



News Release

FOR IMMEDIATE RELEASE

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Tecsyst Reports Financial Results for the Fourth Quarter and Full Year Fiscal 2021

Ninth consecutive quarter of record revenue; SaaS revenue up 113% for the full year

Montreal, June 29, 2021— Tecsyst Inc. (TSX: TCS), an industry-leading supply chain management SaaS company, today announced its results for the fourth quarter and full year of fiscal year 2021, ended April 30, 2021. All dollar amounts are expressed in Canadian currency and are prepared in accordance with International Financial Reporting Standards (IFRS).

Fourth Quarter Highlights:

- SaaS revenue increased by 107% to \$5.5 million in Q4 2021, up from \$2.7 million in Q4 2020.
- Cloud, maintenance and subscription revenue increased 30% year-over-year to \$13.8 million in Q4 2021, up from \$10.6 million in Q4 2020. The performance was primarily driven by SaaS.
- Annual Recurring Revenue (ARRⁱ) at April 30, 2021 was up 9% to \$52.5 million compared to \$48.1 million at April 30, 2020 and up 6% sequentially from January 31, 2021 on a constant currency basis.
- During Q4 2021, SaaS subscription bookingsⁱ (measured on an ARRⁱ basis) were \$3.5 million, down 14% compared to a record \$4.1 million in the fourth quarter of 2020 but up 252% sequentially from \$1.0 million in Q3 2021.
- Professional services revenue was up 12% to \$12.1 million in Q4 2021 compared to \$10.8 million in Q4 2020.
- Total revenue was a record \$32.4 million, 17% higher than \$27.7 million reported for Q4 2020.
- Gross margin was 49% compared to 46% in the prior year quarter. Total gross profit increased to \$15.7 million, up 22% from \$12.9 million in Q4 2020.
- Operating expenses increased to \$13.1 million, higher by \$0.8 million or 6% compared to \$12.3 million in Q4 fiscal 2020 with continuing investment in sales and marketing as well as research and development.



- Profit from operations in Q4 2021 was \$2.6 million, up 343% from \$0.6 million in Q4 2020.
- Net profit was \$2.0 million or \$0.14 per share on a fully diluted basis in Q4 2021 compared to a net profit of \$0.4 million or \$0.03 per share for the same period in fiscal 2020.
- Adjusted EBITDAⁱⁱ was \$3.9 million in Q4 2021, up 101% compared to \$2.0 million reported in Q4 2020.

“We are pleased by our record results as we wrap up an extraordinary year. Our performance for the fourth quarter of fiscal 2021, as well as full year, is a testament to the need for truly adaptable and agile solutions. It was humbling to watch our clients adapt their businesses with the help of our solutions in the midst of a pandemic,” said Peter Brereton, president and CEO of Tecsyst Inc. “As we report our ninth straight quarter of record revenue, as well as several notable wins over the last year, we are ready to hit the ground running into FY22 with a very strong pipeline. Our strategy to transition to a SaaS model is proving to be a home run for Tecsyst.”

Mark Bentler, chief financial officer of Tecsyst Inc., added, “Our revenue mix continues to arc towards SaaS across both new accounts and existing account expansions and migrations. This accelerating transition is improving the quality and consistency of our revenue streams and increasing the lifetime value of our customer base.”

Results from operations	3 months ended		Fiscal Year	
	April 30, 2021	April 30, 2020	ended April 30, 2021	ended April 30, 2020
Total Revenue	\$ 32 374	\$ 27 750	\$ \$ 123 101	\$ 104 855
Cloud, Maintenance and Subscription Revenue	13 836	10 638	52 879	41 058
Gross Profit	15 723	12 896	60 630	50 318
Gross Margin %	49%	46%	49%	48%
Operating Expenses	13 092	12 302	49 949	45 610
Op. Ex. As % of Revenue	40%	44%	41%	43%
Profit from Operations	2 631	594	10 681	4 708
Adjusted EBITDA ⁱⁱ	3 917	1 951	16 220	10 271
EPS basic	0.14	0.03	0.50	0.18
EPS diluted	0.14	0.03	0.49	0.18
License Bookings	752	1 388	4 288	4 718
SAAS ARR Bookings	3 493	4 075	9 548	8 758
Annual Recurring Revenue	52 485	48 140	52 485	48 140
Professional Services Backlog	33 639	34 965	33 639	34 965



