



Investor Presentation Q1 FY2024

40 YEARS OF GROWTH



Safe Harbour

The statements in this presentation relating to matters that are not historical fact are forwardlooking 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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Tecsyst at a Glance

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

Our story is all about our customers



40 Years

of complex
supply network
experience

12 Times

Tecsys named in
Gartner's Magic
Quadrant for WMS and
positioned as
Challenger since 2022

Top 2

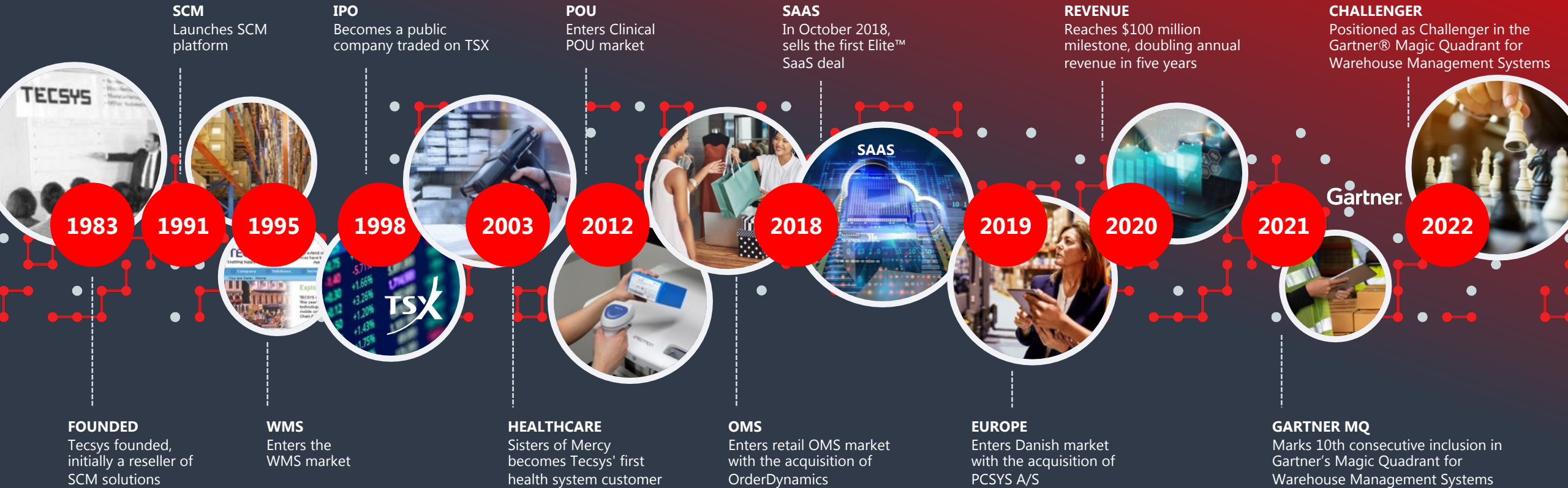
Eight customers, two
with Masters
recognition, on
Gartner's Healthcare
Supply Chain Top 25
for 2022

