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Independent Auditors' Report

To the Shareholders of Tecsys Inc.

Opinion

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

- the consolidated statements of financial position as at April 30, 2019 and 2018
- 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 significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at April 30, 2019 and 2018, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

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

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

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

Other Information

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

- the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions.
- the information, other than the financial statements and the auditors' report thereon, included in a document likely to be entitled "Tecsys Annual Report 2019".

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 auditors' report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditors' report.

We have nothing to report in this regard.

The information, other than the financial statements and the auditors' report thereon, included in a document likely to be entitled "Tecsys Annual Report 2019" is expected to be made available to us after the date of this auditors' report. If, based on the work we will perform on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact to those charged with governance.

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

We also:

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- Provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group Entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

KPMG LLP*

July 3, 2019
Montréal, Canada

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

Tecsys Inc.

Consolidated Statements of Financial Position

(in thousands of Canadian dollars)

	Note	April 30, 2019	April 30, 2018
Assets			
Current assets			
Cash and cash equivalents	6	$ 14,913	$ 13,496
Accounts receivable		14,986	13,939
Work in progress		811	617
Other receivables		392	535
Tax credits	7	3,493	3,391
Inventory	8	673	1,145
Prepaid expenses		3,223	1,829
Total current assets		38,491	34,952
Non-current assets			
Long-term investments	9	-	10,007
Other long-term receivables		278	215
Tax credits	7	5,260	4,840
Property and equipment	10	2,714	3,091
Deferred development costs	11	1,064	1,850
Other intangible assets	11	14,706	1,342
Goodwill	11	17,456	3,596
Deferred tax assets	15	5,476	3,524
Total non-current assets		46,954	28,465
Total assets		$ 85,445	$ 63,417
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	13	$ 11,633	$ 9,087
Deferred revenue		14,252	10,774
Current portion of long-term debt	12	1,022	47
Other current liabilities	13	4,111	-
Total current liabilities		31,018	19,908
Non-current liabilities			
Long-term debt	12	10,827	74
Other non-current liabilities	13	2,333	300
Deferred tax liabilities	15	1,769	-
Total non-current liabilities		14,929	374
Total liabilities		45,947	20,282
Contingencies and commitments	18, 19		
Equity			
Share capital	14	19,144	19,144
Contributed surplus		9,943	9,577
Retained earnings		10,618	14,527
Accumulated other comprehensive loss	21	(207)	(113)
Total equity attributable to the owners of the Company		39,498	43,135
Total liabilities and equity		$ 85,445	$ 63,417

See accompanying notes to the consolidated financial statements.

Approved by the Board of Directors

Director

Director

Tecsys Inc.

Consolidated Statements of Income and Comprehensive Income

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

Years ended April 30,	Note	2019	2018
Revenue:			
Proprietary products		$ 6,948	$ 6,895
Third-party products		6,822	6,847
Cloud, maintenance and subscription		31,282	27,000
Professional services		29,338	27,830
Reimbursable expenses		2,059	2,146
Total revenue		76,449	70,718
Cost of revenue:			
Products		6,036	6,187
Services		30,913	27,510
Reimbursable expenses		2,059	2,146
Total cost of revenue		39,008	35,843
Gross profit		37,441	34,875
Operating expenses:			
Sales and marketing		17,204	14,496
General and administration		9,354	6,328
Research and development, net of tax credits	7	12,681	9,797
Total operating expenses		39,239	30,621
(Loss) profit from operations		(1,798)	4,254
Net finance income	17	(39)	(151)
(Loss) profit before income taxes		(1,759)	4,405
Income tax (benefit) expense	15	(1,018)	456
(Loss) profit attributable to the owners of the Company		$ (741)	$ 3,949
Other comprehensive (loss) income:			
Effective portion of changes in fair value on designated revenue hedges	21	(14)	166
Exchange differences on translation of foreign operations	21	(80)	-
Comprehensive (loss) income attributable to the owners of the Company		$ (835)	$ 4,115
Basic and diluted (loss) earnings per common share	14	$ (0.06)	$ 0.30

See accompanying notes to the consolidated financial statements.

Tecsys Inc.

Consolidated Statements of Cash Flows

(in thousands of Canadian dollars)

Years ended April 30,	Note	2019	2018
Cash flows from operating activities:			
(Loss) profit for the year		$ (741)	$ 3,949
Adjustments for:			
Depreciation of property and equipment	10	879	760
Amortization of deferred development costs	11	949	1,118
Amortization of other intangible assets	11	995	462
Net finance income	17	(39)	(151)
Unrealized foreign exchange and other		275	(465)
Non-refundable tax credits		(902)	(925)
Stock-based compensation	14	366	-
Income taxes		(1,182)	361
Net cash from operating activities excluding changes in non-cash working capital items related to operations		600	5,109
Accounts receivable		1,749	279
Work in progress		(129)	(5)
Other receivables		109	(346)
Tax credits		(212)	(156)
Inventory		476	(231)
Prepaid expenses		(595)	70
Accounts payable and accrued liabilities		795	294
Deferred revenue		1,307	(1,320)
Changes in non-cash working capital items related to operations		3,500	(1,415)
Net cash from operating activities		4,100	3,694
Cash flows from financing activities:			
Repayment of long-term debt	12	(272)	(69)
Issuance of long-term debt	12	12,000	-
Issuance of common shares	14	-	10,489
Payment of dividends	14	(2,747)	(2,486)
Interest paid	17	(115)	(4)
Net cash from financing activities		8,866	7,930
Cash flows from (used in) investing activities:			
Decrease (increase) in long-term investments		10,007	(10,007)
Interest received	17	197	259
Acquisitions of property and equipment	10	(403)	(1,358)
Acquisitions of other intangible assets	11	(160)	(281)
Deferred development costs	11	(163)	(217)
Business acquisitions	5	(21,027)	-
Net cash used in investing activities		(11,549)	(11,604)
Net increase in cash and cash equivalents during the year		1,417	20
Cash and cash equivalents - beginning of year		13,496	13,476
Cash and cash equivalents - end of year		$ 14,913	$ 13,496
Supplemental cash flow information:			
Purchase of property and equipment included in accounts payable and accrued liabilities		$ -	$ 49
Deferred tax asset recognized in share capital related to transaction fees		-	306

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 income (loss)	Retained earnings	Total
Balance, April 30, 2017		12,315,326	$ 8,349	$ 9,577	$ (279)	$ 13,064	$ 30,711
Profit for the year		-	-	-	-	3,949	3,949
Other comprehensive income for the year:							
Effective portion of changes in fair value on designated revenue hedges	21	-	-	-	166	-	166
Total comprehensive income for the year		-	-	-	166	3,949	4,115
Common shares issued under bought deal financing, net of taxes of $306	14(c)	767,050	10,795	-	-	-	10,795
Dividends to equity owners	14(d)	-	-	-	-	(2,486)	(2,486)
Total transactions with owners of the Company		767,050	10,795	-	-	(2,486)	8,309
Balance, April 30, 2018		13,082,376	$ 19,144	$ 9,577	$ (113)	$ 14,527	$ 43,135
Adjustment on initial application of IFRS 15	3	-	-	-	-	(421)	(421)
Adjusted balance, May 1, 2018		13,082,376	$ 19,144	$ 9,577	$ (113)	$ 14,106	$ 42,714
Loss for the year		-	-	-	-	(741)	(741)
Other comprehensive income (loss) for the year:							
Effective portion of changes in fair value on designated revenue hedges	21	-	-	-	(14)	-	(14)
Exchange difference on translation of foreign operations	21	-			(80)	-	(80)
Stock-based Compensation		-	-	366	-	-	366
Total comprehensive income (loss) for the year		-	-	366	(94)	(741)	(469)
Dividends to equity owners	14(d)	-	-	-	-	(2,747)	(2,747)
Total transactions with owners of the Company		-	-	-	-	(2,747)	(2,747)
Balance, April 30, 2019		13,082,376	$ 19,144	$ 9,943	$ (207)	$ 10,618	$ 39,498

See accompanying notes to the consolidated financial statements.

