



Coveo Reports Third Quarter Fiscal 2025 Financial Results

*SaaS Subscription Revenue⁽¹⁾ of \$32.3 million, at the top end of previous guidance
Record new bookings in the quarter, with accelerating contribution from Commerce
Continued Generative AI momentum, with 36% growth in customers since Sept 30, 2024*

Coveo reports in U.S. dollars and in accordance with International Financial Reporting Standards ("IFRS")

MONTREAL and SAN FRANCISCO – February 10, 2025 – [Coveo](#) (TSX: CVO), the market leader in AI-Relevance — delivering AI-search, generative, and business-aware relevance at every point-of-experience —, today announced financial results for its third quarter of fiscal year 2025 ended December 31, 2024.

"Our third quarter performance underscores growing momentum across our business," said Louis Têtu, Chairman and CEO of Coveo. "Enterprises are increasingly recognizing that Search and AI-Relevance is critical to unlocking the business outcomes they are seeking in their AI projects in digital and generative experiences. We believed this year would see an inflection where enterprises moved from experimentation to adoption, and our third quarter is validation that we are tracking well on accelerating our revenue growth in the coming quarters."

"Coveo's leadership in bringing AI-Relevance to large enterprise customers has enabled us to innovate quickly in generative AI and commerce. Our customers are consistently telling us that the Coveo AI-Relevance platform is a critical component to powering their generative AI ambitions, and I'm thrilled with the results we are helping them achieve", said Laurent Simoneau, President and CTO of Coveo.

Third Quarter Fiscal 2025 Summary Financial Highlights

The following table summarizes our financial results for the third quarter of fiscal year 2025:

<i>In millions of U.S. Dollars, except as otherwise indicated</i>	Q3 2025	Q3 2024	Change
SaaS Subscription Revenue ⁽¹⁾	\$32.3	\$29.9	8%
Coveo core platform ⁽²⁾	\$31.1	\$27.8	12%
Qubit platform ⁽³⁾	\$1.2	\$2.1	(44%)
Total revenue	\$34.0	\$31.8	7%
Gross margin	78%	77%	1%
Product gross margin	82%	81%	1%
Net income (loss)	\$4.0	(\$6.2)	166%
Adjusted EBITDA ⁽⁴⁾	\$0.6	(\$0.7)	178%
Cash flows used in operating activities	\$0.2	\$2.3	92%

Third Quarter Fiscal 2025 Financial Highlights

(All comparisons are relative to the three-month period ended December 31, 2023, unless otherwise stated)

- SaaS Subscription Revenue⁽¹⁾ of \$32.3 million, an increase of 8% compared to \$29.9 million, at the top end of guidance. Within this, SaaS Subscription Revenue for Coveo's core platform⁽²⁾ was \$31.1 million, an increase of 12%.
- Total revenue was \$34.0 million compared to \$31.8 million, an increase of 7%, and above the top end of guidance.
- Gross margin was 78%, up from 77% in the prior period. Product gross margin was 82%, up from 81% in the prior period.
- Operating loss was \$5.4 million compared to \$6.5 million, and net income was \$4.0 million compared to a net loss of \$6.2 million.
- Adjusted EBITDA⁽⁴⁾ was \$0.6 million compared to (\$0.7) million last year, and within our guidance range.
- Cash flows used in operating activities were \$0.2 million compared to \$2.3 million.
- Cash and cash equivalents were \$119.1 million as of December 31, 2024.
- Net Expansion Rate⁽¹⁾ of 101% as of December 31, 2024. Net Expansion Rate⁽¹⁾ was 105% excluding customer attrition from customers using the Qubit platform⁽⁵⁾.

