

Consolidated Statements of Cash Flows

(in thousands of Canadian dollars)

	Note	April 30, 2025	April 30, 2024
Cash flows from operating activities:			
Net profit		$ 4,459	$ 1,849
Adjustments for:			
Depreciation of property and equipment and right-of-use assets	7, 8	1,473	1,477
Amortization of deferred development costs	10	769	583
Amortization of other intangible assets	10	1,304	1,493
Interest (income) expense and foreign exchange loss	18	(255)	(557)
Unrealized foreign exchange and other		(605)	(569)
Non-refundable tax credits	5	(2,530)	(1,961)
Stock-based compensation	13	2,951	2,301
Income taxes		2,346	519
Net cash from operating activities excluding changes in non-cash working capital items related to operations		9,912	5,135
Accounts receivable		(1,728)	764
Work in progress		(3,152)	(2,518)
Other receivables and assets		(278)	1
Tax credits		16	113
Inventory		(507)	(327)
Prepaid expenses		(993)	(646)
Contract acquisition costs	9	(1,090)	(1,045)
Accounts payable and accrued liabilities		2,962	(2,455)
Deferred revenue		8,766	5,833
Changes in non-cash working capital items related to operations		3,996	(280)
Net cash provided by operating activities		**13,908**	**4,855**
Cash flows from financing activities:			
Payment of lease obligations	11	(816)	(786)
Payment of dividends	13	(4,880)	(4,560)
Interest paid	18	(82)	(163)
Issuance of common shares on exercise of stock options	13	4,638	6,964
Shares repurchased and cancelled	13	(6,934)	(7,215)
Net cash used in financing activities		**(8,074)**	**(5,760)**
Cash flows from investing activities:			
Interest received	18	72	97
Transfers from short-term investments	4	5,570	40
Acquisitions of property and equipment	7	(828)	(599)
Deferred development costs	10	(1,924)	(1,012)
Net cash provided by (used in) investing activities		**2,890**	**(1,474)**
Net increase (decrease) in cash and cash equivalents during the period		8,724	(2,379)
Cash and cash equivalents - beginning of period		18,856	21,235
Cash and cash equivalents - end of period		**$ 27,580**	**$ 18,856**

See accompanying notes to the consolidated financial statements.

Tecsys Inc.

Consolidated Statements of Changes in Equity

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

		Share capital						
	Note	Number	Amount	Contributed surplus	Accumulated other comprehensive (loss) income	Retained earnings	Total
Balance, May 1, 2024		**14,840,150**	**$ 52,256**	**$ 9,417**	**$ (1,425)**	**$ 8,121**	**$ 68,369**
Net profit		-	-	-	-	4,459	4,459
Other comprehensive income:							
Effective portion of changes in fair value on designated revenue hedges	21	-	-	-	1,941	-	1,941
Exchange difference on translation of foreign operations	21	-	-	-	718	-	718
Total comprehensive income		**-**	**-**	**-**	**2,659**	**4,459**	**7,118**
Shares repurchased and cancelled	13	(172,200)	(618)	(6,316)	-	-	(6,934)
Stock-based compensation	13	-	-	2,951	-	-	2,951
Dividends to equity owners	13	-	-	-	-	(4,880)	(4,880)
Share options exercised	13	168,170	5,935	(1,297)	-	-	4,638
Total transactions with owners of the Company		**(4,030)**	**$ 5,317**	**$ (4,662)**	**$ -**	**$ (4,880)**	**$ (4,225)**
Balance, April 30, 2025		**14,836,120**	**$ 57,573**	**$ 4,755**	**$ 1,234**	**$ 7,700**	**$ 71,262**
Balance, May 1, 2023		**14,582,837**	**$ 44,338**	**$ 15,285**	**$ (17)**	**$ 10,832**	**$ 70,438**
Net profit		-	-	-	-	1,849	1,849
Other comprehensive income:							
Effective portion of changes in fair value on designated revenue hedges	21	-	-	-	(1,086)	-	(1,086)
Exchange difference on translation of foreign operations	21	-	-	-	(322)	-	(322)
Total comprehensive income		**-**	**-**	**-**	**(1,408)**	**1,849**	**441**
Shares repurchased and cancelled	13	(204,500)	(684)	(6,531)	-	-	(7,215)
Stock-based compensation	13	-	-	2,301	-	-	2,301
Dividends to equity owners	13	-	-	-	-	(4,560)	(4,560)
Share options exercised	13	461,813	8,602	(1,638)	-	-	6,964
Total transactions with owners of the Company		**257,313**	**$ 7,918**	**$ (5,868)**	**$ -**	**$ (4,560)**	**$ (2,510)**
Balance, April 30, 2024		**14,840,150**	**$ 52,256**	**$ 9,417**	**$ (1,425)**	**$ 8,121**	**$ 68,369**

See accompanying notes to the consolidated financial statements.

1. Description of business:

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

2. Basis of preparation:

(a) Statement of compliance:

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

The consolidated financial statements for the year ended April 30, 2025 were authorized for issuance by the Board of Directors on June 26, 2025.

(b) Basis of consolidation:

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

(i) Subsidiaries:

Subsidiaries are entities controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.
The Company's wholly-owned subsidiaries and their jurisdiction of incorporation are as follows:

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

(ii) Transactions eliminated on consolidation:

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

(c) Basis of measurement:

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

- Derivative financial instruments which are measured at fair value;

2. Basis of preparation (continued):

(c) Basis of measurement (continued):

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

(d) Functional and presentation currency:

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

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

The preparation of the consolidated financial statements in accordance with IFRS requires management to make estimates, assumptions, and judgments that affect the application of accounting policies and the reported amounts of assets and liabilities, and revenue and expenses. Reported amounts and note disclosures reflect the overall economic conditions that are most likely to occur and the anticipated measures that management intends to take. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

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

Impairment of assets:

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

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

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

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

2. Basis of preparation (continued):

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

(ii) Income taxes:

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

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

(iii) Impairment of assets:

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

3. Material accounting policies:

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

(a) Revenue recognition:

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

(i) SaaS:

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

(ii) Maintenance and support:

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

3. Material accounting policies (continued):

(a) Revenue recognition (continued):

(ii) Maintenance and support (continued):

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

(iii) Professional services:

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

(iv) License:

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

(v) Hardware:

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

(vi) Bundled arrangements:

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

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

(vii) Contract acquisition costs:

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

3. Material accounting policies (continued):

(a) Revenue recognition (continued):

(viii) Work in progress and deferred revenue:

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

(b) Financial instruments:

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

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

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

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

(i) Financial assets measured at amortized cost:

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

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

The Company currently classifies its cash and cash equivalents, short-term investments, accounts receivable, and other receivables (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 are recognized in profit or loss. The Company measures derivative financial instruments at fair value.

