



SYLOGIST LTD.

Consolidated Financial Statements

For the years ended December 31, 2025, and 2024

Management's report

The consolidated financial statements of the Company included here within as well as all the information presented in this Annual Report are the responsibility of management and have been approved by the Board of Directors.

The consolidated financial statements have been prepared by management in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB"). The consolidated financial statements include amounts based on the use of best estimates and judgments. Management has established these amounts in a reasonable manner in order to ensure that the consolidated financial statements are fairly presented in all material respects. The Company maintains control systems over internal accounting and administration. The objective of these systems is to provide a reasonable assurance that the financial information is pertinent, reliable and accurate, and that the Company's assets are properly accounted for and safeguarded.

The Board of Directors is entrusted with ensuring that management assumes its responsibilities regarding the presentation of financial information and is ultimately responsible for the examination and approval of the financial statements. However, it is mainly through its Audit Committee, whose members are external directors, that the Board discharges this responsibility. This committee meets periodically with management and the external auditors to discuss the internal controls exercised over the process of presentation of the financial information, auditing issues and questions on the presentation of financial information, in order to assure itself that each party properly fulfills its function and also to examine the consolidated financial statements and the external auditors' report.

The consolidated financial statements have been audited on behalf of the shareholders by the external auditors, KPMG LLP for the fiscal years ended December 31, 2025, and 2024. The auditors have free and full access to internal records, to management and to the Audit Committee.

"Craig O'Neill"

Craig O'Neill, Interim-President and CEO

"Sujeet Kini"

Sujeet Kini, CFO



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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Sylogist Ltd.

Opinion

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

- the consolidated statements of financial position as at December 31, 2025 and December 31, 2024
- the consolidated statements of comprehensive (loss) 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 material accounting policy information

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at December 31, 2025 and December 31, 2024, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

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

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

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2025. These matters were addressed in the context of our

audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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

Evaluation of the goodwill impairment test for the SylogistSolutions, SylogistMission and SylogistGov cash-generating units ("CGU")

Description of the matter

We draw attention to Notes 2(d), 3(e), 3(f) and 8 to the financial statements. The Entity reported goodwill of \$26,611 thousand, of which \$5,392 thousand relates to the SylogistSolutions CGU, \$3,392 thousand relates to the SylogistMission CGU, and \$3,573 thousand relates to the SylogistGov CGU. Goodwill is subject to impairment testing at least annually, or more frequently if events or changes in circumstances indicate the carrying amount may be impaired. The Entity tests goodwill for impairment by estimating the recoverable amount of the CGU to which the goodwill belongs based on the higher of fair value less costs to sell and value in use. The recoverable amount of each CGU is determined based on value in use, which is estimated using a discounted cash flow model, calculating the present value of future post-tax cash flows with a post-tax risk adjusted discount rate. In determining the value in use, the Entity's significant assumptions include forecasted revenue, gross margins, and post-tax risk adjusted discount rate.

Why the matter is a key audit matter

We identified the evaluation of the goodwill impairment test for the SylogistSolutions, SylogistMission and SylogistGov CGUs as a key audit matter. Significant auditor judgment was required to evaluate certain assumptions used in the discounted cash flow models, specifically forecasted revenues, gross margins, and the post-tax risk adjusted discount rates. Minor changes in the significant assumptions had a significant effect on the estimated recoverable amount of the CGU, indicating a significant risk of material misstatement. The audit effort associated with the valuation also required the use of professionals with specialized skills and knowledge.

How the matter was addressed in the audit

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

We evaluated the Entity's ability to accurately forecast cash flows by comparing historical forecasts to actual results.

We evaluated changes in conditions and events impacting the cash flows to assess the appropriateness of the Entity's assumptions of forecasted revenues and gross margins.

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

- Assessing the appropriateness of the overall methodology applied in determining the recoverable amount of the CGUs; and
- Evaluating the appropriateness of the Entity's estimate of the post-tax risk adjusted discount rates and terminal values by comparing it to publicly available market data.

Other Information

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

- the information included in Management's Discussion and Analysis

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

We have nothing to report in this regard.

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

We also:

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

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

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

KPMG LLP

Chartered Professional Accountants

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

Calgary, Canada
March 19, 2026

Sylogist Ltd.
Consolidated Statements of Financial Position

(In thousands of Canadian dollars)

	Note	December 31, 2025	December 31, 2024
Assets			
Current assets			
Cash and cash equivalents	\$	8,302	\$ 13,264
Trade and other receivables	5	7,967	10,612
Prepaid expenses and other current assets	6	6,841	3,792
Total current assets		23,110	27,668
Non-current assets			
Property, equipment, and right-of-use assets		315	512
Intangible assets	7	32,095	42,358
Goodwill	8	26,611	27,378
Total non-current assets		59,021	70,248
Total assets	\$	82,131	\$ 97,916
Liabilities			
Current liabilities			
Trade and other payables	10	\$ 5,334	\$ 7,404
Share-based units - short term	14(b)	596	1,393
Deferred revenue - short term	12	20,924	23,026
Acquisition liabilities	4(a)	—	2,473
Total current liabilities		26,854	34,296
Non-current liabilities			
Deferred tax	9(a)	2,329	3,291
Deferred revenue - long term	12	1,517	2,037
Share-based units - long term	14(b)	1,222	1,365
Other payables		49	190
Credit facility	11	19,058	19,152
Total non-current liabilities		24,175	26,035
Total liabilities	\$	51,029	\$ 60,331
Equity			
Share capital	\$	81,240	\$ 81,248
Contributed surplus		6,156	5,692
Foreign currency translation reserve		2,579	3,912
Deficit		(58,873)	(53,267)
Total equity attributable to the owners of the Company		31,102	37,585
Total liabilities and equity	\$	82,131	\$ 97,916

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

"Erol Olsen" Director
"Andrea Ward" Director

Sylogist Ltd.

