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News Release

FOR IMMEDIATE RELEASE

Ref. # NRE2016-02

TECSYS Reports Record Recurring Revenue Signs One of The Largest IDNs in the U.S.

Montreal, March 1, 2016 – TECSYS Inc. (TSX: TCS), an industry-leading supply chain management software company, today announced its results for the third quarter of fiscal year 2016, ended January 31st, 2016. All dollar amounts are expressed in Canadian currency and are prepared in accordance with International Financial Reporting Standards (IFRS) and are unaudited.

Third Quarter Highlights:

- Recurring revenue on an annualized basis grew to \$25.3M, a 19% improvement compared to the end of Q3 2015, representing 41% of the last 12 months trailing revenue.
- Revenue grew 4% to \$15.6M in Q3 2016 compared to \$15.0M in Q3 2015.
- Proprietary products revenue declined 24% to \$2.5M compared to \$3.3M in Q3 2015.
- Services revenue improved by 25% to \$10.5M compared to \$8.4M in Q3 2015. Gross margin on services improved to 45% compared to 35% in Q3 2015.
- Gross margin in Q3 2016 improved to 51% compared to 47% in Q3 2015.
- Operating expenses continued to be flat for the third consecutive quarter at \$7.3M.
- EBITDA grew 4% to \$1.3M for Q3 2016. EBITDA margin remained flat at 9% compared to Q3 2015.
- Profit from operations was \$604K in Q3 2016, compared to \$630K in Q3 2015.
- Net profit for Q3 2016 was \$543K, or \$0.04 per share, compared to \$467K, or \$0.04 per share, for the same period of the prior fiscal year.
- Total contract bookings totaled \$9.0M in Q3 2016, compared to \$12.0M in Q3 2015.
- Backlog grew to \$50.3M at the end of Q3 2016 from \$40.8M at the end of Q3 2015, a 23% increase.
- Cash and cash equivalents totaled \$8.8M at the end of Q3 2016 compared to \$10.8M at the end of Q4 2015. Long-term debt was reduced by \$1.1M during the first nine months of fiscal 2016.
- Signed one new IDN contract and one community hospital. The IDN is a large, U.S. Midwest-based hospital network of 90 to 100 hospitals, about twice the size of the Company's next largest IDN under contract. The community hospital signed during the quarter is a not-for-profit hospital located in Ohio.

"We were pleased to see that we grew recurring revenue by 19% this quarter as it is a key driver to value creation," said Peter Brereton, President and CEO of TECSYS Inc. "Our services revenue grew by 25% primarily as a result of the strong backlog at the beginning of the quarter. We were also able to leverage our services organization, improving gross margin to 45% compared to 35% in the corresponding quarter of last year. While this was not a high growth quarter from a revenue standpoint, we were in the final stages of a product build cycle for which we have firm orders for our next generation product line."

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TECSYS INC.

"We have significantly ramped up our investment in Sales & Marketing over the last 18 months. We are satisfied with the progress being made with the larger team and expect to see this starting to impact our top line in the coming months. Our backlog hit a new record and we have signed our largest IDN in our history during the quarter after signing another marquee name in Q2. This type of client represents great opportunity for further expansion of the business relationship," Mr. Brereton added.

Highlights of the first nine months:

- Revenue for the first nine months of fiscal 2016 was \$46.3M, up 12% from \$41.5M in the first nine months of last fiscal year.
- EBITDA for the first nine months of fiscal 2016 was \$3.3M, compared to \$3.4M for the same period of the last fiscal year.
- Profit from operations for the first nine months of fiscal 2016 was \$1.3M compared to \$1.6M in the same period of fiscal 2015.
- Net profit for the first nine months of fiscal 2016 was \$979K, or \$0.08 per share, compared to \$1.2M, or \$0.11 per share, for the same period of the prior fiscal year.
- Total contract bookings for the first nine months of fiscal 2016 totaled \$29.1M, which includes nine new accounts signed by the Company with a total contract value of \$6.1 million.

TECSYS also announced that the Company's Board of Directors has declared a quarterly dividend of \$0.025 per share, to be paid on April 12, 2016 to shareholders of record at the close of business on March 22, 2016.

Third Quarter 2016 Results Conference Call

Date: March 2, 2016

Time: 8:30 am EST

Phone number: 416-359-3130 or 800-670-5957

The call can be replayed by calling 800-558-5253 or 416-626-4100 (access code: 21806779).