(iii) Financial liabilities measured at amortized cost:

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

3. Material accounting policies (continued):

(b) Financial instruments (continued):

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

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

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

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

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

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

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

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

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

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

3. Material accounting policies (continued):

(b) Financial instruments (continued):

(vi) Fair value of financial instruments:

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

(vii) Impairment of financial assets:

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

(c) Cash and cash equivalents:

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

(d) Short-term investments:

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

(e) Inventory:

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

(f) Property and equipment:

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

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

3. Material accounting policies (continued):

(f) Property and equipment (continued):

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

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

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

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

(g) Intangible assets:

(i) Goodwill:

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

(ii) Research and development costs:

Costs related to research are expensed as incurred.

Development costs of new software products for sale, net of government assistance, are capitalized as deferred development costs if they can be measured reliably, the product is technically and commercially feasible, future economic benefits are probable and the Company intends to and has sufficient resources to complete development and to use or sell the product. Otherwise, development costs are expensed as incurred. Expenditures capitalized include the cost of materials, direct labour and overhead costs that are directly attributable to preparing the asset for its intended use.

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

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

(iii) Other intangible assets:

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

3. Material accounting policies (continued):

(g) Intangible assets (continued):

(iii) Other intangible assets (continued):

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

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

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

(h) Impairment of non-financial assets:

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

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

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

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In assessing its fair value less costs to sell, the Company estimates the fair value of an asset in an active market, less the costs directly attributable to selling the asset.

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

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

3. Material accounting policies (continued):

(i) Government assistance:

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

The refundable as well as non-refundable portion of tax credits are recorded in the period in which the related expenditures are incurred, provided the Company has reasonable assurance the credits will be received and the Company will comply with the conditions associated with the award.

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

(j) Leases:

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

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

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the lessee's incremental borrowing rate. Lease payments used for the calculations comprise mainly of fixed payments and variable lease payments that depend on an index or a rate, the exercise price of a purchase option if the lessee is reasonably certain to exercise that option and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease. The lease liability is subsequently measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual guarantee, or if the Company changes its assessments of whether it will exercise a purchase, extension or termination option.

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

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

3. Material accounting policies (continued):

(k) Income taxes:

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

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

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

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

(l) Share-based payment arrangements:

The Company measures stock options granted to employees and directors that vest in specified installments over the service period based on the fair value of each tranche on the grant date by using the Black-Scholes option-pricing model. Each tranche of an award is considered a separate award with its own vesting period. Based on the Company's estimate of equity instruments that will eventually vest, a compensation expense is recognized over the vesting period applicable to the tranche with a corresponding increase to contributed surplus. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in Note 13.

At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognized in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment in contributed surplus. When the stock options are exercised, share capital is credited by the sum of the consideration paid and the related portion previously recorded in contributed surplus.

(m) Earnings per share:

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

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

3. Material accounting policies (continued):

(n) Segment reporting:

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components. The operating segment's operating results are reviewed regularly by the Company's Chief Operating Decision Maker ("CODM") to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

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

(o) Foreign currency transactions:

Transactions in foreign currencies that are not hedged are translated to the respective functional currencies of the Company's subsidiaries at the average exchange rates for the period. The monetary assets and liabilities denominated in currencies other than the functional currency of a subsidiary are translated at the exchange rates prevailing at the statement of financial position date and translation gains and losses are included in the consolidated statements of income and comprehensive income. 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 statements of income and comprehensive income 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. 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.

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 are recognized in other comprehensive income (loss) in the cumulative translation account and reclassified from equity to the consolidated statements of income and comprehensive income on the disposal of the net investment.

(p) New standards and interpretations not yet adopted by the Company:

On April 9, 2024, the IASB issued IFRS 18 to improve reporting of financial performance. IFRS 18 replaces IAS 1 Presentation of Financial Statements. It carries forward many requirements from IAS 1 unchanged. The standard sets out requirements on presentation and disclosures in financial statements. It introduces a defined structure for the statement of income composed of required categories and subtotals. The standard also introduces specific disclosure requirements for management-defined performance measures and a reconciliation between these measures and the most similar subtotal specified in IFRS, which must be disclosed in a single note. IFRS 18 applies for annual reporting periods beginning on or after January 1, 2027. Earlier application is permitted. The Company is currently evaluating the impact of the adoption of IFRS 18 on its consolidated financial statements.

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

3. Material accounting policies (continued):

(p) New standards and interpretations not yet adopted by the Company (continued):

This amendment has not yet been adopted by the Company and the Company is currently assessing the impacts, if any.

4. Short-term investments:

	Twelve months ended April 30, 2025	Twelve months ended April 30, 2024
Balance, beginning of period	$ 16,713	$ 15,835
Net withdrawals	(5,570)	(40)
Interest on short-term investments (note 18)	569	918
Balance, end of period	**$ 11,712**	**$ 16,713**

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

5. Government assistance (Tax credits):

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

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

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

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

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

The following table presents the tax credits for the Company for the year ended April 30, 2025:

	SRED		E-business provincial credits		
	Canadian Federal non-refundable tax credits	Provincial refundable tax credits	Refundable tax credits	Non-refundable tax credits	Total
Balance, April 30, 2024	$ 5,179	$ 147	$ 4,060	$ 1,773	$ 11,159
Tax credits received or utilized against income tax expense or payable	(282)	(55)	(4,320)	(881)	(5,538)
Adjustments to prior year's credits	472	(37)	260	97	792
Recognition of tax credit	941	53	4,083	1,020	6,097
Balance, April 30, 2025	$ 6,310	$ 108	$ 4,083	$ 2,009	$ 12,510
Presented as:					
Current Tax credits	$ 1,062	$ 108	$ 4,083	$ 1,137	$ 6,390
Non-Current Tax credits	$ 5,248	$ -	$ -	$ 872	$ 6,120

