



# Investor Presentation Q1 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**

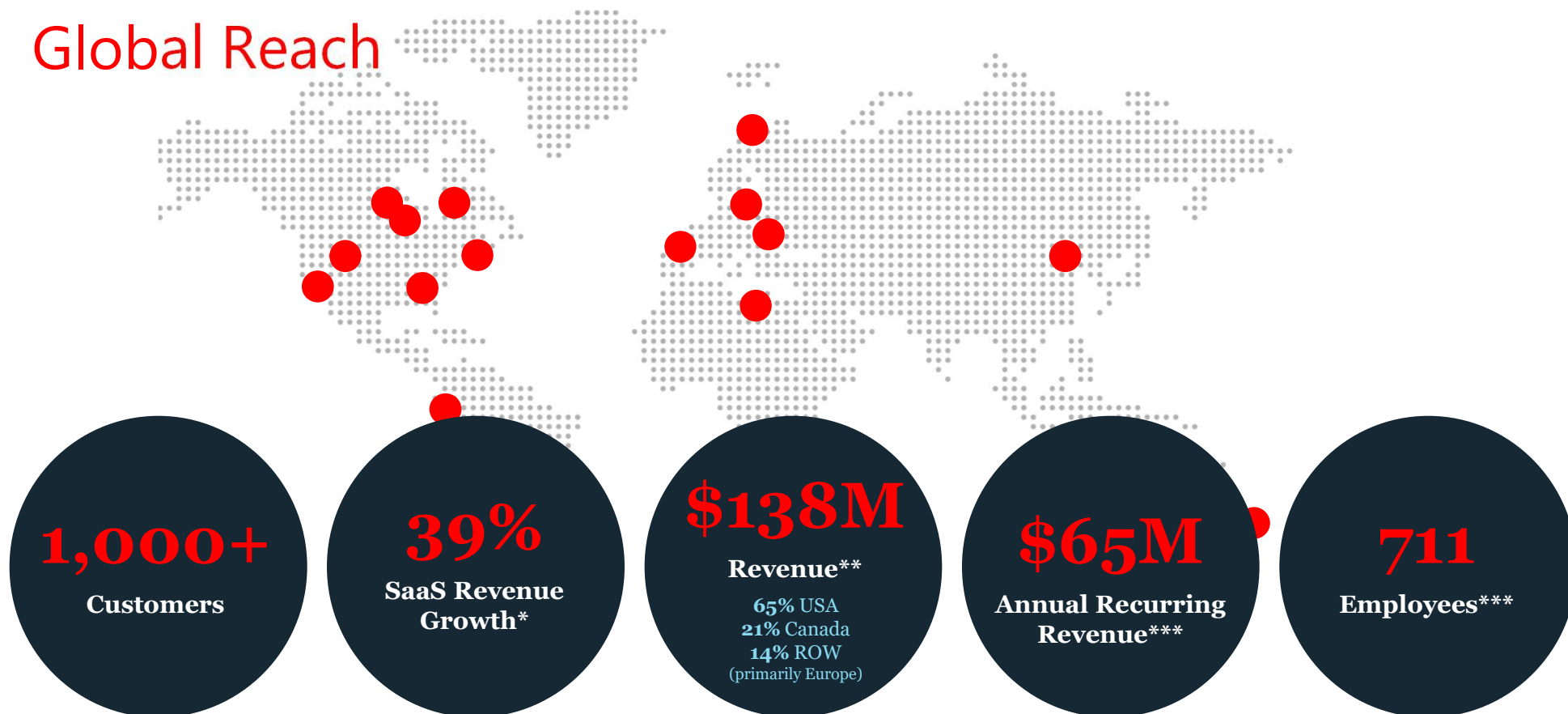
Tecsys named in  
Gartner's Magic  
Quadrant for WMS  
and promoted to  
*Challenger* in 2022

**Top 3**

in Gartner's 2020  
Healthcare Supply  
Chain Top 25  
"Masters"