About TECSYS

TECSYS provides transformative supply chain solutions that equip our customers to succeed in a rapidly-changing omni-channel world. TECSYS solutions are built on a true enterprise supply chain platform, and include [warehouse management](#), [distribution](#) and [transportation management](#), as well as complete financial management and analytics. Customers running on TECSYS' [Supply Chain Platform](#) are confident knowing they can execute, day in and day out, regardless of business fluctuations or changes in technology, they can adapt and scale to any business needs or size, and they can expand and collaborate with customers, suppliers and partners as one borderless enterprise. From demand planning to demand fulfillment, TECSYS puts power into the hands of both front line workers and back office planners, and unshackles business leaders so they can see and manage their supply chains like never before.

TECSYS is the market leader in supply chain solutions for [health systems and hospitals](#). Over 600 mid-size and Fortune 1000 customers trust their supply chains to TECSYS in the healthcare, [service parts](#), [third-party logistics](#), and general wholesale high-volume distribution industries. TECSYS' shares are listed on the Toronto Stock Exchange under the ticker symbol [TCS](#).

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The statements in this news release relating to matters that are not historical fact are forward looking statements that are based on management's beliefs and assumptions. Such statements are not guarantees of future performance and are subject to a number of uncertainties, including but not limited to future economic conditions, the markets that TECSYS Inc. serves, the actions of competitors, major new technological trends, and other factors beyond the control of TECSYS Inc., which could cause actual results to differ materially from such statements. More information about the risks and uncertainties associated with TECSYS Inc.'s business can be found in the MD&A section of the Company's annual report and annual information form for the fiscal year ended April 30th, 2015. These documents have been filed with the Canadian securities commissions and are available on our website (www.tecsys.com) and on SEDAR (www.sedar.com).

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TECSYS Inc.**Condensed Interim Consolidated Statements of Financial Position**

(Unaudited)

As at January 31, 2016 and April 30, 2015

(in thousands of Canadian dollars)

	January 31, 2016	April 30, 2015
Assets		
Current assets		
Cash and cash equivalents	\$ 8,778	\$ 10,815
Accounts receivable	13,538	12,570
Work in progress	699	704
Other accounts receivable	658	434
Tax credits	4,314	5,369
Inventory	879	1,059
Prepaid expenses	1,781	1,394
Total current assets	30,647	32,345
Non-current assets		
Tax credits	1,763	1,538
Property and equipment	2,423	2,526
Deferred development costs	4,113	4,348
Other intangible assets	1,887	2,184
Goodwill	3,596	3,596
Deferred tax assets	636	840
Total non-current assets	14,418	15,032
Total assets	\$ 45,065	\$ 47,377
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	\$ 8,406	\$ 8,817
Current portion of long-term debt	1,438	1,456
Deferred revenue	9,715	10,098
Total current liabilities	19,559	20,371
Non-current liabilities		
Long-term debt	2,265	3,333
Other non-current liabilities	298	311
Total non-current liabilities	2,563	3,644
Total liabilities	22,122	24,015
Equity		
Share capital	8,349	8,349
Contributed surplus	9,577	9,577
Retained earnings	5,396	5,341
Accumulated other comprehensive (loss) income	(379)	95
Total equity attributable to the owners of the Company	22,943	23,362
Total liabilities and equity	\$ 45,065	\$ 47,377

TECSYS Inc.**Condensed Interim Consolidated Statements of Income and Comprehensive Income**

(Unaudited)

Three and nine-month periods ended January 31, 2016 and 2015

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

	Three Months Ended January 31, 2016	Three Months Ended January 31, 2015	Nine Months Ended January 31, 2016	Nine Months Ended January 31, 2015
Revenue:				
Proprietary products	\$ 2,534	\$ 3,336	\$ 7,682	\$ 8,641
Third-party hardware and software products	2,173	2,798	6,329	6,303
Services	10,502	8,415	30,990	25,254
Reimbursable expenses	420	409	1,321	1,320
Total revenue	15,629	14,958	46,322	41,518
Cost of revenue:				
Products	1,492	2,011	5,014	4,633
Services	5,798	5,468	16,858	15,791
Reimbursable expenses	420	409	1,321	1,320
Total cost of revenue	7,710	7,888	23,193	21,744
Gross profit	7,919	7,070	23,129	19,774
Operating expenses:				
Sales and marketing	3,601	3,230	10,696	8,776
General and administration	1,387	1,340	4,147	4,288
Research and development, net of tax credits	2,327	1,870	6,974	5,074
Total operating expenses	7,315	6,440	21,817	18,138
Profit from operations	604	630	1,312	1,636
Net finance (income) costs	(49)	28	23	106
Profit before income taxes	653	602	1,289	1,530
Income taxes	110	135	310	310
Profit attributable to the owners of the Company	\$ 543	\$ 467	\$ 979	\$ 1,220
Other comprehensive loss:				
Effective portion of changes in fair value on designated revenue hedges	(247)	(460)	(474)	(647)
Comprehensive income attributable to the owners of the Company	\$ 296	\$ 7	\$ 505	\$ 573
Basic and diluted earnings per common share	\$ 0.04	\$ 0.04	\$ 0.08	\$ 0.11

