



Investor Presentation Q4 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.

All names, trademarks, products and services mentioned are registered or unregistered trademarks of their respective owners.



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

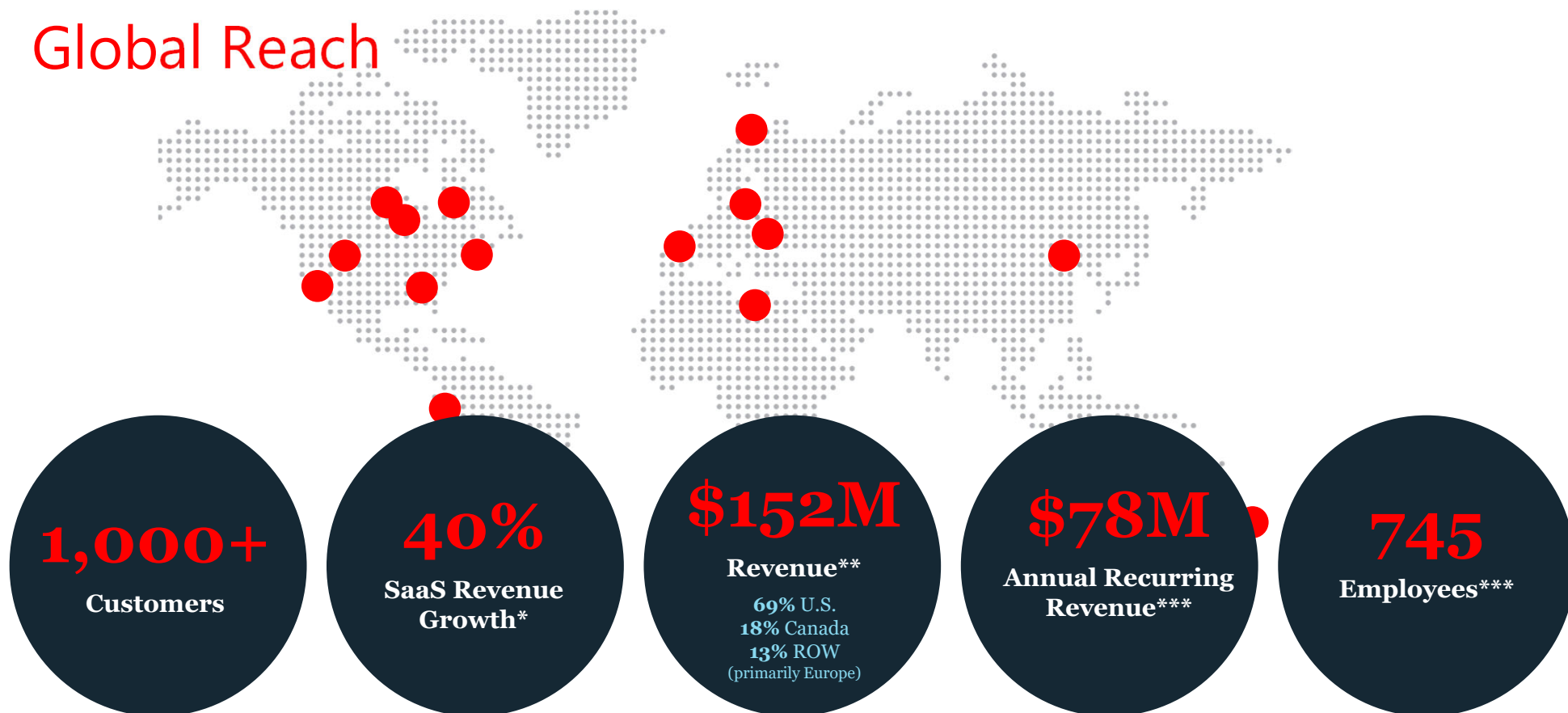
9

Customers

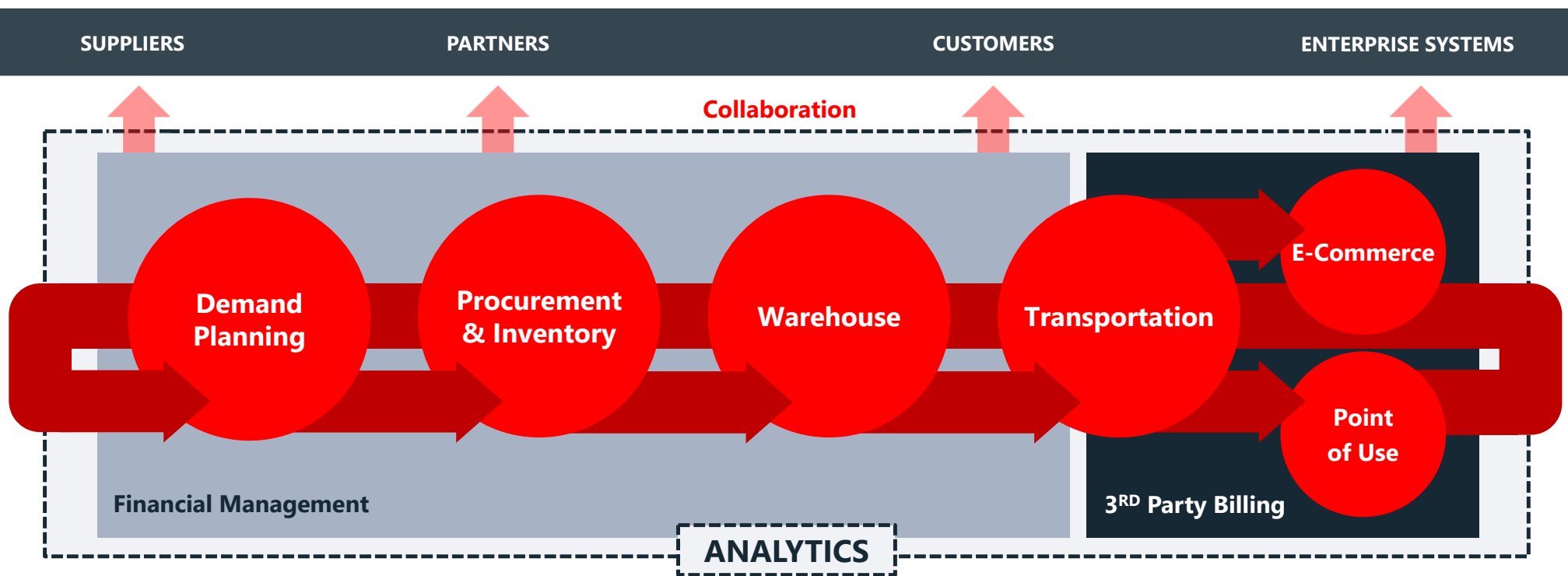
Tecsys is proud to have nine
customers, **two with
Masters recognition**, on
Gartner's Healthcare Supply
Chain Top 25 for 2022

