



Coveo Reports Second Quarter Fiscal 2025 Financial Results

*SaaS Subscription Revenue⁽¹⁾ of \$31.2 million, above the top end of previous guidance
Cash flows from operating activities of \$1.4 million, a 72% improvement year-over-year
Generative Answering customer base grows more than 50% since June 30, 2024
New and Expanded Partnerships with Salesforce, AWS, and Shopify*

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

MONTREAL and SAN FRANCISCO – November 4, 2024 – [Coveo](#) (TSX: CVO), the leading enterprise AI platform that brings AI search and generative AI ("GenAI") to every point-of-experience, enabling remarkable personalized digital experiences, today announced financial results for its second quarter of fiscal year 2025 ended September 30, 2024.

"After a period of thorough evaluation and education, we continue to witness a shift among enterprises towards the adoption of AI solutions that deliver proven results and strong ROI. Our second quarter further validated this trend, with robust demand from new and existing customers," said Louis Têtu, Chairman and CEO of Coveo. "We are building momentum as enterprises increasingly choose Coveo for personalized and efficient experiences that generate real business value. We are confident in our ability to sustain positive results and drive continued growth."

Second Quarter Fiscal 2025 Summary Financial Highlights

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

<i>In millions of U.S. Dollars, except as otherwise indicated</i>	Q2 2025	Q2 2024	Change
SaaS Subscription Revenue ⁽¹⁾	\$31.2	\$29.4	6%
Coveo core Platform ⁽²⁾	\$29.9	\$26.9	11%
Qubit Platform ⁽³⁾	\$1.3	\$2.5	(51%)
Total revenue	\$32.7	\$31.2	5%
Gross margin	79%	78%	1%
Product gross margin	82%	82%	-
Net loss	(\$5.4)	(\$6.5)	17%
Adjusted EBITDA ⁽⁴⁾	\$1.5	\$0.0	-
Cash flows from operating activities	\$1.4	\$0.8	72%

Second Quarter Fiscal 2025 Financial Highlights

(All comparisons are relative to the three-month period ended September 30, 2023, unless otherwise stated)

- SaaS Subscription Revenue⁽¹⁾ of \$31.2 million, an increase of 6% compared to \$29.4 million, surpassing the top end of guidance. Within this, SaaS Subscription Revenue for Coveo's core Platform⁽²⁾ was \$29.9 million, an increase of 11%.

- Total revenue was \$32.7 million compared to \$31.2 million, an increase of 5%, and above the top end of guidance.
- Gross margin was 79%, up from 78% in the prior period. Product gross margin was 82%, consistent with the prior year.
- Operating loss was \$4.8 million compared to \$10.2 million, and net loss was \$5.4 million compared to \$6.5 million.
- Adjusted EBITDA⁽⁴⁾ was \$1.5 million compared to \$0.0 million last year, and ahead of guidance.
- Cash flows from operating activities were \$1.4 million compared to \$0.8 million, an increase of 72%.
- Cash and cash equivalents were \$128.2 million as of September 30, 2024.
- Net Expansion Rate⁽¹⁾ of 100% as of September 30, 2024. Net Expansion Rate⁽¹⁾ was 104% excluding customer attrition from customers using the Qubit Platform⁽⁵⁾.

