



TSS

TOTAL SITE SOLUTIONS

*At the intersection of Advanced Computing
and Artificial Intelligence*

Investor Presentation

September 2024




Forward-Looking Statements

This presentation may contain forward-looking statements, within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Act of 1934 or the Private Securities Litigation Reform Act of 1995, that involve risks and uncertainties. Particular factors that could cause actual results to differ materially include, but are not limited to, our reliance on a significant portion of our revenues from a limited number of customers, risks related to operating in a highly competitive industry, risks involved in managing complex projects, risks relating to the possible cancellation of customer contracts on short notices, risks relating to rapid technological, structural and competitive changes affecting the industries we serve, risks relating to our ability to continue to implement our strategy, including having sufficient financial resources to carry out that strategy, uncertainty related to current economic conditions including inefficient global supply chains and labor market costs, and the related impact on demand for our services, and other risks and uncertainties set forth in the Company's most recent SEC filings. These uncertainties may cause our actual future results to be materially different from those expressed in our forward-looking statements.

Investor Highlights


TSS, Inc. is a provider of end-to-end data center solutions and modular services powering AI and the digital future

Robust Market Demand



- Advancements in technology (AI)
- Increasing adoption of cloud computing
- Greater storage needs
- Pursuit of increased efficiency

AI Boom



A highly disruptive force in the earliest stages of adoption

Marquee Customers



- Global enterprises
- Industry leaders
- Investing in AI

High Demand Offerings




Systems Integration Facilities Services

Multiple Growth Levers



- New offerings
- Investments in direct selling
- Expanded capacity
- Partnerships

Attractive Economics

+78% Y/Y **+60% Y/Y**
 FY 2023 Revenue FY 2023 Adj. EBITDA

Recurring and repeatable revenue
\$40M in NOLs¹

¹ as of December 31, 2023
 OTCQB: TSSI

What We Do

Powering data centers, AI and digital transformation to add measurable value for our customers



Our Technology Service Offerings

- Systems Integration
- Procurement
- Deployment
- Facilities Maintenance

Our Strengths

- Flexibility
- Speed of delivery
- Simplifying the complex
- Quality, innovative solutions

Our Customers' Benefits

- Reduced complexity
- Faster time-to-value
- Valued partner



Market Opportunity

AI, Cloud and Edge Computing Driving Demand

Exponential growth in the data center market is largely powered by demand for AI

\$88B

Estimated Global AI
Server Market in 2027¹

- **Demand is expected to surge** for AI servers
- **Increasing adoption of AI technologies** for analytics and complex computational tasks require specialized, **high-performance server infrastructures**

20.4%

2024E Growth in
Cloud Spending²

- Growth driven in large part by the ramp up to delivering **Generative AI-enabled applications at scale**

\$317B

Estimated Modular/Edge
Computing Market in 2026³

- Edge computing is expected to play a **pivotal role in the deployment of AI applications**
- **Enterprise investments** have continued to shift toward **infrastructure expansion**
- **Up >50%** compared to \$208B in 2023

1. [market.us](https://www.market.us), July 8, 2024

2. [Gartner](https://www.gartner.com), May 20, 2024

3. [IDC](https://www.idc.com), March 14, 2024

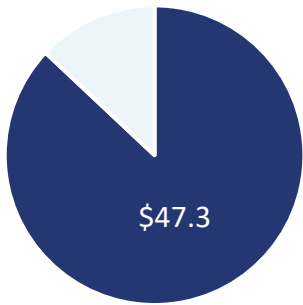
Our Offerings

A broad range of technology services

Enabling the efficient planning, development, deployment and maintenance of IT hardware and software solutions

Systems Integration

2023 Revenue



**87% of 2023
Total Revenue**

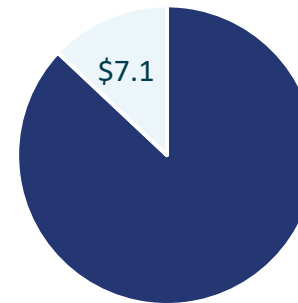
- **Integration & Procurement services**