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

Global Reach

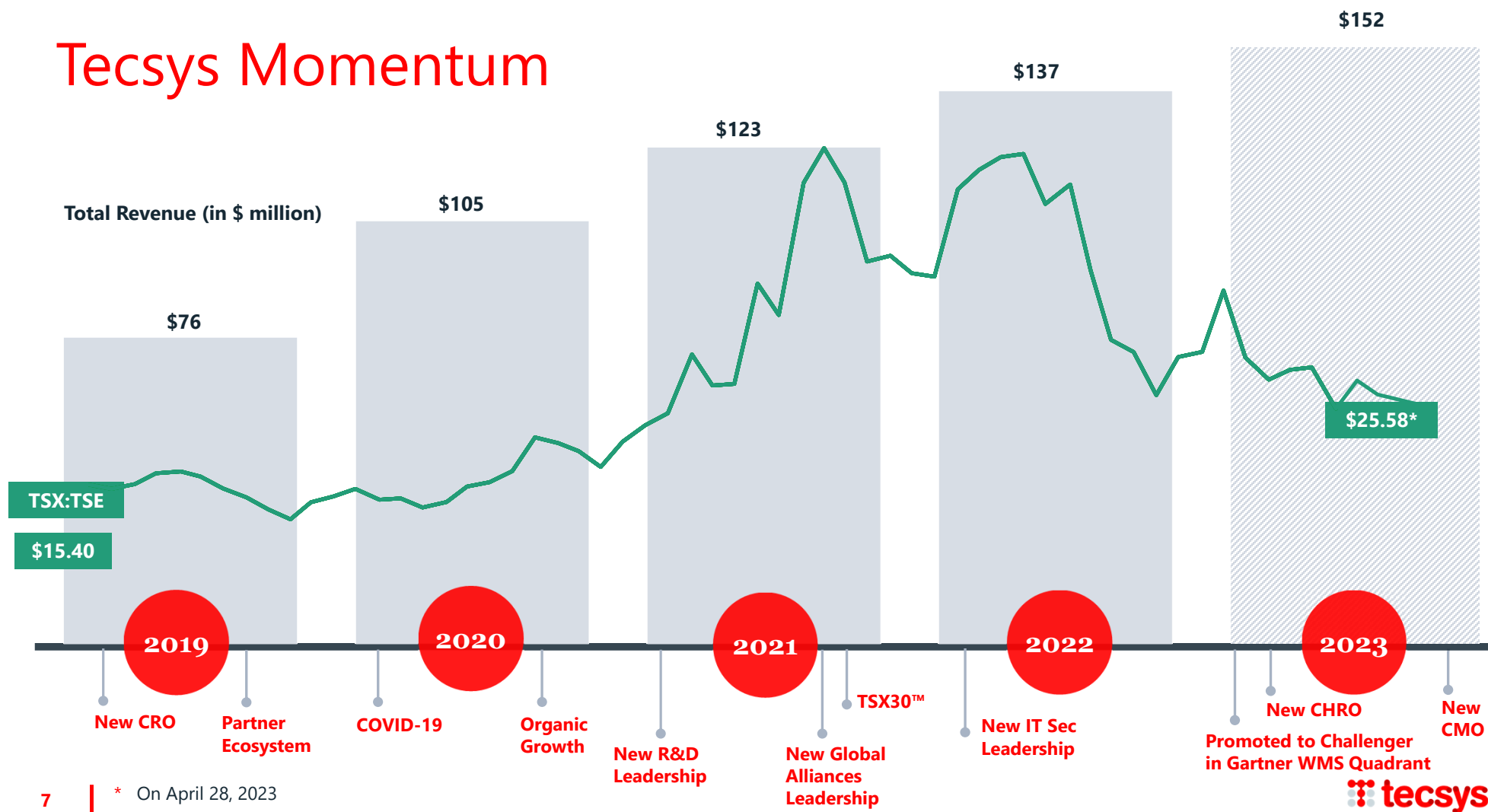


