Management's Discussion & Analysis

For the three months ended March 31, 2025 and 2024

Vitalhub Corp.
480 University Avenue, Suite 1001, Toronto, ON M5G 1V2

FORWARD LOOKING STATEMENTS

This MD&A contains forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of words such as “plans”, “expects” or “does not expect”, “is expected”, “budgets”, “estimates”, “intends”, “anticipates” or “does not anticipate”, or “believes”, or “recurring”, or variations of such words and phrases or state certain actions, events or results “may”, “could”, “would”, “might” or “will” be taken, occur or achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance, or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. 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 MD&A. Such forward-looking statements are based on a number of assumptions which may prove to be incorrect, including but not limited to: the ability of the issuer to obtain financing if required; the economy generally; consumer interest in the services and products of the Company; competition; and anticipated and unanticipated costs. While the Company anticipates that subsequent events and developments may cause its views to change, the Company specifically disclaims any obligation to update these forward-looking statements except as may be required by applicable securities legislation. These forward looking statements should not be relied upon as representing the Company’s views as of any date subsequent to the date of this MD&A. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. The factors identified above are not intended to represent a complete list of the factors that could affect the Company.

GENERAL INFORMATION

The following Management's Discussion and Analysis of Financial Conditions and Results of Operations ("MD&A") prepared as of May 8, 2025 supplements, but does not form part of the unaudited interim condensed consolidated financial statements and notes of Vitalhub Corp. ("VitalHub", or the "Company") for the months ended March 31, 2025 and 2024.

The Company prepares its interim condensed consolidated financial statements in accordance with IFRS® Accounting Standards as set out in the Chartered Professional Accountants Canada Handbook ("CPA Canada Handbook"). All financial information contained in this MD&A and in the unaudited interim condensed consolidated financial statements have been prepared in accordance with IFRS except for certain "Non-IFRS Measures" as indicated in this MD&A.

All currency amounts in this MD&A are expressed in Canadian dollars, unless specified otherwise.

COMPANY PROFILE

Overview

VitalHub is a leading software company dedicated to empowering health and human services providers globally. VitalHub's comprehensive product suite includes electronic health records, operational intelligence, and workforce automation solutions that serve clients across the UK, Canada, and other geographies. The Company has a robust two-pronged growth strategy, targeting organic opportunities within its product suite and pursuing an aggressive M&A plan.

VitalHub is headquartered in Toronto with employees globally, across key regions and the VitalHub Innovations Lab in Sri Lanka. The Company's shares trade on the TSX under the symbol "VHI" and on the OTC Markets OTCQX Exchange under the symbol "VHIBF".

Products and services

VitalHub's portfolio of Patient Flow, Operational Visibility and Patient Journey Optimization solutions are designed for complex hospital and integrated health environments. Our technologies empower frontline teams, clinicians, and leadership to improve patient experiences and achieve higher levels of operational efficiency, resulting in safer care for patients. We deliver solutions which optimize patient flow, perioperative care, demand and capacity, virtual consultations, clinic management, and the patient journey. VitalHub solutions improve transparency and communication through real-time whole system visibility, integrated information for coordinated care, and optimization of patient movement.

VitalHub offers market leading Electronic Health Record ("EHR"), Case Management, Care Coordination and Optimization Solutions to Inpatient/Outpatient care providers, Long-Term Care, and Community and Social Services focused organizations. VitalHub's EHR suite of solutions go beyond standard clinical data collection. The solutions provide a comprehensive, holistic view of patients and clients at the point of care. Customers and partners work closely with the Company's development team to provide insights into what care providers need to help them advance delivery of care. The outcome has been solutions that are evidence-based repositories of patient and client medical history, diagnoses, medications, care plans etc. VitalHub EHR solutions are easy to use, workflow adaptable and customizable.

The Workforce Automation and Compliance suite integrates and centralizes workforce and compliance data to elevate user experience and reduce risks. VitalHub's solutions are simple, yet powerful technologies that enable integration and management of real-time data to support workforce management, health and safety compliance, health education and recruitment. The collection of tools span a number of industry sectors, including health, government, and education.

