



Investor Presentation Q2 FY2024

40 YEARS OF GROWTH

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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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

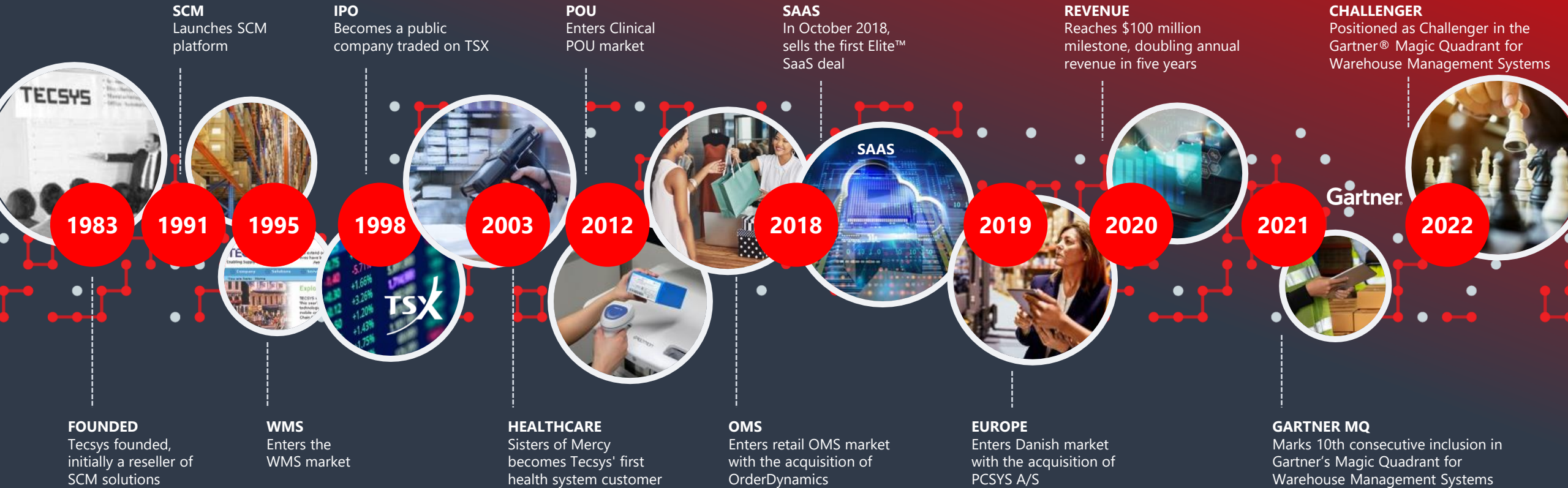
Eight customers, two
with Masters
recognition, on
Gartner's Healthcare
Supply Chain Top 25
for 2022