1. Description of business:

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

2. Basis of preparation:

(a) Statement of compliance:

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

The consolidated financial statements for the year ended April 30, 2019 were authorized for issuance by the Board of Directors on July 3, 2019.

(b) Basis of measurement:

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

- Derivative financial instruments which are measured at fair value; and
- Identifiable assets acquired and liabilities assumed in connection with a business combination which are initially measured at fair value at the acquisition date; and
- Share based compensation arrangements which are measured in accordance with IFRS 2, Share Based Payments.

(c) Functional and presentation currency:

The consolidated financial statements are presented in Canadian dollars. All financial information has been rounded to the nearest thousand, except where otherwise indicated.

(d) Use of estimates, assumptions and judgments:

The preparation of the consolidated financial statements requires management to make estimates, assumptions, and judgments that affect the application of accounting policies and the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenue and expenses during the reporting periods.

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 could differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

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

(i) Revenue recognition:

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

(ii) Government assistance:

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

(iii) Income taxes:

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

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

(iv) Impairment of assets:

Impairment assessments may require the Company to determine the recoverable amount of a cash-generating unit ("CGU"), defined as the smallest identifiable group of assets that generates cash inflows independent of other assets. This determination requires significant estimates in a variety of areas including: expected sales, gross margins, selling costs, timing and size of cash flows, and discount and interest rates. The Company documents and supports all assumptions made in the above estimates and updates such assumptions to reflect the best information available to the Company if and when an impairment assessment requires the recoverable amount of a CGU to be determined.

(v) Allowance for expected credit losses:

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

(vi) Business combinations:

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

3. Significant accounting policies:

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

(a) Basis of consolidation:

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

(i) Business combinations:

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

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

(ii) Subsidiaries:

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

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

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

(iv) Transactions eliminated on consolidation:

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

(b) Foreign currency transactions:

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

Revenues that are hedged are translated at the exchange rate specified in the underlying derivative instrument hedging the transaction.

Foreign Currency Translation

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

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

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

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

(c) 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.

(d) Financial instruments:

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

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

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

(i) Financial assets measured at amortized cost:

A financial asset is subsequently measured at amortized cost, using the effective interest method 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, accounts receivable, and other accounts receivable (excluding the fair value of derivatives) as financial assets measured at amortized cost.

(ii) Financial assets measured at fair value:

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

(iii) Financial liabilities measured at amortized cost:

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

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

Non-hedge derivative financial instruments, including forward foreign exchange contracts, are recorded as either assets or liabilities measured initially at fair value. Attributable transaction costs are recognized in profit or loss as incurred. The Company may hold derivative financial instruments to offset its risk exposure to fluctuations of other currencies compared to the Canadian dollar. All derivative financial instruments not designated in a hedge relationship are classified as financial instruments at fair value through profit and loss. The fair value of derivative financial instruments is based on forward rates considering the market price, rate of interest and volatility and takes into account the credit risk of the financial instrument. The net fair value of outstanding forward foreign exchange contracts are included as part of the accounts designated "other accounts receivable" or "accounts payable and accrued liabilities" as appropriate. Any subsequent change in the fair value of non-hedge designated outstanding forward foreign exchange contracts are accounted for in finance income or finance cost in profit or loss for the period in which it arises. The foreign currency gains and losses on these contracts are recognized in the period in which they are generated and offset the exchange losses or gains recognized on the revaluation of the foreign currency net monetary assets. Cash flows from foreign exchange contract settlements are classified as cash flows from operating activities along with the corresponding cash flows from the monetary assets being economically hedged.

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

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

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

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

When derivative contracts designated as cash flow hedges are terminated, expired, sold or no longer qualify for hedge accounting, hedge accounting is discontinued prospectively. Any amounts recorded in accumulated other comprehensive income up until the time the contracts do not qualify for hedge accounting remain in accumulated other comprehensive income until the hedged future cash flows occur if they are still expected to occur. However, if the amount in accumulated other comprehensive income 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 shall be immediately reclassified to profit. Amounts recognized in accumulated other comprehensive income are recognized in profit in the period in which the underlying hedged transaction is completed. Gains or losses arising subsequent to the derivative contracts not qualifying for hedge accounting are recognized in the period incurred.

(vi) Fair value of financial instruments:

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

(vii) Impairment of financial assets:

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

- 12-month ECLs: these are ECLs that result from possible default events within the 12 months after the reporting date; and
- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.
- The Company has elected to measure loss allowances for trade accounts receivable at an amount equal to lifetime ECLs.

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

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment, including forward-looking information.

The Company considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as recovering inventory or the Company's credit insurance (if any); or
- the financial asset is more than 180 days past due.

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

i. Measurement of ECLs

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

ii. Credit-impaired financial assets

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

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

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

iii. Presentation of impairment

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

iv. Write-off

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

v. Cash and cash equivalents:

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

(e) Property and equipment:

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

Gains and losses on disposal of an item of property and equipment are determined by comparing the proceeds from disposal with the carrying amount of property and equipment, and are recognized net within profit or loss.

Subsequent costs

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

Depreciation

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

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

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

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

(f) Intangible assets:

(i) Goodwill:

Goodwill is measured at cost less accumulated impairment loss.

(ii) Research and development costs:

Costs related to research are expensed as incurred.

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

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

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

(iii) Other intangible assets:

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

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

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

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

(g) Impairment of non-financial assets:

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

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

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

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is recognized if the carrying value of a non-financial asset exceeds the recoverable amount. Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the unit, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

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

(h) Government assistance:

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

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

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

(i) Provisions:

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as a finance cost.

(j) Leases:

All of the Company's leases are operating leases. The leased assets are not recognized in the Company's consolidated statements of financial position since the Company does not assume substantially all risks and rewards of ownership of the leased assets. Payments made under operating leases are recognized in profit or loss on a straight-line basis over the term of the leases.

Lease incentives are recognized as an integral part of the total lease expense, over the term of the leases. The deferred portion of the lease expense is included in accounts payable and accrued liabilities and other non-current liabilities.

(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.

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) Revenue recognition:

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

As of May 2018, the Company adopted IFRS 15. IFRS 15 provides a single, principles-based five step model for revenue recognition to be applied to all customer contracts. Following are the five steps:

- Identify the contract with a customer;
- Identify the performance obligation in the contract;
- Determine the transaction price;
- Allocate the transaction price to the performance obligations in the contract; and
- Recognize the revenue when (or as) the entity satisfies a performance obligation.

Revenues generated by the Company include the following:

(i) License fees and hardware products:

The Company recognizes perpetual license revenue at a point in time when the product has been delivered and where the title and risk of loss has been passed to the customer and the Company no longer retains continuing managerial involvement or effective control over the products sold. In the case of hardware, the revenue is recognized upon evidence of acceptance is received from the customer or the Company has completed its contractual obligations.

