

SYLOGIST LTD.

Condensed Interim Consolidated Financial Statements

For the three and nine months ended September 30, 2023 and 2022



Management's Comments on Unaudited Condensed Interim Consolidated Financial Statements

Change in Year End

Effective in 2022, the Company changed its financial year-end from September 30 to December 31 to align with the financial reporting of most public issuers. The change in year-end resulted in the Company's filing a one-time, fifteen-month transition period covering the period of October 1, 2021, to December 31, 2022. Subsequent to the transition year, the Company's financial year now covers the period January 1 to December 31. The information presented in these condensed interim consolidated financial statements includes the three and nine months ended September 30, 2023, compared to three and nine months ended September 30, 2022. As a result, the information contained in these condensed interim consolidated financial statements may not be comparable to previously reported periods.

Notice of no Auditor Review of Condensed Interim Consolidated Financial Statements

The accompanying unaudited condensed interim consolidated financial statements of Sylogist Ltd. for the three and nine months ended September 30, 2023, have been prepared by management and approved by the Audit Committee and the Board of Directors of the Company. These statements have not been reviewed or audited by the Company's external auditors.

Signed: *William C. Wood*

William C. Wood, President and CEO

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

	Notes	September 30, 2023	December 31, 2022
Assets			
Current assets			
Cash and cash equivalents		\$ 13,778	\$ 14,544
Trade and other receivables	4	11,888	6,394
Income taxes receivable		264	-
Prepaid expenses and deposits	5	4,166	3,307
Inventory		293	211
		30,389	24,456
Non-current assets			
Property and equipment	6	944	985
Right of use assets		568	691
Intangible assets	7	43,359	47,432
Goodwill	8	26,431	26,480
		71,302	75,588
Total assets		\$ 101,691	\$ 100,044
Liabilities and shareholders' equity			
Current liabilities			
Trade and other payables	9	\$ 6,058	\$ 4,640
Income taxes payable		-	362
Credit facility	10	17,210	21,210
Deferred revenue	11	25,151	19,197
Deposits and retainers	11	1,891	1,475
Earnout	3(a)	1,496	737
Executive retirement compensation		379	-
Current lease obligations	12	323	272
		52,508	47,893
Non-current liabilities			
Deferred tax		7,938	10,114
Lease obligations	12	308	491
Executive retirement compensation		-	379
Deferred bonus payments	14	176	144
Share based units	15	2,012	1,118
		10,434	12,246
Total liabilities		62,942	60,139
Shareholders' equity			
Share capital	13(b)	81,392	82,227
Contributed surplus	13(c)	5,693	5,467
Foreign currency translation reserve		2,040	2,181
Deficit		(50,376)	(49,970)
		38,749	39,905
Total liabilities and shareholders' equity		\$ 101,691	\$ 100,044

The accompanying notes are an integral part of these unaudited condensed interim consolidated financial statements.
Approved on behalf of the Board of Directors by:

"Taylor Gray" Director
"Barry Foster" Director

Sylogist Ltd.

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

For the three and nine months ended September 30, 2023 and three and nine months ended September 30, 2022

	Notes	Three months ended September 30,		Nine months ended September 30,	
		2023	2022	2023	2022
Revenue	16	\$ 16,769	\$ 14,234	\$ 49,344	\$ 41,095
Cost of sales		6,596	5,344	19,453	15,297
Gross profit		10,173	8,890	29,891	25,798
General and administrative		2,919	2,298	8,566	6,517
Professional fees		415	384	1,418	1,327
Acquisition-related costs		-	11	-	377
Sales and marketing		1,799	943	4,415	2,707
Product development		669	1,169	2,991	2,918
Depreciation of property and equipment	6	50	37	144	102
Amortization of intangible and ROU assets	7	2,448	2,684	7,450	7,886
Stock-based compensation	13(c)	76	181	223	481
Foreign exchange loss (gain)		48	(11)	80	(11)
Earnout	3(a)	256	305	1,164	305
Share-based payments	15	200	(124)	893	(630)
Interest expense		504	407	1,488	1,051
Interest income		(1)	(5)	(2)	(6)
Profit before income tax		790	611	1,061	2,774
Current income tax		693	565	2,075	2,219
Deferred income tax recovery		(748)	(1,409)	(1,890)	(2,481)
		(55)	(844)	185	(262)
Profit for the period		845	1,455	876	3,036
Other comprehensive income (loss)					
To be recycled through income:					
Exchange differences on translating foreign operations		638	1,167	(141)	2,590
Total comprehensive income for the period		\$ 1,483	\$ 2,622	\$ 735	\$ 5,626
Basic and diluted earnings per share		\$ 0.04	\$ 0.06	\$ 0.04	\$ 0.13
Basic weighted average number of shares outstanding	13(h)	23,594,597	23,915,877	23,677,898	23,915,877
Diluted weighted average number of shares outstanding	13(h)	23,627,353	23,915,877	23,692,852	23,915,877

