



# News Release

FOR IMMEDIATE RELEASE

## Tecsys Reports Financial Results for the Second Quarter of Fiscal 2025

### *SaaS revenue up 34% as ARR passes \$100 million*

**Montreal, Canada** — December 4, 2024. [Tecsys Inc.](#) (TSX: TCS), an industry-leading supply chain management SaaS company, today announced its results for the second quarter of fiscal 2025, ended October 31, 2024. All dollar amounts are expressed in Canadian currency and are prepared in accordance with International Financial Reporting Standards (IFRS).

“Tecsys delivered strong second-quarter results, marked by major milestones in our SaaS business,” said Peter Brereton, president and CEO at Tecsys. “We crossed some key thresholds as RPO surpassed \$200 million and ARR exceeded \$100 million, demonstrating the strength of our SaaS strategy and the trust our customers place in us. We are seeing the positive impact of our investments in innovation and customer success, positioning us well to capitalize on emerging opportunities.”

Mark Bentler, chief financial officer of Tecsys Inc., added, “Our fiscal 2025 financial performance reflects steady progress across key metrics, with year-to-date SaaS bookings up 20% over last year and our SaaS margins continuing to improve as we scale the business and continue to invest in platform optimization.”

### **Second quarter highlights:**

- SaaS revenue increased by 34% to \$16.1 million, up from \$12.1 million in Q2 2024.
- SaaS subscription bookings<sup>i</sup> (measured on an ARR<sup>i</sup> basis) were \$3.7 million, flat compared to the second quarter of fiscal 2024.
- SaaS Remaining Performance Obligation (RPO<sup>i</sup>) increased by 39% to \$203.8 million at October 31, 2024, up from \$146.7 million at the same time last year.
- Total revenue increased to \$42.4 million compared to \$41.5 million in Q2 2024.
- Net profit was \$0.8 million or \$0.05 per share on a fully diluted basis in Q2 2025, compared to a net loss of \$0.3 million or \$0.02 per share for the same period in fiscal 2024.
- Adjusted EBITDA<sup>ii</sup> was \$2.9 million compared to \$1.0 million reported in Q2 last year.
- In the second quarter of fiscal 2025, Tecsys acquired 51,600 of its outstanding common shares for approximately \$2.1 million as part of its ongoing Normal Course Issuer Bid, compared to 25,800 shares acquired in the same period last year for approximately \$0.7 million.



### **Year-to-date performance for first half of fiscal 2025:**

- SaaS revenue increased by 33% to \$31.4 million, up from \$23.6 million in the same period of fiscal 2024.
- SaaS subscription bookings<sup>i</sup> (measured on an ARR<sup>i</sup> basis) increased by 20% to \$6.8 million, compared to \$5.7 million in the same period of fiscal 2024.
- Total revenue increased to \$84.7 million compared to \$83.5 million in the same period of fiscal 2024.
- Net profit was \$1.6 million (\$0.11 per basic share or \$0.10 per fully diluted share) in the first half of fiscal 2025, compared to a net profit of \$0.8 million (\$0.06 per basic and fully diluted share) for the same period in fiscal 2024.
- Adjusted EBITDA<sup>ii</sup> was \$5.5 million compared to \$4.2 million reported in the same period of fiscal 2024.
- In the first half of fiscal 2025, Tecsys acquired 111,200 of its outstanding common shares for approximately \$4.3 million as part of its ongoing Normal Course Issuer Bid, compared to 25,800 shares acquired in the same period last year for \$0.7 million.

### **Financial guidance:**

Tecsys is maintaining FY25 guidance on SaaS revenue growth at 30-32% as well as FY25 and FY26 adjusted EBITDA margins at 8-9% and 10-11%, respectively. Based on the ongoing unpredictability of hardware revenue and a rapidly evolving business model that is impacting professional services, Tecsys is revising Fiscal 2025 total revenue guidance to roughly flat.

On December 4, 2024, the Company declared a quarterly dividend of \$0.085 per share to be paid on January 3, 2025 to shareholders of record on December 18, 2024.

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

<sup>i</sup> See Key Performance Indicators in Management’s Discussion and Analysis of the Q2 2025 Financial Statements.

