



# Investor Presentation

## Q2 FY2025

A HIGHER STANDARD





## 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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# Tecsys at a glance

## **Purpose:**

To empower  
good companies  
to be great

## **Position:**

To clarify  
uncertainty in the  
supply chain

## **Mission:**

To equip supply  
chain greatness

## **Vision:**

That good  
companies have  
the space to thrive

**Our story is all about our customers**

**40+ years**

of complex  
supply network  
experience

**13 times**

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

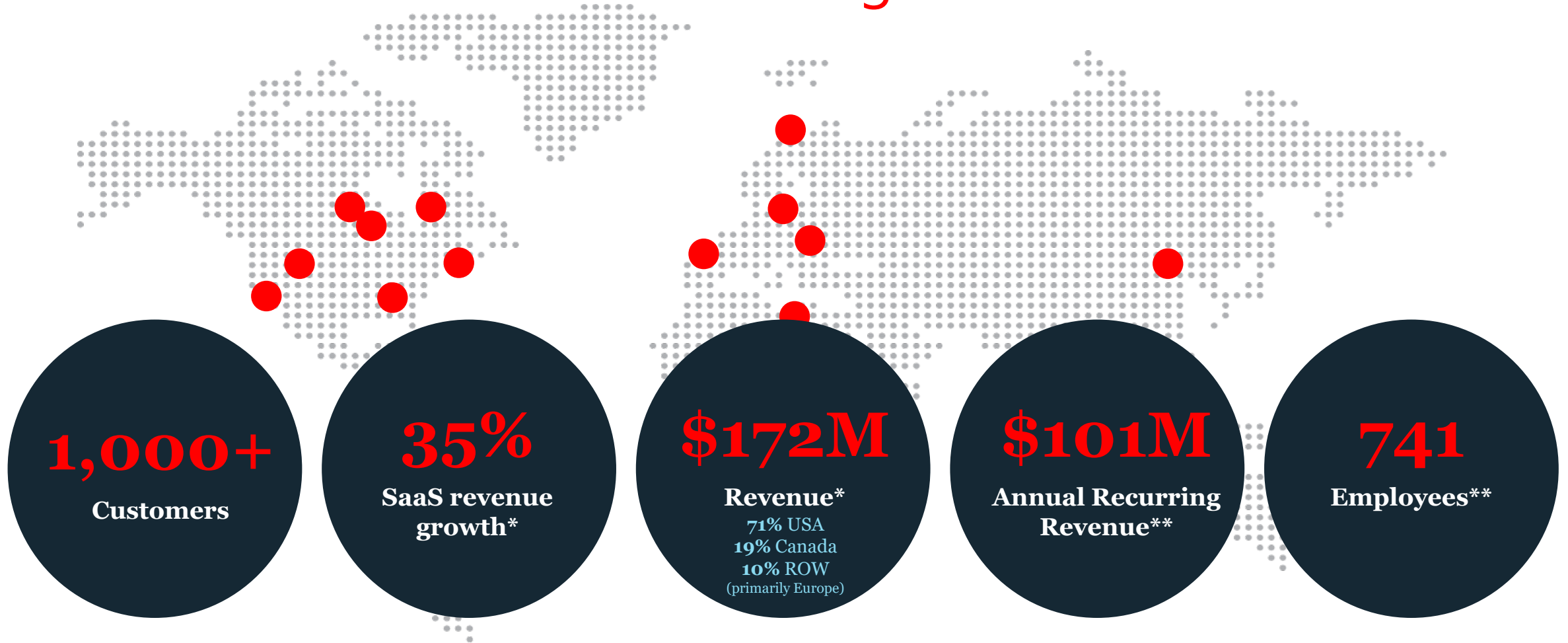
**40%**

of Gartner's Healthcare  
Supply Chain Top 25  
for 2024 are customers

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

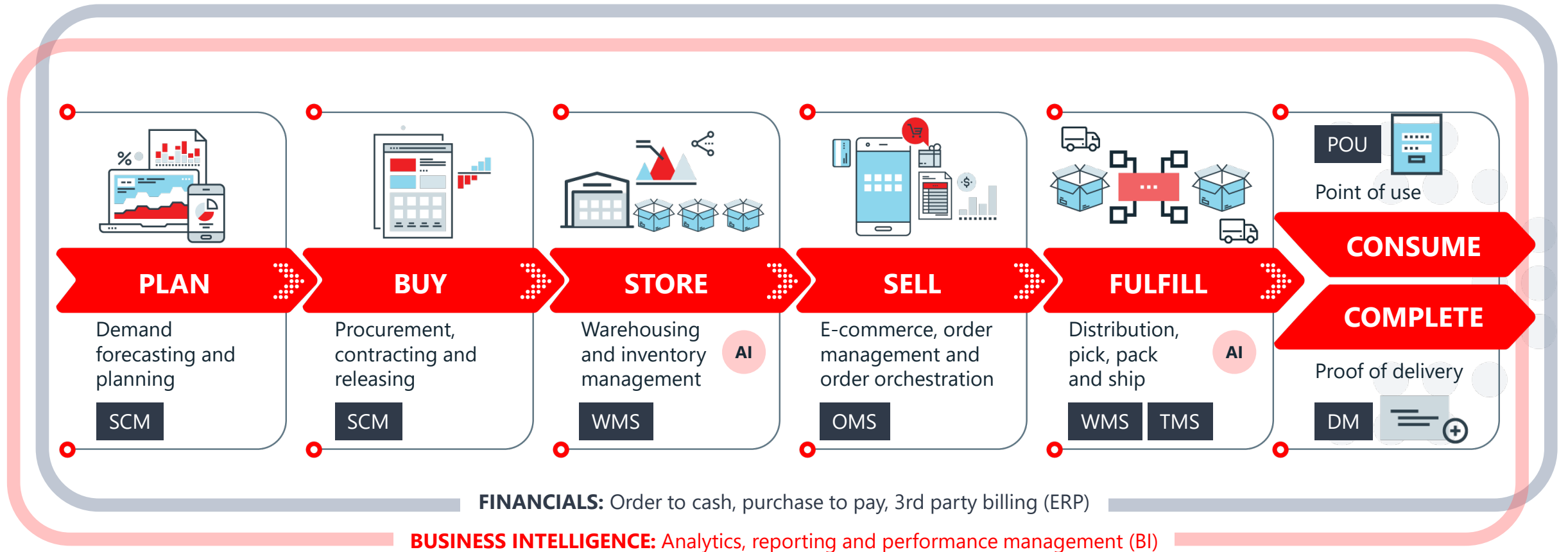


# Global reach and financial strength



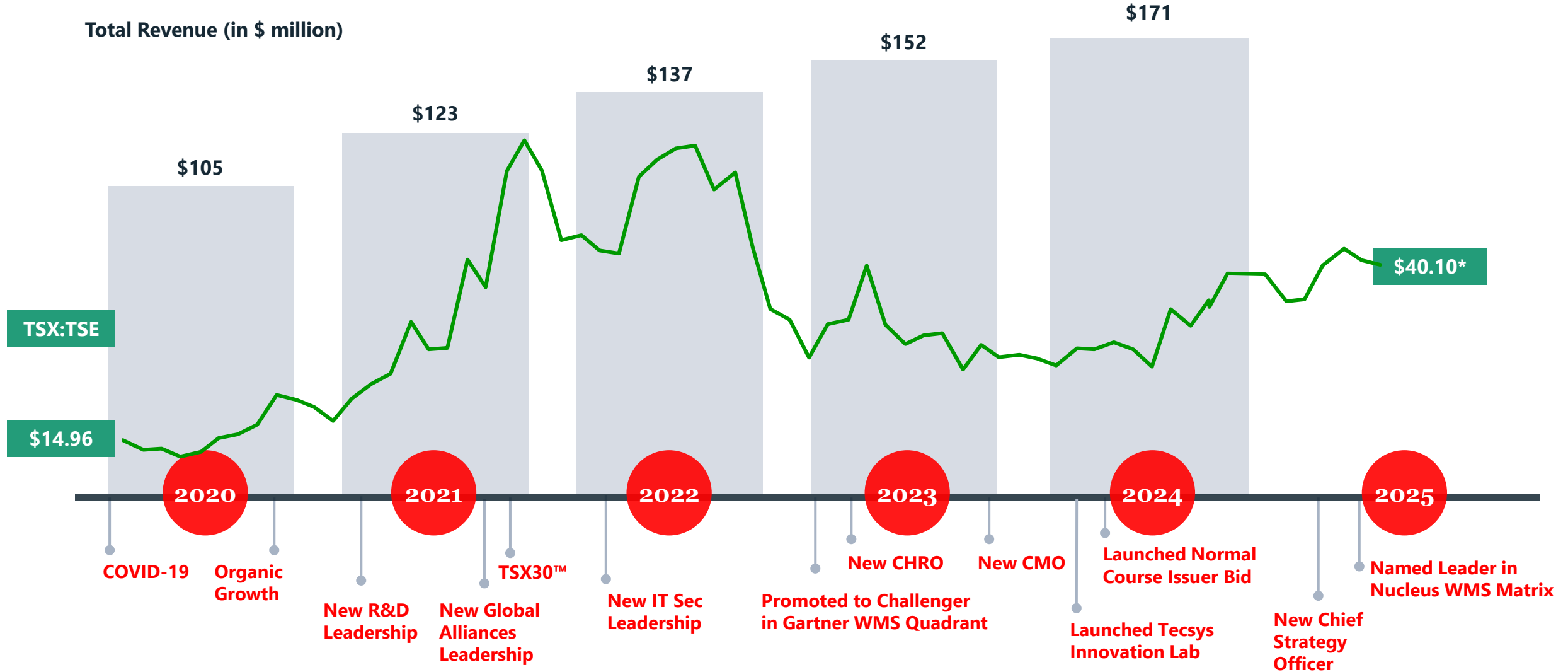
# End-to-end integrated supply chain management solutions

