



# Investor Presentation Q3 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.

40

Years

of complex supply  
network experience

11

Times

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

9

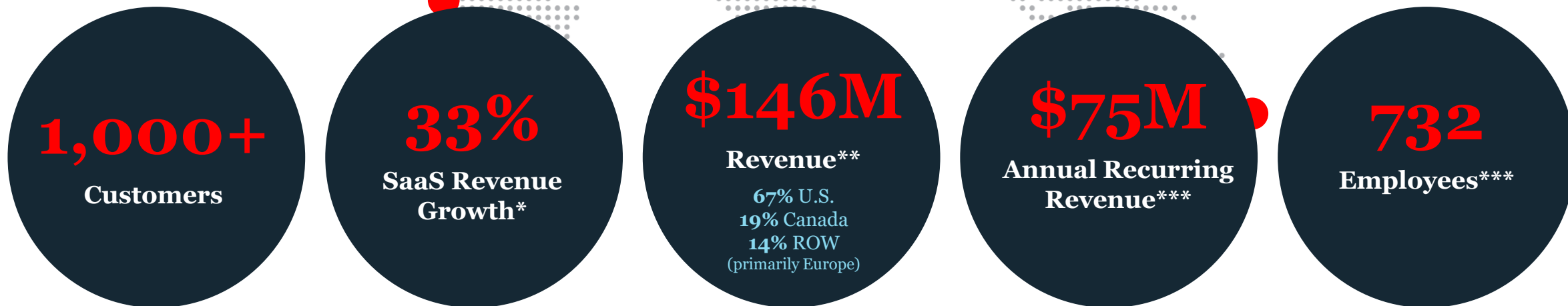
Customers

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

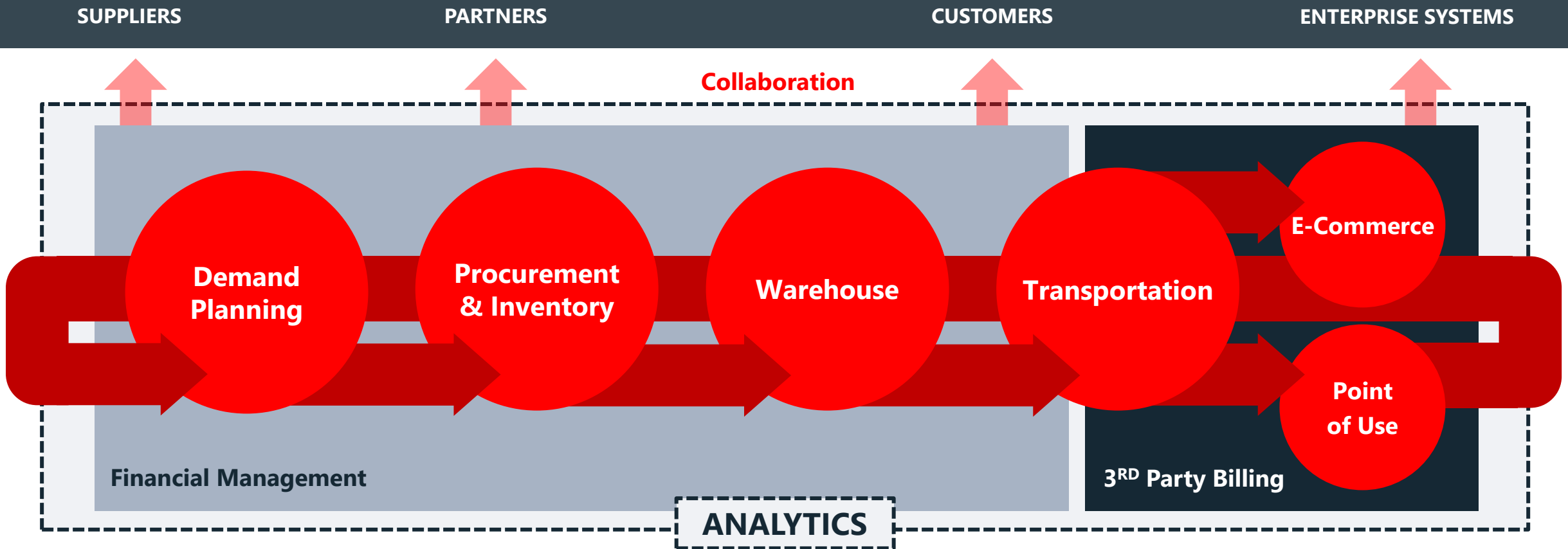
**Visionary provider of supply chain technology**  
for the world's most complex supply networks