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

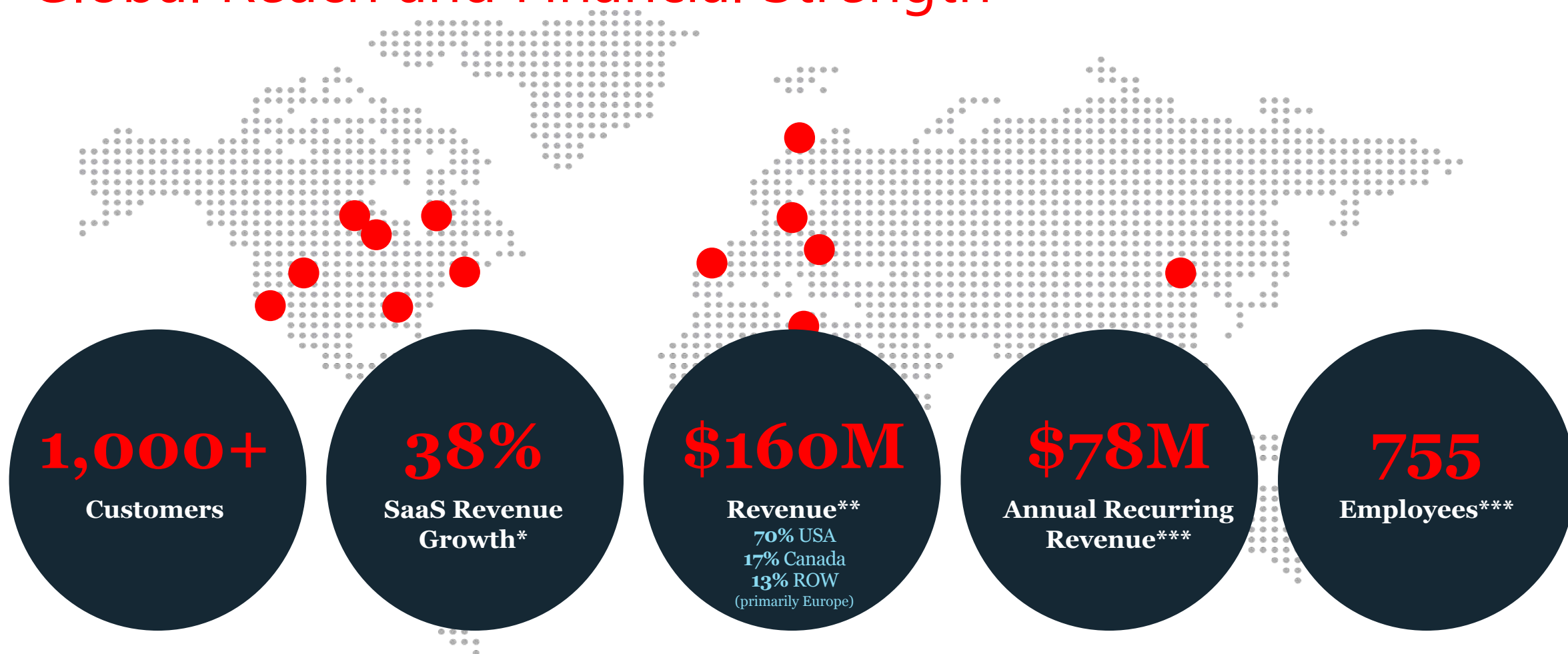




40 YEARS



Global Reach and Financial Strength



* Constant currency growth in Q1 vs. same period last year based on July 31, 2023 exchange rates