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

		Years ended December 31,	
	Note	2025	2024
Revenue:			
SaaS subscriptions		\$ 32,516	\$ 29,408
Maintenance and support		12,473	13,945
Project services		15,640	20,719
Hardware and other		1,611	1,527
Total revenue	15	62,240	65,599
Cost of revenue		25,910	27,053
Gross profit		36,330	38,546
Expenses:			
General and administrative		10,930	11,124
Sales and marketing		7,656	6,956
Research and development		8,634	4,302
Amortization and depreciation		11,828	10,606
Equity based compensation	14(b)	1,001	2,295
Total operating expenses		40,049	35,283
(Loss) profit from operations		(3,719)	3,263
Other expenses, net	19	(1,734)	(4,336)
Loss before income tax		(5,453)	(1,073)
Income tax recovery	9(b)	797	346
Net loss		\$ (4,656)	(727)
Other comprehensive income:			
Exchange differences on translation of foreign operations		(1,333)	2,375
Comprehensive loss		\$ (5,989)	\$ 1,648
Basic and diluted loss per common share		\$ (0.20)	\$ (0.03)

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

Sylogist Ltd.
Consolidated Statements of Changes in Shareholders' Equity

(In thousands of Canadian dollars)

		Share capital					
	Note	Number	Amount	Contributed surplus	Foreign currency translation reserve	Deficit	Total
Balance as at December 31, 2023		23,486,177	\$ 81,041	\$ 5,764	\$ 1,537	\$ (50,745)	37,597
Net loss			—	—	—	(727)	(727)
Other comprehensive income:							
Exchange differences on translation of foreign operations			—	—	2,375	—	2,375
Total comprehensive income			—	—	2,375	(727)	1,648
Payment of dividends	13(b)		—	—	—	(937)	(937)
Repurchase of common shares	13(c)	(154,200)	(532)	—	—	(858)	(1,390)
Exercise of options	13(d)	60,000	739	(109)	—	—	630
Share-based compensation - RSUs	14(b)		—	16	—	—	16
Share-based compensation - Options	14(b)		—	21	—	—	21
Balance as at December 31, 2024		23,391,977	\$ 81,248	\$ 5,692	\$ 3,912	\$ (53,267)	37,585
Net loss			—	—	—	(4,656)	(4,656)
Other comprehensive income:							
Exchange differences on translation of foreign operations			—	—	(1,333)	—	(1,333)
Total comprehensive income			—	—	(1,333)	(4,656)	(5,989)
Payment of dividends	13(b)		—	—	—	(936)	(936)
Repurchase of common shares	13(c)	(2,400)	(8)	—	—	(14)	(22)
Share-based compensation - RSUs	14(b)		—	14	—	—	14
Share-based compensation - Options	14(b)		—	450	—	—	450
Balance as at December 31, 2025		23,389,577	\$ 81,240	\$ 6,156	\$ 2,579	\$ (58,873)	31,102

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

Sylogist Ltd.
Consolidated Statements of Cash Flows

(In thousands of Canadian dollars)

		Years ended December 31,	
	Note	2025	2024
Operating Activities			
Net (loss) profit	\$	(4,656)	\$ (727)
Adjustments for:			
Amortization and depreciation		11,828	10,606
Equity based compensation	14(b)	1,001	2,295
Interest on lease obligations		16	28
Gain on sale of building		—	(130)
Cash taxes paid		(3,132)	(3,622)
Cash from operating activities before change in non-cash working capital		5,057	8,450
Changes in non-cash operating assets and liabilities			
Trade and other receivables		2,401	(521)
Prepaid expenses and other current assets		(390)	161
Trade and other payables		(2,282)	5,596
Deferred revenue	12	(1,674)	1,340
Acquisition liabilities		—	1,906
Deferred tax		(845)	(4,698)
Net cash provided by operating activities		2,267	12,234
Cash flows from investing activities:			
Additions to property and equipment		(66)	(65)
Additions to intangible assets from purchases		—	(164)
Additions to intangible assets from capitalized development		(2,311)	(5,456)
Acquisition related earnout paid	4(a)	(2,473)	(1,862)
Cash paid for the acquisition of Time Clock Now	4(b)	—	(2,235)
Cash received for the disposition of the Managed IT Services division	4(d)	—	90
Cash received from sale of building	4(c)	—	783
Net cash used in investing activities	\$	(4,850)	\$ (8,909)
Cash flows from financing activities:			
Credit facility	11	—	1,820
Interest paid on financing		(936)	(1,479)
Repayments of lease obligations		(123)	(346)
Payment of dividends	13(b)	(936)	(937)
Exercise of options		—	630
Repurchase of common shares	13(c)	(22)	(1,390)
Net cash used in financing activities	\$	(2,017)	\$ (1,702)
(Decrease) increase in cash and cash equivalents		(4,600)	1,623
Effect of currency translation adjustment on cash and cash equivalents		(362)	33
Cash and cash equivalents, beginning of the period		13,264	11,608
Cash and cash equivalents, end of the period	\$	8,302	\$ 13,264

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

1. Nature of Operations

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

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., SylogistServices, Inc., SylogistMission, Inc., SylogistGov, Inc., SylogistEd, Inc., and Sylogist (UK) Limited.