Other Business and Subsequent Highlights

- Achieved record new bookings, fueled by a combination of new and existing clients and well diversified bookings across geographies and customer use cases.
- Strong growth in Commerce, with record number of new clients added. Customers such as XXXLutz, Agilent Technologies, Trek Bicycles and others adopted Coveo's Commerce solution. 50% of new Commerce customers were acquired through our partnership with SAP.
- Unveiled at NRF 2025 in New York, Coveo showcased its AI-Search and recommendations within a Shopify Enterprise environment.
- Continued strong demand for Coveo's Generative AI solution, with a 36% sequential increase in customer count. Customers such as ABB Ltd, Verisk Analytics and Lexmark adopted Coveo's Generative AI in the quarter. In addition, after a successful initial deployments, existing customers such as SAP, Vanguard, and Edward Jones signed additional order forms to further expand their use of Coveo's Generative AI solution.
- After a successful beta program that was over-subscribed, Coveo announced the general availability of Passage Retrieval API, empowering organizations to connect their own Large Language Models (LLMs) with the full power of the Coveo AI-Relevance Platform™.
- Expanded partnership with SAP to deliver AI capabilities across CX channels from Commerce to Customer Service.
- Accelerated European growth with DACH expansion. New bookings growth in EMEA was 79% in the quarter as compared to the same period last year.
- Poised for continued expansion into Australia and the broader APAC region. After winning Freedom Furniture, a leading Australian and New Zealand retailer, pursuant to a competitive RFP process, Freedom recently reported a 15% uplift in customer sessions utilizing Coveo's AI-powered search, along with a 5.5% improvement in Average Order Value.

Financial Outlook

The company is encouraged by the strengthening customer demand for its AI powered solutions and continues to anticipate momentum in new bookings in the fourth quarter of the fiscal year.

The company's financial outlook continues to include the assumption that the remaining revenue from the acquired Qubit Platform will continue to decline, as Coveo completes its integration of the platform and IP that was acquired with Qubit. Additionally, the company's outlook incorporates the current FX rates which lead to lower recognized amounts for non-USD denominated international revenue and expenses.

Taking these factors into consideration, Coveo anticipates SaaS Subscription Revenue⁽¹⁾, Total Revenue, and Adjusted EBITDA⁽⁴⁾ for Q4 FY'25 and Full Year FY'25 as follows:

	Q4 FY'25	FY'25
SaaS Subscription Revenue ⁽¹⁾	\$32.3 – \$32.8 million	\$126.3 – \$126.8 million
Total Revenue	\$34.1 – \$34.6 million	\$133.0 – \$133.5 million
Adjusted EBITDA ⁽⁴⁾	\$0.0 – \$1.0 million	\$0.3 – \$1.3 million

The company continues to anticipate achieving positive cash flow from operations of approximately \$10 million for Fiscal 2025.

These statements are forward-looking and actual results may differ materially. Coveo's outlook constitutes "financial outlook" within the meaning of applicable securities laws and is provided for the purpose of, among other things, assisting investors and others in understanding certain key elements of our expected financial results, as well as our objectives, strategic priorities and business outlook, and in obtaining a better understanding of our anticipated operating environment. Investors and others are cautioned that it may not be appropriate for other purposes. Please refer to the "Forward-Looking Information" and "Financial Outlook Assumptions" sections below for additional information on the factors that could cause our actual results to differ materially from these forward-looking statements and a description of the assumptions underlying same.

Q3 Conference Call and Webcast Information

Coveo will host a conference call today at 5:00 p.m. Eastern Time to discuss its financial results for its third quarter of fiscal year 2025. The call will be hosted by Louis Têtu, Chairman and CEO, Brandon Nussey, CFO and other members of its senior leadership team.