End-to-end Integrated Supply Chain Management Solutions



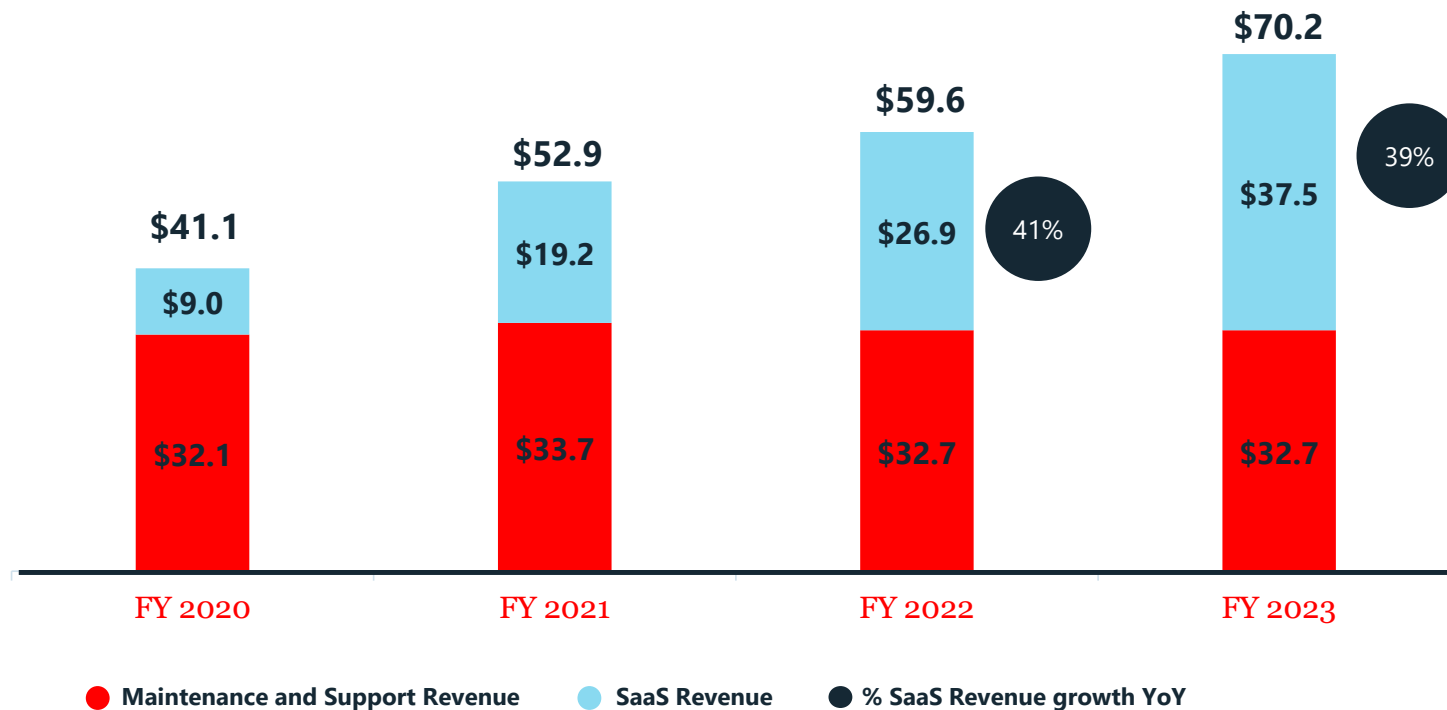
Healthcare – Distribution – Retail – 3PL