Other Business and Subsequent Highlights

- Positive bookings momentum fueled by a combination of new and existing clients.
- Achieved the highest number of new logo wins in the past 24 months, winning customers such as Dentsply Sirona, Philip Morris Products, C.H. Robinson and others.
- Growing demand for Coveo's Relevance Generative Answering solutions (CRGA), with more than 50% sequential increase in customer count. Customers such as SAP America, Zoom Video Communications, Extreme Networks and others adopted Coveo's CRGA in the quarter.
- In addition to strengthening customer demand, Coveo also announced new and expanded relationships with several key alliance partners:
 - Coveo unveiled a new partnership with Salesforce Data Cloud, providing enterprises with the ability to access content from Coveo within Data Cloud. On the back of this, Salesforce and Coveo have commenced joint advocacy showcasing Coveo's capability to solve complex data requirements and relevance for enterprise customers.
 - Separately announced last week, Coveo has partnered with Shopify to deliver best-in-class AI search and generative experiences to Shopify's expanding enterprise customer base. This will enable AI-powered product discovery and personalization, driving increased conversion and revenue.
 - Also announced last week, Coveo has joined Amazon Web Services ISV Accelerate program, bringing market-leading AI search, recommendations and generative experiences to AWS enterprise customers.
 - In August, Coveo disclosed a strategic partnership with Optimizely, to bring AI powered search and relevance across sites to deliver personalized experiences at scale.
- Coveo announced the launch of Relevance-Augmented Passage Retrieval API (RAPR API), empowering organizations to connect their own Large Language Models with the full power of the Coveo Platform. Customer participation in the beta program for RAPR API is oversubscribed.
- Announced the election of Eric Lamarre to the Board of Directors. With over 30 years of experience, Mr. Lamarre is widely recognized for his expertise in AI and digital transformation.
- The company renewed its normal course issuer bid to purchase for cancellation a maximum of 2,690,573 subordinate voting shares over the twelve-month period commencing on July 17, 2024. As of September 30, 2024, the Company repurchased for cancellation 809,685 subordinate voting shares for a total consideration of \$3.6 million.
- Coveo announced that it had completed the purchase of 6,493,506 of its subordinate voting shares (including 45,343 multiple voting shares on an as-converted basis) at C\$7.70 per share under its substantial issuer bid.

Financial Outlook

The company is encouraged by the strengthening customer demand for its AI powered solutions and continues to anticipate momentum in new sales to build in the second half of the fiscal year. The company is also seeing, in select cases, enterprises carefully managing budgets which is leading to lower near term Net Expansion Rates.

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.

Taking these factors into consideration, Coveo anticipates SaaS Subscription Revenue⁽¹⁾, Total Revenue, and Adjusted EBITDA⁽⁴⁾ for Q3 FY'25 and Full Year FY'25 as follows:

	Q3 FY'25	Full Year FY'25
SaaS Subscription Revenue ⁽¹⁾	\$31.8 – \$32.3 million	\$126.0 – \$130.0 million
Total Revenue	\$33.4 – \$33.9 million	\$133.0 – \$138.0 million
Adjusted EBITDA ⁽⁴⁾	\$0.0 – \$1.0 million	\$0.0 – \$4.0 million

For the Full Year FY'25, the company expects to remain within the previously issued guidance ranges, towards the low to midpoint of the ranges.

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.

Q2 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 second 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/3XEgCBp>

Use the link above to join the conference call without operator assistance. If you prefer to have operator assistance, please dial: 1-800-836-8184

Live Webcast: <https://app.webinar.net/xnOKyRalgo5>

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 September 30, 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 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 ending December 31, 2024 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 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 new generative AI solutions, both with new and existing customers, and our ability 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 www.sedarplus.ca. 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:

- The majority of the remaining Qubit SaaS ACV⁽⁶⁾ will churn by the end of the fiscal year, 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 building during fiscal 2025, with the second half 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 average Q2 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

We strongly believe that the future is business-to-person. That experiences are today’s competitive front line, a make or break for every business. We also believe that remarkable experiences not only enhance user satisfaction but also yield significant gains for enterprises. That is what we call the AI-experience advantage – the degree to which the content, products, recommendations, and advice presented to a person online aligns easily with their needs, intent, preferences, context, and behavior, resulting in superior business outcomes.

To realize this AI-experience advantage at scale, enterprises require a robust, spinal and composable infrastructure capable of unifying content securely and delivering AI search, AI recommendations, true personalization, and a trusted generative experience at every touchpoint with each individual customer, partner and employee. Coveo is dedicated to bringing this advantage to every point-of-experience, using powerful data and AI models to transform the enterprise in commerce, customer service, website, and workplace.

The Coveo platform is ISO 27001 and ISO 27018 certified, SOC2 compliant, and HIPAA compatible, with a 99.999% SLA available. We are a Salesforce AppExchange Partner, an SAP® Endorsed App, an Adobe Technology Gold Partner, a MACH Alliance member, and a Genesys AppFoundry® ISV Partner.

Coveo is a trademark of Coveo Solutions Inc.