## A platform for success



# Momentum

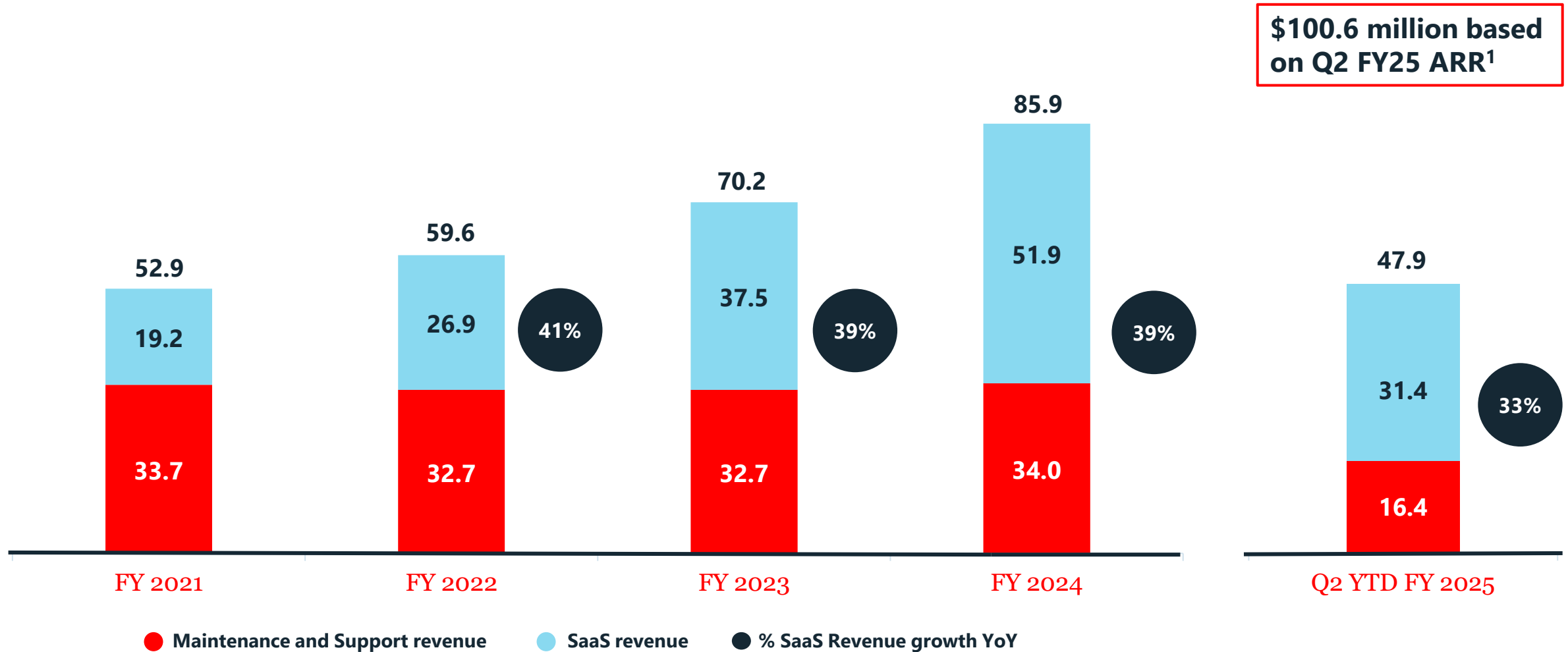
Total Revenue (in \$ million)



\* On October 31, 2024

# SaaS growth driving increase in recurring revenue

in \$CAD millions





# Customers

Converging complex distribution

47%

Percentage of annual recurring revenue

53%

Healthcare



**Solutions built on experience:** Delivering end-to-end solutions with technology and 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:** Tecsys is considered the **leader** in solving these issues for IDNs