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

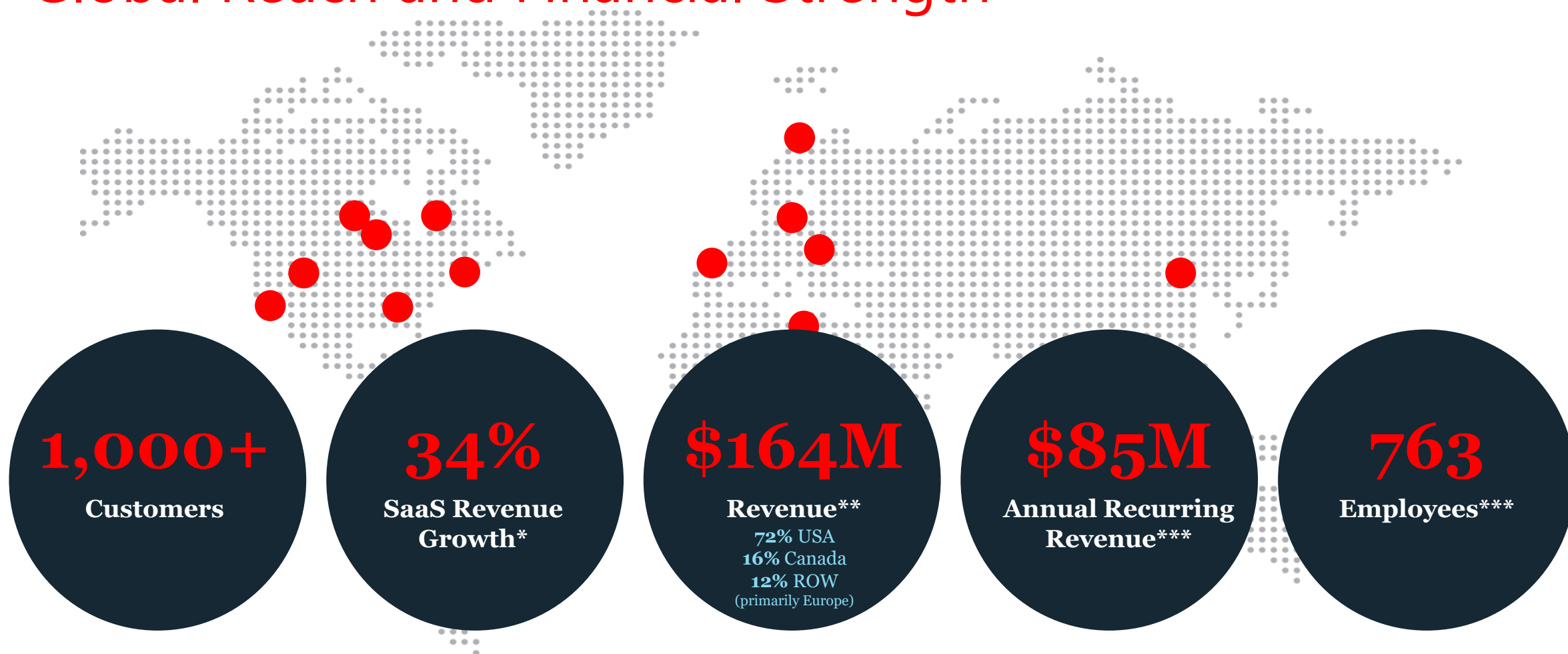




40 YEARS



Global Reach and Financial Strength



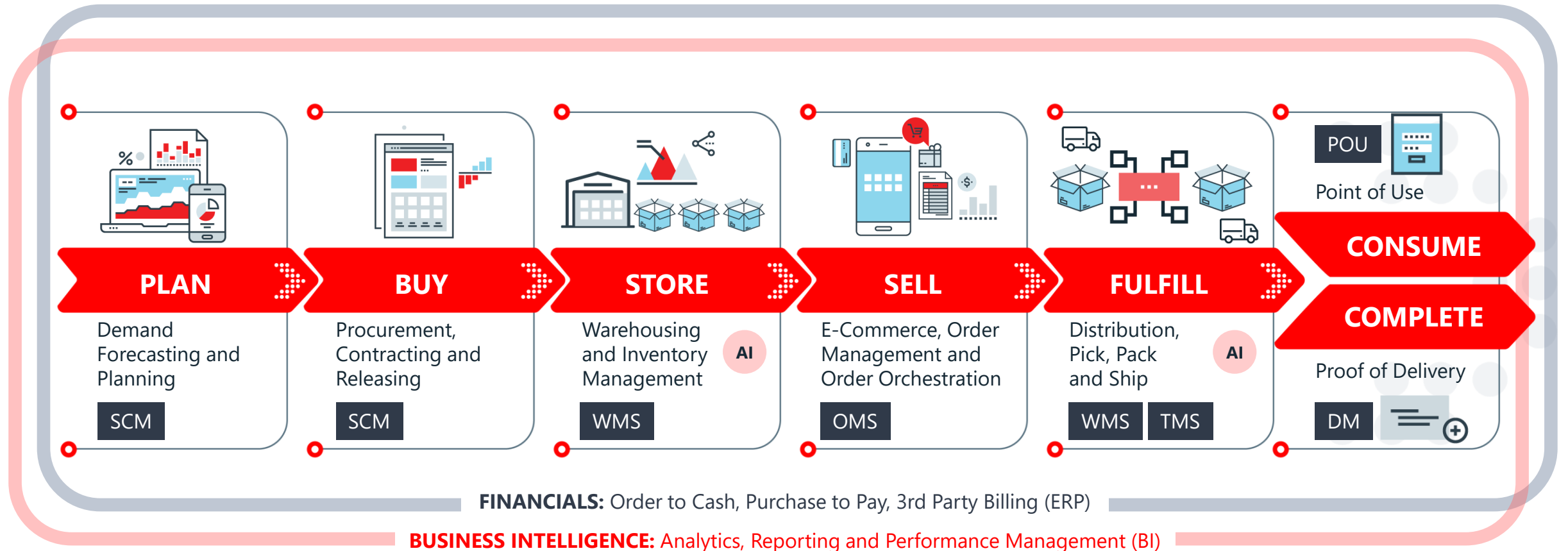
* Constant currency growth in Q2 FY24 vs. same period last year based on October 31, 2023 exchange rates