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

	Three months ended September 30,		Six months ended September 30,	
	2024	2023	2024	2023
	\$	\$	\$	\$
Revenue				
SaaS subscription	31,174	29,406	61,731	57,941
Professional services	1,566	1,813	3,226	3,810
Total revenue	32,740	31,219	64,957	61,751
Cost of revenue				
SaaS subscription	5,558	5,323	11,175	10,451
Professional services	1,275	1,484	2,629	3,028
Total cost of revenue	6,833	6,807	13,804	13,479
Gross profit	25,907	24,412	51,153	48,272
Operating expenses				
Sales and marketing	14,072	13,898	28,599	27,358
Research and product development	8,648	8,700	19,045	17,882
General and administrative	6,233	6,814	12,896	13,623
Depreciation of property and equipment	628	595	1,375	1,172
Amortization and impairment of intangible assets	737	4,199	1,462	5,205
Depreciation of right-of-use assets	358	404	736	799
Total operating expenses	30,676	34,610	64,113	66,039
Operating loss	(4,769)	(10,198)	(12,960)	(17,767)
Net financial revenue	(1,262)	(1,630)	(2,988)	(3,307)
Foreign exchange loss (gain)	1,723	(1,260)	742	(256)
Loss before income tax expense (recovery)	(5,230)	(7,308)	(10,714)	(14,204)
Income tax expense (recovery)	147	(855)	767	(796)
Net loss	(5,377)	(6,453)	(11,481)	(13,408)
Net loss per share – Basic and diluted	(0.05)	(0.06)	(0.11)	(0.13)
Weighted average number of shares outstanding – Basic and diluted	98,409,854	102,807,185	100,665,293	104,223,916

Condenses Interim Consolidated Statements of 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 September 31,		Six months ended September 30,	
	2024	2023	2024	2023
	\$	\$	\$	\$
Share-based payments and related expenses				
SaaS subscription cost of revenue	222	230	360	466
Professional services cost of revenue	142	150	181	313
Sales and marketing	919	897	1,848	937
Research and product development	1,391	1,675	2,878	3,231
General and administrative	1,725	2,064	3,497	3,816
Share-based payments and related expenses	4,399	5,016	8,764	8,763

Reconciliation of Net Loss to Adjusted EBITDA

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

	Three months ended September 30,		Six months ended September 30,	
	2024	2023	2024	2023
	\$	\$	\$	\$
Net loss	(5,377)	(6,453)	(11,481)	(13,408)
Net financial revenue	(1,262)	(1,630)	(2,988)	(3,307)
Foreign exchange loss (gain)	1,723	(1,260)	742	(256)
Income tax expense (recovery)	147	(855)	767	(796)
Share-based payments and related expenses ⁽¹⁾	4,399	5,016	8,764	8,763
Amortization and impairment of intangible assets	737	4,199	1,462	5,205
Depreciation expenses ⁽²⁾	986	999	2,111	1,971
Transaction-related expenses ⁽³⁾	114	-	388	
Adjusted EBITDA	1,467	16	(235)	(1,828)

(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 September 30,		Six months ended September 30,	
	2024	2024	2024	2023
	\$	\$	\$	\$
Total revenue	32,740	31,219	64,957	61,751
Gross profit	25,907	24,412	51,153	48,272
<i>Gross margin</i>	79%	78%	79%	78%
Add: Share-based payments and related expenses	364	380	541	779
Adjusted Gross Profit	26,271	24,792	51,694	49,051
<i>Adjusted Gross Margin</i>	80%	79%	80%	79%
Product revenue	31,174	29,406	61,731	57,941
Product cost of revenue	5,558	5,323	11,175	10,451
Product gross profit	25,616	24,083	50,556	47,490
<i>Product gross margin</i>	82%	82%	82%	82%
Add: Share-based payments and related expenses	222	230	360	466
Adjusted Product Gross Profit	25,838	24,313	50,916	47,956
<i>Adjusted Product Gross Margin</i>	83%	83%	82%	83%
Professional services revenue	1,566	1,813	3,226	3,810
Professional services cost of revenue	1,275	1,484	2,629	3,028
Professional services gross profit	291	329	597	782
<i>Professional services gross margin</i>	19%	18%	19%	21%
Add: Share-based payments and related expenses	142	150	181	313
Adjusted Professional Services Gross Profit	433	479	778	1,095
<i>Adjusted Professional Services Gross Margin</i>	28%	26%	24%	29%

