

SYLOGIST LTD.

Consolidated Financial Statements

For the years ended September 30, 2021 and 2020





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INDEPENDENT AUDITORS' REPORT

To the Shareholders of Sylogist Ltd.

Opinion

We have audited the consolidated financial statements of Sylogist Ltd. (the "Company"), which comprise:

- the consolidated statements of financial position as at September 30, 2021 and September 30, 2020
- the consolidated statements of comprehensive income for the years then ended
- the consolidated statements of changes in shareholders' 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 Company as at September 30, 2021 and September 30, 2020, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

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

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



Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended September 30, 2021. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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

Evaluation of the acquisition-date fair value of intangible assets acquired through a business combination

Description of the matter

We draw attention to Notes 2(d), 3(b) and 4 to the financial statements. The Company acquired all of the issued and outstanding shares of Municipal Accounting Systems, Inc. for cash consideration of approximately \$37,578 thousand. As a result of the transaction, the Company acquired a customer list, software code and non-compete agreements (collectively, the intangible assets). The acquisition-date fair value for the intangible assets was \$32,839 thousand. The Company's significant assumptions in calculating the annual cash flows used to determine the acquisition-date fair value for the intangible assets include:

- Forecasted revenue growth rates
- Estimated annual customer attrition rate
- Forecasted earnings before interest, tax, depreciation and amortization (EBITDA) margins
- Assumed royalty rate
- Discount rates.

Why the matter is a key audit matter

We identified the evaluation of the acquisition-date fair value of intangible assets acquired through a business combination as a key audit matter. This matter represented an area of significant risk of material misstatement given the magnitude of the business combination to the Company and the high degree of estimation uncertainty in determining the fair value of intangible assets acquired.

How the matter was addressed in the audit

The primary procedures we performed to address this key audit matter included the following:

We compared the Company's forecasted revenue growth rates and EBITDA margins to Municipal Accounting Systems, Inc.'s and the Company's historical actual results and



estimated annual customer attrition rate to the Company's historical customer attrition data. We took into account the changes in conditions and events affecting the revenue growth rates and EBITDA margins to assess the adjustments or lack of adjustments, made by the Company in arriving at forecasted revenue growth rates and EBITDA margins.

We involved valuation professionals with specialized skills and knowledge, who assisted in:

- Evaluating the appropriateness of the valuation approach and valuation methods used by the Company to calculate the fair value of the intangible assets based on the knowledge of the valuation professional
- Evaluating the appropriateness of the royalty rate used, by comparing it against publicly available market data for comparable assets
- Evaluating the appropriateness of the discount rates used, by comparing them against a discount rate range developed by our valuation professionals using publicly available market data for comparable peers.

Determination of distinct performance obligations and the standalone selling price of these performance obligations for customer contracts with a software license

Description of the matter

We draw attention to Notes 2(d), 3(i) and 17 to the financial statements. The Company reported revenue of \$38,675 thousand, a portion of which relates to software licenses and professional services in the contract.

The Company enters into contracts with customers that often include promises to deliver multiple products, such as subscription, maintenance, professional services and stand-alone software licenses. Determining whether such bundled products and services are considered i) distinct performance obligations that should be separately recognized or ii) non-distinct and therefore should be combined with another good or service and recognized as a combined unit of accounting may require significant judgment. The determination of the standalone selling prices (SSP) for distinct performance obligations can also require judgment and estimates. The SSP for a performance obligation in a contract with customers is an estimate of the price that would be charged if the distinct good or service was sold separately in similar circumstances and to similar customers.

Why the matter is a key audit matter

We identified the determination of distinct performance obligations and the SSP. of these performance obligations for customer contracts with a software license as a key audit matter. Significant auditor judgment was required to evaluate the determination of performance obligations and the SSP.



How the matter was addressed in the audit

The primary procedures we performed to address this key audit matter included the following:

We evaluated the identified distinct performance obligations for a selection of contracts entered into during the year based on the terms of the contract and practices observed in the industry

We evaluated the determined allocation of SSP based on current pricing patterns in relevant customer contracts, historical analysis of contract pricing completed by the Company and pricing observed in the industry.

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.

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.

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) as issued by the International Accounting Standards Board (IASB), 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 Company'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 Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company'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 Company'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 Company'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 consolidated 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 Company to cease to continue as a going concern.



- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated 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 Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.
- Determine, from the matters communicated with those charged with governance, those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our auditors' report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this auditors' report is Reinier Deurwaarder.

KPMG LLP

Chartered Professional Accountants

Calgary, Canada
December 10, 2021

Sylogist Ltd.
Consolidated Statements of Financial Position
(In thousands of Canadian dollars)

	Notes	September 30, 2021	September 30, 2020
Assets			
Current assets			
Cash and cash equivalents	5	\$ 29,588	\$ 42,797
Trade and other receivables	6	1,985	3,504
Prepaid expenses	7	1,776	1,581
Inventories		218	267
		33,567	48,149
Non-current assets			
Property and equipment	8	817	94
Right of use assets		796	479
Intangible assets	9	41,582	14,061
Goodwill	10	21,271	8,173
		64,466	22,807
Total assets		\$ 98,033	\$ 70,956
Liabilities and shareholders' equity			
Current liabilities			
Trade and other payables	12	\$ 3,491	\$ 2,413
Credit facility	13	18,210	-
Deferred revenue	14	17,453	13,693
Deposits and retainers	14	368	156
Lease obligations	15	252	380
		39,774	16,642
Non-current liabilities			
Deferred tax	11(a)	10,002	2,324
Lease obligations	15	570	118
Phantom interest award units	17	993	-
		11,565	2,442
Total liabilities		51,339	19,084
Shareholders' equity			
Issued capital	16(b)	82,371	79,564
Contributed surplus	16(c)	4,491	3,280
Foreign currency translation reserve		(32)	722
Deficit		(40,136)	(31,694)
		46,694	51,872
Total liabilities and shareholders' equity		\$ 98,033	\$ 70,956

The accompanying notes are an integral part of these consolidated financial statements.
Approved on behalf of the Board:

"Taylor Gray" Director
"Barry Foster" Director

Sylogist Ltd.

Consolidated Statements of Comprehensive Income
(In thousands of Canadian dollars, except share and per share amounts)

For the years ended September 30, 2021 and 2020

	Notes	2021	2020
Revenue	18	\$ 38,675	\$ 38,079
Cost of sales		10,710	10,025
Gross profit		27,965	28,054
General and administrative		5,189	4,132
Employee bonuses		1,568	921
One-time executive bonus buyout	20	-	12,000
Professional fees		1,270	758
Acquisition-related costs		1,104	710
Sales and marketing		904	728
Product research		1,881	1,483
Depreciation of property and equipment	8	61	38
Amortization of intangible and ROU assets	9	6,608	4,182
Stock based compensation	16(c)	1,777	1,072
Foreign exchange loss (gain)		94	(108)
Share based payments	17	1,001	-
Interest expense		247	67
Interest income		(15)	(401)
Profit before income tax		6,276	2,472
Current income tax		3,479	1,292
Deferred income tax	11(a)	(1,576)	(744)
	11(b)	1,903	548
Profit for the year		4,373	1,924
Other comprehensive (loss) income			
To be recycled through income:			
Exchange differences on translating foreign operations		(754)	163
Total comprehensive income for the year		\$ 3,619	\$ 2,087
Basic earnings per share		\$ 0.18	\$ 0.08
Diluted earnings per share		\$ 0.18	\$ 0.08
Basic weighted average number of shares outstanding	16(h)	23,849,461	23,762,916
Diluted weighted average number of shares outstanding	16(h)	24,118,525	23,800,319

The accompanying notes are an integral part of these consolidated financial statements.