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

(ii) Support agreements:

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

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

Cloud subscriptions include SaaS. SaaS agreement allows our customers to access our cloud-based environment that we provide and manage, the support and the software, however the customer does not have the right to take possession of the software. SaaS and hosting revenues are recognized over the term of the related contracts.

(iii) Consulting and training services:

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

(iv) Reimbursable expenses:

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

(v) Bundled arrangements:

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

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

(vi) Contract costs:

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

(m) Employee benefits:

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

(i) Short-term employee benefits:

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

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

(ii) Defined contribution plans:

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

(iii) Termination benefits:

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

(n) Finance income and finance costs:

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

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

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

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

(o) 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.

(p) Share capital:

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

(q) Segment reporting:

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

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

New accounting standards adopted during the year:

IFRS 15: Revenue from Contracts with Customers (''IFRS 15"):

The core principle of IFRS 15 is that an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services.

The Company has determined that the adoption of IFRS 15 impacted the accounting for its: a) license arrangements that require the customer to renew its annual support agreement in order to maintain its right to continue to use the software; and b) capitalization of contract acquisition costs. Under previous revenue recognition policies, the license revenue mentioned in a) above was deferred and recognized ratably over a twelve-month period. Under IFRS 15, revenue under these license arrangements is recognized ratably over the estimated life of the software, which is seven years. Contract acquisition costs, including incremental commissions paid to employees, were previously expensed upon commencement of the related contract revenue. Under IFRS 15, the Company capitalizes contract acquisition cost related to contracts having a term of at least 12 months or for contracts which have license fees described above. These capitalized contract costs will be expensed over the terms of the contract or the estimated life of the software.

(in Canadian dollars, tabular amounts in thousands, except as otherwise noted)

Impact of transition

Effective May 1, 2018, the Company adopted IFRS 15 using the modified retrospective transition method. Accordingly, the information presented for fiscal year ended April 30, 2018 has not been restated. It remains as previously reported under IAS 18, IAS 11 and related interpretations.

The following tables summarizes the impact of adopting IFRS 15 on the Company Consolidated Statement of Financial Position as at May 1, 2018 and its Statement of Income and Comprehensive income for year ended April 30, 2019. There was no impact on the Company's Consolidated Statement of Cash Flows for these periods.

	Impact of adopting IFRS 15 on May 1, 2018
Software license - Deferred revenue	$ (981)
Previously expensed contract acquisition costs - Prepaid expenses	406
Related income tax impact - Deferred tax assets	154
Impact at May 1, 2018 - Retained earnings	$ (421)

	Impact of adopting IFRS 15 for the year - ended April 30, 2019
Revenue – Proprietary products - increase	$ 345
Operating expenses – Sales and marketing – Increase	(155)
Related income tax – Deferred tax assets	(50)
Impact at April 30, 2019 – Consolidated Statements of Income and Comprehensive income	$ 140

IFRS 9, Financial Instruments ("IFRS 9"):

Effective May 1, 2018, the Company adopted IFRS 9, which sets out requirements for recognition and measurement, impairment, derecognition and general hedge accounting. This standard simplifies the classification of a financial asset as either at amortized cost or at fair value as opposed to the multiple classifications which were permitted under IAS 39. This standard also requires the use of a single impairment method as opposed to multiple methods in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flows characteristics of the financial assets. The standard also adds guidance on the classification and measurement of financial liabilities.

Trade and other receivables that were classified as loans and receivables under IAS 39 are classified as financial assets measured at amortized cost. There is no change to the initial measurement of the Company's financial assets resulting from the adoption of IFRS 9. Impairment of financial assets is based on an expected credit loss (''ECL") model under IFRS 9, rather than the incurred loss model under IAS 39. ECL's are a probability-weighted estimate of credit losses. The Company calculated ECL's based on consideration of customer-specific factors and actual credit loss experience over the past two years. Based on our analysis, historical default rates generally represent a reasonable approximation for future expected defaults. As a percentage of revenue, the Company's actual credit loss experience has not been material.

4. New accounting standards and interpretations issued but not yet adopted:

A number of new standards, interpretations and amendments to existing standards were issued by the IASB or International Financial Reporting Standards Interpretations Committee ("IFRS IC") that are mandatory but not yet effective for the year ended April 30, 2019, and have not been applied in preparing these consolidated financial statements. None are expected to have an impact on the consolidated financial statements of the Company, except for the following:

IFRS 16, Leases ("IFRS 16"):

IFRS 16 provides a single lessee accounting model, requiring lessees to recognize a right-of-use asset as well as a lease liability reflecting the present value of future lease payments. Depreciation expense on the right-of-use asset and interest expense on the lease liability will replace the operating expense that were recognized under IAS 17.

IFRS 16 is effective for annual periods beginning on or after January 1, 2019 and offers the option on transition of adopting a full retrospective approach or a modified retrospective approach. The Full Retrospective Approach involves restating each prior reporting period presented, applying IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors. The Modified Retrospective Approach involves recognizing the cumulative effect of initially applying IFRS 16 in retained earnings at the date of initial application.

The Company has elected to apply IFRS 16 using the Modified Retrospective Approach. Under this method, the lessee can, on a lease-by-lease basis, measure the right-of-use asset based on two methodologies. The first methodology consists of measuring the right-of-use asset at the date of initial application as if IFRS 16 had been applied since the beginning of the lease, but discounted using a rate at the date of initial application. The cumulative effect of initially applying IFRS 16 at initial application will be recognized in retained earnings on May 1, 2019. The second methodology consists of having the right-of-use asset equal the lease liability, adjusted for any prepaids or accrued lease payments.

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

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

(ii) Exemption, on a lease-by-lease basis, of recognizing a right-of-use asset and lease liability when the lease term is within 12 months of the date of initial application. After date of initial application, the Company will exempt the recognition of right-of-use asset and lease liability to all leases that are short-term.

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

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

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

(vi) No reassessment on whether a contract is or contains a lease under IAS 17;

This standard will have a significant impact on the Company's Consolidated Statement of Financial Position. The Company expects that the adoption of IFRS 16 will result in a material increase to its assets and liabilities through the recognition of right-of-use assets and lease liabilities. The Company is currently assessing the impact of adoption of this Standard and estimates that the increase of assets should represent approximately a range from \$8.0 million to \$9.0 million and increase of liabilities should represent approximately a range from \$10.0 million to \$11.0 million, excluding any tax impact. The impact described is subject to change upon completion of the implementation of the Standard.

5. Business acquisitions:

OrderDynamics

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

The acquisition was funded from existing cash balances. See note 9 - Long-term investments.

As at April 30, 2019, an amount of \$0.5 million related to Canada Revenue Agency Holdback and \$1.9 million related to Canada Revenue Agency liability including interest is included in other current liabilities. See note 13 - Accounts payable and accrued liabilities.

As at April 30, 2019, an amount of \$1.5 million related to indemnification holdback, recorded at its present value of \$1.4 million, payable in two years, is included in other non-current liabilities. See note 13 - Accounts payable and accrued liabilities.

The operating results of OrderDynamics are included in the consolidated results from the date of acquisition. For the period from November 14, 2018 through April 30, 2019, OrderDynamics generated revenue of \$2,912,000 and incurred an operating loss of \$1,814,000. If the acquisition had closed on May 1, 2018, OrderDynamics' revenue and operating loss would have amounted to \$6,525,000 and \$3,211,000, respectively.