** Last twelve months, July 31, 2023

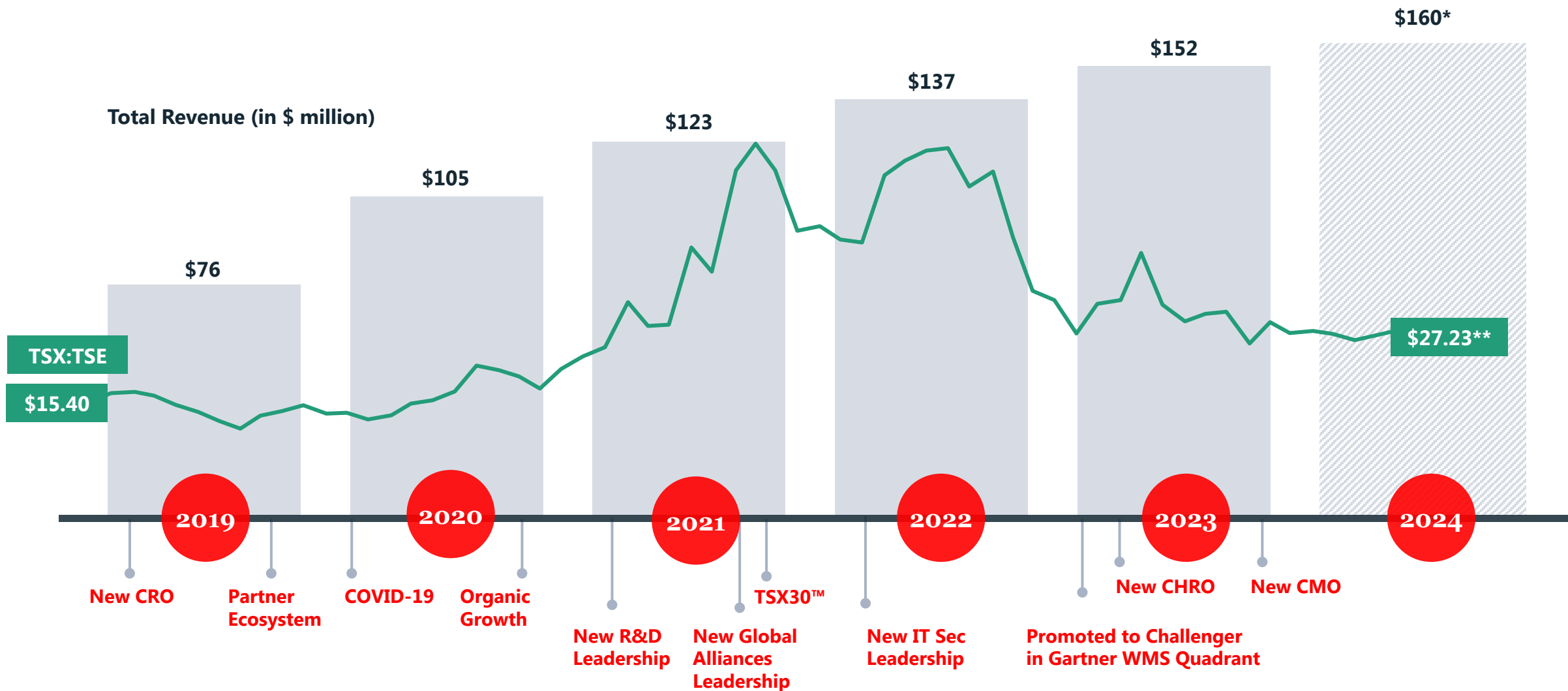
*** At July 31, 2023

End-to-end Integrated Supply Chain Management Solutions

A platform for success

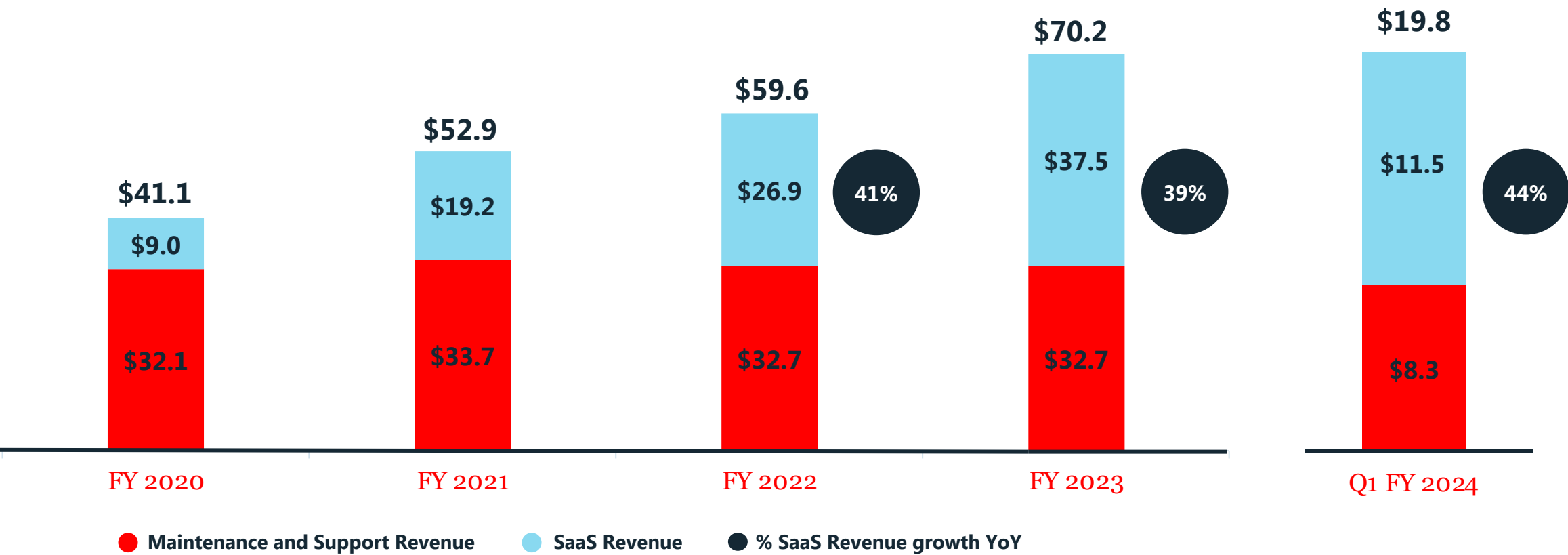


Tecsys Momentum



SaaS Growth Driving Increase in Recurring Revenue

in \$CAD millions



All Customers

Converging Complex Distribution

53%

Percentage of Annual
Recurring Revenue

47%

Healthcare



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

Healthcare Supply Chains Are Stressed

- Point of Use breakdowns
- Volume fluctuations
- IDNs struggling

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

Result: Healthcare supply chains need solutions urgently

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

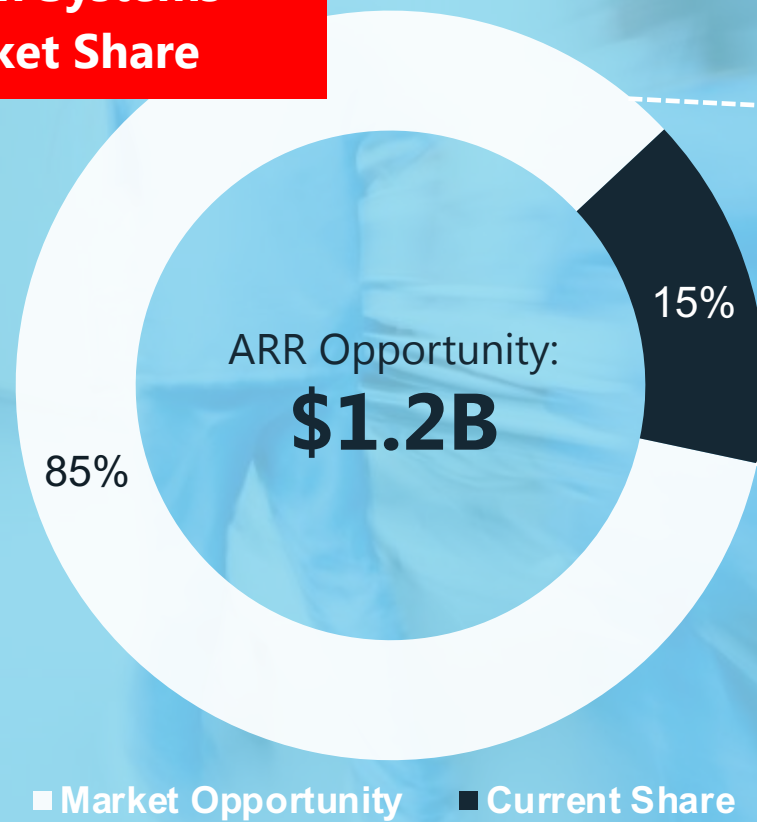
