



# Sylogist Ltd. First Quarter 2025 Results

## Conference Call Transcript

**Date:** May 15<sup>th</sup>, 2025

**Time:** 8:30 AM EST

**Speakers:** **Alex Balca**  
Corporate Development Analyst

**Bill Wood**  
President & Chief Executive Officer

**Sujeet Kini**  
Chief Financial Officer

**Operator:**

Welcome to the Sylogist Limited First Quarter 2025 Results Conference Call and Webcast.

As a reminder, all participants are in listen-only mode and the conference is being recorded.

After the presentation, there will be an opportunity to ask questions. To join the question queue, you may press star, then one on your telephone keypad. Should you need assistance during the conference call, you may signal an Operator by pressing star, then zero.

I would like now to turn the conference over to Alex Balca, Corporate Development with Sylogist. Please go ahead.

**Alex Balca:**

Thank you, Alan, and good morning.

Joining me to discuss Sylogist's first quarter 2025 results are Bill Wood, Sylogist's President and Chief Executive Officer, alongside Sujeet Kini, Chief Financial Officer.

This call is being recorded live at 8:30 AM Eastern Time on May 15, 2025.

I'd like to remind everyone that our Q1 2025 press release, MD&A, financial statements, and accompanying notes have been issued and are available for download on SEDAR+.

Please note that some of the statements made on the call today may be forward-looking. Actual events or results may differ materially from those expressed or implied. Sylogist disclaims any intent or obligation to update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise. The complete Safe Harbour statement is available in both our MD&A and press release, as well as on sylogist.com. We encourage our investors to read it in its entirety.

Additionally, we are reporting our financial results in accordance with IFRS accounting standards, or IFRS. Today, we may also make reference to and discuss non-IFRS performance measures, which should be viewed as supplemental. We have included in our MD&A the definitions of non-IFRS performance (audio interference 1:57).

All dollar amounts on this call are in Canadian dollars (audio interference 2:09) remarks. Following that, Sujeet will provide a detailed review of our Q1 financial performance. Bill will then return to conclude with closing comments; at which time we will open the line for Q&A.

With that, Bill?

**Bill Wood:**

Thank you, Alex.

Good morning, or good afternoon, everyone, and thank you for joining us.

We're pleased to share that Q1 2025 was strong in terms of the value creation aspects of the business we're hyper-focused on. Our results clearly reflect the continued success of our transition to an ARR-driven enterprise, as nearly 67% of our total revenue is recurring, marking a significant milestone.

Our strategy and execution is delivering results. We have an engaged and expanded partner channel, three best-in-class, fully SaaS platforms in-market, a loyal customer community driving strong net revenue retention, and increasing traction in our strategic markets. This quarter's performance further validates our long-term value creation strategy.

Let me take a minute to walk you through a few key highlights from the quarter. Bookings grew over 150% year-over-year, fuelled by new logo wins and strong upsell and cross-sell performance. Notably, 79% of our total contract value, or TCV bookings, came from our SylogistGov sector, and the Texas Office of the Attorney General Award for our SylogistGov Victim Services suite solution is the largest contract in the Company's history and further confirms the opportunity we see ahead in the SylogistGov at the state, provincial, and local level.

Our competitive position is also strengthening. Our overall win rate exceeded 50%, reflecting the power of our targeted displacement strategy and the strength of our vertically specialized, fully SaaS offerings.

In partner-attached deals, our win rate was over 70%, which confirms the success we're seeing with our partner community leading deal sourcing, RFP responses, and closing, with our internal team

supporting their sales motions and empowering their project delivery teams in our SylogistGov and SylogistMission market segments.

We're also seeing material, more balanced pipeline growth across our three core segments, SylogistMission, Ed, and Gov. Our bookings pipeline is up 42% year-over-year, setting the stage for continued SaaS ARR growth as we move through 2025 and beyond.

We did see some turbulence and impact in the quarter due to the new U.S. Administration's policies, specifically in our existing customer, non-governmental organizations, or NGO segment. Due to DOGE cutbacks, we lost approximately a million dollars in ARR from legacy customers that lost their funding. However, other than the narrow NGO segment, we have not seen any material impact to the segments of the non-profit, ed, or gov sectors we target, except for an initial slowdown in new logo deal decision-making early in the quarter, which we now see returning to normal cadence.