The following table presents the tax credits for the Company for the year ended April 30, 2024:

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

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

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

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

As at April 30, 2025, the Company has non-refundable tax credits totaling approximately $8,319 (April 30, 2024 - $6,952) for Canadian Federal and Provincial income tax purposes which may be used to reduce taxes payable in future years. These non-refundable tax credits may be claimed no later than fiscal years ending April 30:

	Federal Non-refundable tax credits	Provincial Non-refundable tax credits
2036	$ 65	$ -
2037	246	-
2038	289	-
2039	349	-
2040	507	-
2041	583	-
2042	500	-
2043	833	-
2044	958	-
2045	1,182	1,008
2046	798	1,001
	$ 6,310	$ 2,009

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

	2025	**2024**
Federal non-refundable research and development tax credits	$ 941	$ 710
Provincial refundable research and development tax credits	53	93
E-business refundable tax credits for research and development employees	2,131	2,034
E-business non-refundable tax credits for research and development employees	532	509
Adjustments to prior year's credits	643	431
Total research and development tax credits	$ 4,300	$ 3,777
E-business refundable tax credits for other employees	1,952	2,025
E-business non-refundable tax credits for other employees	488	507
Adjustments to prior year's credits	149	26
Tax credits recognized in the year	$ 6,889	$ 6,335

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

6. Inventory:

	2025	2024
Finished goods	$ 1,671	$ 1,265
Third-party software licenses for resale	199	94
	$ 1,870	**$ 1,359**

During fiscal 2025, finished goods and third-party software licenses for resale recognized as cost of revenue amounted to $13,860 (2024 - $19,924).

7. Property and equipment:

	Computer equipment	Furniture and fixtures	Leasehold Improvements	Total
Cost				
Balance at April 30, 2023	$ 12,082	$ 1,768	$ 2,082	$ 15,932
Additions	593	6	-	599
Effect of foreign currency exchange differences	-	4	-	4
Disposals/ retirements	(120)	(6)	-	(126)
Balance at April 30, 2024	$ 12,555	$ 1,772	$ 2,082	$ 16,409
Additions	726	-	102	828
Effect of foreign currency exchange differences	9	4	-	13
Balance at April 30, 2025	**$ 13,290**	**$ 1,776**	**$ 2,184**	**$ 17,250**
Accumulated Depreciation				
Balance at April 30, 2023	$ 10,967	$ 1,478	$ 1,685	$ 14,130
Depreciation	802	77	150	1,029
Effect of foreign currency exchange differences	-	4	-	4
Disposals/ retirements	(120)	(6)	-	(126)
Balance at April 30, 2024	$ 11,649	$ 1,553	$ 1,835	$ 15,037
Depreciation	838	52	152	1,042
Effect of foreign currency exchange differences	4	3	-	7
Balance at April 30, 2025	**$ 12,491**	**$ 1,608**	**$ 1,987**	**$ 16,086**
Carrying Amounts				
At April 30, 2024	$ 906	$ 219	$ 247	$ 1,372
At April 30, 2025	$ 799	$ 168	$ 197	$ 1,164

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

8. Right-of-use assets:

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

	Offices	Data centers	Vehicles and equipment	Total
Balance at April 30, 2023	$ 1,513	$ 170	$ 25	$ 1,708
Depreciation	(359)	(66)	(23)	(448)
Effect of foreign currency exchange differences	(5)	(4)	-	(9)
Balance, April 30, 2024	$ 1,149	$ 100	$ 2	$ 1,251
Depreciation	(361)	(68)	(2)	(431)
Effect of foreign currency exchange differences	12	4	-	16
Balance at April 30, 2025	**$ 800**	**$ 36**	**$ -**	**$ 836**

9. Contract acquisition costs:

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

	2025	**2024**
Balance, beginning of the period	$ 6,844	$ 5,799
Additions	3,735	3,415
Amortization	(2,645)	(2,370)
Balance, end of period	**$ 7,934**	**$ 6,844**

Presented as:

	2025	**2024**
Current	$ 2,917	$ 2,366
Non-current	$ 5,017	$ 4,478

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

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

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

			Other intangible assets				
	Goodwill	Deferred development costs	Software	Technology	Customer assets	Other	Total of other intangible assets
Cost							
Balance at April 30, 2023	$ 17,467	$ 14,000	$ 5,650	$ 8,679	$ 10,520	$ 245	$ 25,094
Additions	-	1,012	-	-	-	-	-
Effect of foreign currency exchange differences	(104)	-	-	(18)	(108)	-	(126)
Balance at April 30, 2024	$ 17,363	$ 15,012	$ 5,650	$ 8,661	$ 10,412	$ 245	$ 24,968
Additions	-	1,924	-	-	-	-	-
Effect of foreign currency exchange differences	464	-	-	81	487	-	568
Balance at April 30, 2025	**$ 17,827**	**$ 16,936**	**$ 5,650**	**$ 8,742**	**$ 10,899**	**$ 245**	**$ 25,536**
Accumulated amortization							
Balance at April 30, 2023	$ -	$ 11,746	$ 5,069	$ 5,196	$ 5,297	$ 245	$ 15,807
Amortization for the year	-	583	230	622	641	-	1,493
Effect of foreign currency exchange differences	-	-	-	(7)	(28)	-	(35)
Balance at April 30, 2024	$ -	$ 12,329	$ 5,299	$ 5,811	$ 5,910	$ 245	$ 17,265
Amortization for the year	-	769	203	624	477	-	1,304
Effect of foreign currency exchange differences	-	-	-	48	193	-	241
Balance at April 30, 2025	**$ -**	**$ 13,098**	**$ 5,502**	**$ 6,483**	**$ 6,580**	**$ 245**	**$ 18,810**
Carrying amounts							
At April 30, 2024	$ 17,363	$ 2,683	$ 351	$ 2,850	$ 4,502	$ -	$ 7,703
At April 30, 2025	$ 17,827	$ 3,838	$ 148	$ 2,259	$ 4,319	$ -	$ 6,726