Healthcare Market Opportunity

Becoming Dominant in U.S. Health Systems Market – The \$1.2B ARR* Opportunity

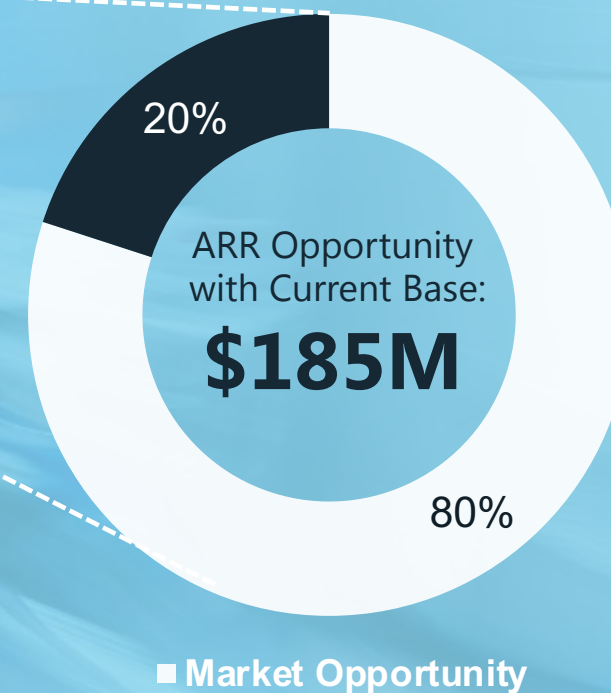
373

Target Health Systems

Health Systems
Market Share



Base Account
Penetration



Brand Owner/Retail Convergence Drives Opportunity in Complex Distribution

- Seismic shift happening in retail
- 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.

Delivering Exceptional Innovation & Service Together

Partner Ecosystem - Accelerate Growth

Software Alliances

AWS, Workday, Oracle, Shopify, Locus, Zebra, SVT Robotics, Cerner, Episerver

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

Consultants & SIs

Deloitte, CGI, KPMG, Accenture, Bizzkit, West Monroe, enVista, Avalon, RiseNow, Sequoia, Huron, Six Peaks