Sylogist is headquartered in Calgary, Alberta, Canada, with a primarily remote workforce. The Company’s registered office is located at Brookfield Place, Suite 2700, 225 6 Avenue S.W., Calgary, Alberta, Canada, T2P 1N2.

These audited consolidated financial statements were approved and authorized for issuance by the Board of Directors on March 19, 2026.

2. Consolidated Financial Statements

(a) Presentation

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

If necessary, certain prior period amounts have been adjusted to conform to the current presentation period.

(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 paid or received at the time of the transaction.

(c) Functional Currency

The consolidated financial statements are presented in Canadian dollars, which is the functional currency of Sylogist. The functional currency of its subsidiaries, SylogistServices, Inc., SylogistMission, Inc., SylogistGov, Inc., and SylogistEd, Inc., has been determined to be the United States dollar, and the functional currency of Sylogist (UK) Limited has been determined to be the British Pound.

(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:

Contracts with multiple products or services – contracts with customers can include promises to deliver multiple products, such as SaaS subscriptions, and project services. Determining whether such multiple 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. This allocation affects the amount and timing of revenue recognized for each performance obligation. If the Company does not have an observable SSP for a particular product or service, then the SSP for that particular good or service is estimated using reasonably available information and maximizing observable inputs with approaches including historical pricing, cost plus a margin, adjusted market assessment, and the residual approach. In general, SSP is established based on observable prices for the same or similar services when sold separately.

Project services revenue - The Company also applies estimates when calculating project services revenue from certain consulting contracts as it relates to the remaining labor 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.

Impairment testing - The carrying amounts of non-financial assets are subject to impairment testing if events or changes in circumstances indicate that the assets might be impaired, or for cash generating units ("CGUs") including goodwill, at least annually. When an impairment test is performed, the recoverable amount of the asset or CGU 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 post-tax risk adjusted 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, other cash flows and the discount rate used at a specific point in time. These estimates are subject to measurement uncertainty as they are dependent on factors outside management's control. In addition, by their nature, impairment tests involve a significant degree of judgment as expectations concerning future cash flows and the selection of appropriate market inputs are subject to considerable risks and uncertainties.

Capitalization of development costs – development costs are recognized in intangible assets when the costs can be measured reliably, the product is technically and commercially feasible, future economic benefits are probable, and the Company intends to and has sufficient resources to complete development and to use or sell the product. Evaluating if expenditures incurred meet these criteria requires significant judgment from management.

Deferred income taxes – contain assumptions and estimates about the amount, utilization and timing of realization and/or settlement of temporary differences as well as the future tax rates that will apply to those differences. Changes in those assumptions and estimates may have a significant impact on the amounts recorded for deferred tax assets and liabilities and could result in amounts different from those initially recorded. Management monitors current and potential changes to tax law and bases its estimates on the best available information at each reporting date.

3. Material Accounting Policies

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

(a) 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.

Contracts with multiple products or services

Typically, the Company enters contracts that contain multiple products and services such as SaaS, maintenance and support, project services, and/or hardware. The Company evaluates these contracts 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 the other products or services in the contract. 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, its transaction value is allocated to each based on their estimated SSP. We generally determine stand-alone selling prices based on the observable prices for non-bundled service offers with the same range of services, adjusted for market conditions, and other factors, as appropriate.

Revenues generated by the Company include the following:

SaaS

The Company generates revenue from SaaS arrangements, which allows customers to access and use the Company's software without taking possession of the software. These arrangements are provided on a subscription basis. Revenue from the SaaS arrangements is recognized ratably over the term of the subscription.

Maintenance and support

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

Project services

Project services are provided for implementation services, consulting services, and training. Project services are recognized over time as the services are performed. For project services contracts billed on a fixed price basis, revenue is recognized over time based on the proportion of services performed and completed, while for project services contracts billed on a time and materials basis, revenue is recognized when time is incurred or materials are used.

Hardware

Hardware revenue is recognized as per shipping terms or when the Company has completed its contractual obligations and when control of the hardware has been transferred under the terms of an enforceable contract.

Deferred revenue, and deposits and retainers

Deferred revenue represents amounts billed, primarily for SaaS subscription and maintenance and support, but not yet earned. Amounts billed for project services in accordance with customer contracts, but not yet earned, are recorded and presented as part of deposits and retainers within deferred revenue.

(b) Financial instruments

Financial assets and liabilities are recognized when the Company becomes party to the contractual provisions of the instrument.

The Company's financial assets and liabilities 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.

Financial liabilities are classified as current liabilities when payment is due within a year; otherwise, they are classified as non-current liabilities.

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.

(c) Property and equipment

Property and equipment are amortized on a straight-line basis at rates designed to apportion the cost of the assets over their estimated useful lives as follows:

Notes to the Consolidated Financial Statements

For the periods ended December 31, 2025, and 2024

(In thousands of Canadian dollars, except per share amounts and as otherwise indicated)

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	25 years

(d) Intangible assets

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

Intangible assets are amortized on a straight-line basis over their expected period of benefit as follows:

Customer relationships	5 to 10 years
Software codes	2 to 7 years
Software licenses/rights/brand/patents	1 to 10 years
Non-compete agreements	over the life of the agreement

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

As part of the annual assessment of useful life, management reassessed the useful lives of intangibles assets, including internally generated capitalized development and certain acquired software codes. Effective October 1, 2025, the estimated useful life of these assets was revised to four years. This change reflects management's best estimate based on changes in the Company's operating model, reduced capitalizable development activity, and the accelerating pace of technological change impacting the expected period of economic benefit.

This prospective change in accounting estimate has been applied effective October 1, 2025, resulting in an accelerated amortization of \$1,326 in 2025. As a result, amortization expense will increase in 2026 and 2027, offset by decrease in amortization starting in 2028.