# Global Reach

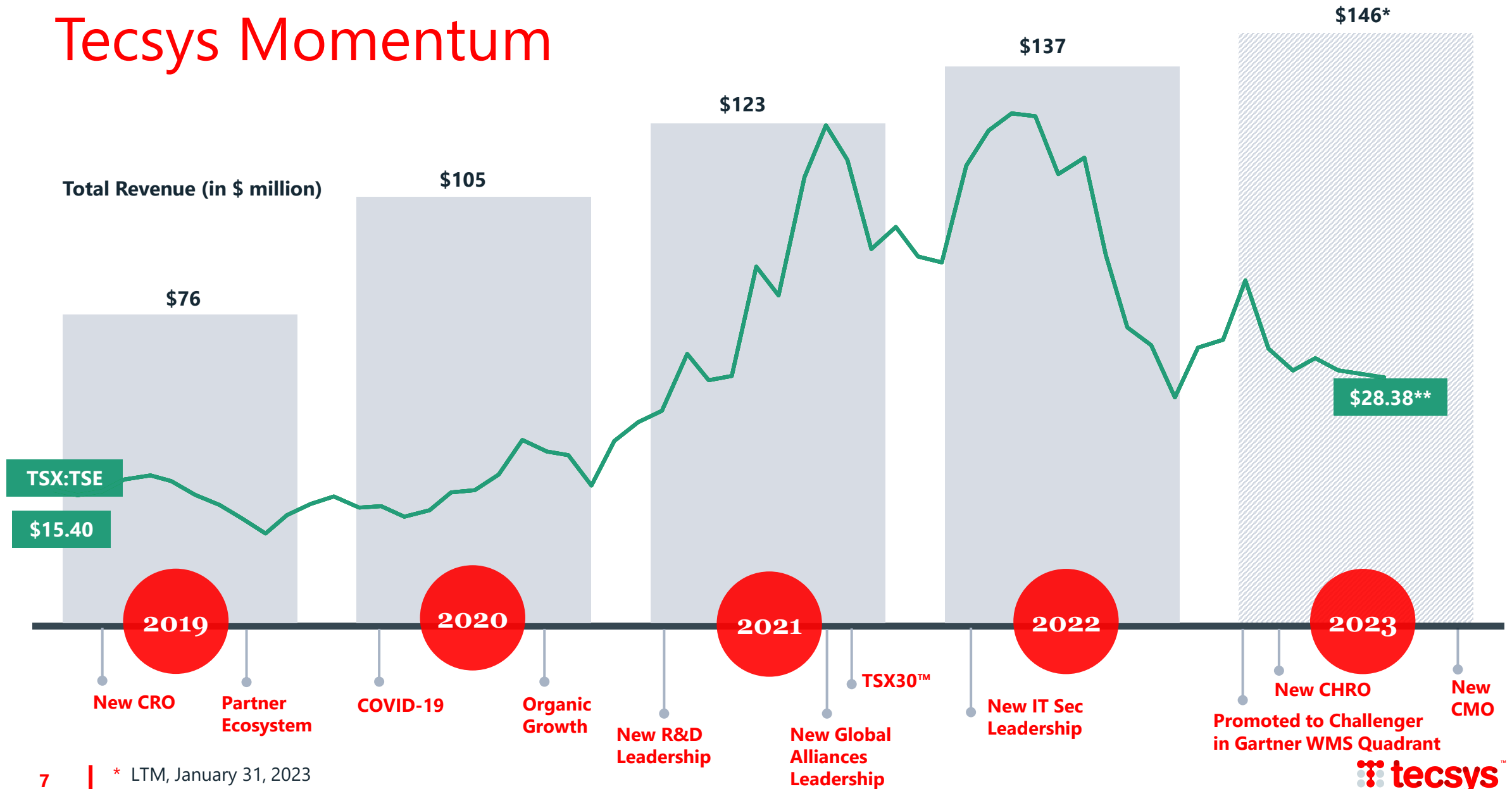


# End-to-end Integrated Supply Chain Management Solutions



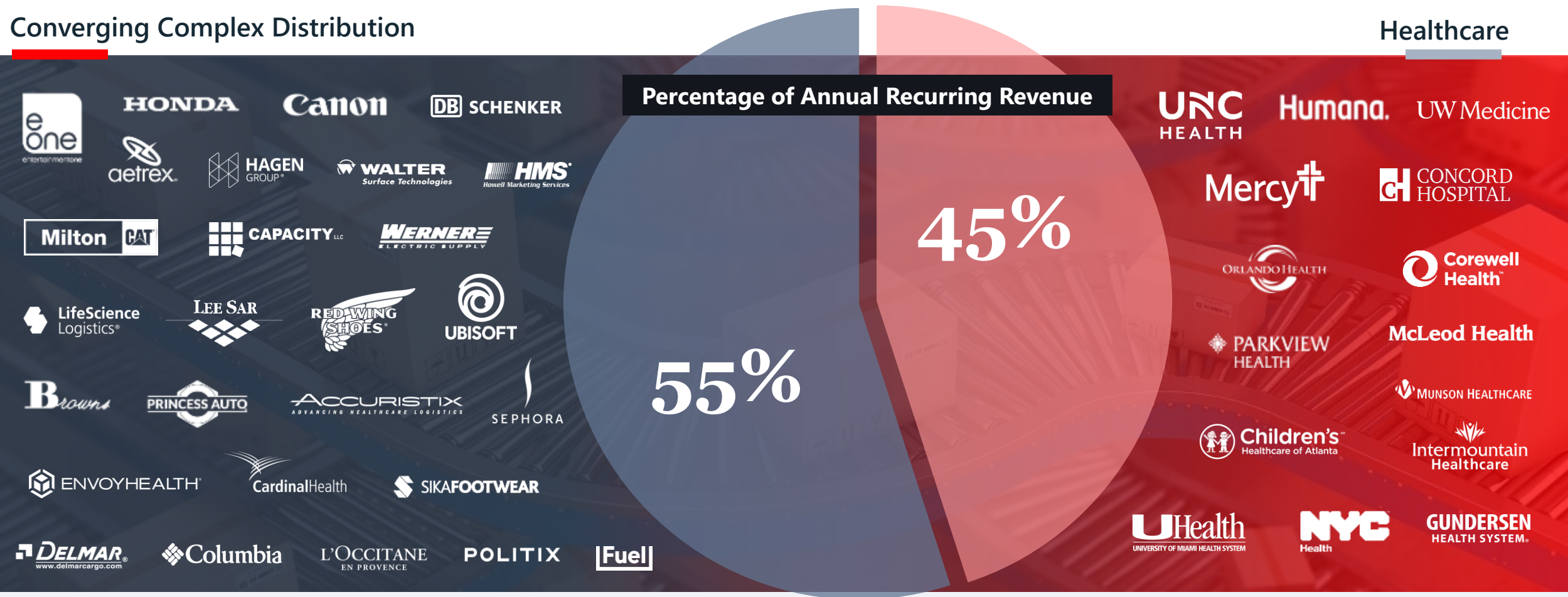
**Healthcare – Distribution – Retail – 3PL**