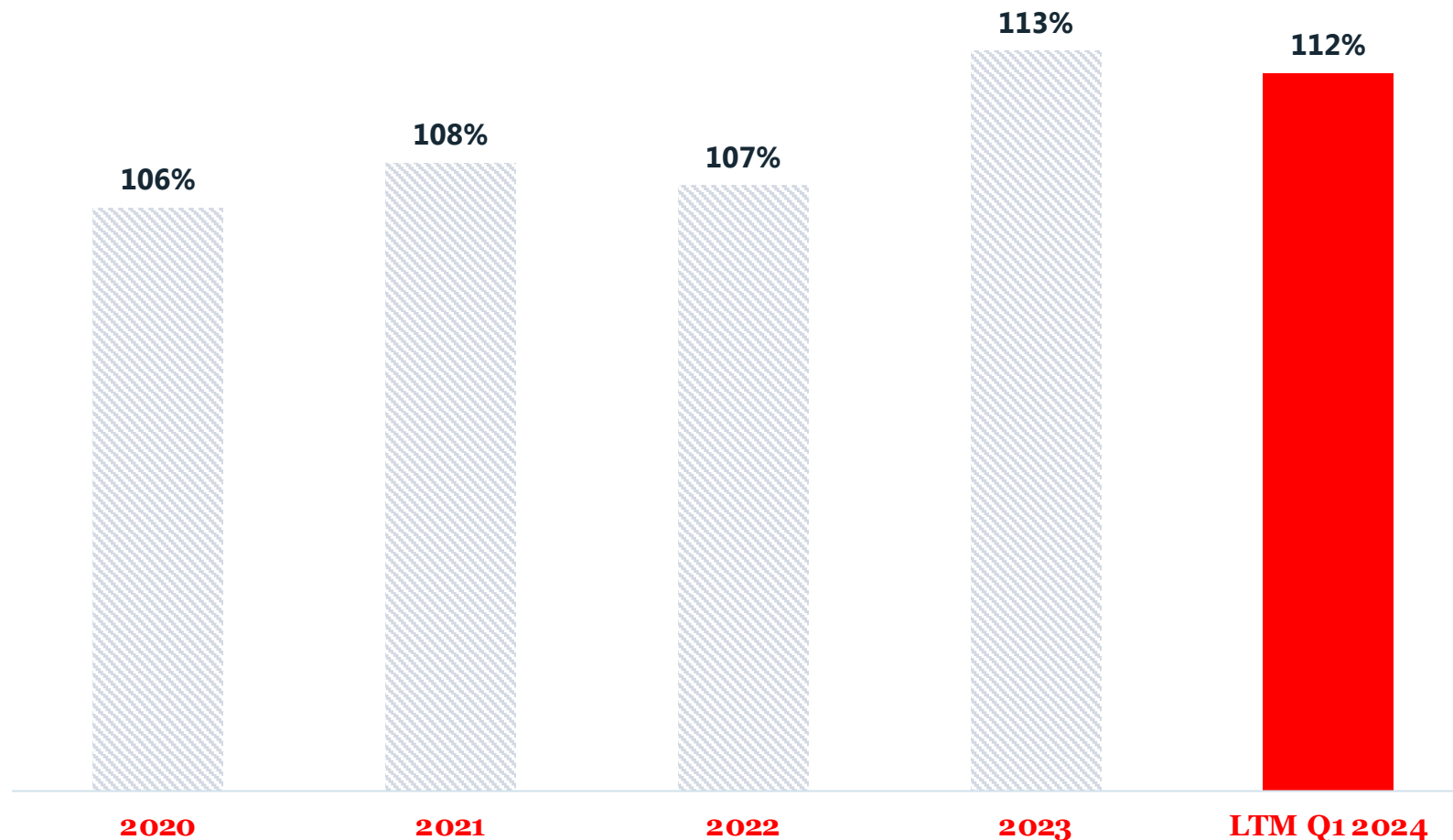
- Synergistic Services
- Aligned Vertical Focus
- Market Reach
- Staff Augmentation
- Strong Local Network
- Access to a Customer Base