Two-pronged growth strategy

The Company has a two-pronged approach to growth, targeting organic growth opportunities within its product suite, and pursuing an aggressive merger and acquisition ("M&A") strategy. By combining similar software companies focused on Healthcare IT, growth and profitability can be increased. Research and development spend can be reduced by moving development into the VitalHub Innovation Lab located in Sri Lanka. This offshore development team is a wholly-owned subsidiary of the Company, critical to the strategy of providing cost and development technology synergies. General and Administrative functions can be consolidated, resulting in cost savings. VitalHub can cross-sell its products into the installed customer bases of the merged companies and can optimize sales and marketing processes across the organization, which can also drive sales growth. Since 2017, the Company has completed the following acquisitions:

1. B Sharp Technologies (B Care EHR), for patient information sharing, team and care coordination and communication;
2. HI Next (TREAT EHR), a participant management system that captures demographic and clinical data in standard modules; progress notes, assessments and interdisciplinary care plans;
3. Clarity EHR, an Ontario Mental Health-based web-based assessments company;
4. Roxy Software, whose flagship product, Pirouette, is a Software-as-a-Service ("SaaS") based software solution that allows community health agencies to manage their client activities;
5. MCAP from Oakgroup UK Limited. MCAP is a SaaS-based software solution that allows community health agencies to manage their client activities;
6. Oculys provides a real-time and predictive operational management system for hospitals, focusing on the efficiency and effectiveness of patient care;

7. Intouch with Health Ltd, a UK Patient Flow management solutions company;
8. Transforming Systems Ltd, a UK-based real-time access to information company operating in the health and social services sector;
9. S12 Solutions Ltd, a UK-based company that helps mental health professionals efficiently complete Mental Health Act 1983 processes;
10. Jayex Healthcare Limited, a leading UK and Australian e-health provider of integrated SaaS healthcare services delivery platforms;
11. Alamac Limited, a UK-based company that provides technological and advisory solutions that assist healthcare organizations across the NHS;
12. Beautiful Information Limited, a UK-based company that offers unique real-time information to NHS trusts to help them plan and resource clinical services to meet hourly fluctuations in patient flow;
13. Hicom Technology Limited, a UK-based company that develops software that automates healthcare and business processes;
14. Community Data Solutions, an Australian-based company, offering an online case management system and supporting products;
15. Advanced Digital Innovation (UK) Limited, with the product widely known as MyPathway. A digital health platform which is used to improve patient interactions during treatment;
16. Coyote Software Corporation, a Canadian-based company that specializes in tailored software solutions that streamline the workflows of health and social service organizations;
17. BookWise Solutions Limited, a UK-based company that offers specialist scheduling software for healthcare and corporate organizations ranging from general room booking software to more specialist scheduling systems;
18. Premier I.T. Partnerhship Limited, is a UK-based company, which offers market-leading workforce planning, development and performance solutions for the healthcare sector;
19. MedCurrent, a physician-founded Clinical Decision Support company based in Canada, is primarily focused on improving appropriateness of orders for medical imaging tests, and;
20. Strata Health, a Canadian-based company that designs, builds, and deploys software that improves access and navigation to care.

Customers

VitalHub serves over 1,000 customers across Canada, USA, UK, Australia, the Middle East, and Europe. The Company’s offerings serve a large addressable market for Digital Health Solutions. The focus has been on publicly funded acute hospital, mental health, community and social services sectors. VitalHub is a provider of Patient Flow, Operational Visibility, Patient Journey Optimization, Workforce Automation and Patient Engagement Solutions in the United Kingdom and Australia and in the Community and Social Services sector in Canada and Australia with its EHR, Case Management and Care Coordination solutions. VitalHub is growing in markets across Europe, the Caribbean, the Middle East, and Australia and cross-selling its new portfolio products into the markets where it has a strong presence.