# 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:** Tecsys is considered the LEADER in solving these issues for IDNs

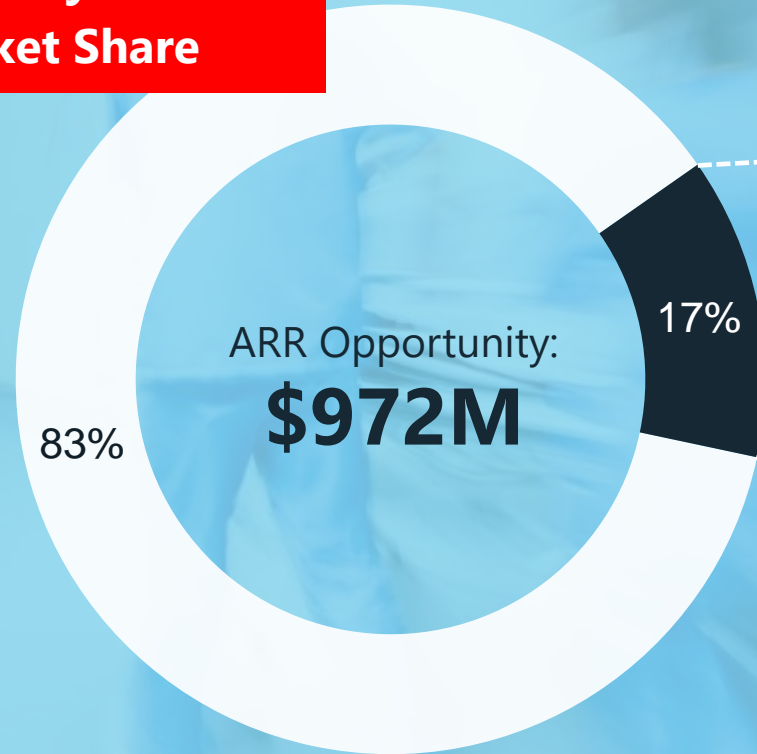
# Healthcare Market Opportunity

Becoming Dominant in U.S. Health Systems Market – The C\$972M ARR\* Opportunity

**300**

Target Health Systems

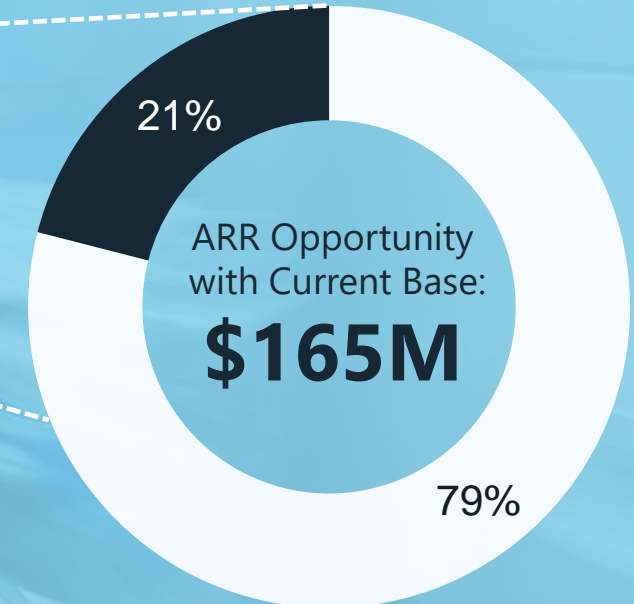
**Health Systems  
Market Share**



■ 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.**



# Partner Ecosystem - Accelerate Growth

## Technology Alliances

**e.g., Workday, Microsoft, AWS, IBM, Zebra Technologies, Terso Solutions**

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

## Advisory & Service Alliances

**e.g., RiseNow, Huron, Valtech, Avalon, Bricz, Sequoia, Six Peaks,**

- Synergistic Services
- Aligned Vertical Focus
- Market Reach
- Increased Deployment Capacity
- Strong Local Network