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

## Global Reach

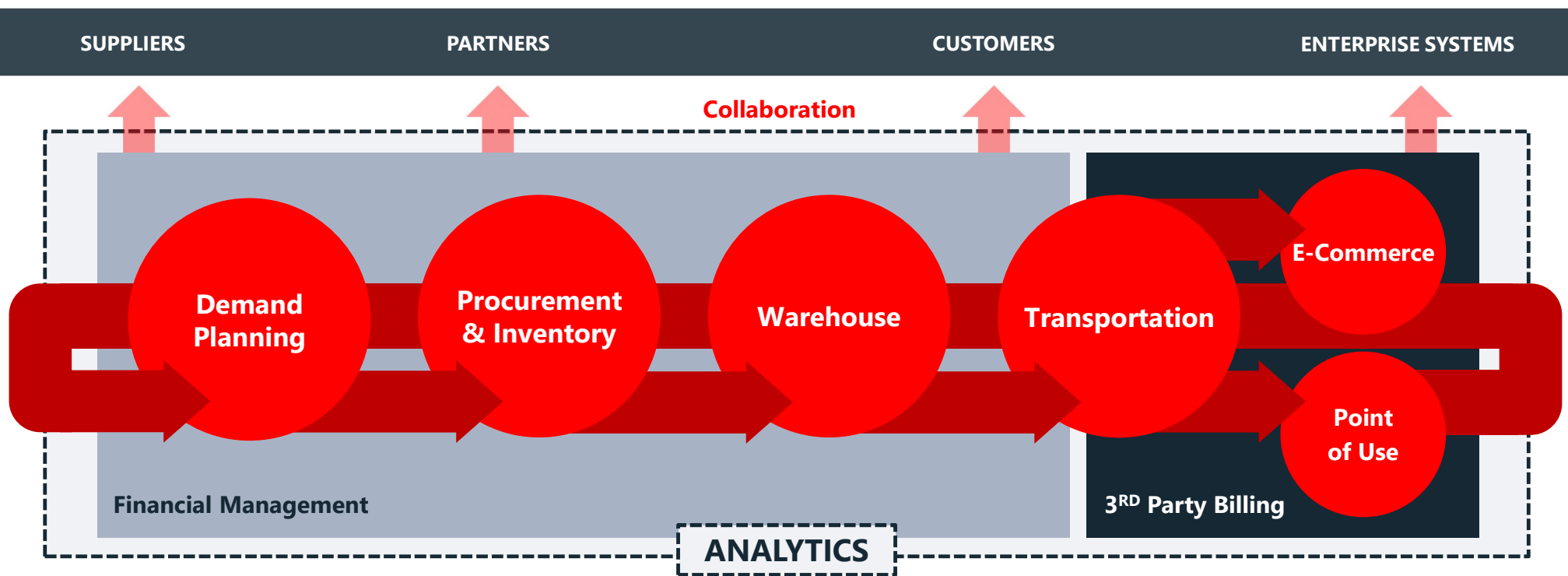


\* Constant currency growth in Q1 vs. same period last year based on July 31, 2022 exchange rates