Overall, we see the administration shift of dollars and decision-making from the federal level to the state and local level as potentially having a beneficial impact to us, and we do not expect the announced tariffs will have any direct impact on us whatsoever.

As we shared for several quarters now, a central pillar of our go-forward strategy is our partner network, which enables scalable growth and faster market penetration. We've made significant progress in partner activation over the last year in SylogistGov and SylogistMission. Again, we don't get engaged partners in SylogistEd or the SylogistGov VSS subsector; those are direct in terms of sales and project delivery. With those sector exclusions in mind, and combining the primary SylogistGov sector with SylogistMission, nearly 45% of the bookings were partner-attached in the quarter, which bodes well for future margin expansion and leverage.

It's important for us to remind everyone that to ensure the success of our partner community, we've continued to maintain our internal delivery team and have expanded our Partner Enablement team. While this temporarily compresses gross margins, given we're still absorbing cost but handing off the project service revenue to partners, this is a planned and a strategic investment phase.

As partners ramp and take on project delivery themselves, we expect to see a natural shift in our cost structure. This will allow us to focus even more on high-margin SaaS growth with increasing scalability

and profitability. It's important to share that we see operating leverage increasing in the back half of 2025 and continuing to strengthen going forward, as we planned.

We continue to drive healthy SaaS metrics. SaaS ARR grew 15% year-over-year to \$31.4 million. SaaS net revenue retention remains strong, at 108%, demonstrating customer satisfaction, advocacy, and wallet expansion. Both are solid indicators of durable growth and long-term customer value.

With that, I'll turn it over to Sujeet to walk you through our financial results for the quarter in a little more detail. Sujeet?

**Sujeet Kini:**

Thank you, Bill, and good morning, and good afternoon, everybody.

Before diving into the numbers, and like I've done last quarter, I'd like to quickly remind you that we divested of our Managed IT Services division in Q2 2024. Therefore, to provide a clearer comparison, all year-over-year financial comparisons exclude the impact of that divestiture.

Our Q1 results reinforce our successful transition to a SaaS-driven enterprise with a strong focus on high-margin SaaS revenue and ARR growth. Q1 revenue was \$16.3 million, up 3% year-over-year, and SaaS subscription revenue grew at 15%, this offset by declines in maintenance and support, related to the DOGE-related cutbacks that Bill alluded to earlier. SaaS revenue now represents 71% of recurring revenue, up from 65% last year.

Total ARR grew 6% year-over-year to \$44.3 million, with SaaS ARR up 15% to \$31.4 million. SaaS NRR continues to remain strong at 108%.

On the gross margin front, Q1 gross margin at 59% improved compared to Q1 fiscal 2024, at 59%, this primarily due to higher levels of SaaS recurring revenue.

On the expenses front, G&A increased \$0.5 million in Q1 to \$3.1 million, at 19% of revenue, versus 16% last year. The increases here are primarily due to third party expenses, including professional fees and slightly higher payroll compensation costs.

Sales and marketing expenses in Q1 rose to \$2.1 million or 13% of revenues, versus 9% last year, this reflecting an anticipated increase in spending on quota-bearing sales headcount, with our sales and marketing headcount growing to 30 from 26, as well as increased programmatic marketing spend.

Gross R&D spend for Q1 was \$2.8 million, at 17% of revenue, versus 15% last year. This increase primarily related to higher third party costs.

At a net R&D spend level, R&D spend was \$1.8 million, an increase of \$0.8 million, of which approximately \$500,000 was due to lower levels of eligible capitalized development spend in the current quarter, and this in turn being attributable to the maturing of all of our three SaaS platforms. I will state that we expect this trend to continue.

On the Adjusted EBITDA front, Q1 Adjusted EBITDA was \$2.6 million, at 16.1% margin, versus 27.4% last year. Our Adjusted EBITDA margin was primarily impacted by the lower levels of capitalized development costs that I just mentioned earlier, and higher sales and marketing expenditures in the current quarter.

Finally, we ended Q1 with \$10.5 million in cash, this being consistent with our expectations.

With that, I'll hand it back to you, Bill. Bill?

**Bill Wood:**

Thanks, Sujeet.

With all three of our leading SaaS platforms now in-market, a growing and productive partner ecosystem, strong customer advocacy, and real traction from our targeted competitor displacement strategy, we're in a strong position to deliver increasingly scalable, profitable, and repeatable growth.