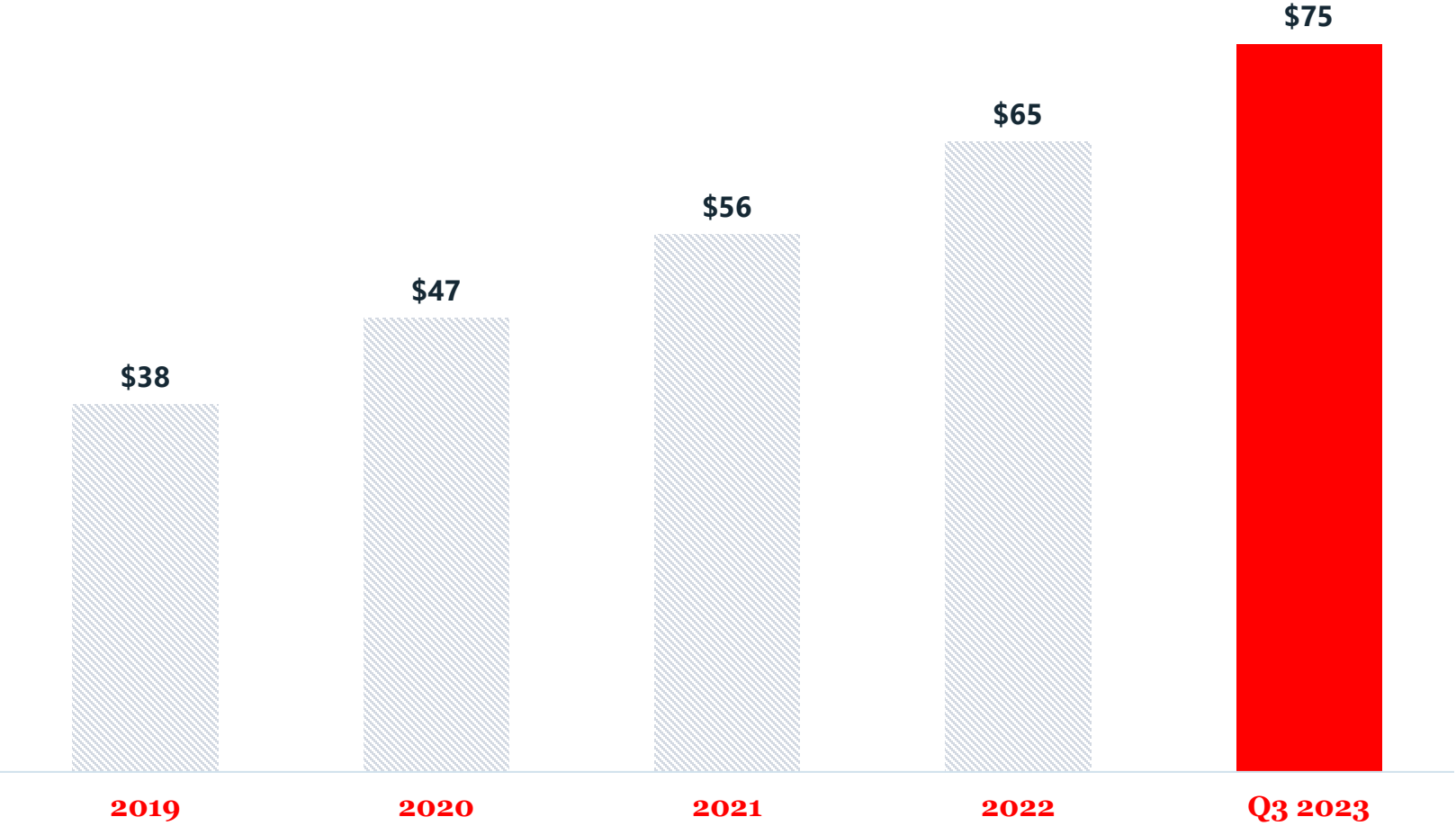
**Partner influenced current sales pipeline**