TECSYS Inc.
Condensed Interim Consolidated Statements of Cash Flows
(Unaudited)
Nine-month periods ended January 31, 2016 and 2015
(in thousands of Canadian dollars)

	Nine Months Ended January 31, 2016	Nine Months Ended January 31, 2015
Cash flows from (used in) operating activities:		
Profit for the period	\$ 979	\$ 1,220
Adjustments for:		
Depreciation of property and equipment	559	557
Depreciation of deferred development costs	1,054	962
Depreciation of other intangible assets	371	316
Gain on disposal of property and equipment	(12)	-
Net finance costs	23	106
Unrealized foreign exchange and others	532	936
Federal non-refundable research and development tax credits	(225)	(225)
Income taxes	225	225
Operating activities excluding changes in non-cash working capital items related to operations	3,506	4,097
Accounts receivable	(968)	(3,085)
Work in progress	5	(792)
Other accounts receivable	(440)	(236)
Tax credits	1,055	(1,874)
Inventory	180	(163)
Prepaid expenses	(387)	(127)
Accounts payable and accrued liabilities	(1,148)	1,733
Deferred revenue	(383)	293
Changes in non-cash working capital items related to operations	(2,086)	(4,251)
Net cash from (used in) operating activities	1,420	(154)
Cash flows (used in) from financing activities:		
Repayment of bank loans	-	(140)
Repayment of long-term debt	(1,086)	(795)
Long-term debt	-	50
Purchase of share options for cancellation	(6)	(13)
Payment of dividends	(924)	(779)
Interest paid	(106)	(99)
Net cash used in financing activities	(2,122)	(1,776)
Cash flows (used in) from investing activities:		
Restricted cash equivalents	-	40
Interest received	52	18
Acquisitions of property and equipment	(506)	(219)
Proceeds on disposal of property and equipment	12	-
Acquisitions of other intangible assets	(74)	(255)
Deferred development costs	(819)	(1,147)
Receivables from TECSYS Latin America Inc.	-	26
Business combination, net of cash and cash equivalents acquired	-	(2,949)
Net cash used in investing activities	(1,335)	(4,486)
Net decrease in cash and cash equivalents during the period	(2,037)	(6,416)
Cash and cash equivalents - beginning of period	10,815	8,839
Cash and cash equivalents - end of period	\$ 8,778	\$ 2,423

TECSYS Inc.
Condensed Interim Consolidated Statements of Changes in Equity
(Unaudited)
Nine-month periods ended January 31, 2016 and 2015
(in thousands of Canadian dollars, except number of shares)

	Share capital Number	Share capital Amount	Contributed surplus	Accumulated other comprehensive income (loss)	Retained earnings	Total
Balance, April 30, 2015	12,315,326	\$ 8,349	\$ 9,577	\$ 95	\$ 5,341	\$ 23,362
Profit for the period	-	-	-	-	979	979
Other comprehensive loss for the period:						
Effective portion of changes in fair value on designated revenue hedges	-	-	-	(474)	-	(474)
Total comprehensive income for the period	-	-	-	(474)	979	505
Dividends to equity owners	-	-	-	-	(924)	(924)
Total transactions with owners of the Company	-	-	-	-	(924)	(924)
Balance, January 31, 2016	12,315,326	\$ 8,349	\$ 9,577	\$ (379)	\$ 5,396	\$ 22,943
Balance, April 30, 2014	11,524,421	\$ 2,153	\$ 9,577	\$ -	\$ 4,864	\$ 16,594
Profit for the period	-	-	-	-	1,220	1,220
Other comprehensive loss for the period:						
Effective portion of changes in fair value on designated revenue hedges	-	-	-	(647)	-	(647)
Total comprehensive income for the period	-	-	-	(647)	1,220	573
Common shares issued related to purchase of Logi D Holding Inc.	15,625	100	-	-	-	100
Dividends to equity owners	-	-	-	-	(779)	(779)
Total transactions with owners of the Company	15,625	100	-	-	(779)	(679)
Balance, January 31, 2015	11,540,046	\$ 2,253	\$ 9,577	\$ (647)	\$ 5,305	\$ 16,488