



Sylogist Fiscal 2020 and Q4 Results: Record Adjusted EBITDA on Revenue Growth

CALGARY, December 17, 2020 /Marketwired/ - Sylogist Ltd. (TSXV:SYZ) (“Sylogist” or the “Company”), a provider of mission-critical, SaaS enterprise information management solutions to public sector organizations, is pleased to announce its audited financial results for the fiscal year ended September 30, 2020.

Fiscal 2020 Highlights *(Comparisons are to fiscal 2019 unless otherwise noted)*

- Revenues were \$38.1 million, up from \$37.6 million.
- Gross profit margins were 74% of revenue, compared to 76%.
- Reported earnings were \$1.9 million (\$0.08 per share) compared to \$10 million (\$0.44 per share). Fiscal 2020 earnings were lower due mainly to the restructuring of the senior executive’s historic compensation arrangements.
- Adjusted EBITDA⁽¹⁾ was \$20.4 million (\$0.86 per share), compared to \$17.6 million (\$0.78 per share), an increase of 18%.
- Adjusted EBITDA Margin⁽¹⁾ was 54%, compared to 47%.
- Cash from operating activities (before non-cash changes in working capital) was \$4.1 million (\$0.17 per share), compared to \$13.2 million (\$0.58 per share).
- Cash as at September 30, 2020 totaled \$42.8 million or \$1.80 per share.
- Combined tax pools at the end of the fiscal year 2020 were approximately \$13 million (CAD).
- The Company paid regular dividends to shareholders totaling \$10.3 million in fiscal 2020, compared to \$8.7 million in fiscal 2019, an increase of 19%.
- For the fiscal year ended September 30, 2020, the Company repurchased a total of 30,700 common shares at an average price of \$8.06 for a total cost of \$248 thousand.
- There are currently 23.9 million Sylogist shares outstanding.

Q4 2020 Summary *(Comparisons are to Q4 2019, unless otherwise noted)*

- Revenues were \$9.8 million, compared to \$8.9 million, an increase of 10%.
- Reported earnings were \$2.3 million (\$0.10 per share) compared to \$2.3 million (\$0.10 per share).
- Adjusted EBITDA⁽¹⁾ was \$3.9 million or \$0.16 per fully diluted common share, compared to \$4.4 million or \$0.19 per fully diluted common share.
- Adjusted EBITDA Margin⁽¹⁾ was 40%, compared to 49%.
- Cash from operating activities (before non-cash changes in working capital) totaled \$3.2 million (\$0.14 per share), compared to \$3.2 million (\$0.14 per share) in Q4 2019.
- The Company paid regular dividends to shareholders totaling \$3 million during the quarter compared to \$2.4 million.
- Adjusted Working Capital⁽¹⁾ was \$45.2 million, or \$1.90 per share, compared to \$53.5 million, or \$2.26 per share, in Q4 2019.

- During the quarter ended September 30, 2020, the Company repurchased 700 shares at an average price of \$11.62. During the quarter ended September 30, 2019, the Company did not repurchase any shares.

Bill Wood, the new President and Chief Executive Officer of Sylogist commented, “we are pleased to announce record Adjusted EBITDA in 2020 for the third consecutive year, and strong financial performance across many dimensions of our business. The Company grew recurring revenue and saw margins strengthen. Also, an operational review and a one-time buyout of executive bonuses early in the year bore fruit. Sylogist stands out as an industry leader in its profitability and financial stability.

The COVID-19 pandemic created significant economic turmoil for many companies, but had no material adverse effect on Sylogist’s business. Much of our workforce had been effectively working remotely for some time and we were able to close our offices as required for employee safety without affecting productivity. Although a few of our health-focused, non-profit clients understandably chose to delay their large ERP implementations, overall revenue grew. I’m also proud to share that in response to the pandemic and our ongoing commitment to corporate citizenship, Sylogist donated \$230,000 to food-related charities serving the communities where we operate.

In 2020 Sylogist laid a strong foundation for growth in many areas. We renewed our partner agreements with Microsoft on similarly favourable terms, while expanding our commitment to being a leading SaaS provider by making Serenic’s ERP solution available to customers on Microsoft AppSource for Dynamics 365 Business Central. New and existing customers have a clear path to the cloud, enabled by a comprehensive plan and technical support from Microsoft.

Sylogist’s M&A efforts also produced positive results. In April 2020, we announced the acquisition of Information Strategies Inc., a Microsoft Gold partner providing non-profit organizations and state and federal government agencies with enterprise level case management, grants management, and criminal justice solutions. This acquisition extended our public sector reach, deepened our workforce and added complementary solutions to our product portfolio. We also obtained a \$40M CAD line of credit, principally intended for acquisitions. Together with \$43 million of cash on hand, this provides us with the financial resources to make transformative acquisitions.

