2nd Quarter Fiscal 2026 Report

Trusted to deliver

Built for growth

tecsys™

Management's Discussion and Analysis of Financial Condition and Results of Operations

This Management Discussion and Analysis ("MD&A") dated December 3, 2025, comments on our operations, financial performance and financial condition as at and for the three and six-month periods ended October 31, 2025 and October 31, 2024 and should be read in conjunction with the unaudited condensed interim consolidated financial statements of Tecsys Inc. ("Tecsys", the "Company") and Notes thereto and the annual report for the year ended April 30, 2025. The Company's second quarter of fiscal year 2026 ended on October 31, 2025.

The Company prepares its Financial Statements in accordance with IFRS Accounting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The Financial Statements are prepared by and are the responsibility of the Company's Management.

This document and the consolidated financial statements are expressed in Canadian dollars unless otherwise indicated. The functional currency of the Company and its subsidiaries is the Canadian dollar with the exception of its Danish subsidiaries whose functional currency is the Danish kroner.

The Financial Statements were authorized for issue by the Board of Directors on December 3, 2025. Additional information about Tecsys Inc., including copies of the continuous disclosure materials such as the annual information form and the management proxy circular, can be obtained from SEDAR+ at www.sedarplus.ca.

Forward-Looking Information

This management's discussion and analysis contains "forward-looking information" within the meaning of applicable securities legislation. Although the forward-looking information is based on what the Company believes are reasonable assumptions, current expectations, and estimates, investors are cautioned from placing undue reliance on this information since actual results may vary from the forward-looking information. Forward-looking information may be identified by the use of forward-looking terminology such as "believe", "intend", "may", "will", "expect", "estimate", "anticipate", "continue" or similar terms, variations of those terms or the negative of those terms, and the use of the conditional tense as well as similar expressions.

Such forward-looking information that is not historical fact, including statements based on management's belief and assumptions, cannot be considered as guarantees of future performance. They are subject to a number of risks and uncertainties, including but not limited to future economic conditions, the markets that the Company serves, the actions of competitors, major new technological trends, and other factors, many of which are beyond the Company's control, that could cause actual results to differ materially from those that are disclosed in or implied by such forward-looking information. The Company undertakes no obligation to update publicly any forward-looking information whether as a result of new information, future events or otherwise other than as required by applicable legislation. Important risk factors that may affect these expectations include, but are not limited to, the factors described under the section "Risks and Uncertainties" in the Company's annual report for the year ended April 30, 2025.

Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this management discussion and analysis. Such statements are based on a number of assumptions which may prove to be incorrect, including, but not limited to, assumptions about: (i) competitive environment; (ii) operating risks; (iii) the Company's management and employees; (iv) capital investment by the Company's customers; (v) customer project implementations; (vi) liquidity; (vii) current global financial and geopolitical conditions; (viii) implementation of the Company's commercial strategic plan; (ix) credit; (x) potential product liabilities and other lawsuits to which the Company may be subject; (xi) additional financing and dilution; (xii) market liquidity of the Company's common shares; (xiii) development of new products; (xiv) intellectual property and other proprietary rights; (xv) acquisition and expansion; (xvi) foreign currency; (xvii) interest rates; (xviii) technology and regulatory changes; (xix) internal information technology infrastructure and applications; (xx) cyber security; (xxi) the impact of ongoing international trade tensions; and (xxii) rapid developments in artificial intelligence (AI).

Use of non-IFRS Performance Measures

The Company uses certain non-IFRS financial performance measures in its MD&A and other communications which are described in the "Non-IFRS Performance Measures" section of this MD&A. The non-IFRS measures do not have any standardized meaning prescribed by IFRS and may not be comparable to similarly titled measures reported by other companies. Readers are cautioned that the disclosure of these metrics is meant to add to, and not to replace, the discussion of financial results determined in accordance with IFRS. Management uses both IFRS and non-IFRS measures when planning, monitoring and evaluating the Company's performance.

Overview

Tecsys is a global provider of cloud-based supply chain solutions that enable growth and agility across modern supply chains for competitive advantage. Tecsys caters to multiple complex, regulated and high-volume distribution industries. The Company's solutions include enterprise resource planning, warehouse management, distribution and transportation management, supply management at point of use, order management and fulfillment, financial management and analytics.

Customers running on Tecsys' supply chain platform have confidence they can execute with consistency, regardless of business fluctuations or changes in technology. As their businesses grow more complex, organizations operating on a Tecsys platform can adapt and scale to business needs or size, enabling them to expand and collaborate with customers, suppliers and partners as one borderless enterprise. The platform allows organizations to transform their supply chains for agility and performance at the speed that their growth requires. From demand planning to demand fulfillment, Tecsys puts power into the hands of both front-line workers and back-office planners, enabling business leaders to establish sustainable and scalable logistics so they can focus on the future of their products, services and people, not on their operational challenges.

The Company's customers consist primarily of healthcare and life sciences organizations, both providers and suppliers, in addition to customers requiring a high level of agility and control over their supply chains. These include retailers, third-party logistics providers, industrial and service parts distributors, and other high-volume distribution organizations. It serves a number of marquee brands located in the U.S., Canada, Europe and Australia, and continues to expand its global footprint across its principal markets.

The Company has five principal sources of revenue:

- Software as a service ("SaaS") subscription; the Company generates revenue from proprietary software under a SaaS model. SaaS subscriptions represent the right to access our software platform in a managed environment for a period of time. The Company enters into SaaS subscription agreements that are typically multi-year performance obligations with original contract terms of three to five years with auto-renewal provisions;
- Maintenance and support, which derives largely from the Company's legacy perpetual license installed base. Revenue from maintenance and support also results from selling hardware with attached maintenance which is part of our continuing business model. The Company enters into maintenance and support contracts that typically have an original term of one year and are subject to annual renewal;
- Professional services, including implementation, consulting and training services provided to customers, as well as reimbursable expenses;
- Licenses, including proprietary software as well as third-party software; and
- Hardware, including third-party hardware products and proprietary technology products.

The revenue mix for the three and six months ended October 31, 2025 and 2024 is as follows:

	Three Months Ended October 31,		**Six Months Ended October 31,**	
Revenue Mix %	**2025**	**2024**	**2025**	**2024**
SaaS	40%	38%	41%	37%
Maintenance and support	16%	18%	17%	19%
Professional services	35%	33%	35%	33%
License	0%	1%	0%	2%
Hardware	9%	10%	7%	9%

Tecsys expects SaaS revenue to continue to grow over time. Revenue from maintenance and support services relate in large part to our prior business model of selling perpetual licenses with attached maintenance and support fees. Revenue from maintenance and support services also results from selling hardware with attached maintenance which is part of our continuing business model. The Company expects maintenance and support services revenue to generally decline over time as new customers acquire SaaS subscriptions and existing customers eventually migrate to SaaS.

Key Performance Indicators ("KPI")

The Company uses certain key performance indicators in its MD&A and other communications which are described in the following section. These key performance indicators do not have any standardized meaning prescribed by IFRS and therefore may not be comparable to similarly titled indicators reported by other companies and cannot be reconciled to a directly comparable IFRS measure. Readers are cautioned that the disclosure of these metrics are meant to add to, and not to replace, the discussion of financial results determined in accordance with IFRS. Management uses IFRS and Non-IFRS measures as well as key performance indicators when planning, monitoring and evaluating the Company's performance.

Recurring Revenue and Backlog

Because SaaS is our primary growth driver and continues to represent a larger share of total revenue, management has refined its key performance indicators to focus on SaaS Annual Recurring Revenue ("SaaS ARR") rather than total ARR. SaaS ARR is defined as the contractually committed purchase of SaaS over the next twelve months. The quantification assumes that customers will renew their contractual commitments as they come up for renewal unless they have cancelled. This portion of revenue is predictable and stable, making SaaS ARR a strong leading indicator of near-term SaaS revenue. It is also a widely used metric to assess future revenue potential. As a result, SaaS ARR has also replaced SaaS bookings as a KPI.

Management uses SaaS Remaining Performance Obligation ("SaaS RPO") as a KPI. Our SaaS subscription agreements typically span three to five years, creating multi-year performance obligations. SaaS RPO reflects contracted revenue expected to be recognized in future periods from obligations that are unsatisfied or partially satisfied at the reporting date. Unlike SaaS ARR, which provides a one-year view, SaaS RPO captures the longer-term revenue visibility of our SaaS contracts.

