



# Investor Presentation Q2 2022

Strength in Numbers



# 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.



**38 Years**

of complex  
supply network  
experience

**10 Times**

"Visionary" in  
Gartner's WMS  
Magic Quadrant

**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



**1,000+**  
Customers

**36%**  
SaaS Revenue  
Growth\*

**\$132M**  
Revenue\*\*  
64% USA  
22% Canada  
14% ROW  
(primarily Europe)

**\$57M**  
Annual Recurring  
Revenue\*\*\*

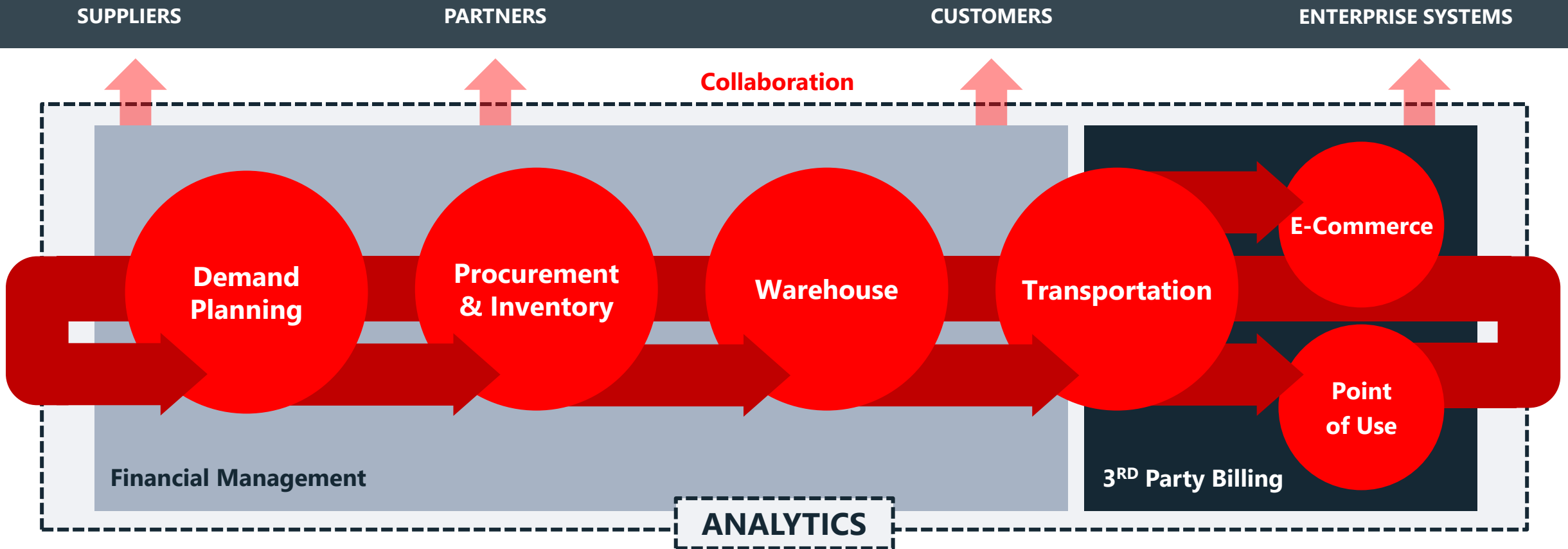
**669**  
Employees\*\*\*

\* Constant currency growth in Q2 vs. same period last year based on October 31, 2021 exchange rates