Sylogist Ltd.
Consolidated Statements of Changes in Shareholders' Equity
(In thousands of Canadian dollars)

For the years ended September 30, 2021 and 2020

	Notes	Share Capital	Contributed Surplus	Foreign Currency Translation Reserve	Deficit	Total Equity
As at September 30, 2019		\$ 78,667	\$ 2,406	\$ 559	\$ (23,133)	\$ 58,499
Profit for the year		-	-	-	1,924	1,924
Foreign currency translation adjustment		-	-	163	-	163
Total comprehensive income for the year		-	-	163	1,924	2,087
Payment of dividends	16(d)	-	-	-	(10,340)	(10,340)
Exercise of options	16(c)	1,000	(198)	-	-	802
Share buy-back and cancellation		(103)	-	-	(145)	(248)
Stock based compensation		-	1,072	-	-	1,072
Balance as at September 30, 2020		\$ 79,564	\$ 3,280	\$ 722	\$ (31,694)	\$ 51,872
Profit for the year		-	-	-	4,373	4,373
Foreign currency translation adjustment		-	-	(754)	-	(754)
Total comprehensive income for the year		-	-	(754)	4,373	3,619
Payment of dividends	16(d)	-	-	-	(11,917)	(11,917)
Exercise of options	16 (b)(f)	3,207	(566)	-	-	2,641
Share buy-back and cancellation	16(e)	(400)	-	-	(898)	(1,298)
Stock based compensation	16(f)	-	1,777	-	-	1,777
Balance as at September 30, 2021		\$ 82,371	\$ 4,491	\$ (32)	\$ (40,136)	\$ 46,694

The accompanying notes are an integral part of these consolidated financial statements.

Sylogist Ltd.
Consolidated Statements of Cash Flows
(In thousands of Canadian dollars)

For the years ended September 30, 2021 and 2020

	Notes	2021	2020
Operating Activities			
Profit before income tax		\$ 6,276	\$ 2,472
Items not affecting cash			
Depreciation of property and equipment	8	90	67
Amortization of intangible assets	9	6,691	4,230
Stock based compensation	16(c)	1,777	1,072
Interest on lease obligations	15	34	40
Share based payments	17	1,001	-
Cash taxes paid		(1,806)	(3,748)
Cash generated from operating activities before non-cash change in working capital		14,063	4,133
Changes in non-cash operating assets and liabilities			
Trade and other receivables		1,611	(980)
Inventory		50	115
Prepaid expenses and deposits		(160)	30
Trade and other payable		(2,417)	845
Deferred revenue, deposits and retainers	14	5,675	(660)
Cash generated from operations		18,822	3,483
Investing Activities			
Purchase of property and equipment	8	(88)	(19)
Acquisition of intangible assets	9	(747)	(934)
Interest received		15	401
Cash paid on the acquisition of Municipal Accounting Systems, Inc.	4(a)	(37,578)	-
Cash paid on the acquisition of Information Strategies, Inc.	4(b)	-	(3,411)
Cash utilized in investing activities		(38,398)	(3,963)
Financing Activities			
Credit facility	13	18,948	-
Interest paid		(213)	-
Repayments of lease obligations		(387)	(375)
Proceeds from share issuance, less issue costs	15(b)	2,641	802
Repurchase of common shares	16(e)	(1,298)	(248)
Payment of dividends	16(d)	(11,917)	(10,340)
Cas generated (utilized) in financing activities		7,774	(10,161)
Decrease in cash and cash equivalents		(11,802)	(10,641)
Effect of currency translation adjustment on cash and cash equivalents		(1,407)	342
Cash and cash equivalents, beginning of the year		42,797	53,096
Cash and cash equivalents, end of the year		\$ 29,588	\$ 42,797

The accompanying notes are an integral part of these consolidated financial statements.

Sylogist Ltd.

Notes to the Consolidated Financial Statements
(In thousands of Canadian dollars, except per share amounts and as otherwise indicated)

For the years ended September 30, 2021 and 2020

1. Nature of operations

Sylogist Ltd. (the “Company” or “Sylogist”) (TSX: SYZ.TO) is a software company that provides comprehensive, mission-critical Enterprise Resource Planning (“ERP”) solutions, including fund accounting, grant management and payroll to public service organizations. Sylogist’s public service customers include Local Governments, Non-Profit Organizations (“NPO”), Non-Governmental Organizations (“NGO”), Education Boards and Districts and Defense and Safety Contractors.

The Company was incorporated under the *Business Corporations Act* (Alberta) on March 1, 1993 and wholly owns, directly or indirectly, the following subsidiary corporations: Sylogist USA, Inc., Serenic Software (US) Corporation, Serenic Software (UK) Limited, Serenic Software Inc., Information Strategies Inc. and Municipal Accounting Systems, Inc.

Sylogist is headquartered in Calgary, Alberta, Canada with regional offices in Barrie, Ontario, Canada, Atlanta, Georgia, Littleton, Colorado, Washington, DC and Shawnee, Oklahoma in the United States of America and Oxford, Oxfordshire in the United Kingdom. The Company’s registered office is located at Suite 1900, 520-3rd SW; Calgary, Alberta, Canada; T2P 0R3.

These audited annual consolidated financial statements were approved and authorised for issuance by the Board of Directors on December 10, 2021.

2. Consolidated financial statements

(a) Statement of presentation

These consolidated financial statements present the annual financial statements of the Company and its subsidiaries prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board.

The significant accounting policies in accordance with IFRS are disclosed in Note 3.

Certain prior period amounts have been adjusted to reflect current period presentation.

(b) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis, which is based on the fair value of the consideration at the time of the transaction.

(c) Functional and presentation currency

The consolidated financial statements are presented in Canadian dollars, which is the functional currency of Sylogist. The functional currency of Serenic Software (US) Corporation, Serenic Software, Inc., Information Strategies, Inc. and Municipal Accounting Systems, Inc. has been determined to be the United States dollar, and the functional currency of Serenic Software (UK) Limited has been determined to be the British Pound.

Sylogist Ltd.

Notes to the Consolidated Financial Statements
(In thousands of Canadian dollars, except per share amounts and as otherwise indicated)

For the years ended September 30, 2021 and 2020

(d) Use of estimates, judgments and assumptions

The preparation of financial statements requires management to make estimates and use judgment regarding the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities as at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the period. By their nature, estimates are subject to measurement uncertainty and changes in such estimates in future periods could require a material change in the financial statements. Accordingly, actual results may differ from the estimated amounts as future confirming events occur. Significant estimates and judgments made by management in the preparation of these consolidated financial statements are as follows:

Impact of the COVID-19 pandemic - in March 2020, the World Health Organization declared coronavirus outbreak (“COVID-19”) a pandemic. Responses to the spread of COVID-19 resulted in a partial shutdown of the global economy leading to significant disruption to business operations and a significant increase in economic uncertainty with volatile commodity prices and currency exchange rates. These events are resulting in a challenging economic climate in which it is difficult to reliably estimate the length or severity of these developments and their financial impact. A potential adverse impact to the Company includes reductions in revenues and cash flows and increased risk of non-payment from customers. Estimates made during this period of extreme volatility are subject to a higher level of uncertainty and as a result, there may be a further prospective impact in future periods.

Acquired intangible assets - The Company uses the income approach to value acquired technology and customer relationship intangible assets. The income approach is a valuation technique that calculates the estimated fair value of an intangible asset based on the estimated future cash flows that the asset can be expected to generate over its remaining useful life. The Company utilizes the discounted cash flow method which is a form of the income approach that begins with a forecast of the annual cash flows that a market participant would expect the subject intangible asset to generate over a discrete projection period. These cashflows are based on forecasted revenue growth rates, forecasted earnings before interest, tax, depreciation, and amortization (“EBITDA”) margins, estimated annual customer attrition rate, and assumed royalty rate. The forecasted cash flows for each of the years in the discrete projection period are then converted to their present value equivalent using a rate of return appropriate for the risk of achieving the intangible assets' projected cash flows, again, from a market participant perspective. The present value of the forecasted cash flows is then added to the present value of the residual value of the intangible asset (if any) at the end of the discrete projection period to arrive at a conclusion with respect to the estimated fair value of the subject intangible assets. These estimates required for the discounted cash flow method are subject to measurement uncertainty as they are dependent on factors outside of management’s control. In addition, by their nature, these estimates are subject to a significant degree of judgement as expectations concerning future cash flows and the selection of appropriate market inputs are subject to considerable risks and uncertainties.

Intangible assets - are reviewed annually with respect to their useful lives, or more frequently if events or changes in circumstances indicate that the assets might be impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the

Sylogist Ltd.