(e) 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.

(f) 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.

(g) 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 period, using tax rates enacted substantively at the reporting date, and any adjustment to tax payable in respect of previous periods. 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.

(h) Share-based compensation

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

The grant value of units issued under the Stock Option Plan is generally established by using the Black-Scholes method of valuation. 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. 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.

The Share Unit Plan authorizes the Company to grant restricted share units ("RSUs"), performance share units ("PSUs") and deferred share units ("DSUs") to directors, officers, and employees.

These share units are recorded at fair value each period. RSUs generally vest annually over four years. All vested RSUs are required 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. 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.

(i) Earnings per share

Basic earnings per share are 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.

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

The IASB has issued IFRS 18 *Presentation and Disclosure in Financial Statements* which includes requirements for the presentation and disclosure of information in general purpose financial statements to help ensure they provide relevant information that faithfully represents an entity's assets, liabilities, equity, income and expenses. The new IFRS 18 standard is effective for annual periods beginning on or after January 1, 2027. The Company is currently evaluating the impact of this standard on its consolidated financial statements.

4. Business Acquisitions and Divestitures

(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 each of the three years ending September 30. The earnout is treated as employment remuneration and as such is expensed in the consolidated statements of comprehensive income. During the year ended December 31, 2025, the Company recorded \$Nil (December 31, 2024 - \$1,906), in earn out consideration in its consolidated statements of comprehensive income. During the year ended December 31, 2025, the Company paid the third and final earnout payment of \$2,473 (December 31, 2024 - \$1,862).

(b) On February 23, 2024, Sylogist completed the asset acquisition of Time Clock Now for cash consideration of USD \$1,650 inclusive of a holdback of USD \$400. The asset is included within the Company's "Time and Talent Suite" offering which is a comprehensive SaaS solution for streamlining time tracking and scheduling and is included across the Company's SylogistMission, SylogistEd, and SylogistGov offerings. The USD \$400 holdback was paid in August 2024.

(c) On June 27, 2024, Sylogist completed the sale of a building for cash consideration of \$783. This building was originally acquired in 2021, as part of the Municipal Accounting Systems Inc. acquisition. The cash consideration for the sale was received on July 1, 2024. The transactions resulted in a gain of \$130.

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(d) On June 28, 2024, Sylogist completed the sale of its Managed IT Services division for consideration of up to \$300 based on future performance conditions. The purchase price includes an earnout over a period of three years subject to the business' ongoing performance. Total revenues included in the consolidated statement of comprehensive income for the period January 1, 2024, to June 28, 2024, related to the Managed IT Services Division were \$1,104. During the twelve months ended December 31, 2025, performance conditions have not been met, and the Company has no earnout to record for the period.

5. Trade and Other Receivables

	December 31, 2025	December 31, 2024
Trade receivables, gross	\$ 6,880	\$ 9,833
Allowance for doubtful accounts	(353)	(148)
Trade receivables, net	6,527	9,685
Other receivables ⁽¹⁾	1,440	927
Trade and other receivables	\$ 7,967	\$ 10,612

(1) Other receivables consist primarily of unbilled receivables mainly from fixed fee government contracts.

Due to their short-term nature, the net carrying value of trade receivables approximates fair value, see *Note 18(b)*.

6. Prepaid Expenses and Other Current Assets

	December 31, 2025	December 31, 2024
Prepaid software royalties	\$ 2,379	\$ 2,351
Contract costs	1,071	666
Income tax receivable	2,685	—
Other prepaid expenses and other current assets	706	775
Total prepaid expenses and other current assets	\$ 6,841	\$ 3,792

7. Intangible Assets

	Software licenses, rights and patent		Customer relationships		Software codes		Non-compete agreements		Total
Cost									
Balance at December 31, 2023	\$	4,808	\$	47,105	\$	32,966	\$	11,086	\$ 95,965
Additions		6		—		5,614		—	5,620
Acquisitions		—		—		2,235		—	2,235
Disposals/ dispositions ⁽¹⁾		—		(13)		—		—	(13)
Foreign exchange		60		2,590		671		658	3,979
Balance at December 31, 2024	\$	4,874	\$	49,682	\$	41,486	\$	11,744	\$ 107,786
Additions		—		—		2,311		—	2,311
Foreign exchange		(37)		(1,592)		(450)		(406)	(2,485)
Balance at December 31, 2025	\$	4,837	\$	48,090	\$	43,347	\$	11,338	\$ 107,612
Accumulated Amortization									
Balance at December 31, 2023	\$	3,854	\$	25,401	\$	17,978	\$	6,031	\$ 53,264
Amortization		155		3,562		4,354		2,350	10,421
Foreign exchange		33		1,101		221		388	1,743
Balance at December 31, 2024	\$	4,042	\$	30,064	\$	22,553	\$	8,769	\$ 65,428
Amortization		133		3,090		6,166		2,073	11,462
Foreign exchange		(22)		(807)		(224)		(320)	(1,373)
Balance at December 31, 2025	\$	4,153	\$	32,347	\$	28,495	\$	10,522	\$ 75,517
Carrying Amount									
Balance at December 31, 2024	\$	832		19,618		18,933		2,975	42,358
Balance at December 31, 2025	\$	684		15,743		14,852		816	32,095

(1) See Note 4 - Business Acquisitions and Divestitures for more information on the sale of the Managed IT Services division.

