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Tecsys Reports Financial Results for the Fourth Quarter and Full Year of Fiscal 2025

2025-06-26

SaaS Revenue Up 29% Driving Record Revenue Quarter, Adjusted EBITDAi Up 55%

MONTREAL, June 26, 2025 /CNW/ -- Tecsys Inc. (TSX: TCS), an industry-leading supply chain management SaaS company, today announced its results for the fourth quarter and full year of fiscal 2025, ended April 30, 2025. All dollar amounts are expressed in Canadian currency and are prepared in accordance with International Financial Reporting Standards (IFRS).

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"Fiscal 2025 was a strong year for Tecsyst, with 29% SaaS revenue growth and expanded market opportunity," said Peter Brereton, president and CEO at Tecsyst. "We delivered 39% full year Adjusted EBITDAi growth and ended the year with a record professional services backlogii. We expanded our global footprint with key strategic activities and achieved a healthy mix of new logos, base expansions and complex distribution wins across multiple geographies. The recent launch of TecsystIQ reflects our commitment to deepening customer value through our continued investment in AI innovation. We believe these results and initiatives position us well to continue scaling profitably into fiscal 2026."

Mark Bentler, chief financial officer of Tecsyst Inc., added, "We had a strong \$6.5 million SaaS bookingsii quarter, with record Q4 revenue and 55% Q4 Adjusted EBITDAi growth underscoring our solid execution. We have decided to increase our investment in R&D and marketing in fiscal 2026 to drive SaaS margin growth and SaaS revenue growth, respectively. As a result, we are revising our fiscal 2026 Adjusted EBITDAi margin guidance to 8-9% and expect Adjusted EBITDAi growth in the range of 20-30%."

Fourth Quarter Highlights:

- SaaS revenue increased by 29% to \$18.4 million, up from \$14.2 million in Q4 2024.
- SaaS subscription bookingsii (measured on an ARRii basis) were \$6.5 million compared to \$8.0 million in the fourth quarter of fiscal 2024.
- SaaS Remaining Performance Obligation (RPOii) increased by 10% to \$216.7 million at April 30, 2025, up from \$196.9 million at the same time last year.
- Total revenue increased to a record \$46.6 million compared to \$44.0 million in Q4 2024.
- Net profit was \$1.7 million (\$0.12 per basic share or \$0.11 per fully diluted share) in Q4 2025, compared to \$0.3 million or \$0.02 per fully diluted share for the same period in fiscal 2024.
- Adjusted EBITDAi was \$4.3 million compared to \$2.8 million reported in Q4 last year.
- In the fourth quarter of fiscal 2025, Tecsyst acquired 22,800 of its outstanding common shares for approximately \$0.9 million as part of its ongoing Normal Course Issuer Bid, compared to 128,300 common shares acquired in the same period last year for approximately \$5.0 million.

Fiscal 2025 Highlights:



- SaaS revenue increased by 29% to \$67.1 million, up from \$51.9 million in fiscal 2024.
- SaaS subscription bookingsⁱ (measured on an ARRⁱ basis) were \$17.3 million compared to \$18.6 million in fiscal 2024.
- Total revenue increased to a record \$176.5 million compared to \$171.2 million in fiscal 2024.
- Net profit was \$4.5 million, or \$0.30 per fully diluted share in fiscal 2025, compared to a net profit of \$1.8 million, or \$0.13 per fully diluted share, for fiscal 2024.
- Adjusted EBITDAⁱ was \$13.4 million compared to \$9.6 million in fiscal 2024.
- In Fiscal 2025, Tecsyst acquired 172,200 of its outstanding common shares for approximately \$6.9 million as part of its ongoing Normal Course Issuer Bid, compared to 204,500 common shares acquired in the same period last year for approximately \$7.2 million.

Financial Guidance:

Tecsyst is providing financial guidance as follows:

| | FY26 Guidance | Previous FY26 Guidance |
|-------------------------------------|---------------|------------------------|
| Total Revenue Growth | 8-10% | |
| SaaS Revenue Growth | 20-22% | |
| Adjusted EBITDA ⁱ Margin | 8-9% | 10-11% |

On June 26, 2025, the Company declared a quarterly dividend of \$0.085 per share to be paid on August 1, 2025, to shareholders of record on July 11, 2025.