Notes to the Consolidated Financial Statements
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For the years ended September 30, 2021 and 2020

estimates of future cash flows have not been adjusted. As a result, any impairment losses are a result of management's best estimates of expected revenues, expenses and cash flows at a specific point in time. These estimates are subject to measurement uncertainty as they are dependent on factors outside of management's control. In addition, by their nature, impairment tests involve a significant degree of judgement as expectations concerning future cash flows and the selection of appropriate market inputs are subject to considerable risks and uncertainties.

Goodwill – is not amortized but is subject to impairment testing at least once a year, or more frequently if events or changes in circumstances indicate the carrying amount maybe impaired. As a result, any impairment losses are a result of management's best estimates of expected revenues, expenses and cash flows at a specific point in time. These estimates are subject to measurement uncertainty as they are dependent on factors outside of management's control. In addition, by their nature, impairment tests involve a significant degree of judgement as expectations concerning future cash flows and the selection of appropriate market inputs are subject to considerable risks and uncertainties.

Stock based compensation – assumptions and estimates are used in determining the inputs used in the Black-Scholes option pricing model, including assumptions regarding volatility, dividend yield, risk-free interest rates, forfeiture estimates and expected option lives.

Deferred income taxes – assumptions and estimates are made regarding the amount, utilization and timing of realization and/or settlement of the temporary differences between the accounting carrying value of the Company's assets and liabilities versus the tax basis of those assets and liabilities, and the tax rates at which the differences will be recovered or settled in the future. The Company has recorded the full deferred tax asset related to Sylogist's subsidiary Serenic Software Inc.'s net operating losses subject to an expiry date based on a consideration of all available positive and negative evidence, including the reversal of all existing temporary differences, projected future taxable income, tax-planning strategies, and results of recent operations. The Company's deferred tax assets are based on estimates of future cash flows and profitability. By their nature, these estimates are subject to measurement and depend on considerable risks and uncertainties.

Contracts with multiple products or services – contracts with customers often include promises to deliver multiple products, such as subscription, maintenance, professional services and stand-alone software licenses. Determining whether such bundled products and services are considered i) distinct performance obligations that should be separately recognized or ii) non-distinct and therefore should be combined with another good or service and recognized as a combined unit of accounting may require significant judgment. The determination of the standalone selling prices ("SSP") for distinct performance obligations can also require judgment and estimates, as the SSP is an estimate of the price that would be charged if the distinct good or service was sold separately in similar circumstances and to similar customers.

The Company also applies estimates when calculating professional services revenue from certain consulting contracts as it relates to remaining labour hours required to complete the contract. Estimates are continually and routinely revised as new information becomes available. In assessing revenue recognition, judgment is also used in assessing the ability to collect the corresponding account receivable.

Sylogist Ltd.

Notes to the Consolidated Financial Statements
(In thousands of Canadian dollars, except per share amounts and as otherwise indicated)
For the years ended September 30, 2021 and 2020

3. Significant accounting policies

The significant accounting policies used in the preparation of these consolidated financial statements are described below:

(a) Cash and cash equivalents

The Company considers all highly liquid investments with maturity of three months or less when purchased to be cash equivalents. The Company has cash in banks, which may exceed insured limits established in Canada, the United States and the UK. The Company has not experienced any losses in such accounts and management believes it is not exposed to any significant credit risk on cash and cash equivalents.

(b) Basis of consolidation

Subsidiaries:

Subsidiaries are entities controlled by the Company. An investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. In assessing control, potential voting rights that currently are exercisable are taken into account. The financial information of subsidiaries is included in the consolidated financial statements from the date that control commences until the date that control ceases.

The acquisition method of accounting is used to account for acquisitions of subsidiaries and assets that meet the definition of a business under IFRS. The cost of an acquisition is measured as the fair value of the assets acquired, equity instruments issued, and liabilities incurred or assumed at the date of closing. Identifiable assets acquired along with liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values as of the acquisition date. The excess of the aggregate of (a) the consideration transferred to obtain control and (b) the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed, is recognized as goodwill as of the acquisition date. In the case of a bargain purchase (the amount in (b) exceeds the aggregate of the amounts in (a)), the Company recognizes the resulting amount in profit or loss on the acquisition date, after reassessing whether it has correctly valued and identified all the assets acquired and liabilities assumed.

Transactions eliminated on consolidation:

Intercompany balances and transactions, and any unrealized income and expenses arising from intercompany transactions, are eliminated in preparing the consolidated financial statements.

(c) Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes party to the contractual provisions of the instrument. Below is a list of the Company's financial instruments, their classification and subsequent measurement.

Financial instruments	Classification	Measurement
Cash and cash equivalents	Amortized cost	Amortized cost
Trade and other receivables	Amortized cost	Amortized cost
Trade and other payables	Amortized cost	Amortized cost
Credit facility	Amortized cost	Amortized cost

Sylogist Ltd.

Notes to the Consolidated Financial Statements
(In thousands of Canadian dollars, except per share amounts and as otherwise indicated)
For the years ended September 30, 2021 and 2020

The Company's financial assets are initially recognized at fair value plus any directly attributable transaction cost and are subsequently measured at amortized cost using the effective interest rate method less any provision for impairment.

The Company derecognizes a financial asset when the contractual rights to cash flows from the asset have expired or are transferred to another party and the Company has transferred substantially all risks and rewards of ownership. Any gain or loss on derecognition is recognized in the consolidated statement of profit and comprehensive income.

Financial liabilities are initially recognized at fair value, represented by the amount required to be paid plus any directly attributable transaction costs, and subsequently measured at amortized cost using the effective interest method. Financial liabilities are classified as current liabilities if payment is due within a year; otherwise, they are classified as non-current liabilities. The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled or expire. Any gain or loss on derecognition is recognized in the consolidated statement of profit and comprehensive income.

Share capital:

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

(d) Inventories

Inventories consist of licenses and products held for resale and are valued at the lower of weighted average cost and net realizable value. The costs of inventories include expenditures incurred in acquiring the inventories and other costs incurred in bringing them to their existing location and condition.

(e) Property and equipment

Property and equipment is recorded at cost and net of accumulated depreciation and accumulated impairment losses. Property and equipment is amortized on a straight-line basis at rates designed to apportion the cost of the assets over their estimated useful lives as follows:

Computer hardware	36 months
Furniture and equipment	36 months
Leasehold improvements	over the life of the lease
Computer equipment under finance lease	over the life of the lease
Buildings	over 25 years

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end and if applicable, adjusted prospectively.

(f) Intangible assets

Intangible assets consist of costs associated with customer relationships, software code, software licenses, rights and patents, which are carried at cost less accumulated amortization and impairment losses. Development expenditures are capitalized if they meet the criteria for recognition as an asset. Intangible assets are amortized on a straight-line basis over their expected period of benefit as follows:

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Customer relationships	5 to 10 years
Technology:	
Software codes	2 to 10 years
Software licenses/rights/brand/patents	1 to 10 years
Non-compete agreements	over the life of the agreement

The assets' useful lives and methods of amortization are reviewed at each financial year end and if applicable, adjusted prospectively.

(g) Impairment of tangible and intangible assets

At the end of each reporting period, management assesses the carrying amounts of its tangible and intangible assets for both external and internal indications of impairment. Indications of impairment include an ongoing lack of profitability and significant changes in technology. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit ("CGU") to which the asset belongs. Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or CGU is estimated to be less than its carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognized immediately in earnings. Where an impairment loss subsequently reverses, the carrying amount of the asset or CGU is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized in prior years.

(h) Goodwill

Goodwill is the amount that results when the fair value of consideration transferred for an acquired business exceeds the net fair value of the identifiable assets, liabilities and contingent liabilities recognized. When the Company enters into a business combination, the acquisition method of accounting is used. Goodwill is assigned, as of the date of the business combination, to cash-generating units that are expected to benefit from the business combination. Each CGU represents the lowest level at which goodwill is monitored for internal management purposes and it is never larger than an operating segment. Goodwill is stated at cost less accumulated impairment losses. Goodwill is not amortized but is subject to impairment testing at least once a year, or more frequently if events or changes in circumstances indicate the carrying amount may be impaired. Impairment losses relating to goodwill cannot be reversed in future periods. When the excess of the consideration transferred less the assets and liabilities acquired is negative, a bargain purchase gain is recognized immediately in earnings.

On disposal of a subsidiary, the amount of goodwill attributable to the subsidiary is included in the determination of the gain or loss recognized on disposal.