8. Goodwill

The carrying amount of goodwill can be analyzed as follows:

	December 31, 2025	December 31, 2024
Gross carrying amount from:		
SylogistMission	\$ 3,392	\$ 3,392
SylogistEd	14,254	14,966
SylogistGov	3,573	3,628
SylogistSolutions	5,392	5,392
Total goodwill	\$ 26,611	\$ 27,378

The Company performed its annual impairment test as at December 31, 2025. 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.

The recoverable amount of each CGU was determined based on value in use. The calculation used pre-tax cash flows covering the forecasted future period based on financial budget and forecasts approved by management, using an expected average growth rate specific to each CGU and post-tax risk adjusted discount rates between 16.4% and 25%. Key assumptions also include profit margins, determined by past experience within markets that the Company operates in. As at December 31, 2025, the recoverable amount of each CGU exceeds its carrying value. If future results, in particular future revenues, were to be significantly different from management's best estimates based on key assumptions, the Company could potentially experience future impairment charges in respect of its goodwill.

Management identified that a reasonably possible change in revenue or gross margins would result in the SylogistSolutions CGU's carrying amount exceeding its value in use. A 2% reduction in forecasted revenues, a 3% reduction in forecasted gross margin or a 3% increase in the post-tax risk adjusted discount rate would result in the SylogistSolutions CGU's value in use being equal to its carrying amount, when all other assumptions are held constant.

In relation to the SylogistMission CGU, management identified that a reasonably possible change in revenue would result in the CGU's carrying amount exceeding its value in use. A 5% reduction in forecasted revenues would result in the SylogistMission CGU's value in use being equal to its carrying amount, when all other assumptions are held constant.

In relation to the SylogistGov CGU, management identified that a reasonably possible change in revenue or gross margins would result in the CGU's carrying amount exceeding its value in use. A 12% reduction in forecasted revenues or a 17% reduction in forecasted gross margin would result in the SylogistGov CGU's value in use being equal to its carrying amount, when all other assumptions are held constant.

Changes in the balances above are due to foreign exchange effects.

9. 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:

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	As at December 31, 2024	Recognized in earnings	Other ⁽¹⁾	As at December 31, 2025
Property, equipment and intangibles \$	(9,879) \$	4,660 \$	206 \$	(5,013)
Capitalized development costs	1,197	(444)	(44)	709
Restricted interest	373	30	—	403
Non-capital losses	4,858	(2,592)	17	2,283
Non-capital losses unrecognized	(1,150)	(447)	(25)	(1,622)
Other	1,310	(378)	(21)	911
\$	(3,291) \$	829 \$	133 \$	(2,329)

	As at December 31, 2023	Recognized in earnings	Other ⁽¹⁾	As at December 31, 2024
Property, equipment and intangibles \$	(10,492) \$	1,093 \$	(480) \$	(9,879)
Capitalized development costs	—	1,153	44	1,197
Restricted interest	—	373	—	373
Non-capital losses	3,031	1,733	94	4,858
Non-capital losses unrecognized	(1,080)	7	(77)	(1,150)
Other	943	330	37	1,310
\$	(7,598) \$	4,689 \$	(382) \$	(3,291)

(1) Other comprehensive income.

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

	Twelve months ended December 31,	
	2025	2024
Loss before income tax	\$ (5,453) \$	(1,073)
Corporate income tax rate	25.1 %	25.2 %
Computed expected tax provision	(1,370)	(271)
Increase (decrease in income taxes resulting from:		
- Statutory and other rate differences	(228)	(204)
- Stock option compensation expense	37	5
- Change in unrecognized deferred tax assets	447	(9)
- Change in estimates related to prior years	250	101
- Other	67	32
Income tax recovery	\$ (797) \$	(346)

In 2025, the Canadian combined federal and blended provincial corporate income tax rate was 25.1% (2024 – 25.2%).

The adjustment in respect of prior periods relates to events in the current year and reflects the effects of changes in rules, facts or other factors compared with those used in establishing the tax balance in prior periods.

Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax losses can be utilized.

The Canadian operations have non-capital losses of \$3,797 (2024 - \$13,861), which are available to reduce taxable income in future periods. The non-capital losses carried forward expire between 2040 and 2044.

The US operations have net operating losses available for carry-forward of \$554 (2024 - \$742), which are available to reduce taxable income in future periods subject to specific annual loss limitations with the maximum annual loss claim being \$152 (US \$111). The net operating losses carried forward expire at various dates up to 2031.

The UK operations have trading losses of \$6,213 (2024 - \$6,074), which are available to reduce taxable income in future periods. The trading losses carried forward do not expire but are subject to specific loss limitations. A deferred tax asset has not been recognized as it is uncertain whether taxable profits will be available against which the losses can be utilized.

Effective January 1, 2024, Canadian earnings are subject to new tax laws that limit the deductibility of interest and financing costs, resulting in interest available for carry-forward of \$1,607 (2024 - \$1,479) that is available to reduce taxable income in future periods. The restricted interest is available for carry-forward indefinitely.