<sup>ii</sup> See Non-IFRS Performance Measures in Management’s Discussion and Analysis of the Q2 2025 Financial Statements

Q2 2025 Financial Results Conference Call

Date: December 5, 2024

Time: 8:30 a.m. ET

Phone number: 800-836-8184 or 646-357-8785

The call can be replayed until December 12, 2024, by calling:  
888-660-6345 or 646-517-4150 (access code: 91117#)



## 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](http://www.tecsys.com).

## Contact

Public Relations: Adam Polka ([adam.polka@tecsys.com](mailto:adam.polka@tecsys.com))

Investor Relations: [investors@tecsys.com](mailto:investors@tecsys.com)

Solutions and General info: [info@tecsys.com](mailto:info@tecsys.com)

By phone: (514) 866-0001 or (800) 922-8649

## 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](http://www.tecsys.com)) and on SEDAR+ ([www.sedarplus.ca](http://www.sedarplus.ca)).

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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 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.

<i>(in thousands of CAD)</i>	Three months ended October 31,		Six months ended October 31,		Trailing 12 months ended October 31,	
	2024	2023	2024	2023	2024	2023
Net profit (loss) for the period	\$ 758	\$ (340)	\$ 1,556	\$ 831	\$ 2,574	\$ 2,165
Adjustments for:						
Depreciation of property and equipment and right- of-use assets	377	377	748	761	1,464	1,677
Amortization of deferred development costs	198	147	395	289	689	569
Amortization of other intangible assets	328	394	662	790	1,365	1,603
Interest expense	24	53	49	91	121	200
Interest income	(163)	(253)	(380)	(522)	(873)	(954)
Income taxes	427	(81)	863	778	726	1,988
EBITDA	\$ 1,949	\$ 297	\$ 3,893	\$ 3,018	\$ 6,066	\$ 7,248
Adjustments for:						
Stock based compensation	993	724	1,640	1,176	2,765	2,169
Restructuring costs	-	-	-	-	2,122	-
Adjusted EBITDA <sup>ii</sup>	\$ 2,942	\$ 1,021	\$ 5,533	\$ 4,194	\$ 10,953	\$ 9,417



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

	October 31, 2024	April 30, 2024
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 16,848	\$ 18,856
Short-term investments	11,496	16,713
Accounts receivable	21,846	22,090
Work in progress	4,498	4,248
Other receivables	375	134
Tax credits	8,704	6,422
Inventory	2,116	1,359
Prepaid expenses and other	8,227	9,143
<b>Total current assets</b>	<b>74,110</b>	<b>78,965</b>
<b>Non-current assets</b>		
Other long-term receivables and assets	545	421
Tax credits	5,748	4,737
Property and equipment	1,255	1,372
Right-of-use assets	1,044	1,251
Contract acquisition costs	4,356	4,478
Deferred development costs	3,173	2,683
Other intangible assets	7,196	7,703
Goodwill	17,570	17,363
Deferred tax assets	9,073	9,073
<b>Total non-current assets</b>	<b>49,960</b>	<b>49,081</b>
<b>Total assets</b>	<b>\$ 124,070</b>	<b>\$ 128,046</b>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	18,933	20,030
Deferred revenue	36,925	36,211
Lease obligations	834	812
<b>Total current liabilities</b>	<b>56,692</b>	<b>57,053</b>
<b>Non-current liabilities</b>		
Other long-term accrued liabilities	568	496
Deferred tax liabilities	649	826
Lease obligations	890	1,302
<b>Total non-current liabilities</b>	<b>2,107</b>	<b>2,624</b>
<b>Total liabilities</b>	<b>\$ 58,799</b>	<b>\$ 59,677</b>
<b>Equity</b>		
Share capital	\$ 52,628	\$ 52,256
Contributed surplus	6,970	9,417
Retained earnings	7,309	8,121
Accumulated other comprehensive loss	(1,636)	(1,425)
<b>Total equity attributable to the owners of the Company</b>	<b>65,271</b>	<b>68,369</b>
<b>Total liabilities and equity</b>	<b>\$ 124,070</b>	<b>\$ 128,046</b>



