



Sylogist Reports Audited Q4 & Fiscal 2021 Results

FY21 investments and execution sets stage for growth and value creation in FY22

CALGARY, December 13, 2021 /Newsfile Corp./ - Sylogist Ltd. (TSX: SYZ) ("Sylogist" or the "Company"), a leading public sector SaaS company, is pleased to announce its audited financial results for the fiscal year ended September 30th, 2021.

Bill Wood, President and CEO of Sylogist stated, "FY2021 was a transformative year for Sylogist; and, we finish the calendar year as a completely different company. When I joined the Company in November '20, towards the end of our fiscal Q1, Sylogist was almost entirely focused on operational efficiency and profitability. Since then, we have put in place a solid foundation for growth acceleration, both organically and inorganically, as an industry-leading, SaaS-only company. We are focused on creating stakeholder value with an organic growth rate on the non-acquired revenue base in the high single digits, while investing in our workforce, products, customer relationships and, more recently, our go to market strategy. We expect expansion of recently acquired businesses, with the same or better growth rate objective, and an aggressive strategic M&A cadence, all while maintaining strong profitability and a Rule of 40 posture.

We are encouraged that even in our early phase of investments, we posted reasonable growth results in our Q4 ending September 30, with revenues up 15% on a constant currency basis and Adjusted EBITDA up by 30% on the same basis. Our transformation has been enabled by strategic investments in our customer-facing team, increasing product and R&D investment by 66% and breaking down silos to build a single unified team. Our sales and marketing investment is up over 200% from FY 2020, as we add strategic marketing activities to increase market awareness, an account management team to drive customer outreach, upgrades and wallet share expansion, and both direct and channel sales talent. Those investments are already gaining traction; proof of which is underpinned by our recently announced material customer wins we've had totaling \$5.9 million in annual subscription and service revenue.

Our M&A execution has also been highly successful and accretive. We have made three strategic acquisitions since March 2021, adding valuable IP, talent, and both top and bottom-line growth. With a \$75 million credit facility, we have the non-dilutive financial resources to maintain this cadence. The M&A pipeline is strong, and we continue to see compelling opportunities to redeploy our free cash flow. To that end, the Company will continue to evaluate, on an ongoing basis, how best to deploy its capital to ensure alignment with strategy and to maximize long term shareholder value creation.

The changes and investments we made in FY2021 were foundational; accomplished during an unprecedented pandemic that cast a palsy on the public markets we serve. To the credit of the entire company, we persevered, made incredible, transformational strides forward and look ahead to FY 2022 with optimism. We anticipate the coming year will be an exciting one for Sylogist as we execute our strategy and value creation accelerates on several fronts" concluded Mr. Wood.

Q4 2021 Summary (Comparisons are to Q4 2020, unless otherwise noted)

- Revenues of approximately \$10.8 million, compared to approximately \$9.8 million in the fourth quarter of fiscal 2020, an increase of 10%. On a year-over-year common currency basis, Q4 2021 revenue would have been approximately \$11.3 million;
- Recurring revenues from subscriptions and maintenance grew by 22% to \$8.8 million, compared to \$7.2 million for the fourth quarter of 2020;
- Gross Profit of \$8.0 million, compared to \$7.0 million in the same period last fiscal year, an increase of 15%;
- Gross Profit Margin of 74%, compared to 71% in fourth quarter of 2020;
- Profit before income tax of \$1.9 million, compared to \$3.4 million in the fourth quarter last year;
- Adjusted EBITDA of \$4.8 million, compared to \$3.9 million for the same period last year. On a year-over-year constant currency basis, Q4 2021 Adjusted EBITDA would have been approximately \$5.1 million;
- Adjusted EBITDA Margin of 44%, compared to 40% in Q4 2020. On a year-over-year constant currency basis, Q4 2021 Adjusted EBITDA Margin would have been approximately 45%;
- Adjusted EBITDA per share of \$0.20 per share, compared to \$0.16 per share in the fourth quarter of 2020. On a year-over-year constant currency basis, Q4 2021 Adjusted EBITDA per share would have been approximately \$0.21;
- Cash generated from operations totaled \$9.1 million, compared to cash generated from operations of \$3.4 million in the fourth quarter of fiscal 2020.