2018: **0%**  
Q3 FY23: **25%**



# Building Annual Recurring Revenue (ARR\*)

Amounts in January 31, 2023 constant in \$CAD Millions



45%

of ARR is Healthcare

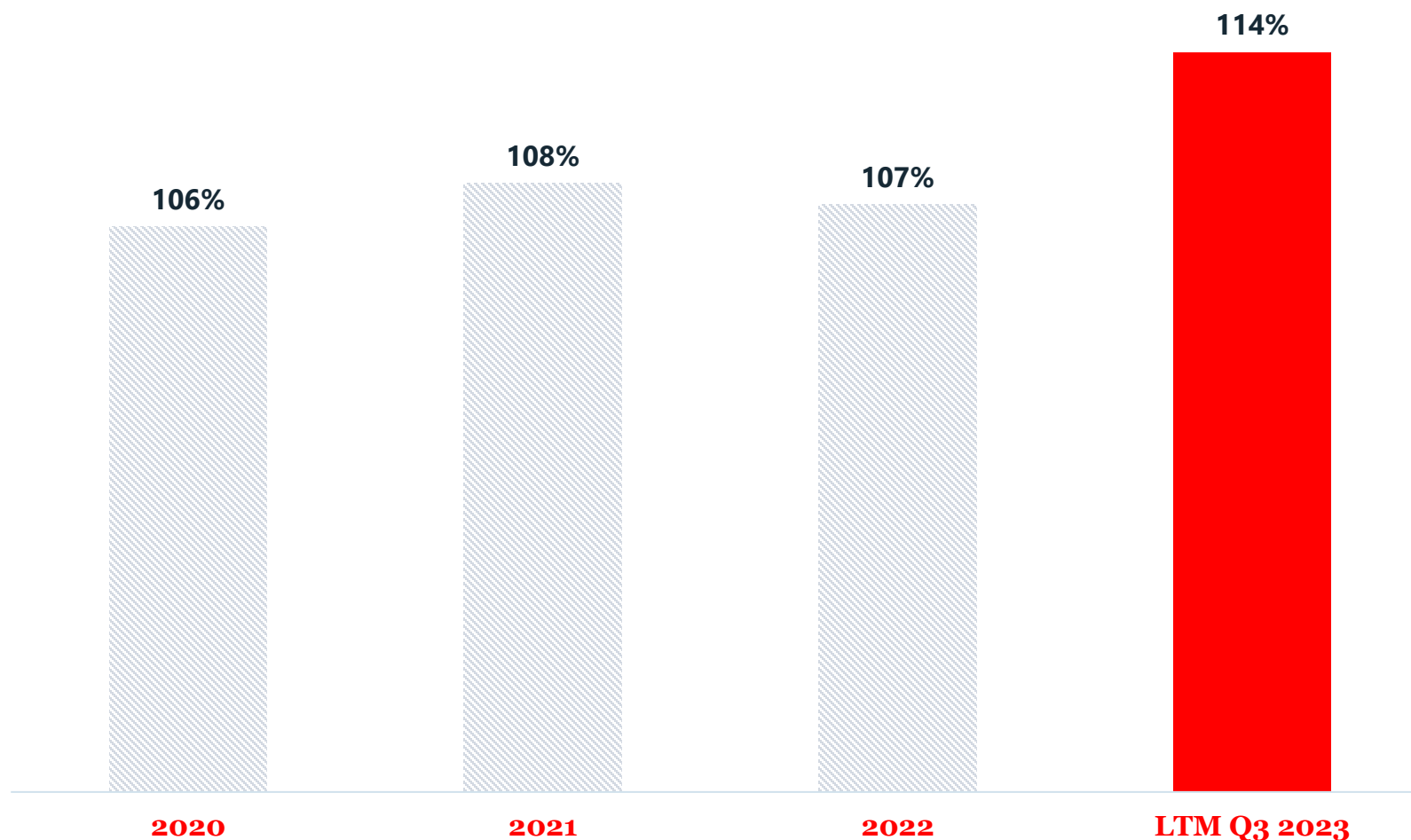
55%

Complex Distribution  
(3PL, Retail, Distributors)