** Last twelve months, October 31, 2023

*** On October 31, 2023

End-to-end Integrated Supply Chain Management Solutions

A platform for success

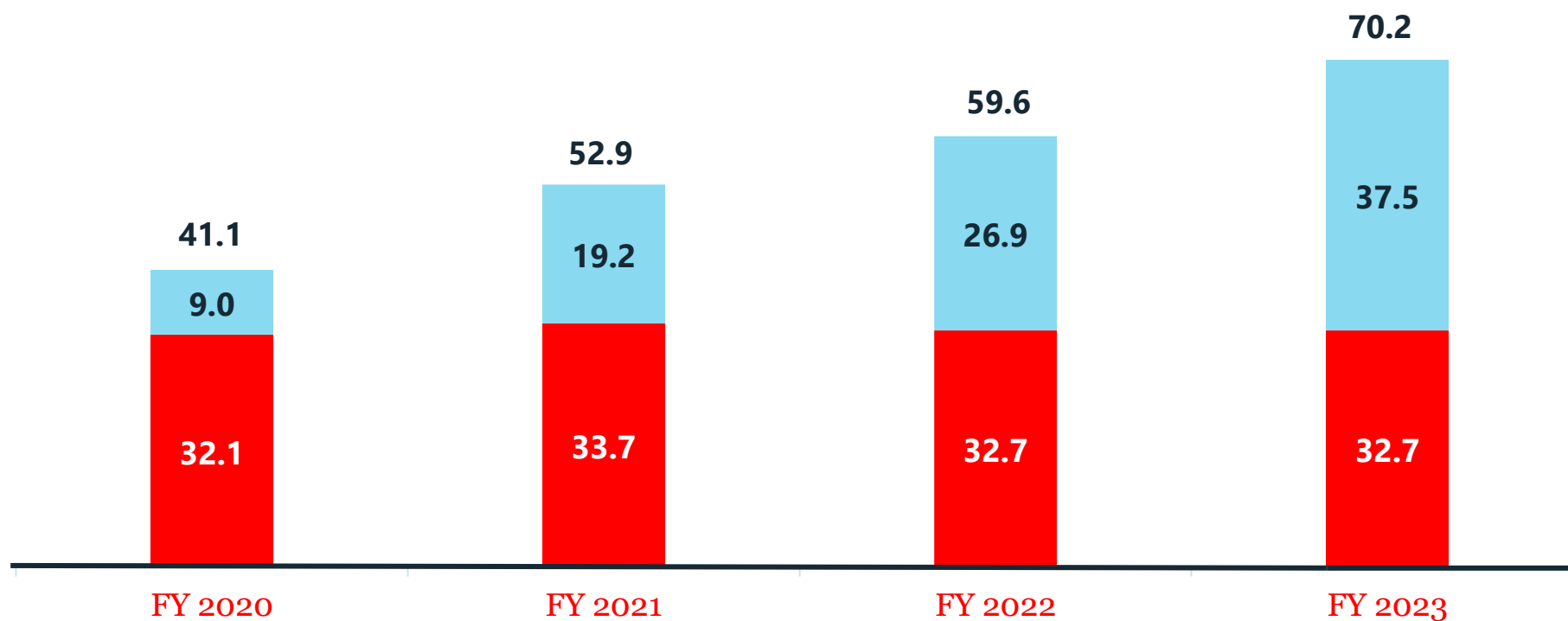


Tecsys Momentum



SaaS Growth Driving Increase in Recurring Revenue

in \$CAD millions



● Maintenance and Support Revenue ● SaaS Revenue

37%
Q2 2024 SaaS
Revenue Growth
YoY

Our Customers

Converging Complex Distribution

51%

Percentage of Annual
Recurring Revenue

49%