Sylogist spent considerable time in 2020 preparing for the retirement of its long time CEO which smoothed that recent transition. I became President and CEO in early November 2020, bringing to the role many years of experience leading SaaS companies to rapid organic and inorganic growth in many of the same markets Sylogist serves.

Going forward, you can expect to see an increased focus on growth and a more aggressive approach to M&A. We will be investing in strategic marketing activities to improve our inbound sales opportunities and considering a range of strategic initiatives to drive new bookings. We will be similarly strategic in our acquisitions, adding technology, talent and customers to our portfolio where it makes sense. I look forward to sharing a more detailed vision and our plan with you in the near future” concluded Mr. Wood.

About Sylogist

Sylogist is a software company that, through strategic acquisitions, investments and operations management, provides comprehensive, mission-critical SaaS solutions, including fund accounting, case management, grant management and payroll, to public service organizations. Sylogist’s public service customers include all levels of government, non-profit organizations, non-governmental organizations, educational institutions as well as public compliance driven and funded companies. Our Company delivers highly scalable, multi-language, multi-currency software solutions, which serve the needs of an international clientele.

Full financial statements together with Management’s Discussion and Analysis are available on SEDAR at www.sedar.com

The Company’s stock is traded on the TSX Venture Exchange under the symbol SYZ. Information about Sylogist can be found at www.sylogist.com.

Forward-looking Statements

Certain statements in this news release may be forward-looking statements within the meaning of applicable securities laws and regulations. These statements typically use words such as expect, believe, estimate, project, anticipate, plan, may, should, could and would, or the negative of these terms, variations thereof or similar terminology. Forward-looking information in this news release includes statements with respect to the incoming CEO's ability to create significant value through both organic and inorganic initiatives and his extensive tech background and familiarity with the Company's business segments helping it to continue to refine its strategy. By their very nature, forward-looking statements are based on assumptions and involve inherent risks and uncertainties, both general and specific in nature. It is therefore possible that the beliefs and plans and other forward-looking expectations expressed herein will not be achieved or will prove inaccurate. Although Sylogist believes that the expectations reflected in these forward-looking statements are reasonable, it provides no assurance that these expectations will prove to have been correct. Forward-looking information involves risks, uncertainties and other factors that could cause actual events, results, performance, prospects and opportunities to differ materially from those expressed or implied by such forward-looking information. Additional information regarding some of these risks, uncertainties and other factors may be found under in the management's discussion and analysis for the year ended September 30, 2020 and other documents available on the Company's profile at www.sedar.com. Material assumptions and factors that could cause actual results to differ materially from such forward-looking information include the incoming CEO's ability to refine Sylogist's strategy and to create value both organically and by acquisitions. Although Sylogist believes that the material assumptions and factors used in preparing the forward-looking information in this news release are reasonable, undue reliance should not be placed on such information, which only applies as of the date of this news release, and no assurance can be given that such events will occur. Sylogist disclaims any intention or obligation to update or revise any forward-looking information, whether as a result of new information, future events or otherwise, other than as required by law.

Certain information set out herein may be considered as "financial outlook" within the meaning of applicable securities laws. The purpose of this financial outlook is to provide readers with disclosure regarding Sylogist's reasonable expectations as to the anticipated results of its proposed business activities for the periods indicated. Readers are cautioned that the financial outlook may not be appropriate for other purposes.

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(1) Adjusted EBITDA, Adjusted EBITDA Margin and Adjusted Working Capital are non-GAAP financial measures: Adjusted EBITDA is defined as: profit for the period before stock based compensation, foreign exchange gains or losses, interest expense, bargain purchase price on acquisition, income taxes, acquisition-related costs, depreciation and amortization. Adjusted EBITDA Margin refers to Adjusted EBITDA as a percentage of revenue. Adjusted Working Capital is defined as current assets less current liabilities adjusted for deferred revenue.

This news release makes reference to certain non-GAAP measures. These measures are not recognized measures under Canadian GAAP, do not have a standardized meaning prescribed by Canadian GAAP and are therefore may not be comparable to similar measures presented by other issuers. These measures are provided as additional information to complement measures under GAAP by providing further understanding of the Company's expected results of operations from management's perspective. Accordingly, such measures should not be considered in isolation nor as a substitute for analysis of the Company's financial information reported under Canadian GAAP.

Adjusted EBITDA, Adjusted EBITDA Margin and Adjusted Working Capital are provided to investors as alternative methods for assessing the Company's operating results in a manner that is focused on the Company's ongoing operations and to provide a more consistent basis for comparison between periods. These measures should not be construed as alternatives to net profit (loss) or cash flow from operating activities determined in accordance with GAAP as an indicator of the Company's performance.

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