\*\* Last twelve months, October 31, 2021

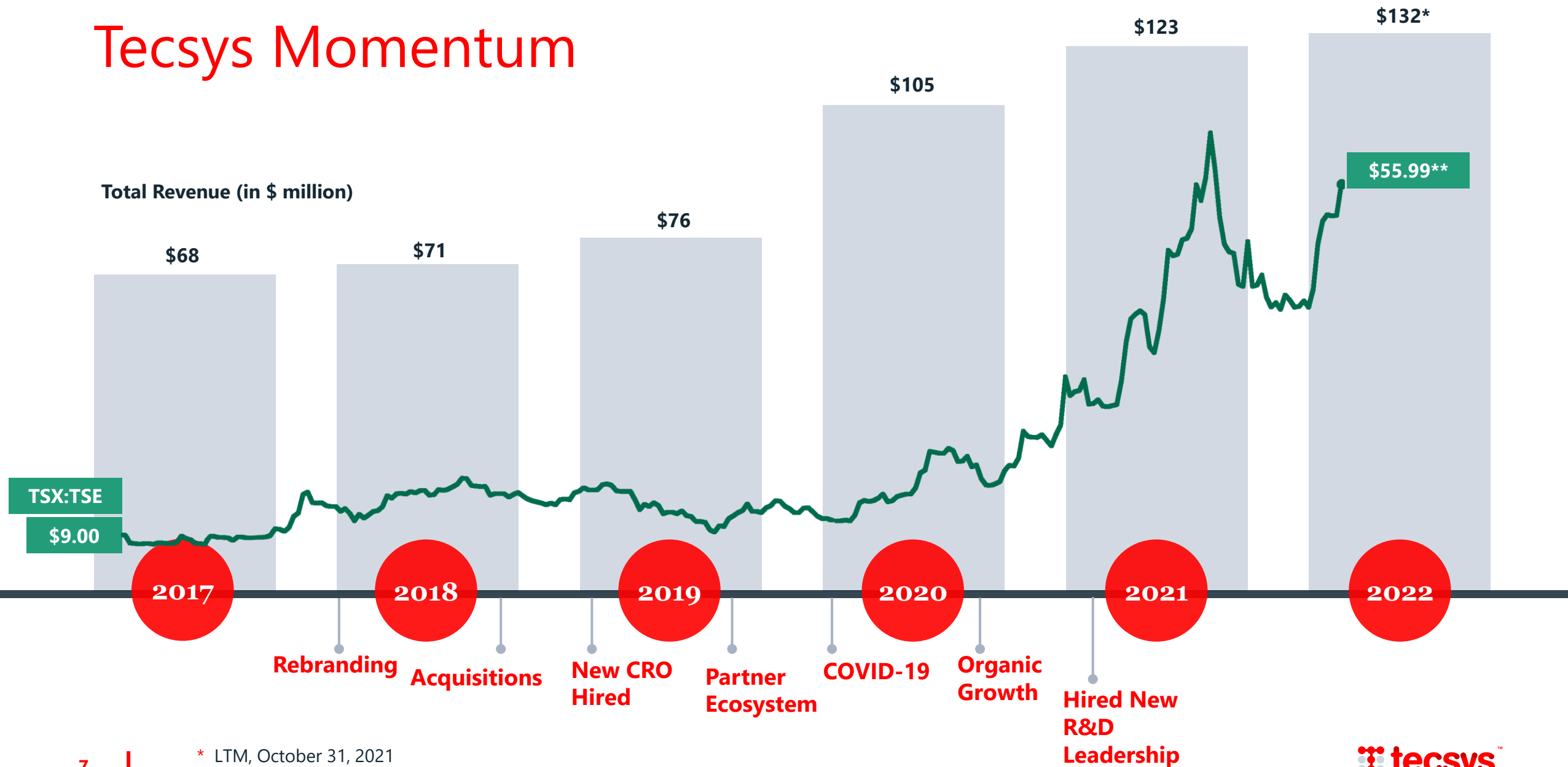
\*\*\* At October 31, 2021

# End-to-end Integrated Supply Chain Management Solutions



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

# Tecsys Momentum



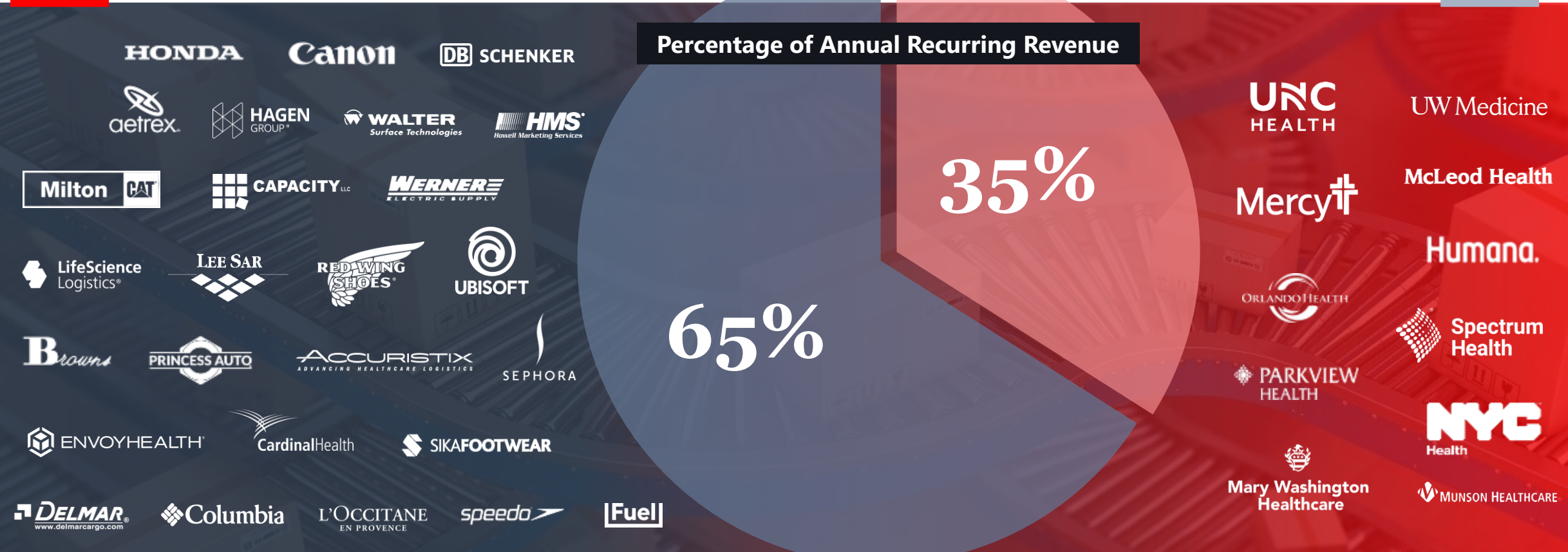