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

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

For the nine months ended September 30, 2023 and nine months ended September 30, 2022

	Notes	Share Capital	Contributed Surplus	Foreign Currency Translation Reserve	Deficit	Total Shareholders' Equity
As at December 31, 2021		\$ 82,524	\$ 4,857	\$ 34	\$ (43,289)	\$ 44,126
Profit for the period		-	-	-	3,036	3,036
Foreign currency translation adjustment		-	-	2,589	-	2,589
Total comprehensive income for the period		-	-	2,589	3,036	5,625
Payment of dividends	13(d)	-	-	-	(8,969)	(8,969)
Stock based compensation	13(f)	-	481	-	-	481
Balance as at September 30, 2022		\$ 82,524	\$ 5,338	\$ 2,623	\$ (49,222)	\$ 41,263
As at December 31, 2022		\$ 82,227	\$ 5,467	\$ 2,181	\$ (49,970)	\$ 39,905
Profit for the period		-	-	-	876	876
Foreign currency translation adjustment		-	-	(141)	-	(141)
Total comprehensive income for the period		-	-	(141)	876	735
Payment of dividends	13(d)	-	-	-	(708)	(708)
Share buy-back and cancellation	13(e)	(835)	-	-	(574)	(1,409)
Share based compensation-RSUs	13(c)	-	3	-	-	3
Stock based compensation	13(f)	-	223	-	-	223
Balance as at September 30, 2023		\$ 81,392	\$ 5,693	\$ 2,040	\$ (50,376)	\$ 38,749

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

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

For the three and nine months ended September 30, 2023 and three and nine months ended September 30, 2022

	Notes	Three months ended September 30,		Nine months ended September 30,	
		2023	2022	2023	2022
Operating Activities					
Profit before income tax		\$ 790	\$ 611	\$ 1,061	\$ 2,774
Items not affecting cash					
Depreciation of property and equipment	6	50	37	144	102
Amortization of intangible assets and ROU assets	7	2,448	2,832	7,450	7,886
Stock-based compensation	13(c)	76	181	223	481
Interest on lease obligations	12	11	12	34	37
Interest paid (on financing)		(494)	(395)	(1,419)	(1,014)
Earnout paid	3(a)	-	-	(404)	-
Share-based payments	15	200	(124)	893	(630)
Cash taxes paid		(316)	(505)	(2,776)	(1,708)
Cash generated from operating activities before non-cash change in working capital		2,765	2,649	5,206	7,928
Changes in non-cash operating assets and liabilities					
Trade and other receivables	4	(3,551)	(5,835)	(5,497)	(7,758)
Income tax receivable		382	-	(264)	-
Inventory		67	87	(82)	11
Prepaid expenses and deposits	5	(349)	(418)	(859)	(1,643)
Trade and other payables	9	596	1,501	3,595	3,650
Earnout payable	3(a)	256	305	760	305
Income tax payable		-	-	362	402
Deferred revenue, deposits and retainers	11	9,878	13,241	6,371	10,654
Cash generated from operations		10,044	11,530	9,592	13,549
Investing Activities					
Purchase of property and equipment	6	(20)	(73)	(107)	(138)
Additions of intangible assets	7	(1,641)	(1,061)	(3,652)	(2,579)
Interest received		1	5	2	6
Cash utilized in investing activities		(1,660)	(1,129)	(3,757)	(2,711)
Financing Activities					
Credit facility	10	(4,000)	-	(4,000)	-
Repayments of lease obligations	12	(102)	(88)	(304)	(229)
Repurchase of common shares	13(e)	(102)	-	(1,409)	-
Payment of dividends	13(d)	(236)	(2,990)	(708)	(8,969)
Cash utilized in financing activities		(4,440)	(3,078)	(6,421)	(9,198)
Increase (decrease) in cash and cash equivalents		3,944	7,323	(586)	1,640
Effect of currency translation adjustment on cash and cash equivalents		7	(437)	(180)	(496)
Cash and cash equivalents, beginning of the period		9,827	12,476	14,544	18,218
Cash and cash equivalents, end of the period		\$ 13,778	\$ 19,362	\$ 13,778	\$ 19,362

The accompanying notes are an integral part of these unaudited condensed interim 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 periods ended September 30, 2023 and September 30, 2022

1. Nature of operations

Sylogist Ltd. (the “Company” or “Sylogist”) (TSX: SYZ.TO) is a software company that provides mission-critical SaaS solutions to over two thousand public sector customers globally across the government, nonprofit, and education verticals.

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 Brookfield Place, Suite 2700, 225 6 Ave SW; Calgary, Alberta, Canada; T2P 1N2.