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

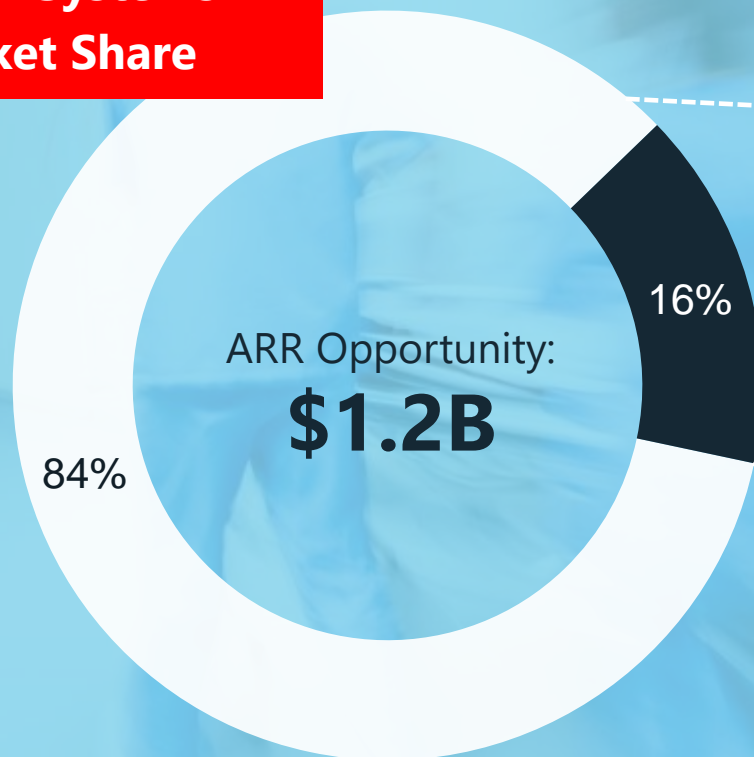
Healthcare Market Opportunity

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

373

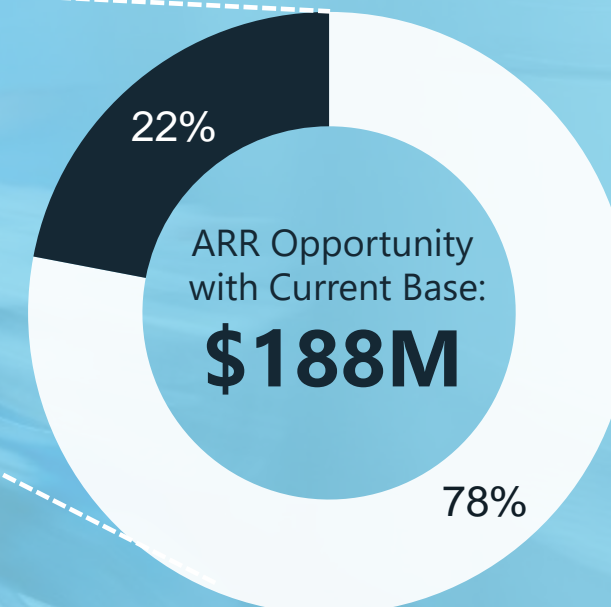
Target Health Systems

Health Systems
Market Share



■ Market Opportunity ■ Current Share

Base Account
Penetration



■ Market Opportunity

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

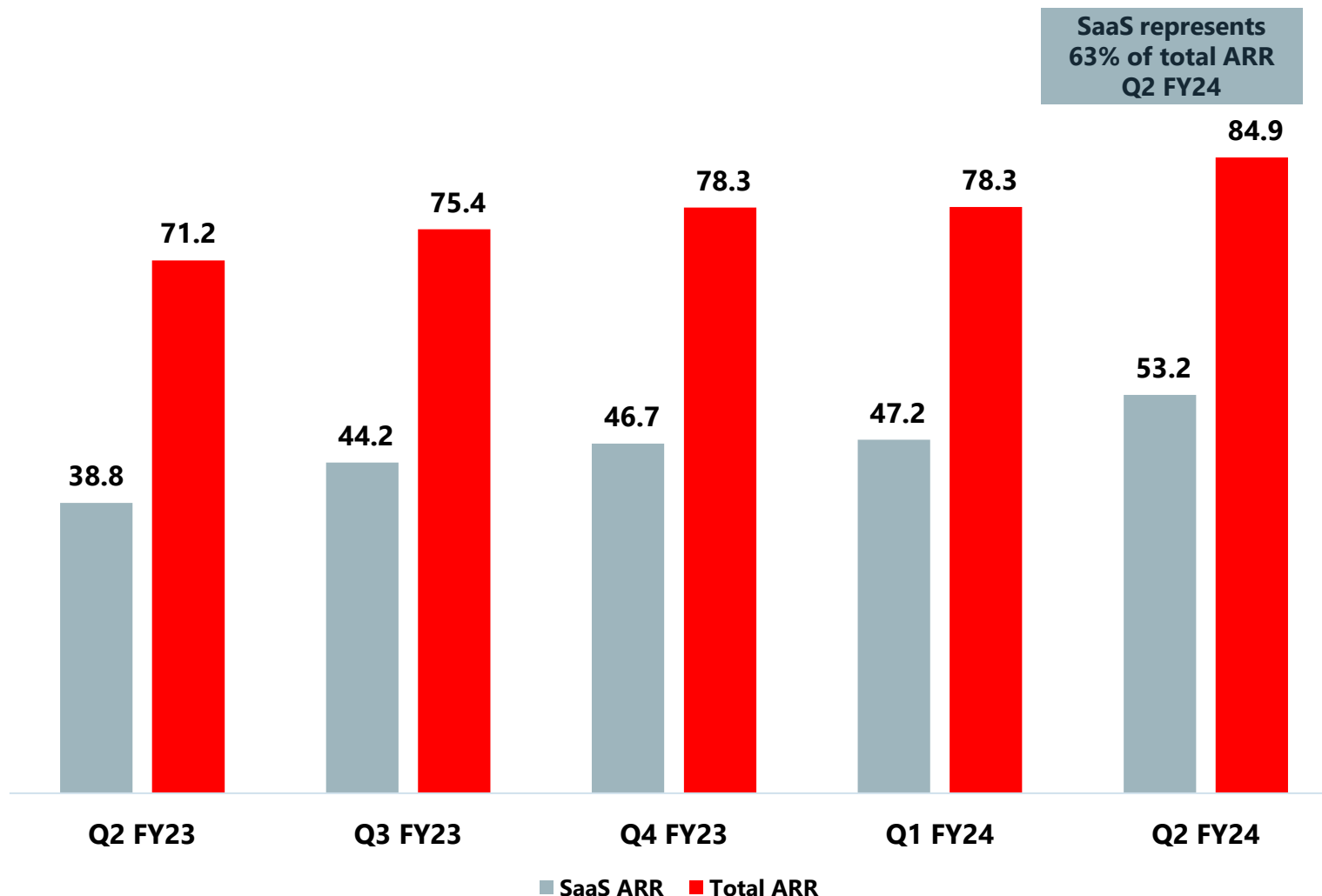
Partner influenced current sales pipeline