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

	Three Months Ended		Six Months Ended	
	October 31,		October 31,	
	2024	2023	2024	2023
<b>Revenue:</b>				
SaaS	\$ 16,130	\$ 12,072	\$ 31,444	\$ 23,567
Maintenance and Support	7,703	8,899	16,418	17,197
Professional Services	14,145	12,869	27,532	27,777
License	444	252	1,305	708
Hardware	4,020	7,397	8,019	14,215
<b>Total revenue</b>	<b>42,442</b>	<b>41,489</b>	<b>84,718</b>	<b>83,464</b>
<b>Cost of revenue</b>	<b>21,994</b>	<b>23,144</b>	<b>44,542</b>	<b>45,619</b>
<b>Gross profit</b>	<b>20,448</b>	<b>18,345</b>	<b>40,176</b>	<b>37,845</b>
<b>Operating expenses:</b>				
Sales and marketing	9,052	8,645	17,404	16,316
General and administration	3,199	2,971	6,177	5,930
Research and development, net of tax credits	7,205	7,133	14,536	14,245
<b>Total operating expenses</b>	<b>19,456</b>	<b>18,749</b>	<b>38,117</b>	<b>36,491</b>
<b>Profit (loss) from operations</b>	<b>992</b>	<b>(404)</b>	<b>2,059</b>	<b>1,354</b>
<b>Other income (costs)</b>	193	(17)	360	255
<b>Profit (loss) before income taxes</b>	<b>1,185</b>	<b>(421)</b>	<b>2,419</b>	<b>1,609</b>
<b>Income tax expense (benefit)</b>	427	(81)	863	778
<b>Net profit (loss)</b>	<b>\$ 758</b>	<b>\$ (340)</b>	<b>\$ 1,556</b>	<b>\$ 831</b>
Other comprehensive income (loss):				
Effective portion of changes in fair value on designated revenue hedges	(513)	(5,573)	(533)	(3,000)
Exchange differences on translation of foreign operations	165	92	322	(334)
<b>Comprehensive income (loss)</b>	<b>\$ 410</b>	<b>\$ (5,821)</b>	<b>\$ 1,345</b>	<b>\$ (2,503)</b>
<b>Basic earnings (loss) per common share</b>	<b>\$ 0.05</b>	<b>\$ (0.02)</b>	<b>\$ 0.11</b>	<b>\$ 0.06</b>
<b>Diluted earnings (loss) per common share</b>	<b>\$ 0.05</b>	<b>\$ (0.02)</b>	<b>\$ 0.10</b>	<b>\$ 0.06</b>



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

	Three Months Ended October 31,		Six Months Ended October 31,	
	2024	2023	2024	2023
Cash flows from operating activities:				
Net profit (loss)	\$ 758	\$ (340)	\$ 1,556	\$ 831
Adjustments for:				
Depreciation of property and equipment and right-of-use- assets	377	377	748	761
Amortization of deferred development costs	198	147	395	289
Amortization of other intangible assets	328	394	662	790
Interest (income) expense and foreign exchange (gain) loss	(193)	17	(360)	(255)
Unrealized foreign exchange and other	206	600	83	(598)
Non-refundable tax credits	(505)	(774)	(934)	(1,214)
Stock-based compensation	993	724	1,640	1,176
Income taxes	184	362	187	376
Net cash from operating activities excluding changes in non-cash working capital items related to operations	2,346	1,507	3,977	2,156
Accounts receivable	(2,132)	4,045	302	2,225
Work in progress	2,245	(1,390)	(241)	(2,219)
Other receivables and assets	84	214	(436)	(48)
Tax credits	(1,325)	(1,248)	(2,359)	(2,319)
Inventory	(40)	(242)	(754)	(1,084)
Prepaid expenses	60	(358)	963	(641)
Contract acquisition costs	119	137	80	140
Accounts payable and accrued liabilities	1,119	273	(2,000)	(3,293)
Deferred revenue	3,652	1,246	691	2,622
Changes in non-cash working capital items related to operations	3,782	2,677	(3,754)	(4,617)
<b>Net cash provided by (used in) operating activities</b>	<b>6,128</b>	<b>4,184</b>	<b>223</b>	<b>(2,461)</b>
Cash flows from financing activities:				
Payment of lease obligations	(204)	(199)	(402)	(398)
Payment of dividends	(2,368)	(2,208)	(2,368)	(2,208)
Interest paid	(24)	(53)	(49)	(91)
Issuance of common shares on exercise of stock options	320	881	597	2,644
Shares repurchased and cancelled	(2,101)	(673)	(4,312)	(673)
<b>Net cash used in financing activities</b>	<b>(4,377)</b>	<b>(2,252)</b>	<b>(6,534)</b>	<b>(726)</b>
Cash flows from investing activities:				
Interest received	3	33	27	69
Transfers from short-term investments	5,022	-	5,570	22
Acquisitions of property and equipment	(200)	(163)	(409)	(265)
Deferred development costs	(433)	(253)	(885)	(500)
<b>Net cash provided by (used in) investing activities</b>	<b>4,392</b>	<b>(383)</b>	<b>4,303</b>	<b>(674)</b>
Net increase (decrease) in cash and cash equivalents during the period	6,143	1,549	(2,008)	(3,861)
Cash and cash equivalents - beginning of period	10,705	15,825	18,856	21,235
<b>Cash and cash equivalents - end of period</b>	<b>\$ 16,848</b>	<b>\$ 17,374</b>	<b>\$ 16,848</b>	<b>\$ 17,374</b>