For Professional Services, management relies on Professional Services Backlog as an indicator of near-term revenue potential. Professional Services Backlog refers to the value of contracted revenue that is not yet recognized. Given the inherent variability in quarterly bookings, and the stronger predictive value of backlog, Professional Services Backlog has replaced Professional Services bookings as the relevant KPI.

(in thousands of CAD)	**October 31, 2025**	**April 30, 2025**	**April 30, 2024**	**Q2 FY26 LTM Change %**
SaaS ARR	$ 81,072	$ 76,515	$ 63,442	16%
SaaS RPO	240,358	216,657	196,940	18%
Professional Services Backlog	39,249	48,949	32,146	14%

At October 31, 2025, the Company's SaaS ARR reached $81.1 million, reflecting a 16% increase year-over-year. The Elite™ Supply Chain Platform SaaS ARR, our core product and the predominant contributor to total SaaS ARR, grew by 21% over the same period.

Sequentially, SaaS ARR increased by $1.8 million in Q2 Fiscal 2026 compared to the prior quarter, as new bookings and the favorable impact from foreign exchange were partially offset by attrition among a small group of non-core customers.

Momentum from cumulative Elite™ SaaS bookings and renewals continues to translate into growth in SaaS RPO which was up 18% compared to Q2 Fiscal 2025. Professional Services Backlog remained robust in Q2 Fiscal 2026, up 14% compared to Q2 last year, but down 10% sequentially from the prior quarter after record professional services revenue in Q2 Fiscal 2026.

Results of Operations

The following table presents a summary of the results of operations:

	Three Months Ended October 31,		Six Months Ended October 31,	
(in thousands of CAD, except earnings per share)	**2025**	**2024**	**2025**	**2024**
Statement of Operations				
Revenue	$ 48,641	$ 42,442	$ 94,601	$ 84,718
Cost of revenue	23,287	21,994	45,679	44,542
Gross profit	25,354	20,448	48,922	40,176
Operating expenses	22,625	19,456	44,830	38,117
Profit from operations	2,729	992	4,092	2,059
Other income	187	193	211	360
Profit before income taxes	$ 2,916	$ 1,185	$ 4,303	$ 2,419
Income tax expense	1,150	427	1,775	863
Net Profit	$ 1,766	$ 758	$ 2,528	$ 1,556
Adjusted EBITDA[1]	$ 5,040	$ 2,942	$ 8,254	$ 5,533
Basic earnings per share	$ 0.12	$ 0.05	$ 0.17	$ 0.11
Diluted earnings per share	$ 0.12	$ 0.05	$ 0.17	$ 0.10

Non-IFRS Performance Measures

The terms and definitions of the non-IFRS measures used in this MD&A are provided below. These non-IFRS measures do not have any standardized meanings prescribed by IFRS and may not be comparable to similar measures presented by other companies. Accordingly, they should not be considered in isolation.

EBITDA and Adjusted EBITDA

EBITDA is calculated as earnings before interest expense, interest income, income taxes, depreciation and amortization. Adjusted EBITDA is calculated as EBITDA before stock-based compensation and restructuring costs. The exclusion of interest expense, interest income, income taxes and restructuring costs eliminates the impact on earnings derived from non-operational activities and non-recurring items, and the exclusion of depreciation, amortization and stock-based compensation eliminates the non-cash impact of these items.

The Company believes that these measures are useful measures of financial performance without the variation caused by the impacts of the items described above and that could potentially distort the analysis of trends in our operating performance. In addition, they are commonly used by investors and analysts to measure a company's performance,

[1] Refer to section ''Non-IFRS Performance Measures'' for definition.

its ability to service debt and to meet other payment obligations, or as a common valuation measurement. Excluding these items does not imply that they are necessarily non-recurring. Management believes these non-IFRS financial measures, in addition to conventional measures prepared in accordance with IFRS, enable investors to evaluate the Company's operating results, underlying performance and future prospects in a manner similar to management. Although EBITDA and Adjusted EBITDA are frequently used by securities analysts, lenders and others in their evaluation of companies, they have limitations as an analytical tool, and should not be considered in isolation, or as a substitute for analysis of the Company's results as reported under IFRS.

The reconciliation of EBITDA and Adjusted EBITDA to the most directly comparable IFRS measure is provided below.

	Three Months Ended October 31,		Six Months Ended October 31,	
(in thousands of CAD)	**2025**	**2024**	**2025**	**2024**
Net Profit for the period	$ 1,766	$ 758	$ 2,528	$ 1,556
Adjustments for:				
Depreciation of property and equipment and right-of-use assets	332	377	661	748
Amortization of deferred development costs	281	198	562	395
Amortization of other intangible assets	529	328	1,072	662
Interest expense	7	24	18	49
Interest income	(98)	(163)	(219)	(380)
Income taxes	1,150	427	1,775	863
EBITDA	$ 3,967	$ 1,949	$ 6,397	$ 3,893
Adjustments for:				
Stock based compensation	1,073	993	1,857	1,640
Adjusted EBITDA[2]	$ 5,040	$ 2,942	$ 8,254	$ 5,533

Constant currency

Financial results at constant currency allow results to be viewed without the impact of fluctuations in foreign currency exchange rates, thereby facilitating period-to-period comparisons in the analysis of trends in business performance. Financial results at constant currency are obtained by translating prior period results denominated in U.S. dollars and Danish kroner at the foreign exchange rates of the current period. Current period foreign exchange rates used in the constant currency translation include the impact of designated U.S. dollar revenue hedges.

Revenue

	Three Months Ended October 31,			Six Months Ended October 31,		
(in thousands of CAD)	**2025**	**2024**	**Change %**	**2025**	**2024**	**Change %**
SaaS	$ 19,654	$ 16,130	22%	$ 38,793	$ 31,444	23%
Maintenance and support	7,702	7,703	0%	15,559	16,418	-5%
Professional services	17,000	14,145	20%	33,039	27,532	20%
License	93	444	-79%	182	1,305	-86%
Hardware	4,192	4,020	4%	7,028	8,019	-12%
Total Revenue	$ 48,641	$ 42,442	15%	$ 94,601	$ 84,718	12%

2 Refer to section "Non-IFRS Performance Measures" for definition.

Total revenue for the three and six months ended October 31, 2025, was $48.6 million and $94.6 million, respectively, an increase of $6.2 million and $9.9 million compared to the same periods last year.

On a constant currency basis, total revenue for the three and six months ended October 31, 2025 grew by approximately 13% and 10% year-over-year, respectively, compared to the same periods last year.

For the second quarter of Fiscal 2026, total revenue excluding hardware increased by 16% year-over-year (14% on a constant currency basis). For the first half of Fiscal 2026, total revenue excluding hardware increased by 14% year-over-year (13% on a constant currency basis).

In Q2 Fiscal 2026, 75% of the Company's revenues were generated in U.S. dollars (73% in Q2 Fiscal 2025). The U.S. dollar averaged CA$1.3876 compared to CA$1.3650 last year. The stronger U.S. dollar, combined with partial hedging of U.S revenue, resulted in a net favorable foreign currency related revenue variance of $0.8 million compared to Q2 Fiscal 2025.

During the first half of Fiscal 2026, 73% of the Company's revenues were generated in U.S. dollars (72% in the same period of Fiscal 2025). The U.S. dollar averaged CA$1.3809 compared to CA$1.3673 last year. The stronger U.S. dollar, combined with partial hedging of U.S revenue, resulted in a net favorable foreign currency related revenue variance of $0.9 million compared to the same period of Fiscal 2025.

SaaS revenue

SaaS revenue in the second quarter of Fiscal 2026 was $19.7 million, up $3.5 million compared to the second quarter of Fiscal 2025.

On a constant currency basis, SaaS revenue in the second quarter of Fiscal 2026 increased by approximately 20% compared to the same period in Fiscal 2025.

SaaS revenue in the first half of Fiscal 2026 was $38.8 million, up $7.3 million compared to the same period last year. The increase is driven by new SaaS revenue from recent bookings.

On a constant currency basis, SaaS revenue in the first half of Fiscal 2026 increased by approximately 22% compared to the same period in Fiscal 2025.

Maintenance and support revenue

Maintenance and support revenue for the three months ended October 31, 2025 was $7.7 million, flat compared to the same period of Fiscal 2025.

Maintenance and support revenue for the six months ended October 31, 2025 was $15.6 million, down $0.9 million compared to the same period of Fiscal 2025.