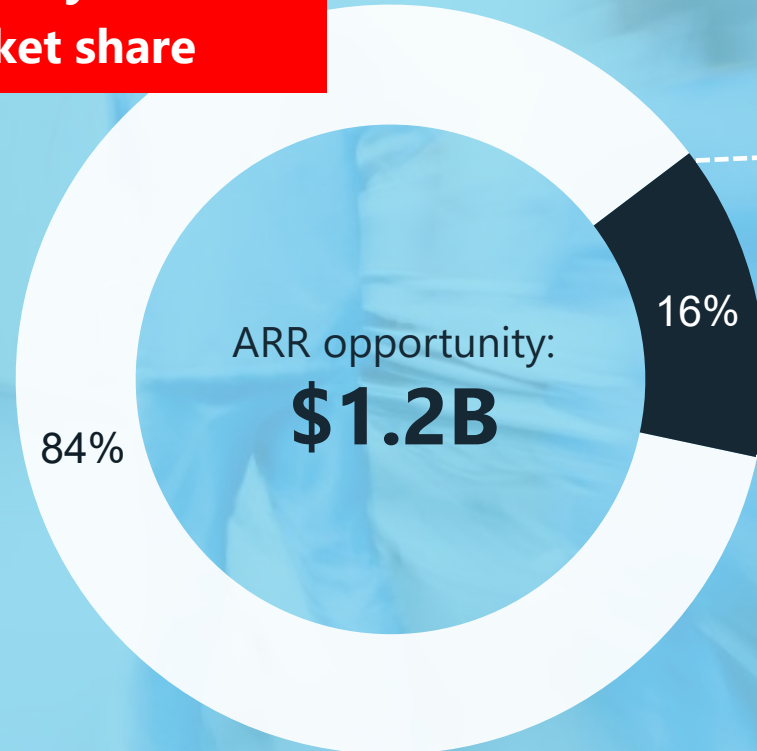
# Healthcare market opportunity

Becoming dominant in U.S. Health Systems market – The \$1.2B ARR\* opportunity

**373**

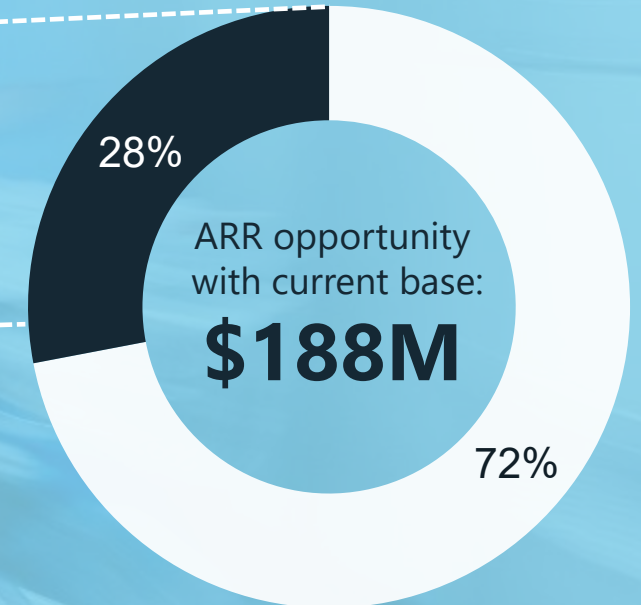
Target Health Systems

**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 and 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 and the U.S.**

Delivering exceptional innovation and service together

# Partner ecosystem - Accelerate growth

## Technology partners

**AWS, Workday, Oracle, Shopify, Locus Robotics, Zebra Technologies, SVT Robotics, TraceLink and Matthews Automation**

- Complementary solutions
- Specific vertical
- Market reach
- Access to a customer base
- Market share

## Advisory and service partners

**Deloitte, CGI, KPMG, Bricz, Avalon CSC, RiseNow Consulting, Sequoia Group, Sedlak Supply Chain Consultants and TechSera**

- Complementary services
- Aligned vertical focus
- Access to a customer base
- Strong local network
- Resource augmentation