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(i) Revenue

Revenue is recognized upon transfer of control of products or services to customers at an amount that reflects the consideration the Company expects to receive in exchange for the products or services. The nature of products and services from which the Company derives its revenue is described below.

Contracts with multiple products or services

Typically, the Company enters into contracts that contain multiple products and services such as software licenses, software-as-a-service (“SaaS”), maintenance, professional services, and hardware. The Company evaluates these arrangements to determine the appropriate unit of accounting (performance obligation) for revenue recognition purposes based on whether the product or service is distinct from some or all of the other products or services in the arrangement. A product or service is distinct if the customer can benefit from it on its own or together with other readily available resources and Sylogist’s promise to transfer the good or service is separately identifiable from other promises in the contractual arrangement with the customer.

When a contract consists of more than one performance obligation, revenue is allocated to each based on their estimated SSP.

Nature of products and services

The Company sells on-premise software licenses on a perpetual basis. Revenue from the license of distinct software is recognized at the time that both the right-to-use the software has commenced and the software has been made available to the customer.

A portion of the Company’s sales are accounted for as product revenue. Product revenue is recognized when control of the product has transferred under the terms of an enforceable contract.

Revenue from SaaS arrangements, which allows customers to access and use the Company’s software without taking possession of the software, are provided on a subscription basis. Revenue from the SaaS subscription is recognized pro-rata over the term of the subscription.

Revenue from software maintenance agreements include telephone and on-line software support and unspecified software upgrades. These maintenance agreements are for twelve months and are evergreen arrangements. Software maintenance revenue is recognized pro-rata over the term of the agreement.

Professional services are provided for implementation services, consulting services, and training. Professional services are typically billed on time and material basis and revenue is recognized over time as the services are performed. For professional services contracts billed on a fixed price basis, revenue is recognized over time based on the proportion of services performed.

The timing of revenue recognition often differs from contract payment schedules, resulting in revenue that has been earned but not billed. These amounts are included in other receivables. Amounts billed in accordance with customer contracts, but not yet earned, are recorded and presented as part of deferred revenue.

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Deferred revenue represents amounts billed, primarily for subscription and maintenance, but not yet earned. Amounts billed for professional services or training in accordance with customer contracts, but not yet earned, are recorded and presented as part of deposits and retainers.

(j) Foreign currency translation

The Company's functional and presentation currency for the consolidated financial statements is Canadian Dollars. Monetary assets and liabilities relating to foreign denominated transactions are initially recorded at the rate of exchange in effect at the transaction date. Gains and losses resulting from subsequent changes in foreign exchange rates are recorded in profit for the period. Non-monetary assets and liabilities relating to foreign denominated transactions are recorded at the rate of exchange in effect at the transaction date and are not adjusted for subsequent changes in foreign exchange rates.

Sylogist's foreign operations are translated into the presentation currency as follows: assets and liabilities are translated into Canadian dollars at rates of exchange in effect at the statement of financial position date and revenues and expenses are translated at monthly average rates. Exchange gains and losses arising on translation of the Company's foreign operations are recorded as foreign currency translation adjustments in other comprehensive income ("OCI"). Amounts included in the foreign currency translation reserve will be recognized in profit when there is a disposition in the net investment of the foreign operation on a pro-rata basis. Advances made to its foreign operations for which settlement is not planned or anticipated in the foreseeable future are considered part of the Company's net investment in its foreign operations. Accordingly, unrealized gains and losses from these advances are also recorded in OCI.

Foreign currency translation adjustment reserve:

This reserve is used to record exchange differences arising from the translation of the financial statements of foreign operations.

(k) Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The assets are depreciated to the earlier of the end of the useful life of the right-of-use asset or the lease term using the straight-line method as this most closely reflects the expected pattern of consumptions of the future economic benefits. In addition, the right-of-use assets may be periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Since the Company does not have any debt, its incremental borrowing rate must be estimated using such factors as the amount of the funds that would be borrowed if the Company bought the

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underlying right-of-use asset, the length of the borrowing term, the nature and quality of the underlying right-of-use asset and the economic environment of the jurisdiction in which the asset is located. Subsequently, the lease liability is measured at amortized cost using the effective interest method. It is remeasured whenever there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Cash payments for the principal portion of the lease liability are presented within the financing activities and the interest portion of the lease liability is presented within the operating activities of the statement of cash flows. Short-term lease payments not included in the measurement of the lease liability are presented within the operating activities of the statement of cash flows.

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

(l) Share based compensation

The Company has established a share based compensation plan (the "Plan") comprised of a Stock Option Plan and Phantom Interest Award Units ("PIAUs"). Participation in the either plan is at the board's discretion.

The Stock Option Plan uses the Black-Scholes method for valuing share based compensation. Under this method, the compensation cost attributed to stock options granted are measured at the fair value at the grant date and expensed over the vesting period with a corresponding increase to contributed surplus. A forfeiture rate is estimated on the grant date and is adjusted to reflect the actual number of option or units that vest. Upon the settlement of the stock options, the previously recognized value in contributed surplus is recorded as an increase to shareholders' equity.

The PIAUs entitle the awardee to a cash payment after a specified number of years of service or when a payment event occurs, whichever is first. A portion of PIAUs vest at the grant date with the remaining balance vesting in equal installments on each anniversary after the grant date over the specified number of years. The amount of cash payment for each vested PIAU shall be equal to the value of a Company common shares as of the payment date plus any dividends accrued on vested common shares.

(m) Income tax

Income tax expense is comprised of current and deferred tax. Income tax expense is recognized in the consolidated statements of profit and comprehensive income except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted substantively at the reporting date, and any adjustment to tax payable in respect of

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previous years. Deferred tax is recognized on the temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized on the initial recognition of assets or liabilities in a transaction that is not a business combination.

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, and they relate to income taxes levied by the same tax authority on the same taxable entity, 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 to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

(n) Investment tax credits

The Company follows the income approach to account for investment tax credits. Under this method, ITC's related to operating expenditures are recorded as a reduction of the related expense and recognized in the period in which the related expenditures are charged to operations, provided there is reasonable assurance of realization. ITC's related to capital expenditures or internally developed intangibles are recorded as a reduction of the cost of the related asset, provided there is reasonable assurance of realization. The ITC's recorded are based on management's best estimates of amounts expected to be recovered and are subject to audit by the taxation authorities.

(o) Earnings per share

Basic earnings per share is calculated by dividing the profit for the year attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted earnings per share amounts are calculated based on the treasury stock method, which assumes that any proceeds obtained on the exercise of the in the money stock options and warrants would be used to purchase common shares at the average market price for the period.

4. Business acquisition

(a) On March 17, 2021, Sylogist completed the acquisition of all the common shares of Municipal Accounting Systems, Inc. ("MAS") for cash consideration of approximately \$37,578 before post-closing adjustments. This includes a \$623 holdback with respect to the settlement of outstanding customer accounts, which was released in July 2021.

MAS, based in Shawnee, Oklahoma, is a highly regarded provider of student information management and accounting solutions to K-12 public school districts. MAS was founded in 1985 and has grown to serve nearly 85% of the Oklahoma K-12 public education market with its integrated Wen-GAGE platform. The modern SaaS solution includes advanced budgeting and accounting, comprehensive student information tracking, grading and scheduling, and lunchroom administration. MAS is highly complementary to the Company's existing SaaS K-12 solutions and will allow the Company to provide more feature-rich, scalable and flexible

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offerings to customers and new school districts throughout North America.

This transaction has been accounted for as a business combination using the acquisition method whereby the net assets acquired, and the liabilities assumed are recorded at fair value. The goodwill of \$12,888 arising from the acquisition consists largely of the synergies and economies of scale expected from combining the operations of MAS's and Sylogist's Public Sector. None of the goodwill recognized is deductible for income tax purposes. The impact of acquisition accounting applied in connection with the acquisition of MAS is as follows:

Net working capital acquired	\$	177
Building		686
Furniture and equipment		27
Intangible assets: customer list		21,789
Intangible assets: software code		4,946
Intangible assets: non-compete agreements		6,104
Deferred tax		(9,039)
Total identifiable net assets acquired	\$	24,690
Goodwill		12,888
Consideration paid	\$	37,578

The amount of revenue and profit before income tax generated by MAS since the acquisition date and included in the consolidated statement of comprehensive income for the period ended on September 30, 2021, was approximately \$4,094 and \$1,257, respectively. If the acquisition had occurred on October 1, 2020, management estimates that the Company's revenue would have increased by approximately \$3,619 and the profit before income tax for the period ending September 30, 2021, would have increased by approximately \$1,805. In determining these amounts, management has assumed that the fair values of the net assets acquired that were estimated and accounted for on the dates of acquisition, would have been the same as if the acquisition has occurred on October 1, 2020. The transaction costs related to the acquisition and integration of MAS, amounted to \$719 and were expensed in the consolidated financial statements.

