



Investor Presentation Q2 2023

Committed to a Connected World





Safe Harbour

The statements in this presentation 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 Tecsys Inc. serves, the actions of competitors, major new technological trends and other factors beyond the control of Tecsys Inc., which could cause actual results to differ materially from such statements.

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Our story is all about our customers

Our Purpose: To empower good companies to be great.

Our Position: To clarify uncertainty in the supply chain.

Our Mission: To equip supply chain greatness.

Our Vision: That good companies have the space to thrive.



39

Years

of complex supply
network experience

11

Times

Tecsys named in Gartner's
Magic Quadrant for WMS
and promoted to
Challenger in 2022

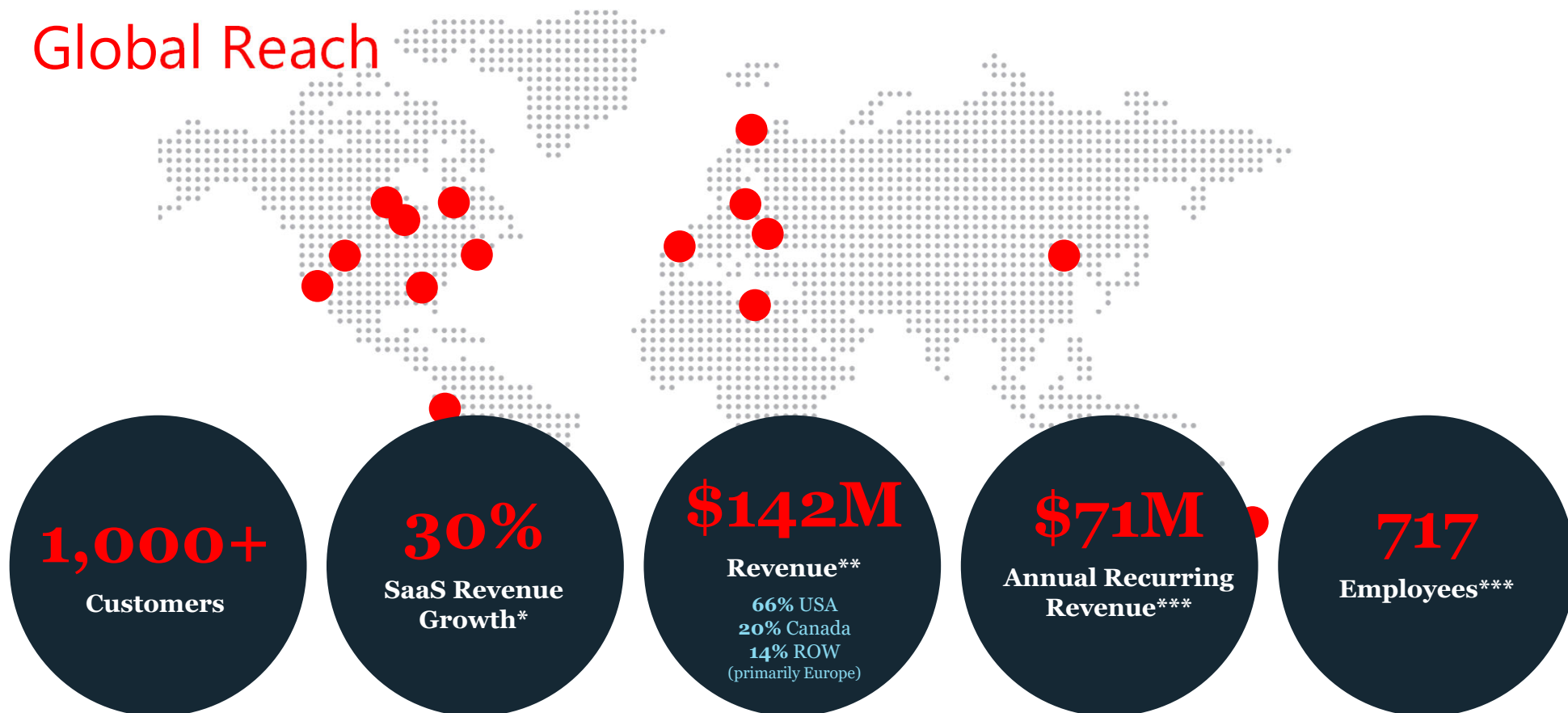
9

Customers

Tecsys is proud to have nine
customers, **two with**
Masters recognition, on
Gartner's Healthcare Supply
Chain Top 25 for 2022

Visionary provider of supply chain technology
for the world's most complex supply networks