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

The following tables reflect the amortization expense recognized for the various intangible assets within the various functions for the years ended April 30, 2025 and 2024:

	2025				
	Deferred development costs	Software	Technology	Customer assets	Total
Cost of revenue: Products	$ -	$ -	$ -	$ 5	$ 5
Cost of revenue: Services	-	133	625	-	758
Sales and marketing	-	33	-	471	504
Research and development	769	37	-	-	806
	$ 769	**$ 203**	**$ 625**	**$ 476**	**$ 2,073**

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

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

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

Impairment testing for cash-generating units containing goodwill

For the purposes of impairment testing, goodwill is allocated to the cash-generating units ("CGUs") which represent the lowest level within the Company for which there are separately identifiable cash inflows. The Company has two CGUs, the non-Tecsys A/S CGU and the Tecsys A/S CGU. As at April 30, 2025 goodwill for Non-Tecsys A/S and Tecsys A/S represent $10,783 and $7,044 respectively (April 30, 2024 - $10,783 and $6,580 respectively).

The Company performs its goodwill impairment assessment on an annual basis or more frequently if there are any indications that impairment may exist. The recoverable amount of the Company's CGU's was based on the higher of its value in use (which was determined by discounting the future cash flows generated from the continuing use of the units) and the fair value less cost to dispose based on market multiples. The carrying amount of the CGU's were determined to be lower than their recoverable amount and no impairment loss was recognized in April 30, 2025 and 2024.

Value in use

The value in use was determined by discounting the future cash flows generated from the continuing use of the units. Cash flows were projected based on past experience, actual operating results and the annual business plan prepared at the end of fiscal 2025 for the upcoming year. Cash flows for an additional four-year period and a terminal value were extrapolated using a constant growth rate, which does not exceed the long-term average growth rate for the industry. The Company uses a discount rate to calculate the present value of its projected cash flows.

Fair value less costs of disposal

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

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

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

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

Key assumptions used in calculations

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

			2025
	Basis used as recoverable amount	Pre-tax discount rate/ Multiple	Terminal Growth rate
Non-Tecsys A/S	Value in use	14.25%	5%
Tecsys A/S	Fair value less costs of disposal	1.1x Revenue	N/A

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

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

When using the value in use for Non-Tecsys A/S for Fiscal 2025, no reasonably possible change in the key assumptions used in determining the recoverable amount would result in any impairment of goodwill.

When using the fair value less costs of disposal for Tecsys A/S for Fiscal 2025, varying the assumption on the multiple to 0.81x revenue, assuming all other variables remained constant, would cause the carrying amount to be equal to its recoverable amount.

11. Lease obligations:

The Company's leases are for office space, data centers, vehicles and equipment.

The following table presents the contractual undiscounted cash flows for lease obligations as at April 30, 2025:

Less than one year	$	627
One to five years		790
Total undiscounted lease obligations	**$**	**1,417**

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

11. Lease obligations (continued):

Interest expense on lease obligations for fiscal year 2025 was $79 (2024 - $121). Total cash outflow was $895 for fiscal year 2025 (2024 - $907), including $816 of principal payments on lease obligations (2024 - $786). The expense relating to variable lease payments not included in the measurement of lease obligations was $1,048 (2024 – $973). This consists of variable lease payments for operating costs, property taxes and insurance.

Expenses relating to short-term leases not included in the measurement of lease obligations were not significant for fiscal year 2025 and 2024. Expenses relating to leases of low value assets were $180 (2024 - $220). There were no additions to lease obligations during fiscal year 2025 and 2024.

12. Accounts payable and accrued liabilities:

	2025	2024
Trade payables	$ 6,750	$ 4,486
Accrued liabilities and other payables	4,460	3,829
Salaries and benefits due to related parties	913	851
Employee salaries and benefits payable	9,546	9,346
Fair value of derivatives in a loss position	698	1,518
	$ 22,367	**$ 20,030**

13. 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, 2025 and April 30, 2024.

(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.

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

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

(b) Executive share purchase plan (continued):

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

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

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

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

(c) Dividend policy:

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

During fiscal 2025, the Company declared quarterly dividends of $0.08 for the first two quarters and $0.085 for each of the following quarters for an aggregate of $4,880. During fiscal 2024, the Company declared quarterly dividends of $0.075 for the first two quarters and $0.08 for each of the following quarters for an aggregate of $4,560.

(d) Earnings per share:

The calculation of basic earnings per share is based on the profit attributable to common shareholders and the weighted average number of common shares outstanding. The calculation of diluted earnings per share is based on the profit attributable to common shareholders and the weighted average number of common shares outstanding after adjustment for the effects of all dilutive common shares.

Basic and diluted earnings per share are calculated as follows:

	2025	2024
Net profit, attributable to common shareholders	$ 4,459	$ 1,849
Weighted average number of basic common shares	14,776,565	14,706,251
Dilutive impact of stock options	100,662	19,905
Weighted average number of diluted common shares	14,877,227	14,726,156
Basic and diluted earnings per common share	$ 0.30	$ 0.13

As at April 30, 2025, 234,643 options were excluded from the calculation of weighted average number of diluted common shares as their effect would have been anti-dilutive (567,743 options as at April 30, 2024).

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

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

(e) Stock option plan:

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

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

The movement in outstanding stock options for fiscal year 2025 and 2024 is as follows:

	Number of options	Weighted average exercise price
Outstanding at April 30, 2024	767,487	$ 31.02
Granted	267,239	33.59
Exercised	(168,170)	27.58
Forfeited	(7,650)	31.06
Outstanding at April 30, 2025	858,906	$ 32.49

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

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

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

(e) Stock option plan (continued):

The following table outlines the outstanding stock options of the Company as at April 30, 2025:

Grant Date	Fair value per option	Remaining contractual life in years	Number of options currently exercisable	Exercise price	Outstanding options
July 8, 2020	$ 6.95	0.19	9,979	$ 26.75	9,979
December 2, 2020	10.74	0.59	3,257	36.77	3,257
February 24, 2021	18.79	0.82	2,000	60.62	2,000
June 29, 2021	12.66	1.16	128,868	40.34	137,826
June 29, 2022	12.90	2.16	116,465	34.91	173,272
September 26, 2022	10.80	2.41	2,188	28.55	3,500
March 1, 2023	10.42	2.84	1,500	26.88	3,000
June 29, 2023	9.98	3.17	108,121	25.48	257,487
November 30, 2023	13.68	3.59	1,828	33.52	5,848
June 27, 2024	12.74	4.16	46,488	33.23	251,661
September 5, 2024	15.80	4.35	1,384	42.02	11,076

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 June 27, 2024 and September 5, 2024 were determined using the Black-Scholes option pricing model with the following assumptions:

	Fiscal 2025		Fiscal 2024	
	September 5, 2024	June 27, 2024	November 30, 2023	June 29, 2023
Exercise share price	$ 42.02	$ 33.23	$ 33.52	$ 25.48
Expected option life (years)	5	5	5	5
Weighted average expected stock price volatility	41.11%	42.10%	44.76%	43.56%
Weighted average dividend yield	0.75%	0.93%	0.90%	1.14%
Weighted average risk-free interest rate	2.96%	3.40%	3.70%	3.72%

For the fiscal year ended April 30, 2025, the Company recognized stock-based compensation expense of $2,951 ($2,301 for the fiscal year ended April 30, 2024). 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.

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

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

(f) Share capital:

On September 12, 2023, the Company announced its Notice of Intention to make a normal course issuer bid ("NCIB") with the Toronto Stock Exchange ("TSX"). The NCIB covered the twelve-month period commencing September 14, 2023 and ending September 13, 2024. Purchases under the NCIB were made at the prevailing market price at the time of acquisition, plus brokerage fees, through the facilities of the TSX and/or alternative Canadian trading systems, in accordance with the TSX's applicable policies. All common shares purchased under the NCIB were cancelled.

On September 18, 2024, the Company announced that the TSX approved the renewal of the Company's NCIB. Pursuant to the NCIB, during the twelve-month period commencing September 20, 2024 and ending September 19, 2025, the Company intends to purchase up to 500,000 common shares, which represents 3.4% of its 14,788,706 issued and outstanding common shares as of September 16, 2024. Under the NCIB, other than purchases made under block purchase exemptions, the Company may purchase up to 2,117 common shares during any trading day, which represents 25% of 8,469, being the average daily trading volume for the six months ended August 31, 2024. These purchases will be made at the prevailing market price at the time of acquisition, plus brokerage fees, through the facilities of the TSX and/or alternative Canadian trading systems, in accordance with the TSX's applicable policies. All common shares purchased under the NCIB will be cancelled.

During the fiscal year ended April 30, 2025 the Company purchased 172,200 (same period in Fiscal 2024– 204,500) of its outstanding common shares for cancellation at an average price of $40.27 per share (Fiscal 2024-$34.67 per share). The total cost related to purchasing these shares, including other related costs, was $6,934 (Fiscal 2024-$7,215). The excess purchase price over the net book value of these shares of $6,316 has been charged to contributed surplus (Fiscal 2024-$6,531).

14. Remaining performance obligation:

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

The following table presents revenue expected to be recognized in the future related to SaaS and maintenance and support performance obligations that are part of a contract with an original duration of greater than one year and that are unsatisfied (or partially satisfied) at April 30, 2025:

				2025	2024
	Fiscal 2026	Fiscal 2027	Fiscal 2028 and thereafter	Total	Total
SaaS	$ 72,627	$ 58,259	$ 85,771	$ 216,657	$ 196,940
Maintenance and support	833	-	-	833	1,187
	$ 73,460	**$ 58,259**	**$ 85,771**	**$ 217,490**	**$ 198,127**

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

15. Cost of revenue:

	For the year ended	
	April 30, 2025	**April 30, 2024**
SaaS, maintenance, support and professional services:		
Gross expenses	$ 77,580	$ 72,685
Amortization of intangible assets	758	812
Reimbursable expenses	1,097	1,551
E-business tax credits	(2,516)	(2,585)
	$ 76,919	$ 72,463
License and hardware	14,242	20,390
Cost of revenue	**$ 91,161**	**$ 92,853**

16. Income Taxes:

(a) Income taxes comprise the following components:

	2025	**2024**
Current income taxes:		
Current year	$ 1,785	$ 1,144
Adjustments of previous year's tax expense	100	840
Current income taxes expense	$ 1,885	$ 1,984
Deferred income taxes:		
Origination and reversal of temporary differences	1,182	386
Net change in unrecognized deductible temporary difference	(117)	(518)
Recognition and/or utilization of previously unrecognized temporary difference	22	(355)
Adjustments of previous year's tax expense	4	(856)
Deferred income tax expense (benefit)	1,091	(1,343)
Income tax expense	**$ 2,976**	**$ 641**

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

16. Income Taxes (continued):

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

		2025		2024
Combined basic federal and provincial statutory income tax rate		26.50%		26.50%
Profit before income taxes	$	7,435	$	2,490
Expected combined income tax expense		1,970		660
Increase (reduction) in income taxes resulting from:				
Effect of differences in tax rates and additional income taxes in other jurisdictions		129		124
Utilization of unrecognized benefits		-		(355)
Net changes in unrecognized benefits		(95)		(518)
Adjustments for previous years' balances		104		(16)
Permanent differences and other		868		746
Income tax expense	**$**	**2,976**	**$**	**641**

During the year ended April 30, 2025, the Company paid cash taxes of $630 (2024: $519). As at April 30, 2025, the Company had current income taxes payable of $201 (April 30, 2024 – $67), which is included in accounts payable and accrued liabilities.