2018: 0%
Q2 FY24: 26%



SaaS Driving Annual Recurring Revenue (ARR)¹ Growth

in \$CAD millions



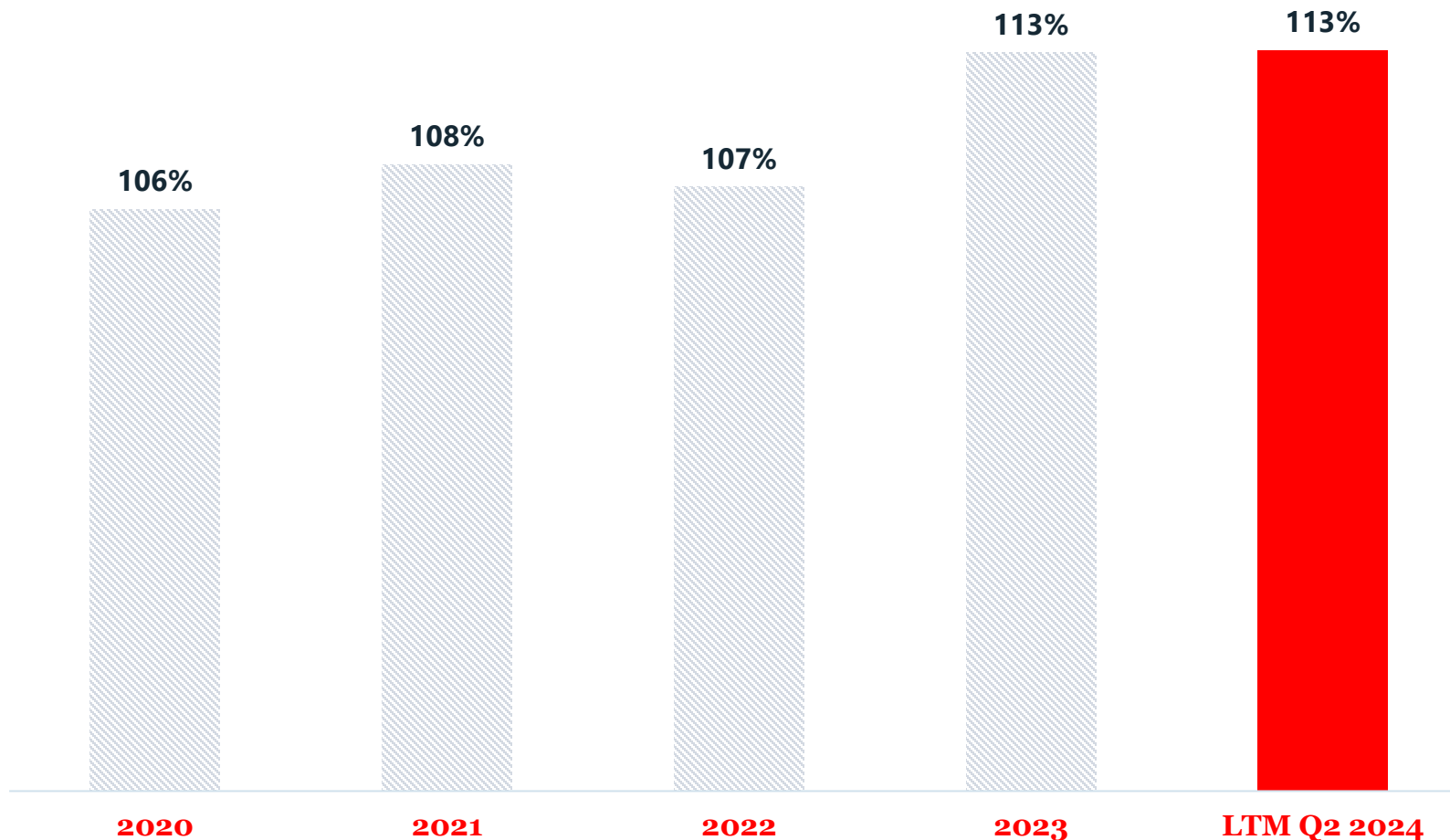
35%

Q2 FY24 SaaS ARR
Constant currency
growth YoY

32%

Q2 FY24 SaaS Remaining
Performance Obligation
(RPO)¹ Constant
currency growth YoY

