News Release

FOR IMMEDIATE RELEASE

Tecsys Reports Financial Results for the First Quarter of Fiscal 2025

SaaS subscription bookings up 57%, SaaS RPO climbs 40%

Montreal, September 5, 2024 — Tecsys Inc. (TSX: TCS), an industry-leading supply chain management SaaS company, today announced its results for the first quarter of fiscal 2025, ended July 31, 2024. All dollar amounts are expressed in Canadian currency and are prepared in accordance with International Financial Reporting Standards (IFRS).

"We kicked off fiscal 2025 with solid momentum, setting a positive tone for the year ahead," said Peter Brereton, president and CEO at Tecsys. "Our continued SaaS performance is supported by the strength of our team and the impact of our partners, together driving growth in a highly engaged market. The supply chain market is on the move, and we like our competitive position. We are confident in our ability to build on this strong start."

Mark Bentler, chief financial officer of Tecsys Inc., added, "Our Q1 fiscal 2025 financial performance showcases 57% SaaS bookings growth, 40% SaaS RPO growth and 33% SaaS revenue growth compared to the same quarter last year and we are pleased that our underlying SaaS margins continue to trend positively."

First Quarter Highlights:

- SaaS revenue increased by 33% to $15.3 million, up from $11.5 million in Q1 2024.
- SaaS subscription bookings[i] (measured on an ARR[i] basis) increased by 57% to $3.0 million, compared to $1.9 million in the first quarter of fiscal 2024.
- SaaS Remaining Performance Obligation (RPO[i]) increased by 40% to $194.9 million at July 31, 2024, up from $139.4 million at the same time last year.
- Total revenue increased to $42.3 million compared to $42.0 million in Q1 2024.
- Net profit was $0.8 million or $0.05 per share on a fully diluted basis in Q1 2025, compared to $1.2 million or $0.08 per share for the same period in fiscal 2024.
- Adjusted EBITDA[ii] was $2.6 million compared to $3.2 million reported in Q1 last year.
- In the first quarter of fiscal 2025, Tecsys acquired 59,600 of its outstanding common shares for approximately $2.2 million as part of its ongoing Normal Course Issuer Bid.

Financial Guidance:

Tecsys is reiterating previously presented financial guidance as follows:

	FY25 Guidance	FY26 Guidance
Total Revenue Growth	7-9%	n.a.
SaaS Revenue Growth	30-32%	n.a.
Adjusted EBITDA[ii] Margin	8-9%	10-11%

On September 5, 2024, the Company declared a quarterly dividend of $0.08 per share to be paid on October 4, 2024 to shareholders of record on September 20, 2024.

Pursuant to the Canadian Income Tax Act, dividends paid by the Company to Canadian residents are considered to be "eligible" dividends.

Q1 2025 Financial Results Conference Call
Date: September 6, 2024
Time: 8:30 a.m. ET
Phone number: 800-836-8184 or 646-357-8785
The call can be replayed until September 13, 2024, by calling:
888-660-6345 or 646-517-4150 (access code: 81086#)

[i] See Key Performance Indicators in Management's Discussion and Analysis of the Q1 2025 Financial Statements.

[ii] See Non-IFRS Performance Measures in Management's Discussion and Analysis of the Q1 2025 Financial Statements.

About Tecsys

Tecsys is a global provider of advanced supply chain solutions. With a commitment to innovation and customer success, the company equips organizations with the essential software, technology and expertise needed for operational excellence and competitive advantage. Its cloud solutions serve a diverse range of industries, including healthcare, distribution and converging commerce, across multiple complex, regulated and high-volume markets. Built on the Itopia® low-code application platform, Tecsys' offerings include enterprise resource planning, warehouse management, consolidated service management, distribution and transportation management, supply management at the point of use and order management solutions. Tecsys provides critical data insights and control across the supply chain, ensuring that organizations are agile, responsive and scalable.

Tecsys is publicly traded on the Toronto Stock Exchange under the ticker symbol TCS. For more about Tecsys and its solutions, please visit www.tecsys.com.

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Forward Looking Statements

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 the most recently filed annual information form. These documents have been filed with the Canadian securities commissions and are available on our website (www.tecsys.com) and on SEDAR+ (www.sedarplus.ca).

Non-IFRS Measures

Reconciliation of EBITDA and Adjusted EBITDA

EBITDA is calculated as earnings before interest expense, interest income, income taxes, depreciation and amortization. Adjusted EBITDA is calculated as EBITDA before stock-based compensation and restructuring costs. The exclusion of interest expense, interest income, income taxes and restructuring costs eliminates the impact on earnings derived from non-operational activities and non-recurring items, and the exclusion of depreciation, amortization and stock-based compensation eliminates the non-cash impact of these items.