(b) On April 21, 2020, Sylogist completed the acquisition of all the common shares of Information Strategies, Inc. ("InfoStrat") for cash consideration of \$3,411 before post-closing adjustments. This included a \$540 holdback with respect to the settlement of outstanding customer accounts. On October 21, 2020, the Company settled its holdback with the shareholders of InfoStrat. InfoStrat's shareholders received USD \$341 and the remainder was retained by Sylogist.

InfoStrat, based in Washington, DC, is a long established, profitable business and a Microsoft Gold partner catering to federal and state government and not-for-profit/NGO organizations throughout the United States. It provides software solutions and professional services based on its proprietary intellectual property that uses Microsoft Dynamics 365 CRM and Sharepoint at its core. The acquisition extends Sylogist's public sector footprint to the US federal government and state government agencies, and further provides complementary intellectual property and delivery capabilities to better serve not-for-profit/NGO customers' needs.

This transaction has been accounted for as a business combination using the acquisition method whereby the net assets acquired, and the liabilities assumed are recorded at fair value.

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The goodwill of \$996 arising from the acquisition consists largely of the synergies and economies of scale expected from combining the operations of InfoStrat's and Sylogist's Public Sector. None of the goodwill recognized is deductible for income tax purposes. The impact of acquisition accounting applied in connection with the acquisition of InfoStrat is as follows:

Net working capital acquired	\$	311
Intangible assets: customer relationships		309
Intangible assets: brand		537
Intangible assets: software code		779
Intangible assets: non-compete agreement		1,338
Deferred tax		(859)
Total identifiable net assets acquired	\$	2,415
Goodwill		996
Consideration paid	\$	3,411

5. Cash and cash equivalents

Cash and cash equivalents as of September 30, 2021, and September 30, 2020, consisted of the following:

	<u>2021</u>		<u>2020</u>	
Cash	\$	19,689	\$	42,797
Cash equivalents		9,899		-
Total	\$	29,588	\$	42,797

Cash equivalents are comprised of a Notice Account with interest rates of 0.20% - 0.30% (2020 - Nil).

6. Trade and other receivables

	<u>2021</u>		<u>2020</u>	
Trade receivables, gross	\$	1,955	\$	1,913
Allowance for doubtful accounts		(83)		(4)
Trade receivables		1,872		1,909
Other receivables ⁽¹⁾		113		1,595
Trade and other receivables	\$	1,985	\$	3,504

⁽¹⁾ Other receivables consist primarily of income tax receivables.

Due to their short-term nature, the net carrying value of trade receivables approximates fair value (Note 23).

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7. Prepaid expenses

Prepaid expenses include prepayments for lease obligations and software royalties paid to third parties that will be expensed in future periods.

	2021	2020
Prepaid software royalties	\$ 1,152	\$ 1,199
Other prepaid expenses and deposits	624	382
	\$ 1,776	\$ 1,581

8. Property and equipment

	Building	Computer hardware	Furniture and equipment	Leasehold improvements	Total
Cost					
Balance at October 1, 2019	\$ -	\$ 1,002	\$ 296	\$ 535	\$ 1,833
Additions	-	19	-	-	19
Effect of movements in foreign exchange	-	3	-	1	4
Balance at September 30, 2020	\$ -	\$ 1,024	\$ 296	\$ 536	\$ 1,856
Additions	-	83	5	-	88
Acquisitions (Note 4)	686	26	1	-	713
Disposals/retirements	-	(1)	-	-	(1)
Effect of movements in foreign exchange	14	(14)	(3)	(2)	(5)
Balance at September 30, 2021	\$ 700	\$ 1,118	\$ 299	\$ 534	\$ 2,651
Accumulated Depreciation					
Balance at October 1, 2019	\$ -	\$ 886	\$ 280	\$ 526	\$ 1,692
Depreciation charge for the year ⁽¹⁾	-	53	7	7	67
Effect of movements in foreign exchange	-	2	1	-	3
Balance at September 30, 2020	\$ -	\$ 941	\$ 288	\$ 533	\$ 1,762
Depreciation charge for the year ⁽¹⁾	15	64	9	2	90
Effect of movements in foreign exchange	-	(13)	(3)	(2)	(18)
Balance at September 30, 2021	\$ 15	\$ 992	\$ 294	\$ 533	\$ 1,834
Carrying amounts					
At September 30, 2020	\$ -	\$ 83	\$ 8	\$ 3	\$ 94
At September 30, 2021	\$ 685	\$ 126	\$ 5	\$ 1	\$ 817

(1) In fiscal 2021, \$29 (2020 - \$29) of depreciation costs were categorized as cost of goods sold.

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9. Intangible assets

	Software licenses, rights and patent	Customer relationships	Software codes	Non-compet agreements	Total
Cost					
Balance at October 1, 2019	\$ 3,369	\$ 18,690	\$ 12,998	\$ -	\$ 35,057
Additions ⁽²⁾	27	-	804	-	831
Acquisitions	537	309	779	1,338	2,963
Effect of movements in foreign exchange	(26)	56	(39)	(68)	(77)
Balance at September 30, 2020	\$ 3,907	\$ 19,055	\$ 14,542	\$ 1,270	\$ 38,774
Additions ⁽²⁾	43	-	576	-	619
Acquisitions (Note 4)	-	21,789	4,946	6,104	32,839
Effect of movements in foreign exchange	(35)	70	57	60	152
Balance at September 30, 2021	\$ 3,915	\$ 40,914	\$ 20,121	\$ 7,434	\$ 72,384
Accumulated Amortization					
Balance at October 1, 2019	\$ 3,317	\$ 9,813	\$ 7,677	\$ -	\$ 20,807
Amortization for the year ⁽¹⁾	80	2,239	1,446	113	3,878
Effect of movements in foreign exchange	2	25	1	-	28
Balance at September 30, 2020	\$ 3,399	\$ 12,077	\$ 9,124	\$ 113	\$ 24,713
Amortization for the year ⁽¹⁾	80	3,397	1,906	917	6,300
Effect of movements in foreign exchange	(11)	(186)	(8)	(6)	(211)
Balance at September 30, 2021	\$ 3,468	\$ 15,288	\$ 11,022	\$ 1,024	\$ 30,802
Carrying amounts					
At September 30, 2020	\$ 508	\$ 6,978	\$ 5,418	\$ 1,157	\$ 14,061
At September 30, 2021	\$ 447	\$ 25,626	\$ 9,099	\$ 6,410	\$ 41,582

(1) In fiscal 2021, \$82 (2020 - \$48) of amortization costs were categorized as cost of goods sold. Amortization included in the consolidated statements of comprehensive income for the year includes an amount related to ROU asset of \$390 (2020 - \$352).

(2) During the year, the Company capitalized \$705, offset by \$128 of ITC's (2020 - \$907, offset by \$104 of ITC's) of software development costs.

10. Goodwill

The carrying amount of goodwill can be analyzed as follows:

	2021	2020
Gross carrying amount from:		
Acquisition of Bellamy	\$ 1,934	1,934
Acquisition of Weave	771	771
Acquisition of Serenic	4,522	4,522
Acquisition of InfoStrat	996	996
Acquisition of MAS	12,888	-
Foreign exchange impact	160	(50)
	\$ 21,271	\$ 8,173

The Company performed its annual impairment test as at September 30, 2021. For the purpose of annual impairment testing, all goodwill was allocated to the CGU which is expected to benefit from the synergies of the business combinations from which goodwill arose.