The Company expects maintenance and support revenue to generally decline over time as new customers acquire SaaS subscriptions and existing customers eventually migrate to SaaS.

Professional services revenue

Professional services revenue for the three months ended October 31, 2025 was $17.0 million, up $2.9 million compared to the same period of Fiscal 2025. Professional services revenue growth was underpinned by a robust backlog entering the quarter and reinforced by ongoing momentum in implementation demand.

On a constant currency basis, professional services revenue in the second quarter of Fiscal 2026 increased by approximately 18% compared to the same period in Fiscal 2025.

Professional services revenue for the six months ended October 31, 2025 was $33.0 million, up $5.5 million compared to the same period of Fiscal 2025.

On a constant currency basis, professional services revenue in the first half of Fiscal 2026 increased by approximately 18% compared to the same period in Fiscal 2025.

License revenue

In the second quarter of Fiscal 2026, license revenue was $0.1 million, down $0.4 million compared to the same period of Fiscal 2025.

In the six months ended October 31, 2025, license revenue was $0.2 million, down $1.1 million compared to the same period of Fiscal 2025. The decline was driven by lower third party license revenue.

Hardware revenue

Hardware revenue for the three months ended October 31, 2025, was $4.2 million, up $0.2 million compared to the same period last year.

Hardware revenue for the six months ended October 31, 2025, was $7.0 million, down $1.0 million compared to the same period last year. While hardware revenue tends to be uneven, it is a key component of our market offering and thereby supports our recurring revenue business.

Cost of Revenue and Gross Profit

(in thousands of CAD)	Three Months Ended October 31, 2025	Three Months Ended October 31, 2024	Change %	Six Months Ended October 31, 2025	Six Months Ended October 31, 2024	Change %
Cost of revenue:						
SaaS, maintenance, support and professional services	$ 19,923	$ 18,586	7%	$ 40,105	$ 37,577	7%
License and hardware	3,364	3,408	-1%	5,574	6,965	-20%
Total cost of revenue	**23,287**	**21,994**	**6%**	**45,679**	**44,542**	**3%**
Gross profit & gross profit margin:						
SaaS, maintenance, support and professional services gross profit	$ 24,433	$ 19,392	26%	$ 47,286	$ 37,817	25%
Gross profit margin	55%	51%		54%	50%	
License and hardware gross profit	$ 921	$ 1,056	-13%	$ 1,636	$ 2,359	-31%
Gross profit margin	21%	24%		23%	25%	
Total gross profit	**$ 25,354**	**$ 20,448**	**24%**	**$ 48,922**	**$ 40,176**	**22%**
Total gross profit margin	**52%**	**48%**		**52%**	**47%**	

Total cost of revenue for the second quarter and first half of Fiscal 2026 was $23.3 million and $45.7 million, respectively, an increase of $1.3 million and $1.1 million, respectively, compared to the same periods in Fiscal 2025. The increase is driven by higher SaaS, maintenance, support and professional services costs, partly offset by lower license and hardware costs associated with lower revenue.

For the second quarter and first half of Fiscal 2026, the cost of SaaS, maintenance, support and professional services increased to $19.9 million and $40.1 million, respectively, compared to $18.6 million and $37.6 million, respectively for the same periods in Fiscal 2025. The increase in SaaS, maintenance, support and professional services costs was driven by increased direct costs from revenue growth, including higher employee costs and public cloud infrastructure costs. For the second quarter and first half of Fiscal 2026, the cost of SaaS, maintenance, support and professional services included tax credits of $1.0 million and $1.5 million, respectively, compared to $0.8 million and $1.4 million, respectively, for the same periods in Fiscal 2025.

In the second quarter of Fiscal 2026, gross profit was $25.4 million, up $4.9 million compared to the same period in Fiscal 2025. In the first half of Fiscal 2026, gross profit was $48.9 million, up $8.7 million compared to the same period in Fiscal 2025. The increase in gross profit in both the second quarter and first half of Fiscal 2026 was driven by higher SaaS, maintenance, support and professional services gross profit contribution.

As a percentage of revenue, total gross profit margin for the three months ended October 31, 2025 was 52% compared to 48% for the same period in Fiscal 2025. For the six months ended October 31, 2025, total gross profit margin was 52% compared to 47% for the same period of Fiscal 2025. SaaS margin expansion and higher professional services margins were the key drivers of increased gross profit margin in the second quarter and first half of Fiscal 2026.

License and hardware gross profit margin for the three months ended October 31, 2025 was 21% compared to 24% for the same period in Fiscal 2025. For the first half of Fiscal 2026, license and hardware gross profit margin was 23% compared to 25% for the same period of Fiscal 2025. The decline in license and hardware gross profit margin was driven by a greater proportion of lower-margin hardware revenue.

Operating Expenses

	Three Months Ended October 31,			Six Months Ended October 31,		
(in thousands of CAD)	**2025**	**2024**	**Change %**	**2025**	**2024**	**Change %**
Sales and marketing expenses	$ 9,908	$ 9,052	9%	$ 20,224	$ 17,404	16%
As a percentage of Total Revenue	20%	21%		21%	21%	
General and administration expenses	4,022	3,199	26%	7,407	6,177	20%
As a percentage of Total Revenue	8%	8%		8%	7%	
Research and development expenses, net of tax credits	8,695	7,205	21%	17,199	14,536	18%
As a percentage of Total Revenue	18%	17%		18%	17%	
Total operating expenses	**$ 22,625**	**$ 19,456**	**16%**	**$ 44,830**	**$ 38,117**	**18%**
As a percentage of Total Revenue	**47%**	**46%**		**47%**	**45%**	

Total operating expenses for the three and six months ended October 31, 2025 were $22.6 million and $44.8 million, respectively, an increase of $3.2 million and $6.7 million, respectively, compared to the same periods in Fiscal 2025. During the three and six months ended October 31, 2025, foreign exchange had an unfavorable impact on expenses of $0.3 million, when compared to the same periods in Fiscal 2025.

Sales and marketing expenses

Sales and marketing expenses for the three months ended October 31, 2025 were $9.9 million, an increase of $0.9 million compared to the same period in Fiscal 2025. The increase is mainly attributed to higher personnel costs, amortization of intangible assets (acquired customer contracts; refer to Note 3 of the condensed interim consolidated financial statements) and marketing programs.

Sales and marketing expenses for the six months ended October 31, 2025 were $20.2 million, an increase of $2.8 million compared to the same period in Fiscal 2025. The increase was primarily driven by higher personnel costs, user conference costs and marketing programs and amortization of intangible assets.

General and administrative expenses

General and administrative expenses for the second quarter of Fiscal 2026 were $4.0 million, an increase of $0.8 million when compared to the same period in Fiscal 2025. General and administrative expenses for the six months ended October 31, 2025 were $7.4 million, an increase of $1.2 million compared to the same period in Fiscal 2025.

The increase resulted primarily from higher bad debt expense recognized in the second quarter as well as higher personnel costs and professional fees.

Net R&D expenses

Net R&D expenses for the three months ended October 31, 2025 were $8.7 million, an increase of $1.5 million from the same period last year. Net R&D expenses for the first half of Fiscal 2026 were $17.2 million, an increase of $2.7 million from the same period last year. The increase resulted primarily from higher personnel costs and other R&D costs.

For the three and six months ended October 31, 2025, the Company deferred development costs of $0.4 million and $0.9 million, respectively, flat compared to the same periods in Fiscal 2025. In the second quarter of Fiscal 2026, the Company amortized deferred development costs of $0.3 million compared to $0.2 million in the same period of Fiscal 2025. In the first half of Fiscal 2026, the Company amortized deferred development costs of $0.6 million in comparison to $0.4 million for the same period last year.

In the second quarter of Fiscal 2026 and Fiscal 2025, the Company recorded R&D tax credits and e-business tax credits of $1.0 million. In the first half of Fiscal 2026, the Company recorded R&D tax credits and e-business tax credits of $2.0 million compared to $1.9 million in the same period last year.

Other Income and Income Tax Expense

(in thousands of CAD)	Three Months Ended October 31, 2025	Three Months Ended October 31, 2024	Six Months Ended October 31, 2025	Six Months Ended October 31, 2024
Other income	$ 187	$ 193	$ 211	$ 360
Income Tax Expense	1,150	427	1,775	863
Income Tax Expense as a percentage of profit before income taxes	39%	36%	41%	36%

Other costs and income for the three and six months ended October 31, 2025 consisted primarily of interest income on short-term investments and foreign exchange gain.