22%

YoY constant currency  
growth Q3 FY23

# Annual Recurring Revenue Net Retention Rate



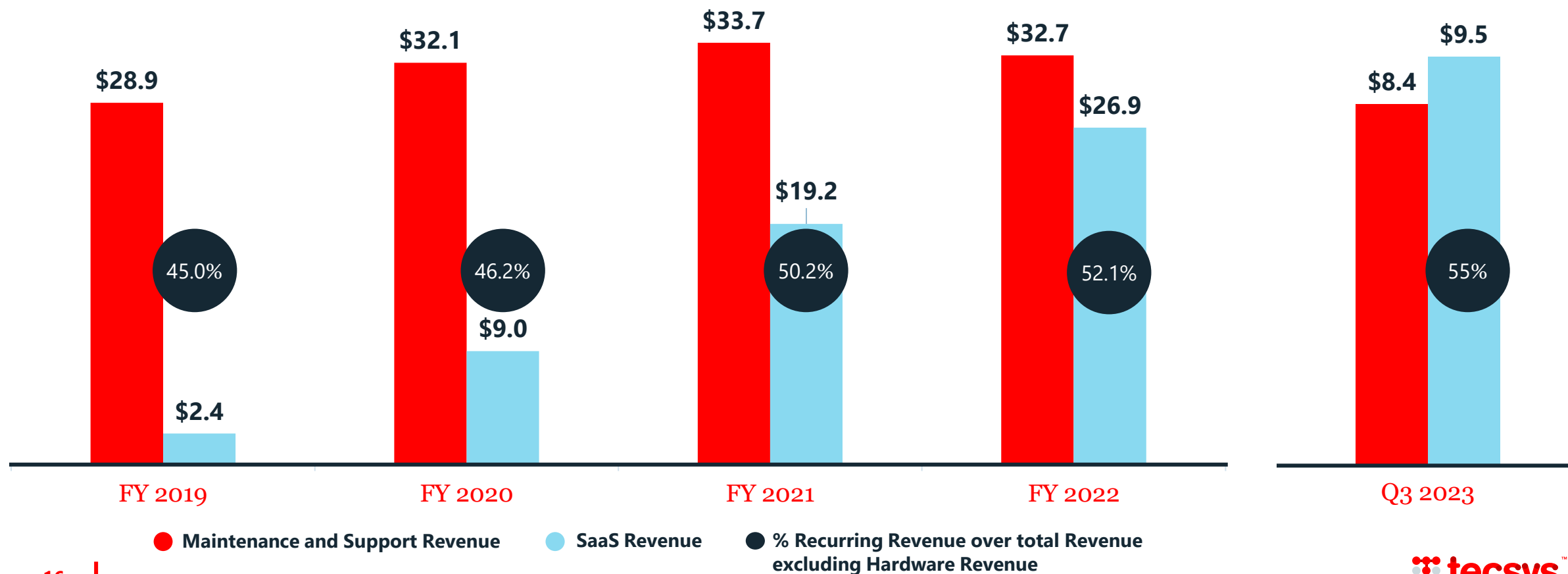
**114%**

**LTM Q3 2023  
Recurring Revenue  
Net Retention Rate**

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

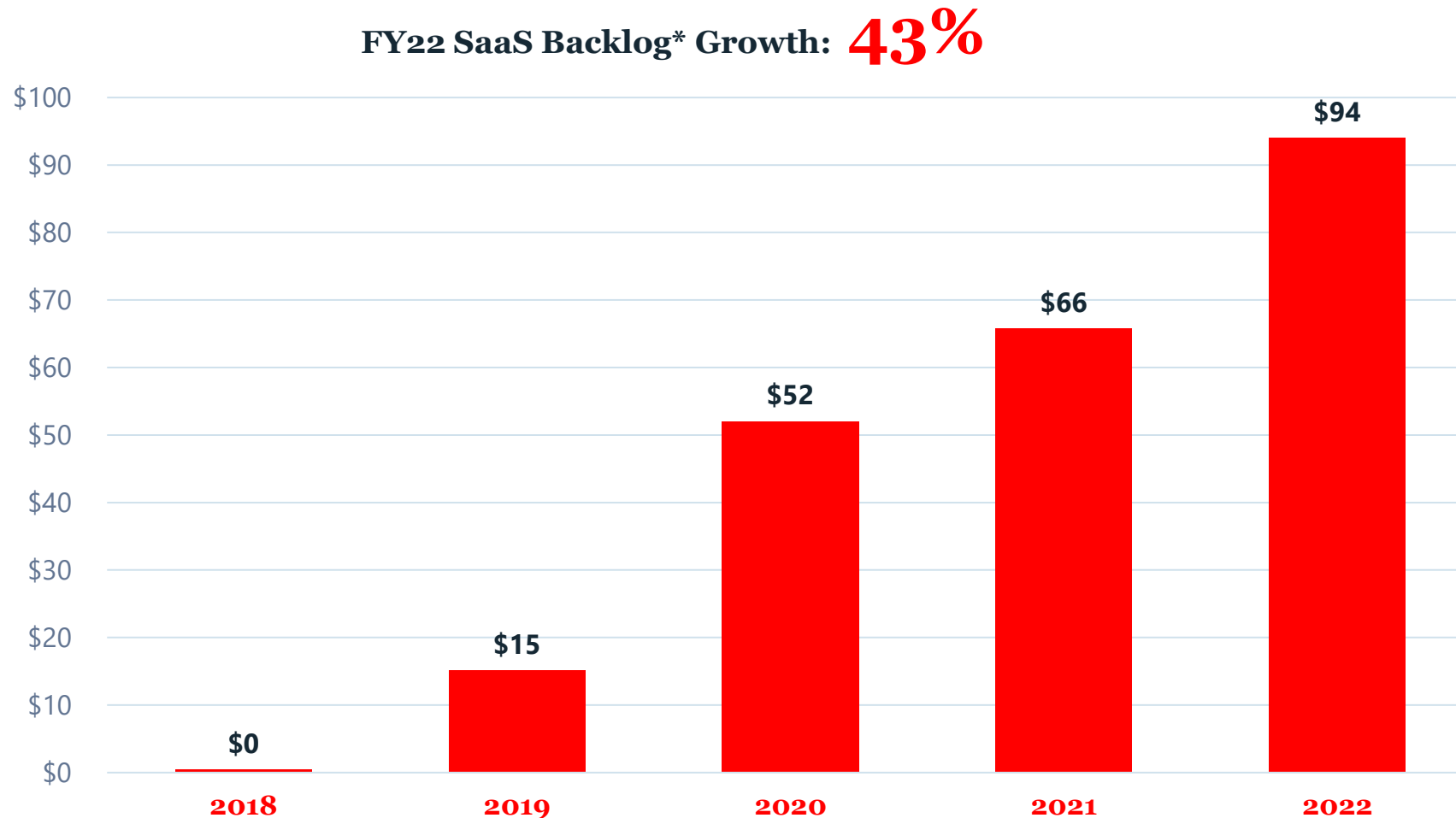
# SaaS Growth Driving Increase in Recurring Revenue Mix