Sales Strategy

The Company sells and markets its solutions in specific geographies through a team of sales leaders and sales development representatives. Marketing is multipronged and maintained via a variety of channels including the Company’s partner network, across social media, an active online presence, the Company’s participation in events and trade shows, by hosting webinars, and customer referrals. These efforts collectively support the sales team and contribute to driving organic growth. The Company primarily focuses on government funded healthcare systems in Canada and internationally including the UK, Australia, Qatar, and the UAE.

First Quarter 2025 Highlights

- **Revenue of $21,674,966 as compared to $15,256,791 in the equivalent prior year period, an increase of $6,418,175 or 42%.**
  This increase was due to organic growth coupled with revenue derived from acquisitions completed in 2024.
- **Gross profit as a percentage of revenue was 80% compared to 81% in the equivalent prior year period.**
  Gross profit as a percentage of revenue is largely dependent upon the sales mix, with perpetual and term licenses, maintenance and support generating a higher margin than services and hardware revenue. Gross profit as a percentage of revenue decreased due to the increased costs from acquisitions completed in 2024, plus the time it takes for synergies and cost savings to be recognized.
- **ARR (Non-IFRS measure) at March 31, 2025 was $73,687,666 as compared to $71,054,210 at December 31, 2024, an increase of $2,633,457 or 4%.**
  Over the quarter, ARR movement in Q1 2025 from Q4 2024 was attributable to the following:
  - Organic growth of $1,777,442 or 3%;
  - Gain of $856,014 or 1% due to fluctuations in foreign exchange rates.
- **ARR (Non-IFRS measure) at March 31, 2025 was $73,687,666 as compared to $47,834,002 at March 31, 2024, an increase of $25,853,664 or 54%.**
  Over the previous year, ARR movement in Q1 2025 from Q1 2024 was attributable to the following:
  - Organic growth of $6,707,848 or 14%;
  - Acquisition growth of $16,849,000 or 35%;
  - Gain of $2,296,816 or 5% due to fluctuations in foreign exchange rates.
- **Net income before income taxes of $1,487,413 as compared to $1,978,895 in the equivalent prior year period, a decrease of $491,482 or 25%.**
  The decrease was primarily a result of higher business acquisition, restructuring and integration costs from the acquisitions completed in 2024.
- **EBITDA (Non-IFRS measure) of $3,150,374 compared to $3,099,016 in the equivalent prior year period, an increase of $51,358 or 2%.**
  The increase was due to higher recurring revenues during the three months ended in March 31, 2025, as compared to the equivalent prior year period, coupled with an ongoing effort to manage costs and gain operating cost synergies.
- **Adjusted EBITDA (Non-IFRS measure) of $5,614,686 or 26% of revenue, compared to $4,044,932 or 27% of revenue in the equivalent prior year period, an increase of $1,569,754 or 39%.**
  The increase in adjusted EBITDA from Q1 2024 to Q1 2025 was primarily attributable to the higher recurring revenues in Q1 2025 as compared to Q1 2024, coupled with an ongoing effort to manage costs and gain operating cost synergies.
  The decrease in adjusted EBITDA as a percent of revenue from Q1 2024 to Q1 2025 was due to the increased costs from acquisitions completed in 2024, plus the time it takes for synergies and cost savings to be recognized.
  Due to the relatively high amortization of intangibles and periodic restructuring and integration costs from acquisitions, management believes that adjusted EBITDA as a percentage of revenue is a relevant KPI ("key performance indicator") to measure.
- **Cash on hand at March 31, 2025 was $91,213,771 compared to $56,574,904 as at December 31, 2024.**
  The movement is primarily due to a bought deal offering of approximately $32.2 million in net proceeds plus cash generated from operations.
- On April 10, 2025, the Company agreed the terms and conditions of a potential cash acquisition to acquire all of the issued and to be issued share capital of Induction Healthcare Group PLC ("Induction") by way of a court-sanctioned scheme of arrangement (the "Acquisition") under Part 26 of the Companies Act 2006 of the United Kingdom. Under the terms of the Acquisition, each Induction shareholder will be entitled to receive £0.10 in cash for each Induction share held, valuing Induction at approximately £9.7 million ($18.0 million). Induction delivers a suite of software solutions that transforms care delivery and the patient journey through hospitals. Induction's system-wide applications help healthcare providers and administrators deliver care at any stage remotely as well as face-to-face, giving the communities they serve greater flexibility, control and ease of access. Induction's primary products are Zesty and Attend Anywhere.