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

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

(in Canadian dollars, tabular amounts in thousands, except as otherwise noted)

Purchase price

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

Cash payment on closing	$ 9,880
Canada Revenue Agency liability	1,605
Canada Revenue Agency Holdback	500
Indemnification Holdback	1,414
Total purchase price	$13,399

Purchase Price Allocation

Assets Acquired		
Accounts receivable	$	875
Prepaid expenses		296
Other receivables		36
Property and equipment		43
Identified intangible assets:		
Technology assets		5,074
Customer assets		884
Deferred tax assets		1,579
		8,787
Liabilities Assumed		
Bank overdraft	$	12
Accounts payable and accrued liabilities		512
Deferred revenue		418
Deferred tax liabilities		1,579
		2,521
Net Assets Acquired		**6,266**
Goodwill		7,133
Gross purchase consideration	**$**	**13,399**

This purchase price allocation is preliminary. The final purchase price allocation could result in changes to the fair value of assets acquired and liabilities assumed.

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

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

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

PCSYS A/S

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

Cash payments for the acquisition were funded with a bank term loan of $12.0 million and existing cash balances. See note 12 - Banking facilities and long-term debt.

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

As at April 30, 2019, an amount of $0.7 million related to indemnification holdback including interest and $1.0 million related to contingent consideration is included in other current liabilities. See note 13 - Accounts payable and accrued liabilities.

At April 30, 2019, an amount of $0.6 million related to indemnification holdback is included in other non-current liabilities. See note 13 - Accounts payable and accrued liabilities.

The results of PCSYS' operations have been included in the Company's results of operations from the date of acquisition. For the period from February 1, 2019 through April 30, 2019, PCSYS generated revenue of $3,306,000 and incurred an operating profit of $297,000. If the acquisition had closed on May 1, 2018, PCSYS' revenue and an operating profit would have amounted to approximately $13,802,000 and $1,618,000 respectively.

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

(in Canadian dollars, tabular amounts in thousands, except as otherwise noted)

Purchase price

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

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

Purchase Price Allocation

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

This purchase price allocation is preliminary. The final purchase price allocation could result in changes to the fair value of assets acquired and liabilities assumed.

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

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

(in Canadian dollars, tabular amounts in thousands, except as otherwise noted)

6. Cash and cash equivalents:

Cash and Cash equivalents are comprised of the following:

	2019	**2018**
Bank balances	14,913	13,496

On April 30, 2019 and 2018, there were no short-term investments.

7. Government assistance:

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

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

The Company is eligible to receive a refundable and non-refundable tax credit for the development of e-business information technologies. This tax credit is granted to corporations on salaries paid to employees carrying out activities based on specific eligibility requirements. The credits are earned at an annual rate of 30% of salaries paid to eligible employees engaged in eligible activities, to a maximum annual refundable tax credit of $20,000 and maximum annual non-refundable tax credit of $5,000 per eligible employee. The Company must obtain an eligibility certificate each year confirming that it has satisfied the criteria relating to the proportion of the activities in the information technology sector and for the services supplied.

	SRED Canadian Federal non-refundable tax credits	SRED Canadian Provincial refundable tax credits	E-business refundable tax credits	E-business non-refundable tax credits	Total
Balance, April 30, 2017	$ 6,031	$ 223	$ 2,279	$ -	$ 8,533
Tax credits received or utilized against income tax expense	(733)	(244)	(2,449)	(650)	(4,076)
Adjustments to prior year's credits	52	21	170	26	269
Recognition of tax credit	223	235	2,423	624	3,505
Balance, April 30, 2018	$ 5,573	$ 235	$ 2,423	$ -	$ 8,231
Presented as:					
Current					
Tax credits	$ 733	$ 235	$ 2,423	$ -	$ 3,391
Non-current					
Tax credits	$ 4,840	$ -	$ -	$ -	$ 4,840
Tax credits received or utilized against income tax expense	(390)	(110)	(2,463)	(201)	(3,164)
Adjustments to prior year's credits	125	(125)	40	(14)	26
Recognition of tax credit	364	116	2,529	651	3,660
Balance, April 30, 2019	$ 5,672	$ 116	$ 2,529	$ 436	$ 8,753
Presented as:					
Current					
Tax credits	$ 412	$ 116	$ 2,529	$ 436	$ 3,493
Non-current					
Tax credits	$ 5,260	$ -	$ -	$ -	$ 5,260

(in Canadian dollars, tabular amounts in thousands, except as otherwise noted)

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

As at April 30, 2019, the Company has non-refundable research and development tax credits totaling approximately $5,672,000 (April 30, 2018 - $5,573,000) for Canadian income tax purposes which may be used to reduce taxes payable in future years. These Federal non-refundable tax credits may be claimed no later than fiscal years ending April 30:

	Federal non-refundable tax credits
2021	$ 951
2022	1,139
2023	999
2024	160
2025	204
2026	173
2027	143
2028	165
2029	154
2030	86
2031	94
2032	73
2033	94
2034	129
2035	114
2036	115
2037	166
2038	349
2039	364
	$ 5,672

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

	2019	2018
Federal non-refundable research and development tax credits	$ 364	$ 223
Provincial refundable research and development tax credits	116	235
E-business refundable tax credits for research and development employees	963	775
E-business non-refundable tax credits for research and development employees	268	194
Adjustments to prior year's credits	-	73
Total research and development tax credits	1,711	1,500
E-business refundable tax credits for other employees	1,566	1,648
E-business non-refundable tax credits for other employees	383	430
Adjustments to prior year's credits	26	196
Tax credits recognized in the year	$ 3,686	$ 3,774

(in Canadian dollars, tabular amounts in thousands, except as otherwise noted)

8. Inventory:

	2019	2018
Finished goods	$ 611	$ 1,003
Third-party software licenses for resale	62	142
	$ 673	$ 1,145

During fiscal 2019, finished goods and third-party software licenses for resale recognized as cost of revenue amounted to $ 5,116,861 (2018 - $4,997,000).

9. Long-term investments:

On October 17, 2017, the Company invested $10,007,000 in a 3-year redeemable guaranteed investment certificate ("GIC") which has a maturity date of October 17, 2020. The GIC bore interest at a rate of 1.9% and interest payments were made to the Company on an annual basis. If the GIC was redeemed prior to maturity but at least 31 days after the initial investment date, the Company would receive interest based on interest rates ranging from 1.35% to 1.70%. The Company redeemed the investment during fiscal 2019 for working capital purposes considering the acquisition of OrderDynamics Corporation and PCSYS A/S. See note 5 – Business acquisitions.