Conference Call: <https://emportal.ink/3VfD2Y3>
Use the link above to join the conference call without operator assistance. If you prefer to have operator assistance, please dial: 1-888-699-1199

Live Webcast: <https://app.webinar.net/0Qnwo9kB3x7>

Webcast Replay: ir.coveo.com under the "News & Events" section

Non-IFRS Measures and Ratios

Coveo's unaudited condensed interim consolidated financial statements have been prepared in accordance with IFRS as issued by the International Accounting Standards Board. The information

presented in this press release includes non-IFRS financial measures and ratios, namely (i) Adjusted EBITDA; (ii) Adjusted Gross Profit, Adjusted Product Gross Profit, and Adjusted Professional Services Gross Profit (collectively referred to as our “Adjusted Gross Profit Measures”); (iii) Adjusted Gross Margin, Adjusted Product Gross Margin, and Adjusted Professional Services Gross Margin (collectively referred to as our “Adjusted Gross Margin Measures”); (iv) Adjusted Sales and Marketing Expenses, Adjusted Research and Product Development Expenses, and Adjusted General and Administrative Expenses (collectively referred to as our “Adjusted Operating Expense Measures”); and (v) Adjusted Sales and Marketing Expenses (%), Adjusted Research and Product Development Expenses (%), and Adjusted General and Administrative Expenses (%) (collectively referred to as our “Adjusted Operating Expense (%) Measures”). These measures and ratios are not recognized measures under IFRS and do not have standardized meanings prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other companies. Rather, these measures and ratios are provided as additional information to complement IFRS measures by providing further understanding of the company’s results of operations from management’s perspective.

Accordingly, these measures and ratios should not be considered in isolation nor as a substitute for analysis of the company’s financial information reported under IFRS. Adjusted EBITDA, the Adjusted Gross Profit Measures, the Adjusted Gross Margin Measures, the Adjusted Operating Expense Measures, and the Adjusted Operating Expense (%) Measures are used to provide investors with supplemental measures and ratios of the company’s operating performance and thus highlight trends in Coveo’s core business that may not otherwise be apparent when relying solely on IFRS measures and ratios. The company’s management also believes that securities analysts, investors, and other interested parties frequently use non-IFRS financial measures and ratios in the evaluation of issuers. Coveo’s management uses non-IFRS financial measures and ratios in order to facilitate operating performance comparisons from period to period, and to prepare annual operating budgets and forecasts.

See the “Non-IFRS Measures” section of our MD&A for the quarter ended December 31, 2024, which is available as of the date hereof under our profile on SEDAR+ at www.sedarplus.ca for a description of these measures. Please refer to the financial tables appended to this press release for additional information including a reconciliation of (i) Adjusted EBITDA to net income (loss); (ii) Adjusted Gross Profit to gross profit; (iii) Adjusted Product Gross Profit to product gross profit; (iv) Adjusted Professional Services Gross Profit to professional services gross profit; (v) Adjusted Sales and Marketing Expenses to sales and marketing expenses; (vi) Adjusted Research and Product Development Expenses to research and product development expenses; and (vii) Adjusted General and Administrative Expenses to general and administrative expenses.

Key Performance Indicators

This press release refers to “SaaS Subscription Revenue” and “Net Expansion Rate”. They are operating metrics used in Coveo’s industry. We monitor our key performance indicators to help us evaluate our business, measure our performance, identify trends, formulate business plans, and make strategic decisions. Our key performance indicators provide investors with supplemental measures of our operating performance and thus highlight trends in our core business that may not otherwise be apparent when relying solely on IFRS measures. We also believe that securities analysts, investors, and other interested parties frequently use industry metrics in the evaluation of issuers. Certain of our key performance indicators are measures that do not have any standardized meaning prescribed by IFRS Accounting Standards and therefore may not be comparable to similar measures presented by other issuers and cannot be reconciled to a directly comparable IFRS measure. Our key performance indicators may be calculated and designated in a manner different than similar key performance indicators used by other companies.

“SaaS Subscription Revenue” means the company’s SaaS subscription revenue, as presented in our financial statements in accordance with IFRS.