\* LTM, October 31, 2021

\*\* On October 29, 2021

# Key Markets

## Converging Complex Distribution

## Healthcare



**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

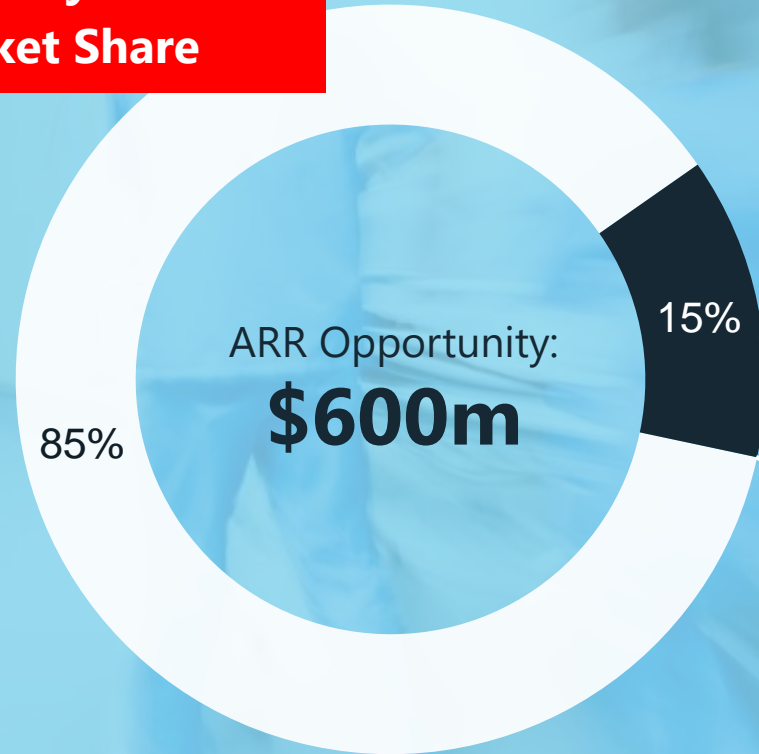
# Healthcare Market Opportunity

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