These unaudited condensed interim consolidated financial statements were approved and authorised for issuance by the Board of Directors on November 8, 2023.

2. Condensed interim consolidated financial statements

(a) Statement of presentation

These unaudited condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" as issued by the International Accounting Standards Board. In addition, the unaudited condensed interim consolidated financial statements have been prepared in accordance with the accounting policies set out in Note 3, "Summary of significant accounting policies" of the Company's audited consolidated financial statements for the fifteen-month period ended December 31, 2022. These unaudited condensed interim consolidated financial statements should be read in conjunction with the annual audited consolidated financial statements of the Company for the fifteen-month period ended December 31, 2022.

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

(b) Change in year-end

Effective in 2022, the Company changed its financial year-end from September 30 to December 31 to align with the financial reporting of most public issuers. The change in year-end resulted in the Company’s filing a one-time, fifteen-month transition year covering the period of October 1, 2021 to December 31, 2022. Subsequent to the transition year, the Company’s financial year now covers the period January 1 to December 31. The information presented in these condensed interim consolidated financial statements includes the three and nine months ended September 30, 2023, compared to three and nine months ended September 30, 2022. As a result, the information contained in these condensed consolidated financial statements may not be comparable to previously reported periods.

Sylogist Ltd.

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

For the periods ended September 30, 2023 and September 30, 2022

(c) Basis of measurement

The condensed interim 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.

(d) Functional and presentation currency

The condensed interim 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.

(e) 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 condensed interim 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 condensed interim consolidated financial statements are as follows:

Property, equipment and intangible assets – estimates are used in determining useful economic lives and residual values of property and equipment for the purpose of calculating depreciation and judgment is applied in determining the appropriateness of the depreciation method used.

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.

Sylogist Ltd.

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

For the periods ended September 30, 2023 and September 30, 2022

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 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 cloud subscription, maintenance and support, project 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.

Sylogist Ltd.

Notes to the Consolidated Financial Statements
(In thousands of Canadian dollars, except per share amounts and as otherwise indicated)
For the periods ended September 30, 2023 and September 30, 2022

The Company also applies estimates when calculating project 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.

3. Business acquisitions

(a) On October 6, 2021, Sylogist completed the acquisition of all the common shares of Mission CRM Ltd. (“Mission CRM”), for \$2,974 including working capital adjustments, plus an earnout tied to agreed-upon revenue targets over the next three years ending September 30, 2024. Payments pursuant to the earnout will be settled in cash annually no later than 90 days following September 30th of each year. The earnout is treated as employment remuneration and as such is expensed in the consolidated statements of comprehensive income. During the three months ended September 30, 2023, the Company recorded \$256 in earnout consideration in its condensed interim consolidated financial statements. On January 3, 2023, \$404 of previously accrued earnout consideration was settled.

Mission CRM is the developer of the Mission CRM fundraising and donor engagement SaaS platform, built on a Microsoft Dynamics 365 and Azure foundation, fully embracing the Microsoft Data Model for large and mid-market nonprofit and non-government organizations.

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 impact of acquisition accounting applied in connection with the acquisition of Mission CRM is as follows:

Net working capital acquired	\$	48
Intangible assets: customer list		1,849
Intangible assets: software code		1,052
Intangible assets: non-compete agreements		681
Deferred tax		<u>(656)</u>
Total identifiable net assets acquired	\$	2,974
 Cash impact of acquisition	 \$	 2,974

(b) On October 18, 2021, Sylogist completed the acquisition of all the common shares of The Pavlik Group Inc. and affiliated entities (“Pavliks”) for \$11,434 subject to working capital adjustments. This included a \$400 holdback with respect to finalizing working capital adjustments. On April 12, 2022, the Company settled its holdback with the shareholders of Pavliks. Pavliks’ shareholders received \$357, and the remainder was retained by Sylogist.

Pavliks is a provider of proprietary SaaS applications and project services primarily to public sector organizations and member associations.

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 \$4,292 arising from the acquisition consists largely of the synergies and

Sylogist Ltd.

Notes to the Consolidated Financial Statements
(In thousands of Canadian dollars, except per share amounts and as otherwise indicated)
For the periods ended September 30, 2023 and September 30, 2022

economies of scale expected from combining the operations of Pavliks' 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 Pavliks is as follows:

Net working capital acquired	\$ 1,748
Inventory	2
Property and equipment	93
Intangible assets: customer list	3,105
Intangible assets: brand	804
Intangible assets: software code	3,263
Intangible assets: non-compete agreements	2,654
Deferred tax	(2,684)
Total identifiable net assets acquired	\$ 8,985
Goodwill	4,292
Purchase price	\$ 13,277
Total net assets acquired	(1,843)
Cash impact of acquisition	\$ 11,434

4. Trade and other receivables

	September 30, 2023	December 31, 2022
Trade receivables, gross	\$ 11,122	\$ 6,354
Allowance for doubtful accounts	(181)	(14)
Trade receivables	10,941	6,340
Other receivables ⁽¹⁾	947	54
Total accounts receivable	\$ 11,888	\$ 6,394

⁽¹⁾ Other receivables consist primarily of unbilled receivables.