\*\* Last twelve months, July 31, 2022

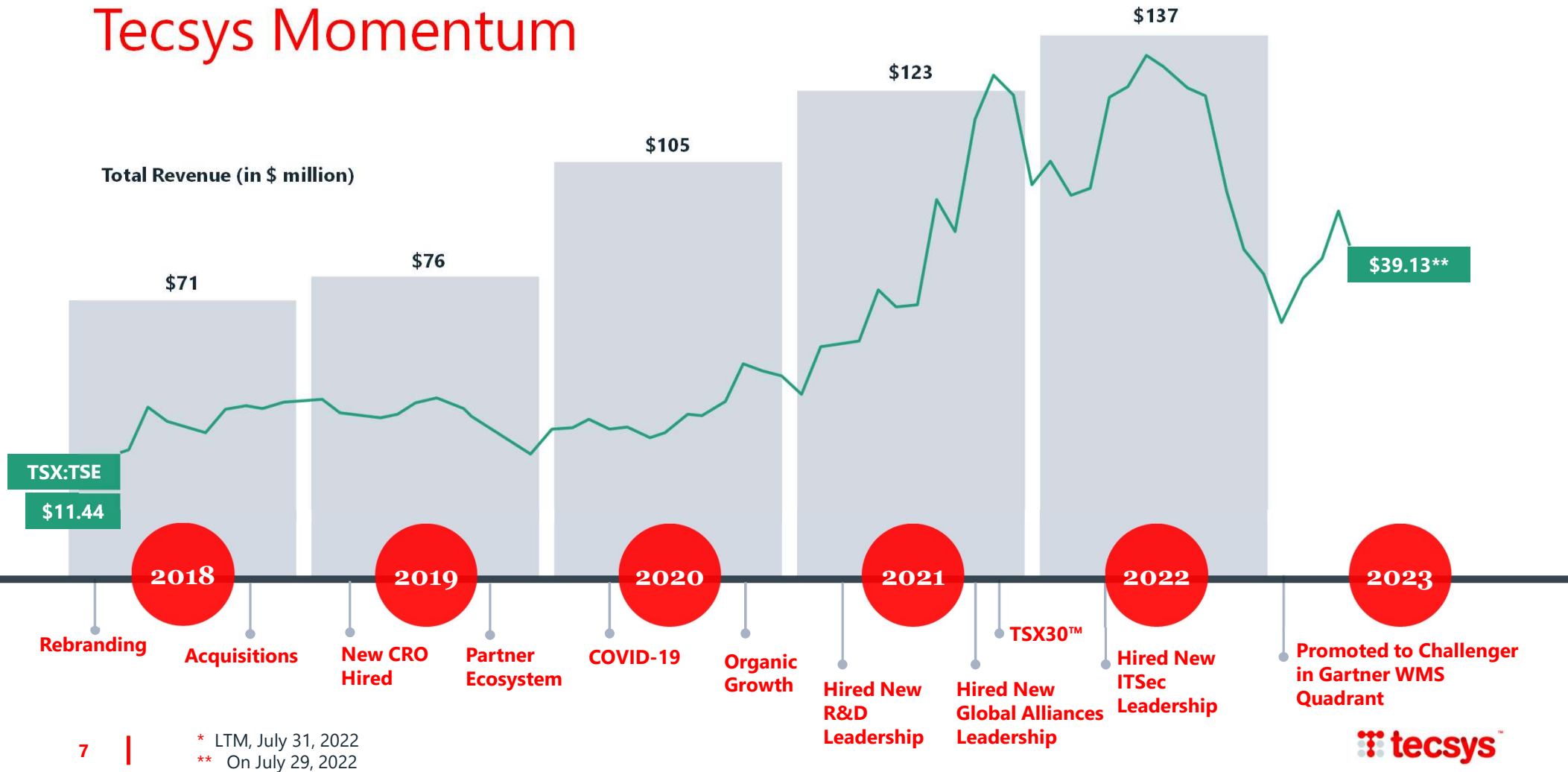
\*\*\* At July 31, 2022

# End-to-end Integrated Supply Chain Management Solutions



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

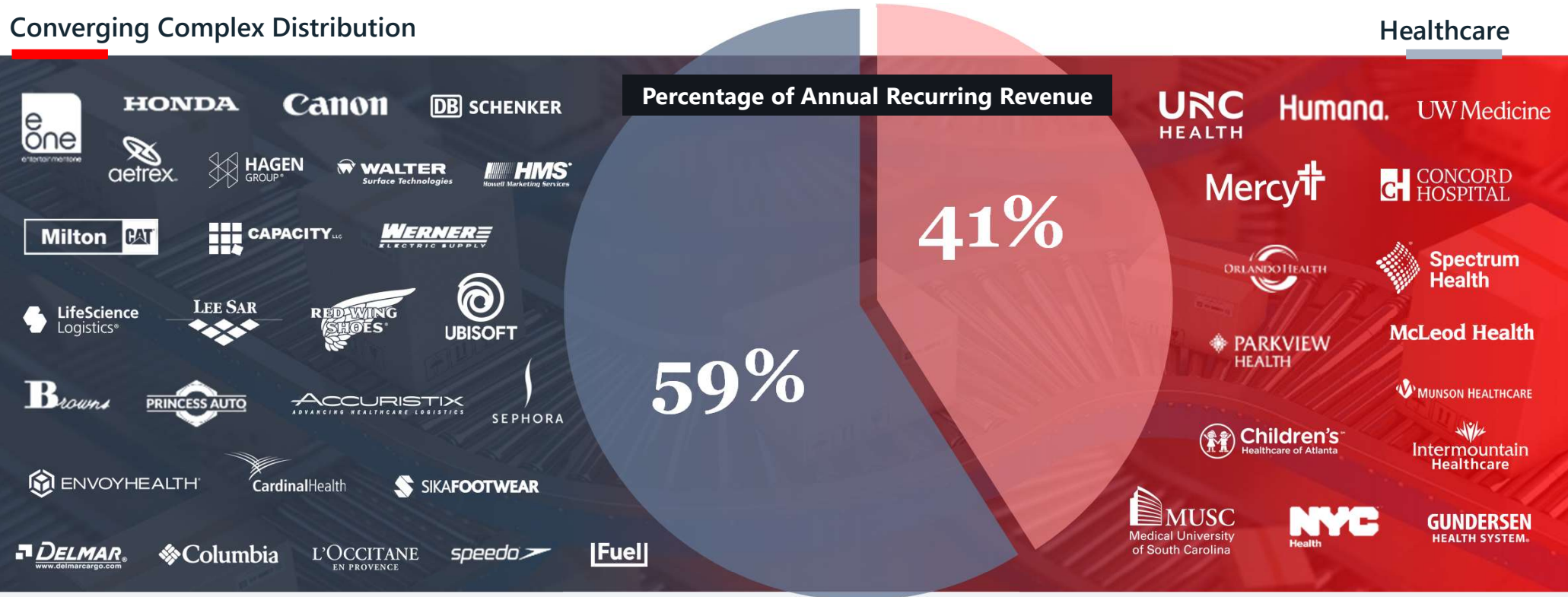
# Tecsys Momentum





# 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

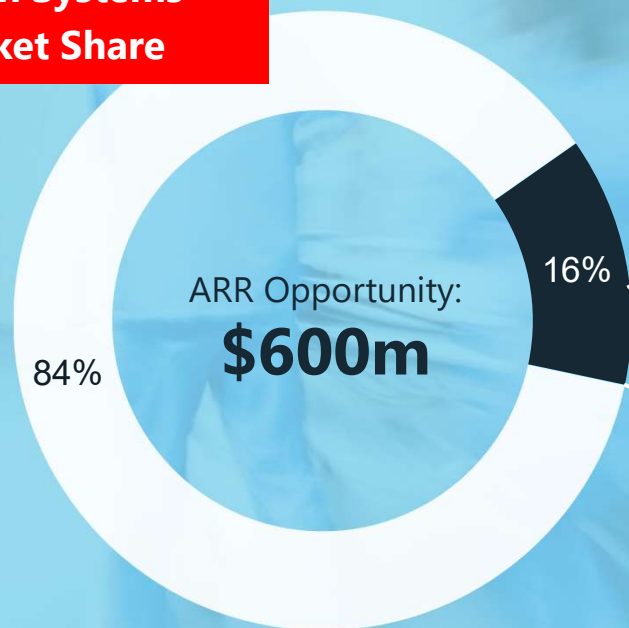