Global Reach

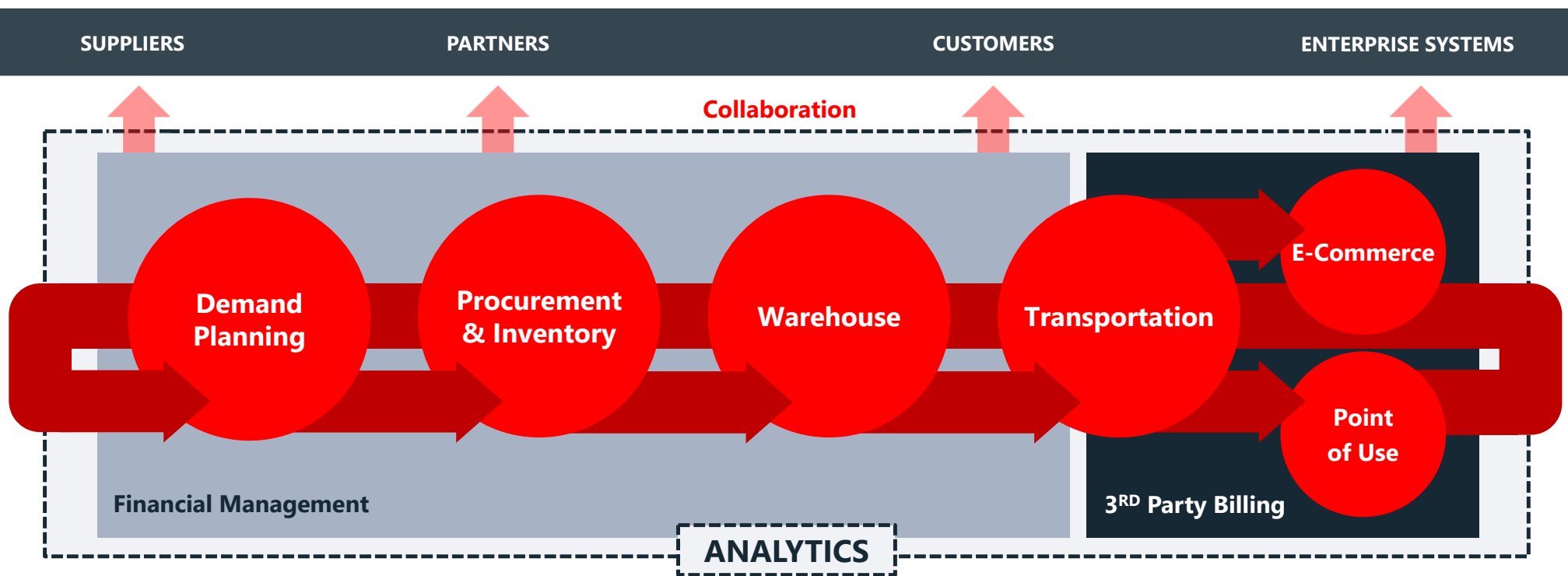


* Constant currency growth in Q2 vs. same period last year based on October 31, 2022 exchange rates