“Net Expansion Rate” is calculated by considering a cohort of customers at the end of the period 12 months prior to the end of the period selected and dividing the SaaS Annualized Contract Value (“SaaS ACV”, as defined below) attributable to that cohort at the end of the current period selected, by the SaaS ACV attributable to that cohort at the beginning of the period 12 months prior to the end of the period selected. Expressed as a percentage, the ratio (i) excludes any SaaS ACV from new customers added during the 12 months preceding the end of the period selected; (ii) includes incremental SaaS ACV made to the cohort over the 12 months preceding the end of the period selected; (iii) is net of the SaaS ACV from any customers whose subscriptions terminated or decreased over the 12 months preceding the end of the period selected; and (iv) is currency neutral and as such, excludes the effect of currency variation.

In this section and throughout this press release, “SaaS Annualized Contract Value” means the SaaS annualized contract value of a customer’s commitments calculated based on the terms of that customer’s subscriptions, and represents the committed annualized subscription amount as of the measurement date.

Please also refer to the “Key Performance Indicators” section of our latest MD&A, which is available under our profile on SEDAR+ at www.sedarplus.ca, for additional details on the abovementioned key performance indicators.

Forward-Looking Information

This press release contains “forward-looking information” and “forward-looking statements” within the meaning of applicable securities laws, including with respect to Coveo’s “financial outlook” (within the meaning of applicable securities laws) and related assumptions (as set forth below and elsewhere in this press release) for the three months and the year ending March 31, 2025 (for greater certainty, for cash flows from operations, solely the year ending March 31, 2025), and expectations regarding the remaining Qubit SaaS ACV, bookings performance, reacceleration of revenue growth and gross retention rates for fiscal 2025 (collectively, “forward-looking information”). This forward-looking information is identified by the use of terms and phrases such as “may”, “would”, “should”, “could”, “might”, “will”, “achieve”, “occur”, “expect”, “intend”, “estimate”, “anticipate”, “plan”, “foresee”, “believe”, “continue”, “target”, “opportunity”, “strategy”, “scheduled”, “outlook”, “forecast”, “projection”, or “prospect”, the negative of these terms and similar terminology, including references

to assumptions, although not all forward-looking information contains these terms and phrases. In addition, any statements that refer to expectations, intentions, projections, or other characterizations of future events or circumstances contain forward-looking information. Statements containing forward-looking information are not historical facts but instead represent management's expectations, estimates, and projections regarding future events or circumstances.

Forward-looking information is necessarily based on a number of opinions, estimates, and assumptions (including those discussed under "Financial Outlook Assumptions" below and those discussed immediately hereunder) that we considered appropriate and reasonable as of the date such statements are made. Although the forward-looking information contained herein is based upon what we believe are reasonable assumptions, actual results may vary from the forward-looking information contained herein. Certain assumptions made in preparing the forward-looking information contained in herein include, without limitation (and in addition to those discussed under "Financial Outlook Assumptions" below): our ability to capitalize on growth opportunities and implement our growth strategy; our ability to attract new customers, expand our relationships with existing customers, and have existing customers renew their subscriptions; our ability to maintain successful strategic relationships with partners and other third parties; market awareness and acceptance of enterprise AI solutions in general and our products in particular; the market penetration of our generative AI solutions, both with new and existing customers, and our ability to continue to capture the generative AI opportunity; our future capital requirements, and availability of capital generally; the accuracy of our estimates of market opportunity, growth forecasts, and expectations around cash flow; our success in identifying and evaluating, as well as financing and integrating, any acquisitions, partnerships, or joint ventures; the significant influence of our principal shareholders; and our ability to convert pipeline into closed deals, and the timeframe thereof. Moreover, forward-looking information is subject to known and unknown risks, uncertainties, and other factors, many of which are beyond our control, that may cause the actual results, level of activity, performance, or achievements to be materially different from those expressed or implied by such forward-looking information, including but not limited to macro-economic uncertainties and the risk factors described under "Risk Factors" in the company's most recently filed Annual Information Form and under "Key Factors Affecting our Performance" in the company's most recently filed MD&A, both available under our profile on SEDAR+ at . There can be no assurance that such forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. Accordingly, prospective investors should not place undue reliance on forward-looking information, which speaks only as of the date made. Although we have attempted to identify important risk factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other risk factors not presently known to us or that we presently believe are not material that could also cause actual results or future events to differ materially from those expressed in such forward-looking information.