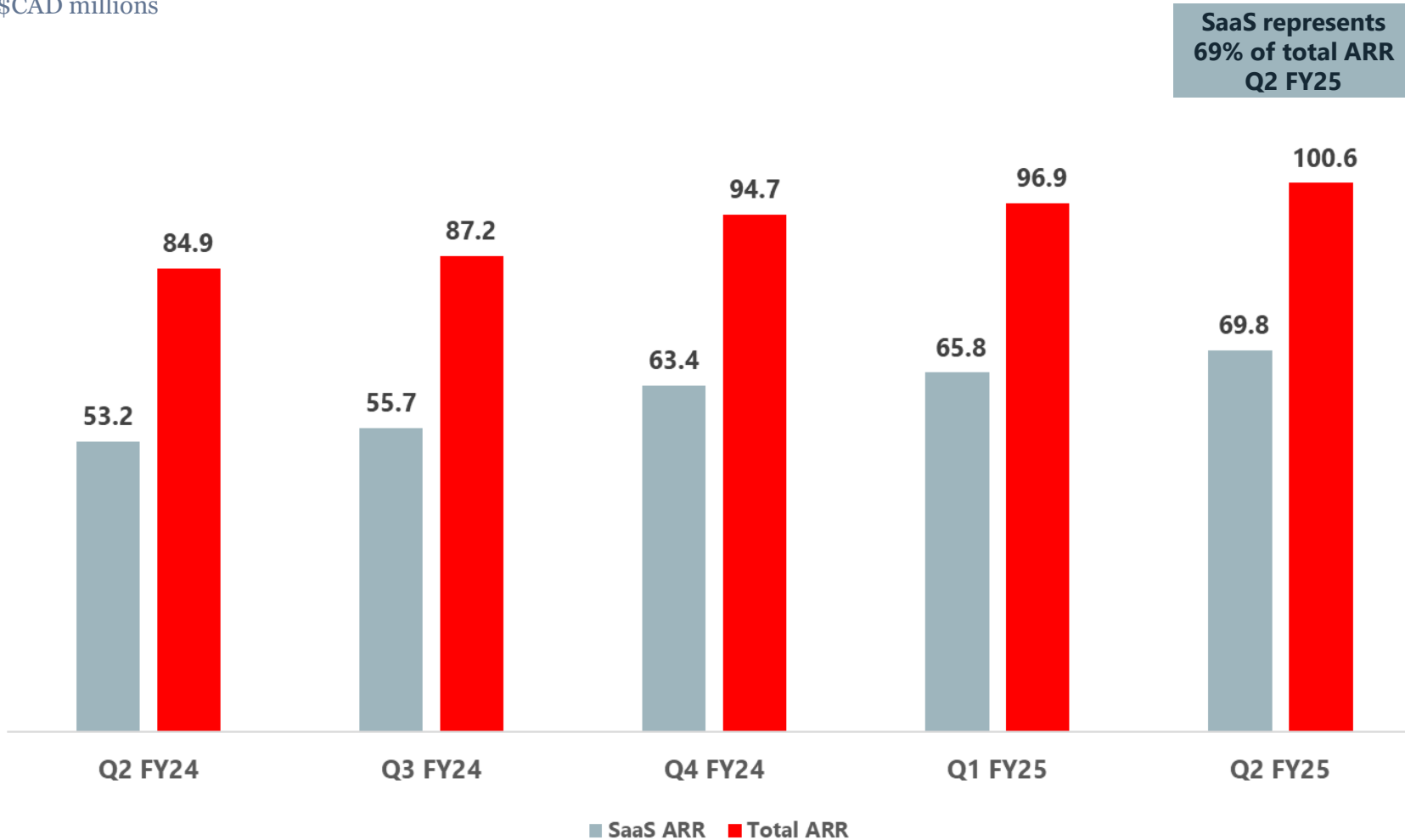
**Partner influenced current sales pipeline**