Fiscal 2021 Highlights:

- SaaS revenue fiscal 2021 increased 113% to \$19.2 million, up from \$9.0 million in fiscal 2020.
- Cloud, maintenance and subscription revenue increased 29% year-over-year to \$52.9 million in fiscal 2021, up from \$41.1 million in fiscal 2020, driven primarily by SaaS revenue.
- SaaS subscription bookingsⁱ increased 9% to \$9.5 million in fiscal 2021 compared to \$8.8 million in fiscal 2020.
- Professional services revenue was up 17% to \$47.4 million in fiscal 2021 compared to \$40.6 million in fiscal 2020.
- Revenue for fiscal 2021 was \$123.1 million, up 17% from \$104.9 million reported in fiscal 2020.
- Total gross profit increased to \$60.6 million, up \$10.3 million or 20% in fiscal 2021 compared to \$50.3 million in the same period last year.
- Total gross profit margin was 49% in fiscal 2021 compared to 48% for fiscal 2020.
- Net profit for fiscal 2021 was \$7.2 million, or \$0.49 per diluted share, compared to a profit \$2.3 million or \$0.18 per share, for fiscal 2020.
- Adjusted EBITDAⁱⁱ for fiscal 2021 was \$16.2 million, up 58% compared to \$10.3 million for fiscal 2020.

On June 29, 2021, the Company declared a quarterly dividend of \$0.065 per share payable on August 6, 2021 to shareholders of record at the close of business on July 16, 2021.

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

Fourth Quarter and Full Year Fiscal 2021 Results Conference Call

Date: June 30, 2021

Time: 8:30am EDT

Phone number: (877) 210-0456 or (416) 981-9006

The call can be replayed until July 7, 2021 by calling:

(800) 558-5253 or (416) 626-4100 (access code: 21995521)



About Tecsys

Tecsys is a global provider of supply chain solutions that equip the borderless enterprise for growth. Organizations thrive when they have the software, technology and expertise to drive operational greatness and deliver on their brand promise. Spanning healthcare, retail, service parts, third-party logistics, and general wholesale high-volume distribution industries, Tecsys delivers dynamic and powerful solutions for warehouse management, distribution and transportation management, supply management at point of use, retail order management, as well as complete financial management and analytics solutions. Tecsys' shares are listed on the Toronto Stock Exchange under the ticker symbol TCS. For more information on Tecsys, 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 annual information form for the fiscal year ended April 30, 2021. 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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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 acquisition related costs, fair value adjustment on contingent consideration, stock-based compensation and restructuring costs. The Company believes that these measures 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.

The EBITDA and Adjusted EBITDA calculation for fiscal 2021, 2020 and 2019 derived from IFRS measures in the Company's Consolidated financial statements, is as follows:

		2021		2020		2019
Net profit (loss)	\$	7,188	\$	2,346	\$	(741)
Adjustments for:						
Depreciation of property and equipment and right-of-use assets		2,180		2,004		879
Amortization of deferred development costs		269		536		949
Amortization of other intangible assets		1,663		1,530		995
Interest expense		787		1,080		196
Interest income		(174)		(74)		(197)
Income taxes		3,169		1,234		(1,018)
EBITDA	\$	15,082	\$	8,656	\$	1,063
Adjustments for:						
Acquisition related costs		-		-		1,347
Stock based compensation		1,138		1,024		366
Fair value adjustment on contingent consideration earnout – Tecsys A/S		-		171		-
Restructuring costs		-		420		-
Adjusted EBITDA	\$	16,220	\$	10,271	\$	2,776

ⁱ See Key Performance Indicators in Management's Discussion and Analysis of the 2021 Financial Statements.

ⁱⁱ See Non-IFRS Performance Measures in Management's Discussion and Analysis of the 2021 Financial Statements.