You should not rely on this forward-looking information, as actual outcomes and results may differ materially from those contemplated by this forward-looking information as a result of such risks and uncertainties. Additional information will also be set forth in other public filings that we make available under our profile on SEDAR+ at www.sedarplus.ca from time to time. The forward-looking information provided in this press release relates only to events or information as of the date hereof, and is expressly qualified in their entirety by this cautionary statement. Except as required by law, we do not assume any obligation to update or revise any forward-looking information, whether as a result of new information, future events, or otherwise, after the date on which the statements are made or to reflect the occurrence of unanticipated events.

Financial Outlook Assumptions

Our financial outlook under the “Financial Outlook” section above and elsewhere in this press release is based on several assumptions, including the following, in addition to those set forth under the “Financial Outlook” section above and under the “Forward-Looking Information” section above:

- Remaining Qubit SaaS ACV⁽⁶⁾ will continue to churn in the fourth quarter of fiscal 2025, with the revenue impact being that the SaaS Subscription Revenue⁽¹⁾ recognized in fiscal 2025 for subscriptions to the Qubit Platform will decline by approximately half.
- Bookings performance for the second half of fiscal 2025 exceeding the first half.
- Maintaining gross retention rates⁽⁷⁾ at their historical levels.
- Achieving expected levels of sales of SaaS subscriptions to new and existing customers, including timing of those sales, as well as expected levels of renewals of SaaS subscriptions with existing customers.
- Achieving expected levels of implementations and other sources of professional services revenue.
- Maintaining planned levels of operating margin represented by our Adjusted Gross Profit Measures⁽⁴⁾ and Adjusted Gross Margin Measures⁽⁸⁾.
- The market for our solutions showing ongoing improvements in customer buying behaviors.
- Our ability to attract and retain key personnel required to achieve our plans.
- Foreign exchange rates environment remaining consistent with end of Q3 levels, and similar or better inflation rates, interest rates, customer spending, and other macro-economic conditions.
- Our ability to collect from our customers as planned, and to otherwise manage our cash inflows (including government grants and tax credits) and outflows as we currently expect.
- Expected financial performance as measured by our Adjusted Operating Expense Measures⁽⁴⁾ and Adjusted Operating Expense (%) Measures⁽⁸⁾.

Our financial outlook does not include the impact of acquisitions that may be announced or closed from time to time.

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Notes to this press release:

- (1) SaaS Subscription Revenue and Net Expansion Rate are Key Performance Indicators of Coveo. Please see the “Key Performance Indicators” section below.
- (2) SaaS Subscription Revenue earned in connection with subscriptions by customers to the Coveo core Platform for the period, and thus excluding revenue from subscriptions to the Qubit Platform.
- (3) SaaS Subscription Revenue earned through subscriptions to the Qubit Platform for the period covered.
- (4) The Adjusted Gross Profit Measures, the Adjusted Operating Expense Measures, and Adjusted EBITDA are non-IFRS financial measures which may not be comparable to similar measures or ratios used by other companies. Please see the “Non-IFRS Measures and Ratios” section below and the reconciliation tables within this release.
- (5) Net Expansion Rate excluding the effect of SaaS ACV attributable to subscriptions to the Qubit Platform.

- (6) SaaS ACV means the SaaS annualized contract value of a customer's commitments calculated based on the terms of that customer's subscriptions, and represents the committed annualized subscription amount as of the measurement date.
- (7) Gross retention rate ("GRR") is generally calculated for a period by subtracting SaaS ACV contractions and losses over the period selected from SaaS ACV at the beginning of the period selected and dividing the result by the SaaS ACV from the beginning of the period selected. We use GRR to provide insight into the company's success in retaining existing customers.
- (8) The Adjusted Gross Margin Measures, the Adjusted Operating Expense (%) Measures, and Adjusted Product Gross Margin are non-IFRS ratios. Please see the "Non-IFRS Measures and Ratios" section below and the reconciliation tables within this release.