** Last twelve months, October 31, 2022

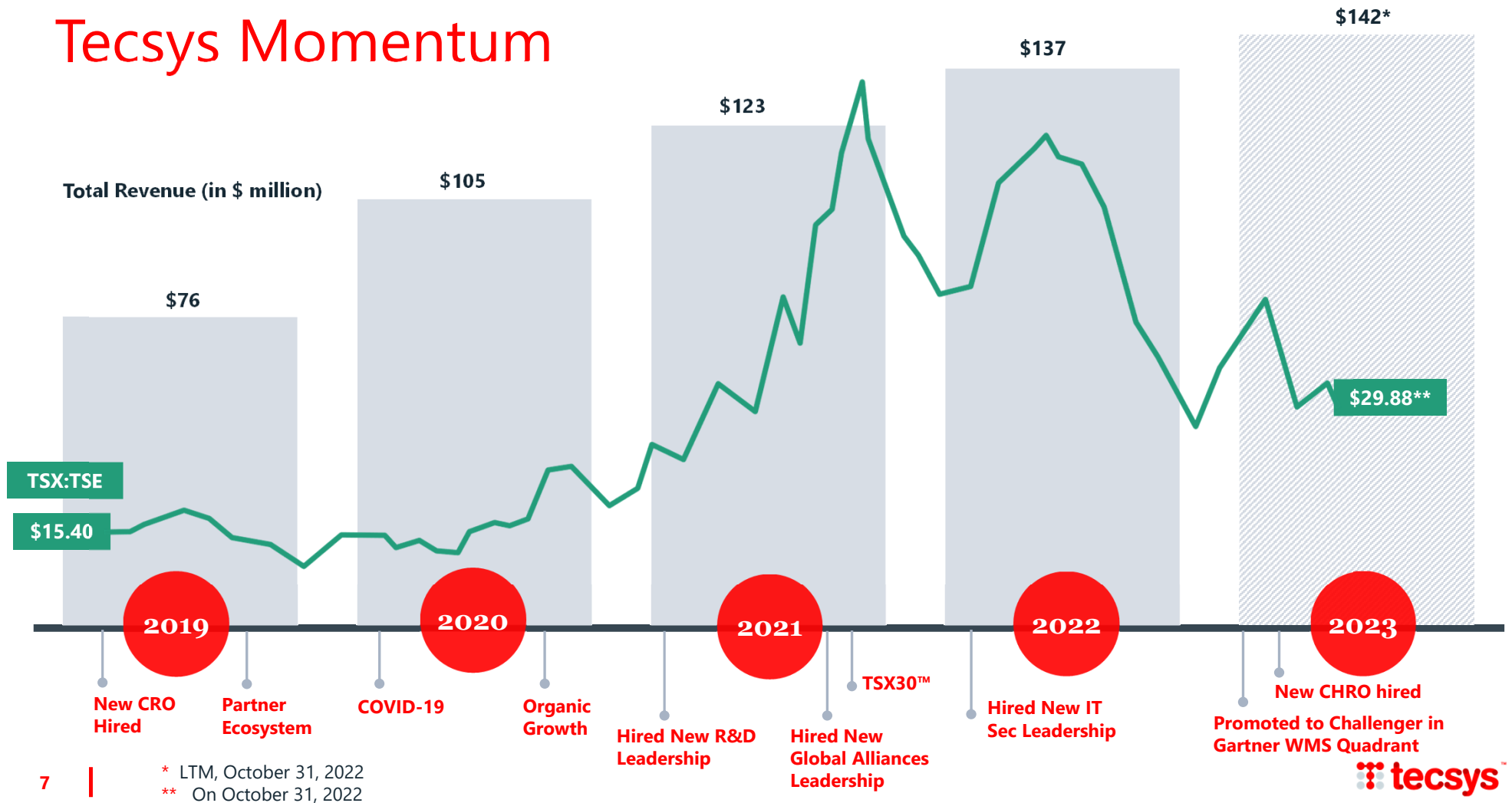
*** At October 31, 2022

End-to-end Integrated Supply Chain Management Solutions



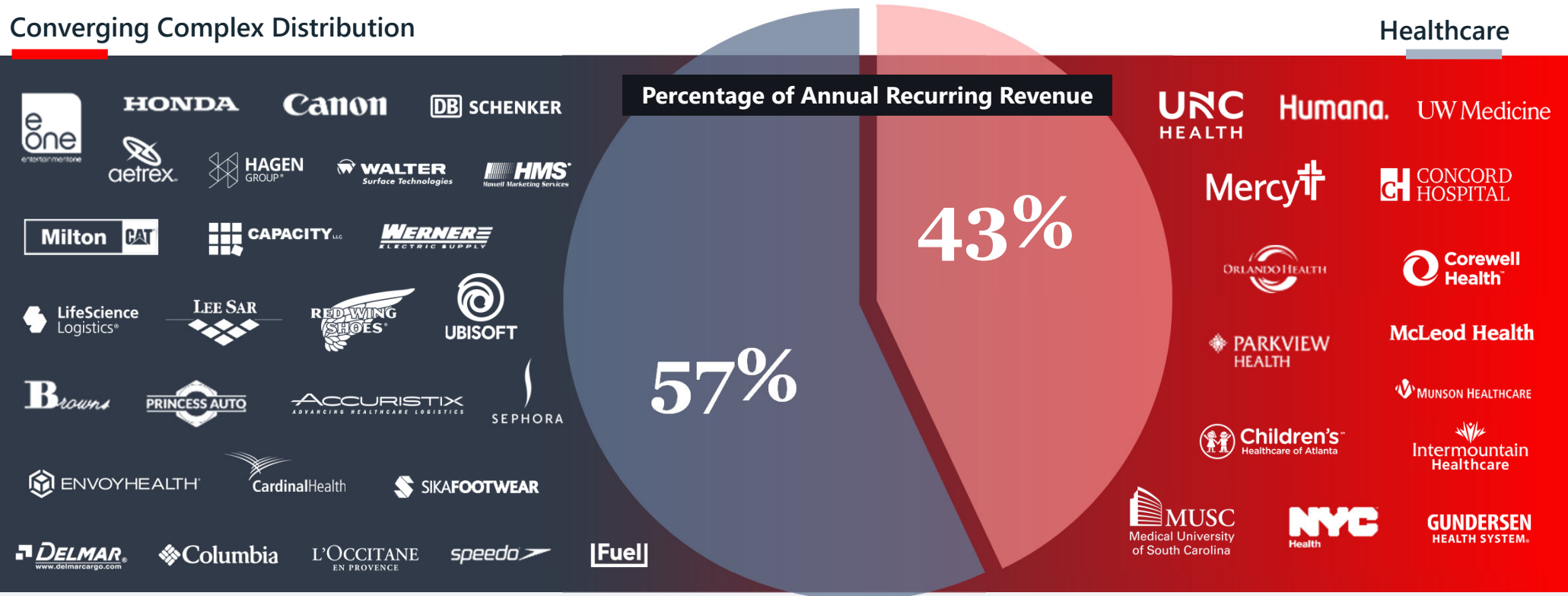
Healthcare – Distribution – Retail – 3PL

Tecsys Momentum



Key Markets

Converging Complex Distribution



Solutions Built on Experience: Delivering end-to-end solutions with technology & services tailored to key industries.