**300**

Target Health Systems

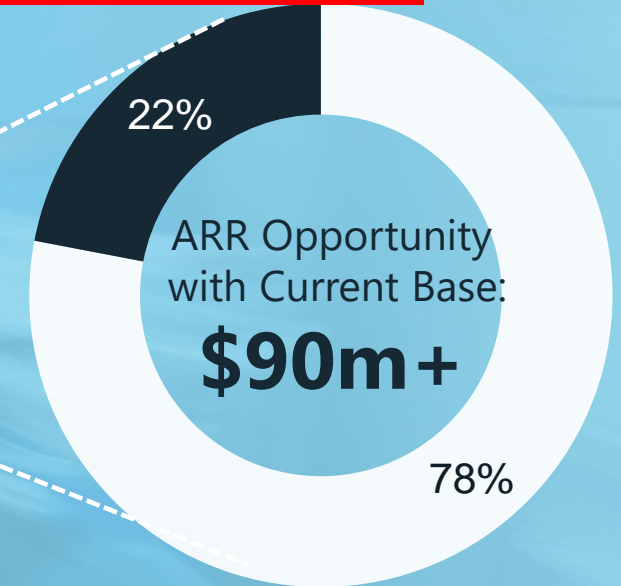
**Health Systems  
Market Share**



■ 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

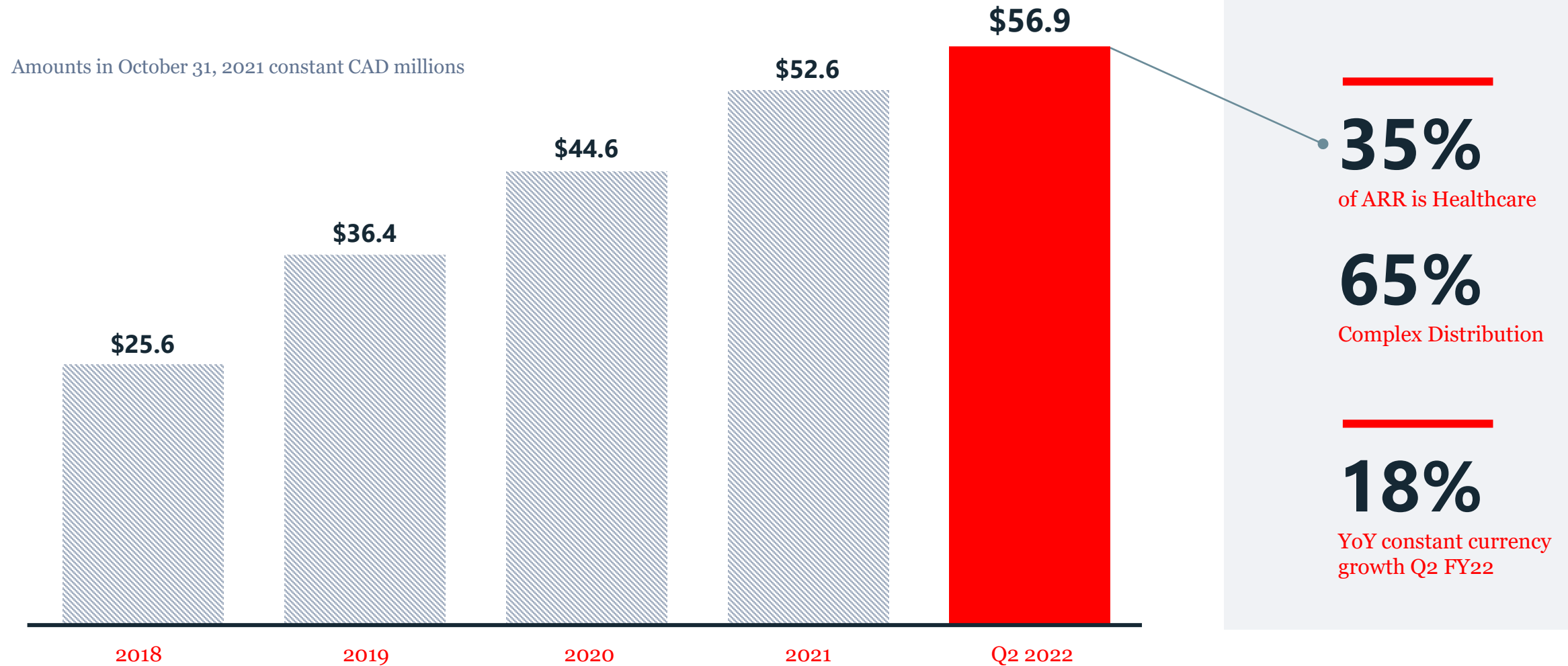
**Partner influenced current sales pipeline**