About Coveo

Coveo brings superior AI-Relevance to every point-of-experience, transforming how enterprises connect with their customers and employees to maximize business outcomes.

Relevance is about moving from persona to person, the degree to which the enterprise-wide content, products, recommendations, and advice presented to a person online aligns easily with their context, needs, preferences, behavior and intent, setting the competitive experience gold standard. Every person's journey is unique, and only AI can solve the complexity of tailoring experiences across massive, diverse audiences and large volumes and variety of content and products.

Our Coveo AI-Relevance Platform™ enables enterprises to deliver hyper-personalization at every point-of-experience, unifying all their data securely, with the highest level of contextual and prescriptive accuracy while simultaneously optimizing business outcomes.

Coveo brings AI-Relevance to the digital experiences of many of the world's premier and most innovative brands, serving millions of people across billions of interactions. What we believe is bold: Digital is table stakes, Relevance is not. It's the only way to win in the digital age.

The Coveo AI-Relevance Platform™ is ISO 27001 and ISO 27018 certified, SOC2 compliant, HIPAA compatible, with a 99.999% SLA available. We are a Salesforce ISV Partner, an SAP Endorsed® App, an Adobe Gold Partner, MACH Alliance member, Optimizely Partner, Shopify Partner, and a Genesys AppFoundry® ISV Partner.

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Condensed Interim Consolidated Statements of Income (Loss) and Comprehensive Income (Loss)
(expressed in thousands of U.S. dollars, except share and per share data, unaudited)

	Three months ended December 31,		Nine months ended December 31,	
	2024	2023	2024	2023
	\$	\$	\$	\$
Revenue				
SaaS subscription	32,284	29,901	94,015	87,842
Professional services	1,681	1,860	4,907	5,670
Total revenue	33,965	31,761	98,922	93,512
Cost of revenue				
SaaS subscription	5,932	5,731	17,107	16,182
Professional services	1,410	1,439	4,039	4,467
Total cost of revenue	7,342	7,170	21,146	20,649
Gross profit	26,623	24,591	77,776	72,863
Operating expenses				
Sales and marketing	15,282	13,788	43,881	41,146
Research and product development	8,322	9,153	27,367	27,035
General and administrative	6,709	6,409	19,605	20,032
Depreciation of property and equipment	610	605	1,985	1,777
Amortization and impairment of intangible assets	743	721	2,205	5,926
Depreciation of right-of-use assets	355	383	1,091	1,182
Total operating expenses	32,021	31,059	96,134	97,098
Operating loss	(5,398)	(6,468)	(18,358)	(24,235)
Net financial revenue	(1,052)	(1,663)	(4,040)	(4,970)
Foreign exchange loss (gain)	(6,546)	1,583	(5,804)	1,327
Income (loss) before income tax recovery	2,200	(6,388)	(8,514)	(20,592)
Income tax recovery	(1,844)	(236)	(1,077)	(1,032)
Net income (loss)	4,044	(6,152)	(7,437)	(19,560)
Net income (loss) per share – Basic and diluted	0.04	(0.06)	(0.08)	(0.19)
Weighted average number of shares outstanding – Basic	96,398,006	102,471,561	99,237,691	103,601,713
Weighted average number of shares outstanding – Diluted	104,858,139	102,471,561	99,237,691	103,601,713

Condensed Interim Consolidated Statements of Income (Loss) and Comprehensive Income (Loss)
(expressed in thousands of U.S. dollars, unaudited)

The following table presents share-based payments and related expenses recognized by the company:

	Three months ended December 31,		Nine months ended December 31,	
	2024	2023	2024	2023
	\$	\$	\$	\$
Share-based payments and related expenses				
SaaS subscription cost of revenue	241	200	601	666
Professional services cost of revenue	148	119	329	432
Sales and marketing	900	810	2,748	1,747
Research and product development	1,361	1,391	4,239	4,622
General and administrative	1,603	1,518	5,100	5,334
Share-based payments and related expenses	4,253	4,038	13,017	12,801

Reconciliation of Net Income (Loss) to Adjusted EBITDA
(expressed in thousands of U.S. dollars, unaudited)

	Three months ended December 31,		Nine months ended December 31,	
	2024	2023	2024	2023
	\$	\$	\$	\$
Net income (loss)	4,044	(6,152)	(7,437)	(19,560)
Net financial revenue	(1,052)	(1,663)	(4,040)	(4,970)
Foreign exchange loss (gain)	(6,546)	1,583	(5,804)	1,327
Income tax expense (recovery)	(1,844)	(236)	(1,077)	(1,032)
Share-based payments and related expenses ⁽¹⁾	4,253	4,038	13,017	12,801
Amortization and impairment of intangible assets	743	721	2,205	5,926
Depreciation expenses ⁽²⁾	965	988	3,076	2,959
Transaction-related expenses ⁽³⁾	-	-	388	-
Adjusted EBITDA	563	(721)	328	(2,549)

(1) These expenses relate to issued stock options and share-based awards under our share-based plans to our employees and directors as well as related payroll taxes that are directly attributable to the share-based payments. These costs are included in product and professional services cost of revenue, sales and marketing, research and product development, and general and administrative expenses.

(2) Depreciation expenses include depreciation of property and equipment and depreciation of right-of-use assets.

(3) These expenses relate to professional, legal, consulting, accounting, advisory, and other fees relating to transactions that would otherwise not have been incurred. These costs are included in general and administrative expenses.

Reconciliation of Adjusted Gross Profit Measures and Adjusted Gross Margin Measures

(expressed in thousands of U.S. dollars, unaudited)

	Three months ended December 31,		Nine months ended December 31,	
	2024	2023	2024	2023
	\$	\$	\$	\$
Total revenue	33,965	31,761	98,922	93,512
Gross profit	26,623	24,591	77,776	72,863
<i>Gross margin</i>	78%	77%	79%	78%
Add: Share-based payments and related expenses	389	319	930	1,098
Adjusted Gross Profit	27,012	24,910	78,706	73,961
<i>Adjusted Gross Margin</i>	80%	78%	80%	79%
Product revenue	32,284	29,901	94,015	87,842
Product cost of revenue	5,932	5,731	17,107	16,182
Product gross profit	26,352	24,170	76,908	71,660
<i>Product gross margin</i>	82%	81%	82%	82%
Add: Share-based payments and related expenses	241	200	601	666
Adjusted Product Gross Profit	26,593	24,370	77,509	72,326
<i>Adjusted Product Gross Margin</i>	82%	82%	82%	82%
Professional services revenue	1,681	1,860	4,907	5,670
Professional services cost of revenue	1,410	1,439	4,039	4,467
Professional services gross profit	271	421	868	1,203
<i>Professional services gross margin</i>	16%	23%	18%	21%
Add: Share-based payments and related expenses	148	119	329	432
Adjusted Professional Services Gross Profit	419	540	1,197	1,635
<i>Adjusted Professional Services Gross Margin</i>	25%	29%	24%	29%

Reconciliation of Adjusted Operating Expense Measures and Adjusted Operating Expense (%) Measures

(expressed in thousands of U.S. dollars, unaudited)