Selected Financial Information

	Three months ended				
	March 31, 2025	**% Revenue**	March 31, 2024	% Revenue	**Change**
	$		$		**%**
Revenue	**21,674,966**	**100%**	15,256,791	100%	**42%**
Cost of sales	**4,230,673**	**20%**	2,973,692	19%	**(42%)**
Gross profit	**17,444,293**	**80%**	12,283,099	81%	**42%**
Operating expenses					
General and administrative	**5,270,749**	**24%**	3,191,857	21%	**(65%)**
Sales and marketing	**2,029,012**	**9%**	1,696,464	11%	**(20%)**
Research and development	**5,220,183**	**24%**	3,418,122	22%	**(53%)**
Depreciation of property and equipment	**142,077**	**1%**	77,830	1%	**(83%)**
Depreciation of right-of-use assets	**119,896**	**1%**	106,762	1%	**(12%)**
Share-based compensation	**765,400**	**4%**	348,579	2%	**(120%)**
Foreign currency (gain)	**(694,407)**	**(3%)**	(68,276)	(0%)	**(917%)**
Other expenses (income)					
Amortization of intangible assets	**1,921,394**	**9%**	1,106,542	7%	**(74%)**
Business acquisition, restructuring and integration costs	**1,463,414**	**7%**	583,334	4%	**(151%)**
Loss on change in fair value of contingent consideration	**235,498**	**1%**	14,003	0%	**(1582%)**
Interest expense (net of interest income)	**(535,309)**	**(2%)**	(184,807)	(1%)	**190%**
Interest expense from lease liabilities	**14,903**	**0%**	13,794	0%	**(8%)**
Loss on disposal of property and equipment	**4,070**	**0%**	-	0%	**(100%)**
Current and deferred income taxes	**325,941**	**2%**	660,429	4%	**(51%)**
Net income	**1,161,472**	**5%**	1,318,466	9%	**(12%)**
EBITDA (Non-IFRS measure)	**3,150,374**	**15%**	3,099,016	20%	**2%**
Adjusted EBITDA (Non-IFRS measure)	**5,614,686**	**26%**	4,044,932	27%	**39%**
Annual recurring revenue (Non-IFRS measure)	**73,687,666**		47,834,002		**54%**
Term licences, maintenance and support revenue	**18,343,566**	**85%**	12,465,062	82%	**47%**

	As at	
	March 31, 2025	December 31, 2024
	$	$
Cash balance	**91,213,771**	56,574,904
Deferred revenue	**35,960,616**	35,636,002

REVENUE

The Company generates revenue from the sale of perpetual and annual renewable software licenses, maintenance and support, professional services, and hardware. Certain agreements provide for the delivery of application software and continuing post contract services, such as maintenance and support for the application software sold.

Revenue Composition	**Three months ended**		
	March 31, 2025	March 31, 2024	**Change**
	$	$	**%**
Term licenses, maintenance and support	**18,343,566**	12,465,062	**47%**
Perpetual licenses	**157,183**	121,771	**29%**
Services, hardware and other	**3,174,217**	2,669,958	**19%**
Total Revenues	**21,674,966**	15,256,791	**42%**

Revenue for Q1 2025 was $21,674,966, as compared to $15,256,791 in Q1 2024, an increase of $6,418,175 or 42%.

The changes are explained by:

- **An increase of $5,878,504 or 47% in term licenses, maintenance and support revenue from Q1 2024 to Q1 2025.**

  The positive increase reflects the impact of continued organic revenue growth in the Company's suite of products, coupled with revenue derived from acquisitions completed during 2024.

  Term licenses, maintenance and support represent an important strategic source of revenue given its predictability and recurring nature and represented 85% of revenues in Q1 2025 (Q1 2024 - 82%).