2018: **0%**

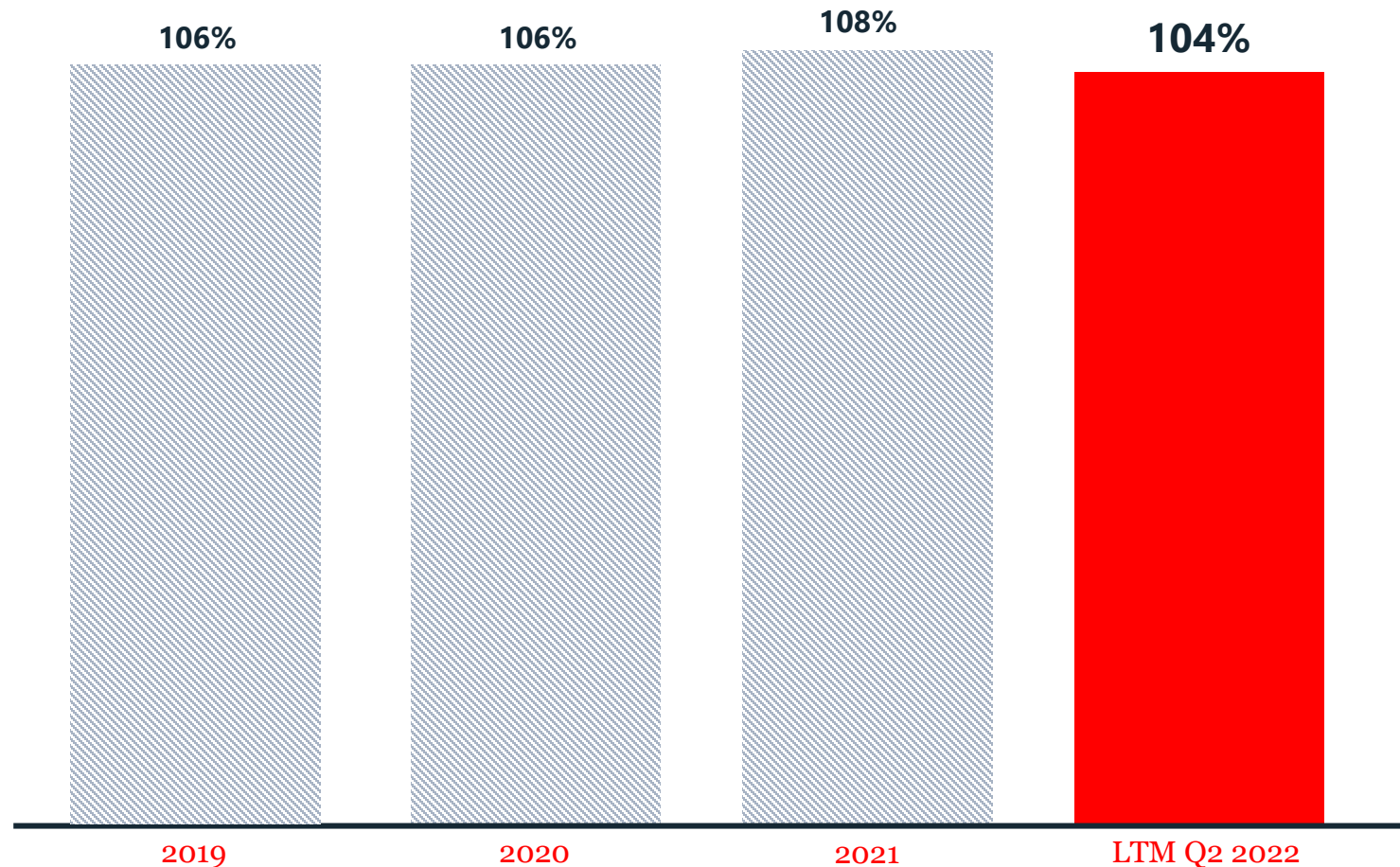
Q2 FY22: **25%**

# Building Annual Recurring Revenue (ARR\*)

35% of ARR is Healthcare, 65% is Complex Distribution (3PL, Retail, Distributors)