Tecsys Momentum



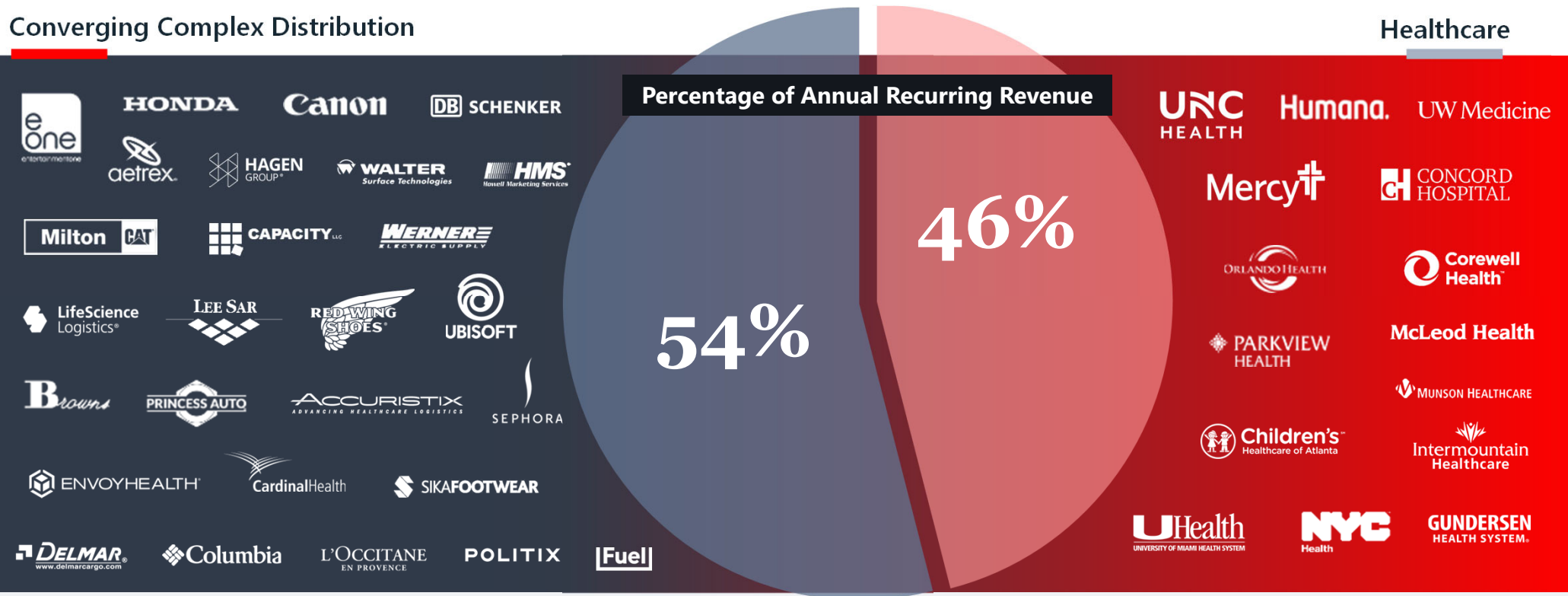
SaaS Growth Driving Increase in Recurring Revenue

in \$CAD millions



Key Markets

Converging Complex Distribution



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

Result: Healthcare supply chains need solutions urgently

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

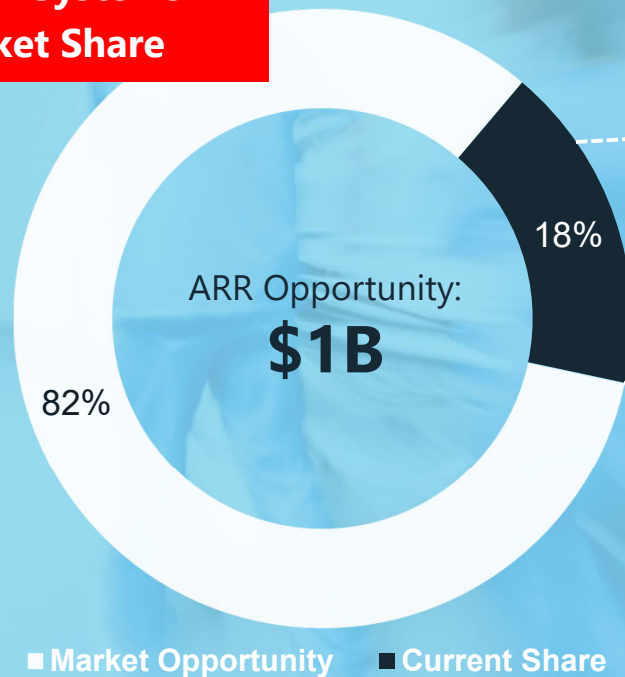
Healthcare Market Opportunity

Becoming Dominant in U.S. Health Systems Market – The \$1B ARR* Opportunity

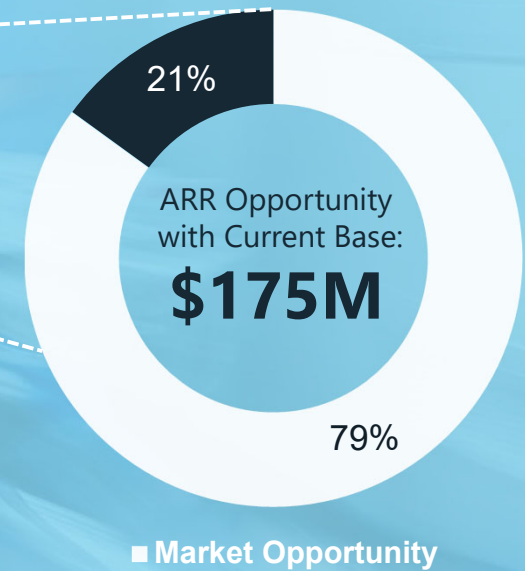
300

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.