Partner influenced current sales pipeline

2018: 0%
Q1 FY24: 30%



Annual Recurring Revenue Net Retention Rate

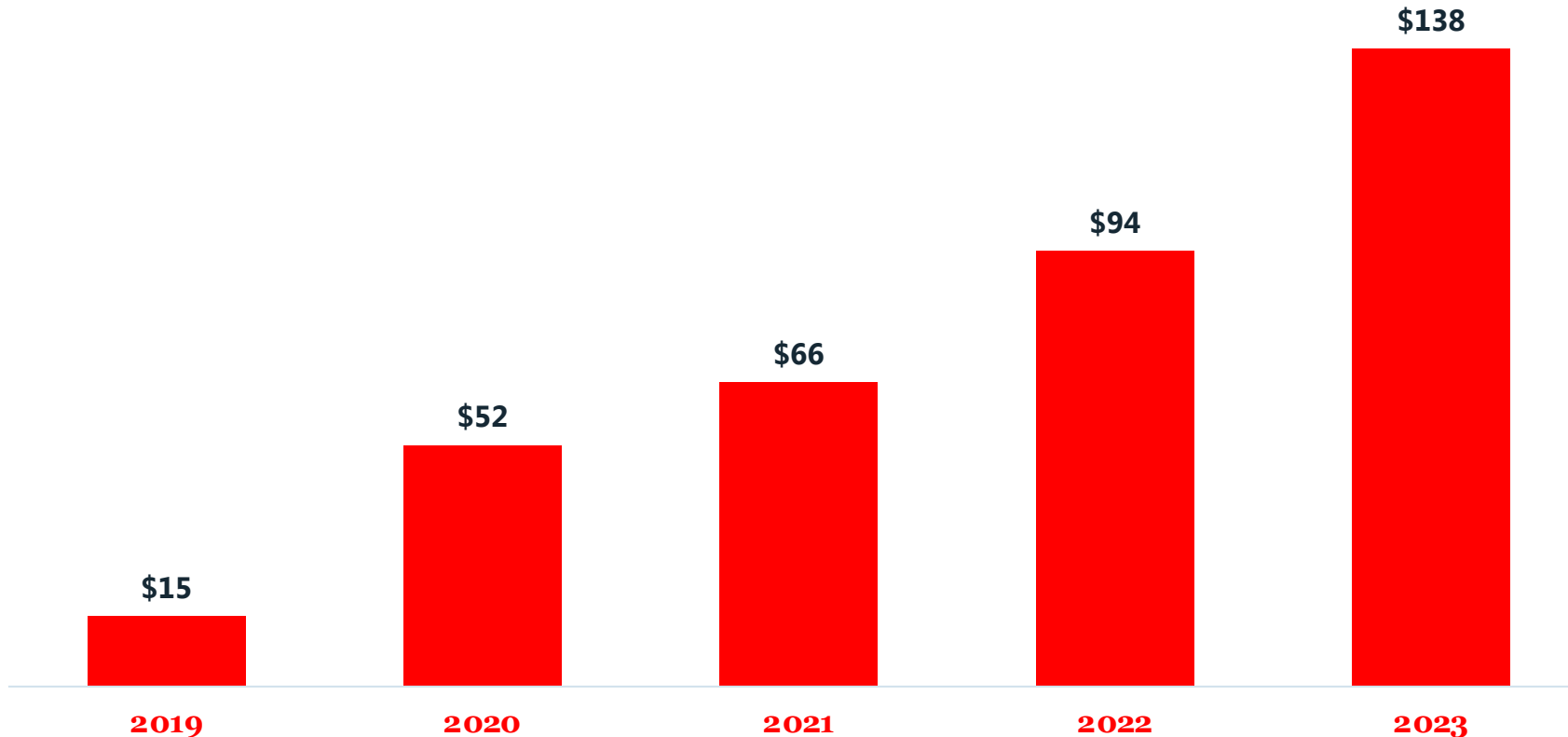


112%
LTM Q1 Fiscal
2024 Recurring
Revenue Net
Retention Rate

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

SaaS Remaining Performance Obligation (RPO)