in \$CAD millions



# Strong & Growing SaaS Backlog

in \$CAD millions



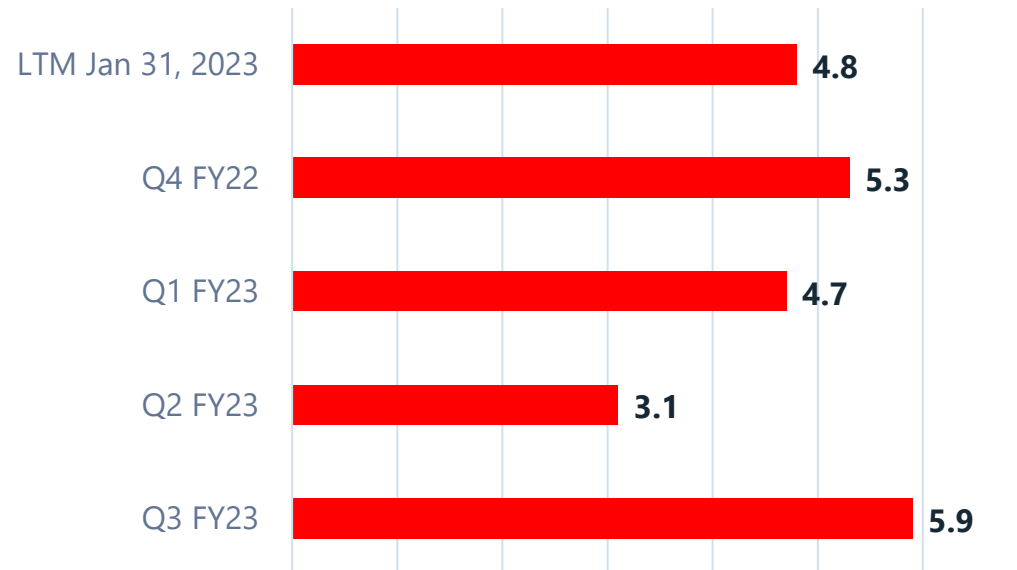
**January 31, 2023  
SaaS Backlog:**

**\$128.3  
million**

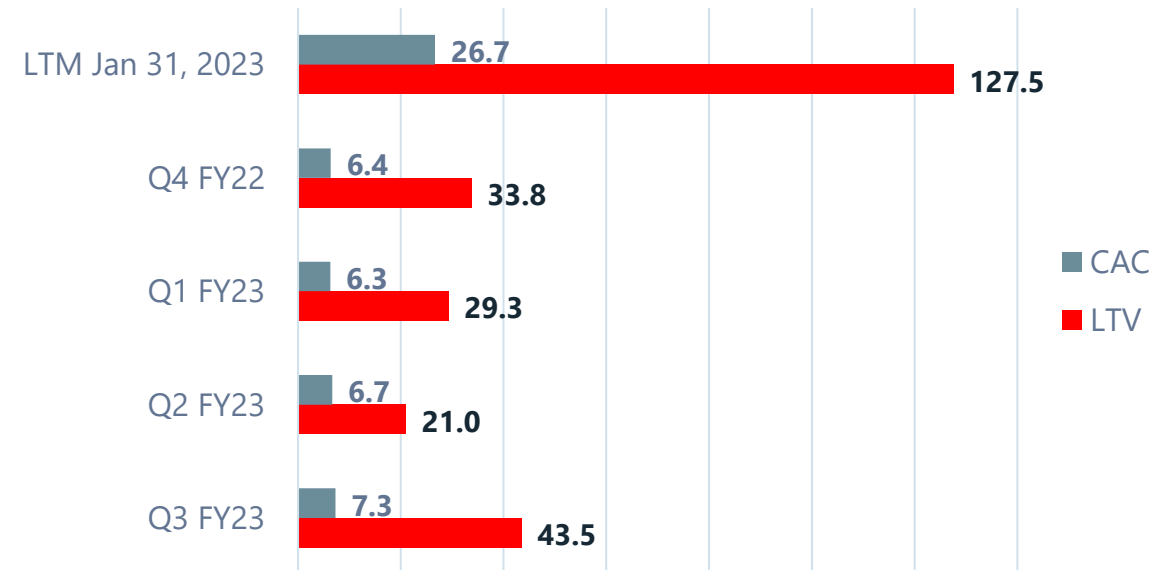
\*Please refer to FY 2022 Annual Report MD&A for definition of Bookings and Backlog under Key Performance Indicators

# Sales & Marketing – Creating Recurring Margin and Value

## LTV to CAC



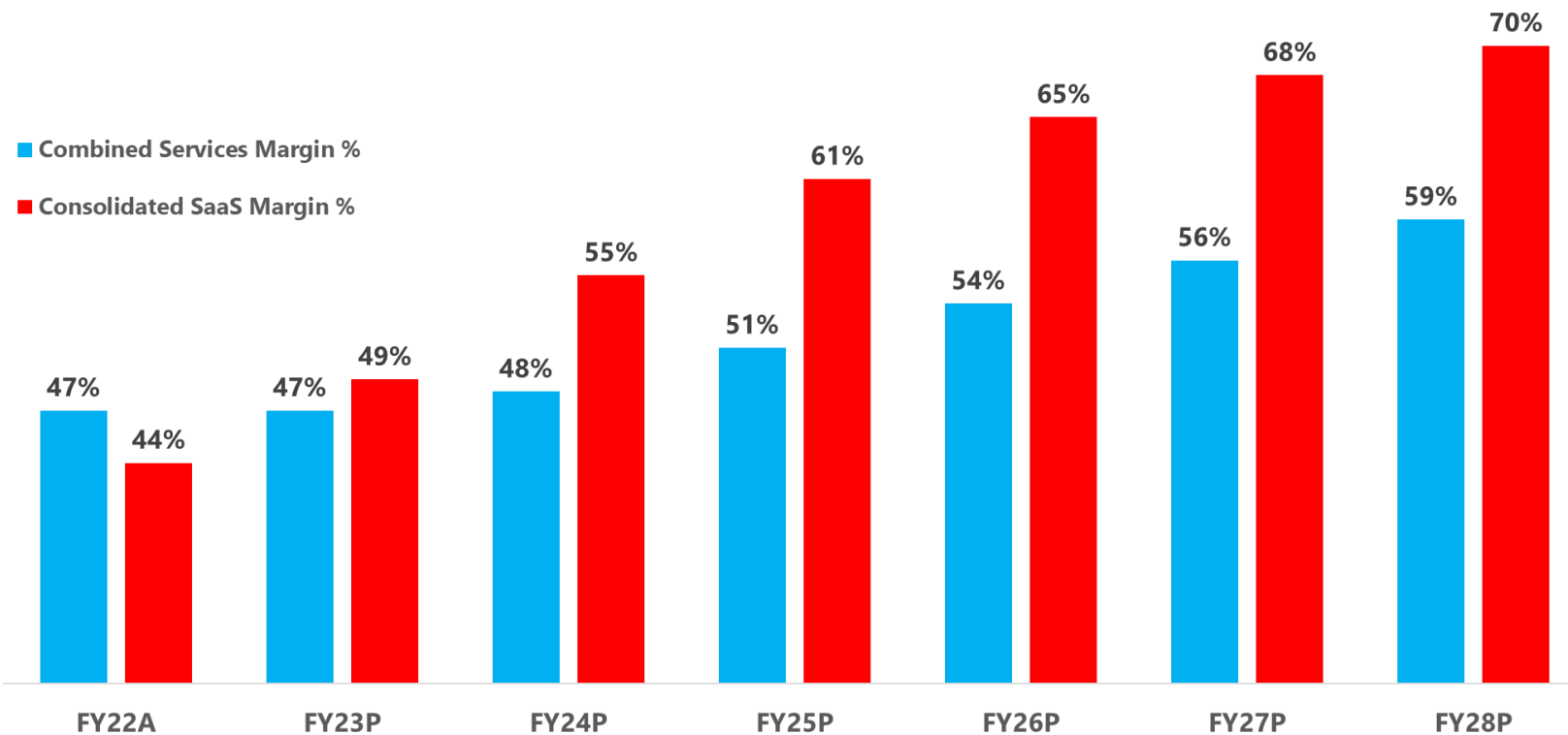
## LTV and CAC (in \$ CAD millions)