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The recoverable amount of the CGU was determined based on value in use. The calculation used pre-tax cash flows covering a five-year period based on financial budget and forecasts approved by management, using an expected average growth rate of 3% and inflation rate of 4.9% and a risk adjusted discount rate of 19.4%. Key assumptions also include profit margins within the international and North American markets determined by past experience. As at September 30, 2021, the recoverable amount of the CGU exceeded its carrying value by a considerable amount. If future results, in particular, future revenues, were to be significantly different from management's best estimates of key assumptions, the Company could potentially experience future impairment charges in respect of its goodwill.

11. Income tax

(a) Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts for income tax purposes. The Company recognized deferred income tax assets on tax losses carried forward and other temporary differences to the extent that the realization of the related tax benefits through reversal of deferred tax liabilities, future taxable profit and tax planning strategies is probable. The components of the Company's deferred income tax assets and liabilities are as follows:

	As at September 30, 2020	Recognized in earnings	Recognized from business acquisition	Other	As at September 30, 2021
Property, equipment and intangibles	\$ (2,722)	\$ 1,386	\$ (9,039)	\$ (111)	\$ (10,486)
Scientific research and development pools	80	(24)	-	(104)	(48)
Non-capital losses	212	(62)	-	-	150
Share issuance and other	106	276	-	-	382
	\$ (2,324)	\$ 1,576	\$ (9,039)	\$ (215)	\$ (10,002)

	As at September 30, 2019	Recognized in earnings	Recognized from business acquisition	Other	As at September 30, 2020
Property, equipment and intangibles	\$ (2,679)	\$ 745	\$ (850)	\$ 62	\$ (2,722)
Scientific research and development pools	(17)	26	-	71	80
Non-capital losses	310	(98)	-	-	212
Share issuance and other	35	71	-	-	106
	\$ (2,351)	\$ 744	\$ (850)	\$ 133	\$ (2,324)

The Company offsets the deferred tax assets and deferred tax liabilities to the extent that they relate to the same taxing authorities and there is a legally enforceable right to do so.

(b) The actual income tax provision differs from the expected amount calculated by applying the Canadian combined federal and provincial corporate income tax rate to profit before income tax. The major components of these differences are explained as follows:

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		<u>2021</u>		2020
Profit before income tax	\$	6,276	\$	2,472
Corporate income tax rate		23.0%		25.0%
<hr/>				
Computed expected tax provision		1,443		618
Increase (decrease) in income taxes resulting from:				
- Rate difference on foreign operations		(28)		72
- Stock option compensation expense		354		13
- Rate adjustment ⁽¹⁾		-		(182)
- Operating losses		(65)		(30)
- Other		199		57
Income tax expense	\$	1,903	\$	548

(1) Benefit from recognizing a substantively enacted income tax rate reduction in Alberta from 12% to 8% in 2020.

(c) The following is a summary of the Canadian tax pools available at the end of September 2021, subject to confirmation by the income tax authorities:

		<u>2021</u>		2020
Capital cost allowance	\$	2,972	\$	3,197

(d) The US subsidiary, Serenic Software (US) Corporation has net operating losses of \$719 USD (\$913 CAD) which is available to reduce taxable income in future periods subject to specific annual loss limitations with the maximum annual loss claim being approximately \$65 USD (\$82 CAD). The net operating losses carried forward expire at various dates up to 2034. The Company considered all available positive and negative evidence, including the reversal of all existing temporary differences, projected future taxable income, tax-planning strategies, and the subsidiary's current year results.

(e) The UK operations have trading losses of approximately £3,340 (\$5,722 CAD), which could reduce taxable income in future periods. The future tax benefit of the trading losses being carried forward has not been recognized in these interim condensed consolidated financial statements. The trading losses carried forward do not expire but are subject to specific loss limitations.

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12. Trade and other payables

Trade and other payables can be summarized as follows:

	2021	2020
Trade payables	\$ 630	\$ 372
Short-term employee payable	2,328	1,500
Professional fees accrual	435	475
Supplier costs accrual	35	26
Other taxes payable	49	31
Miscellaneous	14	9
	\$ 3,491	\$ 2,413

13. Credit facility

On October 9, 2020, the Company entered into a Credit Agreement for a Revolving Facility of CAD \$40,000 that can be used for general corporate purposes. The Revolving Facility includes a Swingline Facility of up to CAD \$20,000 and a Syndicated Facility of another CAD \$20,000. The credit facility is committed for the first year, and renewable annually subject to agreement between the lender and Sylogist, during which time Sylogist will pay no standby or commitment fees. The credit facility carries a floating interest rate of the Canadian prime bank rate and can be drawn in either Canadian or US dollars. The Company may repay outstanding amounts under the Credit Agreement at any time.

Security under the Credit Agreement consists of a general security agreement over all assets of Sylogist and its material subsidiaries.

On March 4, 2021, the Company borrowed USD \$15,000 (CAD \$18,948 equivalent at the time) under the Revolving Facility to fund a portion of the MAS acquisition. US dollar borrowings under the Revolving Facility are priced at the Banker's Acceptance rate plus 1.75%.

On April 30, 2021, the Revolving Facility was increased to a total of \$75,000 and the Company pays a standby fee on undrawn amounts. The standby fee is equal to 0.3% when Sylogist's Funded Debt to EBITDA Ratio is less than 1.00:1.00, equal to 0.35% when its Funded Debt to EBITDA Ratio is between 1.00:1.00 and 2.00:1.00, and equal to 0.4% when its Funded Debt to EBITDA ratio is greater than 2.00:1.00. The revised Credit Agreement requires the Company to maintain a Fixed Charge Coverage Ratio not less than 1.50:1.00 and a Funded Debt to EBITDA Ratio not greater than 2.50:1.00 at any time.

On June 10, 2021, the Company converted the outstanding USD \$15,000 under the Revolving Credit Facility to CAD \$18,210 at 1.2140 exchange rate.

At September 30, 2021, the Company was in compliance with all its financial covenants.

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14. Deferred revenue, deposits and retainers

Deferred revenue, deposits and retainers can be summarized as follows:

	Deferred Revenue	Deposits and Retainers
Balance at October 1, 2019	\$ 14,265	\$ 180
New Contracts	25,863	1,700
Amount from Acquisitions	37	27
Applied or Amortized	(26,472)	(1,751)
Balance at September 30, 2020	<u>\$ 13,693</u>	<u>\$ 156</u>
New Contracts	27,771	3,958
Amount from Acquisitions to be amortized	2,155	21
Applied or Amortized	(26,166)	(3,767)
Balance at September 30, 2021	<u>\$ 17,453</u>	<u>\$ 368</u>

15. Lease obligations

The Company's leases are for office space. These leases contain renewal options for additional terms, but since the Company is not reasonably certain it will exercise the renewal options, they have not been included in the measurement of the lease obligations.

The following table presents lease obligations for the Company as at September 30:

	2021	2020
Balance, beginning of the year	<u>\$ 498</u>	\$ -
Additions	677	833
Interest on lease liability	34	40
Lease payments	(387)	(375)
Balance, end of the year	<u>\$ 822</u>	<u>\$ 498</u>
Current	252	380
Long-term	570	118

The following table presents contractual undiscounted payments for lease obligations at September 30, 2021:

Less than one year	\$ 10
Between one and five years	<u>758</u>
	<u>\$ 768</u>

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For the year ended September 30, 2021, the Company made cash payments for short-term or low-value leased assets of \$61 (2020 - \$54) which are recorded in general and administrative expense.

16. Share capital

(a) Authorized: Unlimited number of common shares

(b) Issued

	2021		2020	
	Number	\$	Number	\$
Common shares				
Balance, beginning of the year	23,765,944	\$ 79,564	23,701,744	\$ 78,667
Repurchase of common shares	(118,400)	(400)	(30,700)	(103)
Issued on exercise of options	253,333	2,641	94,900	802
Grant date fair value of options exercised	-	566	-	198
Balance, end of the year	23,900,877	\$ 82,371	23,765,944	\$ 79,564
Total share capital		\$ 82,371		\$ 79,564

(c) Contributed surplus

	2021	2020
Balance, beginning of the year	\$ 3,280	\$ 2,406
Transfer to common share capital on exercise of options	(566)	(198)
Stock based compensation	1,777	1,072
Balance, end of the year	\$ 4,491	\$ 3,280

(d) Dividends

In fiscal 2021, the Company paid regular dividends to shareholders totaling \$11,917 (2020 - \$10,340) at an average dividend amount of \$0.50 (2020 - \$0.435) per share.