Due to their short-term nature, the net carrying value of trade receivables approximates fair value (Note 20).

5. Prepaid expenses and deposits

	September 30, 2023	December 31, 2022
Prepaid software royalties	\$ 3,179	\$ 2,300
Other prepaid expenses and deposits	987	1,007
Total	\$ 4,166	\$ 3,307

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

Sylogist Ltd.

Notes to the Consolidated Financial Statements
(In thousands of Canadian dollars, except per share amounts and as otherwise indicated)
For the periods ended September 30, 2023 and September 30, 2022

6. Property and equipment

	September 30, 2023			December 31, 2022		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Building	\$ 743	\$ 75	\$ 668	\$ 746	\$ 53	\$ 693
Computer hardware	1,495	1,244	251	1,390	1,133	257
Furniture and equipment	331	319	12	330	310	20
Leasehold improvements	553	540	13	553	538	15
	\$ 3,122	\$ 2,178	\$ 944	\$ 3,019	\$ 2,034	\$ 985

7. Intangible

	September 30, 2023			December 31, 2022		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Software licenses and rights	\$ 4,818	\$ 3,819	\$ 999	\$ 4,796	\$ 3,703	\$ 1,093
Customer lists	47,671	24,728	22,943	47,768	21,803	25,965
Software codes	19,855	12,363	7,492	19,736	10,679	9,057
Capitalized development	11,025	4,778	6,247	7,946	4,005	3,941
Employment agreements	11,228	5,551	5,677	11,255	3,879	7,376
	\$ 94,597	\$ 51,239	\$ 43,358	\$ 91,501	\$ 44,069	\$ 47,432

- (1) During the three and nine months ended September 30, 2023, \$88 and \$263 of amortization related to Right of Use ("ROU") asset was included in the total amortization reflected in the condensed interim consolidated statements of comprehensive income, (three and nine months ended September 30, 2022 - \$77 and \$219).
- (2) During the three and nine months ended September 30, 2023, the Company capitalized \$1,466 and \$3,342, offset by \$103 and \$263 of ITC's (three and nine months ended September 30, 2022 - \$783 and \$2,465, offset by \$13 and \$149 of ITC's) of software development costs.

8. Goodwill

The carrying amount of goodwill can be analyzed as follows:

	September 30, 2023		December 31, 2022	
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		12,888
Acquisition of Pavlik Group		4,292		4,292
Foreign exchange impact		1,028		1,077
	\$	26,431	\$	26,480

Sylogist Ltd.

Notes to the Consolidated Financial Statements
(In thousands of Canadian dollars, except per share amounts and as otherwise indicated)
For the periods ended September 30, 2023 and September 30, 2022

9. Trade and other payables

Trade and other payables can be summarized as follows:

	September 30, 2023	December 31, 2022
Trade payables	\$ 1,401	\$ 1,640
Accrued and other payable	4,657	3,000
Total trade and other payables	\$ 6,058	\$ 4,640

10. Credit facility

On October 9, 2020, the Company entered into a \$75,000 Credit Agreement for a Revolving Facility that can be used for general corporate purposes. The credit facility is committed for the first year, and renewable annually subject to agreement between the lender and Sylogist. 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 February 3, 2022, the Company amended the Credit Facility agreement to expand available credit from \$75,000 to \$125,000. Also, advances under the Credit Facility may now be made based on lenders' prime rate or the U.S. base rate plus 0.0% – 0.8% or based on the banker's acceptance ("BA") rate plus 1.5% – 2.3%. Sylogist pays standby fees of between 0.3% – 0.5% per annum on any undrawn portion of the Credit Facility. The standby fees and premiums on base interest rates within the respective ranges are determined based on the Company's ratio of funded debt to EBITDA. The revised credit agreement requires the Company to maintain a Funded Debt to EBITDA ratio not greater than 3.50:1.00 at any given time (or 4.00:1.00 for 180 days following an acquisition), and a Fixed Charge Coverage Ratio not less than 1.50:1.00.

The Credit Facility was renewed on January 31, 2023, under the same terms. Amendment fees associated with the renewal are being amortized over the term. The new maturity date is January 31, 2024. The Credit Facility remains a revolving facility for general corporate purposes.

On September 21, 2023, the Company repaid \$4,000 of the outstanding amount under the Credit Agreement.

At September 30, 2023, the Company was in compliance with all its financial covenants.

11. Deferred revenue, deposits and retainers

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

Sylogist Ltd.