# Healthcare Market Opportunity

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

**300**

Target Health Systems

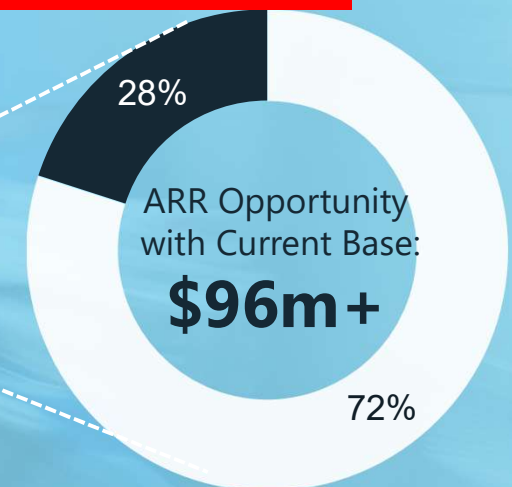
**Health Systems  
Market Share**



■ 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

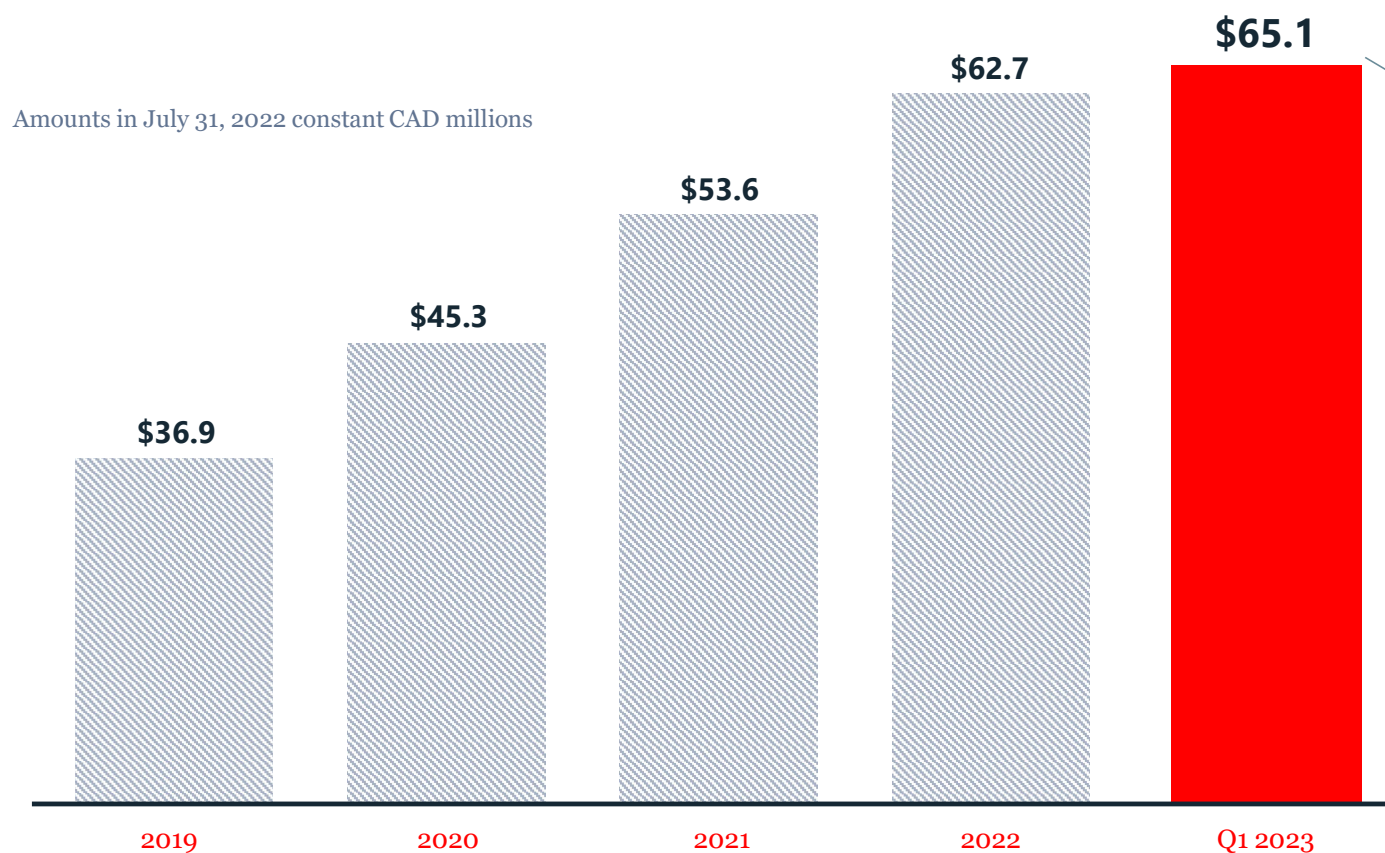
**e.g., West Monroe, Avalon, RiseNow, Sequoia,**