in \$CAD millions



\$139M

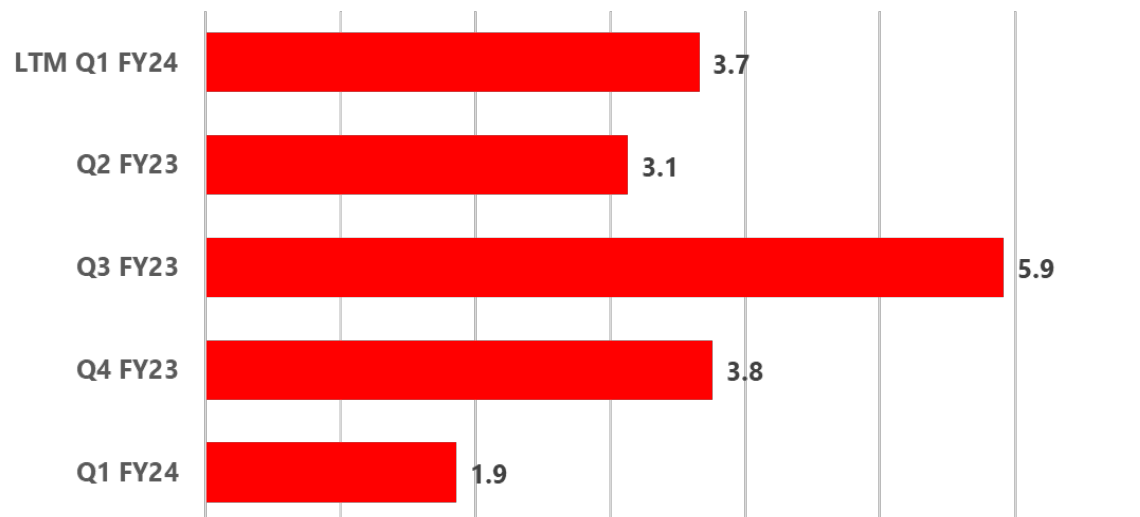
Q1 FY24 SaaS RPO

36%

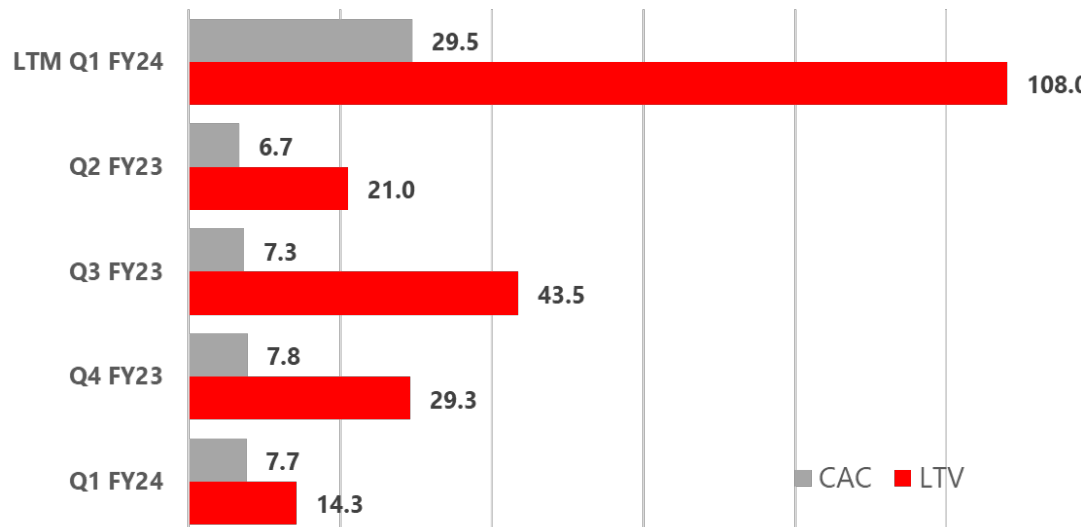
Q1 2024 SaaS RPO YoY
Growth

Sales & Marketing – Creating Recurring Margin and Value

LTV to CAC

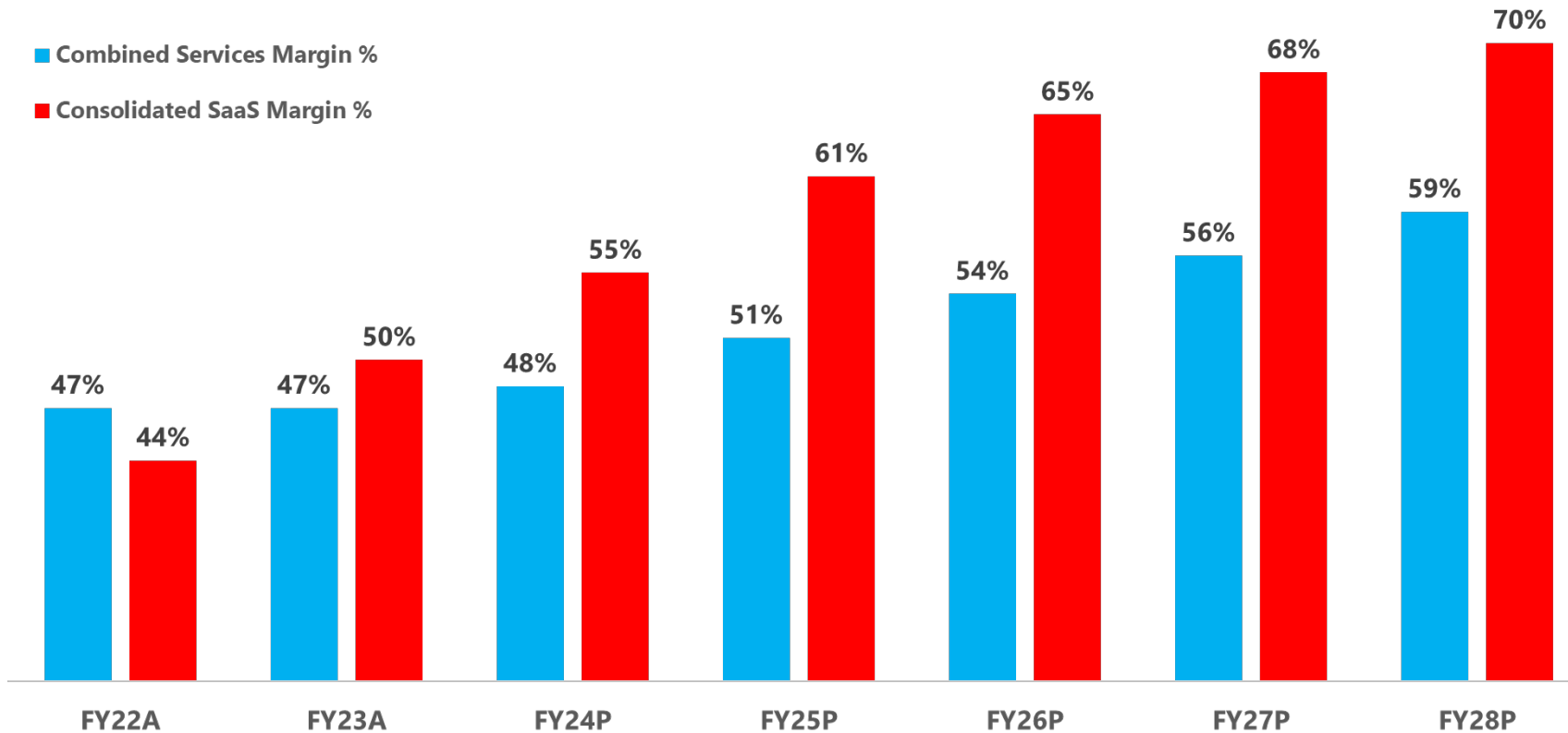


LTV and CAC (in \$ CAD millions)



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 July 31, 2023 was 3.7 (versus 3.0 industry benchmark) with \$29.5 million of sales and marketing spend generating \$108 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.

Financial Highlights

in \$CAD thousands except EPS

	Q1 2024		Q1 2023		Δ YoY		Q1 2024 TTM		Q1 2023 TTM		Δ YoY	
	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%
Total Revenue	\$41,975	100%	\$34,204	100%	\$7,771	23%	\$160,195	100%	\$138,172	100%	\$22,023	16%
Total Revenue Excluding Hardware	\$35,157	84%	\$30,359	89%	\$4,798	16%	\$133,457	83%	\$117,376	85%	\$16,081	14%
SaaS Revenue	\$11,495	27%	\$8,001	23%	\$3,494	44%	\$40,970	26%	\$29,277	21%	\$11,693	40%
Maintenance and Support Revenue	\$8,298	20%	\$8,268	24%	\$30	0%	\$32,744	20%	\$32,640	24%	\$104	0%
Professional Services Revenue	\$14,908	36%	\$13,631	40%	\$1,277	9%	\$56,630	35%	\$52,545	38%	\$4,085	8%
Cost of Sales	\$22,475	54%	\$19,446	57%	\$3,029	16%	\$88,644	55%	\$77,533	56%	\$11,111	14%
Gross margin	\$19,500	46%	\$14,758	43%	\$4,742	32%	\$71,551	45%	\$60,639	44%	\$10,912	18%
Sales & Marketing	\$7,671	18%	\$6,250	18%	\$1,421	23%	\$29,501	18%	\$24,862	18%	\$4,639	19%
General and Administration	\$2,959	7%	\$2,734	8%	\$225	8%	\$11,443	7%	\$10,740	8%	\$703	7%
Research and Development	\$7,112	17%	\$5,684	17%	\$1,428	25%	\$25,371	16%	\$20,659	15%	\$4,712	23%