Notes to the Consolidated Financial Statements
(In thousands of Canadian dollars, except per share amounts and as otherwise indicated)
For the periods ended September 30, 2023 and September 30, 2022

	Deferred Revenue	Deposits and Retainers
Balance at October 1, 2021	\$ 17,453	\$ 368
New Contracts	43,193	4,827
Amount from Acquisitions	139	85
Applied or Amortized	(41,588)	(3,805)
Balance at December 31, 2022	\$ 19,197	\$ 1,475
New Contracts	33,065	3,208
Applied or Amortized	(27,111)	(2,792)
Balance at September 30, 2023	\$ 25,151	\$ 1,891

Revenue allocated to remaining performance obligations represents contracted revenue that has not yet been recognized and includes deferred revenue, deposits and retainers that will be recognized as revenue in future periods. As of September 30, 2023, contracted not yet recognized revenue was \$27,042 (December 31, 2022 - \$20,672), of which the majority will be recognized over the next twelve months.

12. 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, 2023:

	September 30, 2023	December 31, 2022
Balance, beginning of the period	\$ 763	\$ 822
Additions	142	252
Interest on lease liability	34	63
Lease payments	(304)	(405)
Effects of foreign exchange	(4)	31
Balance, end of the period	\$ 631	\$ 763
Current	323	272
Long-term	308	491

The following table presents contractual undiscounted payments for lease obligations as at September 30, 2023:

Sylogist Ltd.

Notes to the Consolidated Financial Statements
(In thousands of Canadian dollars, except per share amounts and as otherwise indicated)
For the periods ended September 30, 2023 and September 30, 2022

	September 30, 2023		December 31, 2022
Less than one year	\$ 338	\$	302
Between one and five years	339		515
	\$ 677	\$	817

During the three and nine months ended September 30, 2023, the Company made cash payments for short-term or low-value leased assets of \$23 and \$64 (three and nine months ended September 30, 2022 - \$54 and \$187) which are recorded in general and administrative expense.

13. Share capital

(a) Authorized: Unlimited number of common shares

(b) Issued

	September 30, 2023		December 31, 2022	
	Number	\$	Number	\$
Common shares				
Balance, beginning of the period	23,829,777	\$ 82,227	23,900,877	\$ 82,371
Repurchase of common shares	(242,100)	(835)	(86,100)	(297)
Issued on exercise of options	-	-	15,000	123
Grant date fair value of options exercised	-	-	-	30
Balance, end of the period	23,587,677	\$ 81,392	23,829,777	\$ 82,227
Total share capital		\$ 81,392		\$ 82,227

(c) Contributed surplus

	September 30, 2023		December 31, 2022	
Balance, beginning of the period	\$ 5,467	\$	4,491	
Transfer to common share capital on exercise of options	-		(30)	
Stock based compensation	223		1,006	
Share based compensation-RSUs	3		-	
Balance, end of the period	\$ 5,693	\$	5,467	

(d) Dividends

During the nine months ended September 30, 2023, the Company paid regular dividends to shareholders totaling \$708 (nine months ended September 30, 2022 - \$8,969) at an average dividend amount of \$0.03 per share (nine months ended September 30, 2022 - \$0.375).

(e) Normal course issuer bid

On November 15, 2022, the Company commenced a Normal Course Issuer Bid ("NCIB") to acquire up to 2,281,177 of its common shares over the ensuing 12-month period. The daily purchase limit under the NCIB is 8,342 common shares. During the nine months ended

Sylogist Ltd.

Notes to the Consolidated Financial Statements
(In thousands of Canadian dollars, except per share amounts and as otherwise indicated)
For the periods ended September 30, 2023 and September 30, 2022

September 30, 2023, the Company repurchased 242,100 common shares at an average price of \$5.80 for a total cost of \$1,409 of which \$574 was applied against deficit for the period ended September 30, 2023, and \$835 was applied against share capital. The current NCIB terminates on the earlier of November 16, 2023, or when permitted purchases are completed.

In fiscal 2022, the Company repurchased 86,100 common shares at an average price of \$5.52 for a total cost of \$475 of which \$178 was applied against deficit for the period ended December 31, 2022, and \$297 was applied against share capital.

All purchases of its common shares were cancelled.

(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, when combined with all other security-based compensation arrangements, 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, 2023, and changes during the period, is as follows:

	September 30, 2023		December 31, 2022	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Outstanding, beginning of the period	1,641,000	\$ 10.94	1,870,000	\$ 10.92
Granted	150,000	5.87	-	-
Exercised	-	-	(15,000)	8.25
Forfeited	(3,334)	10.30	(82,667)	12.24
Expired	(574,000)	10.65	(131,333)	10.20
	1,213,666	\$ 10.36	1,641,000	\$ 10.94
Options vested, end of the period ⁽¹⁾	717,329	\$ 10.93	1,194,329	\$ 10.75

(1) Certain vested options are exercisable once specified share price conditions are met.