Income tax expense for the three and six months ended October 31, 2025 increased by $0.7 million and $0.9 million, respectively, compared to the same periods last year. The increase in income tax expense is due primarily to higher pre-tax profits in the current periods.

Net Profit

(in thousands of CAD, except earnings per share)	Three Months Ended October 31, 2025	Three Months Ended October 31, 2024	Change %	Six Months Ended October 31, 2025	Six Months Ended October 31, 2024	Change %
Net Profit	$ 1,766	$ 758	133%	$ 2,528	$ 1,556	62%
Adjusted EBITDA[3]	$ 5,040	$ 2,942	71%	$ 8,254	$ 5,533	49%
Basic earnings per share	$ 0.12	$ 0.05	140%	$ 0.17	$ 0.11	55%
Diluted earnings per share	$ 0.12	$ 0.05	140%	$ 0.17	$ 0.10	70%

Net profit, Adjusted EBITDA and earnings per share for the second quarter and first half of Fiscal 2026 benefited

[3] Refer to section "Non-IFRS Performance Measures" for definition.

from higher contributions from SaaS and professional services, partially offset by increased operating expenses. Net profit and earnings per share were affected by higher amortization of acquired intangible assets, stock-based compensation expense and income tax expense compared to the same periods last year. In Q2 Fiscal 2026, foreign exchange had a favorable impact of $0.5 million on net profit, Adjusted EBITDA and earnings per share compared to the same period last year. In the first half of Fiscal 2026, foreign exchange had a favorable impact of $0.6 million on net profit, Adjusted EBITDA and earnings per share compared to the same period last year.

Quarterly Selected Financial Data

The following table summarizes selected results for the eight most recently completed quarters to October 31, 2025:

	FY 2026		FY 2025				FY 2024	
(in thousands of CAD, except earnings per share)	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
SaaS revenue	$ 19,654	$ 19,139	$ 18,375	$ 17,252	$ 16,130	$ 15,314	$ 14,191	$ 14,160
Total revenue	48,641	45,960	46,555	45,181	42,442	42,276	43,955	43,823
Net Profit	1,766	762	1,710	1,193	758	798	259	759
Comprehensive income (loss)	821	12	9,858	(4,085)	410	935	(1,826)	4,770
Adjusted EBITDA[3]	5,040	3,214	4,305	3,535	2,942	2,591	2,780	2,640
Basic earnings per share	$ 0.12	$ 0.05	$ 0.12	$ 0.08	$ 0.05	$ 0.05	$ 0.02	$ 0.05
Diluted earnings per share	$ 0.12	$ 0.05	$ 0.11	$ 0.08	$ 0.05	$ 0.05	$ 0.02	$ 0.05

SaaS revenue has shown sustained growth over the last eight quarters. Total revenue growth during this period has been impacted by fluctuations in professional services revenue and hardware revenue and a general decline in legacy maintenance & support revenue and license revenue as the business model shifts to SaaS. Comprehensive income (loss) is impacted by foreign exchange movements resulting from revenue hedging.

Liquidity and Capital Resources

(in thousands of CAD)	October 31, 2025	April 30, 2025
Current assets	$ 80,588	$ 89,904
Current liabilities	$ 64,314	$ 67,982

On October 31, 2025, current assets totaled $80.6 million, down $9.3 million, compared to $89.9 million at the end of Fiscal 2025. The decrease is mainly due to cash and cash equivalents as further described below.

Current liabilities on October 31, 2025, totaled $64.3 million, down $3.7 million, compared to $68.0 million at the end of Fiscal 2025. The decrease is mainly due to deferred revenue and accounts payable and accrued liabilities.

(in thousands of CAD)	October 31, 2025	April 30, 2025
Cash and cash equivalents	$ 18,560	$ 27,580
Short-term investments	11,908	11,712
	$ 30,468	$ 39,292

Cash and cash equivalents combined with short-term investments decreased by $8.8 million to $30.5 million compared to $39.3 million at the end of Fiscal 2025. The decrease is mainly due to (1) cash outflows from share repurchases under our Normal Course Issuer Bid, (2) payment of dividends, (3) acquisition of intangible assets, (4) investment in property and equipment primarily related to our new Montreal office, and (5) investment in deferred development costs partially offset by cash inflows from operating activities.

		Three Months Ended October 31,			Six Months Ended October 31,			
Cash inflow (outflow) by activity (in thousands of CAD)		**2025**		**2024**		**2025**		**2024**
Operating Activities	$	5,810	$	6,128	$	1,153	$	223
Financing Activities		(5,527)		(4,377)		(6,233)		(6,534)
Investing Activities		(901)		4,392		(3,940)		4,303
Net cash (outflows) inflows	$	(618)	$	6,143	$	(9,020)	$	(2,008)

Operating Activities

Operating activities provided $5.8 million of cash in the second quarter of Fiscal 2026 in comparison to $6.1 million of cash provided in the second quarter of Fiscal 2025. In the second quarter of Fiscal 2026, cash from operating activities excluding changes in non-cash working capital increased by $1.6 million, while cash inflows from non-cash working capital items decreased by $1.9 million compared to the same period last year.

Operating activities provided $1.2 million of cash in the first half of Fiscal 2026 in comparison to $0.2 million in the same period of Fiscal 2025. In the first half of Fiscal 2026, cash from operating activities excluding changes in non-cash working capital increased by $2.6 million, while cash outflows from non-cash working capital items increased by $1.6 million compared to the same period last year.

Financing Activities

Cash used in financing activities was $5.5 million for the second quarter of Fiscal 2026 in comparison to $4.4 million used in the second quarter of Fiscal 2025. Cash used in financing activities was $6.2 million for the first half of Fiscal 2026 compared to $6.5 million used for the same period in Fiscal 2025. Cash flow used in financing activities was primarily the result of shares repurchased and cancelled under our Normal Course Issuer Bid and payments of dividends.

Investing Activities

In the second quarter of Fiscal 2026, investing activities used funds of $0.9 million compared to $4.4 million of cash provided in the second quarter of Fiscal 2025. The increase in cash used is primarily due to lower transfers from short-term investments.

In the first half of Fiscal 2026, investing activities used cash of $3.9 million compared to cash provided of $4.3 million for the same period of Fiscal 2025. The increase in cash used in investing activities is primarily due to lower transfers from short-term investments, higher acquisition of intangible assets and higher acquisitions of property and equipment.

The Company believes that funds on hand at October 31, 2025 together with cash flows from operations will be sufficient to meet its needs for working capital, R&D, capital expenditures and dividend policy, as well as to invest in long-term growth.

Related Party Transactions

Under the provisions of the share purchase plan for key management and other management employees, the Company provided interest-free loans to key management and other management employees of $0.7 million during the six months ended October 31, 2025 ($0.5 million for the same period last year) to facilitate their purchase of the Company’s common shares. As of October 31, 2025, loans outstanding amounted to $0.4 million (April 30, 2025 - $35 thousand).

Subsequent Events

On December 3, 2025, the Company's Board of Directors declared a quarterly dividend of $0.09 per share to be paid on January 6, 2026 to shareholders of record on December 17, 2025.

Current and Anticipated Impacts of Current Economic Conditions

Current overall economic conditions together with market uncertainty and volatility may have an adverse impact on the demand for the Company's products and services as the industry may adjust quickly to exercise caution on capital spending. This uncertainty may impact the Company's revenue.

Based on ARR of $109.5 million and Professional services backlog of $39.2 million as of October 31, 2025, the Company's management believes that total services revenue (including SaaS, maintenance and support and professional services revenue) ranging between $41.5 million and $42.5 million per quarter can be sustained in the short term.

Strategically, the Company continues to focus its efforts on the most likely opportunities within its existing vertical markets and customer base. The Company also currently offers SaaS subscriptions, modular sales and implementations and enhanced payment terms to promote revenue growth. We see continued market appetite for subscription-based SaaS licensing.

The exchange rate of the U.S. dollar in comparison to the Canadian dollar continues to be an important factor affecting revenues and profitability as the Company currently derives more than 70% of its business from U.S. customers while the majority of its cost base is in Canadian dollars.

The Company will continue to adjust its business model to ensure that costs are aligned to its revenue expectations and economic reality to the extent possible.