# Annual Recurring Revenue Net Retention Rate

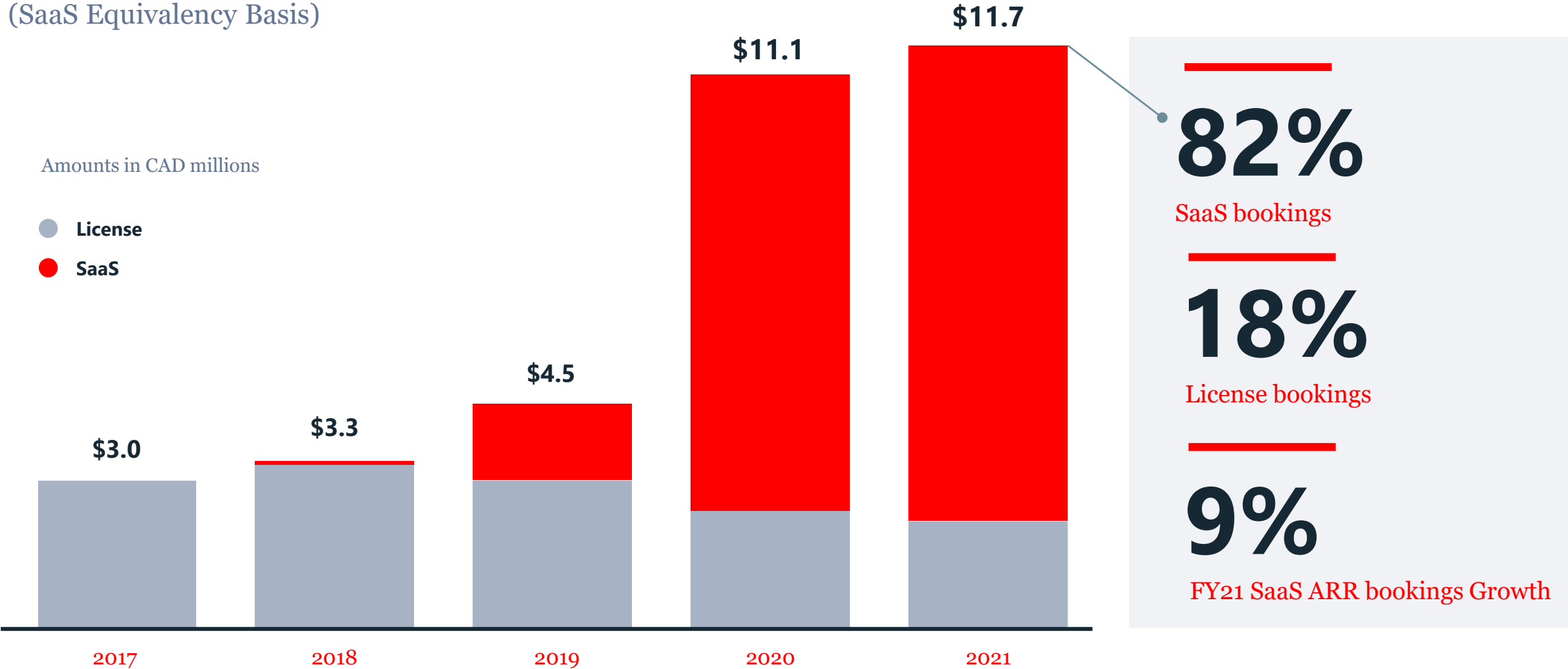


**104%**

**LTM Q2 2022  
Recurring Revenue  
Net Retention Rate**

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

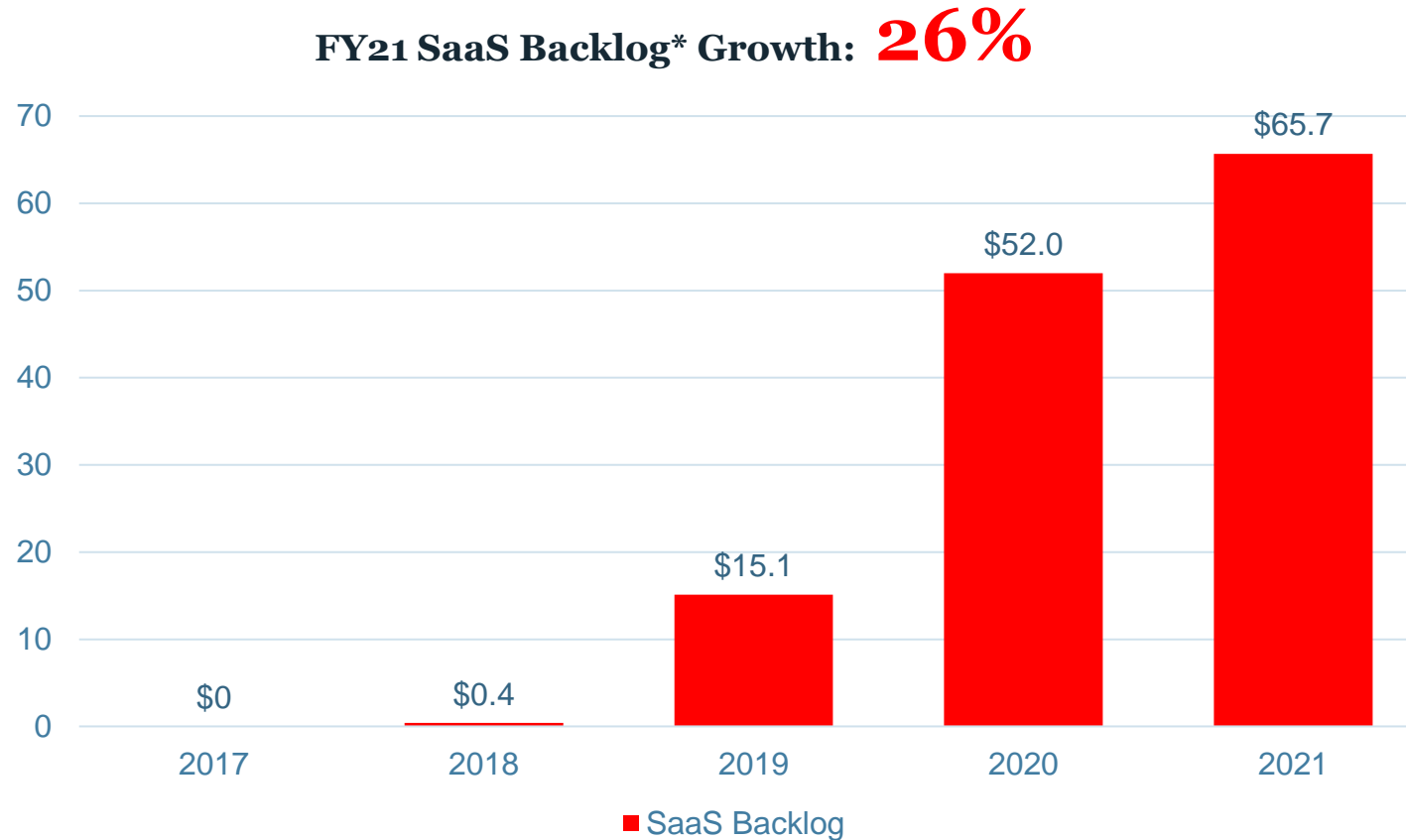
# SaaS Bookings Growing, and increasing as a Proportion of Total (SaaS Equivalency Basis)