The stock-based compensation included in the consolidated statement of comprehensive income for the three and nine months ended September 30, 2023, was \$76 and \$223 (three and nine months ended September 30, 2022 - \$181 and \$481).

(g) The following table summarizes information about stock options outstanding and exercisable as at September 30, 2023:

Sylogist Ltd.

Notes to the Consolidated Financial Statements
(In thousands of Canadian dollars, except per share amounts and as otherwise indicated)
For the periods ended September 30, 2023 and September 30, 2022

Exercise Price	Number of Options Outstanding	Weighted-Average Remaining Period Until Vesting	Number of Options Vested ⁽¹⁾	Weighted-Average Remaining Contractual Life Post Vesting
\$ 12.75	15,000	-	15,000	0.3 years
10.65	75,000	-	75,000	1.1 years
10.30	682,666	0.1 years	445,329	2.1 years
11.78	225,000	0.3 years	150,000	2.3 years
15.64	30,000	0.7 years	20,000	2.5 years
15.33	36,000	1.5 years	12,000	2.5 years
5.87	150,000	2.6 years	-	-
	<u>1,213,666</u>	<u>0.4 years</u>	<u>717,329</u>	<u>1.9 years</u>

⁽¹⁾ Certain vested options are exercisable once specified share price conditions are met.

(h) The earnings per share have been calculated based on the weighted-average number of common shares outstanding during the three and nine months ended September 30, 2023, of 23,594,597 and 23,677,898 (three and nine months ended September 30, 2022 – 23,915,877 and 23,915,877). During the three and nine months ended September 30, 2023, the diluted weighted average number of shares outstanding was 23,627,353 and 23,692,852 and 32,756 and 14,954 options were included in the calculation of diluted earnings per share. During the three and nine months ended September 30, 2022, the diluted weighted average number of shares outstanding was 23,915,877 and 23,915,877.

14. Deferred bonus payments

On December 15, 2021, and December 28, 2022, the Company awarded a performance bonus to an executive officer, a portion of which was elected to be deferred until employment ends. The value of the deferred amount is indexed to the trading price of the common shares of Sylogist, along with the fair value adjustment and dividend allocation. The change in fair value of the deferred bonus in the amount of \$0.5 was included in the consolidated statements of comprehensive income for the nine months ended September 30, 2023, (nine months ended September 30, 2022 - \$15), which was recorded in general and administrative expense.

Total deferred bonus payments as at September 30, 2023, was \$176 (December 31, 2022 - \$144).

15. Share-based payments

(a) Phantom Interest Award Units

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 instalments of 10,000 PIAUs on each of the first five

Sylogist Ltd.

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

For the periods ended September 30, 2023 and September 30, 2022

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 instalments 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 amount included in the share-based units liability relating to PIAUs is \$1,146 at September 30, 2023 (December 31, 2022 - \$891). During the nine months ended September 30, 2023, an expense of \$252 was included in the consolidated statements of comprehensive income (a recovery for nine months ended September 30, 2022 - \$687).

(b) Share units

On March 30, 2022, the Company instituted a share unit plan. Under the share unit plan, the Company is authorized to grant restricted share units (“RSUs”), performance share units (“PSUs”) and deferred share units (“DSUs”).

Under this plan, the Board of Directors granted DSUs to non-officer directors of the Company for services rendered. The DSUs are to be settled in cash no later than December 31st of the calendar year following the calendar year in which the non-officer director ceases to be a director of the Company. Additional DSUs are credited to the directors’ accounts when cash dividends are paid to the common shareholders of the Company. Such amount of additional DSUs is determined by dividing the dividends which would have been paid on the DSUs had they been common shares of the Company by the volume weighted average trading price of the Company’s shares over the 5-day trading period immediately preceding the date the dividends are paid.

Upon redemption, and at each reporting date, the DSUs are valued on a per DSU basis at an amount equal to the volume weighted average trading price of the Company’s shares over the immediately preceding 5-day trading period. During the nine months ended September 30, 2023, 59,487 DSUs (nine months ended September 30, 2022 - 36,536) were granted to non-officer directors with an additional 513 DSUs (nine months ended September 30, 2022 - 293) granted based on dividends earned for a total of 96,829 DSUs outstanding. During the nine months ended September 30, 2023, \$496 (nine months ended September 30, 2022 - \$57) was included in the consolidated statement of comprehensive income, and the liability at September 30, 2023, amounted to \$723.

Also under this plan, the Board of Directors granted RSUs to employees of the Company for services rendered. RSUs vest annually over four years. Most RSUs are to be settled in cash or common shares, at the board of directors’ discretion, prior to December 31 each year. Additional RSUs are credited to the employees’ accounts when cash dividends are paid to the common shareholders of the Company. Such an amount of additional RSUs is determined by dividing the dividends which would have been paid on the RSUs had they been common shares of the Company. During the nine months ended September 30, 2023, 49,673 RSUs were granted to employees and 19,391 RSUs vested. During the nine months ended September 30,

Sylogist Ltd.