Outstanding Share Data

As at October 31, 2025, the Company had 14,747,721 common shares outstanding. The Company did not issue shares on the exercise of stock options in the second quarter of Fiscal 2026 (Fiscal 2025 – 11,362). During the first half of Fiscal 2026, the Company issued 12,615 shares on the exercise of stock options (Fiscal 2025 - 23,899).

In the second quarter of Fiscal 2026, the Company repurchased and cancelled 79,714 of its common shares as part of its ongoing Normal Course Issuer Bid (Fiscal 2025 – 51,600). In the first half of Fiscal 2026, the Company repurchased and cancelled 101,014 of its common shares as part of its ongoing Normal Course Issuer Bid (Fiscal 2025 – 111,200).

Critical Accounting Policies and Critical Accounting Judgements and Key Sources of Estimation Uncertainty

The Company's critical accounting policies are those that it believes are the most important in determining its financial condition and results.

The preparation of the consolidated financial statements in accordance with IFRS requires management to make estimates, assumptions, and judgments that affect the application of accounting policies and the reported amounts of assets and liabilities, and revenue and expenses. Reported amounts and note disclosures reflect the overall economic conditions that are most likely to occur and the anticipated measures that management intends to take. Actual results may differ from these estimates.

Reported amounts and note disclosures reflect the overall economic conditions that are most likely to occur and the anticipated measures that management intends to take. Actual results may differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

There have been no significant changes in the key sources of estimation uncertainty and judgements made in relation to the accounting policies applied to those disclosed in the Company's annual consolidated financial statements for the year ended April 30, 2025.

Controls & Procedures

Disclosure Controls and Procedures

Disclosure controls and procedures are designed to provide reasonable assurance that material information is gathered and reported to senior management on a timely basis so that appropriate decisions can be made regarding public disclosure. The Company's Chief Executive Officer (CEO) and its Chief Financial Officer (CFO) are responsible for establishing and maintaining disclosure controls and procedures regarding the communication of information. They are assisted in this responsibility by the Company's Executive Committee, which is composed of members of senior management. Based on the evaluation of the Company's disclosure controls and procedures, the Chief Executive Officer and Chief Financial Officer have concluded that these disclosure controls and procedures were effective as of October 31, 2025.

Internal Control over Financial Reporting

The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting ("ICFR") to provide reasonable assurance regarding the reliability of the Company's financial reporting and its compliance with IFRS in its Financial Statements. The control framework that was designed by the Company's ICFR is in accordance with the framework criteria established in Internal Control Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013) (COSO).

No changes to internal controls over financial reporting have come to management's attention during the three-month period ending on October 31, 2025, that have materially affected or are reasonably likely to materially affect internal controls over financial reporting.

Supplemental Information

Reconciliation of EBITDA and Adjusted EBITDA to the most directly comparable IFRS measure

	FY 2026		FY 2025				FY 2024	
(in thousands of CAD)	**Q2**	**Q1**	**Q4**	**Q3**	**Q2**	**Q1**	**Q4**	**Q3**
Net Profit	$ 1,766	$ 762	$ 1,710	$ 1,193	$ 758	$ 798	$ 259	$ 759
Adjustments for:								
Depreciation of property and equipment and right-of-use assets	332	329	349	376	377	371	361	355
Amortization of deferred development costs	281	281	184	190	198	197	147	147
Amortization of other intangible assets	529	543	320	322	328	334	347	356
Interest expense	7	11	15	18	24	25	27	45
Interest income	(98)	(121)	(111)	(150)	(163)	(217)	(233)	(260)
Income taxes	1,150	625	1,302	811	427	436	(781)	644
EBITDA	3,967	2,430	3,769	2,760	1,949	1,944	127	2,046
Adjustments for:								
Stock based compensation	1,073	784	536	775	993	647	531	594
Restructuring costs	-	-	-	-	-	-	2,122	-
Adjusted EBITDA	$ 5,040	$ 3,214	$ 4,305	$ 3,535	$ 2,942	$ 2,591	$ 2,780	$ 2,640

Condensed Interim Consolidated Financial Statements

(Unaudited)

TECSYS INC.

For the three and six-month periods ended October 31, 2025 and 2024

MANAGEMENT'S COMMENTS ON THE UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE AND SIX-MONTH PERIODS ENDED OCTOBER 31, 2025 and 2024

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

The accompanying unaudited condensed interim consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's Management.

The Company's independent Auditors, KPMG LLP, have not performed a review of these financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's Auditors.

Dated this 3rd day of December 2025.

Tecsys Inc.

Condensed Interim Consolidated Statements of Financial Position

(Unaudited)

(in thousands of Canadian dollars)

	Note	October 31, 2025	April 30, 2025
Assets			
Current assets			
Cash and cash equivalents		$ 18,560	$ 27,580
Short-term investments	4	11,908	11,712
Accounts receivable		23,103	23,943
Work in progress		6,249	7,436
Other receivables		609	274
Tax credits		8,788	6,390
Inventory		1,901	1,870
Prepaid expenses and other	5	9,470	10,699
Total current assets		80,588	89,904
Non-current assets			
Other long-term receivables and assets	10	927	1,457
Tax credits		7,265	6,120
Property and equipment		1,753	1,164
Right-of-use assets		201	836
Contract acquisition costs	5	4,279	5,017
Deferred development costs		4,199	3,838
Other intangible assets	3	8,481	6,726
Goodwill		18,021	17,827
Deferred tax assets		7,998	7,521
Total non-current assets		53,124	50,506
Total assets		**$ 133,712**	**$ 140,410**
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		$ 21,175	$ 22,367
Deferred revenue		42,824	45,025
Lease obligations		315	590
Total current liabilities		64,314	67,982
Non-current liabilities			
Other long-term accrued liabilities	10	906	33
Deferred tax liabilities		202	405
Lease obligations		122	728
Total non-current liabilities		1,230	1,166
Total liabilities		$ 65,544	$ 69,148
Equity			
Share capital	6	$ 57,624	$ 57,573
Contributed surplus		3,294	4,755
Retained earnings		7,711	7,700
Accumulated other comprehensive (loss) income	10	(461)	1,234
Total equity attributable to the owners of the Company		68,168	71,262
Total liabilities and equity		**$ 133,712**	**$ 140,410**

See accompanying notes to the unaudited condensed interim consolidated financial statements.

Tecsys Inc.

Condensed Interim Consolidated Statements of Income and Comprehensive Income

For the three and six-month periods ended October 31, 2025 and 2024
(Unaudited)
(in thousands of Canadian dollars, except per share data)

		Three Months Ended October 31,		Six Months Ended October 31,	
	Note	**2025**	**2024**	**2025**	**2024**
Revenue:					
SaaS		$ 19,654	$ 16,130	$ 38,793	$ 31,444
Maintenance and Support		7,702	7,703	15,559	16,418
Professional Services		17,000	14,145	33,039	27,532
License		93	444	182	1,305
Hardware		4,192	4,020	7,028	8,019
Total revenue		**48,641**	**42,442**	**94,601**	**84,718**
Cost of revenue	8	**23,287**	**21,994**	**45,679**	**44,542**
Gross profit		**25,354**	**20,448**	**48,922**	**40,176**
Operating expenses:					
Sales and marketing		9,908	9,052	20,224	17,404
General and administration		4,022	3,199	7,407	6,177
Research and development, net of tax credits		8,695	7,205	17,199	14,536
Total operating expenses		22,625	19,456	44,830	38,117
Profit from operations		**2,729**	**992**	**4,092**	**2,059**
Other income	9	187	193	211	360
Profit before income taxes		2,916	1,185	4,303	2,419
Income tax expense		1,150	427	1,775	863
Net profit		**$ 1,766**	**$ 758**	**$ 2,528**	**$ 1,556**
Other comprehensive (loss) income:					
Effective portion of changes in fair value on designated revenue hedges, net of tax	10	(1,221)	(513)	(1,968)	(533)
Exchange differences on translation of foreign operations	10	276	165	273	322
Comprehensive income		**$ 821**	**$ 410**	**$ 833**	**$ 1,345**
Basic earnings per common share	6	**$ 0.12**	**$ 0.05**	**$ 0.17**	**$ 0.11**
Diluted earnings per common share	6	**$ 0.12**	**$ 0.05**	**$ 0.17**	**$ 0.10**

See accompanying notes to the unaudited condensed interim consolidated financial statements.

Tecsys Inc.