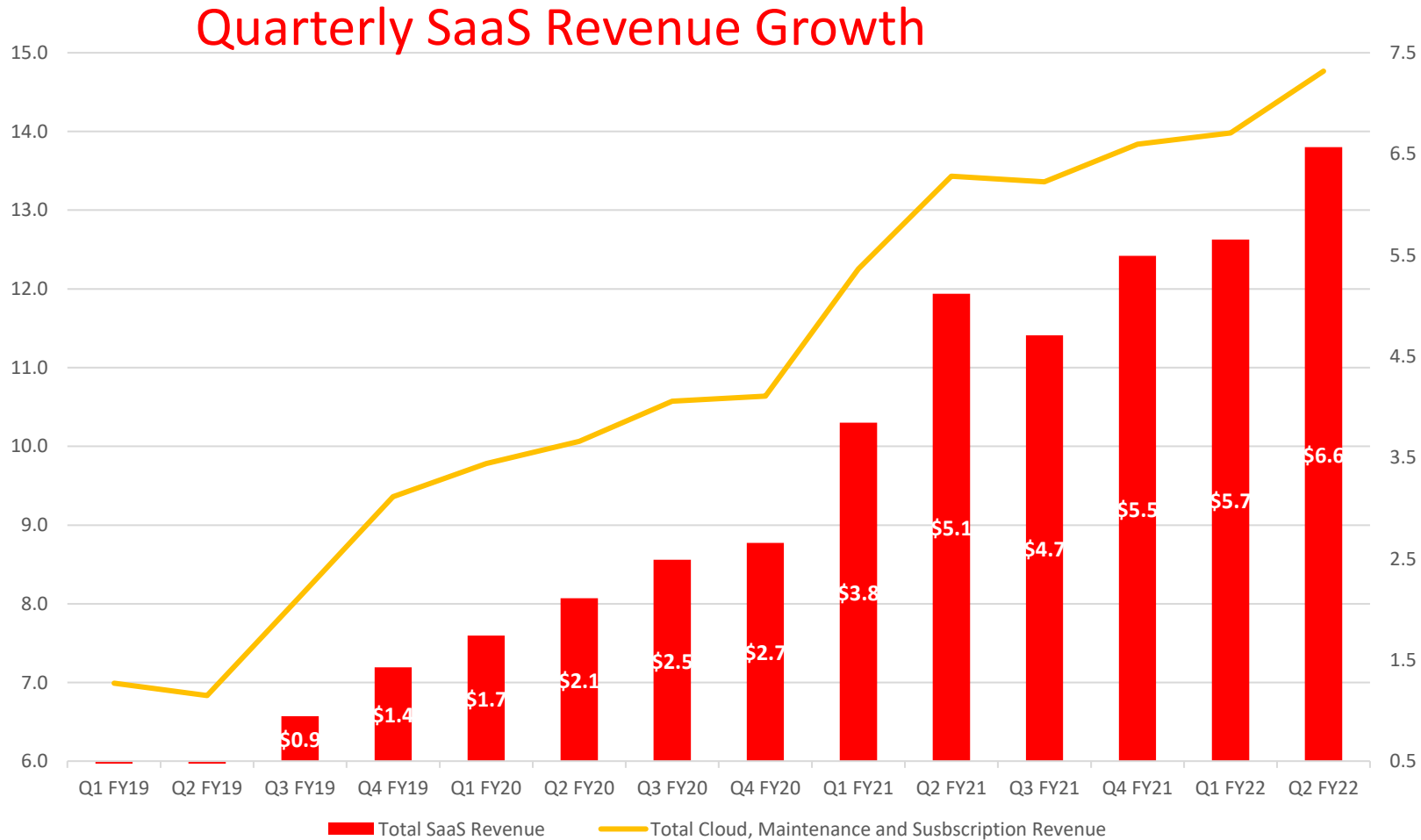
# Strong & Growing SaaS Backlog

In \$CAD Millions



# SaaS Bookings Fuel Recurring Revenue Growth

Amounts in CAD millions



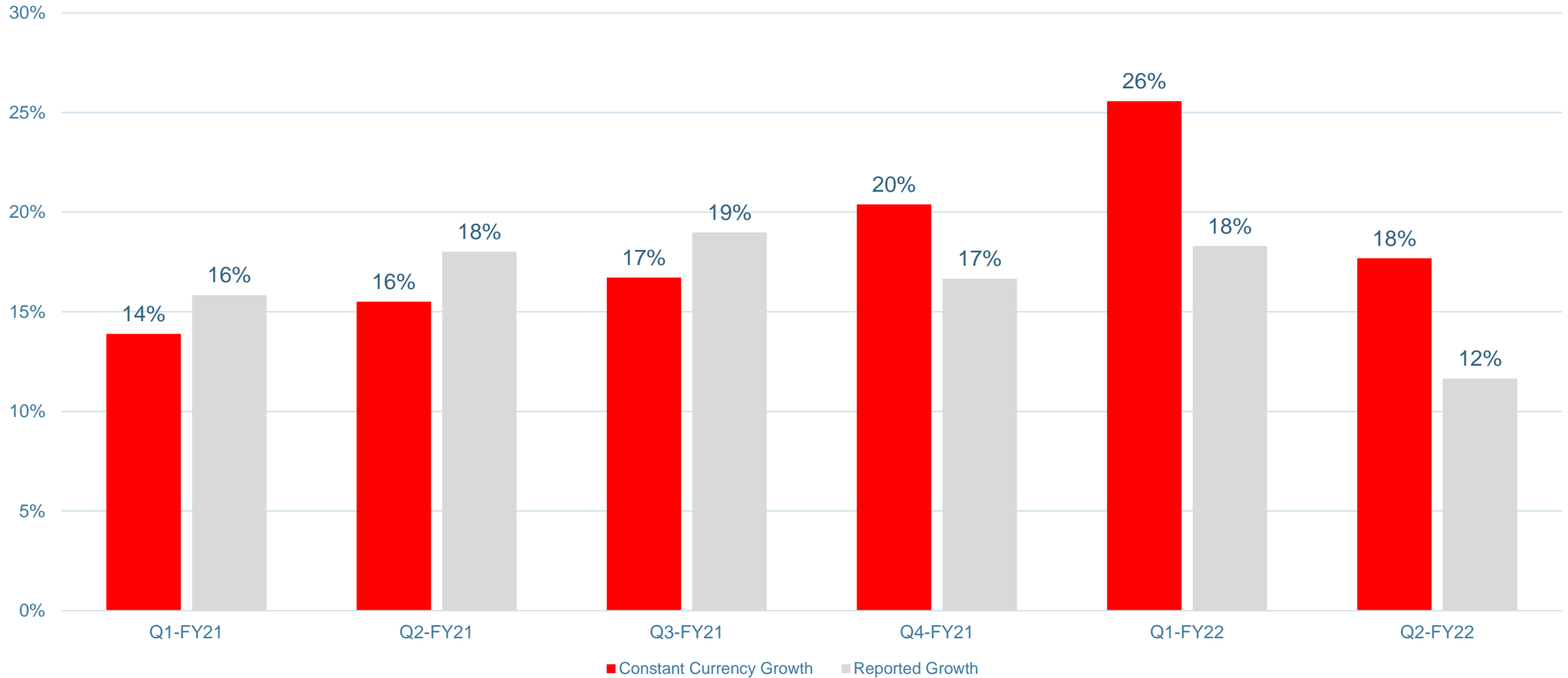
**36%**

YoY SaaS Revenue Growth Q2 FY22 (constant currency basis)

**44%**

Q2 FY22 SaaS Revenue as a percentage of total Cloud, Maintenance and Subscription Revenue (up from 38% in Q2 FY21)