10. Property and equipment:

	Computer equipment	Furniture and fixtures	Leasehold Improve-ments	Total
Cost				
Balance at April 30, 2017	$ 8,496	$ 1,454	$ 1,878	$ 11,828
Additions	533	262	612	1,407
Balance at April 30, 2018	$ 9,029	$ 1,716	$ 2,490	$ 13,235
Additions	374	25	4	403
Additions through business combinations	68	21	10	99
Balance at April 30, 2019	$ 9,471	$ 1,762	$ 2,504	$ 13,737
Accumulated Depreciation				
Balance at April 30, 2017	$ 7,460	$ 896	$ 1,028	$ 9,384
Depreciation for the year	496	118	146	760
Balance at April 30, 2018	$ 7,956	$ 1,014	$ 1,174	$ 10,144
Depreciation for the year	538	144	197	879
Balance at April 30, 2019	$ 8,494	$ 1,158	$ 1,371	$ 11,023
Carrying Amounts				
At April 30th, 2018	$ 1,073	$ 702	$ 1,316	$ 3,091
At April 30th, 2019	$ 977	$ 604	$ 1,133	$ 2,714

(in Canadian dollars, tabular amounts in thousands, except as otherwise noted)

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

	Goodwill	Deferred development costs	Other intangible assets: Software	Technology	Customer relationships	Other	Total of other intangible assets
Cost							
Balance at April 30, 2017	$ 3,596	$10,839	$ 4,127	$ 2,440	$ 2,600	$ 245	$ 9,412
Additions	-	217	281	-	-	-	281
Balance at April 30, 2018	$ 3,596	$11,056	$ 4,408	$ 2,440	$ 2,600	$ 245	$ 9,693
Additions	-	-	160	-	-	-	160
Additions from business aquisition	13,905	163	-	6,259	7,995	-	14,254
Effect of foreign currency exchange differences	(45)	-	-	(8)	(47)	-	(55)
Balance at April 30, 2019	$17,456	$11,219	$ 4,568	$ 8,691	$10,548	$ 245	$24,052
Accumulated amortization							
Balance at April 30, 2017	$ -	$ 8,088	$ 3,603	$ 2,095	$ 1,985	$ 206	$ 7,889
Amortization for the year	-	1,118	199	165	87	11	462
Balance at April 30, 2018	$ -	$ 9,206	$ 3,802	$ 2,260	$ 2,072	$ 217	$ 8,351
Amortization for the year	-	949	212	427	345	11	995
Balance at April 30, 2019	$ -	$10,155	$ 4,014	$ 2,687	$ 2,417	$ 228	$ 9,346
Carrying amounts							
At April 30, 2018	$ 3,596	$ 1,850	$ 606	$ 180	$ 528	$ 28	$ 1,342
At April 30, 2019	$17,456	$ 1,064	$ 554	$ 6,004	$ 8,131	$ 17	$14,706

Additions to goodwill and other intangible assets were primarily the result of business acquisitions. (See also note 5 - Business acquisitions.)

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

The following table reflects the amortization recognized for the various intangible assets within the various functions for the years ended April 30, 2019 and 2018:

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

(in Canadian dollars, tabular amounts in thousands, except as otherwise noted)

	2018					
	Deferred development costs	Software	Technology	Customer relationships	Other intangible assets	Total
Cost of revenue: Products	$ -	$ 1	$ -	$ 87	$ -	88
Cost of revenue: Services	-	134	-	-	-	134
Sales and marketing	-	24	-	-	-	24
General and administration	-	14	-	-	11	25
Research and development	1,118	26	165	-	-	1,309
	$ 1,118	$ 199	$ 165	$ 87	$ 11	1,580

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. At April 30, 2019, the Company had two CGUs, the Tecsys organic business including OrderDynamics ("the non-PCSYS CGU") and PCSYS. At April 30, 2018, the Company had one CGU, the Tecsys organic business.

Goodwill acquired through acquisitions has been allocated to the Company's CGU's as follows:

	2019	2018
Non-PCSYS CGU	$ 10,684	$ 3,596
PCSYS CGU	6,772	-
	$ 17,456	$ 3,596

The Company performs its goodwill impairment assessment on an annual basis or more frequently if there are any indications that impairment may exist. The recoverable amount of the Company's CGU's was based on its value in use which was determined by discounting the future cash flows generated from the continuing use of the units. The carrying amount of the units were determined to be lower than their recoverable amount and no impairment loss was recognized on April 30, 2019 and 2018.

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

Cash flows were projected based on past experience, actual operating results, and the annual business plan approved by the Board of Directors prepared for the forthcoming year at the end of both fiscal 2019 and 2018. Cash flows for an additional four-year period and a terminal value were extrapolated using a constant growth rate of 5% (April 30, 2018 - 5%), which does not exceed the long-term average growth rate for the industry.

A pre-tax discount rate of 12% (April 30, 2018 - 12%) was applied in determining the recoverable amount of the unit. The discount rate was estimated based on the Company's past experience, and the consideration of the risk free rate plus the risk associated with further possible variations in the amount or timing of the cash flows, the price for uncertainty inherent in the combination of assets comprising the consolidated entity, and other factors, such as illiquidity, that would normally be considered in valuing the cash flows from the assets and are specific to the consolidated entity.

The values assigned to the key assumptions represent management's assessment of future trends in the software industry and are based on both external and internal sources.

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

(in Canadian dollars, tabular amounts in thousands, except as otherwise noted)

12. Banking facilities and long-term debt:

On January 30, 2019, the Company entered into a Credit Agreement. The Credit Agreement includes a Term Facility of up to $12,000,000 and a Revolving Facility of $5,000,000. The Term Facility is for the acquisition of PCSYS (see note 5 - Business acquisitions) and for general corporate purposes. The Revolving Facility is for general corporate purposes. As at April 30, 2019, the Company had borrowed $12,000,000 under the Term Facility (the "Term Loan"). The Revolving Facility remains undrawn as of April 30, 2019.

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

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

The Credit Agreement requires the Company to maintain a Working Capital Ratio of not less than 1.20 : 1.0, a Fixed Charge Coverage Ratio of not less than 1.20 : 1.0, Net Debt to Bank EBITDA ratio not greater than 3.50 : 1.0 until July 31, 2019, then stepping down to not greater than 3.00 : 1.0 until April 29, 2021, and finally stepping down to 2.50 : 1.0 thereafter. At April 30, 2019, the Company was in compliance with the required financial covenants.

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

	April 30, 2019	April 30, 2018
Term Loan, secured by a hypothec on movable properties	$ 11,775	$ -
Government funded debt, with no interest or security, payable over various installments, maturing in November 2020	74	121
	$ 11,849	$ 121
Current portion	(1,022)	(47)
Long-term debt	$ 10,827	$ 74

(in Canadian dollars, tabular amounts in thousands, except as otherwise noted)

13. Accounts payable and accrued liabilities

	2019	2018
Trade payables	$ 2,008	$ 1,364
Accrued liabilities and other payables	4,325	2,626
Salaries and benefits due to related parties	1,419	740
Employee salaries and benefits payable	5,894	4,472
Fair value of derivatives in a loss position	320	185
Other current liabilities	4,111	-
	$ 18,077	$ 9,387
Presented as:		
Current		
Accounts payable and accrued liabilities	$ 11,633	$ 9,087
Other current liabilities (note 5)	4,111	-
	$ 15,744	$ 9,087
Non-current		
Other non-current liabilities (note 5)	$ 2,333	$ 300

Other current liabilities are comprised of $0.5 million Canada Revenue Agency Holdback, $1.9 million Canada Revenue Agency liability, $0.7 million PCSYS Indemnification Holdback and $1.0 million Contingent Earnout liability. See also note 5 - Business acquisitions.

Other non-current liabilities are comprised of $1.4 million OrderDynamics Indemnification Holdback, $0.6 million PCSYS Indemnification Holdback and $0.3 million deferred rent. See also note 5 - Business acquisitions.

14. Share capital and Stock option plan:

(a) Authorized share capital:

Authorized - unlimited as to number and without par value

Common shares

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

All outstanding shares issued are fully paid.

Class A preferred shares

Class A preferred shares are issuable in series, having such attributes as the Board of Directors may determine. Holders of Class A preferred shares do not carry the right to vote. No preferred shares are outstanding as at April 30, 2019 and April 30, 2018.