**Q2 FY25: 25%**



# SaaS driving Annual Recurring Revenue (ARR)<sup>1</sup> growth

in \$CAD millions



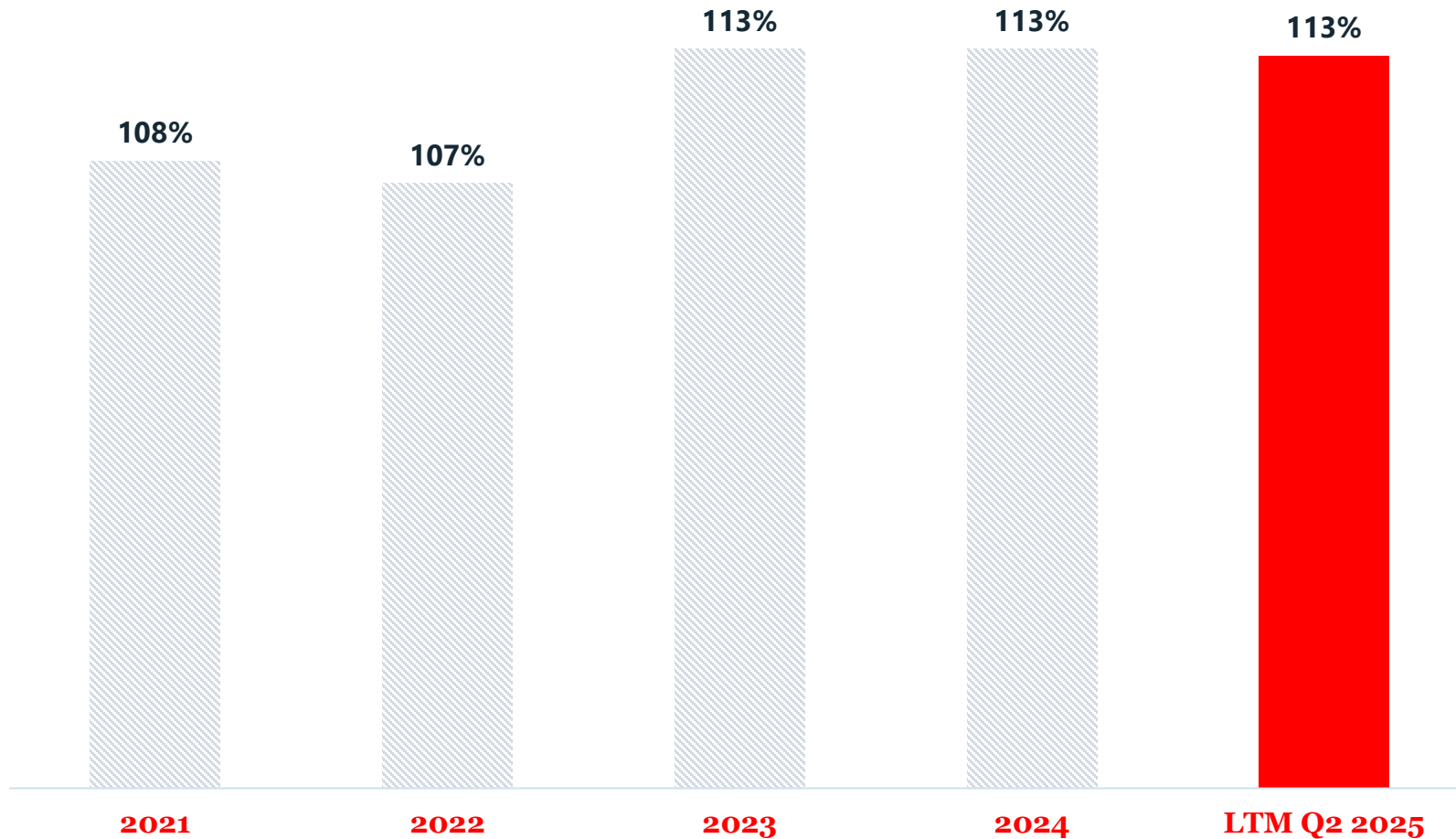
**31%**

Q2 FY25 SaaS ARR growth YoY

**56%**

Q2 FY25 recurring revenue as a % of total revenue

# Annual Recurring Revenue net retention rate



**113%**

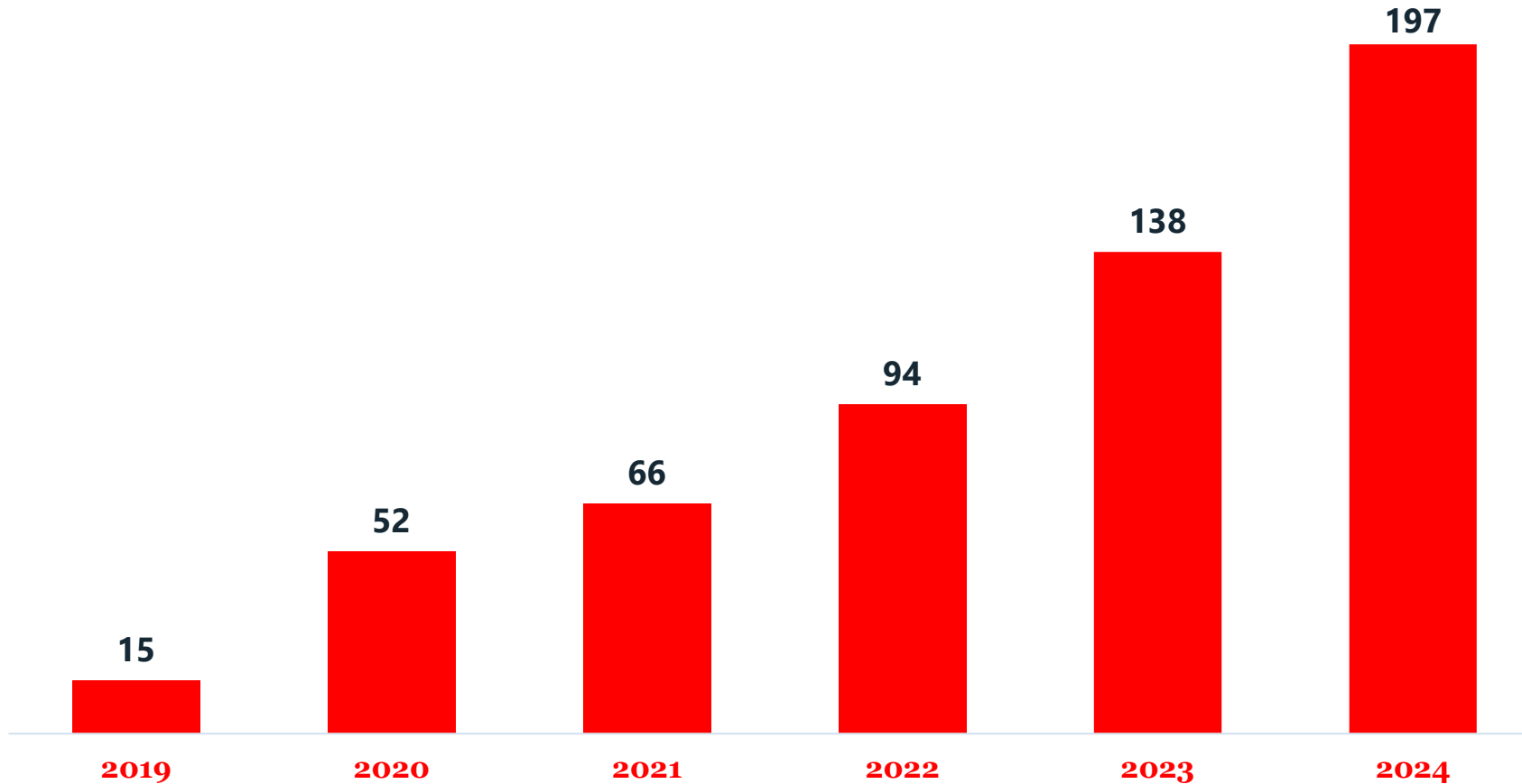
**LTM Q2 Fiscal  
2025 Recurring  
Revenue net  
retention rate**