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

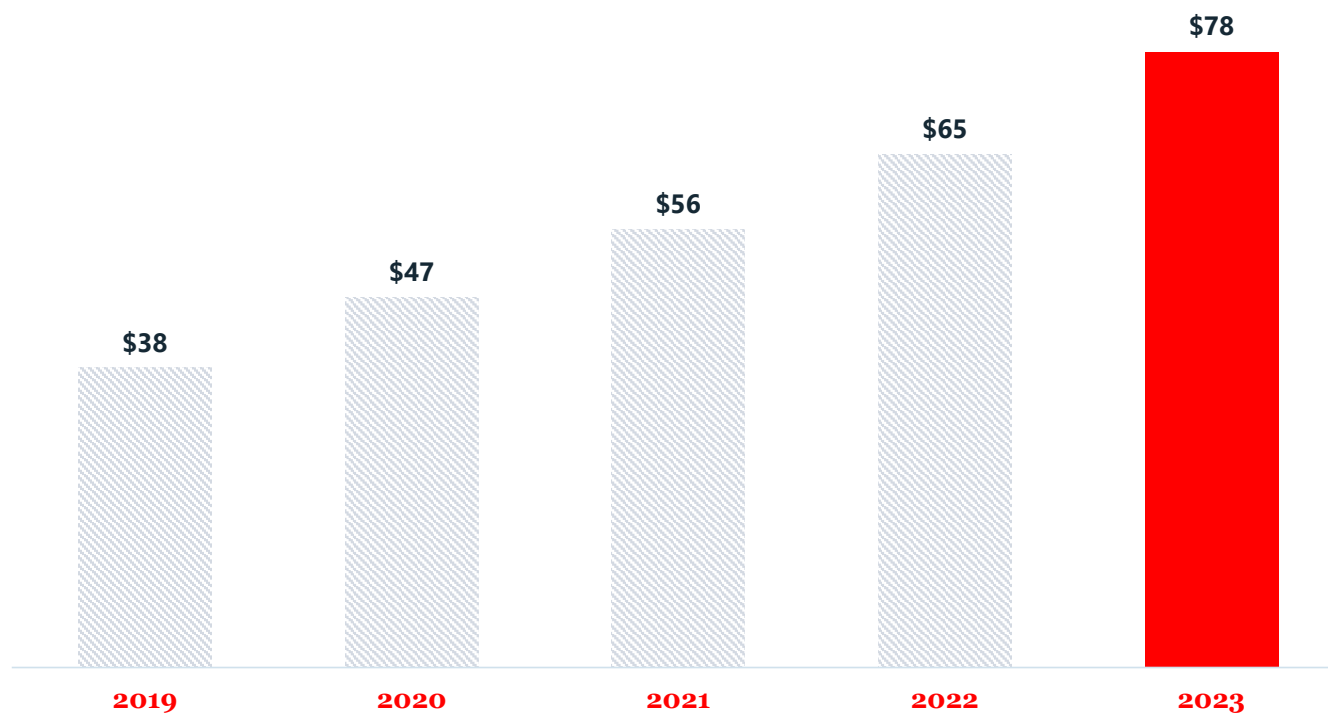
Partner influenced current sales pipeline

2018: **0%**

Q4 FY23: **30%**

Building Annual Recurring Revenue (ARR*)