10. Trade and Other Payables

Trade and other payables can be summarized as follows:

	December 31, 2025	December 31, 2024
Trade payables	\$ 1,920	\$ 2,116
Employee payable	722	2,693
Professional fees accrual	1,668	1,264
Income tax payable	—	460
Deferred bonus	137	209
Current lease obligations	133	156
Other taxes payable	82	151
Other payables	672	355
Total trade and other payables	\$ 5,334	\$ 7,404

11. Credit Facility

On October 31, 2024, the Company renewed its credit facility agreement with its current lender. The Company incurred \$150 in costs upon renewal of the agreement, which is being amortized over the term of the agreement. The agreement includes a revolving credit facility of \$50 million, which can be used for general corporate purposes, with an additional \$75 million optional accordion feature. The Company has the ability under the facility to borrow in Canadian and U.S. dollars. The renewed credit facility is committed for a three-year term and is renewable annually thereafter. Security under the agreement consists of a general security agreement over all assets of Sylogist and its material subsidiaries. The interest rate paid for Canadian dollar borrowings is based on the Canadian prime rate in effect from time to time during the interest period plus an applicable pricing rate. The interest rate paid for, U.S. dollar borrowings, is based on the U.S. base rate in effect from time to time during the interest period plus an applicable pricing rate. The credit facility is subject to quarterly financial covenants related to maintenance of maximum Funded Debt to Earnings Before Interest, Tax, Depreciation, and Amortization ratio of 3.50:1.00 and a Fixed Charge Coverage ratio not to exceed 1.50:1.00 at each Quarter End.

At December 31, 2025, the Company has a total of \$19,058 (December 31, 2024 - \$19,152) outstanding under the Credit Facility. Of this amount, \$17,210 is denominated in Canadian dollars and \$1,848 in US dollars (December 31, 2024 - \$17,210 Canadian dollars and \$1,942 US dollars).

On December 31, 2025, the Company was in compliance with all of its financial covenants.

12. Deferred Revenue

Deferred revenue, deposits and retainers are summarized as follows:

	Deferred revenue		Deposits and retainers		Total
Balance at December 31, 2023	\$	22,906	\$	1,353	\$ 24,259
Additions		43,458		2,936	46,394
Divested contracts ⁽¹⁾		(536)		—	(536)
Amortized		(42,276)		(2,778)	(45,054)
Balance at December 31, 2024	\$	23,552	\$	1,511	\$ 25,063
Additions		40,924		3,568	44,492
Amortized		(43,832)		(3,282)	(47,114)
Balance at December 31, 2025	\$	20,644	\$	1,797	\$ 22,441

(1) See Note 4 - Business acquisitions and divestitures, for more information on the sale of the Managed IT Services division.

13. Share Capital**(a) Authorized**

Unlimited Number of Common Shares.

(b) Dividends

During the year ended December 31, 2025, the Company paid regular dividends to shareholders totaling \$936 (December 31, 2024 - \$937) at a dividend of \$0.01 per share per quarter.

(c) Normal Course Issuer Bid

On February 19, 2026, the Company renewed its Normal Course Issuer Bid ("NCIB") to acquire up to 2,258,992 of its common shares over the ensuing 12-month period. The daily purchase limit under the NCIB is 5,000 common shares. This NCIB terminates on the earlier of February 18, 2027, or when permitted purchases are completed.

On November 26, 2024, the Company renewed its prior NCIB to acquire up to 2,258,532 of its common shares over the ensuing 12-month period. The daily purchase limit under the prior NCIB was 9,361 common shares.

During the year ended December 31, 2025, the Company repurchased 2,400 common shares (2024 – 154,200) at an average price of \$9.15 (2024 – \$8.99) for a total cost of \$22 (2024 – \$1,390) of which \$14 (2024 – \$858) was applied against deficit for the period ended December 31, 2025, and \$8 (2024 – \$532) was applied against share capital. All common shares purchased under the NCIB have been cancelled.

(d) Stock Options

The Company has a stock option plan under which directors, officers, and employees 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 common shares issued 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. On March 31, 2025, the Board of Directors granted 636,597 stock options to members of the executive management team of the company. The options vest over a three-year vesting period in tranches of one third on each of the 1st, 2nd, and 3rd anniversaries from the grant date and have a five-year term to expiry.

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The fair value of each option granted is estimated as of the grant date using the Black-Scholes option pricing model. The following weighted average assumptions were used in arriving at the weighted average fair values of \$8.14 per option associated with stock options granted during the year ended December 31, 2025.

	Twelve months ended December 31, 2025
Risk-free interest rate	2.61 %
Expected life	5 years
Expected volatility	40 %
Share price at grant date	\$8.14
Dividend yield	0.49 %

A summary of the status of the Company's stock option plan as at December 31, 2025, and changes during the period, is as follows:

	December 31, 2025		December 31, 2024	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding, beginning of the period	1,020,000	\$ 10.13	1,195,000	\$ 10.36
Granted	636,597	8.14	—	—
Forfeited	—	—	(36,000)	11.98
Exercised	—	—	(60,000)	10.50
Expired	(645,000)	10.55	(79,000)	12.47
Outstanding, end of the period	1,011,597	\$ 8.61	1,020,000	\$ 10.13
Options vested, end of the period ⁽¹⁾	325,000	\$ 9.96	920,000	\$ 10.60

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

During the year ended December 31, 2025, \$450 (December 31, 2024 – \$21) of share-based compensation expense was included in the consolidated statement of comprehensive income.

(e) The following table summarizes information about stock options outstanding and exercisable as at December 31, 2025:

Exercise price	Number of options outstanding	Weighted-average remaining period until vesting	Number of options vested ⁽¹⁾	Weighted-average remaining contractual life post vesting
\$ 11.78	225,000	—	225,000	0.1 Years
5.87	150,000	0.3 years	100,000	2.3 Years
8.14	636,597	2.3 years	—	3.3 Years
	1,011,597	1.5 years	325,000	0.8 Years

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

The following table summarizes information about stock options outstanding and exercisable as at December 31, 2024:

Exercise price	Number of options outstanding	Weighted-average remaining period until vesting	Number of options vested ⁽¹⁾	Weighted-average remaining contractual life post vesting
\$ 10.30	615,000	—	615,000	0.9 Year
11.78	225,000	—	225,000	1.1 Year
15.64	30,000	—	30,000	1.2 Year
5.87	150,000	1.3 years	50,000	3.3 Year
	1,020,000	1.3 years	920,000	1.1 Year

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

(f) The earnings per share have been calculated based on the weighted-average number of common shares outstanding during the year ended December 31, 2025, 23,389,593 (December 31, 2024 – 23,405,735). During the year ended December 31, 2025, the diluted weighted average number of shares outstanding was calculated using the treasury method to be 23,429,732 (December 31, 2024 – 23,471,428). For the year ended December 31, 2025, 40,139 options were included in the computation of diluted earnings per share (December 31, 2024 – 65,693)

14. 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, which 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 anniversaries of the grant date if the executive continues to be employed with the Company through the anniversary date. These PIAUs were cash-settled during the year ended December 31, 2025.