Consolidated Statements of Financial Position
As at April 30, 2021 and April 30, 2020
(in thousands of Canadian dollars)

	April 30, 2021	April 30, 2020
Assets		
Current assets		
Cash and cash equivalents	\$ 25,752	\$ 27,528
Short-term investments	20,100	10,000
Accounts receivable	16,840	18,434
Work in progress	182	837
Other receivables	2,034	1,633
Tax credits	5,359	4,162
Inventory	628	634
Prepaid expenses	4,897	3,778
Total current assets	75,792	67,006
Non-current assets		
Other long-term receivables	303	350
Tax credits	3,904	4,624
Property and equipment	2,682	2,823
Right-of-use assets	7,245	8,234
Contract acquisition costs	2,678	2,324
Deferred development costs	1,088	1,103
Other intangible assets	12,194	13,401
Goodwill	17,417	17,540
Deferred tax assets	6,006	7,028
Total non-current assets	53,517	57,427
Total assets	\$ 129,309	\$ 124,433
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	\$ 19,417	\$ 19,933
Deferred revenue	22,044	16,163
Current portion of long-term debt	1,216	1,231
Other current liabilities	500	4,670
Lease obligations	848	922
Total current liabilities	44,025	42,919
Non-current liabilities		
Long-term debt	8,400	9,600
Deferred tax liabilities	1,499	1,638
Lease obligations	8,295	9,157
Total non-current liabilities	18,194	20,395
Total liabilities	62,219	63,314
Contingencies and other commitments		
Equity		
Share capital	42,700	40,901
Contributed surplus	11,745	10,964
Retained earnings	12,419	8,838
Accumulated other comprehensive income	226	416
Total equity attributable to the owners of the Company	67,090	61,119
Total liabilities and equity	\$ 129,309	\$ 124,433



Consolidated Statements of Income and Comprehensive Income
 Three and twelve-month periods ended April 30, 2021 and 2020
 (in thousands of Canadian dollars, except per share data)

	Three months ended April 30, 2021	Three months ended April 30, 2020	Twelve months ended April 30, 2021	Twelve months ended April 30, 2020
Revenue:				
Proprietary products	\$ 1,331	\$ 1,694	\$ 5,229	\$ 5,384
Third-party products	5,032	4,244	17,463	15,885
Cloud, maintenance and subscription	13,836	10,638	52,879	41,058
Professional services	12,124	10,823	47,375	40,616
Reimbursable expenses	51	351	155	1,912
Total revenue	32,374	27,750	123,101	104,855
Cost of revenue				
Products	4,059	3,493	14,355	12,780
Services	12,541	11,010	47,961	39,845
Reimbursable expenses	51	351	155	1,912
Total cost of revenue	16,651	14,854	62,471	54,537
Gross profit	15,723	12,896	60,630	50,318
Operating expenses:				
Sales and marketing	5,649	5,368	20,985	20,134
General and administration	2,427	2,637	10,396	9,821
Research and development, net of tax credits	5,016	4,297	18,568	15,235
Restructuring costs	-	-	-	420
Total operating expenses	13,092	12,302	49,949	45,610
Profit from operations	2,631	594	10,681	4,708
Net finance costs	95	145	324	1,128
Profit before income taxes	2,536	449	10,357	3,580
Income tax expense	516	74	3,169	1,234
Net profit, attributable to the owners of the Company	\$ 2,020	\$ 375	\$ 7,188	\$ 2,346
Other comprehensive income:				
Effective portion of changes in fair value on designated revenue hedges	(300)	627	(77)	696
Exchange differences on translation of foreign operations	(632)	198	(113)	(73)
Comprehensive income attributable to the owners of the Company	\$ 1,088	\$ 1,200	\$ 6,998	\$ 2,969
Basic earnings per common share	\$ 0.14	\$ 0.03	\$ 0.50	\$ 0.18
Diluted earnings per common share	\$ 0.14	\$ 0.03	\$ 0.49	\$ 0.18



Consolidated Statements of Cash Flows
 Three and twelve-month periods ended April 30, 2021 and 2020
 (in thousands of Canadian dollars)