We measure sales & marketing efficiency by **comparing Customer Acquisition Cost (CAC) to Lifetime Value (LTV) of expected margin contribution**. CAC is measured as total sales & marketing spend; LTV is measured based on actual SaaS ARR bookings and what we believe are conservative assumptions on 10 year assumed customer life and 75% SaaS margins. By this measure, LTV to CAC over the last twelve months to January 31, 2023 was 4.8 with \$26.7 million of sales and marketing spend generating \$127.5 million of future SaaS margin.



# Projected\* SaaS Margin Expansion



- Combined services margins include SaaS, maintenance and support (including hosting) and professional services.
- Previously sub-scale SaaS business at an inflection point.
- \*Projection assumes: 30% YoY SaaS Bookings growth, incremental SaaS deals with 75% margins and PS revenue growth 8% per year.

# Corporate Information



# Financial Highlights

in \$CAD millions except EPS

	Q3 2023		Q3 2022		Δ YoY		Q3 2023 TTM		Q3 2022 TTM		Δ YoY	
	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%
Total Revenue	\$38,917	100%	\$35,411	100%	\$3,506	10%	\$145,520	100%	\$135,286	100%	\$10,234	8%
Total Revenue Excluding Hardware	\$32,542	84%	\$29,024	82%	\$3,518	12%	\$123,561	85%	\$112,340	83%	\$11,221	10%
SaaS Revenue	\$9,544	25%	\$7,003	20%	\$2,541	36%	\$34,051	23%	\$24,713	18%	\$9,338	38%
Maintenance and Support Revenue	\$8,356	21%	\$8,164	23%	\$192	2%	\$32,730	22%	\$33,034	24%	(\$304)	-1%
Professional Services Revenue	\$13,569	35%	\$12,942	37%	\$627	5%	\$53,635	37%	\$51,319	38%	\$2,316	5%
Cost of Sales	\$21,909	56%	\$20,178	57%	\$1,731	9%	\$81,945	56%	\$74,383	55%	\$7,562	10%
Gross margin	\$17,008	44%	\$15,233	43%	\$1,775	12%	\$63,575	44%	\$60,903	45%	\$2,672	4%
Sales & Marketing	\$7,349	19%	\$6,202	18%	\$1,147	18%	\$26,690	18%	\$23,555	17%	\$3,135	13%
General and Administration	\$2,813	7%	\$2,553	7%	\$260	10%	\$11,271	8%	\$10,640	8%	\$631	6%
Research and Development	\$5,806	15%	\$5,128	14%	\$678	13%	\$22,125	15%	\$20,012	15%	\$2,113	11%
Operating expenses	\$15,968	41%	\$13,883	39%	\$2,085	15%	\$60,086	41%	\$54,207	40%	\$5,879	11%
Profit from operations	\$1,040	3%	\$1,350	4%	(\$310)	-23%	\$3,489	2%	\$6,696	5%	(\$3,207)	-48%
Net income	\$888	2%	\$940	3%	(\$52)	-6%	\$4,229	3%	\$3,912	3%	\$317	8%
Adjusted EBITDA	\$2,774	7%	\$2,738	8%	\$36	1%	\$8,765	6%	\$12,317	9%	(\$3,552)	-29%
EPS Basic	\$0.06		\$0.06		\$0.00	0%	\$0.29		\$0.27		\$0.02	7%
EPS Diluted	\$0.06		\$0.06		\$0.00	0%	\$0.28		\$0.27		\$0.01	4%
License Bookings	\$1,058		\$515		\$543	105%	\$2,853		\$2,614		\$239	9%
SaaS ARR Bookings	\$5,831		\$2,315		\$3,516	152%	\$16,992		\$10,956		\$6,036	55%
Annual Recurring Revenue							\$75,361		\$59,540		\$15,821	27%
SaaS Backlog							\$128,313		\$78,498		\$49,815	63%
Professional Services Backlog							\$38,167		\$29,521		\$8,646	29%

Refer to January 31, 2023 Management Discussion and Analysis "Non-IFRS Performance Measure"

Refer to January 31, 2023 Management Discussion and Analysis "Key Performance Indicators"

# Corporate Overview

**\$413M**

Market Cap\*\*  
14.6M S/O

**TMX**

Symbol TCS

**29¢**

Dividend per Year\*

**20%**

Insider Ownership\*\*

## Brokerage Coverage

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

\* Last twelve months, January 31, 2023

\*\* At January 31, 2023

# Reasons to Invest

**Cloud-based**

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

**\$972M  
ARR  
TAM**

↑  
Greenfield **opportunity in healthcare** with the potential to dominate a global \$972M 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 92% of total product bookings for Q3 fiscal 2023.

**ARR  
Growth**

↑  
LTM January 31, 2023 ARR YoY constant currency growth of 22%.

**2.51x  
NTM  
EV/sales**

↑  
Trading at 2.51x NTM EV/sales, a 75% discount to its closest comparable MANH.