Thanks to our exceptional team, fully SaaS best-in-class solutions, and a customer-first mindset, our investments are delivering. We've laid a strong foundation for increasing recurring revenue, growing free cash flow, and expanding margins. Momentum we expect to accelerate in the second half of 2025 and beyond. For fiscal year 2025, the Company aims to achieve SaaS ARR year-over-year growth in

the low-to-mid 20% range, a gross margin of approximately 60%, and an Adjusted EBITDA margin in the mid-20% range.

With that, thank you again for your continued support and confidence. We're looking forward to what's ahead for Sylogist in 2025 and beyond.

With that, let's take some questions.

**Operator:**

We will now begin the question-and-answer session. To join the question queue, you may press star, then one on your telephone keypad. You will hear a tone acknowledging your request. If you are using a speakerphone, please pick up your handset before pressing any keys. To withdraw your question, please press star, then two.

Our first question today comes from Daniel Rosenberg of Paradigm. Please go ahead.

**Daniel Rosenberg:**

Good morning, Bill and Sujeet. My first question was around new channel partner strategy. It was nice to see SaaS growth accelerating this quarter over last. I was wondering, what are the key learnings that you're seeing as you're working with your channel partners to increasingly leverage that sales function?

**Bill Wood:**

Hey, good morning, Daniel. Yes, I appreciate the question, because it is important. As I've signalled over the last few quarters, we are seeing our partner community having unique sightlines to cohorts of customers, or opportunities, that they have that we may not have. They may have installed prior systems for them, they may have an existing relationship with them. They are very in tune with the needs of particular prospective customer sets, as well as how our software fits into those. We're also seeing scenarios where, in certain instances, we have maybe two, sometimes three partners that are bidding our platform as the solution.

Both results are leading to a really high win rate in terms of the relationships that they have and the alignment of our platform to something that the communities that we're targeting are anxious for.

**Daniel Rosenberg:**

Okay, thanks for that. I appreciate the colour. Secondly, on the margin profile, there was a bit of investment in the OpEx side of the equation. I was just wondering how you think about further investment and resources. Is this a baseline for us, or how should we think about the year ahead?

**Bill Wood:**

Yes. On a macro level, Daniel, I think that we don't see additional build-in. Now, as we've said, we have leaned in on our project service bench, as well as our Partner Enablement team, we've added resources in there. To that end, we do feel like our overall count, in terms of what we need to do, and as well as adding new partners as we go forward, is in a good position.

We don't see a lot of additional build-out there, and we did want to make sure that, as Sujeet highlighted, that we've really increased our sales and marketing muscle on that front. We feel that now, with the strengthening of our partner execution in terms of sales efficacy, we do see our existing quota carrying team being built out to what we think will drive good value creation as we expect going forward.

**Daniel Rosenberg:**

Thanks for that. Lastly for me, you guys secured a large contract win recently, which was great to see. I was wondering if you could speak to the pipeline. Is there anything to say about the size of opportunities that you're going after, that you're seeing in-market as you look at your sales function?

**Bill Wood:**

Yes. On a macro level, as I mentioned in my comments, we do see an acceleration and an expansion, and a balanced expansion, across our three market segments in our pipeline. That's a really good signal, in terms of what bodes for us going ahead when you combine that with our win rate.

On the large award that we received, that subsector of SylogistGov, the VSS suite, is by nature larger deals, because they're state-wide agreements. To that end, we are very pleased with the three wins that we had in the quarter, Texas, Massachusetts, and Nevada, and do see continued opportunity for expansion and displacement with our competitor displacement strategy in that segment. The lift of our average deal size is skewed because of that VSS deal magnitude.

But overall, we see good cadence and consistency in the deals that we're landing, and we generally see the SaaS platforms and the usability of those platforms also with our land-and-expand with customer wallet share expansion, where we see customers adding subscriptions as they become acclimated to software and want to empower more users. That's a good signal to us as well.

**Daniel Rosenberg:**

Great, thanks for taking my questions. I'll pass the line.

**Operator:**

Our next question comes from Gavin Fairweather of Cormark. Please go ahead.

**Gavin Fairweather:**

Hey, good morning. Thanks for taking my questions. Maybe just to follow on that Texas contract, can you provide a bit more detail in terms of the implementation revenue that we should be expecting and how we should be thinking about the timeline towards getting it live and starting to recognize the ARR?

**Bill Wood:**

Sujeet, do you want to share that? Good morning, Gavin.