(b) Executive share purchase plan:

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

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

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

During each fiscal year, a participant is required to make an annual purchase, each participant has the right to borrow from the Company, and the Company has the obligation to loan to each participant, an amount not to exceed the annual purchase for such fiscal year for such participant (a "loan"). The loans bear no interest and are disbursed in one lump sum following receipt by the Company of a proof of purchase of the common shares. Each loan must be reimbursed to the Company on or before the fiscal year-end in which the loan was made in equal amounts during its term through periodic deductions at source for each of the pay periods remaining in the fiscal year. If the employment of a participant with the Company terminates for any reason whatsoever, all amounts due under any outstanding loan shall become immediately due and payable.

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

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

(c) Bought deal shares issuance:

On June 27, 2017, the Company completed an offering of 1,100,050 common shares of the Company at the offering price of $15.00 per common share for aggregate gross proceeds of $16,500,750 (the "Offering"). The Offering included a treasury offering of 767,050 shares by the Company, including 100,050 common shares purchased by the underwriters pursuant to the exercise of their over-allotment option on June 27, 2017, for gross proceeds of $11,505,750 and a secondary offering of 333,000 shares by (i) David Brereton, Executive Chairman of the Company; (ii) Dabre Inc., David Brereton's holding company; and (iii) Kathryn Ensign-Brereton, David Brereton's spouse for aggregate gross proceeds of $4,995,000. The Offering was completed on a bought deal basis and was underwritten by a syndicate of underwriters led by Cormark Securities Inc. on its own behalf and on behalf of two other underwriters.

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

(in Canadian dollars, tabular amounts in thousands, except as otherwise noted)

Transaction costs directly associated with this issuance of treasury shares of approximately $1,016,280 ($708,085 net of taxes) have been recognized as a reduction of the proceeds, resulting in net total proceeds of approximately $10,489,470.

(d) Dividend policy:

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

During fiscal 2019, the Company declared quarterly dividends of $0.05 for the first two quarters and $0.055 for each of the following quarters for an aggregate of $2.7 million. During fiscal 2018, the Company declared quarterly dividends of $0.045 for each of the first two quarters and $0.05 for each of the following quarters for an aggregate of $2.5 million.

(e) Earnings per share:

Basic earnings per share:

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

		2019		2018
(Loss) profit attributable to common shareholders	$	(741)	$	3,949
Weighted average number of common shares outstanding (basic)		13,082,376		12,962,590
Basic (loss) earnings per common share	$	(0.06)	$	0.30

Diluted earnings per share:

The calculation of diluted earnings per share is based on the profit attributable to common shareholders and the weighted average number of common shares outstanding after adjustment for the effects of all dilutive common shares. The 188,700 options as of April 30, 2019 (April 30, 2018 – Nil) were excluded from the weighted average number of diluted common shares as their effect would have been anti-dilutive. Therefore, diluted earnings per share equals basic earnings per share for the years ended April 30, 2019 and 2018.

(f) Stock option plan:

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

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

(in Canadian dollars, tabular amounts in thousands, except as otherwise noted)

On September 6, 2018, the Company granted stock options as follows:

	Number of options	Weighted average Exercise price	Weighted average Fair value
Outstanding at April 30, 2018	-	-	-
Granted	188,700	17.23	4.42
Exercised	-	-	-
Forfeited	-	-	-
Outstanding at April 30, 2019	188,700	17.23	4.42
Exercisable at April 30, 2019	23,588	17.23	4.42

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 September 6, 2018 was determined using the Black-Scholes option pricing model with the following assumptions:

	September 6, 2018
Weighted average share price	$ 17.23
Weighted average expected option life (years)	5
Weighted average expected stock price volatility	28.87%
Weighted average dividend yield	1.16%
Weighted average risk-free interest rate	2.16%

For the year ended April 30, 2019, the Company recognized stock-based compensation of $0.4 million (2018 - nil). As at April 30, 2019, the remaining contractual life in years of the granted 188,700 options is 4.35 years with 23,588 options are currently exercisable.

The contributed surplus accounts is used to record the accumulated compensation expense related to equity-settled share-based compensation transactions. Upon exercise of stock options, the corresponding amounts previously credited to contributed surplus are transferred to share capital.

15. Income taxes:

(a) Income taxes comprise the following components:

		2019		2018
Current income taxes				
Current year	$	1,094	$	1,522
Current income taxes expense	$	1,094	$	1,522
Deferred income taxes				
Origination and reversal of temporary differences	$	(777)	$	(142)
Net change in unrecognized deductible temporary difference		(1,335)		(924)
Deferred income tax benefit	$	(2,112)	$	(1,066)
Income tax (benefit) expense	$	(1,018)	$	456

(in Canadian dollars, tabular amounts in thousands, except as otherwise noted)

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

	2019	2018
	%	%
Combined basic federal and provincial statutory income tax rate	26.71	26.76
Net impact of current period unrecognized benefits	54.81	(20.98)
Permanent differences and other	(23.97)	4.57
Average effective tax rate	57.55	10.35

(c) Unrecognized net deferred tax assets

As at April 30, 2019 and 2018, the unrecognized net deferred tax assets consist of the following:

		2019		2018
Research and development expenses (i)	$	456	$	1,576
Net operating losses of Canadian subsidiaries (ii)		2,791		1,926
Net operating losses of UK subsidiary (iii)		106		118
Capital losses (iv)		854		854
Other		5		5
Unrecognized net deferred tax assets	$	4,212	$	4,479

On April 30, 2019:

The Company has unrecognized accumulated research and development expenses of approximately $2,206,000 (April 30, 2018 - $9,976,000) for Federal income tax purposes, $831,000 (April 30, 2018 - $126,000) for Québec provincial income tax purposes and $185,000 (2018 - nil) for Ontario provincial tax purposes which may be carried forward indefinitely and used to reduce taxable income in future years.

Canadian subsidiaries have unrecognized net operating losses carried forward of approximately $8,368,000 (April 30, 2018 - $7,903,000) for Federal income tax purposes, $7,019,000 (April 30, 2018 - $7,847,000) for Québec provincial income tax purposes and $1,012,000 (2018 - nil) for Ontario provincial tax purposes which may be applied to reduce taxable income in future years.

The Company's U.K. subsidiary has unrecognized net operating losses carried forward for income tax purposes of approximately $560,000 (£ 326,000) (April 30, 2018 – $591,000 (£ 334,000)) which may be applied to reduce taxable income in future years.

The Company and its subsidiaries have unrecognized accumulated capital losses of approximately $6,384,000 (April 30, 2018 – $6,384,000) which may be applied to reduce future taxable capital gains.

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

(in Canadian dollars, tabular amounts in thousands, except as otherwise noted)

(d) Recognized deferred tax assets and liabilities

At April 30, 2019 and 2018 the recognized net deferred tax assets consist of the following:

	2019		2018
Deferred tax assets	Assets	Liabilities	Assets
Research and development expenses	$ 4,080	$ -	$ 2,815
Net operating losses	159	-	106
Property and equipment	2,805	-	2,630
Non-deductible reserves and accruals	236	-	217
IFRS 15 transition (see note 3 - Significant accounting policies)	154	-	-
Other	317	-	320
Deferred tax liabilities			
E-business tax credits	(294)	-	(297)
Federal tax credits	(1,573)	-	(1,671)
Deferred development costs	(282)	-	(490)
Intangibles	(126)	1,769	(106)
Net deferred tax assets recognized	$ 5,476	$ 1,769	$ 3,524

The Company had Canadian Federal non-refundable SRED tax credits totaling approximately $5,672,000 (note 7) (April 30, 2018 – $5,773,000) which may be used only to reduce future current federal income taxes otherwise payable. For the year ended April 30, 2019, the Company intends to claim available Federal non-refundable tax credits to reduce Canadian Federal income taxes otherwise payable of $390,000.