(e) Normal course issuer bid

On July 15, 2020, the Company commenced a further Normal Course Issuer Bid ("NCIB") to acquire up to 2,141,228 of its common shares over the ensuing 12-month period. In fiscal 2021, the Company repurchased 118,400 common shares at an average price of \$10.96 for a total cost of \$1,298 of which \$898 was applied against deficit for the period ended September 30, 2021, and \$400 was applied against share capital. The current NCIB terminated on July 14, 2021.

In fiscal 2020, the Company repurchased 30,700 common shares at an average price of \$8.06 for a total cost of \$248, of which \$145 was applied against deficit for the year ended September 30, 2020 and \$103 was applied against share capital.

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All purchases of its common shares are for cancellation.

(f) Stock options

The Company has a stock option plan under which directors, officers, employees and consultants of the Company and its subsidiaries are eligible to receive stock options. The aggregate number of common shares to be issued, upon exercise of all options granted under the plan, shall not exceed 10% of the issued common shares of the Company, at the time the options were granted. Options granted under the plan generally have a term of five years, and vest at such times as determined by the directors at the date of grant, which has generally been over three years. The exercise price of each option is determined by the directors at the market price at the date of grant. A summary of the status of the Company's stock option plan as at September 30, 2021 and 2020, and changes during the years then ended, is as follows:

	2021		2020	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Outstanding, beginning of the year	1,015,000	\$ 10.54	330,300	\$ 9.48
Granted	1,155,000	11.13	1,825,000	10.65
Exercised	(253,333)	10.42	(94,900)	8.45
Forfeited	-	-	(1,000,000)	10.65
Expired	(46,667)	10.30	(45,400)	9.19
Outstanding, end of the year	1,870,000	\$ 10.92	1,015,000	\$ 10.54
Options exercisable, end of the year	397,500	\$ 10.53	464,167	\$ 10.39

The stock-based compensation included in the consolidated statement of comprehensive income statement was \$1,777 (2020 - \$1,072).

The fair value of each option granted is estimated on the date of grant using the Black-Scholes option-pricing model with weighted average assumptions for grants as follows:

	2021	2020
Risk-free interest rate	1.09%	1.58%
Expected life (years)	5	5
Expected volatility	54%	34%
Annualized dividend per share	\$0.50	\$0.50
Forfeiture rate	10%	10%

Sylogist Ltd.

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(g) The following table summarizes information about stock options outstanding and exercisable as at September 30, 2021:

Exercise Prices	Number of Options Outstanding	Weighted- Average Remaining Period Until Exercisable	Number of Options Exercisable	Weighted- Average Remaining Contractual Life Post Vesting
\$ 8.25	15,000	-	15,000	0.6 years
10.08	60,000	-	60,000	1.3 years
12.75	15,000	0.3 years	10,000	2.3 years
10.65	625,000	1.0 years	312,500	3.0 years
10.30	810,000	2.1 years	-	-
11.78	225,000	2.3 years	-	-
15.64	60,000	2.7 years	-	-
15.33	60,000	3.5 years	-	-
	<u>1,870,000</u>	<u>1.5 years</u>	<u>397,500</u>	<u>2.7 years</u>

The following table summarizes information about stock options outstanding and exercisable as at September 30, 2020:

Exercise Prices	Number of Options Outstanding	Weighted- Average Remaining Period Until Exercisable	Number of Options Exercisable	Weighted- Average Remaining Contractual Life Post Vesting
\$ 10.10	90,000	-	90,000	1.0 years
8.25	25,000	-	25,000	1.6 years
10.08	60,000	0.3 years	40,000	2.3 years
12.75	15,000	1.3 years	5,000	3.3 years
10.65	825,000	2.1 years	304,167	4.0 years
	<u>1,015,000</u>	<u>1.7 years</u>	<u>464,167</u>	<u>3.2 years</u>

(h) The earnings per share have been calculated based on the weighted-average number of common shares outstanding during the year ended September 30, 2021, of 23,849,461 (2020 – 23,762,916). During the same period, the diluted weighted average number of shares outstanding was 24,118,525 (2020 – 23,800,319). For the year ended September 30, 2021, 269,064 options were included in the computation of diluted earnings per share (2020 – 37,403).

17. Share based payments

On November 9, 2020, the Company granted 100,000 Phantom Interest Award Units (“PIAUs”) to an executive, that will entitle the awardee to a cash payment after 5 years of service or when a payment event occurs, whichever is first. 50,000 PIAUs vested on the grant date and the remaining 50,000 PIAUs will vest in equal installments of 10,000 PIAUs on each of the first five

Sylogist Ltd.

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anniversaries of the grant date if the executive has remained employed with Company through the anniversary date. On January 18, 2021, the Company granted 50,000 PIAUs to another executive that will entitle the awardee to cash payment after 5 years of service or when a payment event occurs, whichever is first. 10,000 PIAUs vested on the grant date and the remaining 40,000 PIAUs will vest in equal installments of 10,000 PIAUs on each of the first four anniversaries of the grant date if the executive has remained employed with the Company through the anniversary date. The amount of cash payment for each vested PIAU shall be equal to the value of a Company common shares as of the payment date plus any dividends accrued on vested common shares.

The share-based payments included in the consolidated statement of comprehensive income for the twelve months ended September 30, 2021, was \$1,001 based on average exchange rate for the period (September 30, 2020 - \$nil), it is \$993 on the consolidated statement of the financial position, translated at the year-end spot rate.

18. Segmented information

Operating segments are defined as components of the Company for which separate financial information is available that is evaluated regularly by the chief operating decision maker in allocating resources and assessing performance. The chief operating decision maker of the Company is the President and Chief Executive Officer. Based on management's judgment, the Company has one operating and reportable segment, the Public Sector. Segment profit is measured as net profit (loss) before the consideration of income taxes.

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Geographical revenues and assets

The Public Sector segment is managed on a worldwide basis, but operates in three principal geographical areas, Canada, USA, and UK.

Substantially all of the property and equipment are located in Canada and the intangible assets and goodwill, except customer relationships and technology (which relate to US operations), pertained solely to the Canadian operations. Geographic revenues are allocated by the geographic location of the Company's product installation, delivery or service provision.

	<u>2021</u>	2020
Licenses		
Canada	149	196
USA	458	460
	<u>607</u>	656
Subscription and maintenance		
Canada	7,940	7,729
USA	22,549	20,482
UK and Other	270	282
	<u>30,759</u>	28,493
Professional services		
Canada	472	741
USA	6,575	7,803
UK and Other	35	71
	<u>7,082</u>	8,615
Product revenue		
Canada	43	34
USA	184	280
UK and Other	-	1
	<u>227</u>	315
Total revenue		
Canada	8,604	8,700
USA	29,766	29,025
UK and Other	305	354
	<u>\$ 38,675</u>	\$ 38,079

	<u>2021</u>	2020
Non-current assets		
Canada	13,399	15,849
USA	51,067	6,958
	<u>64,466</u>	22,807

Revenue allocated to remaining performance obligations represents contracted revenue that has not yet been recognized and includes deferred revenue that will be recognized as revenue in future periods. As of September 30, 2021, contracted not yet recognized revenue was \$17,821 (2020 - \$14,099), of which the majority will be recognized over the next twelve months.

Sylogist Ltd.

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19. Commitments and contingencies

(a) Commitments

Operating lease and service commitments

The Company has entered into various leases for its operating premises and service commitments. Future minimum annual payments under these operating leases are as follows:

Contractual Obligations	Total	Fiscal 2022	Fiscal 2023-2026
Premise/Services	\$ 1,678	\$ 1,328	\$ 350

(b) Contingencies

Management of the Company is not currently aware of any claims or actions that would materially affect the Company's reported financial position or results from operations.

(c) Indemnifications

Under the terms of certain agreements and the Company's by-laws, the Company indemnifies individuals who have acted at the Company's request to be a director and/or officer of the Company, to the extent permitted by law, against any and all damages, liabilities, costs, charges or expenses suffered by or incurred by the individuals as a result of their service.

20. One-time executive bonus buyout

Effective October 15, 2019, the Company entered into new compensation arrangements with its then Chief Executive Officer and Executive Vice President which provided for annual incentive bonuses based primarily on strategic value improvements in the Company going forward. To facilitate the change, the Company paid these executives a total of \$12 million in 2020.