The Company believes that these measures are useful measures of financial performance without the variation caused by the impacts of the items described above and that could potentially distort the analysis of trends in our operating performance. In addition, they are commonly used by investors and analysts to measure a company's performance, its ability to service debt and to meet other payment obligations, or as a common valuation measurement. Excluding these items does not imply that they are necessarily non-recurring. Management believes these non-IFRS financial measures, in addition to conventional measures prepared in accordance with IFRS, enable investors to evaluate the Company's operating results, underlying performance and future prospects in a manner similar to management. Although EBITDA and Adjusted EBITDA are frequently used by securities analysts, lenders and others in their evaluation of companies, they have limitations as an analytical tool, and should not be considered in isolation, or as a substitute for analysis of the Company's results as reported under IFRS.

The reconciliation of EBITDA and Adjusted EBITDA to the most directly comparable IFRS measure is provided below.

	Three months ended July 31,		**Trailing 12 months ended July 31,**	
(in thousands of CAD)	**2024**	**2023**	**2024**	**2023**
Net profit for the period	$ 798	$ 1,171	$ 1,476	$ 3,220
Adjustments for:				
Depreciation of property and equipment and right-of-use assets	371	384	1,464	1,729
Amortization of deferred development costs	197	142	638	536
Amortization of other intangible assets	334	396	1,431	1,603
Interest expense	25	38	150	325
Interest income	(217)	(269)	(963)	(851)
Income taxes	436	859	218	2,458
EBITDA	$ 1,944	$ 2,721	$ 4,414	$ 9,020
Adjustments for:				
Stock based compensation	647	452	2,496	2,153
Restructuring costs	-	-	2,122	-
Adjusted EBITDA[ii]	$ 2,591	$ 3,173	$ 9,032	$ 11,173

Condensed Interim Consolidated Statements of Financial Position
(Unaudited)
(In thousands of Canadian dollars)

		July 31, 2024		April 30, 2024
Assets				
Current assets				
Cash and cash equivalents	$	10,705	$	18,856
Short-term investments		16,358		16,713
Accounts receivable		19,691		22,090
Work in progress		6,739		4,248
Other receivables		449		134
Tax credits		7,708		6,422
Inventory		2,073		1,359
Prepaid expenses and other		8,294		9,143
Total current assets		72,017		78,965
Non-current assets				
Other long-term receivables and assets		552		421
Tax credits		4,914		4,737
Property and equipment		1,319		1,372
Right-of-use assets		1,147		1,251
Contract acquisition costs		4,466		4,478
Deferred development costs		2,938		2,683
Other intangible assets		7,450		7,703
Goodwill		17,470		17,363
Deferred tax assets		9,073		9,073
Total non-current assets		49,329		49,081
Total assets	**$**	**121,346**	**$**	**128,046**
Liabilities				
Current liabilities				
Accounts payable and accrued liabilities		18,153		20,030
Deferred revenue		33,261		36,211
Lease obligations		826		812
Total current liabilities		52,240		57,053
Non-current liabilities				
Other long-term accrued liabilities		339		496
Deferred tax liabilities		840		826
Lease obligations		1,094		1,302
Total non-current liabilities		2,273		2,624
Total liabilities	$	54,513	$	59,677
Equity				
Share capital	$	52,394	$	52,256
Contributed surplus		7,992		9,417
Retained earnings		7,735		8,121
Accumulated other comprehensive loss		(1,288)		(1,425)
Total equity attributable to the owners of the Company		66,833		68,369
Total liabilities and equity	**$**	**121,346**	**$**	**128,046**

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

	Three Months Ended July 31,	
	2024	**2023**
Revenue:		
SaaS	$ 15,314	$ 11,495
Maintenance and Support	8,715	8,298
Professional Services	13,387	14,908
License	861	456
Hardware	3,999	6,818
Total revenue	**42,276**	**41,975**
Cost of revenue	**22,548**	**22,475**
Gross profit	**19,728**	**19,500**
Operating expenses:		
Sales and marketing	8,352	7,671
General and administration	2,978	2,959
Research and development, net of tax credits	7,331	7,112
Total operating expenses	**18,661**	**17,742**
Profit from operations	**1,067**	**1,758**
Other income	167	272
Profit before income taxes	1,234	2,030
Income tax expense	436	859
Net profit	**$ 798**	**$ 1,171**
Other comprehensive income (loss):		
Effective portion of changes in fair value on designated revenue hedges	(20)	2,573
Exchange differences on translation of foreign operations	157	(426)
Comprehensive income	**$ 935**	**$ 3,318**
Basic and diluted earnings per common share	**$ 0.05**	**$ 0.08**