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



# SaaS Remaining Performance Obligation (RPO)

in \$CAD millions



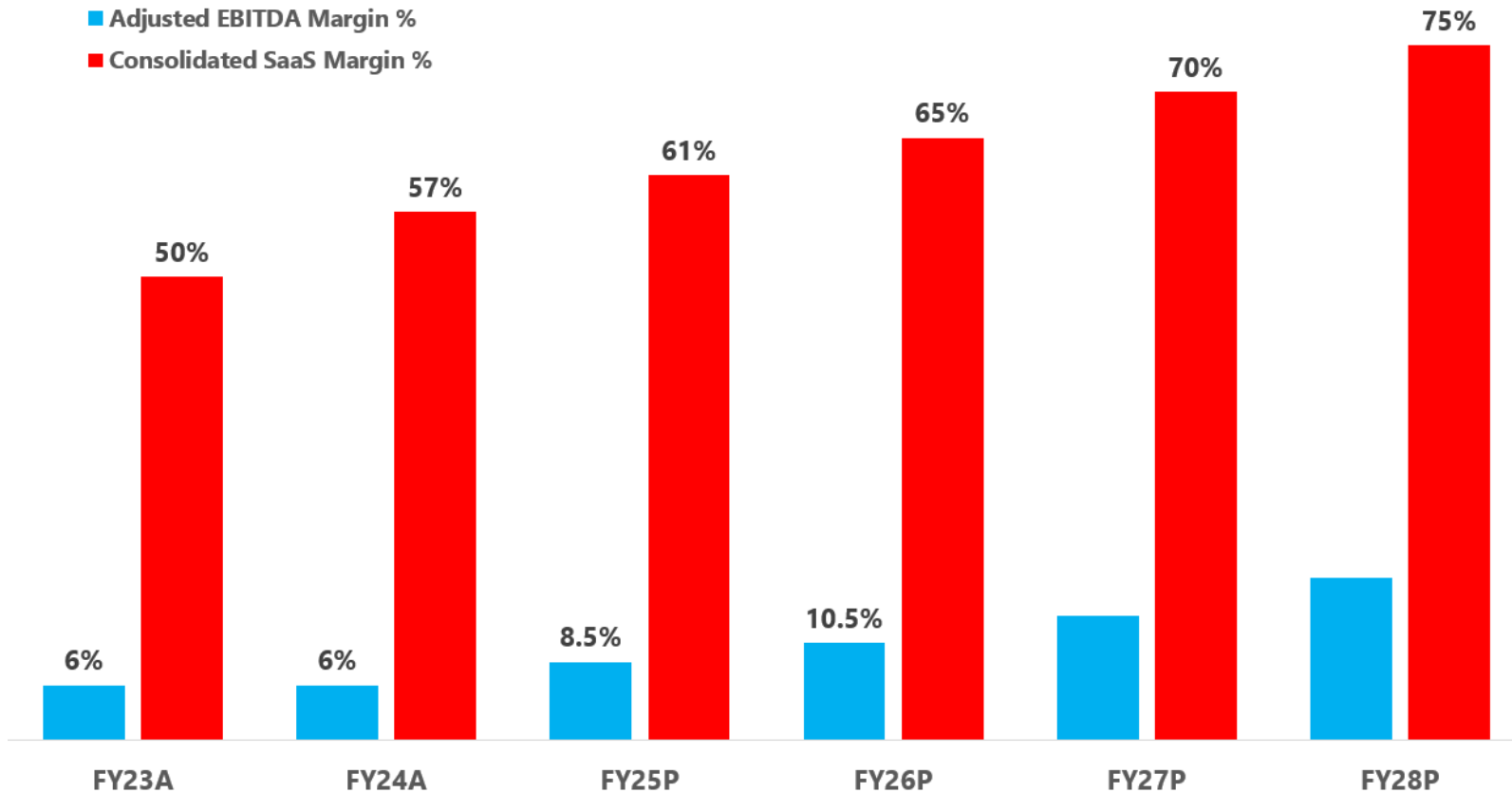
**\$204 million**

Q2 FY25 SaaS RPO

**39%**

Q2 FY25 SaaS RPO  
YoY Growth

# Projected\* SaaS margin expansion



- Previously sub-scale SaaS business at an inflection point.
- Current Elite product margins on latest infrastructure are running at over 75%.
- AEBITDA FY25P and FY26P represent guidance mid-point.
- AEBITDA FY27P and FY28P are directional targets.

# Financial highlights

in \$CAD thousands except EPS

	Q2 2025		Q2 2024		Δ YoY		Q2 2025 TTM		Q2 2024 TTM		Δ YoY	
	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%
<b>SaaS Revenue</b>	16,130	38%	12,072	29%	4,058	34%	59,795	35%	44,244	27%	15,551	35%
<b>Maintenance and Support Revenue</b>	7,703	18%	8,899	21%	(1,196)	-13%	33,178	19%	33,545	21%	(367)	-1%
<b>Professional Services Revenue</b>	14,145	33%	12,869	31%	1,276	10%	54,943	32%	55,960	34%	(1,017)	-2%
<b>License Revenue</b>	444	1%	252	1%	192	76%	1,983	1%	2,310	1%	(327)	-14%
<b>Hardware Revenue</b>	4,020	10%	7,397	18%	(3,377)	-46%	22,597	13%	27,514	17%	(4,917)	-18%
<b>Total Revenue</b>	42,442	100%	41,489	100%	953	2%	172,496	100%	163,573	100%	8,923	5%
<b>Cost of Revenue</b>	21,994	52%	23,144	56%	(1,150)	-5%	91,776	53%	90,356	55%	1,420	2%
<b>Gross Profit</b>	20,448	48%	18,345	44%	2,103	11%	80,720	47%	73,217	45%	7,503	10%
<b>Sales &amp; Marketing</b>	9,052	21%	8,645	21%	407	5%	34,064	20%	31,443	19%	2,621	8%
<b>General and Administration</b>	3,199	8%	2,971	7%	228	8%	12,091	7%	11,342	7%	749	7%
<b>Research and Development</b>	7,205	17%	7,133	17%	72	1%	29,805	17%	26,648	16%	3,157	12%