Amounts in April 30, 2023 constant in \$CAD Millions



46%

of ARR is Healthcare

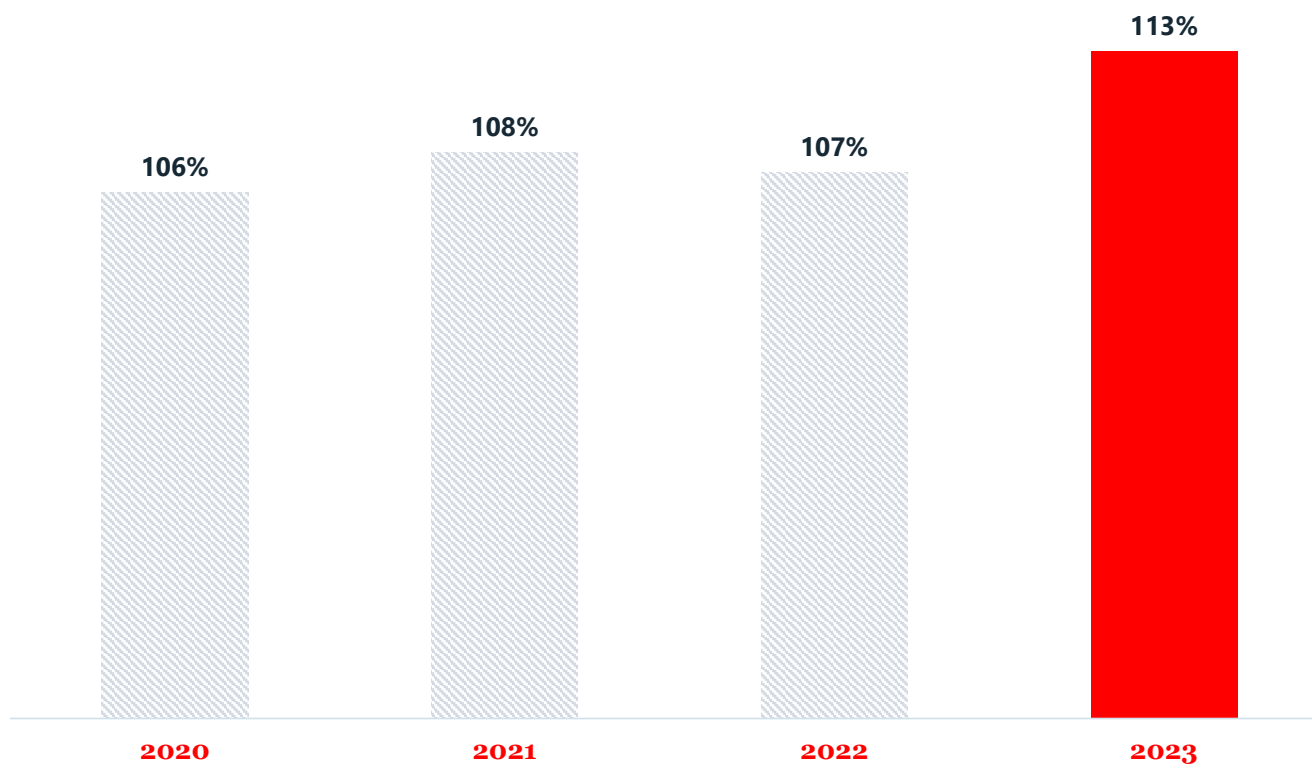
54%

Complex Distribution
(3PL, Retail, Distributors)

19%

YoY constant currency
growth FY23

Annual Recurring Revenue Net Retention Rate



113%

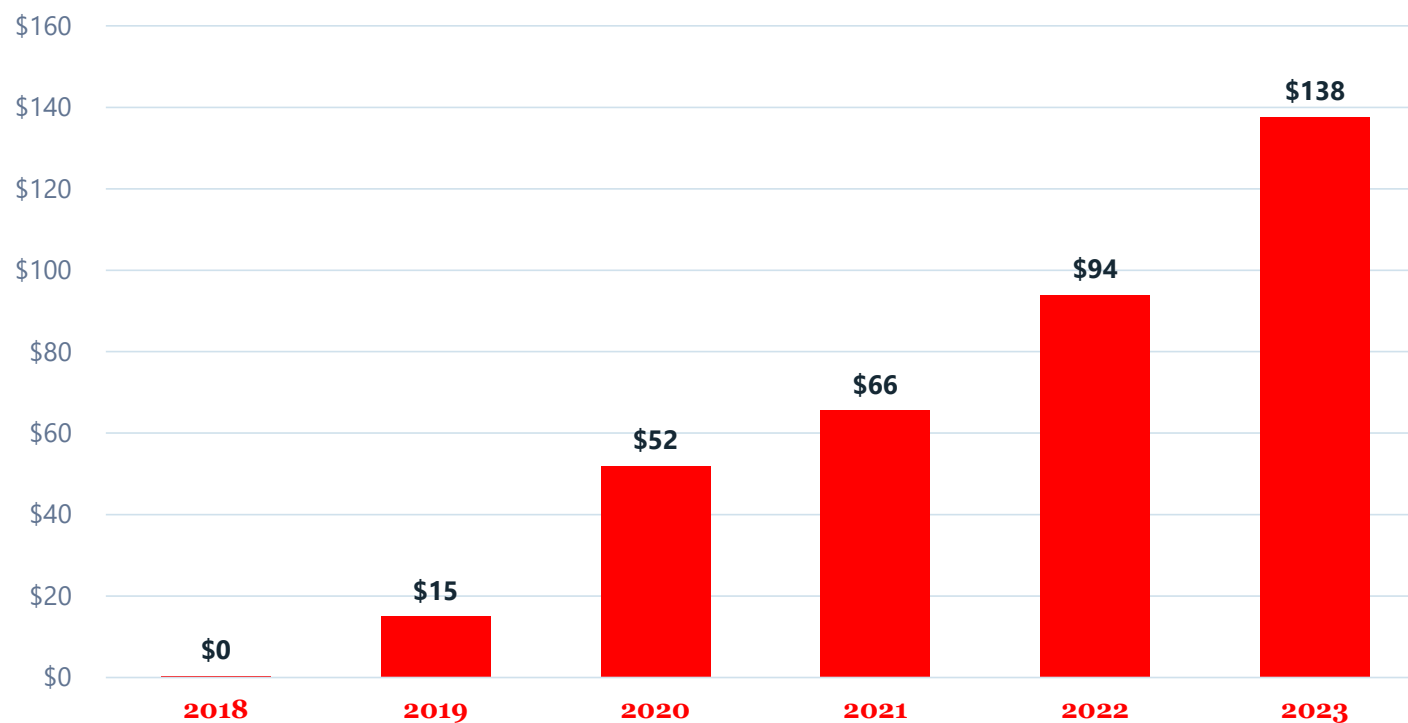
**LTM Fiscal 2023
Recurring Revenue
Net Retention Rate**