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

16. Income Taxes (continued):

(c) Recognized deferred tax assets and liabilities:

Changes in deferred tax assets and liabilities for the years ended April 30, 2025 and April 30, 2024 are as follows:

	Balance as at April 30, 2024	Recognized in statement of profit	Foreign Exchange	Balance as at April 30, 2025
Research and development expenses	$ 6,547	$ 1,547	$ -	$ 8,094
Net operating losses	2,661	(1,633)	-	1,028
Property and equipment	4,347	273	-	4,620
Non-deductible reserves and accruals	232	(14)	-	218
Right-of-use assets and lease liability	230	(102)	-	128
Charitable donations	118	(118)	-	-
Other	5	12	-	17
Contract acquisition costs	(1,534)	(568)	-	(2,102)
E-business tax credits	(556)	(72)	-	(628)
Federal tax credits	(1,392)	(327)	-	(1,719)
Deferred development costs	(711)	(306)	-	(1,017)
Intangibles	(1,700)	217	(40)	(1,523)
Net deferred tax recognized	$ 8,247	$ (1,091)	$ (40)	$ 7,116

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

As at April 30, 2025 the Company has net deferred tax assets of $7,521 (April 30, 2024 – $9,073) and net deferred tax liabilities of $405 (April 30, 2024 – $826) presented on the Consolidated Statements of Financial Position.

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

16. Income Taxes (continued):

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

The Company had Canadian Federal non-refundable SRED tax credits totaling approximately $6,310 (note 5) (April 30, 2024 – $5,179) which may be used only to reduce future current federal income taxes otherwise payable. For the year ended April 30, 2025, the Company intends to claim available Federal non-refundable tax credits to reduce Canadian Federal income taxes otherwise payable of $177.

The Company had provincial non-refundable tax credits of $2,009 (note 5) (April 30, 2024 - $1,773) which may be used only to reduce future current provincial income taxes otherwise payable. For the year ended April 30, 2025, the Company intends to claim available provincial non-refundable tax credits to reduce provincial income taxes otherwise payable of $940.

(d) Unrecognized net deferred tax assets

As at April 30, 2025 and 2024, unrecognized net deferred tax assets consist of the following:

		2025		2024
Net operating losses of Canadian subsidiaries	$	1,491	$	1,576
Net operating losses of UK subsidiary		52		62
Capital losses		869		854
Other		(27)		(27)
Unrecognized net deferred tax assets	**$**	**2,385**	**$**	**2,465**

Canadian subsidiaries have unrecognized net operating losses carried forward of approximately $16,510 (April 30, 2024 - $16,857) for Québec provincial income 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 $273 (£163) (April 30, 2024 – $328 (£ 196)) which may be applied to reduce taxable income in future years.

The Company and its subsidiaries have unrecognized accumulated capital losses of approximately $6,561 (April 30, 2024 – $6,384) which may be applied to reduce future taxable capital gains.

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

Unrecognized deferred tax liabilities:

As at April 30, 2025, no deferred tax liabilities were recognized for temporary differences arising from investments in subsidiaries because the Company controls the decisions affecting the realization of such liabilities and it is probable that the temporary differences will not reverse in the foreseeable future.

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

17. Personnel expenses:

	For the year ended	
	April 30, 2025	April 30, 2024
Salaries, including bonus and commissions	$ 103,869	$ 101,195
Benefits	14,547	14,152
	$ 118,416	**$ 115,347**

18. Other income:

	For the year ended	
	April 30, 2025	April 30, 2024
Interest expense on bank loans and other	$ (3)	$ (42)
Interest accretion expense – lease obligations	(79)	(121)
Foreign exchange loss	(304)	(295)
Interest income on short-term investments	569	918
Interest income - other	72	97
	$ 255	**$ 557**

19. Other commitments:

As at April 30, 2025, with the exception of the leases recognized under IFRS 16 as lease liabilities, the Company had other commitments which include operating leases with terms of less than 12 months, commitments under service contracts including public cloud infrastructure costs, and the commitments related to a new office lease commencing in November 2025. At the commencement date, the new office lease will be recorded as a lease liability under IFRS 16. The new office lease is for office space in Montreal which replaces the current lease for our Montreal headquarters. 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	$ 27,418	$ 10,094	$ 6,695	$ 2,471	$ 8,158

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

20. 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, 2025, key management and their spouses control 16.8% (April 30, 2024 – 17.7%) of the issued common shares of the Company. The compensation paid or payable to key management for employee services is as follows:

	For the year ended	
	April 30, 2025	April 30, 2024
Salaries, including bonus and commissions	$ 5,746	$ 4,285
Other short-term benefits	258	273
Payment to defined contribution plans	152	147
	$ 6,156	**$ 4,705**

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 $454 (2024 - $424) to facilitate their purchase of the Company's common shares during fiscal 2025. As of April 30, 2025, loans outstanding amounted to $35 (2024 -$62) and are included in other receivables in the Consolidated Statements of Financial Position.

21. Financial instruments and risk management:

Classification of financial instruments

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

	2025			2024
	Fair value	Amortized cost	Total	
Financial assets				
Cash and cash equivalents	$ -	$ 27,580	$ 27,580	$ 18,856
Short-term investments	-	11,712	11,712	16,713
Accounts receivable	-	23,943	23,943	22,090
Foreign exchange derivatives included in other receivables	211	-	211	-
Foreign exchange derivatives included in other long-term receivables	759	-	759	72
Other receivables and other long-term receivables	-	194	194	213
	$ 970	**$ 63,429**	**$ 64,399**	**$ 57,944**
Financial liabilities				
Accounts payable and accrued liabilities	$ -	$ 21,669	$ 21,669	$ 18,512
Foreign exchange derivatives included in accounts payable and accrued liabilities	698	-	698	1,518
Foreign exchange derivatives included in other long-term accrued liabilities	33	-	33	496
	$ 731	**$ 21,669**	**$ 22,400**	**$ 20,526**

21. Financial instruments and risk management (continued):

(a) Fair value disclosures

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

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

The fair value of financial assets, financial liabilities and derivative financial instruments were measured using the Level 2 inputs in the fair value hierarchy as at April 30, 2025 and 2024.

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, 2025 and April 30, 2024 consisted primarily of contracts to reduce the exposure to fluctuations in the U.S. dollar. For fiscal 2025 and 2024, the derivatives designated as cash flow hedges were considered to be fully effective and no ineffectiveness has been recognized in net finance costs.

(b) Risk management

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

Currency risk

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

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

21. Financial instruments and risk management (continued):

(b) Risk management (continued):

Currency risk (continued):

Non-hedge designated derivative instruments

The following table presents the Company's outstanding non-hedge designated derivative instruments as of April 30, 2025:

	Number of contracts	To sell	Contracts average exchange rate	Unrealized gain presented in assets	Unrealized loss presented in liabilities
April 30, 2025	-	US$ -	CA$ -	CA$ -	CA$ -
April 30, 2024	5	US$ 4,500	CA$ 1.3477	CA$ -	CA$ 136

On April 30, 2024, the foreign exchange contracts had maturities up to September 2024.