Annual Recurring Revenue Net Retention Rate



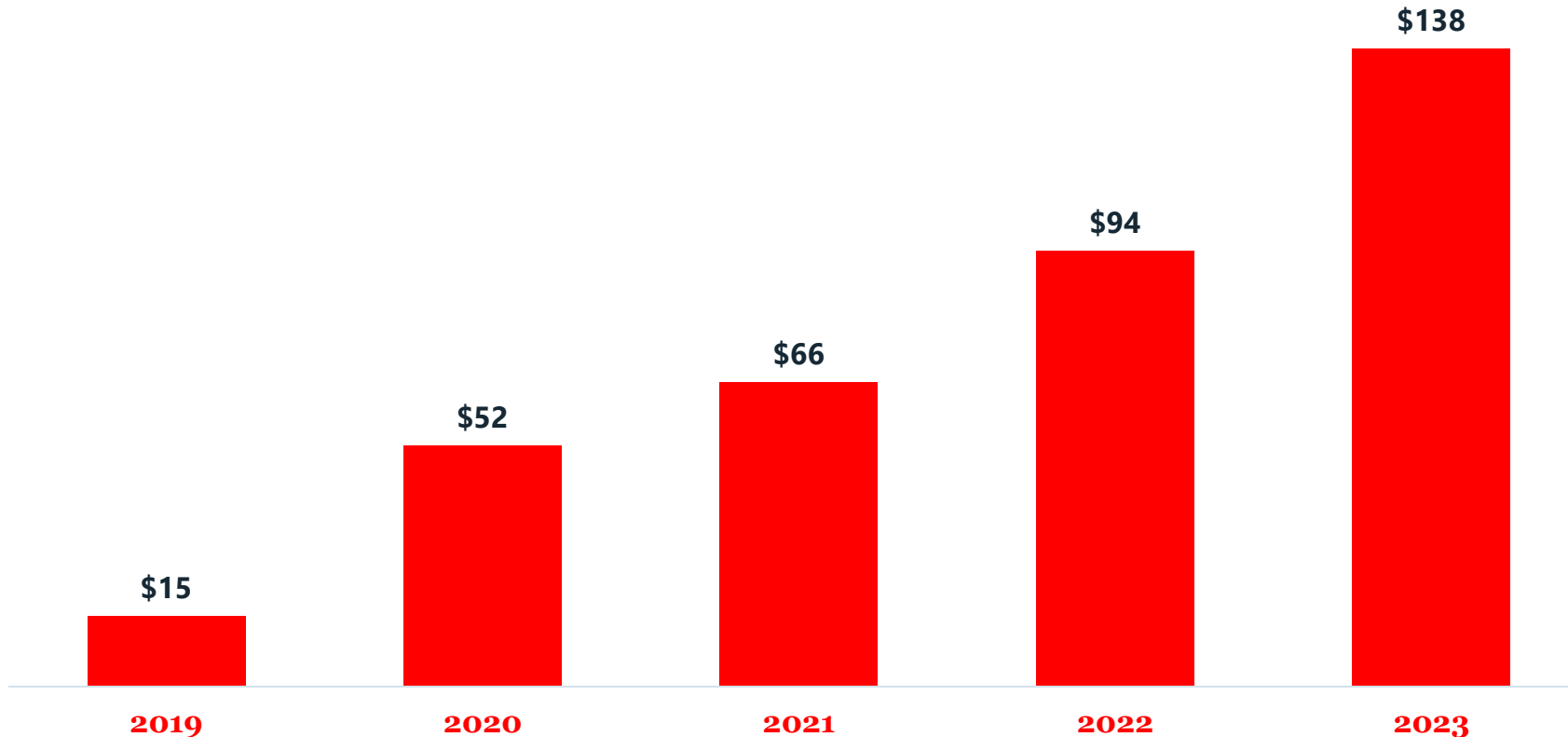
113%

**LTM Q2 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



\$147M

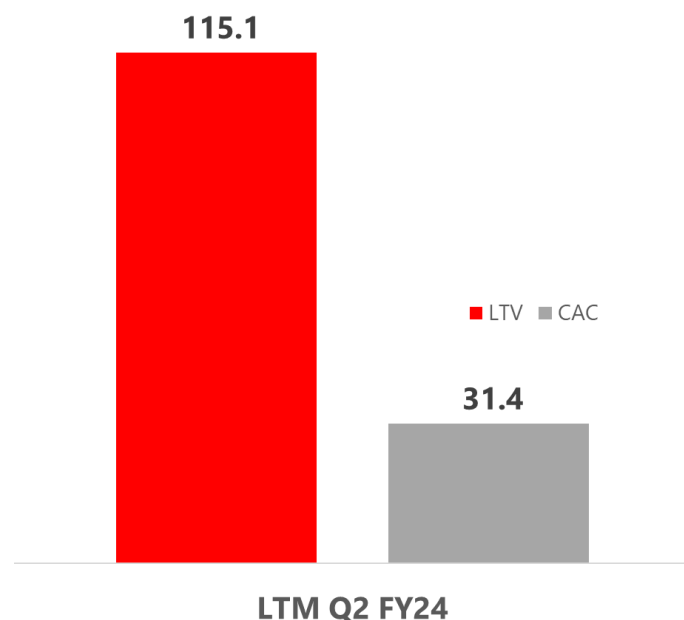
Q2 FY24 SaaS RPO

34%

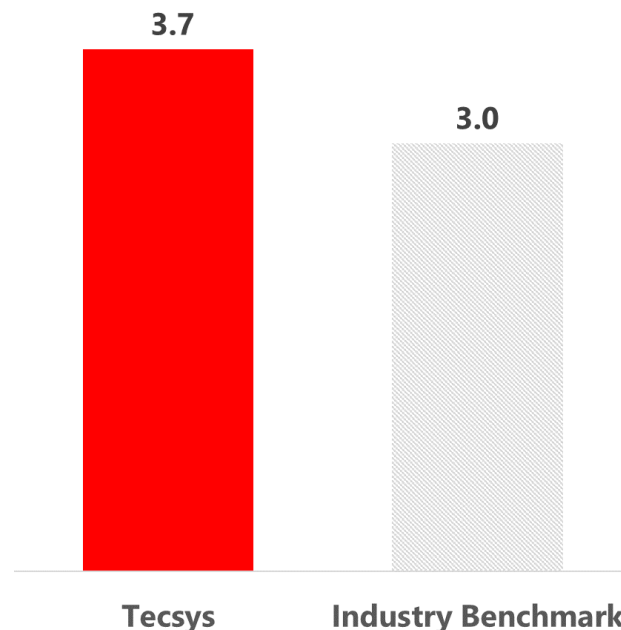
Q2 FY24 SaaS RPO YoY
Growth

Sales & Marketing – Creating Recurring Margin and Value

LTV and CAC (in \$ CAD millions)



LTV to CAC (LTM Q2 FY24)