Operating expenses	\$17,742	42%	\$14,668	43%	\$3,074	21%	\$66,315	41%	\$56,261	41%	\$10,054	18%
Profit from operations	\$1,758	4%	\$90	0%	\$1,668	1853%	\$5,236	3%	\$4,378	3%	\$858	20%
Net income	\$1,171	3%	\$40	0%	\$1,131	2828%	\$3,220	2%	\$4,274	3%	(\$1,054)	-25%
Adjusted EBITDA	\$3,173	8%	\$1,484	4%	\$1,689	114%	\$11,173	7%	\$9,158	7%	\$2,015	22%
EPS Basic	\$0.08		\$0.00		\$0.08	n.a.	\$0.22		\$0.29		(\$0.07)	-24%
EPS Diluted	\$0.08		\$0.00		\$0.08	n.a.	\$0.22		\$0.28		(\$0.06)	-22%
SaaS ARR Bookings	\$1,935		\$3,908		(\$1,973)	-50%	\$14,419		\$14,729		(\$310)	-2%
Annual Recurring Revenue							\$78,332		\$65,074		\$13,258	20%
SaaS Backlog							\$139,402		\$102,540		\$36,862	36%
Professional Services Backlog							\$40,156		\$30,674		\$9,482	31%

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

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

Corporate Overview

\$400M

Market Cap**
14.7M S/O

TMX

Symbol TCS

29¢

Dividend per Year*

19%

Insider Ownership**

Brokerage Coverage

- Cormark Securities Inc.
- National Bank Financial
- Raymond James
- Stifel

* Last twelve months, July 31, 2023

** At July 31, 2023

Reasons to Invest

Cloud-based

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

**\$1.2B
ARR
TAM**

↑
Greenfield **opportunity in healthcare** with the potential to dominate a global \$1.2B 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 86% of total product bookings for Q1 fiscal 2024.

**ARR
Growth**

↑
LTM July 31, 2023 ARR YoY constant currency growth of 17%.

**2.16x
NTM
EV/sales**

↑
Trading at 2.16x NTM EV/sales, a 84% discount to its closest comparable MANH.



Thank You