Condensed Interim Consolidated Statements of Cash Flows
(Unaudited)
(In thousands of Canadian dollars)

	Three Months Ended July 31,	
	2024	**2023**
Cash flows from operating activities:		
Net profit	$ 798	$ 1,171
Adjustments for:		
Depreciation of property and equipment and right-of-use-assets	371	384
Amortization of deferred development costs	197	142
Amortization of other intangible assets	334	396
Interest (income) expense and foreign exchange (gain) loss	(167)	(272)
Unrealized foreign exchange and other	(123)	(1,198)
Non-refundable tax credits	(429)	(440)
Stock-based compensation	647	452
Income taxes	3	14
Net cash from operating activities excluding changes in non-cash working capital items related to operations	1,631	649
Accounts receivable	2,434	(1,820)
Work in progress	(2,486)	(829)
Other receivables and assets	(520)	(262)
Tax credits	(1,034)	(1,071)
Inventory	(714)	(842)
Prepaid expenses	903	(283)
Contract acquisition costs	(39)	3
Accounts payable and accrued liabilities	(3,119)	(3,566)
Deferred revenue	(2,961)	1,376
Changes in non-cash working capital items related to operations	(7,536)	(7,294)
Net cash used in operating activities	**(5,905)**	**(6,645)**
Cash flows from financing activities:		
Payment of lease obligations	(198)	(199)
Interest paid	(25)	(38)
Issuance of common shares on exercise of stock options	277	1,763
Shares repurchased and cancelled	(2,211)	-
Net cash (used in) provided by financing activities	**(2,157)**	**1,526**
Cash flows from investing activities:		
Interest received	24	36
Transfers from short-term investments	548	22
Acquisitions of property and equipment	(209)	(102)
Deferred development costs	(452)	(247)
Net cash used in investing activities	**(89)**	**(291)**
Net decrease in cash and cash equivalents during the period	(8,151)	(5,410)
Cash and cash equivalents - beginning of period	18,856	21,235
Cash and cash equivalents - end of period	**$ 10,705**	**$ 15,825**

Condensed Interim Consolidated Statements of Changes in Equity
(Unaudited)
(In thousands of Canadian dollars, except number of shares)

	Share capital			Accumulated other		
	Number	Amount	Contributed Surplus	comprehensive (loss) income	Retained earnings	Total
Balance, May 1, 2024	**14,840,150**	**$ 52,256**	**$ 9,417**	**$ (1,425)**	**$ 8,121**	**$ 68,369**
Net profit	-	-	-	-	798	798
Other comprehensive (loss) income:	-	-	-	-	-	-
Effective portion of changes in fair value on designated revenue hedges	-	-	-	(20)	-	(20)
Exchange difference on translation of foreign operations	-	-	-	157	-	157
Total comprehensive income	**-**	**-**	**-**	**137**	**798**	**935**
Shares repurchased and cancelled	(59,600)	(210)	(2,001)	-	-	(2,211)
Stock-based Compensation	-	-	647	-	-	647
Dividends to equity owners	-	-	-	-	(1,184)	(1,184)
Share options exercised	12,537	348	(71)	-	-	277
Total transactions with owners of the Company	**(47,063)**	**$ 138**	**(1,425)**	**$ -**	**$ (1,184)**	**$ (2,471)**
Balance, July 31, 2024	**14,793,087**	**$ 52,394**	**7,992**	**$ (1,288)**	**$ 7,735**	**$ 66,833**
Balance, May 1, 2023	**14,582,837**	**$ 44,338**	**15,285**	**$ (17)**	**$ 10,832**	**$ 70,438**
Net profit	-	-	-	-	1,171	1,171
Other comprehensive income:						-
Effective portion of changes in fair value on designated revenue hedges	-	-	-	2,573	-	2,573
Exchange difference on translation of foreign operations	-	-	-	(426)	-	(426)
Total comprehensive income	**-**	**-**	**-**	**2,147**	**1,171**	**3,318**
Stock-based Compensation	-	-	452	-	-	452
Dividends to equity owners	-	-	-	-	(1,102)	(1,102)
Share options exercised	111,306	2,307	(544)	-	-	1,763
Total transactions with owners of the Company	**111,306**	$ **2,307**	**(92)**	$ **-**	$ **(1,102)**	$ **1,113**
Balance, July 31, 2023	**14,694,143**	$ **46,645**	**15,193**	$ **2,130**	$ **10,901**	$ **74,869**