<b>Restructuring Costs</b>	-	0%	-	0%	-	n.a	2,122	1%	-	0%	2,122	n.a
<b>Operating Expenses</b>	19,456	46%	18,749	45%	707	4%	78,082	45%	69,433	42%	8,649	12%
<b>Profit (Loss) from Operations</b>	992	2%	(404)	-1%	1,396	n.m.	2,638	2%	3,784	2%	(1,146)	-30%
<b>Net Profit (Loss)</b>	758	2%	(340)	-1%	1,098	n.m.	2,574	1%	2,165	1%	409	19%
<b>Adjusted EBITDA</b>	2,942	7%	1,021	2%	1,921	188%	10,953	6%	9,417	6%	1,536	16%
<b>EPS Basic &amp; diluted</b>	0.05		(0.02)		0.07	n.m.	0.17		0.15		0.02	13%
<b>SaaS ARR Bookings</b>	3,747		3,745		2	0%	19,665		15,368		4,297	28%
<b>Total Annual Recurring Revenue</b>							100,567		84,946		15,621	18%
<b>SaaS Backlog</b>							203,761		146,688		57,073	39%
<b>Professional Services Backlog</b>							34,570		40,319		(5,749)	-14%
<b>SaaS Annual Recurring Revenue</b>							69,847		53,236		16,611	31%

Refer to October 31, 2024, Management Discussion and Analysis "Non-IFRS Performance Measures"

Refer to October 31, 2024, Management Discussion and Analysis "Key Performance Indicators"

# Corporate overview

**\$592M**

Market cap\*\*  
14.8M S/O

**TMX**

Symbol TCS

**32¢**

Dividend per year\*

**17%**

Insider ownership\*\*

## Brokerage coverage

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

\* Last twelve months, October 31, 2024

\*\* On October 31, 2024

# 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 and replace legacy systems. \$6B ARR TAM

**35%  
SaaS  
revenue  
growth**



LTM October 31, 2024, YoY SaaS revenue growth of 35%

**3.1x  
NTM  
EV/sales**



Trading at 3.1x NTM EV/sales, an 82% discount to its closest comparable MANH



**Thank you**