- ❖ *More than ONE MILLION servers stacked, tagged and cabled*
- ❖ *500 MDCs configured and deployed*
- ❖ *10,000+ client devices and servers deployed monthly*
- ❖ *\$123M of product procured in 2023*
 - ❖ *Expect >\$50M procurement revenues in Q3 2024 alone*
- ❖ *On-site rack integration growth opportunity*
- ❖ *Data center moves*

Focused on increasing Systems Integration revenues as it better utilizes our assets and provides for higher margins

Facilities Services

2023 Revenue



**13% of 2023
Total Revenue**

- **Maintenance**
- **Equipment sales**
- **Deployment and other services**

- ❖ *>50% gross margins*
- ❖ *>200 MDCs still on annual maintenance contracts*
- ❖ *Expect resurgence in MDC deployments as Enterprises grow AI investment*

Maintenance contracts are typically one-year in duration... offsets the unpredictable, non-recurring nature of equipment sales

Our Strategy

The Right Place at the Right Time



Profitably grow existing business and identify expanded service offerings to further enhance value for our customers

1 Expand Ability to Drive Demand

- ✓ Direct selling resources
- ✓ Co-sell with customers and partners
- ✓ Expand services portfolio penetration with new and existing customers

2 Maintain Intense Customer Focus

- ✓ Focus on cost-effective solutions
- ✓ Close collaboration with OEM partner
- ✓ Expand sales force, field service technicians and technical expertise

3 Deliver Operational Excellence

- ✓ Focus on cost competitiveness
- ✓ Enhance manufacturing capabilities
- ✓ Leverage and optimize systems integration facility

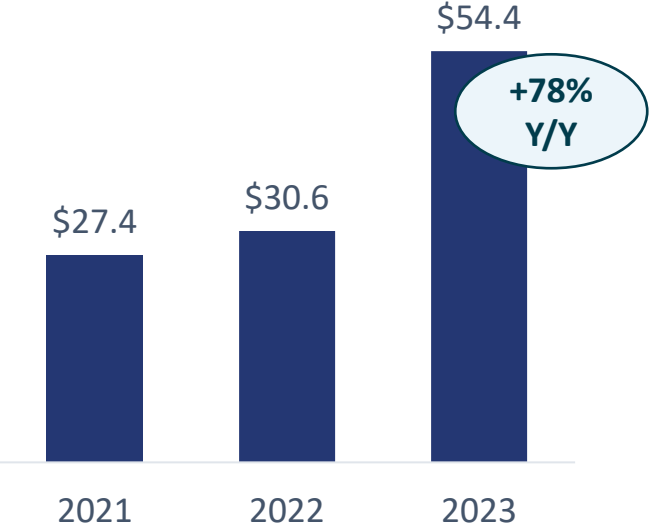
4 Pursue Strategic Partnerships and Acquisitions

- ✓ Selective pursuit
- ✓ Accelerate growth
- ✓ Enhance portfolio: technologies, services or product lines
- ✓ Must be EPS Accretive