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

	Share capital		Contributed Surplus	Accumulated other comprehensive (loss) income	Retained earnings	Total
	Number	Amount				
<b>Balance, May 1, 2024</b>	<b>14,840,150</b>	<b>\$ 52,256</b>	<b>\$ 9,417</b>	<b>\$ (1,425)</b>	<b>\$ 8,121</b>	<b>\$ 68,369</b>
Net profit	-	-	-	-	1,556	1,556
Other comprehensive (loss) income:						
Effective portion of changes in fair value on designated revenue hedges	-	-	-	(533)	-	(533)
Exchange difference on translation of foreign operations	-	-	-	322	-	322
<b>Total comprehensive (loss) income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(211)</b>	<b>1,556</b>	<b>1,345</b>
Shares repurchased and cancelled	(111,200)	(394)	(3,918)	-	-	(4,312)
Stock-based Compensation	-	-	1,640	-	-	1,640
Dividends to equity owners	-	-	-	-	(2,368)	(2,368)
Share options exercised	23,899	766	(169)	-	-	597
<b>Total transactions with owners of the Company</b>	<b>(87,301)</b>	<b>\$ 372</b>	<b>(2,447)</b>	<b>\$ -</b>	<b>(2,368)</b>	<b>\$ (4,443)</b>
<b>Balance, October 31, 2024</b>	<b>14,752,849</b>	<b>\$ 52,628</b>	<b>\$ 6,970</b>	<b>\$ (1,636)</b>	<b>\$ 7,309</b>	<b>\$ 65,271</b>
<b>Balance, May 1, 2023</b>	<b>14,582,837</b>	<b>\$ 44,338</b>	<b>\$ 15,285</b>	<b>\$ (17)</b>	<b>\$ 10,832</b>	<b>\$ 70,438</b>
Net profit	-	-	-	-	831	831
Other comprehensive income:						
Effective portion of changes in fair value on designated revenue hedges	-	-	-	(3,000)	-	(3,000)
Exchange difference on translation of foreign operations	-	-	-	(334)	-	(334)
<b>Total comprehensive (loss) income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(3,334)</b>	<b>831</b>	<b>(2,503)</b>
Shares repurchased and cancelled	(25,800)	(84)	(589)	-	-	(673)
Stock-based Compensation	-	-	1,176	-	-	1,176
Dividends to equity owners	-	-	-	-	(2,208)	(2,208)
Share options exercised	161,249	3,388	(744)	-	-	2,644
<b>Total transactions with owners of the Company</b>	<b>135,449</b>	<b>\$ 3,304</b>	<b>(157)</b>	<b>\$ -</b>	<b>(2,208)</b>	<b>\$ 939</b>
<b>Balance, October 31, 2023</b>	<b>14,718,286</b>	<b>\$ 47,642</b>	<b>\$ 15,128</b>	<b>\$ (3,351)</b>	<b>\$ 9,455</b>	<b>\$ 68,874</b>