COVID-19 Exposed Weaknesses in Healthcare Supply Chains

- Point of Use Breakdowns
- Volume Fluctuations
- IDNs struggling

- Standardization across networks
- Extraordinary pressure on supply chain to deliver

Result: Healthcare supply chains need solutions urgently

Opportunity: Tecsyst is considered the LEADER in solving these issues for IDNs

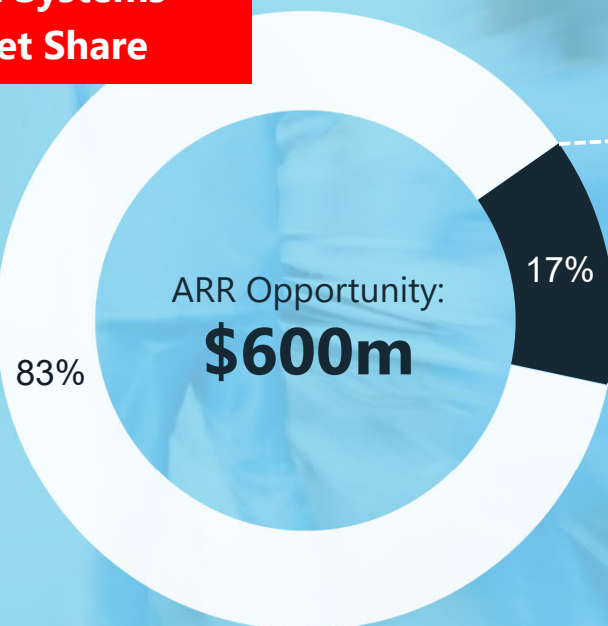
Healthcare Market Opportunity

Becoming Dominant in US Health Systems Market – The \$600M ARR* Opportunity

300

Target Health Systems

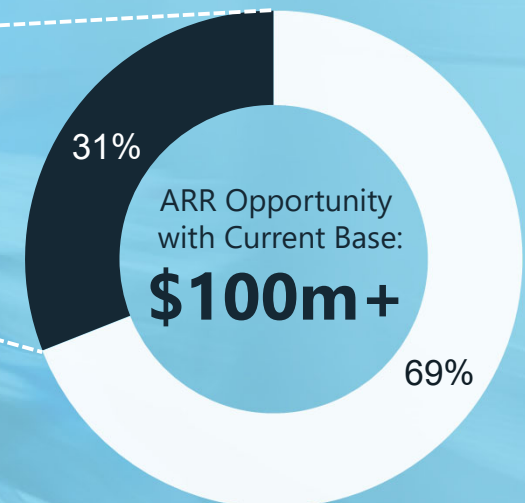
**Health Systems
Market Share**



■ Market Opportunity

■ Current Share

**Base Account
Penetration**



■ Market Opportunity

Brand Owner/Retail Convergence Drives Opportunity in Complex Distribution

- Seismic shift happening in retail – amplified by COVID19
- Consumers demand products faster

- Businesses/trading partners expect the same
- Extraordinary pressure on supply chain to deliver

Result: Supply Chain Management needs urgent upgrade to handle complexity
Opportunity: Tecsys is well positioned to solve these challenges

Distribution Convergence Market Opportunity –\$6B

ARR Opportunity
\$6B

12,000
Total Prospects

Industries:

High Volume distribution/wholesalers of hard goods in these specific verticals: General hard goods – agricultural equipment, auto parts, computer equipment, construction materials, consumer packaged goods, electrical & electronics, fulfillment operations, giftware, HVAC, healthcare products, heavy equipment, home products, industrial products, office supplies, service parts, third party logistics services

\$200M-\$10B+

Target market revenue range

Canada & the U.S.A.

Partner Ecosystem - Accelerate Growth

Software Alliances

e.g., Microsoft, AWS, IBM, OSF Digital, Zebra Technologies, Terso Solutions, Interfaceware

- Synergistic Solutions
- Market Reach
- Specific Vertical
- Market Share
- Access to a Customer Base

Consultants & SI

e.g., RiseNow, Avalon, Bricz, Sequoia, Six Peaks

- Synergistic Services
- Aligned Vertical Focus
- Market Reach
- Increased Deployment Capacity
- Strong Local Network
- Access to a Customer Base

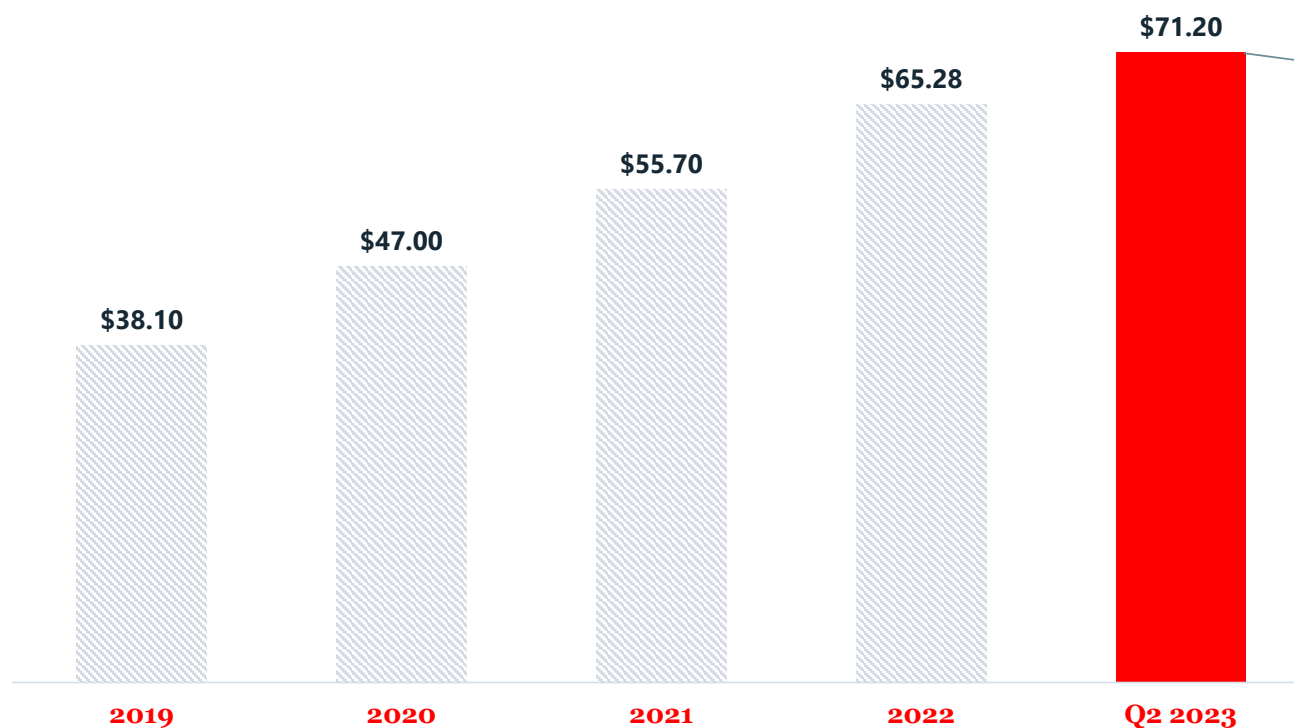
Partner influenced current sales pipeline