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

Q4 and FY2025 Financial Results Conference Call

Date: June 27, 2025

Time: 8:30 a.m. ET

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

The call can be replayed until July 4, 2025, by calling:

888-660-6345 or 646-517-4150 (access code: 07914#)

ⁱ See Non-IFRS Performance Measures in Management's Discussion and Analysis of the 2025 Financial Statements.

ii See Key Performance Indicators in Management's Discussion and Analysis of the 2025 Financial Statements.

About Tecsyst

Tecsyst 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, Tecsyst's 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. Tecsyst provides critical data insights and control across the supply chain, ensuring that organizations are agile, responsive and scalable. Tecsyst is publicly traded on the Toronto Stock Exchange under the ticker symbol TCS. For more about Tecsyst and its solutions, please visit www.tecsyst.com.

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 Tecsyst Inc. serves, the actions of competitors, major new technological trends, and other factors beyond the control of Tecsyst Inc., which could cause actual results to differ materially from such statements. More information about the risks and uncertainties associated with Tecsyst 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.tecsyst.com) and on SEDAR+ (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.

| (in thousands of CAD) | Year ended April 30, | | |
|--|----------------------|----------|----------|
| | 2025 | 2024 | 2023 |
| Net profit for the period | \$ 4,459 | \$ 1,849 | \$ 2,089 |
| Adjustments for: | | | |
| Depreciation of property and equipment and right-of-use assets | 1,473 | 1,477 | 1,775 |
| Amortization of deferred development costs | 769 | 583 | 496 |
| Amortization of other intangible assets | 1,304 | 1,493 | 1,603 |
| Interest expense | 82 | 163 | 406 |
| Interest income | (641) | (1,015) | (686) |
| Income taxes | 2,976 | 641 | 1,624 |
| EBITDA | \$ 10,422 | \$ 5,191 | \$ 7,307 |
| Adjustments for: | | | |
| Stock based compensation | 2,951 | 2,301 | 2,177 |
| Restructuring costs | - | 2,122 | - |
| Adjusted EBITDAi | \$ 13,373 | \$ 9,614 | \$ 9,484 |

Consolidated Statements of Financial Position (In thousands of Canadian dollars)

| | April 30, 2025 | April 30, 2024 |
|---------------------------|----------------|----------------|
| Assets | | |
| Current assets | | |
| Cash and cash equivalents | \$ 27,580 | \$ 18,856 |
| Short-term investments | 11,712 | 16,713 |
| Accounts receivable | 23,943 | 22,090 |
| Work in progress | 7,436 | 4,248 |

| | | |
|---|-------------------|-------------------|
| Other receivables | 274 | 134 |
| Tax credits | 6,390 | 6,422 |
| Inventory | 1,870 | 1,359 |
| Prepaid expenses and other | 10,699 | 9,143 |
| Total current assets | 89,904 | 78,965 |
| Non-current assets | | |
| Other long-term receivables and assets | 1,457 | 421 |
| Tax credits | 6,120 | 4,737 |
| Property and equipment | 1,164 | 1,372 |
| Right-of-use assets | 836 | 1,251 |
| Contract acquisition costs | 5,017 | 4,478 |
| Deferred development costs | 3,838 | 2,683 |
| Other intangible assets | 6,726 | 7,703 |
| Goodwill | 17,827 | 17,363 |
| Deferred tax assets | 7,521 | 9,073 |
| Total non-current assets | 50,506 | 49,081 |
| Total assets | \$ 140,410 | \$ 128,046 |
| Liabilities | | |
| Current liabilities | | |
| Accounts payable and accrued liabilities | 22,367 | 20,030 |
| Deferred revenue | 45,025 | 36,211 |
| Lease obligations | 590 | 812 |
| Total current liabilities | 67,982 | 57,053 |
| Non-current liabilities | | |
| Other long-term accrued liabilities | 33 | 496 |
| Deferred tax liabilities | 405 | 826 |
| Lease obligations | 728 | 1,302 |
| Total non-current liabilities | 1,166 | 2,624 |
| Total liabilities | \$ 69,148 | \$ 59,677 |
| Equity | | |
| Share capital | \$ 57,573 | \$ 52,256 |
| Contributed surplus | 4,755 | 9,417 |
| Retained earnings | 7,700 | 8,121 |
| Accumulated other comprehensive income (loss) | 1,234 | (1,425) |
| Total equity attributable to the owners of the Company | 71,262 | 68,369 |
| Total liabilities and equity | \$ 140,410 | \$ 128,046 |