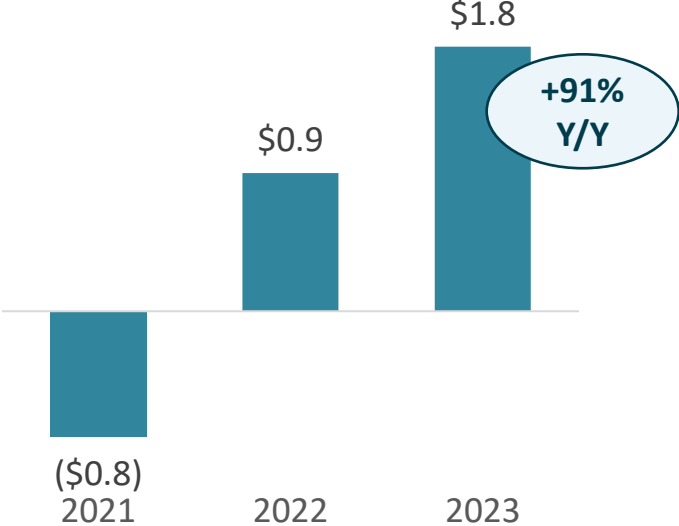
Financial Performance

Increasing profitability as we scale our business

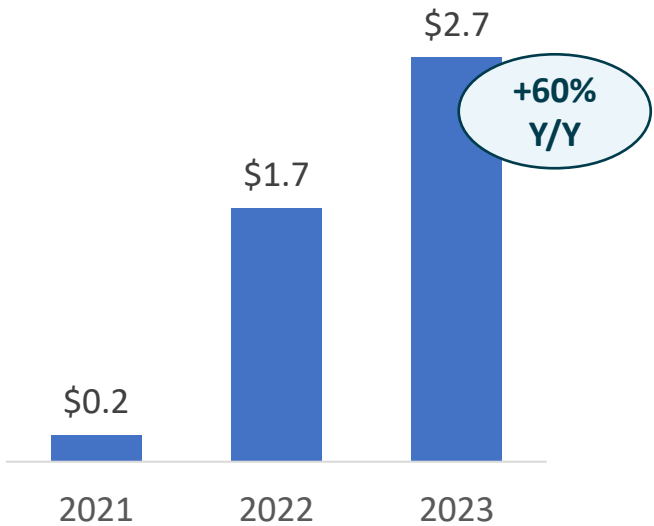
Annual Revenue
(\$ in millions)



Operating Income
(\$ in millions)