**Sujeet Kini:**

Yes, absolutely. Good morning, Gavin. From an overall contract perspective, Gavin, basically the overall position from revenue, it is an integrated contract, essentially what one might call from a revenue recognition perspective, a bundle arrangement. We're working through the machinations of the contract with our auditors, and essentially our best view on this is that it is primarily ARR revenue that will be recognized through the term of the contract; that is the position. We'll keep you posted on the accounting for this, and you'll see this in our Q2 results. Essentially, the contract is an integrated project with the bulk of the revenue being recognized, essentially, largely as ARR.

**Gavin Fairweather:**

Okay, that's helpful. Then, maybe you could discuss your view on the VSS TAM and to what extent there is further RFPs that you're seeing in the market. Great to hear that it wasn't just Texas, there was

another couple wins in the quarter, so it seems like you're building momentum. I think it would be helpful just to frame the opportunity for people.

**Bill Wood:**

Yes, happy to. As we've mentioned, there is a current existing provider that has the majority of the U.S. market, and has had for many, many years, that we are having success in displacing with a more contemporary platform and a different approach to how we treat customer data, differently, which is we don't touch it, we don't use it in any matter, and we certainly don't aggregate it in terms of other products. That is something that is a differentiator for us in addition to the idea of, our platform is far more contemporary.

Because these are public awards, they're also public contracts to the state. We do have technology that's enabled us to see the expiry date of existing agreements with that particular provider. We have good sightline in terms of how we engage with them in advance to make sure that they are aware of us, and certainly now, with our momentum, most states are increasingly aware of us.

With any state, there is oftentimes two, if not three opportunities for our platform to be utilized by different departments within that, so it isn't just a one state and done. For instance, Texas was an existing account for us in another facet of their criminal justice area. Ultimately, this is the second award in that space, so it isn't just a one-and-done. Therefore 50 states, 50 opportunities.

Interestingly, we're also seeing some early green shoots of interest in this area within Canada as well as abroad, where they have had largely not nearly as sophisticated systems, but still need in terms of notifications for victims and so on. That bodes well, that we do believe that it goes beyond just the U.S. as an opportunity as well, downstream.

**Gavin Fairweather:**

Yes, that's super helpful. Appreciate that. Then, maybe, also seeing in the gov sector, you talked about the GP, Great Plains sunset in 2028. Curious when you're expecting to begin seeing RFPs, begin seeing contracts being awarded. Do you think customers are going to wait until that sunset in 2028, or are you starting to see some movement and activity now?

**Bill Wood:**

We're starting to see some movement in the partners that I mentioned. Many of them have cohorts of customers that they implemented Great Plains at, years back. I do not expect, and certainly our partner community and our marketing motions are helping people to realize, waiting may not be in their best interest in terms of opportunity to do it in a smooth and thoughtful, and organized manner. Our partners are beating that drum with us. There's an amplification of moving now, it makes sense, why it makes sense. We see continuing and expanding Great Plains RFPs coming to us, and coming to our partners.

**Gavin Fairweather:**

Great. Then just lastly for me, it sounds like, on the R&D spending side, there are some third party costs, which you've ramped up. Is there some specific projects that you'd call out, and do those have a fixed timeline where we might see R&D step back down afterwards? Maybe just help us model that line out, and point at any projects that you're maybe bringing some external help on.

**Bill Wood:**

Yes, and I'm glad you asked that, Gavin, because it's important. We had said in Q4 last year that we had had some learnings relative to our partner community in our ERP platform, where they were looking for more out-of-the-box interconnectivity capability that we had somewhat underestimated how anxious they were to be able to connect our solution to other things as part of a particular installation that our partners undertake. We actually went back in, and it was time-sensitive, because we don't want that to lag too long in terms of partner engagement and successful light-up of opportunities. To that end, we did throw resources that we see that project largely coming to completion in the summer timeframe. We see the bulk-up that we had in the R&D, and the people side of that has to turn back.

The other piece is that, as Sujeet mentioned, we did move costs that were previously sitting as capitalized back up above the line as part of the natural trend as well, which, if you put those in addition to what we had as a pro forma, it kind of puts us where I think many of you had us in terms of fitting from an Adjusted EBITDA standpoint, because we did move some costs back above the line that maybe you hadn't seen before.

**Gavin Fairweather:**

Thanks so much, I'll pass the line.

**Bill Wood:**

Thanks, Gavin.

**Operator:**

Our next question comes from Amr Ezzat from Ventum Capital. Please go ahead.