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

SaaS Remaining Performance Obligation (RPO)

in \$CAD millions

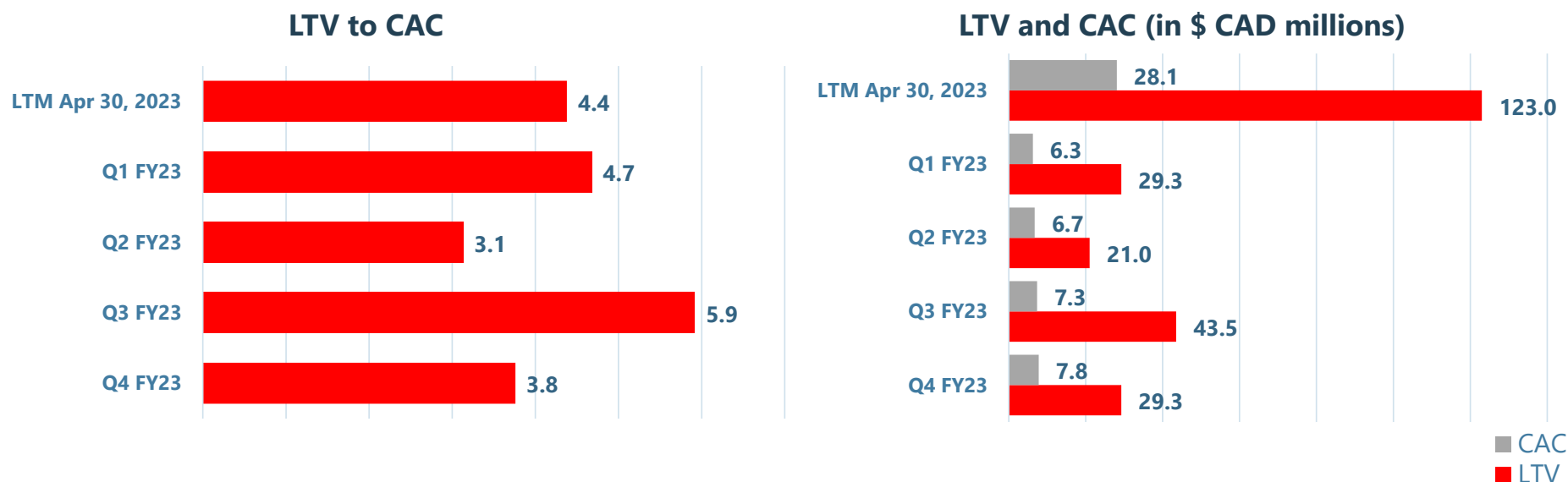
FY23 SaaS RPO Growth: 47%



**April 30, 2023 SaaS
RPO:**

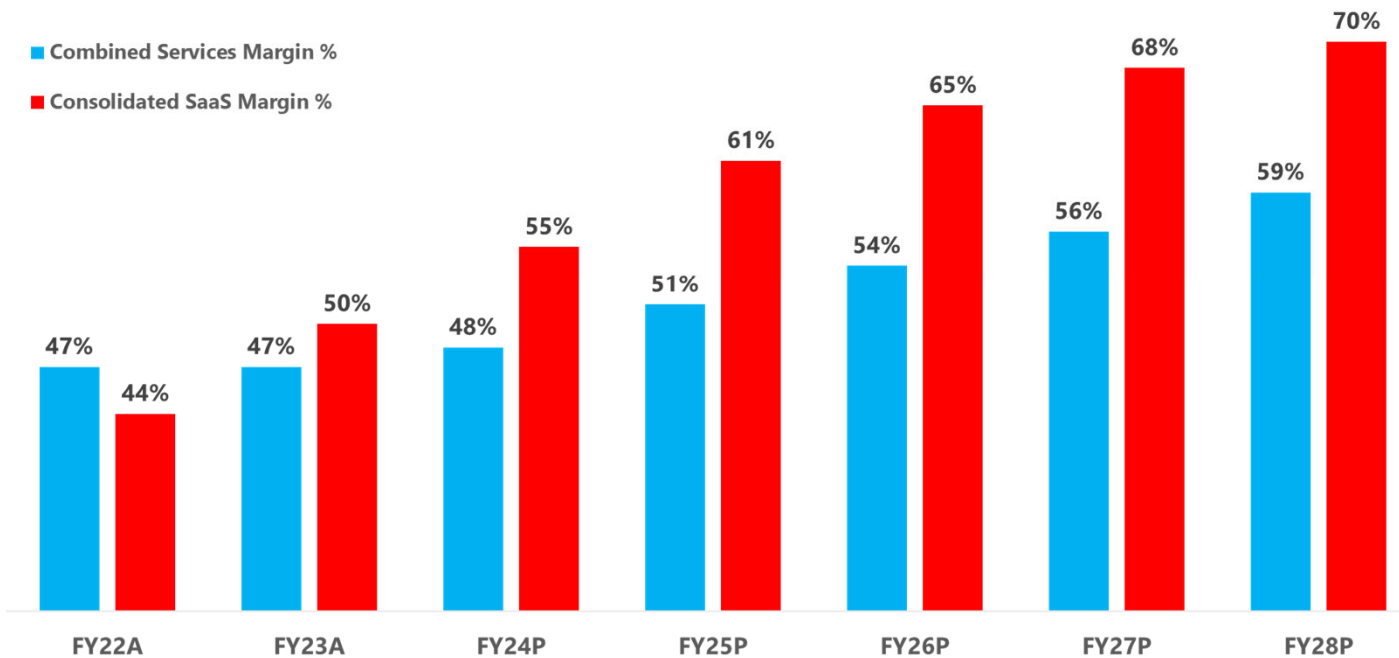
**\$138
million**

Sales & Marketing – Creating Recurring Margin and Value



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 April 30, 2023 was 4.4 (versus 3.0 industry benchmark) with \$28.1 million of sales and marketing spend generating \$123.0 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