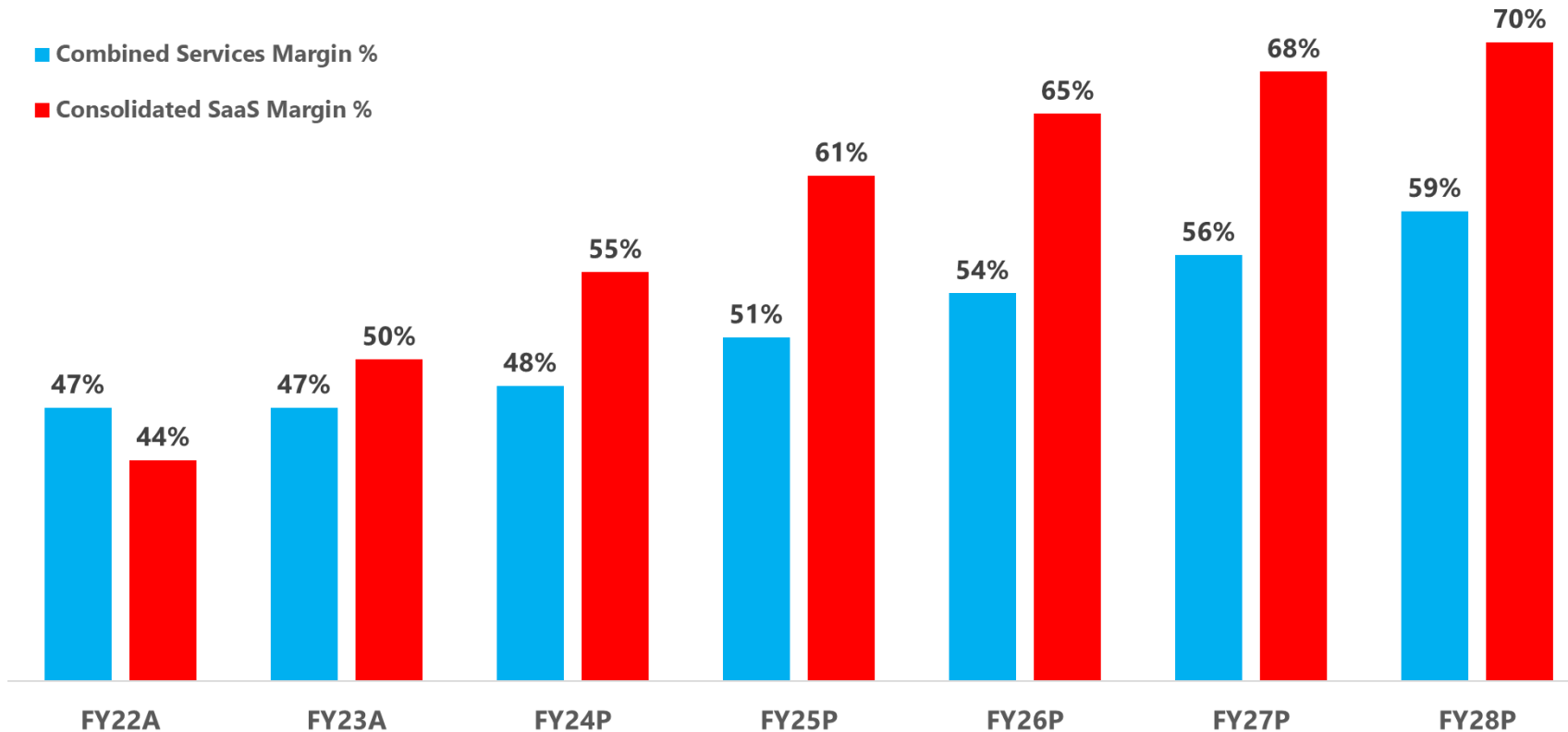


3.7x

LTV to CAC LTM Q2 FY24

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 October 31, 2023 was 3.7 (versus 3.0 industry benchmark) with \$31.4 million of sales and marketing spend generating \$115.1 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

	Q2 2024		Q2 2023		Δ YoY		Q2 2024 TTM		Q2 2023 TTM		Δ YoY	
	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%
Total Revenue	41,489	100%	38,111	100%	3,378	9%	163,573	100%	142,014	100%	21,559	15%
Total Revenue Excluding Hardware	34,092	82%	31,490	83%	2,602	8%	136,059	83%	120,043	85%	16,016	13%
SaaS Revenue	12,072	29%	8,798	23%	3,274	37%	44,244	27%	31,510	22%	12,734	40%
Maintenance and Support Revenue	8,899	21%	8,098	21%	801	10%	33,545	21%	32,538	23%	1,007	3%
Professional Services Revenue	12,869	31%	13,539	36%	(670)	-5%	55,960	34%	53,008	37%	2,952	6%
Cost of Revenue	23,144	56%	21,432	56%	1,712	8%	90,356	55%	80,214	56%	10,142	13%
Gross Profit	18,345	44%	16,679	44%	1,666	10%	73,217	45%	61,800	44%	11,417	18%
Sales & Marketing	8,645	21%	6,703	18%	1,942	29%	31,443	19%	25,543	18%	5,900	23%
General and Administration	2,971	7%	3,072	8%	(101)	-3%	11,342	7%	11,011	8%	331	3%
Research and Development	7,133	17%	5,856	15%	1,277	22%	26,648	16%	21,447	15%	5,201	24%
Operating Expenses	18,749	45%	15,631	41%	3,118	20%	69,433	42%	58,001	41%	11,432	20%