16. Personnel expenses:

	2019	2018
Salaries	$ 47,271	$ 41,160
Other short-term benefits	3,901	3,390
Payments to defined contribution plans	2,265	2,059
	$ 53,437	$ 46,609

17. Finance income and finance costs:

	2019	2018
Interest expense on financial liabilities measured at amortized cost	$ 196	$ 4
Foreign exchange (gain) loss	(38)	104
Interest income on bank deposits	(197)	(259)
Net finance income recognized in profit	(39)	(151)

(in Canadian dollars, tabular amounts in thousands, except as otherwise noted)

18. Contingencies:

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

19. Commitments:

(a) Operating lease commitments:

The Company has an option to extend the term of its lease for its office in Laval, which expires February 28, 2026, for one consecutive period of five years from the expiration of the term. In addition, the Company has an option to extend the term of its lease for the Markham office, which expires July 31, 2022 for two consecutive periods of five years each from its expiration term. The lease of the Montreal office, which expires on November 30, 2025, has a remaining option for a five year extension period.

During the year ended April 30, 2019, an expense of $4,239,000 was recognized in respect of operating leases (2018 – $3,108,000) and is included within the following expense classifications within the consolidated statements of comprehensive income.

	2019	2018
Cost of revenue: Products	$ 138	$ 124
Cost of revenue: Services	2,878	2,102
Sales and marketing	304	264
General and administration	206	184
Research and development	713	434
	$ 4,239	$ 3,108

The minimum future rental payments expiring up to February 28, 2026, including operating expenses required under non-cancellable long-term operating leases which relate mainly to premises are as follows:

	2019
Less than 1 year	$ 3,048
Between 1 and 5 years	7,846
More than 5 years	2,910
	$ 13,804

(b) Other commitments:

Under the terms of a licensing agreement with a third party, the Company is committed to pay royalties calculated at a rate of 1.25% of revenue derived from that portion of the EliteSeries product line that utilizes the embedded third-party software, excluding reimbursable expenses and hardware sales. Revenue derived from the operations of other business units or acquired companies are exempt from these royalties. This agreement automatically renews for consecutive one-year terms.

The Company has incurred royalty fees in fiscal 2019 related to this agreement of $112,000 (US $85,000) (2018 - $101,000 (US $80,000)).

(in Canadian dollars, tabular amounts in thousands, except as otherwise noted)

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 30,2019, key management and their spouses control 30.3% (April 30, 2018 - 32.1%) of the issued common shares of the Company.

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

		2019		2018
Salaries	$	3,244	$	3,377
Other short-term benefits		207		192
Payment to defined contribution plans		105		75
	$	3,556	$	3,644

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 $575,000 (2018-$538,000) to facilitate their purchase of the Company's common shares during fiscal 2019. As of April 30, 2019, loans outstanding amounted to $241,000 (2018-$305,000).

21. Financial instruments and risk management:

Classification of financial instruments

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

	2019			2018
	Fair value	Amortized cost	Total	
Financial assets				
Cash and cash equivalents	$ -	$ 14,913	$ 14,913	$ 13,496
Accounts receivable	-	14,986	14,986	13,939
Other accounts receivable	-	392	392	535
	$ -	$ 30,291	$ 30,291	$ 27,970
Financial liabilities				
Accounts payable and accrued liabilities	$ -	$ 11,313	$ 11,313	$ 8,904
Other current liabilities	-	4,111	4,111	-
Foreign exchange derivatives included in accounts payable and accrued liabilities	320	-	320	185
Long-term debt	-	11,849	11,849	121
	$ 320	$ 27,273	$ 27,593	$ 9,210

At April 30, 2019 and 2018, all financial instruments are carried at amortized cost with the exception of foreign exchange derivatives, which are recorded at fair value.

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 accounts receivable, and accounts payable and accrued liabilities approximate their fair value because of the relatively short period to maturity of the instruments.

The fair value of the long-term debt was determined using level 2 of the fair value hierarchy, by discounting the future cash flows using interest rates which the Company could obtain for loans with similar terms, conditions, and maturity dates. There is no significant difference between the fair value and the carrying value of the long-term debt as at April 30, 2019 and 2018.

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, 2019 and 2018.

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, 2019 and April 30, 2018 consisted primarily of contracts to reduce the exposure to fluctuations in the U.S. dollar.

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

For fiscal 2019 and 2018, the derivatives designated as cash flow hedges were considered to be fully effective and no ineffectiveness has been recognized in net finance costs.

Risk management

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

Currency risk

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

Non-hedge designated derivative instruments

On April 30, 2019, the Company held five outstanding foreign exchange contracts with various maturities to July 2019 to sell US$2,750,000 into Canadian dollars at rates averaging CA$1.3194 to yield CA$3,628,000. On April 30, 2019, the Company recorded an unrealized exchange loss of $52,000, included in accounts payable and accrued liabilities, representing the change in fair value of these outstanding contracts since inception and their initial measurement.

On April 30, 2018, the Company held five outstanding foreign exchange contracts with various maturities to September 2018 to sell US$4,300,000 into Canadian dollars at rates averaging CA$1.2854 to yield CA$5,527,000. On April 30, 2018, the Company recorded an unrealized exchange gain of $23,000 included in other receivables representing the change in fair value of these outstanding contracts since inception and their initial measurement.

(in Canadian dollars, tabular amounts in thousands, except as otherwise noted)

Revenue hedge designated derivative instruments

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

On April 30, 2018, the Company held ten outstanding foreign exchange contracts with various maturities to December 31, 2018 to sell US$10,000,000 at rates averaging CA$1.2602 to yield CA$12,593,000. Of the outstanding US$10,000,000 hedge designated foreign exchange contracts, US$6,000,000 pertain to highly probable future revenue denominated in U.S. dollars expected over the five-month period through September 2018 while US$4,000,000 is related to realized U.S. dollar denominated revenue. On April 30, 2018, the Company had recorded an unrealized exchange loss of $219,000 included in accounts payable and accrued liabilities and an unrealized exchange gain of $11,000 representing the change in fair value of these outstanding contracts since inception and their initial measurement.

	Carrying amount of the hedging instrument							
	Nominal amount of the hedging instrument		Assets presented in other receivables		Liabilities presented in accounts payable and accrued liabilities		Changes in fair value used for calculating hedge ineffectiveness	
Cash-flow hedges:								
April 30, 2019 Foreign exchange risk:	US$	12,000	CA$	5	CA$	273	CA$	(268)
April 30, 2018 Foreign exchange risk:	US$	10,000	CA$	11	CA$	219	CA$	(208)

Hedging components of accumulated other comprehensive loss

During fiscal 2019, the Company recorded a loss of $771,000 (2018 - gain $748,000) in other comprehensive income, representing the change in fair value of the designated hedging contracts during the year. The following table represents the movement in accumulated other comprehensive loss since the designation of hedging derivative instruments.

	2019	2018
Accumulated other comprehensive (loss) as at the beginning of the fiscal year	$ (113)	$ (279)
Net (loss) gain on derivatives designated as cash flow hedges	(771)	748
Amounts reclassified from accumulated other comprehensive loss to net earnings, and included in:		
Revenue	577	(376)
Net finance costs	180	(206)
Accumulated other comprehensive loss from cash flow hedges	$ (127)	$ (113)
Cumulative translation adjustment from foreign operations	(80)	-
Accumulated other comprehensive loss	$ (207)	$ (113)

As at April 30, 2019, accumulated comprehensive loss includes a net loss from changes in the fair value of the effective portion of qualifying cash flow hedging instruments outstanding at the end of the year of $127 (2018-$113) and cumulative translation losses from foreign operations of $80. As at April 30, 2019, $127 of the net loss presented in accumulated other comprehensive loss is expected to be classified to net profit within the next six months.