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 continues to be 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 common shares of the Company 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 \$306 as of December 31, 2025 (December 31, 2024 – \$1,393). During the year ended December 31, 2025, a recovery of \$422 was included in the consolidated statements of comprehensive income (December 31, 2024 – an expense of \$277).

(b) Other 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.

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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 five-day trading period. During the year ended December 31, 2025, 33,063 (December 31, 2024 – 56,365) DSUs were granted for a total of 129,484 (December 31, 2024 – 96,421) DSUs outstanding. During the year ended December 31, 2025, \$300 (December 31, 2024 – \$738) was paid to retiring directors. During the year ended December 31, 2025, expense of \$192 (December 31, 2024 – expense of \$729) was included in the consolidated statement of comprehensive income, and the liability at December 31, 2025, amounted to \$747 (December 31, 2024 – \$855).

Also under this plan, the Board of Directors granted RSUs to employees of the Company for services rendered. RSUs vest annually over four years. 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 additional amount of RSUs is determined by dividing the dividends which would have been paid on the RSUs had they been common shares of the Company. In the fiscal year ended December 31, 2025, 126,136 (December 31, 2024 – 16,010) RSUs were granted to employees, 101,441 (December 31, 2024 – 78,809) RSUs vested, nil (December 31, 2024 – 11,024) RSUs forfeited, and 172,597 (December 31, 2024 – 147,902) RSUs remained outstanding. During the year ended December 31, 2025, \$530 (December 31, 2024 – \$1,254) was included in the consolidated statement of comprehensive income, and the liability at December 31, 2025, amounted to \$456 (December 31, 2024 – \$510).

Also under this plan, On March 30, 2025, the Board of Directors granted 204,927 PSUs to the executive management team of the company. There are two types of PSU awards, one which vests based on a combination of employee service and the achievement of certain financial performance targets and one which vests based on a combination of employee service and the achievement of total shareholder return ("TSR") targets. The achievement of the financial performance and TSR targets in these PSUs is determined over a three-year performance period. At the conclusion of the three-year performance period, the number of PSUs that ultimately vest can range from 0% to a maximum vesting opportunity of 200% of the initial award, depending upon actual performance versus the established ARR and stock-price targets. The grant date fair value of PSUs with financial performance-based targets is equal to the closing price of the Company's common shares on the date of grant. The grant date fair value of PSUs with TSR targets is determined on the grant date using a Monte Carlo simulation, which is a valuation model that considers the likelihood of achieving the TSR targets embedded in the award ("Monte Carlo Model"). The compensation expense attributable to each type of PSU is recognized on a straight-line basis over the requisite service period. The fair value determined by the Monte Carlo Model is affected by the Company's share price, as well as assumptions regarding a number of complex and subjective variables. These variables include, but are not limited to, market conditions as of the grant date, the Company's expected share price volatility over the term of the awards, and other relevant data. During the year ended December 31, 2025, \$309 (December 31, 2024 – nil) was included in the consolidated statement of comprehensive income, and the liability at December 31, 2025, amounted to \$309 (December 31, 2024 – nil).

The following assumptions were used at arriving at the fair value of each unit:

	Twelve months ended December 31, 2025
Risk-free interest rate	3.47 %
Expected life	3 years
Expected volatility	38 %
Share price at grant date	\$8.14
Expected Dividends	\$0.01

Equity based compensation costs included in the consolidated statements of comprehensive income were:

		Years ended December 31,	
		2025	2024
PIAUs	\$	(422)	\$ 277
DSUs		192	729
RSUs		530	1,254
PSUs		309	—
Options		450	21
Deferred bonus		(58)	14
	\$	1,001	\$ 2,295

Share-based unit liabilities included in the consolidated statements of the financial position were:

		December 31, 2025	December 31, 2024
PIAUs	\$	306*	\$ 1,393*
DSUs		747	855
RSUs		456	510
PSUs		309	—
	\$	1,818	\$ 2,758

*Under current liabilities

15. Segmented Information

Reporting 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 Interim-President and Chief Executive Officer. Based on management's assessment the Company has determined that it has one reportable segment. This is based on its determination that as a result of the similarity in economic characteristics of the Company's operating segments, including the nature of products and services sold and the similarity of geographic markets operated in, the various operating segments constitute a single reportable segment. The operating segments identified by management include the nonprofit ("SylogistMission"), education ("SylogistEd"), and government ("SylogistGov") industry segments. In addition, any software solutions, and related services for customers outside these three segments is categorized as "SylogistSolutions". The Company generates revenues from three geographical areas USA, Canada, and UK and other.