**Amr Ezzat:**

Hi, Bill. Hi, Sujeet. Congrats to both of you and the team for the very strong bookings number. From what we can tell from the public documents, it seems like the implementation timeline is quite tight. Are you guys starting to recognize revenues in Q2, or is that a Q3 event? Then, you also mentioned this being handled internally. Is that fully internally, or are you involving partners in any capacity to help train, I guess, for future scale deployments?

**Sujeet Kini:**

Yes, so...

**Bill Wood:**

Good morning, Amr.

**Sujeet Kini:**

Sorry. Go ahead, Bill. I'll jump in after.

**Bill Wood:**

Yes, the revenue recognition is tilted toward the summertime, in terms of the Q2 and starting more materially in Q3. That's kind of tied to the integrated approach that we're in discussion with KPMG around. We do see the momentum in the back half of the year really starting to blossom.

On the question with regard to the resourcing, not a partner per se; however, we're pulling—that is going with their own team, we're actually pulling would-be contractors from partner resources, if you will, and adding them to our team to be able to bulk up to push through. It is largely direct, but we are also developing and expanding our playbook as we think about the future, to be able to hand off the motions that lead to success and what's involved. But it's mostly through contractor resources that we're bulking up on to be able to deliver, in very specific areas that is complementary and synergistic with our bench, delivering ourselves, for the VSS right now.

**Amr Ezzat:**

Understood. The full, approximately CAD\$15 million, is your revenues, and you're not giving up any of these revenues, from my understanding?

**Bill Wood:**

Generally, that's correct, yes. There's no margin share or anything in terms of deal. That's traditional, or that's more common in the rest of our partner arrangements, so yes, that's spot-on.

**Amr Ezzat:**

That's fantastic. Then...

**Sujeet Kini:**

Yes, and...

**Amr Ezzat:**

Go ahead, Sujeet.

**Sujeet Kini:**

Yes, sorry, Amr, just going to jump in for the benefit of everybody. The \$15 million you quoted is a total contract value. I just wanted that to be clear.

**Amr Ezzat:**

With the options and so on, no, I understand that.

**Sujeet Kini:**

Exactly, yes. Thank you.

**Amr Ezzat:**

No, no, I understand that. I appreciate that clarification.

Then, just to clarify, from where you stand currently, we shouldn't expect a lift in project services. I believe that was what you were implying, Sujeet? It's all embedded in ARR, and specifically probably SaaS as opposed to maintenance?

**Sujeet Kini:**

Yes, that would be broadly accurate, Amr, and again, we will emphasize that we're in discussions in terms of—yes, I'm just going to throw out the word, the "complexity" of this arrangement from the point of view of revenue recognition. But that is broadly an accurate assumption, that, essentially, the way the agreement is structured from a business perspective is that it lends itself to essentially being a bundle arrangement, and therefore, a larger skewness towards ARR, so that would be accurate.

**Amr Ezzat:**

Fantastic. Not to take away from all the good news, but I wanted to go back to your NGO-related funding comments, like the headwinds. I missed the number; did you say \$0.5 million or \$1 million? Number one. Then, is that headwind fully reflected in your maintenance and support revenue base for the quarter, or should we expect further erosion as contracts roll off?

**Bill Wood:**

It was a million dollar...

**Sujeet Kini:**

A million, yes.

**Bill Wood:**

...from the standpoint of the gross amount. Sujeet, do you want to take the last half? But yes, we don't really see this...

**Sujeet Kini:**

Yes. As a...

**Bill Wood:**

...being something that we see more of this going on. Based on the customer's existing NGOs, we see them now with—they're getting their feet underneath us and understanding, if they do still exist, that

they're able to go forward in a manner that they've now worked out. We feel that this is not a wait until the next shoe drops kind of scenario, unless something changes with the administration that we're not aware of.

**Sujeet Kini:**

Yes, and I'll quickly jump in after Bill on that comment. Supplementally, Amr, what I will add is—and thank you for actually asking the question. Basically, the \$1 million number that Bill quoted is, effectively, the ARR impact, or is the ARR impact. From a timing perspective, what happened was a lot of these actions happened late February into March. Effectively, one would not, from a numbers perspective, see the fullness of the impact on maintenance and support revenue in March, so the fulsomeness of the impact actually plays out in the remaining three quarters.