Condensed Interim Consolidated Statements of Cash Flows

For the three and six-month periods ended October 31, 2025 and 2024
(Unaudited)
(in thousands of Canadian dollars)

	Note	Three Months Ended October 31, 2025	Three Months Ended October 31, 2024	Six Months Ended October 31, 2025	Six Months Ended October 31, 2024
Cash flows from operating activities:					
Net profit		$ 1,766	$ 758	$ 2,528	$ 1,556
Adjustments for:					
Depreciation of property and equipment and right-of-use-assets		332	377	661	748
Amortization of deferred development costs		281	198	562	395
Amortization of other intangible assets		529	328	1,072	662
Interest (income) expense and foreign exchange (gain)	9	(187)	(193)	(211)	(360)
Unrealized foreign exchange and other		184	206	(11)	83
Non-refundable tax credits		(630)	(505)	(1,146)	(934)
Stock-based compensation	6	1,073	993	1,857	1,640
Income taxes		620	184	1,240	187
Net cash from operating activities excluding changes in non-cash working capital items related to operations		3,968	2,346	6,552	3,977
Accounts receivable		(1,810)	(2,132)	943	302
Work in progress		(174)	2,245	1,207	(241)
Other receivables and assets		61	84	(519)	(436)
Tax credits		(1,422)	(1,325)	(2,397)	(2,359)
Inventory		160	(40)	(30)	(754)
Prepaid expenses		652	60	1,258	963
Contract acquisition costs	5	455	119	719	80
Accounts payable and accrued liabilities		2,212	1,119	(3,740)	(2,000)
Deferred revenue		1,708	3,652	(2,840)	691
Changes in non-cash working capital items related to operations		1,842	3,782	(5,399)	(3,754)
Net cash provided by operating activities		**5,810**	**6,128**	**1,153**	**223**
Cash flows from financing activities:					
Payment of lease obligations		(214)	(204)	(431)	(402)
Payment of dividends		(2,517)	(2,368)	(2,517)	(2,368)
Interest paid	9	(7)	(24)	(18)	(49)
Issuance of common shares on exercise of stock options		-	320	350	597
Shares repurchased and cancelled	6	(2,789)	(2,101)	(3,617)	(4,312)
Net cash used in financing activities		**(5,527)**	**(4,377)**	**(6,233)**	**(6,534)**
Cash flows from investing activities:					
Interest received	9	1	3	23	27
Transfers from short-term investments	4	-	5,022	-	5,570
Acquisitions of property and equipment		(497)	(200)	(1,065)	(409)
Acquisition of intangible assets	3	-	-	(1,975)	-
Deferred development costs		(405)	(433)	(923)	(885)
Net cash (used in) provided by investing activities		**(901)**	**4,392**	**(3,940)**	**4,303**
Net (decrease) increase in cash and cash equivalents during the period		(618)	6,143	(9,020)	(2,008)
Cash and cash equivalents - beginning of period		19,178	10,705	27,580	18,856
Cash and cash equivalents - end of period		**$ 18,560**	**$ 16,848**	**$ 18,560**	**$ 16,848**

See accompanying notes to the unaudited condensed interim consolidated financial statements.

Tecsys Inc.
Condensed Interim Consolidated Statements of Changes in Equity
For the six-month periods ended October 31, 2025 and 2024
(Unaudited)
(in thousands of Canadian dollars, except number of shares)

		Share capital											
	Note	Number		Amount		Contributed Surplus		Accumulated other comprehensive income (loss)		Retained earnings		Total
Balance, May 1, 2025		**14,836,120**	**$**	**57,573**	**$**	**4,755**	**$**	**1,234**	**$**	**7,700**	**$**	**71,262**
Net profit		-		-		-		-		2,528		2,528
Other comprehensive (loss) income:												
Effective portion of changes in fair value on designated revenue hedges	10	-		-		-		(1,968)		-		(1,968)
Exchange differences on translation of foreign operations	10	-		-		-		273		-		273
Total comprehensive (loss) income		**-**		**-**		**-**		**(1,695)**		**2,528**		**833**
Shares repurchased and cancelled	6	(101,014)		(398)		(3,219)		-		-		(3,617)
Stock-based compensation	6	-		-		1,857		-		-		1,857
Dividends to equity owners	6	-		-		-		-		(2,517)		(2,517)
Share options exercised	6	12,615		449		(99)		-		-		350
Total transactions with owners of the Company		**(88,399)**	**$**	**51**	**$**	**(1,461)**	**$**	**-**	**$**	**(2,517)**	**$**	**(3,927)**
Balance, October 31, 2025		**14,747,721**	**$**	**57,624**	**$**	**3,294**	**$**	**(461)**	**$**	**7,711**	**$**	**68,168**
Balance, May 1, 2024		**14,840,150**	**$**	**52,256**	**$**	**9,417**	**$**	**(1,425)**	**$**	**8,121**	**$**	**68,369**
Net profit		-		-		-		-		1,556		1,556
Other comprehensive (loss) income:												
Effective portion of changes in fair value on designated revenue hedges	10	-		-		-		(533)		-		(533)
Exchange differences on translation of foreign operations	10	-		-		-		322		-		322
Total comprehensive income		**-**		**-**		**-**		**(211)**		**1,556**		**1,345**
Shares repurchased and cancelled	6	(111,200)		(394)		(3,918)		-		-		(4,312)
Stock-based compensation	6	-		-		1,640		-		-		1,640
Dividends to equity owners	6	-		-		-		-		(2,368)		(2,368)
Share options exercised	6	23,899		766		(169)		-		-		597
Total transactions with owners of the Company		**(87,301)**	**$**	**372**	**$**	**(2,447)**	**$**	**-**	**$**	**(2,368)**	**$**	**(4,443)**
Balance, October 31, 2024		**14,752,849**	**$**	**52,628**	**$**	**6,970**	**$**	**(1,636)**	**$**	**7,309**	**$**	**65,271**

See accompanying notes to the unaudited condensed interim consolidated financial statements.

1. Description of business:

Tecsys Inc. (the "Company") was incorporated under the Canada Business Corporations Act in 1983. The Company's principal business activity is the development, marketing and sale of enterprise-wide supply chain management software for distribution, warehousing, transportation logistics, point-of-use and order management. The Company sells its software primarily on a subscription basis as Software as a Service. The Company also provides related consulting, training and support services. The Company is headquartered at 1801, McGill College Avenue, Montréal, Canada, and derives substantially all of its revenue from customers located in the United States, Canada and Europe. The Company's customers consist primarily of healthcare and life sciences organizations, both providers and suppliers, in addition to customers requiring a high level of agility and control over their supply chains. These include retailers, third-party logistics providers, industrial and service parts distributors, and other high-volume distribution organizations. The consolidated financial statements comprise the Company and its wholly-owned subsidiaries. The Company is a publicly listed entity and its shares are traded on the Toronto Stock Exchange under the symbol TCS.

2. Basis of preparation:

(a) Statement of compliance:

The Company's unaudited condensed interim consolidated financial statements and the notes thereto have been prepared in accordance with International Accounting Standards ("IAS") 34, Interim Financial Reporting as issued by the International Accounting Standards Board ("IASB"). They do not include all the information required in the full annual financial statements. Certain information and footnote disclosures normally included in annual financial statements were omitted or condensed where such information is not considered material to the understanding of the Company's interim financial information. As such, they should be read in conjunction with the consolidated financial statements of the Company as at and for the year ended April 30, 2025 ("Fiscal 2025").

The unaudited condensed interim consolidated financial statements were authorized for issue by the Board of Directors on December 3, 2025.

The preparation of financial data is based on accounting principles and practices consistent with those used in the preparation of the audited annual consolidated financial statements as at April 30, 2025.

(b) Functional and presentation currency:

The unaudited condensed interim consolidated financial statements are presented in Canadian dollars, which is the functional currency of the Company. All financial information presented in Canadian dollars has been rounded to the nearest thousand ($000) except when otherwise indicated.

(c) New standards and interpretations not yet adopted by the Company

Refer to the Company's audited annual consolidated financial statements for Fiscal 2025 for a discussion of new amendments not yet adopted.

3. Acquisition of intangible assets:

On May 1, 2025, the Company announced the establishment of a new subsidiary in India as part of an asset acquisition that included the hiring of an India-based team. The $2,700 acquisition is comprised of intangible assets and was paid for with cash of $1,975 and assumption of liabilities (primarily deferred revenue) of $725.