| | Q4 2023 | | Q4 2022 | | Δ YoY | | Q4 2023 TTM | | Q4 2022 TTM | | Δ YoY | |
|---|----------|------|----------|------|-----------|------|-------------|------|-------------|------|-----------|------|
| | \$ | % | \$ | % | \$ | % | \$ | % | \$ | % | \$ | % |
| Total Revenue | \$41,192 | 100% | \$34,288 | 100% | \$6,904 | 20% | \$152,424 | 100% | \$137,200 | 100% | \$15,224 | 11% |
| Total Revenue Excluding Hardware | \$34,268 | 83% | \$29,170 | 85% | \$5,098 | 17% | \$128,659 | 84% | \$114,473 | 83% | \$14,186 | 12% |
| SaaS Revenue | \$11,133 | 27% | \$7,708 | 22% | \$3,425 | 44% | \$37,476 | 25% | \$26,929 | 20% | \$10,547 | 39% |
| Maintenance and Support Revenue | \$7,992 | 19% | \$8,008 | 23% | (\$16) | 0% | \$32,714 | 21% | \$32,698 | 24% | \$16 | 0% |
| Professional Services Revenue | \$14,614 | 35% | \$12,896 | 38% | \$1,718 | 13% | \$55,353 | 36% | \$52,040 | 38% | \$3,313 | 6% |
| Cost of Sales | \$22,828 | 55% | \$19,158 | 56% | \$3,670 | 19% | \$85,615 | 56% | \$76,890 | 56% | \$8,725 | 11% |
| Gross margin | \$18,364 | 45% | \$15,130 | 44% | \$3,234 | 21% | \$66,809 | 44% | \$60,310 | 44% | \$6,499 | 11% |
| Sales & Marketing | \$7,778 | 19% | \$6,388 | 19% | \$1,390 | 22% | \$28,080 | 18% | \$24,294 | 18% | \$3,786 | 16% |
| General and Administration | \$2,599 | 6% | \$2,652 | 8% | (\$53) | -2% | \$11,218 | 7% | \$10,865 | 8% | \$353 | 3% |
| Research and Development | \$6,597 | 16% | \$4,779 | 14% | \$1,818 | 38% | \$23,943 | 16% | \$19,775 | 14% | \$4,168 | 21% |
| Operating expenses | \$16,974 | 41% | \$13,819 | 40% | \$3,155 | 23% | \$63,241 | 41% | \$54,934 | 40% | \$8,307 | 15% |
| Profit from operations | \$1,390 | 3% | \$1,311 | 4% | \$79 | 6% | \$3,568 | 2% | \$5,376 | 4% | (\$1,808) | -34% |
| Net income | \$446 | 1% | \$2,586 | 8% | (\$2,140) | -83% | \$2,089 | 1% | \$4,478 | 3% | (\$2,389) | -53% |
| Adjusted EBITDA | \$2,449 | 6% | \$1,730 | 5% | \$719 | 42% | \$9,484 | 6% | \$10,130 | 7% | (\$646) | -6% |
| EPS Basic | \$0.03 | | \$0.18 | | (\$0.15) | -83% | \$0.14 | | \$0.31 | | (\$0.17) | -55% |
| EPS Diluted | \$0.03 | | \$0.17 | | (\$0.14) | -82% | \$0.14 | | \$0.30 | | (\$0.16) | -53% |
| SaaS ARR Bookings | \$3,857 | | \$4,457 | | (\$600) | -13% | \$16,392 | | \$11,920 | | \$4,472 | 38% |
| Annual Recurring Revenue | | | | | | | \$78,252 | | \$62,737 | | \$15,515 | 25% |
| SaaS Backlog | | | | | | | \$137,699 | | \$93,976 | | \$43,723 | 47% |
| Professional Services Backlog | | | | | | | \$41,345 | | \$33,427 | | \$7,918 | 24% |

Refer to April 30, 2023 Management Discussion and Analysis "Non-IFRS Performance Measure"

Refer to April 30, 2023 Management Discussion and Analysis "Key Performance Indicators"

Corporate Overview

\$373M

Market Cap**
14.6M S/O

TMX

Symbol TCS

29¢

Dividend per Year*

19%

Insider Ownership**

Brokerage Coverage

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

* Last twelve months, April 30, 2023

** At April 28, 2023

Reasons to Invest

Cloud-based

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

**\$1B
ARR
TAM**

Greenfield **opportunity in healthcare** with the potential to dominate a global \$1B 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 95% of total product bookings for Q4 fiscal 2023.

**ARR
Growth**

LTM April 30, 2023 ARR YoY constant currency growth of 19%.

**2.21x
NTM
EV/sales**

Trading at 2.21x NTM EV/sales, a 81% discount to its closest comparable MANH.