From a revenue perspective, that dipping of the revenue happens essentially through the rest of the year. There was, I would say, a more diminished impact in Q1.

**Amr Ezzat:**

Understood. Just to clarify, this is maintenance and support revenues, right?

**Sujeet Kini:**

This is...

**Amr Ezzat:**

Maintenance (multiple speakers 34:13).

**Sujeet Kini:**

Yes, it's primarily maintenance and support. Yes, that is accurate.

**Bill Wood:**

I will add, and I'm sure you picked up on this, Amr, is that as we continue to have a sightline to what we have shared relative to the framework of where we see our flight path for 2025. We maintain that view, even with this unforeseen turbulence in Q1, relative to what's led to those DOGE cuts affecting our NGO customers. I think it speaks to the strength of our core areas. The NGO space is not an expanding area for us; it's not one of our core markets relative to as we think about growth and material

growth going forward. To that end, I think that speaks to the strength of the business as we see it in other areas.

**Amr Ezzat:**

Yes, no, I feel like your bookings obviously trump what's happening there, no pun intended there. Then, just one last one; appreciate the colour on OpEx, but I just want to step back again on the R&D number. I do appreciate that the capitalized number is a little lower, but the gross number at \$2.8 million for the quarter, 17% of revenue, did I understand correctly when you were answering Gavin's question that this probably stays at the same level through the summer?

**Sujeet Kini:**

Yes, Amr, from a dollar perspective, getting away from the percentages, which is...

**Amr Ezzat:**

Yes.

**Sujeet Kini:**

...I think your question. Yes, exactly. From a dollar run rate perspective, yes, I would say broadly, we would stay in that range. We're expecting to see some lightening as we go through the year, but just from an overall dollar headline perspective. We like to think that it will kind of stay in that range.

**Amr Ezzat:**

Fantastic. Okay. Thank you, and congrats again. I'll pass the line.

**Operator:**

Our next question comes from Doug Taylor from Canaccord Genuity. Please go ahead.

**Doug Taylor:**

Yes, thank you, good morning. I'm going to impress a little more on Amr's last line of questioning there. The jump in OpEx line this quarter, you've noted some temporary third party resources, but it did sound like a bunch of the expenses related to sales, salaries, moving previously capitalized R&D above the line, sound fairly permanent. I guess my question is, maybe more broadly, with you reconfirming the objective of mid-20s EBITDA margins from the 16% you reported here in Q1, can you help us just

reconcile that? Is that going to be purely a function of more top line absorbing this cost base, and you've got the SaaS ramp ahead of you to support that? Is that a fair characterization?

**Sujeet Kini:**

I would say broadly yes, Doug. That would be a fairly accurate characterization. Essentially, the ramp-up towards stronger margins would be a combination of higher SaaS revenue going into the latter part of the year. Then, essentially, from a gross margins perspective as well, we do see potential for the gross margins improving, again as a result of higher SaaS revenues in the latter part of the year. I would say, yes, overall, that premise is broadly accurate.

**Doug Taylor:**

Then, maybe a similar line of questioning; Bill, you just reiterated your flight path, I think you characterized it, objectives for the year, being to get SaaS ARR growth also into that 20%+ range. Is it fair to say, with the Texas win being in your bookings, not yet in your ARR, is it fair to say you've now got pretty strong visibility to that ramp back into that territory, based on what you've got now in your bookings?

**Bill Wood:**

We do. I think all of you at this point understand that it isn't an immediate rollover of bookings to ARR. Given the cadence, we largely are comfortable with projects we have in hand, bookings we have in hand, and the sightline for the SaaS ARR acceleration to achieve what we've outlined. I would say, yes, we feel quite good about our posture as we sit right now, early into Q2, or Q1, as we think about it.

**Doug Taylor:**

Okay. Thank you for those clarifications. I'll pass the line.

**Operator:**

The next question comes from Suthan Sukumar from Stifel Canada. Please go ahead.

**Suthan Sukumar:**

Good morning, gents. For my first question, I wanted to touch on the Texas VSS deal. Can you speak a little bit more about what the initial scope and revenue base is for the initial deployment, and what expansions may look like over the duration of the agreement?

**Bill Wood:**

Good morning, Suthan. We'll speak to what's publicly out there, which is kind of what—we just don't parse deals typically more than that. Because this is a public contract, it does speak to what the annual ARR in the contract award represents, based on how it's published and how it was drafted by Texas OAG and us. That's over \$2 million, US\$2.3 million, so it's almost \$2.9 million of ARR on a Canadian basis. Sujeet, please verify that those are generally correct.