Notes to the Consolidated Financial Statements
(In thousands of Canadian dollars, except per share amounts and as otherwise indicated)
For the periods ended September 30, 2023 and September 30, 2022

2023, \$145 was included in the consolidated statement of comprehensive income, and the liability at September 30, 2023, amounted to \$142.

	<u>September 30, 2023</u>		<u>September 30, 2022</u>
PIAUs	\$ 252	\$	(687)
DSUs	496		57
RSUs	145		-
	<u>\$ 893</u>	\$	<u>(630)</u>

16. 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. Segment profit is measured as net profit (loss) before the consideration of income taxes.

Geographical revenues and assets

The Company 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.

Sylogist Ltd.

Notes to the Consolidated Financial Statements
(In thousands of Canadian dollars, except per share amounts and as otherwise indicated)
For the periods ended September 30, 2023 and September 30, 2022

	Three months ended September 30, 2023	Three months ended September 30, 2022	Nine months ended September 30, 2023	Nine months ended September 30, 2022
SaaS subscriptions				
Canada	1,619	1,390	4,651	4,098
USA	5,076	4,323	14,435	12,763
UK and Other	23	-	52	-
	6,718	5,713	19,138	16,861
Maintenance and support				
Canada	1,216	1,246	3,593	3,400
USA	2,252	2,151	6,829	6,378
UK and Other	50	51	146	161
	3,518	3,448	10,568	9,939
Project services				
Canada	2,139	2,389	8,275	6,566
USA	2,734	2,011	7,861	5,955
UK and Other	395	2	1,165	7
	5,268	4,402	17,301	12,528
Licenses				
Canada	109	232	258	667
USA	83	198	230	361
UK and Other	-	-	28	-
	192	430	516	1,028
Hardware and other				
Canada	301	161	486	369
USA	772	77	1,280	367
UK and Other	-	3	55	3
	1,073	241	1,821	739
Total revenue				
Canada	5,384	5,418	17,263	15,100
USA	10,917	8,760	30,635	25,824
UK and Other	468	56	1,446	171
	\$ 16,769	\$ 14,234	\$ 49,344	\$ 41,095

	As at September 30 2023	As at December 31 2022
Non-current assets		
Canada	28,984	29,239
USA	42,318	46,349
	71,302	75,588

17. 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:

Sylogist Ltd.

Notes to the Consolidated Financial Statements
(In thousands of Canadian dollars, except per share amounts and as otherwise indicated)
For the periods ended September 30, 2023 and September 30, 2022

Contractual Obligations	Total	Fiscal 2023	Fiscal 2024-2027
Premise/Services	\$ 991	\$ 454	\$ 537

(b) Contingencies

Management 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.

18. Related party transactions

During the nine months ended September 30, 2023, the Company paid cash portion of director's fees of \$85 (nine months ended September 30, 2022 - \$183), and no fees are outstanding as of September 30, 2023. This cash portion is in addition to 59,487 DSUs granted to non-officer directors during the nine months ended September 30, 2023 (nine months ended September 30, 2022 - 36,536), with an additional 513 DSUs granted based on dividends earned (nine months ended September 30, 2022 - 293). As at September 30, 2023, the Company has a total of 96,829 DSUs outstanding as a long term payable.

Directors and executive officers, along with certain employees, also participate in the Company's stock option plan and share unit plan (Note 13(f) and 15(b)).

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, BP&A and Operations, the Chief Customer Officer, the Chief Technology & Innovation Officer, Chief Revenue Officer, the Vice President, Talent and Engagement and the Vice President, Marketing was as follows:

	Nine months ended September 30, 2023	Nine months ended September 30, 2022
Salaries and benefits-key management	\$ 2,064	1,839
Executive bonus	571	374
Stock based compensation	202	503
Share based payments-PIAUs	252	(687)
Share based payments-DSUs	496	57
Share based payments-RSUs	115	-
Directors' fees	85	183
	\$ 3,785	\$ 2,269

Sylogist Ltd.

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

For the periods ended September 30, 2023 and September 30, 2022

19. 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.

20. Financial instruments

The Company's financial instruments consist of cash and cash equivalents, trade and other receivables, trade and other payables and the credit facility. 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.

(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, 2023, the increase or decrease in profit before income tax for each 1% change in the value of the Canadian dollar against the U.S. dollar amounts to approximately \$70 (December 31, 2022 - \$48). 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 \$15 (December 31, 2022 - \$4).