Revenue hedge designated derivative instruments

The following tables present the revenue hedge designated derivative instruments as of April 30, 2025:

	Number of contracts	To sell	Contracts average exchange rate	Unrealized gain presented in assets	Unrealized loss presented in liabilities
April 30, 2025	71	US$ 119,000	CA$ 1.3592	CA$ 970	CA$ 731
April 30, 2024	70	US$ 111,500	CA$ 1.3496	CA$ 72	CA$ 1,878

On April 30, 2025, $33 of the loss was included in non-current liabilities ($496 on April 30, 2024). On April 30, 2025, $759 of unrealized gain was included in non-current receivables ($72 on April 30, 2024). Of the US$119,000 open contracts to sell US Dollars on April 30, 2025, US$107,000 relate to future revenue hedges and US$12,000 relate to past revenue hedges (on April 30, 2024: US$97,500 and US$14,000 respectively).

Outstanding Contracts related to highly probable future revenue	**Notional amount**
As of April 30, 2025 – Related to highly probable future revenue	US$ 107,000
In the 12-month period through April 2026	US$ 51,000
In the 12-month period through April 2027	US$ 56,000
As of April 30, 2024 – Related to highly probable future revenue	US$ 97.500
In the 12-month period through April 2025	US$ 49,500
In the 12-month period through April 2026	US$ 48,000

21. Financial instruments and risk management (continued):

(b) Risk management (continued):

Currency risk (continued)

Hedging components of accumulated other comprehensive income (loss)

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

	2025	2024
Accumulated other comprehensive loss on cash flow hedges as at the beginning of period	$ (1,293)	$ (207)
Changes in fair value on derivatives designated as cash flow hedges	(704)	(1,681)
Amounts reclassified from accumulated other comprehensive income to net earnings, and included in:		
Revenue	2,599	375
Other costs	46	220
Accumulated other comprehensive income (loss) from cash flow hedges	$ 648	$ (1,293)
Accumulated other comprehensive income (loss) - translation adjustment from foreign operations at the end of period	586	(132)
Total accumulated other comprehensive income (loss) as at the end of period	**$ 1,234**	**$ (1,425)**

As at April 30, 2025, the accumulated other comprehensive income from cash flow hedges of $648 (2024 - $1,293 loss) presented in accumulated other comprehensive income is expected to be classified to net profit within the next twenty-four months.

Foreign currency exposure

The following table (in thousands of local currency) provides an indication of the Company's significant foreign exchange currency exposures excluding designated hedge derivatives related to highly probable future revenue as at April 30, 2025 and 2024.

	2025				2024				
	DKK	US$	£	€	DKK	US$	£	€	AU$
Cash and cash equivalents	2,972	9,272	150	51	4,643	6,329	9	279	-
Accounts receivable	4,197	18,760	33	579	5,744	16,043	32	751	1
Other receivables	416	25	-	-	409	-	-	-	-
Accounts payable and accrued liabilities	(4,477)	(6,001)	(153)	(376)	(3,326)	(4,288)	(113)	(598)	-
Derivative financial instruments – notional amount	-	(12,000)	-	-	-	(18,500)	-	-	-
	3,108	10,056	30	254	7,470	(416)	(72)	432	1

21. Financial instruments and risk management (continued):

(b) Risk management (continued):

Currency risk (continued)

The following exchange rates were applied during the years ended April 30, 2025 and 2024:

	2025		2024	
	Average rate	Reporting date rate	Average rate	Reporting date rate
CA$ per US$	1.3941	1.3834	1.3503	1.3780
CA$ per £	1.7857	1.8549	1.6976	1.7213
CA$ per €	1.5019	1.5750	1.4617	1.4698
CA$ per DKK	0.2013	0.2110	0.1961	0.1971
CA$ per AU$	-	-	0.8860	0.8919

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

	2025			2024		
	US$	**£**	**€**	**US$**	**£**	**€**
Increase/(decrease) in profit	696	3	20	(29)	(6)	32

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

As at April 30, 2025 and 2024, no customers individually accounted for greater than 10% of total trade receivables and work in progress. Generally, there is no particular concentration of credit risk related to the accounts receivable due to the distribution of customers and procedures for the management of commercial risks. The Company performs ongoing credit reviews of its customers and establishes an allowance for expected credit losses when accounts are determined to be uncollectible. Customers do not provide collateral in exchange for credit.

The Company 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.

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

21. Financial instruments and risk management (continued):

(b) Risk management (continued):

Credit risk (continued)

	2025	2024
Not past due	$ 16,745	$ 14,078
Past due 1-180 days	7,525	8,660
Past due over 180 days	598	311
Allowance for expected credit losses	(925)	(959)
	$ 23,943	**$ 22,090**

Allowance for expected credit losses:	**2025**	**2024**
Balance at beginning	$ 959	$ 775
Impairment losses recognized - write off	(116)	(21)
Additional provisions	82	205
Balance	**$ 925**	**$ 959**

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk through the management of its capital structure and financial leverage, as outlined in the capital disclosure discussion in note 22 below. It also manages liquidity risk by monitoring actual and projected cash flows. The Board of Directors reviews and approves the Company's operating and capital budgets, as well as any material transactions out of the ordinary course of business.

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

21. Financial instruments and risk management (continued):

(b) Risk management (continued):

Liquidity risk (continued)

The following are contractual maturities of financial liabilities as of April 30, 2025 and 2024:

	April 30, 2025			
	Total	Less than 1 year	1-3 years	Beyond
Accounts payable and accrued liabilities	$ 22,367	$ 22,367	$ -	$ -
Other long-term accrued liabilities	33	-	33	-
	$ 22,400	**$ 22,367**	**$ 33**	**$ -**

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

Interest rate risk

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

Market price risk

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

22. Capital disclosure:

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

Its capital management policies may also include promoting shareholder value through the concentration of its shareholdings by means of purchasing its own shares for cancellation through normal course issuer bids when the Company considers it advisable to do so. As mentioned in Note 13, the Company has repurchased and cancelled 172,200 of its outstanding common shares in fiscal 2025 (2024-204,500).