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21. Related party transactions

In fiscal 2021, the Company paid director's fees of \$179 (2020 - \$160), and no fees are outstanding as of September 30, 2021.

Directors and executive officers, along with certain employees, also participate in the Company's stock option plan (Note 16(f)).

Compensation of key management personnel, defined as the Board of Directors, the Chief Executive Officer, the Executive Vice President, the Chief Financial Officer, the Vice President, Customer Experience and Chief Technology & Innovation Officer was as follows:

	2021		2020
Salaries and benefits-key management	\$ 1,751	\$	1,319
Executive bonus	677		921
One-time executive bonus buyout	-		12,000
Stock based compensation	1,638		1,064
Share based payments	1,001		-
Directors' fees	179		160
Special committee fees	-	\$	214
	\$ 5,246	\$	15,678

22. Capital risk management

The Company's objective, when managing capital, is to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders. Managed capital consists of the Company's current working capital (current assets less current liabilities), credit facility and shareholders' equity. The Company sets the amount of managed capital in proportion to risk. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. The Company's objective is met by retaining adequate debt and equity to provide for the possibility that cash flows from assets will not be sufficient to meet future cash flow requirements. The Board of Directors does not establish quantitative return on capital criteria for management; but rather promotes year-over-year sustainable, profitable growth. The Company is not subject to any externally imposed capital requirements.

23. Financial instruments

The Company's financial instruments consist of cash, trade and other receivables and trade and other payables. The carrying values of the Company's financial instruments approximate their fair values due to the short-term nature of these instruments. The nature of these instruments and the Company's operations expose the Company to interest rate, foreign currency, liquidity, and fair value risks. The Company manages its exposure to these risks by operating in a manner that minimizes its exposure to the extent practical. These risks are outlined more fully below.

Sylogist Ltd.

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(a) Foreign currency rate risk management

A portion of the Company's sales are made to customers in the United States and Europe. Accordingly, the related financial assets and liabilities are subject to fluctuations in exchange rates. The Company does not have any exposure to highly inflationary foreign currencies. The Company manages its exposure to foreign currency fluctuations by maintaining foreign currency bank accounts and trade accounts receivable to offset foreign currency payables.

As at September 30, 2021, the increase or decrease in profit before income tax for each 1% change in the value of the Canadian dollar against the US dollar amounts to approximately \$6 (September 30, 2020 - \$36). For the same period, the increase or decrease in profit before income tax for each 1% change in the value of the Canadian dollar against the Great British Pound amounts to approximately \$5 (September 30, 2020 - \$5).

(b) Credit risk

The Company is exposed to normal credit risk. The objective of managing counterparty credit risk is to prevent losses relating to financial assets. As at September 30, 2021, the majority of the Company's cash and cash equivalents are held at two Canadian Chartered Banks. The Company has a concentration of credit risk. The concentration of credit risk is mitigated by having concentrations with credit worthy clients and broadening the Company's customer base. The allowance for doubtful accounts of \$83 represents approximately 4% of the trade accounts receivable as of September 30, 2021 (September 30, 2020 - 0.2%). As at September 30, 2021, three customers accounted for 19% (September 30, 2020 - three customers accounted for 23%) of the Company's total trade accounts receivable. Revenue from one customer represented approximately \$1,796 or 4.6% of consolidated revenue earned during fiscal 2021 (September 30, 2020 - 7%).

Aging of trade accounts receivable

	2021	2020
1-30 days	\$ 1,297	\$ 1,693
31-90 days	104	309
91 + days	554	(89)
Total trade receivables	1,955	1,913
Allowance for doubtful accounts	(83)	(4)
Other receivables ⁽¹⁾	113	1,595
Total accounts receivable	\$ 1,985	\$ 3,504

⁽¹⁾ Other receivables consist primarily of income tax receivables.

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Notes to the Consolidated Financial Statements
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Allowance for doubtful accounts continuity schedule

	2021	2020
Balance, beginning of the year	\$ (4)	\$ (4)
Allowance recognized-net	(79)	-
Balance, end of the year	\$ (83)	\$ (4)

(c) Liquidity risk

Liquidity risk includes the risk that, as a result of operational liquidity requirements, the Company:

- will not have sufficient funds to settle a transaction on the due date;
- will be forced to sell financial assets at a value which is less than what they are worth; or
- may be unable to settle or recover a financial asset at all.

Trade and other payables:

	2021	2020
Trade payables	\$ 630	\$ 372
Accrued and other payable	2,861	2,041
Total trade and other payables	\$ 3,491	\$ 2,413

Sylogist expects that cash flow from operations generated in fiscal 2021, together with cash and cash equivalents on hand, will be more than sufficient to fund its requirements for investments in working capital, maintenance, capital expenditures, and product development. As these variables change, liquidity risk may necessitate the need for the Company to conduct equity issues or obtain project or working capital financing.

(d) Interest rate risk

The Company's cash and cash equivalents are subject to interest rate price risk, as the value will fluctuate due to changes in market rates. As at September 30, 2021, the increase or decrease in profit before income tax for each 1% change in interest rates on the Company cash and cash equivalents, amounts to approximately \$296 (September 30, 2020 - \$428) per annum.

(e) Fair value of financial instruments

The Company has determined that the fair value of the financial instruments consisting of cash and cash equivalents, trade and other receivables, trade and other payables and credit facility are not materially different from the carrying values of such instruments reported on the consolidated balance sheet due to their short-term nature.

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The Company classifies the fair value of these financial instruments according to the following hierarchy based on the amount of observable inputs used to value the instrument.

Level 1 – Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 – Pricing inputs are other than quoted prices in active markets included in Level 1. Prices in Level 2 are either directly or indirectly observable as of the reporting date. Level 2 valuations are based on inputs, including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the marketplace.

Level 3 – Valuations in this level are those with inputs for the asset or liability that are not based on observable market data.

24. Subsequent events

Except as disclosed elsewhere in these consolidated financial statements, the following events occurred subsequent to the Company's fiscal year end:

- (a)** On October 6, 2021, the Company acquired MISSION CRM Ltd. ("Mission CRM") for cash consideration of approximately \$2,670, adjusted for a working capital deficit of approximately \$250, plus earnout tied to agreed-upon revenue targets. Mission CRM is the developer of the Mission CRM fundraising and donor engagement SaaS platform for large and mid-market nonprofit organizations.

The earnout period is the three years ending September 30, 2024. Payments pursuant to the earnout will be settled in cash annually no later than 90 days following each fiscal year end. The earnout is treated as a contingent consideration measured at fair value, with the portion payable within one year considered a current liability, and the balance considered a long-term liability. The contingent consideration will be reviewed and reassessed at each period end. Due to the complexity and timing of the acquisition, the Company is still in the process of determining and finalizing the fair value of the net assets acquired as part of the acquisition.

- (b)** On October 9, 2021, the Company renewed its Credit Facility which will expire on October 9, 2022.

- (c)** On October 18, 2021, the Company acquired The Pavlik Group Inc. and affiliated entities ("Pavliks"), a provider of proprietary SaaS applications and professional services primarily to public sector organizations and member associations, for cash consideration of \$11,500, adjusted for excess working capital of approximately \$1,800. This includes a \$400 holdback with respect to finalized working capital adjustments, to be released in or before January 2022. Sylogist drew \$7,500 of the purchase price from its existing credit facility and financed the balance with cash on hand. Due to the complexity and timing of the acquisition, the Company is still in the process of determining and finalizing the fair value of the net assets acquired as part of the acquisition.

- (d)** On November 18, 2021, the Company declared a quarterly eligible dividend of \$0.125 per share on Sylogist's common shares, payable on December 15, 2021.

Sylogist Ltd.

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For the years ended September 30, 2021 and 2020

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Taylor Gray, ⁽¹⁾(3)

Barry Foster, Chairman of the Board ⁽¹⁾(3)

Lester Fernandes, ⁽¹⁾(3)

Craig O'Neill, ⁽²⁾

Ian McKinnon, ⁽²⁾(3)(5)

⁽¹⁾ member of audit committee

⁽²⁾ member of compensation committee

⁽³⁾ member of nominating & governance committee

⁽⁴⁾ member of the board effective November 9, 2020

⁽⁵⁾ member of the board effective April 7, 2021

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