Annual General Meeting
May 2004
Agenda

• Welcome and Introductions
• Business of the Meeting
• 2003 Financial Review and at look at Q1 2004
• 2004 Growth Initiatives and Industry Outlook
• Shareholder Question Period
Business of the Meeting
Financial Review
Anne Brace
Chief Financial Officer
Financial Review

- Review of 2003
- Highlights of Q1 2004
Revenue Growth

31% Compound Annual Growth Rate

Restated to calendar year ends

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Revenue

2002

Imputed Revenue less agency fee
68.4 M

Reported Revenue
665.5 M

Normalized
$734 M

2003

Imputed Revenue less agency fee
48.9 M

127.0 M

Normalized
$725 M

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EPS Performance

2000: .04
2001: .40
2002: .89
2003: .23

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Gross Margins

<table>
<thead>
<tr>
<th>Year</th>
<th>Margin</th>
</tr>
</thead>
<tbody>
<tr>
<td>1998</td>
<td>11.2%</td>
</tr>
<tr>
<td>1999</td>
<td>12.1%</td>
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</tr>
<tr>
<td>2002</td>
<td>11.9%</td>
</tr>
<tr>
<td>2003</td>
<td>12.1%</td>
</tr>
</tbody>
</table>

- MDF +0.8%
- Rebates -1%
- Field Margin +0.5%
Sales Force Investments

- Sales employees increased by 37%
- Refocused employees in customer-facing roles
- Absent FX, salaries and benefits increases 3%
SG&A Expenses

2002 Normalized: $15,272

Bad Debt Recovery: $3,800

SG&A Expenses: $11,472

2003 Reported:

- MDF: $4,200
- FX and Rent: $1,400
- 2002 Base: $15,272

Reported expenses: $11,472

$19,418

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2003 - Summary

• Microsoft sales declined by 36%
  – Offset by increases in HW and US Government
  – Impact on rebates
• Canadian dollar strengthened
• Investment in our selling infrastructure
Q1 2004
Q1 Overview - Revenue

Normalized Revenue
Y/Y 41.5%

$159,002

Imputed Revenue

$37,414

Normalized Revenue
Y/Y 41.5%

$225,004

FX

$12,097

Imputed Revenue

$62,624

Reported Revenue
Y/Y 23.6%

$121,588

2003

$150,283

2004

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Q1 Productivity

- Sales headcount increased 23% YoY
- Field margin per sales employee increased 12%
- Field margin per employee increased 22%
Q1- Stock-based Compensation

- Introduction of CICA S. 3870 accounting for stock Options
  - $70K expensed in Q1 2004
  - $190K expensed in Q1 2003
  - Retroactive application
  - 2002 net income restated from $701K to $519K
Q1 - Software write-off

• $1,247K written off in the quarter
• Decision not to implement new ERP in the sales and operational areas
• Expectation is that future investments will be incremental
Q1 Expenses as % of Revenue

- 2003: 13.2%
- 2004: 11.2%
- 2004: 8.0%

% of Total Imputed Revenue
## Q1 Income Statement

<table>
<thead>
<tr>
<th></th>
<th>2004</th>
<th>2003</th>
<th>Y/Y</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>150,283</td>
<td>121,588</td>
<td>24%</td>
</tr>
<tr>
<td>Gross Margin</td>
<td>19,167</td>
<td>17,274</td>
<td>11%</td>
</tr>
<tr>
<td>Expenses</td>
<td>16,957</td>
<td>16,163</td>
<td>5%</td>
</tr>
<tr>
<td>Net Income</td>
<td>1,144</td>
<td>519</td>
<td>120%</td>
</tr>
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</table>
Q1 Summary

• Investment in People is paying off
• Hardware is growing as expected
• Strong Microsoft growth
• 2004 success depends on level of Microsoft renewals
President’s Message
Senior Management Team

• Anne Brace, CFO
• Nick Foster, Vice President Marketing
• Steve Leslie, Vice President Sales
• Jone Panavas, Vice President People
• Kevin Wright, CIO
2003 in Review

“Good timber does not grow with ease. The stronger the wind the stronger the trees. “
– J. Willard Marriott
Industry Outlook

“About 41.2 million PC units were shipped in Q1, a 16.5 percent increase from the year-ago period, Shipments are expected to grow by 11.4 percent in all of 2004, and 11.2 percent in 2005.”

Gartner

“45.3 million PC units were shipped in Q1, a 13.4 percent increase from the previous year”
Microsoft Update

• Q1 CY 2004 Revenue Results
  – Windows OS +16%
  – Office +18%
  – Windows Server 2003 +19%
• FY 05 Projections (July 04-June 05)
  – 4% Revenue growth
• Longhorn delayed to 2006/2007
• Continued issues
  – Anti-Trust Suits
  – Security
• Major focus on renewals
• Consumer and SMB will fuel growth
What We Do

IT Needs
- Select
- Acquire
- Manage
Discover Needs

Softchoice
- Responsive
- Passionate
- Knowledgable
- Friendly
- Inventive
- Results Driven
Get it Done

Saving
- Time
- Money
- Risk
Customer Savings

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Softchoice Growth Strategy
Global Customers

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Brand Strategy
The Customer Perspective

In a 2003 survey of 663 random customers...

- **81%** rate the overall quality of customer service as either very good or excellent

- **83.7%** are either very or extremely satisfied with the overall level of satisfaction with Softchoice

- **82.1%** are either very likely or extremely likely to continue doing business with Softchoice in the future
One Customer Perspective

After just one year as a Nordstrom supplier…

- Softchoice ranked #6 out of 22,000 non-merchandise suppliers
- One of 9 to get the Nordstrom Silver Award
- Sights set on Top Supplier 2004
Some things don’t change...

- We have Customer Passion
- We Take Care of Each Other
  - Colleagues & Suppliers
- We Get it Done... Differently
- We’re In It for the Growth
  - Personal, Softchoice, Customers
Looking to the Future

• Hardware growth
• Renewal annuities
• Global customers
• Emerging SW opportunities
  – MS Business Solutions
• Aligned with the Softchoice Model
  – High Volume
  – High Velocity
  – High Value

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Questions & Answers