2018: **0%**

Q2 FY23: **21%**

Building Annual Recurring Revenue (ARR*)

Amounts in October 31, 2022 constant in \$CAD Millions



43%

of ARR is Healthcare

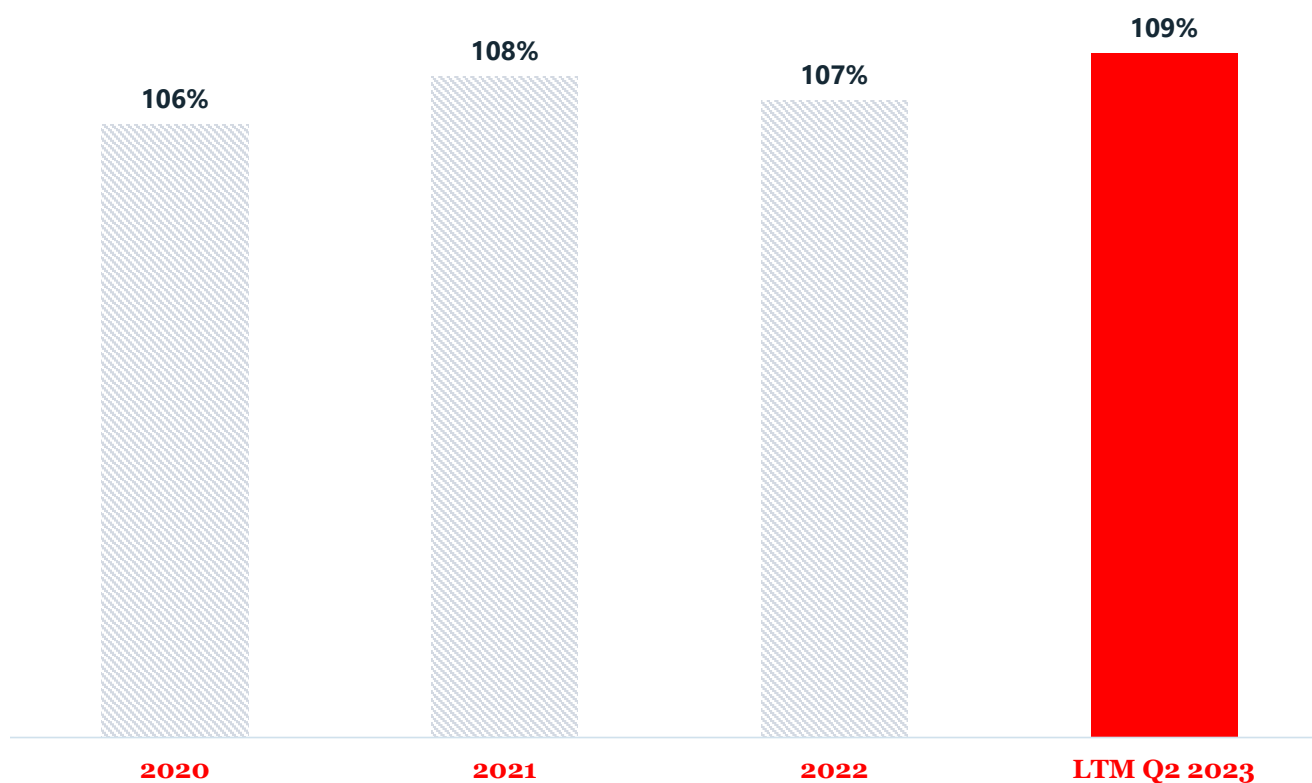
57%

Complex Distribution
(3PL, Retail, Distributors)