(Loss) Profit from Operations	(404)	-1%	1,048	3%	(1,452)	-139%	3,784	2%	3,799	3%	(15)	0%
Net (Loss) Profit	(340)	-1%	715	2%	(1,055)	-148%	2,165	1%	4,281	3%	(2,116)	-49%
Adjusted EBITDA	1,021	2%	2,777	7%	(1,756)	-63%	9,417	6%	8,729	6%	688	8%
EPS Basic	(0.02)		0.05		(0.07)	-140%	0.15		0.29		(0.14)	-48%
EPS Diluted	(0.02)		0.05		(0.07)	-140%	0.15		0.28		(0.13)	-47%
SaaS ARR Bookings	3,745		2,796		949	34%	15,368		13,476		1,892	14%
SaaS Annual Recurring Revenue							53,236		38,825		14,411	37%
Total Annual Recurring Revenue							84,946		71,198		13,748	19%
SaaS Backlog							146,688		109,534		37,154	34%
Professional Services Backlog							40,319		31,869		8,450	27%

Refer to October 31, 2023 Management Discussion and Analysis "Non-IFRS Performance Measures"

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

Corporate Overview

\$390M

Market Cap**
14.7M S/O

TMX

Symbol TCS

30¢

Dividend per Year*

19%

Insider Ownership**

Brokerage Coverage

- Cormark Securities Inc.
- Echelon Capital Markets
- National Bank Financial
- Raymond James
- Stifel

* Last twelve months, October 31, 2023

** On October 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.

**40%
SaaS
Revenue
Growth**

↑
LTM October 31, 2023 YoY SaaS revenue growth of 40%.

**2.11x
NTM
EV/sales**

↑
Trading at 2.11x NTM EV/sales, a 84% discount to its closest comparable MANH.



Thank You