- 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%**  
Q1 FY23: **27%**

# Building Annual Recurring Revenue (ARR\*)



**41%**

of ARR is Healthcare

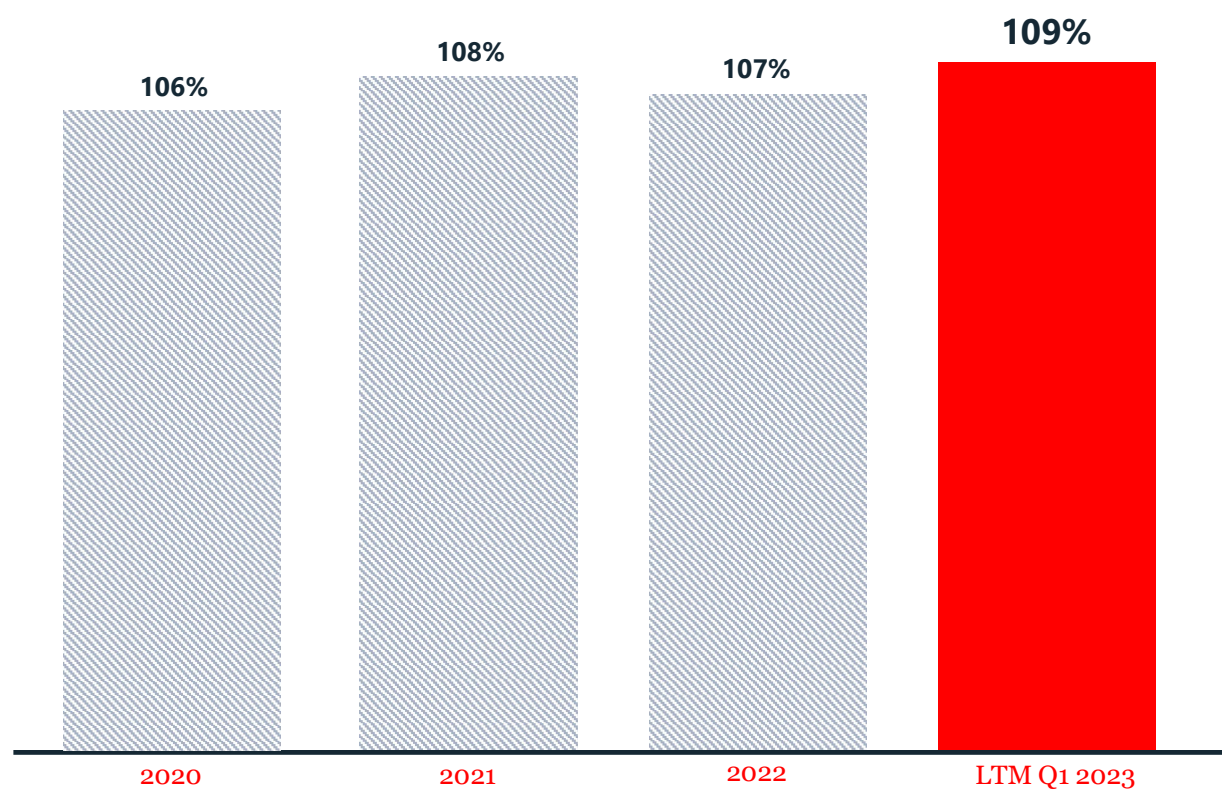
**59%**

Complex Distribution  
(3PL, Retail, Distributors)

**21%**

YoY constant currency  
growth Q1 FY23

# Annual Recurring Revenue Net Retention Rate



**109%**

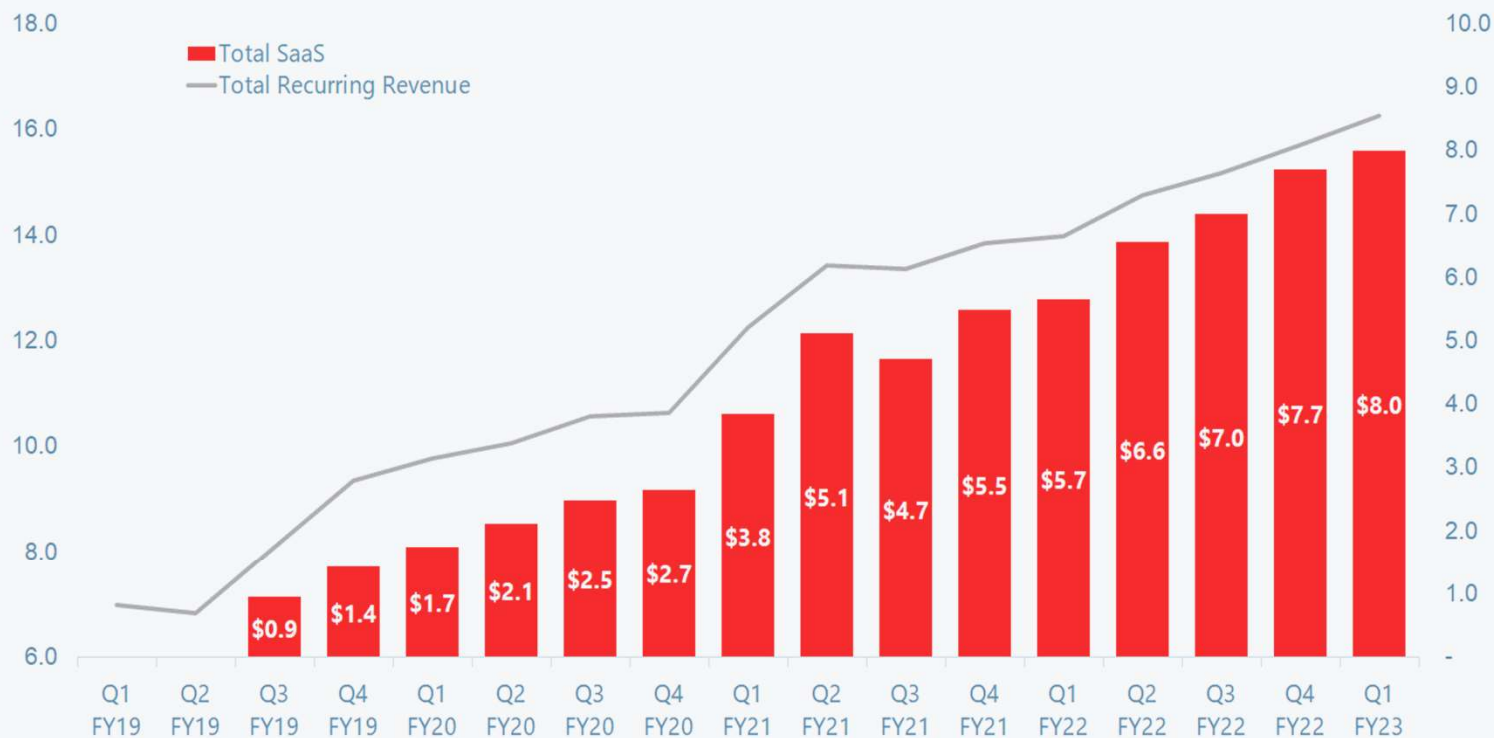
**LTM Q1 2023  
Recurring Revenue  
Net Retention Rate**