(in thousands of Canadian dollars, except per share data)

4. Short-term investments:

	Six Months Ended October 31, 2025	Twelve Months Ended April 30, 2025
Balance, beginning of period	$ 11,712	$ 16,713
Net withdrawals	-	(5,570)
Interest on short-term investments (note 9)	196	569
Balance, end of period	**$ 11,908**	**$ 11,712**

Short-term investment consists of Guaranteed Investment Certificates (GIC) with maturities of less than 3 months.

5. Contract acquisition costs:

The following table presents the contract acquisition costs for the Company:

	Six Months Ended October 31, 2025	Twelve Months Ended April 30, 2025
Balance, beginning of the period	$ 7,934	$ 6,844
Additions	816	3,735
Amortization	(1,535)	(2,645)
Balance, end of period	**$ 7,215**	**$ 7,934**

Presented as:

	October 31, 2025	April 30, 2025
Current	$ 2,936	$ 2,917
Non-current	$ 4,279	$ 5,017

The current portion of contract acquisition costs is included in Prepaid expenses and other in the unaudited condensed interim consolidated statements of financial position. Amortization of contract acquisition costs is recorded in sales and marketing expense.

(in thousands of Canadian dollars, except per share data)

6. Share capital and Stock option plan:

(a) Dividend policy:

The Company maintains a quarterly dividend policy. The declaration and payment of dividends is at the discretion of the Board of Directors, which will consider earnings, capital requirements, financial conditions and other such factors as the Board of Directors, in its sole discretion, deems relevant.

On June 26, 2025, the Company's Board of Directors declared a quarterly dividend of $0.085 per share, paid on August 1, 2025 to shareholders of record on July 11, 2025.

On September 4, 2025, the Company's Board of Directors declared a quarterly dividend of $0.085 per share, paid on October 3, 2025 to shareholders of record on September 19, 2025.

(b) Earnings per share:

The calculation of basic earnings per share is based on the profit attributable to common shareholders and the weighted average number of common shares outstanding. The calculation of diluted earnings per share is based on the profit attributable to common shareholders and the weighted average number of common shares outstanding after adjustment for the effects of all dilutive common shares.

Basic and diluted earnings per share are calculated as follows:

	Three Months Ended October 31,		Six Months Ended October 31,	
	2025	**2024**	**2025**	**2024**
Net profit, attributable to common shareholders	$ 1,766	$ 758	$ 2,528	$ 1,556
Weighted average number of basic common shares	14,798,881	14,785,494	14,816,493	14,795,579
Dilutive impact of stock options	70,077	148,588	93,810	113,106
Weighted average number of diluted common shares	14,868,958	14,934,082	14,910,303	14,908,685
Basic earnings per common share	$ 0.12	$ 0.05	$ 0.17	$ 0.11
Diluted earnings per common share	$ 0.12	$ 0.05	$ 0.17	$ 0.10

As at October 31, 2025, 602,954 and 562,234 options were excluded from the calculation of the three and six months weighted average number of diluted common shares, respectively, as their effect would have been anti-dilutive (295,222 and 461,764 for the comparative periods of Fiscal 2025).

(c) Stock option plan:

The Company has a stock option plan under which stock options may be granted to certain employees and directors. Under the terms of the plan, the Company may grant options up to 10% of its issued and outstanding shares. The stock option plan is administered by the Board of Directors who may determine, in accordance with the terms of the plan, the terms relating to each option, including the extent to which each option is exercisable during the term of the options.

The exercise price is generally determined based on the weighted average trading price of the Company's common shares for the 5 days prior to the date the Board of Directors grants the option.

(in thousands of Canadian dollars, except per share data)

6. Share capital and Stock option plan (continued):

(c) Stock option plan (continued):

The movement in outstanding stock options for the six months ended October 31, 2025 is as follows:

	Number of options		Weighted average exercise price
Outstanding at April 30, 2025	858,906	$	32.49
Granted	242,245		40.47
Exercised	(12,615)		27.75
Forfeited	(10,709)		38.24
Outstanding at October 31, 2025	1,077,827	$	34.28

The following table outlines the outstanding stock options of the Company as at October 31, 2025:

Grant Date	Fair value per option	Remaining contractual life in years	Number of options currently exercisable	Exercise price	Outstanding options
December 2, 2020	10.74	0.09	3,257	36.77	3,257
February 24, 2021	18.79	0.32	2,000	60.62	2,000
June 29, 2021	12.66	0.66	137,826	40.34	137,826
June 29, 2022	12.90	1.66	137,398	34.91	170,946
September 26, 2022	10.80	1.90	2,625	28.55	3,500
March 1, 2023	10.42	2.33	1,875	26.88	3,000
June 29, 2023	9.98	2.66	137,855	25.48	252,477
November 30, 2023	13.68	3.08	2,559	33.52	5,848
June 27, 2024	12.74	3.66	74,262	33.23	245,652
September 5, 2024	15.80	3.85	2,769	42.02	11,076
June 26, 2025	15.71	4.65	15,140	40.47	242,245

The issued options vest on quarterly straight-line basis (6.25% per quarter) over the vesting period of 4 years and must be exercised within 5 years from the date of grant.

(in thousands of Canadian dollars, except per share data)

6. Share capital and Stock option plan (continued):

(c) Stock option plan (continued):

The fair value of options granted on June 26, 2025, September 5, 2024 and June 27, 2024 were determined using the Black-Scholes option pricing model with the following assumptions:

	Fiscal 2026 June 26, 2025	September 5, 2024	Fiscal 2025 June 27, 2024
Exercise share price	$ 40.47	$ 42.02	$ 33.23
Expected option life (years)	5	5	5
Weighted average expected stock price volatility	43.26%	41.11%	42.10%
Weighted average dividend yield	0.82%	0.75%	0.93%
Weighted average risk-free interest rate	2.90%	2.96%	3.40%

For the three and six months ended October 31, 2025, the Company recognized stock-based compensation expense of $1,073 and $1,857 ($993 and $1,640 for the same periods of Fiscal 2025). The contributed surplus accounts are used to record the accumulated compensation expense related to equity-settled share-based compensation transactions. Upon exercise of stock options, the corresponding amounts previously credited to contributed surplus are transferred to share capital.

(d) Share capital:

On September 12, 2023, the Company announced its Notice of Intention to make a normal course issuer bid ("NCIB") with the Toronto Stock Exchange ("TSX"). The NCIB covered the twelve-month period commencing September 14, 2023 and ending September 13, 2024. On September 18, 2024, the Company announced that the TSX approved the renewal of the Company's NCIB for the twelve-month period commencing September 20, 2024 and ending September 19, 2025. Purchases under the NCIB were made at the prevailing market price at the time of acquisition, plus brokerage fees, through the facilities of the TSX and/or alternative Canadian trading systems, in accordance with the TSX's applicable policies. All common shares purchased under the NCIB were cancelled.

On September 17, 2025, the Company announced that the TSX approved the renewal of the Company's NCIB for the twelve-month period commencing September 20, 2025 and ending September 19, 2026. The Company intends to purchase up to 500,000 common shares, which represents 3.4% of its 14,814,835 issued and outstanding common shares as of September 9, 2025. Under the NCIB, other than purchases made under block purchase exemptions, the Company may purchase up to 2,378 common shares during any trading day, which represents 25% of 9,514, being the average daily trading volume for the six months ended August 31, 2025. These purchases will be made at the prevailing market price at the time of acquisition, plus brokerage fees, through the facilities of the TSX and/or alternative Canadian trading systems, in accordance with the TSX's applicable policies. All common shares purchased under the NCIB will be cancelled.

During the six-month period ended October 31, 2025 the Company purchased 101,014 (111,200 for the same period in Fiscal 2025) of its outstanding common shares for cancellation at an average price of $35.81 per share ($38.78 for the same period in Fiscal 2025). The total cost related to purchasing these shares, including other related costs, was $3,617 ($4,312 for the same period in Fiscal 2025). The excess of the purchase price over the net book value of these shares of $3,219 has been charged to contributed surplus ($3,918 for the same period in Fiscal 2025).

(in thousands of Canadian dollars, except per share data)

7. Remaining performance obligation:

The Company enters into SaaS subscription agreements and has historically entered into hosting agreements (classified under Maintenance and Support) that are typically multi-year performance obligations with original contract terms of three to five years. The Company enters into maintenance and support contracts other than hosting agreements that typically have an original term of one year and are subject to annual renewal. These contracts with an original term of one year (or less) are excluded from the table below.