	Three months ended April 30, 2021	Three months ended April 30, 2020	Twelve months ended April 30, 2021	Twelve months ended April 30, 2020
Cash flows from operating activities:				
Net profit	\$ 2,020	\$ 375	\$ 7,188	\$ 2,346
Adjustments for:				
Depreciation of property and equipment and right-of-use-assets	567	542	2,180	2,005
Amortization of deferred development costs	60	119	269	536
Amortization of other intangible assets	404	398	1,663	1,530
Net finance costs	95	145	324	1,128
Unrealized foreign exchange and other	(184)	352	(1,130)	(245)
Non-refundable tax credits	(392)	(355)	(1,395)	(1,398)
Stock-based compensation	210	214	1,138	1,024
Income taxes	215	(406)	2,545	399
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Net cash from operating activities excluding changes in non-cash working capital items related to operations	2,995	1,384	12,782	7,325
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Accounts receivable	(1,516)	(1,910)	1,552	(3,434)
Work in progress	364	(161)	652	(27)
Other receivables	376	(11)	289	(315)
Tax credits	1,841	1,797	(724)	103
Inventory	320	175	5	38
Prepaid expenses	(243)	207	(1,120)	(1,089)
Contract acquisition costs	(90)	(1,624)	(354)	(1,788)
Accounts payable and accrued liabilities	645	5,169	137	7,285
Deferred revenue	3,426	1,120	5,894	1,908
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Changes in non-cash working capital items related to operations	5,123	4,762	6,331	2,681
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Net cash from operating activities	8,118	6,146	19,113	10,006
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Cash flows from financing activities:				
Repayment of long-term debt	(312)	(308)	(1,215)	(1,018)
Payment of lease obligations	(233)	(262)	(929)	(993)
Issuance of common shares, net of transaction costs of \$1,281	-	21,719	-	21,719
Payment of dividends	(940)	(785)	(3,607)	(3,009)
Deferred payment related to business acquisition	-	-	(2,191)	-
Common shares issued on exercise of stock options	630	12	1,442	12
Interest paid	(150)	(139)	(638)	(854)
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Net cash (used in) from financing activities	(1,005)	20,237	(7,138)	15,857
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Cash flows from investing activities:				
Purchase of short-term investments	-	(10,000)	(10,000)	(10,000)
Interest received	18	11	174	74
Acquisitions of property and equipment	(185)	(231)	(962)	(934)
Acquisitions of other intangible assets	(9)	(42)	(569)	(196)
Deferred development costs	(51)	(70)	(254)	(575)
Payments related to prior business acquisitions	(672)	(471)	(2,140)	(1,617)
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Net cash used in investing activities	(899)	(10,803)	(13,751)	(13,248)
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Net increase (decrease) in cash and cash equivalents during the period	6,214	15,580	(1,776)	12,615
Cash and cash equivalents - beginning of period	19,538	11,948	27,528	14,913
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Cash and cash equivalents - end of period	\$ 25,752	\$ 27,528	\$ 25,752	\$ 27,528



Consolidated Statements of Changes in Equity
(in thousands of Canadian dollars, except number of shares)

	Share capital		Contributed surplus	Accumulated other comprehensive income (loss)	Retained earnings	Total
	Number	Amount				
Balance, May 1, 2020	14,416,543	\$ 40,901	\$ 10,964	\$ 416	\$ 8,838	\$ 61,119
Net profit	-	-	-	-	7,188	7,188
Other comprehensive income:						
Effective portion of changes in fair value on designated revenue hedges	-	-	-	(77)	-	(77)
Exchange difference on translation of foreign operations	-	-	-	(113)	-	(113)
Total comprehensive income	-	-	-	(190)	7,188	6,998
Stock-based compensation	-	-	1,138	-	-	1,138
Dividends to equity owners	-	-	-	-	(3,607)	(3,607)
Share options exercised	88,552	1,799	(357)	-	-	1,442
Total transactions with owners of the Company	88,552	1,799	781	-	(3,607)	(1,027)
Balance, April 30, 2021	14,505,095	\$ 42,700	\$ 11,745	\$ 226	\$ 12,419	\$ 67,090
Balance, May 1, 2019	13,082,376	\$ 19,144	\$ 9,943	\$ (207)	\$ 9,501	\$ 38,381
Net profit	-	-	-	-	2,346	2,346
Other comprehensive income:						
Effective portion of changes in fair value on designated revenue hedges	-	-	-	696	-	696
Exchange difference on translation of foreign operations	-	-	-	(73)	-	(73)
Total comprehensive income	-	-	-	623	2,346	2,969
Dividends to equity owners	-	-	-	-	(3,009)	(3,009)
Stock-based compensation	-	-	1,024	-	-	1,024
Share options exercised	834	15	(3)	-	-	12
Common shares issued under bought deal financing, net of share issue costs of \$1,707 and deferred taxes of \$449	1,333,333	21,742	-	-	-	21,742
Total transactions with owners of the Company	1,334,167	21,757	1,021	-	(3,009)	19,769
Balance, April 30, 2020	14,416,543	\$ 40,901	\$ 10,964	\$ 416	\$ 8,838	\$ 61,119