**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



# 39%

YoY SaaS Revenue Growth  
Q1 FY23 (constant currency  
basis)

# 49%

Q1 FY23 SaaS Revenue as a  
percentage of total recurring  
revenue (up from 40% in Q1  
FY22 and flat from Q4 FY22)

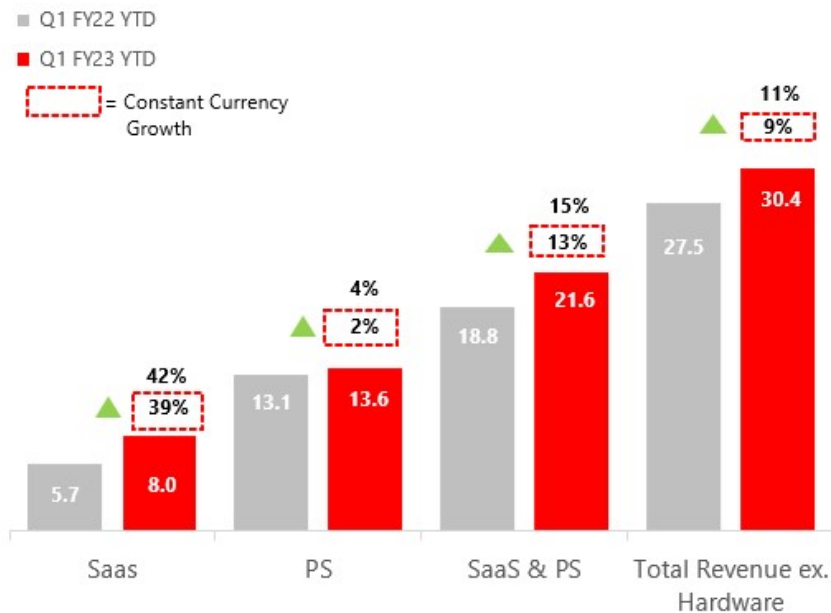


# Tecsys Growth Vector – SaaS

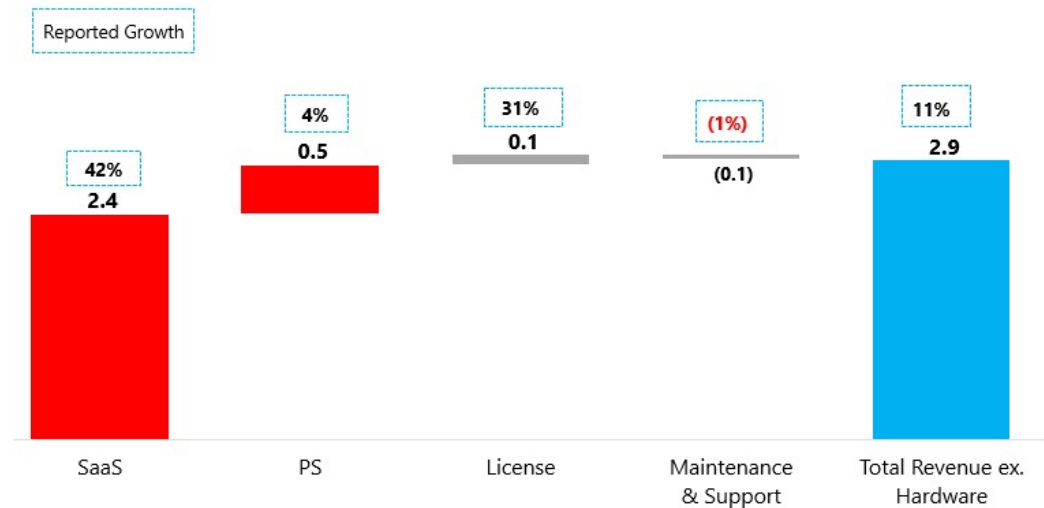
Amounts in \$CAD million

SaaS growing at 39% constant currency; SaaS combined with professional services growing at 13% constant currency.