	Three months ended December 31,		Nine months ended December 31,	
	2024	2023	2024	2023
	\$	\$	\$	\$
Sales and marketing expenses	15,282	13,788	43,881	41,146
<i>Sales and marketing expenses (% of total revenue)</i>	45%	43%	44%	44%
Less: Share-based payments and related expenses	900	810	2,748	1,747
Adjusted Sales and Marketing Expenses	14,382	12,978	41,133	39,399
<i>Adjusted Sales and Marketing Expenses (% of total revenue)</i>	42%	41%	42%	42%
Research and product development expenses	8,322	9,153	27,367	27,035
<i>Research and product development expenses (% of total revenue)</i>	25%	29%	28%	29%
Less: Share-based payments and related expenses	1,361	1,391	4,239	4,622
Adjusted Research and Product Development Expenses	6,961	7,762	23,128	22,413
<i>Adjusted Research & Product Development Expenses (% of total revenue)</i>	20%	24%	23%	24%
General and administrative expenses	6,709	6,409	19,605	20,032
<i>General and administrative expenses (% of total revenue)</i>	20%	20%	20%	21%
Less: Share-based payments and related expenses	1,603	1,518	5,100	5,334
Less: Transaction-related expenses	-	-	388	-
Adjusted General and Administrative Expenses	5,106	4,891	14,117	14,698
<i>Adjusted General and Administrative Expenses (% of total revenue)</i>	15%	15%	14%	16%

Condensed Interim Consolidated Statements of Financial Position
(expressed in thousands of U.S. dollars, unaudited)

	December 31, 2024	March 31, 2024
	\$	\$
Assets		
Current assets		
Cash and cash equivalents	119,108	166,586
Trade and other receivables	38,506	29,947
Government assistance	9,144	9,987
Prepaid expenses	6,758	8,622
	173,516	215,142
Non-current assets		
Contract acquisition costs	10,446	10,168
Property and equipment	4,271	5,608
Intangible assets	6,506	8,710
Right-of-use assets	4,514	6,032
Deferred tax assets	2,794	4,265
Goodwill	25,831	25,960
Total assets	227,878	275,885
Liabilities		
Current liabilities		
Trade payable and accrued liabilities	21,178	21,822
Deferred revenue	71,022	64,731
Current portion of lease obligations	1,747	2,153
	93,947	88,706
Non-current liabilities		
Lease obligations	5,159	6,885
Deferred tax liabilities	-	1,771
Total liabilities	99,106	97,362
Shareholders' Equity		
Share capital	767,684	836,271
Contributed surplus	73,730	40,484
Deficit	(663,035)	(655,598)
Accumulated other comprehensive loss	(49,607)	(42,634)
Total shareholders' equity	128,772	178,523
Total liabilities and shareholders' equity	227,878	275,885

Condensed Interim Consolidated Statements of Cash Flows
(expressed in thousands of U.S. dollars, unaudited)

	Nine months ended December 31,	
	2024	2023
	\$	\$
Cash flows from (used in) operating activities		
Net loss	(7,437)	(19,560)
Items not affecting cash		
Amortization of contract acquisition costs	3,248	3,337
Depreciation of property and equipment	1,985	1,777
Amortization and impairment of intangible assets	2,205	5,926
Depreciation of right-of-use assets	1,091	1,182
Share-based payments	13,528	11,759
Interest on lease obligations	323	407
Deferred income tax recovery	(478)	(987)
Unrealized foreign exchange loss (gain)	(5,826)	1,113
Changes in non-cash working capital items	(4,368)	(5,388)
	4,271	(434)
Cash flows used in investing activities		
Additions to property and equipment	(836)	(953)
Additions to intangible assets	(17)	(23)
	(853)	(976)
Cash flows used in financing activities		
Proceeds from exercise of stock options	1,116	1,392
Tax withholding for net share settlement	(2,454)	(1,267)
Payments on lease obligations	(1,869)	(1,750)
Shares repurchased and cancelled	(46,868)	(29,649)
Repurchase of stock options	-	(4,553)
	(50,075)	(35,827)
Effect of foreign exchange rate changes on cash and cash equivalents	(821)	1,903
Decrease in cash and cash equivalents during the period	(47,478)	(35,334)
Cash and cash equivalents – beginning of period	166,586	198,452
Cash and cash equivalents – end of period	119,108	163,118
Cash	42,875	21,854
Cash equivalents	76,233	141,264