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 and adjust the amount of dividends to shareholders.

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

23. Operating segment:

Management has organized the Company under one reportable segment: the development and marketing of enterprise-wide distribution software and related services. The Company's subsidiaries in the U.S. and the U.K. comprise sales and service operations offering implementation and maintenance services only.

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

	For the year ended	
	April 30, 2025	**April 30, 2024**
Canada	$ 32,836	$ 30,348
United States	126,274	122,218
Europe	15,641	17,286
Other	1,703	1,390
	$ 176,454	**$ 171,242**

24. Restructuring cost:

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

25. Subsequent event:

On June 26, 2025, the Company's Board of Directors declared a quarterly dividend of $0.085 per share to be paid on August 1, 2025 to shareholders of record on July 11, 2025.

On May 1, 2025, the Company announced the establishment of a new subsidiary in India as part of an asset acquisition that included the hiring of an India-based team. The $2,700 acquisition includes customer contracts and other intangible assets and was paid for with cash of $1,975 and assumption of liabilities (primarily related to customer performance obligations) of approximately $725. The Company and the entity from which the assets were acquired share a common director, who recused himself from all discussions and meetings related to the transaction.

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 2025: May 1, 2024 to April 30, 2025

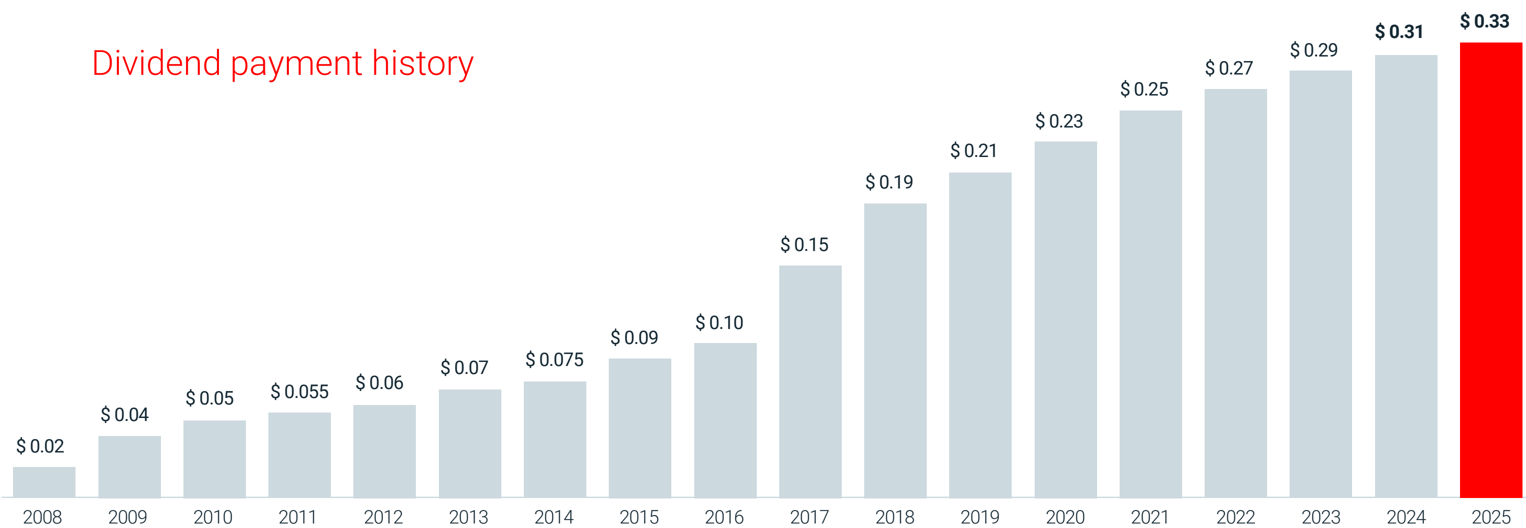
	High	Low	Volume TSX
First Quarter	$ 40.80	$ 32.00	459,402
Second Quarter	$ 44.78	$ 37.25	527,738
Third Quarter	$ 47.51	$ 39.80	494,424
Fourth Quarter	$ 47.48	$ 36.65	693,564
			2,175,128

Dividend policy

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

On June 26, 2025, the Company's Board of Directors declared a quarterly dividend of $0.085 per share to be paid on August 1, 2025 to shareholders of record on July 11, 2025.

Dividend payment history



Investor inquiries

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

Investor relations

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Directors and executive management

Board of directors

David Brereton
Executive Chairman of the Board
Tecsys Inc.

Peter Brereton
President and CEO
Tecsys Inc.

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

David Booth (1) (3)
Corporate Director

Kathleen Miller (1)
Corporate Director

Sripriya Thinagar (3)
CEO
ManoloAI LLC

Stephany Verstraete (2)
Chief Marketing Officer
Xometry

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

Vernon Lobo (2) (3) (4)
Managing Director
Mosaic Venture Partners Inc.

Executive management

David Brereton
Executive Chairman of the Board

Peter Brereton
President and CEO

Mark Bentler
Chief Financial Officer

Bill King
Chief Revenue Officer

Vito Calabretta
Chief Customer Officer

Shannon Karl
Chief Marketing Officer

Martin Schryburt
Senior Vice President, Product and Technology

Nancy Cloutier
Chief Human Resources Officer

Charles Kierpiec
Chief Legal Officer

Rex Ahlstrom
Chief Strategy Officer

(1) Member of the Audit Committee
(2) Member of the Compensation Committee
(3) Member of the Corporate Governance and Nominating Committee
(4) Lead Independent Director

Corporate information

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Subsidiaries

Tecsys U.S., Inc.
Tecsys Europe Limited
Tecsys A/S
Tecsys Denmark Holding ApS
LOGI D HOLDING INC.
LOGI D INC.
LOGI D CORP.
Tecsys Supply Chain Software Private Limited

Auditors

KPMG LLP
Montreal, Quebec, Canada

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Montreal, Quebec, Canada

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Transfer agent and registrar

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