18%

YoY constant currency
growth Q2 FY23

Annual Recurring Revenue Net Retention Rate



109%

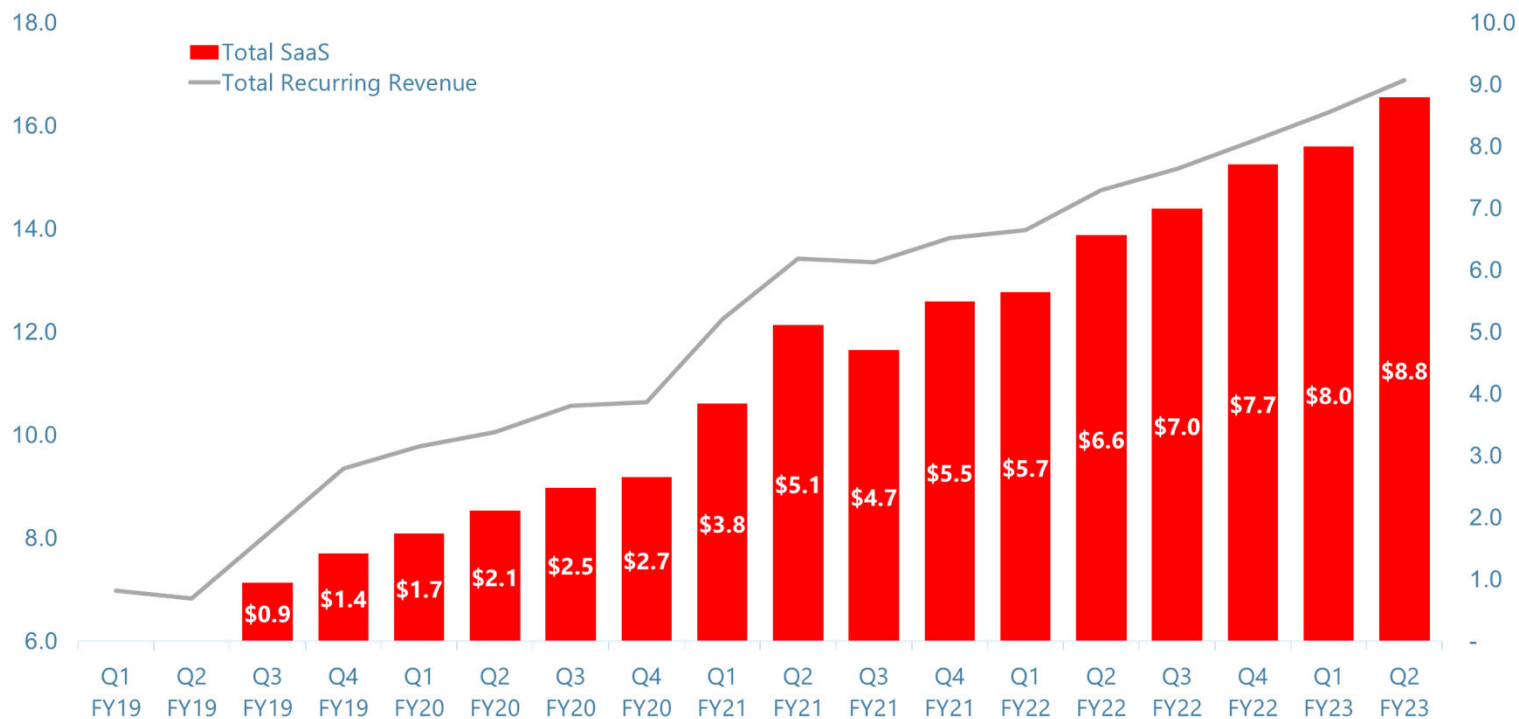
**LTM Q2 2023
Recurring Revenue
Net Retention Rate**

**Net Retention = (Existing
customer expansion less
churn) divided by Beginning
period ARR**

SaaS Bookings Fuel Recurring Revenue Growth

Amounts in \$CAD million

Quarterly SaaS Revenue



30%

**YoY SaaS Revenue Growth
Q2 FY23 (constant currency
basis)**

52%

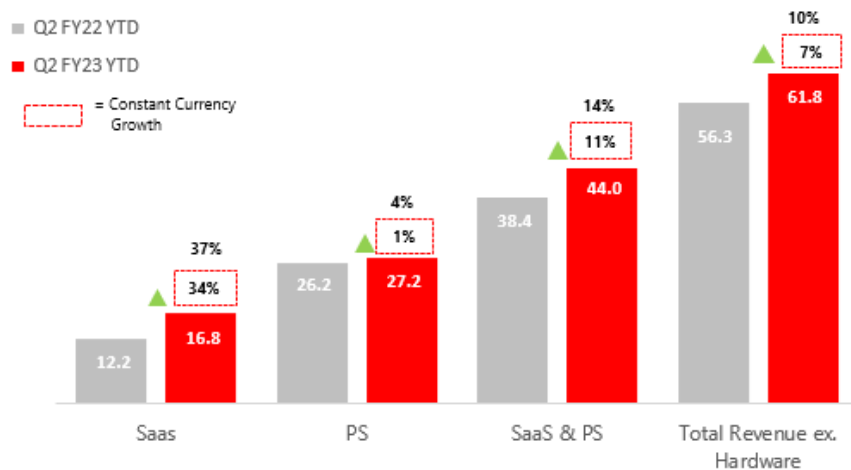
**Q2 FY23 SaaS Revenue
as a percentage of total
recurring revenue (up
from 44% in Q2 FY22
and 49% Q4 FY22)**

