SYLOGIST Reports Strong Third Quarter 2023 Results

Calgary, Alberta--(Newsfile Corp. - November 9, 2023) - Sylogist Ltd. (TSX: SYZ) ("Sylogist" or the "Company"), a leading public sector SaaS company, today announced its Q3 financial results for the three months ending September 30, 2023.

Q3 2023 Financial Highlights:

- Record revenue of $16.8 million, up 18% Y/Y (16% CC);
- SaaS ARR growth of 26% Y/Y to $27.7 million;
- Recurring revenue growth of 12% Y/Y;
- SaaS NRR of 108%;
- Gross profit margin of 61%;
- Adjusted EBITDA margin of 26% or $4.4 million;
- Bookings of $7.7 million, up 26% Q/Q;
- Backlog of $32.2 million, up 12% Q/Q;
- $4 million repayment on revolving credit facility

"Our strong Q3 performance is further evidence of our profitable organic growth acceleration as a leading SaaS provider to the public sector," commented Bill Wood, CEO of Sylogist. "Looking ahead, we see continuing growth with leverage, particularly in the back half of 2024 as our SaaS revenues and partner strategy magnify."

Sylogist's Board of Directors approved a dividend of $0.01 per share for shareholders of record on November 30, 2023 (ex-dividend November 29, 2023) to be paid on December 13, 2023. Such dividend is treated as an "eligible dividend" under the Income Tax Act (Canada).

The Company's Board of Directors has approved the renewal of its normal course issuer bid ("NCIB") when it expires on November 16, 2023, providing optionality to its capital allocation strategy. The NCIB renewal remains subject to TSX approval.

Conference Call Details

The Company will host a conference call at 8:30 AM Eastern Time on November 9, 2023. Bill Wood, President and Chief Executive Officer, and Sujeet Kini, Chief Financial Officer, will present the Company's financial results, discuss performance as well as outlook for the remainder of 2023 and beyond. Q & A will follow, as time allows, and a replay of the call will be archived in the investor section of the Company's website.

Date: Thursday, November 9, 2023
Time: 8:30 a.m. EDT
Participant Toll-Free Dial-In Number: + 1-800-319-4610
Participant Dial-In Number: +1-416-915-3239

Please dial-in before the start of the conference to secure a line and avoid delays.

About Sylogist

Sylogist provides mission-critical SaaS solutions to over 2,000 public sector customers globally across the government, nonprofit, and education verticals. The Company's stock is traded on the Toronto Stock Exchange under the symbol SYZ. Information about Sylogist, inclusive of full financial statements together with Management's Discussion and Analysis, 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 made, if any, with respect to Sylogist's confidence in future quarters or future fiscal years. 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, impacts of public health crises, 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 December 31, 2022, and in the Management's Discussion and Analysis for the quarters ended March 31, 2023, June 30, 2023, and September 30, 2023 and other documents available on the Company's profile at www.sedarplus.ca. 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-IFRS Financial Measures

This news release makes reference to certain non-IFRS measures. These measures are not recognized measures under IFRS, do not have a standardized meaning prescribed by IFRS and therefore may not be comparable to similar measures presented by other issuers. These measures are provided as additional information to complement measures under IFRS 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 IFRS. Backlog, Bookings, Adjusted EBITDA, Adjusted EBITDA Margin, Annual Recurring Revenue ("ARR"), Software as a Service ("SaaS") Net Revenue Retention ("NRR") and Constant Currency ("CC") revenue growth are non-IFRS financial measures.

Backlog refers to the value of contracted revenue that is not yet recognized and includes unrecognized contracted revenues, from SaaS subscription contracts and maintenance and support contracts as well as project services revenues that have not been recognized or have not been invoiced to date but will be in future periods.

- Bookings are the total value of customer contracts, entered into during the reporting period, that are new, committed and incremental to the Company's existing contracts and are inclusive of new, committed and incremental project services engagements.
- Adjusted EBITDA is defined as GAAP based net income(loss) for the period excluding the impact of stock-based compensation expense, share-based payments, foreign exchange gains or losses, interest expense, bargain purchase price on acquisitions, income taxes, acquisition-related costs, change in purchase consideration fair value, and depreciation and amortization.
- Adjusted EBITDA Margin refers to Adjusted EBITDA as a percentage of revenue.
- SaaS ARR refers to annualized value of monthly recurring revenues attributable to SaaS customer contracts.
- SaaS NRR refers to the percentage of recurring revenue retained from our existing SaaS customers over a given 12-month period.
- Constant Currency revenue growth is defined as the growth in revenue exclusive of the impact of foreign exchange rate changes.

Backlog, Bookings, Adjusted EBITDA, Adjusted EBITDA Margin, ARR, SaaS NRR and Constant Currency revenue growth 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 IFRS as an indicator of the Company's performance.

For further information regarding non-IFRS 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.sedarplus.ca.

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