Fiscal 2021 Summary (Comparisons are to fiscal 2020, unless otherwise noted)

- Revenues of approximately \$38.7 million, compared to approximately \$38.1 million in 2020, an increase of 2%. On a common currency basis, 2021 revenue would have been approximately \$40.7 million;
- Recurring revenues from subscriptions and maintenance grew by 8% to \$30.8 million, compared to \$28.5 million in 2020.
- Gross Profit of \$28.0 million is consistent with \$28.1 million in the same period last year;
- Gross Profit Margin of 72%, compared to 74% in 2020;
- Profit before income tax of \$6.3 million, compared to \$2.5 million last year;
- Adjusted EBITDA of \$17.2 million, compared to \$20.4 million for the same period last year. On a constant currency basis, 2021 Adjusted EBITDA would have been approximately \$18.2 million;
- Adjusted EBITDA Margin of 44%, compared to 54% in 2020. On a year-over-year constant currency basis, 2021 Adjusted EBITDA Margin would have been approximately 45%;
- Adjusted EBITDA per share of \$0.72 per share, compared to \$0.86 per share in 2020. On a constant currency basis, 2021 Adjusted EBITDA per share would have been approximately \$0.76;
- Adjusted Working Capital was \$11.2 million as at September 30, 2021, compared to \$45.2 million as at September 30, 2020;
- Adjusted Working Capital per share of \$0.47 per share, compared to \$1.90 per share in 2020;
- The Company paid regular dividends to shareholders of \$11.9 million in 2021, compared to \$10.3 million in 2020;
- Cash and cash equivalents totaled \$29.6 million compared to \$42.8 million as at September 30, 2020; and

- Cash generated from operations totaled \$18.8 million, compared to cash generated from operations of \$3.5 million in 2020.

About Sylogist

Sylogist is a public sector SaaS company that provides comprehensive enterprise resource planning (ERP), constituent relationship management (CRM), fundraising, education administration, and payments solutions that allow its customers to carry out their missions. It serves over 1,950 customers globally, including all levels of government, non-profit and non-governmental organizations, educational institutions, and public compliance-driven and funded companies. The Company has industry-leading profitability, an exceptionally strong balance sheet, a track record of successful acquisitions, and a portfolio of mission-critical SaaS solutions. 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 Toronto Stock 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 expansion of recently acquired businesses, with the same or better growth rate objective, and an aggressive strategic M&A cadence, all while maintaining strong profitability and a Rule of 40 posture, the Company adding strategic marketing activities to increase market awareness, driving customer outreach by the Company's account management team, the Company continuing to evaluate, on an ongoing basis, how best to deploy its capital to ensure alignment with strategy and to maximize long term shareholder value creation and the upcoming year being an exciting one for Sylogist. 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, including its inability to attract key employees or enlist customer support, its inability to develop innovative technology, its inability to find opportunities to deploy free cash flow, continuing headwinds from COVID-19, and economic turmoil. Additional information regarding some of these risks, uncertainties and other factors may be found in the Company's Annual Information Form for the fiscal period ended September 30, 2020 and in the management's discussion and analysis for the twelve months ended September 30, 2021, 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 Sylogist's ability to attract and retain employees and customers and to realize on its investments, the ability to expand technology partner and customer relationships and the acceleration of organic and inorganic growth. 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.

Non-GAAP Financial Measures

(1) *Adjusted EBITDA, Adjusted EBITDA Margin, Adjusted EBITDA per share and Adjusted Working Capital, and Adjusted Working Capital per Share are non-GAAP financial measures: Adjusted EBITDA is defined as: profit for the period before stock-based compensation, share-based payments, 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 EBITDA per share refers to Adjusted EBITDA per basic weighted average number of shares outstanding. Adjusted Working Capital is defined as current assets less current liabilities adjusted for deferred revenue. Adjusted Working Capital per share refers to Adjusted Working Capital per basic weighted average number of shares outstanding.*

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, Adjusted EBITDA per share, Adjusted Working Capital, and Adjusted Working Capital per share 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 profit or cash flow from operating activities determined in accordance with GAAP as an indicator of the Company’s performance. For further information regarding non-GAAP measures used by the Company, please refer to the management’s discussion and analysis of the Company, copies of which are available on Sylogist’s SEDAR profile at www.sedar.com.

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