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

| | Three Months Ended April 30, | | Twelve Months Ended April 30, | |
|--|---------------------------------|---------------|----------------------------------|----------------|
| | 2025 | 2024 | 2025 | 2024 |
| Revenue: | | | | |
| SaaS | \$ 18,375 | \$ 14,191 | \$ 67,071 | \$ 51,918 |
| Maintenance and Support | 7,910 | 8,140 | 32,470 | 33,957 |
| Professional Services | 16,213 | 14,390 | 57,665 | 55,188 |
| License | 294 | 282 | 1,811 | 1,386 |
| Hardware | 3,763 | 6,952 | 17,437 | 28,793 |
| Total revenue | 46,555 | 43,955 | 176,454 | 171,242 |
| Cost of revenue | 22,712 | 23,341 | 91,161 | 92,853 |
| Gross profit | 23,843 | 20,614 | 85,293 | 78,389 |
| Operating expenses: | | | | |
| Sales and marketing | 9,695 | 8,437 | 36,152 | 32,976 |
| General and administration | 3,373 | 3,264 | 12,646 | 11,844 |
| Research and development, net of tax credits | 7,665 | 7,435 | 29,315 | 29,514 |
| Restructuring costs | - | 2,122 | - | 2,122 |
| Total operating expenses | 20,733 | 21,258 | 78,113 | 76,456 |
| Profit (loss) from operations | 3,110 | (644) | 7,180 | 1,933 |
| Other (costs) income | (98) | 122 | 255 | 557 |
| Profit (loss) before income taxes | 3,012 | (522) | 7,435 | 2,490 |
| Income tax expense (benefit) | 1,302 | (781) | 2,976 | 641 |

| | | | | | | | | |
|---|----|-------|----|---------|----|-------|----|---------|
| Net profit | \$ | 1,710 | \$ | 259 | \$ | 4,459 | \$ | 1,849 |
| Other comprehensive income (loss): | | | | | | | | |
| Effective portion of changes in fair value on designated revenue hedges | | 7,662 | | (2,187) | | 1,941 | | (1,086) |
| Exchange differences on translation of foreign operations | | 486 | | 102 | | 718 | | (322) |
| Comprehensive income (loss) | \$ | 9,858 | \$ | (1,826) | \$ | 7,118 | \$ | 441 |
| Basic earnings per common share | \$ | 0.12 | \$ | 0.02 | \$ | 0.30 | \$ | 0.13 |
| Diluted earnings per common share | \$ | 0.11 | \$ | 0.02 | \$ | 0.30 | \$ | 0.13 |

Consolidated Statements of Cash Flows (In thousands of Canadian dollars)