(in Canadian dollars, tabular amounts in thousands, except as otherwise noted)

Foreign currency exposure

The following table provides an indication of the Company's significant foreign exchange currency exposures excluding designated hedge derivatives related to highly probable future revenue as at April 30, 2019 and 2018.

	2019				2018			
	DKK	US$	£	€	DKK	US$	£	€
Cash and cash equivalents	2,779	1,301	154	239	-	537	44	3
Accounts receivable	9,443	6,323	50	267	-	9,136	4	10
Other accounts receivable	349	227	-	-	-	213	1	-
Accounts payable and accrued liabilities	(17,397)	(1,405)	(61)	-	-	(1,665)	(53)	(52)
Derivative financial instruments – notional amount	-	(6,750)	-	-	-	(8,300)	-	-
	(4,826)	(304)	143	506	-	(79)	(4)	(39)

The following exchange rates applied during the years ended April 30, 2019 and 2018.

	2019		2018	
	Average rate	Reporting date rate	Average rate	Reporting date rate
CA$ per US$	1.3176	1.3391	1.2774	1.2839
CA$ per £	1.7189	1.7457	1.7100	1.7682
CA$ per €	1.5142	1.5018	1.5110	1.5563
CA$ per DKK	0.2029	0.2011	-	-

CA$ per DKK was not applicable during year ended April 30, 2018, as the Company did not hold any exposure in that fiscal year.

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

	2019			2018		
	US$	£	€	US$	£	€
(Decrease) increase in profit	(20)	12	38	(5)	-	(3)

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 has no impact on profit.

(in Canadian dollars, tabular amounts in thousands, except as otherwise noted)

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, accounts receivable, and other accounts receivable. The Company's cash and cash equivalents are maintained at major financial institutions.

At April 30, 2019, there is one customer comprising 9% (April 30, 2018 - 12%) of total trade accounts receivable and work in progress. Since the end of fiscal 2019, this amount has been substantially collected. Generally, there is no particular concentration of credit risk related to the accounts receivable due to the distribution of customers and procedures for the management of commercial risks. The Company performs ongoing credit reviews of all its customers and establishes an allowance for expected credit losses when accounts are determined to be uncollectible. Customers do not provide collateral in exchange for credit.

The Company has an arrangement, which automatically renewed in fiscal 2019 under the same terms and conditions, with a federal crown corporation and another insurer ("the insurers") wherein the insurers assume the risk of credit loss in the case of bankruptcy for up to 90% of accounts receivable for certain qualifying foreign and domestic customers. The insurance is subject to a deductible of US$50,000 for each deductible period, in respect of trade accounts receivable generated during that period, and subject to a maximum of US$2,000,000 (April 30, 2018 - US$1,500,000) for export losses and US$700,000 (April 30, 2018 - US$700,000) for domestic losses, in any policy period. The insurance policy period runs from February 1 to January 31 of each year.

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

On April 30, 2018, accounts receivable included foreign accounts totaling US$1,762,000 and domestic accounts for $379,000 (US$295,000) that were pre-approved for coverage, subject to the above-noted maximums, under this arrangement.

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

	2019	2018
Not past due	$ 9,003	$ 7,016
Past due 1-180 days	6,138	6,025
Past due over 180 days	890	1,720
	16,031	14,761
Allowance for expected credit losses	(1,045)	(822)
	$ 14,986	$ 13,939

Allowance for expected credit losses	2019	2018
Balance at beginning	$ 822	$ 1,501
Impairment losses recognized	(591)	(1,092)
Additional provisions	814	413
Balance at April 30	$ 1,045	$ 822

(in Canadian dollars, tabular amounts in thousands, except as otherwise noted)

Liquidity risk

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

The following are contractual maturities of financial liabilities as of April 30, 2019 and 2018.

2019	Total	Less than 1 year	1-3 years	3-5 years	Beyond
Accounts payable and accrued liabilities	$ 11,633	$ 11,633	$ -	$ -	$ -
Other current liabilities	4,111	4,111	-	-	-
Long-term debt	11,849	1,022	3,627	7,200	-
Other non-current liabilities	2,333	2,333			
	$ 29,926	$ 19,099	$ 3,627	$ 7,200	$ -

2018	Total	Less than 1 year	1-3 years	3-5 years	Beyond
Accounts payable and accrued liabilities	$ 9,087	$ 9,087	$ -	$ -	$ -
Long-term debt	121	47	74	-	-
	$ 9,208	$ 9,134	$ 74	$ -	$ -

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.

Market price risk

Market price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market price risk comprises three types of risk: currency risk; interest rate risk; and other price risk, comprising those changes caused by factors specific to the financial instrument or its issuer, or factors affecting all similar instruments traded in the market. The Company's exposure to financial instruments with market risk characteristics is insignificant.

22. Capital disclosure

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

Its capital management policies may also include promoting shareholder value through the concentration of its shareholdings by means of purchasing its own shares for cancellation through normal course issuer bids when the Company considers it advisable to do so.

Historically, the Company followed an approach that relied almost exclusively on its own liquidity and cash flow from operations to fund its activities as its policy was to maintain a minimum level of debt. Additionally, and whenever possible, the Company optimized its liquidity requirements by non-dilutive sources, including tax credits, and interest income.

(in Canadian dollars, tabular amounts in thousands, except as otherwise noted)

As part of its business growth strategy, on January 30, 2019, the Company entered into a Credit Agreement and undertook a Revolving Facility of $5,000,000 and a Term Facility of up to $12,000,000. The Revolving Facility remains undrawn as of April 30, 2019 and will be utilized for general corporate purposes. The Company borrowed $12,000,000 under the Term Facility to fund the acquisition of PCSYS A/S (see note 5). Under the context of the acquisition of OrderDynamics and PCSYS A/S (see note 5), the Company redeemed its 3-year guaranteed investment certificate ("GIC"), maturing on October 17, 2020, for $5,000,000 on November 9, 2018 and February 28, 2019, respectively.

In order to maintain or adjust its capital structure, the Company may upon approval from its Board of Directors, issue shares, repurchase shares for cancellation, adjust the amount of dividends to shareholders, pay off existing debt, and extend or amend its banking and credit facilities as deemed appropriate under the specific circumstances. The Company's banking and credit facilities require adherence to financial covenants. The Company is in compliance with these covenants as at April 30, 2019 and at April 30, 2018. Other than its banking agreement covenants, the Company is not subject to externally imposed capital requirements.

23. Operating segments:

Management has organized the Company under one reportable segment: the development and marketing of enterprise-wide distribution software and related services. Substantially all of the Company's property and equipment, goodwill and other intangible assets are located in Canada and Denmark. Property and equipment, goodwill and intangible attributable to Denmark total $14,812. 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:

	2019	**2018**
Canada	$ 24,582	$ 20,682
United States	46,815	48,301
Other	5,052	1,735
	$ 76,449	$ 70,718

24. Subsequent event:

On July 3, 2019, the Company's Board of Directors declared a quarterly dividend of $0.055 per share to be paid on August 2, 2019 to shareholders of record on July 19, 2019.