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

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

	Three months ended September 30,		Six months ended September 30,	
	2024	2023	2024	2023
	\$	\$	\$	\$
Sales and marketing expenses	14,072	13,898	28,599	27,358
<i>Sales and marketing expenses (% of total revenue)</i>	43%	45%	44%	44%
Less: Share-based payments and related expenses	919	897	1,848	937
Adjusted Sales and Marketing Expenses	13,153	13,001	26,751	26,421
<i>Adjusted Sales and Marketing Expenses (% of total revenue)</i>	40%	42%	41%	43%
Research and product development expenses	8,648	8,700	19,045	17,882
<i>Research and product development expenses (% of total revenue)</i>	26%	28%	29%	29%
Less: Share-based payments and related expenses	1,391	1,675	2,878	3,231
Adjusted Research and Product Development Expenses	7,257	7,025	16,167	14,651
<i>Adjusted Research & Product Development Expenses (% of total revenue)</i>	22%	23%	25%	24%
General and administrative expenses	6,233	6,814	12,896	13,623
<i>General and administrative expenses (% of total revenue)</i>	19%	22%	20%	22%
Less: Share-based payments and related expenses	1,725	2,064	3,497	3,816
Less: Transaction-related expenses	114	-	388	-
Adjusted General and Administrative Expenses	4,394	4,750	9,011	9,807
<i>Adjusted General and Administrative Expenses (% of total revenue)</i>	13%	15%	14%	16%

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

	September 30, 2024	March 31, 2024
	\$	\$
Assets		
Current assets		
Cash and cash equivalents	128,162	166,586
Trade and other receivables	27,312	29,947
Government assistance	7,089	9,987
Prepaid expenses	9,626	8,622
	172,189	215,142
Non-current assets		
Contract acquisition costs	9,904	10,168
Property and equipment	4,845	5,608
Intangible assets	7,627	8,710
Right-of-use assets	5,219	6,032
Deferred tax assets	3,002	4,265
Goodwill	26,911	25,960
Total assets	229,697	275,885
Liabilities		
Current liabilities		
Trade payable and accrued liabilities	20,592	21,822
Deferred revenue	63,228	64,731
Current portion of lease obligations	2,082	2,153
Accrued liability for shares to be repurchased under automatic securities purchase plan	5,179	-
	91,081	88,706
Non-current liabilities		
Lease obligations	5,850	6,885
Deferred tax liabilities	1,554	1,771
Total liabilities	98,485	97,362
Shareholders' Equity		
Share capital	777,340	836,271
Contributed surplus	67,074	40,484
Deficit	(672,370)	(655,598)
Accumulated other comprehensive loss	(40,832)	(42,634)
Total shareholders' equity	131,212	178,523
Total liabilities and shareholders' equity	229,697	275,885

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

	Six months ended September 30,	
	2024	2023
	\$	\$
Cash flows from operating activities		
Net loss	(11,481)	(13,408)
Items not affecting cash		
Amortization of contract acquisition costs	2,147	2,248
Depreciation of property and equipment	1,375	1,172
Amortization and impairment of intangible assets	1,462	5,205
Depreciation of right-of-use assets	736	799
Share-based payments	9,477	7,800
Interest on lease obligations	224	279
Deferred income tax expense (recovery)	778	(765)
Unrealized foreign exchange loss (gain)	646	(316)
Changes in non-cash working capital items	(910)	(1,179)
	4,454	1,835
Cash flows used in investing activities		
Additions to property and equipment	(554)	(626)
Additions to intangible assets	(9)	(21)
	(563)	(647)
Cash flows used in financing activities		
Proceeds from exercise of stock options	978	980
Tax withholding for net share settlement	(1,490)	(1,011)
Payments on lease obligations	(1,256)	(1,198)
Shares repurchased and cancelled	(40,588)	(26,353)
Repurchase of stock options	-	(4,553)
	(42,356)	(32,135)
Effect of foreign exchange rate changes on cash and cash equivalents	41	309
Decrease in cash and cash equivalents during the period	(38,424)	(30,638)
Cash and cash equivalents – beginning of period	166,586	198,452
Cash and cash equivalents – end of period	128,162	167,814
Cash	22,888	25,275
Cash equivalents	105,274	142,539