# Currency Impact on Total Revenue Growth (vs. prior year quarter)



# Corporate Information



# Financial Highlights, in CAD 000 except EPS

	Q2, 2022		Q2, 2021		Δ YoY		Q2, 2022 TTM		Q2, 2021 TTM		Δ YoY	
	\$	% Rev	\$	% Rev	\$	% Var	\$	% Rev	\$	% Rev	\$	% Var
<b>Total Revenue</b>	\$34,269	100%	\$30,694	100%	\$3,575	12%	\$131,817	100%	\$113,382	100%	\$18,435	16%
<b>SaaS Revenue</b>	\$6,565	19%	\$5,120	17%	\$1,445	28%	\$22,418	17%	\$14,109	12%	\$8,309	59%
<b>Maintenance and Support Revenue</b>	\$8,200	24%	\$8,312	27%	(\$112)	-1%	\$33,520	25%	\$32,789	29%	\$731	2%
<b>Cost of Sales</b>	\$18,751	55%	\$14,684	48%	\$4,067	28%	\$70,740	54%	\$58,152	51%	\$12,588	22%
<b>Gross margin</b>	\$15,518	45%	\$16,010	52%	(\$492)	-3%	\$61,077	46%	\$55,230	49%	\$5,847	11%
<b>Sales &amp; Marketing</b>	\$6,022	18%	\$5,265	17%	\$757	14%	\$22,427	17%	\$21,081	19%	\$1,346	6%
<b>General and Administration</b>	\$2,801	8%	\$2,895	9%	(\$94)	-3%	\$10,735	8%	\$10,321	9%	\$414	4%
<b>Research and Development</b>	\$5,068	15%	\$4,398	14%	\$670	15%	\$19,939	15%	\$16,419	14%	\$3,520	21%
<b>Operating expenses</b>	\$13,891	41%	\$12,558	41%	\$1,333	11%	\$53,101	40%	\$47,821	42%	\$5,280	11%
<b>Profit from operations</b>	\$1,627	5%	\$3,452	11%	(\$1,825)	-53%	\$7,976	6%	\$7,409	7%	\$567	8%
<b>Net income</b>	\$708	2%	\$2,086	7%	(\$1,378)	-66%	\$4,819	4%	\$4,530	4%	\$289	6%
<b>Adjusted EBITDA</b>	\$3,206	9%	\$4,830	16%	(\$1,624)	-34%	\$13,543	10%	\$12,938	11%	\$605	5%
<b>EPS Basic</b>	\$0.05		\$0.14		(\$0.09)	-64%	\$0.34		\$0.32		\$0.02	6%
<b>EPS Diluted</b>	\$0.05		\$0.14		(\$0.09)	-64%	\$0.34		\$0.32		\$0.02	6%
<b>License Bookings</b>	\$1,061		\$1,904		(\$843)	-44%	\$3,270		\$5,277		(\$2,007)	-38%
<b>SaaS ARR Bookings</b>	\$4,050		\$2,692		\$1,358	50%	\$9,635		\$11,090		(\$1,455)	-13%
<b>Annual Recurring Revenue</b>	\$56,939		\$50,873		\$6,066	12%						
<b>SaaS Backlog</b>	\$72,673		\$60,234		\$12,439	21%						
<b>Professional Services Backlog</b>	\$33,124		\$38,746		(\$5,622)	-15%						

Refer to October 31, 2021 Management Discussion and Analysis "Non-IFRS Performance Measure"

Refer to October 31, 2021 Management Discussion and Analysis "Key Performance Indicators"

# Corporate Overview

**\$815M**

Market Cap\*\*  
14.6M S/O

**TMX**

Symbol TCS

**26¢**

Dividend per Year\*

**22%**

Insider Ownership\*\*

## Brokerage Coverage

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

\* Last twelve months, October 31, 2021

\*\* At October 29, 2021

# Management Team



**Peter Brereton**  
President and CEO

Peter initially led the company's software development, product management, sales and marketing. In 1998, he was appointed CEO and was largely responsible for the company's Initial Public Offering. He repositioned Tecsys in the supply chain execution industry, and leveraged the company's strengths in technology and supply chain expertise to achieve significant growth and become a leader in its markets.



**Laurie McGrath**  
Chief Marketing Officer

Laurie knows the power and beauty of a strong brand and focuses her time on ensuring Tecsys is synonymous with quality and results. She brings a creative eye to the expression of the Tecsys brand and what it means to customers across global corporate and product marketing initiatives. Laurie joined the company in 2018 with more than 20 years of executive marketing, branding, and communication experience, as well as deep knowledge of the supply chain, technology, and healthcare sectors.



**Mark J. Bentler**  
Chief Financial Officer

Mark joined Tecsys in 2018 as Chief Financial Officer. Mark has more than 20 years of international experience and was previously Chief Financial Officer for Aptos Retail. In addition to playing a significant role in the formation and growth of the company, he led the successful transition of the business' retail management enterprise solutions to a cloud-centric platform. Prior to his work at Aptos Retail, he served as Vice President, Finance for Epicor Retail.



**Bill King**  
Chief Revenue Officer

Bill has led Tecsys' go-to-market strategy and expansion since January 2019. Prior to joining Tecsys, he held executive sales leadership positions at Oracle in the North American Sales organization, most recently as vice president of key accounts and previously as group vice president of North America Storage Sales. Prior to Oracle, Bill was with Fujitsu for over a decade and held a variety of executive management positions.

# Reasons to Invest

**Cloud-based**

**\$600M  
ARR  
TAM**

**\$6B  
ARR  
TAM**

**SaaS**

**ARR  
Growth**

**5.66x  
NTM  
EV/sales**

**COVID-19**



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

Greenfield **opportunity in healthcare** with the potential to dominate a global \$600M ARR TAM.

Disruptor **opportunity in complex distribution** as retail, 3PL, and distributors modernize & replace legacy systems. \$6B ARR TAM.

Transitioning to a **SaaS business model** with SaaS bookings representing 88% of total product bookings for Q2 fiscal 2022.

LTM October 31, 2021 ARR YoY growth of 12% (18% on a constant currency basis).

Trading at 5.66x NTM EV/sales, a 65% discount to its closest comparable MANH.

Investing in sales & marketing to exploit expanding opportunities.