| | Three Months Ended April 30, 2025 | | Twelve Months Ended April 30, 2024 | |
|--|---|---------|--|---------|
| Cash flows from operating activities: | | | | |
| Net profit | \$ | 1,710 | \$ | 259 |
| Adjustments for: | | | | |
| Depreciation of property and equipment and right-of-use-assets | | 349 | | 361 |
| Amortization of deferred development costs | | 184 | | 147 |
| Amortization of other intangible assets | | 320 | | 347 |
| Interest expense (income) and foreign exchange loss (gain) | | 98 | | (122) |
| Unrealized foreign exchange and other | | (1,204) | | 481 |
| Non-refundable tax credits | | (588) | | (596) |
| Stock-based compensation | | 536 | | 531 |
| Income taxes | | 2,125 | | 65 |
| Net cash from operating activities excluding changes in non-cash working capital items related to operations | | 3,530 | | 1,473 |
| Accounts receivable | | (2,299) | | 2,714 |
| Work in progress | | (348) | | (856) |
| Other receivables and assets | | 68 | | (135) |
| Tax credits | | (963) | | (728) |
| Inventory | | 69 | | 544 |
| Prepaid expenses | | (422) | | 299 |
| Contract acquisition costs | | (919) | | (784) |
| Accounts payable and accrued liabilities | | 1,851 | | (3,052) |
| Deferred revenue | | 6,311 | | 5,506 |
| Changes in non-cash working capital items related to operations | | 3,348 | | 3,508 |
| Net cash provided by operating activities | | 6,878 | | 4,981 |
| Cash flows from financing activities: | | | | |
| Payment of lease obligations | | (209) | | (193) |
| Payment of dividends | | (1,261) | | (1,175) |
| Interest paid | | (15) | | (27) |
| Issuance of common shares on exercise of stock options | | 3,070 | | 3,897 |
| Shares repurchased and cancelled | | (943) | | (5,010) |
| Net cash provided by (used in) financing activities | | 642 | | (2,508) |
| Cash flows from investing activities: | | | | |
| Interest received | | 13 | | 6 |
| Transfers from short-term investments | | - | | - |
| Acquisitions of property and equipment | | (331) | | (144) |
| Deferred development costs | | (592) | | (203) |
| Net cash (used in) provided by investing activities | | (910) | | (341) |
| Net Increase (decrease) in cash and cash equivalents during the period | | 6,610 | | 2,132 |
| Cash and cash equivalents - beginning of period | | 20,970 | | 16,724 |
| Cash and cash equivalents - end of period | \$ | 27,580 | \$ | 18,856 |

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

| | Share capital | | | | | | |
|---|---------------|-----------|---------------------|---|-------------------|------------|--|
| | Number | Amount | Contributed Surplus | Accumulated other comprehensive (loss) income | Retained earnings | Total | |
| Balance, May 1, 2024 | 14,840,150 | \$ 52,256 | \$ 9,417 | \$ (1,425) | \$ 8,121 | \$ 68,369 | |
| Net profit | - | - | - | - | 4,459 | 4,459 | |
| Other comprehensive income: | | | | | | | |
| Effective portion of changes in fair value on designated revenue hedges | - | - | - | 1,941 | - | 1,941 | |
| Exchange difference on translation of foreign operations | - | - | - | 718 | - | 718 | |
| Total comprehensive income | - | - | - | 2,659 | 4,459 | 7,118 | |
| Shares repurchased and cancelled | (172,200) | (618) | (6,316) | - | - | (6,934) | |
| Stock-based compensation | - | - | 2,951 | - | - | 2,951 | |
| Dividends to equity owners | - | - | - | - | (4,880) | (4,880) | |
| Share options exercised | 168,170 | 5,935 | (1,297) | - | - | 4,638 | |
| Total transactions with owners of the Company | (4,030) | \$ 5,317 | (4,662) | \$ - | (4,880) | \$ (4,225) | |
| Balance, April 30, 2025 | 14,836,120 | \$ 57,573 | \$ 4,755 | \$ 1,234 | \$ 7,700 | \$ 71,262 | |
| Balance, May 1, 2023 | 14,582,837 | \$ 44,338 | \$ 15,285 | \$ (17) | \$ 10,832 | \$ 70,438 | |
| Net profit | - | - | - | - | 1,849 | 1,849 | |
| Other comprehensive (loss) income: | | | | | | | |
| Effective portion of changes in fair value on designated revenue hedges | - | - | - | (1,086) | - | (1,086) | |
| Exchange difference on translation of foreign operations | - | - | - | (322) | - | (322) | |
| Total comprehensive (loss) income | - | - | - | (1,408) | 1,849 | 441 | |
| Shares repurchased and cancelled | (204,500) | (684) | (6,531) | - | - | (7,215) | |
| Stock-based compensation | - | - | 2,301 | - | - | 2,301 | |
| Dividends to equity owners | - | - | - | - | (4,560) | (4,560) | |
| Share options exercised | 461,813 | 8,602 | (1,638) | - | - | 6,964 | |
| Total transactions with owners of the Company | 257,313 | \$ 7,918 | (5,868) | \$ - | (4,560) | \$ (2,510) | |
| Balance, April 30, 2024 | 14,840,150 | \$ 52,256 | \$ 9,417 | \$ (1,425) | \$ 8,121 | \$ 68,369 | |

SOURCE Tecsyst Inc.

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