Adjusted EBITDA
\$'000

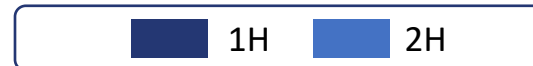
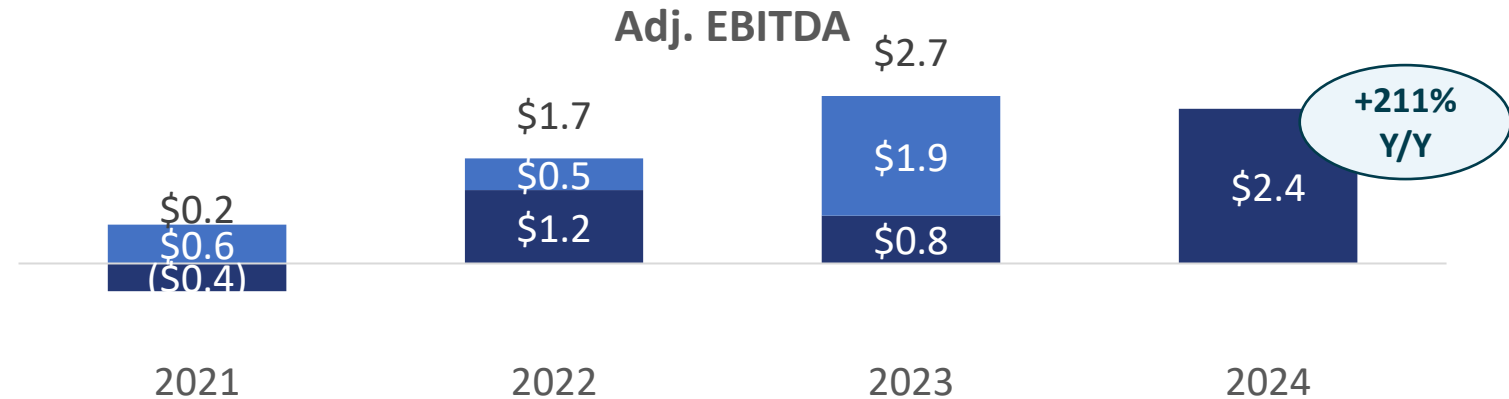
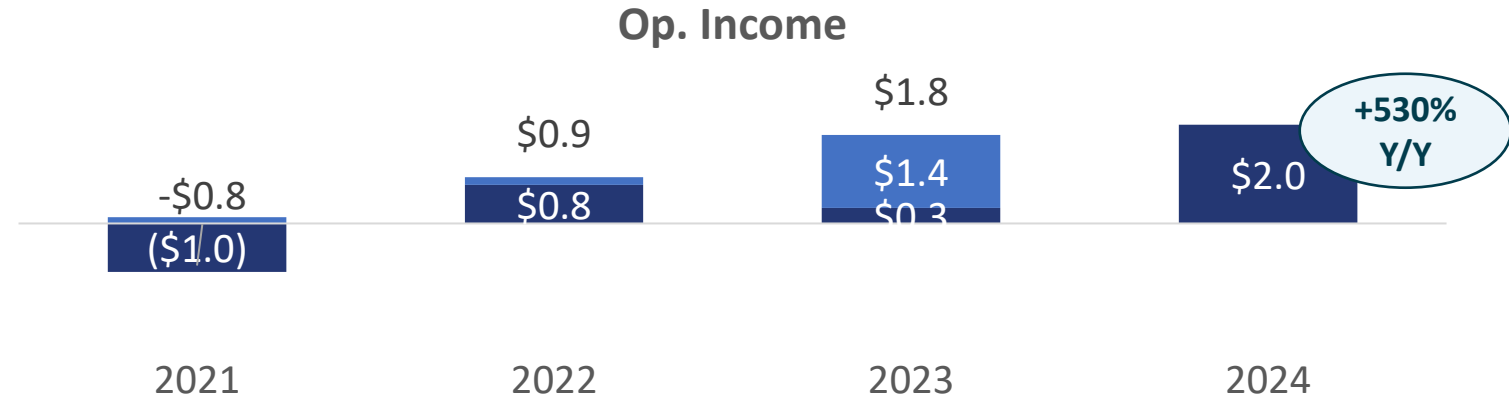
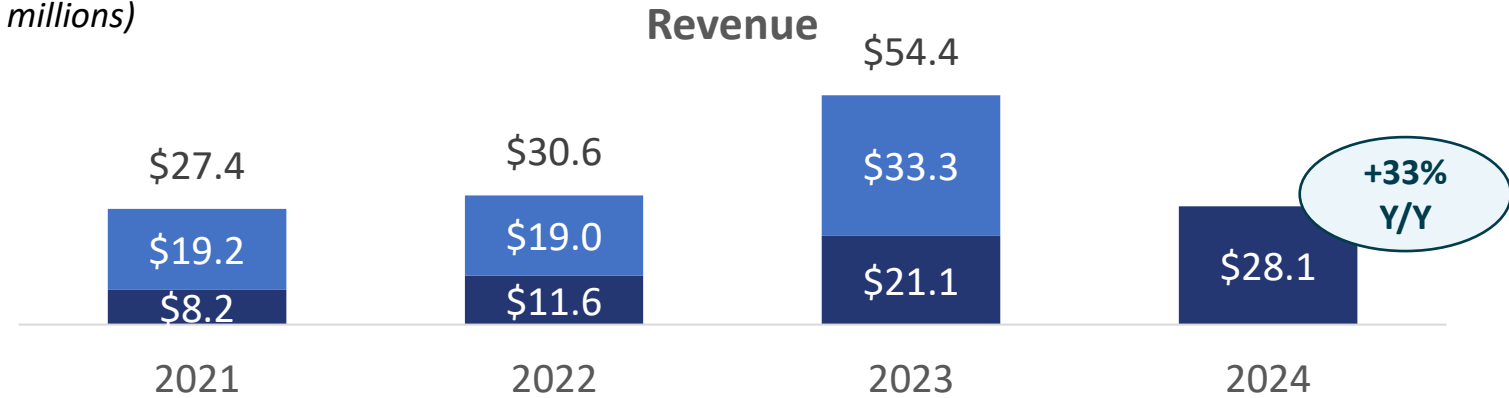