**Sujeet Kini:**

Yes, and Suthan, good morning. As Bill says, those are publicly available numbers. Essentially, what Bill quoted out there was the ARR equivalent of the \$15 million that Amr referred to. I don't know that we want to talk about anything that's not out there in the public domain, but essentially, the way the contract is structured is it's a USD\$10.6 million arrangement, or around a CAD\$15 million arrangement. Effectively, approximately around CAD\$3 million of recurring revenue happening, from a Canadian dollar perspective, on an annualized basis.

**Suthan Sukumar:**

Okay. Okay, great. No, that's helpful. For my second question, I just wanted to touch on revenue mix. Can you provide a little bit more colour on recent revenue trends in Mission? This was up slightly quarter-to-quarter but down year-over-year. Is that largely reflective of the NGO impact that you guys talked about, or are there other factors here to think about?

**Bill Wood:**

I will say generally, we are seeing an expanding posture of our bookings within that segment, attributable to more users securing more subscriptions for more users at implementation. The other thing is, we're starting to see a build of the thesis which was, we have a better mousetrap when we have an integrated CRM and ERP in our pipeline. What we've seen in certain deals where we do see opportunities, where we are actually getting IP in both areas, which previously we would not have had that in our arsenal, because we now have the fully integrated offering once the acquisition was completed, of the Mission CRM solution.

Overall, I would say, the deal size on the Mission side, it's hard to peg it quarter-to-quarter, Suthan. I know you appreciate that, because it can be lumpy, and one deal can skew it one way or another. But I would say on a trend basis, we see the deal sizes to be expanding.

**Suthan Sukumar:**

Okay, great. No, that's helpful. Bill, could you remind us what progress is with respect to migration of your existing customer base to SaaS? Roughly, what percentage are you at now, and is there really a focused push here to migrate this remaining base, or at this point, is it more about just leaning into the natural evolution in that customer's lifecycle?

**Bill Wood:**

Yes, I think that, for the most part, we have not disclosed what that shift is, but it has gone or ahead of planned in terms of what we anticipated on the legacy to SaaS posture. There's an appetite to move customers; we prefer to have one set of IP out there. We prefer to have the same support, to be able to deliver our knowledge base, kind of tied to, one, our AI that we're building in, tied to a platform SaaS versus legacy.

However, when we get into the 80%+ range and so on, there are some portions of that that are maybe going to need to fit to what the customer flight path is for that. I'll also remind that there's portions of that that we do not have an upgrade path to a SaaS platform now. We have legacy customers in our Epic community and other user communities which we will see, and we'll continue to maintain those platforms in their current posture. They've typically got good margin; they're typically profitable entities for us and sectors of our business. One should not assume that we're going to have a segment of that maintenance and support; that likely stays as maintenance and support. But ultimately, the rest of the community will continue to march forward in a thoughtful way.

**Suthan Sukumar:**

That makes sense. Thank you, Bill.

**Bill Wood:**

Thank you, Sujeet. I'll pass the line.

**Operator:**

This concludes our question-and-answer session. I would like to turn the conference back over to Mr. Bill Wood for closing remarks.

**Bill Wood:**

Yes. I want to thank you all again for the questions, as well as the continued support of Sylogist.

I will say that the work that's gone on since I joined has been monumental. I do now see much more clearly the results, as we do across the organization, the results of that starting to turn into value creation, and real clear value creation as we think about the back half of '25 and beyond. I've highlighted the pillars for that around our partner thesis now having three SaaS platforms.

But I also want to restate that the Sylogist team and Management team, and the colleagues I work with every day, are the best I've ever had the pleasure of working with. In the end, people lead businesses, people make decisions, and to that end, I'm very, very proud and humbled by the work that's gone on at Sylogist to create the opportunity for our customers and our investors as we think about the go-forward. I'm very, very humbled by the work that's gone on, and ultimately, now where we sit in terms of opportunity going forward.

A true tip of the cap to the Sylogist team in terms of the go-forward, and a sincere thanks to our investor community who has really stayed close to our story, and now really see the excitement that I feel lies ahead for Sylogist more fulsomely. Thank you for your time, and thank you for your continued support. I appreciate it.

**Operator:**

This brings to a close today's conference call. You may disconnect your lines. Thank you for participating, and have a pleasant day.