## SaaS and Prof. Services Growth

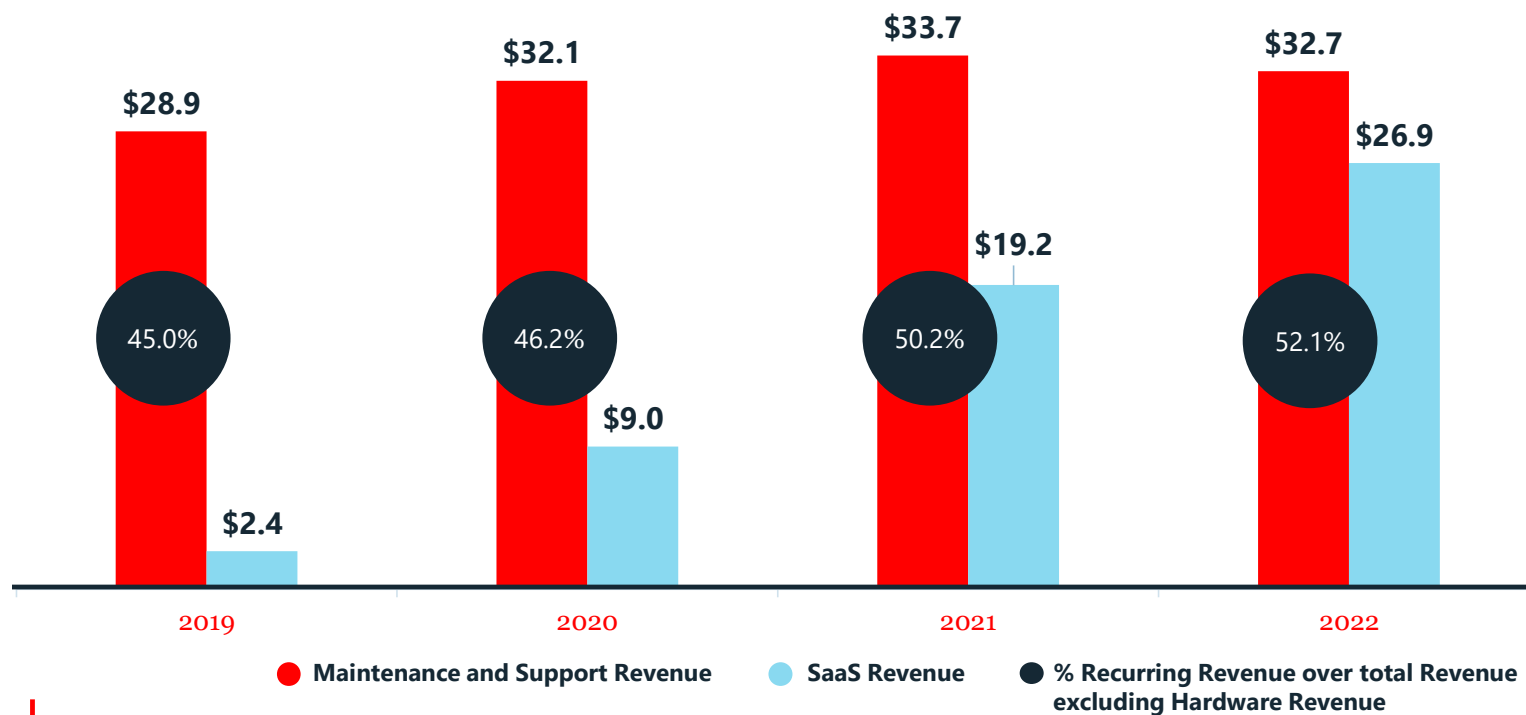


## Revenue Growth by Type – Q1 FY23 vs. Q1 FY22



# SaaS Growth Driving Increase in Recurring Revenue Mix

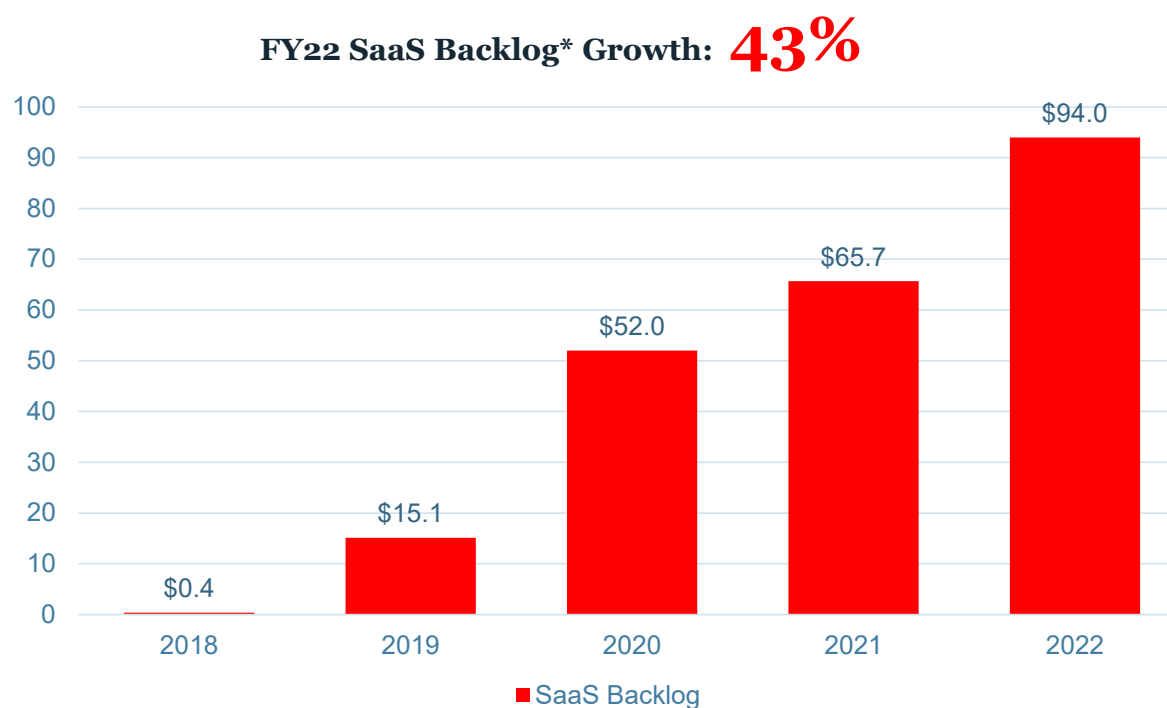
in \$CAD million



Q1 FY23 recurring revenue is **54%** of total Revenue excluding Hardware Revenue

# Strong & Growing SaaS Backlog

in \$CAD million



**July 31, 2022 SaaS Backlog:**

**\$102.5 million**

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

# Corporate Information



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# Financial Highlights, in CAD 000 except EPS

	Q1 2023		Q1 2022		Δ YoY		Q1 2023 TTM		Q1 2022 TTM		Δ YoY	
	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%
<b>Total Revenue</b>	\$34,204	100%	\$33,232	100%	\$972	3%	\$138,172	100%	\$128,242	100%	\$9,930	8%
<b>Total Revenue Excluding Hardware</b>	\$30,359	89%	\$27,456	83%	\$2,903	11%	\$117,376	85%	\$108,604	85%	\$8,772	8%
<b>SaaS Revenue</b>	\$8,001	23%	\$5,653	17%	\$2,348	42%	\$29,277	21%	\$20,973	16%	\$8,304	40%
<b>Maintenance and Support Revenue</b>	\$8,268	24%	\$8,326	25%	(\$58)	-1%	\$32,640	24%	\$33,632	26%	(\$992)	-3%
<b>Professional Services Revenue</b>	\$13,631	40%	\$13,126	39%	\$505	4%	\$52,545	38%	\$49,444	39%	\$3,101	6%
<b>Cost of Sales</b>	\$19,446	57%	\$18,803	57%	\$643	3%	\$77,533	56%	\$66,673	52%	\$10,860	16%
<b>Gross margin</b>	\$14,758	43%	\$14,429	43%	\$329	2%	\$60,639	44%	\$61,569	48%	(\$930)	-2%
<b>Sales &amp; Marketing</b>	\$6,250	18%	\$5,682	17%	\$568	10%	\$24,862	18%	\$21,670	17%	\$3,192	15%
<b>General and Administration</b>	\$2,734	8%	\$2,859	9%	(\$125)	-4%	\$10,740	8%	\$10,829	8%	(\$89)	-1%