Tecsys Growth Vector – SaaS

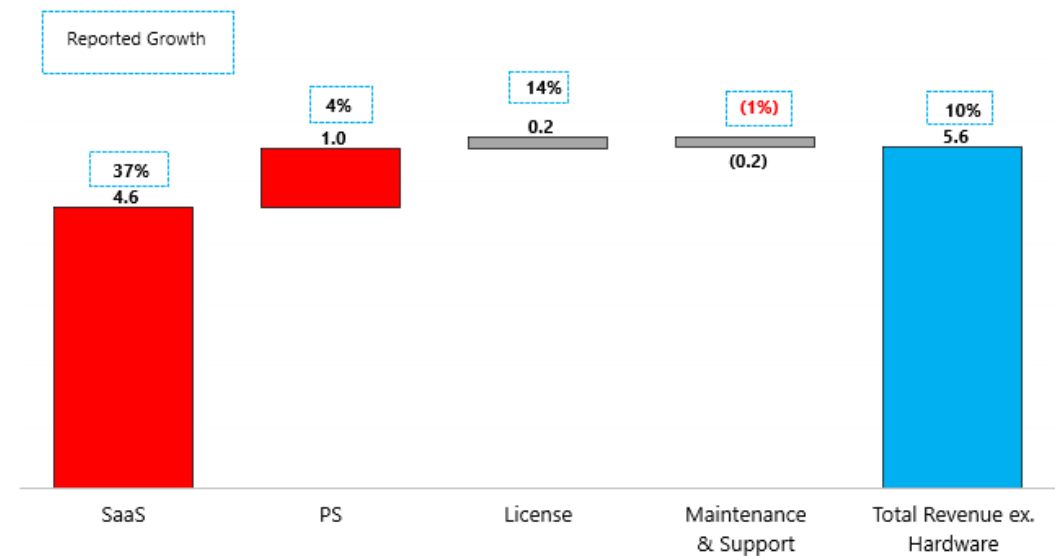
in \$CAD millions

SaaS growing at 34% constant currency; SaaS combined with professional services growing at 11% constant currency.

SaaS and Prof. Services Growth Q2 FY23 YTD

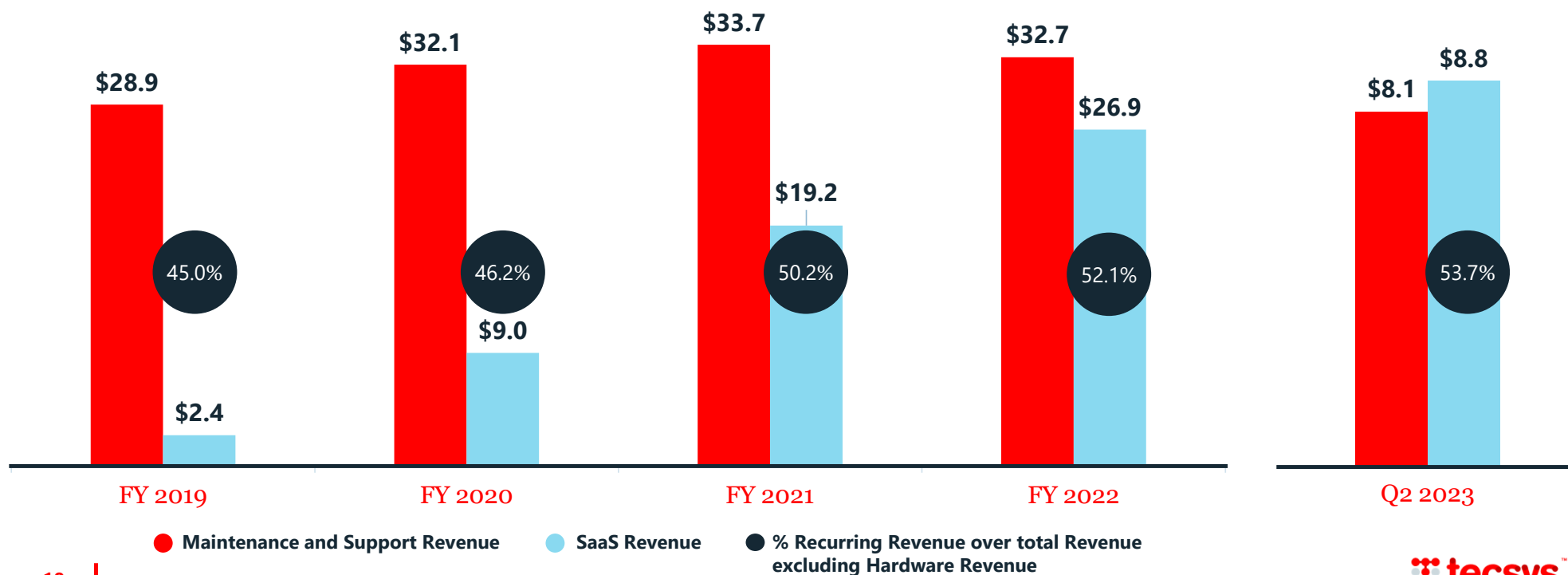


Revenue Growth by Type Q2 FY23YTD vs Q2 FY22YTD



SaaS Growth Driving Increase in Recurring Revenue Mix

in \$CAD millions



Strong & Growing SaaS Backlog

in \$CAD millions

FY22 SaaS Backlog* Growth: 43%



**October 31, 2022
SaaS Backlog:**

**\$109.5
million**

*Please refer to FY 2022 Annual Report MD&A for definition of Bookings and Backlog under Key Performance Indicators