Revenue by Operating Segment

		Years ended December 31,	
		2025	2024
SylogistMission	\$	19,549	\$ 26,831
SylogistEd		18,698	17,555
SylogistGov		9,022	6,993
SylogistSolutions		14,971	14,220
	\$	62,240	\$ 65,599

Revenue by Geography

		Years ended December 31,	
		2025	2024
USA	\$	42,639	\$ 44,066
Canada		19,154	21,314
UK and other		447	219
	\$	62,240	\$ 65,599

Non-Current Assets by Geography

		Years ended December 31,	
		2025	2024
USA	\$	31,928	\$ 39,509
Canada		27,093	30,738
UK and other		—	1
	\$	59,021	\$ 70,248

16. 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 commitments are as follows:

Contractual obligations	Total	Fiscal 2026	Fiscal 2027-2028
Lease obligations	\$ 203	\$ 151	\$ 51
Other obligations	405	405	—
Total contractual obligations	\$ 608	\$ 556	\$ 51

(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.

17. Related Party Transactions

Key management includes the Board of Directors and members of the Executive Committee that report directly to the President and Chief Executive Officer of the Company. Directors and members of the Executive Committee, along with certain employees, also participate in the Company's stock option plan and share unit plan (Note 13(d) and 14(b)).

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

		Years ended December 31,	
		2025	2024
Salaries and benefits, including bonus, deferred bonus, and directors' fees	\$	3,369 \$	3,839
Share based compensation		3,458	3,938
	\$	6,827 \$	7,777

18. 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 exposes 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

Approximately 69% portion of the Company's revenue come from sales that are made to customers in the United States. 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.

As at December 31, 2025, the increase or decrease in profit/(loss) before income tax for each 1% change in the value of the Canadian dollar against the US dollar amounts to approximately \$(24) (December 31, 2024 – \$68).

(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 December 31, 2025, the majority of the Company's cash and cash equivalents are held at one Canadian Chartered Bank. Any concentration of credit risk is mitigated by having concentrations with creditworthy clients and broadening the Company's customer base. The allowance for doubtful accounts of \$353 represents approximately 5.1% of total trade receivables as of December 31, 2025 (December 31, 2024 – 1.5%).

Aging of Trade Accounts Receivable

	December 31, 2025	December 31, 2024
1-30 days	\$ 3,934 \$	6,472
31-90 days	1,135	1,017
91 + days	1,811	2,344
Total trade receivables	6,880	9,833
Allowance for doubtful accounts	(353)	(148)
Other receivables ⁽¹⁾	1,440	927
Trade and other receivables	\$ 7,967 \$	10,612

Allowance for Doubtful Accounts

	December 31, 2025	December 31, 2024
Balance, beginning of the period	\$ (148)	\$ (252)
Allowance accreted-net	(205)	104
Balance, end of the period	\$ (353)	\$ (148)

(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.

The Company believes that cash on hand at December 31, 2025, together with cash flows from operations will be sufficient to meet its needs for working capital, research and development, capital expenditures and dividend policy, as well as to invest in long-term growth.

(d) Interest Rate Risk

As at December 31, 2025, the increase or decrease in profit/(loss) before income tax for each 1% change in interest rates on the Company's debt, amounts to approximately \$191 (December 31, 2024 - \$192) 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 statements of financial position due to their short-term nature.

The Company classifies the fair value of these financial instruments according to the following hierarchy based on the number 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.

(f) 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 adjusts 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 facilities 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, other than financial covenants relating to the Company's credit facilities discussed in Note 11.

19. Other Expenses, net

	December 31, 2025	December 31, 2024
Interest expense	\$ 1,202	\$ 1,522
Acquisition, restructuring, divestiture and other costs	617	2,930
Foreign exchange (gain) loss	(85)	14
(Gain) on sale of assets	—	(130)
Other expenses, net	1,734	4,336

20. Subsequent Events

On January 29, 2026, the Company announced effective January 28, 2026, William C. Wood has stepped down as President and Chief Executive Officer of Sylogist, and the Board of Directors has appointed Craig O'Neill as Interim President and Chief Executive Officer. As part of the Severance agreement with Mr. Wood, the company will record a liability of \$1,249 during the quarter ended March 31, 2026.

On February 17, 2026, the Toronto Stock Exchange ("TSX") has approved the Company's Notice of Intention to renew its Normal Course Issuer Bid ("NCIB") program effective February 19, 2026. The Company has entered an automatic repurchase plan (ASPP) with a designated broker to execute these buybacks. Under this program, the Company can acquire up to 2,258,992 of its common shares over the ensuing 12-month period. The daily purchase limit is restricted to a maximum of 16,609 common shares.

On February 17, 2026, the Company's Board of Directors declared a quarterly dividend of \$0.01 per share to be paid on March 11, 2026, to shareholders of record on February 28, 2026.

On March 16, 2026, the Company announced the appointment of Andrew Shen to the Company's Board of Directors, effective March 20, 2026. The Company also announced that it would be combining its Annual meeting of shareholders along with a Special meeting, both of which have been scheduled for May 12, 2026.

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DIRECTORS OF SYLOGIST

*Errol Olsen, Chairman of the Board⁽¹⁾⁽²⁾
Aziz Benmalek,⁽²⁾⁽³⁾
Tracy Edkins,⁽²⁾⁽³⁾
J. Kim Fennell,⁽²⁾⁽³⁾
Barry Foster,⁽¹⁾⁽³⁾
Andrew Shen,⁽⁴⁾
Andrea Ward,⁽¹⁾⁽³⁾*

⁽¹⁾ member of the Audit Committee

⁽²⁾ member of the Compensation Committee

*⁽³⁾ member of the Nominating & Governance
Committee*

⁽⁴⁾ Commencing on March 20, 2026

SHARE LISTING

TSX Exchange: SYZ.TO