<b>Research and Development</b>	\$5,684	17%	\$4,800	14%	\$884	18%	\$20,659	15%	\$19,269	15%	\$1,390	7%
<b>Operating expenses</b>	\$14,668	43%	\$13,341	40%	\$1,327	10%	\$56,261	41%	\$51,768	40%	\$4,493	9%
<b>Profit from operations</b>	\$90	0%	\$1,088	3%	(\$998)	-92%	\$4,378	3%	\$9,801	8%	(\$5,423)	-55%
<b>Net income</b>	\$40	0%	\$244	1%	(\$204)	-84%	\$4,274	3%	\$6,197	5%	(\$1,923)	-31%
<b>Adjusted EBITDA</b>	\$1,484	4%	\$2,456	7%	(\$972)	-40%	\$9,158	7%	\$15,167	12%	(\$6,009)	-40%
<b>EPS Basic</b>	\$0.00		\$0.02		(\$0.02)	-100%	\$0.29		\$0.43		(\$0.14)	-33%
<b>EPS Diluted</b>	\$0.00		\$0.02		(\$0.02)	-100%	\$0.28		\$0.42		(\$0.14)	-33%
<b>License Bookings</b>	\$249		\$286		(\$37)	-13%	\$2,365		\$4,114		(\$1,749)	-43%
<b>SaaS ARR Bookings</b>	\$3,908		\$1,099		\$2,809	256%	\$14,730		\$8,277		\$6,453	78%
<b>Annual Recurring Revenue</b>							\$65,074		\$53,656		\$11,418	21%
<b>SaaS Backlog</b>							\$102,540		\$64,997		\$37,543	58%
<b>Professional Services Backlog</b>							\$30,674		\$35,124		(\$4,450)	-13%

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

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

## Corporate Overview

**\$570M**

Market Cap\*\*  
14.6M S/O

**TMX**

Symbol TCS

**27¢**

Dividend per Year\*

**22%**

Insider Ownership\*\*

## Brokerage Coverage

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

\* Last twelve months, July 31, 2022

\*\* At July 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 97% of total product bookings for Q1 fiscal 2023.

**ARR  
Growth**

↑  
LTM July 31, 2022 ARR YoY reported and constant currency growth of 21%.

**3.2x  
NTM  
EV/sales**

↑  
Trading at 3.2x NTM EV/sales, a 74% discount to its closest comparable MANH.