(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, 2023, the Company's cash and cash equivalents are held at one Canadian Chartered Bank. The Company has a concentration of credit risk. The Company mitigates exposure to credit risk by having concentrations with creditworthy clients and broadening its customer base. The allowance for doubtful accounts of \$181 represents approximately 1.6% of the trade accounts receivable as of September 30, 2023 (December 31, 2022 - 0.2%). As at September 30, 2023, three customers accounted for 16% (December 31, 2022 - three customers accounted for 30%) of the Company's total trade accounts receivable. Subsequent to September 30, 2023, approximately 27% of total trade accounts receivable was collected. Revenue from one

Sylogist Ltd.

Notes to the Consolidated Financial Statements
(In thousands of Canadian dollars, except per share amounts and as otherwise indicated)
For the periods ended September 30, 2023 and September 30, 2022

customer represented approximately \$1,668 or 3.4% of consolidated revenue earned during the nine months ended September 30, 2023.

Aging of trade accounts receivable

	<u>September 30, 2023</u>	<u>December 31, 2022</u>
1-30 days	\$ 4,938	\$ 3,548
31-90 days	1,999	1,880
91 + days	4,185	926
Total trade receivables	<u>11,122</u>	<u>6,354</u>
Allowance for doubtful accounts	(181)	(14)
Other receivables ⁽¹⁾	947	54
	<u>\$ 11,888</u>	<u>\$ 6,394</u>

⁽¹⁾ Other receivables consist primarily of unbilled receivables.

The majority of outstanding balances exceeding 90 days pertain to our SylogistEd customers, whose renewals occurred in July. These customers are known for their reliability in payment; however, due to procedural requirements, they must convene board meetings for invoice approval and payment. The Company anticipates no collection issues, as this increase in receivables is part of the standard operating procedure.

Allowance for doubtful accounts continuity schedule

	<u>September 30, 2023</u>	<u>December 31, 2022</u>
Balance, beginning of the period	\$ (14)	\$ (83)
Allowance recognized-net	<u>(167)</u>	<u>69</u>
Balance, end of the period	<u>\$ (181)</u>	<u>\$ (14)</u>

(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.

Sylogist Ltd.

Notes to the Consolidated Financial Statements
(In thousands of Canadian dollars, except per share amounts and as otherwise indicated)
For the periods ended September 30, 2023 and September 30, 2022

Trade and other payables:

	September 30, 2023	December 31, 2022
Trade payables	\$ 1,401	\$ 1,640
Short-term employee payable	3,686	1,867
Professional fees accrual	675	627
Supplier costs accrual	108	209
Other taxes payable	188	297
	\$ 6,058	\$ 4,640

Sylogist expects that cash flow from operations generated in fiscal 2023, 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 and Credit Facility are subject to interest rate price risk, as the value will fluctuate due to changes in market rates. As at September 30, 2023, 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 \$138 (December 31, 2022 - \$145) 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.

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.

Sylogist Ltd.

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

For the periods ended September 30, 2023 and September 30, 2022

21. Subsequent event

On November 7, 2023, the Company's Board of Directors approved the renewal of its normal course issuer bid ("NCIB") when it expires on November 16, 2023, for a period of one year.. The NCIB renewal is subject to TSX approval.

Sylogist Ltd.

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

For the periods ended September 30, 2023 and September 30, 2022

22.

HEAD OFFICE

Suite 102, 5 Richard Way SW
Calgary, Alberta, Canada
T3E 7M8

Telephone: (403) 266-4808

Toll Free: 1-888-266-4808

Fax: (403) 233-0845

Website: www.Sylogist.com

DIRECTORS OF SYLOGIST

Bill Wood,

Taylor Gray, ^{(1) (3)}

Barry Foster, Chairman of the Board ^{(1) (3)}

Janice Anderson, ^{(1) (2) (3) (4) (5)}

Craig O'Neill, ⁽²⁾

Ian McKinnon, ^{(2) (3)}

Errol Olsen, ^{(1) (6)}

⁽¹⁾ member of audit committee

⁽²⁾ member of compensation committee

⁽³⁾ member of nominating & governance committee

⁽⁴⁾ member of the board effective March 30, 2022

⁽⁵⁾ resigned effective August 25, 2023

⁽⁶⁾ effective August 25, 2023

SHARE LISTING

TSX Exchange: SYZ.TO

SOLICITORS

Osler, Hoskin & Harcourt LLP

Brookfield Place, Suite 2700, 225 6 Avenue SW

Calgary, Alberta

T2P 1N2

BANK

HSBC Bank Canada

407-8th Ave S.W.

Calgary, Alberta

T2P 1E5

TRANSFER AGENT

Computershare Investor Services

Suite 600, 530 Eighth Avenue SW

Calgary, Alberta

T2P 3S8

AUDITOR

KPMG LLP

3100, 205-5th Avenue SW

Calgary, Alberta

T2P 4B9