Turnaround is gaining traction

AI-based customer programs launched in Q2 setting the stage for a strong 2H 2024

(\$ in millions)





Financials: Summary Balance Sheets

Solid balance sheet with ZERO debt

<i>USD in thousands</i>	As of June 30, 2024	As of December 31, 2023
Cash and cash equivalents	\$11,831	\$20,397
Contract and other receivables	\$3,527	\$2,745
Inventories	\$2,343	\$862
Total Current Assets	\$19,313	\$24,410
Total Assets	\$25,600	\$31,406
Total Current Liabilities	\$18,420	\$24,163
Debt	\$0	\$0
Total Liabilities	\$22,051	\$28,472
Stockholders' Equity	\$3,549	\$2,934
Total Liabilities & Equity	\$25,600	\$31,406

Executive Leadership

Leaders with rapid growth and operational excellence expertise



Darryll Dewan has served as a Director, Chief Executive Officer and President since November 2022. Prior to joining TSS, he served as Vice President Global Sales and Field Marketing at DELL Technologies, from 2012 to 2022 where he was responsible for all direct and indirect sales, field operations and marketing of the Dell Endpoint Data Security business. He gained extensive executive level sales and service experiences as EVP Global Sales at Credant Technologies, Inc., as the Group President of VA Software Solutions and as President of i2 Technologies. His early career was spent at IBM. Darryll received a Bachelor of Arts in Economics from the University of Notre Dame.



Danny Chism has served as CFO since June 2024. He is an accomplished executive with deep experience guiding companies through periods of rapid growth and has a history of successes marked by strong operational results and value creation. Prior to joining TSS, Mr. Chism served in CFO positions at Goodwill Industries of Central Texas, EZCORP, Inc., Cash Solutions Centers and Gatsby Investments. He also served as an auditor at Ernst and Young. He graduated from the University of Texas at Austin in 1991 with a master's degree in professional accounting, where he also earned a BBA in Accounting. He is an advisor to the University of Houston Bauer College of Business, a member of the CFO Leadership Council and Financial Executives International. Mr. Chism is a licensed CPA in the state of Texas and a Chartered Global Management Accountant.




Todd Marrott has served as COO since June 2024 after serving as Senior Vice President – Operations since November 2022. Prior to TSSI, from 2019 until 2022 he served as Vice President – Operations for Applied Technical Services, a privately held full turnkey electronics manufacturer. Prior to that, he helped transform a number of business operations within many companies including Flex, Solectron and Moduslink. He has run multiple operational sites in the US, Mexico and other locations globally. He has driven new product and service introductions with hands on experience across design, engineering, manufacturing, supply chain and logistical services including numerous quality systems. Todd has managed with KPIs and other performance metrics that have improved overall operations, customer satisfaction and employee development to scale business operations profitably.

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Appendix



GAAP to Non-GAAP Reconciliation

Adjusted EBITDA Reconciliation							
	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>YTD 6/30/21</u>	<u>YTD 6/30/22</u>	<u>YTD 6/30/23</u>	<u>YTD 6/30/24</u>
Net income (loss)	(1,297)	(73)	74	(1,155)	463	(471)	1,417
Interest expense (income), net	401	931	1,616	188	282	760	501
Depreciation and amortization	536	383	320	273	180	177	188
Income tax expense	65	56	60	9	21	21	36
EBITDA profit (loss)	(295)	1,297	2,070	(685)	946	487	2,142
Stock based compensation	469	365	581	246	213	299	305
Adjusted EBITDA	174	1,662	2,651	(439)	1,159	786	2,447