The following table presents revenue expected to be recognized in the future related to SaaS and maintenance and support performance obligations that are part of a contract with an original duration of greater than one year and that are unsatisfied (or partially satisfied) at October 31, 2025:

	October 31, 2025				October 31, 2024
	Remainder of Fiscal 2026	Fiscal 2027	Fiscal 2028 and thereafter	Total	Total
SaaS	$ 39,187	$ 64,769	$ 136,402	$ 240,358	$ 203,761
Maintenance and support	514	169	-	683	1,048
	$ 39,701	**$ 64,938**	**$ 136,402**	**$ 241,041**	**$ 204,809**

8. Cost of revenue:

	Three Months Ended October 31,		Six Months Ended October 31,	
	2025	**2024**	**2025**	**2024**
SaaS, maintenance, support, and professional services:				
Gross expenses	$ 20,257	$ 18,893	$ 40,500	$ 38,081
Depreciation and Amortization	176	192	362	384
Reimbursable expenses	473	267	737	475
E-business tax credits	(983)	(766)	(1,494)	(1,363)
	$ 19,923	$ 18,586	$ 40,105	$ 37,577
License and hardware	3,364	3,408	5,574	6,965
Cost of revenue	**$ 23,287**	**$ 21,994**	**$ 45,679**	**$ 44,542**

(in thousands of Canadian dollars, except per share data)

9. Other income:

	Three Months Ended October 31, 2025	Three Months Ended October 31, 2024	Six Months Ended October 31, 2025	Six Months Ended October 31, 2024
Interest expense	$ (1)	$ (2)	$ (3)	$ (3)
Interest accretion expense – lease obligations	(6)	(22)	(15)	(46)
Foreign exchange gain	96	54	10	29
Interest income on short-term investments	97	160	196	353
Interest income - other	1	3	23	27
	$ 187	**$ 193**	**$ 211**	**$ 360**

10. Derivative instruments and risk management:

The Company is exposed to currency risk as a significant portion of the Company's revenues and expenses are incurred in U.S. dollars resulting in U.S. dollar-denominated accounts receivable and accounts payable and accrued liabilities. In addition, certain of the Company's cash and cash equivalents are denominated in U.S. dollars. These balances are therefore subject to gains or losses due to fluctuations in that currency.

The Company may enter into foreign exchange contracts in order to (a) offset the impact of the fluctuation of the U.S. dollar on its U.S. net monetary assets and (b) hedge highly probable future revenue denominated in U.S. dollars. The Company uses derivative financial instruments only for risk management purposes, not for generating trading profits. As such, any change in cash flows associated with derivative instruments is expected to be offset by changes in cash flows related to the net monetary position in the foreign currency and the recognition of highly probable future U.S. denominated revenue and related accounts receivable.

Non-hedge designated derivative instruments

The following table presents the Company's outstanding non-hedge designated derivative instruments as of October 31, 2025:

	Number of contracts	To sell	Contracts average exchange rate	Unrealized gain presented in assets	Unrealized loss presented in liabilities
October 31, 2025	-	US$ -	CA$ -	CA$ -	CA$ -
October 31, 2024	4	US$ 3,000	CA$ 1.3409	CA$ -	CA$ 158

On October 31, 2024, the foreign exchange contracts had maturities up to December 2024.

(in thousands of Canadian dollars, except per share data)

10. Derivative instruments and risk management (continued):

Revenue hedge designated derivative instruments

The following tables present the revenue hedge designated derivative instruments as of October 31, 2025:

	Number of contracts	To sell	Contracts average exchange rate	Unrealized gain presented in assets	Unrealized loss presented in liabilities
October 31, 2025	70	US$ 130,000	CA$ 1.3618	CA$ 254	CA$ 2,478
October 31, 2024	60	US$ 103,500	CA$ 1.3515	CA$ -	CA$ 2,411

On October 31, 2025, $906 of the unrealized loss was included in non-current liabilities ($568 on October 31, 2024). On October 31, 2025, $156 of the unrealized gain was included in non-current receivables ($nil on October 31, 2024). Of the US$130,000 open contracts to sell US Dollars on October 31, 2025, US$116,000 relates to future revenue hedges and US$14,000 relates to past revenue hedges (on October 31, 2024: US$91,000 and US$12,500 respectively).

Outstanding contracts related to highly probable future revenue		**Notional amount**
As of October 31, 2025 – Related to highly probable future revenue	US$	116,000
In the 12-month period through October 2026	US$	53,000
In the 18-month period through April 2028	US$	63,000
As of October 31, 2024 – Related to highly probable future revenue	US$	91,000
In the 12-month period through October 2025	US$	49,000
In the 12-month period through October 2026	US$	42,000

The following table represents the movement in accumulated other comprehensive (loss) income since the designation of hedging derivative instruments:

	Three Months Ended October 31,		**Six Months Ended October 31,**	
	2025	**2024**	**2025**	**2024**
Accumulated other comprehensive (loss) income on cash flow hedges as at the beginning of period	$ (99)	$ (1,313)	$ 648	$ (1,293)
Changes in fair value on derivatives designated as cash flow hedges, net of tax	(1,729)	(850)	(2,673)	(1,169)
Amounts reclassified from accumulated other comprehensive income to net earnings, and included in:				
Revenue	327	235	526	524
Other costs	181	102	179	112
Accumulated other comprehensive loss from cash flow hedges	$ (1,320)	$ (1,826)	$ (1,320)	$ (1,826)
Accumulated other comprehensive income - translation adjustment from foreign operations at the end of period	859	190	859	190
Total accumulated other comprehensive loss as at the end of period	**$ (461)**	**$ (1,636)**	**$ (461)**	**$ (1,636)**

(in thousands of Canadian dollars, except per share data)

10. Derivative instruments and risk management (continued):

Revenue hedge designated derivative instruments (continued)

As at October 31, 2025, the accumulated other comprehensive loss from cash flow hedges of $1,320 (2024 - $1,826) presented in accumulated other comprehensive loss is expected to be classified to net profit within the next 30 months (As at October 31, 2024 – 24 months).

11. Related party transactions:

Key management includes Board of Directors (executive and non-executive) and members of the Executive Committee that report directly to the President and Chief Executive Officer of the Company.

As at October 31, 2025, key management and their spouses control 16.3% (April 30, 2025 – 16.8%) of the issued common shares of the Company.

The compensation paid or payable to key management for employee services is as follows:

	Three Months Ended October 31,		Six Months Ended October 31,	
	2025	**2024**	**2025**	**2024**
Salaries, including bonus	$ 1,712	$ 1,524	$ 3,317	$ 2,964
Other short-term benefits	53	47	116	107
Payments to defined contribution plans	33	19	85	56
	$ 1,798	**$ 1,590**	**$ 3,518**	**$ 3,127**

Under the provisions of the share purchase plan for key management and other management employees, the Company provided interest-free loans to key management and other management employees of $nil (2025 - $nil) to facilitate their purchase of the Company's common shares during the three months ended October 31, 2025. During the six months ended October 31, 2025 the Company provided interest-free loans to key management and other management employees of $674 ($454 for the same period of Fiscal 2025) to facilitate their purchase of the Company's common shares. As of October 31, 2025, loans outstanding amounted to $398 (April 30, 2025 - $35) and are included in other receivables in the unaudited condensed interim consolidated statements of financial position.

(in thousands of Canadian dollars, except per share data)

12. Operating segment:

Management has organized the Company under one reportable segment: the development and marketing of enterprise-wide distribution software and related services.

Following is a summary of revenue by geographic location in which the Company's customers are located:

	Three Months Ended October 31,		Six Months Ended October 31,	
	2025	**2024**	**2025**	**2024**
United States	$ 36,298	$ 31,016	$ 69,428	$ 61,111
Canada	6,856	6,798	15,420	14,931
Europe	4,912	3,908	8,787	7,703
Other	575	720	966	973
	$ 48,641	**$ 42,442**	**$ 94,601**	**$ 84,718**

13. Subsequent event:

On December 3, 2025, the Company's Board of Directors declared a quarterly dividend of $0.09 per share to be paid on January 6, 2026 to shareholders of record on December 17, 2025.

Tecsys Inc.
1 Place Alexis Nihon
Suite 800
Montreal, Quebec H3Z 3B8
Canada
Tel: (800) 922-8649
(514) 866-0001
Fax: (450) 688-3288

www.tecsys.com