Corporate Information



Financial Highlights

in \$CAD millions except EPS

	Q2 2023		Q2 2022		Δ YoY		Q2 2023 TTM		Q2 2022 TTM		Δ YoY	
	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%
Total Revenue	\$38,111	100%	\$34,269	100%	\$3,842	11%	\$142,014	100%	\$131,817	100%	\$10,197	8%
Total Revenue Excluding Hardware	\$31,490	83%	\$28,823	84%	\$2,667	9%	\$120,043	85%	\$110,178	84%	\$9,865	9%
SaaS Revenue	\$8,798	23%	\$6,565	19%	\$2,233	34%	\$31,510	22%	\$22,418	17%	\$9,092	41%
Maintenance and Support Revenue	\$8,098	21%	\$8,200	24%	(\$102)	-1%	\$32,538	23%	\$33,520	25%	(\$982)	-3%
Professional Services Revenue	\$13,539	36%	\$13,076	38%	\$463	4%	\$53,008	37%	\$50,691	38%	\$2,317	5%
Cost of Sales	\$21,432	56%	\$18,751	55%	\$2,681	14%	\$80,214	56%	\$70,740	54%	\$9,474	13%
Gross margin	\$16,679	44%	\$15,518	45%	\$1,161	7%	\$61,800	44%	\$61,077	46%	\$723	1%
Sales & Marketing	\$6,703	18%	\$6,022	18%	\$681	11%	\$25,543	18%	\$22,427	17%	\$3,116	14%
General and Administration	\$3,072	8%	\$2,801	8%	\$271	10%	\$11,011	8%	\$10,735	8%	\$276	3%
Research and Development	\$5,856	15%	\$5,068	15%	\$788	16%	\$21,447	15%	\$19,939	15%	\$1,508	8%
Operating expenses	\$15,631	41%	\$13,891	41%	\$1,740	13%	\$58,001	41%	\$53,101	40%	\$4,900	9%
Profit from operations	\$1,048	3%	\$1,627	5%	(\$579)	-36%	\$3,799	3%	\$7,976	6%	(\$4,177)	-52%
Net income	\$715	2%	\$708	2%	\$7	1%	\$4,281	3%	\$4,819	4%	(\$538)	-11%
Adjusted EBITDA	\$2,777	7%	\$3,206	9%	(\$429)	-13%	\$8,729	6%	\$13,543	10%	(\$4,814)	-36%
EPS Basic	\$0.05		\$0.05		\$0.00	0%	\$0.29		\$0.34		(\$0.05)	-15%
EPS Diluted	\$0.05		\$0.05		\$0.00	0%	\$0.28		\$0.34		(\$0.06)	-18%
License Bookings	\$1,006		\$1,061		(\$55)	-5%	\$2,310		\$3,270		(\$960)	-29%
SaaS ARR Bookings	\$2,796		\$4,050		(\$1,254)	-31%	\$13,476		\$9,635		\$3,841	40%
Annual Recurring Revenue							\$71,198		\$56,939		\$14,259	25%
SaaS Backlog							\$109,534		\$72,673		\$36,861	51%
Professional Services Backlog							\$31,869		\$33,124		(\$1,255)	-4%

Refer to October 31, 2022 Management Discussion and Analysis "Non-IFRS Performance Measure"

Refer to October 31, 2022 Management Discussion and Analysis "Key Performance Indicators"

Corporate Overview

\$435M

Market Cap**
14.6M S/O

TMX

Symbol TCS

28¢

Dividend per Year*

21%

Insider Ownership**

Brokerage Coverage

- Bank of Montreal
- Cormark Securities
- Echelon Partners
- LB Securities
- National Bank
- Raymond James
- Stifel/GMP

* Last twelve months, October 31, 2022

** At October 31, 2022

Reasons to Invest

Cloud-based

↑
Operates a **single cloud-based platform** that services two major supply chain market segments.

**\$600M
ARR
TAM**

↑
Greenfield **opportunity in healthcare** with the potential to dominate a global \$600M ARR TAM.

**\$6B
ARR
TAM**

↑
Disruptor **opportunity in complex distribution** as retail, 3PL, and distributors modernize & replace legacy systems. \$6B ARR TAM.

SaaS

↑
SaaS bookings representing 85% of total product bookings for Q2 fiscal 2023.

**ARR
Growth**

↑
LTM October 31, 2022 ARR YoY reported and constant currency growth of 18%.

**2.75x
NTM
EV/sales**

↑
Trading at 2.75x NTM EV/sales, a 71% discount to its closest comparable MANH.