- **An increase of $35,412 or 29% in perpetual software licenses from Q1 2024 to Q1 2025.**

  Perpetual software licenses are dependent on the type of products sold. The increase was primarily attributable to the timing of deliveries of the Company's products. The Company's preferred sales model is term licenses.

- **An increase of $504,259 or 19% in services, hardware and other revenue from Q1 2024 to Q1 2025.**

  Professional services, hardware and other revenue can vary depending on the timing of hardware deliveries and the progression of customer projects. The increase is primary attributable to the revenue derived from acquisitions completed during 2024 coupled with deployment of the new and ongoing customer projects.

COST OF SALES, GROSS PROFIT AND EXPENSES

Cost of sales

Cost of sales consists of commissions, hosting, royalties, hardware, and employee salaries for development and support staff.

For Q1 2025, cost of sales was $4,230,673 or 20% of revenue, as compared to $2,973,692 or 19% of revenue for Q1 2024, an increase of $1,256,981 or 42%. The increase was primarily attributable to new acquisitions and costs associated with increased services revenue.

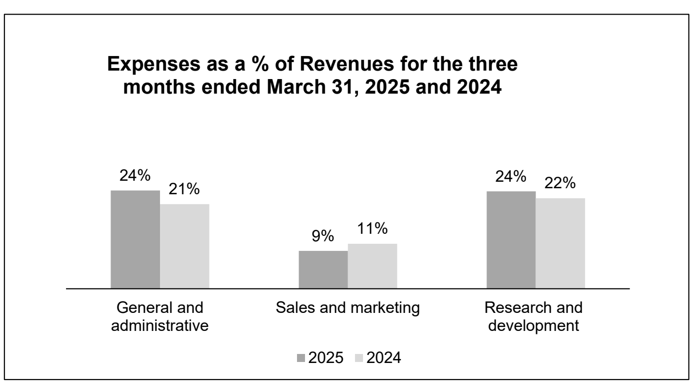
Cost of sales is largely dependent on sales mix. High margin perpetual licenses and recurring licenses, maintenance and support cost less to deliver, while professional services and hardware sales cost more to deliver. We anticipate cost of sales to fluctuate with increased revenues and based on the revenue mix. Management continuously works to improve margins by growing our recurring revenues, and by generating synergies on acquired businesses and overall efficiencies to reduce cost of sales.

Gross profit

Gross profit for Q1 2025, was $17,444,293 or 80% of revenue, as compared to $12,283,099 or 81% of revenue for Q1 2024, an increase of $5,161,194 or 42%.

Gross margin is in line with the Company's expectations although lower compared to the equivalent prior year period. Management continuously works to improve margins by generating synergies on acquired businesses and overall efficiencies to reduce cost of sales.

Gross profit as a percentage of revenue changes is largely dependent upon the sales mix, with perpetual and term licenses, and maintenance and support generating a higher margin than consulting services and hardware revenue. The positive increase in amount reflects both higher recurring revenue due to organic revenue growth, along with revenue from acquisitions completed during the previous year.



General and administrative expenses

General and administrative expenses include employee salaries related to finance and administration personnel, travel, professional fees (legal, audit, tax and consultants), public company expenses, listing fees and related expenses, and overhead expenses associated with maintaining the Company's office and premises.

General and administrative expenses for Q1 2025, were $5,270,749 or 24% of revenue, as compared to $3,191,857 or 21% of revenue for Q1 2024, an increase of 3% of revenue. Typically, following an acquisition, general and administrative expenses as a percentage of revenue increase until synergies from the acquisition are realized.

The increase in amount and percent of revenue during the three months ended March 31, 2025, as compared to the same period in the prior year was primarily attributable to an increase in acquisition activity in 2024.

Sales and marketing expenses

Sales and marketing expenses include the salaries, benefits, travel costs for our direct sales team, and marketing costs.

Sales and marketing expenses for Q1 2025 were $2,029,012 or 9% of revenue, as compared to $1,696,464 or 11% of revenue for Q1 2024, a decrease of 2% of revenue.

The increase in dollars was driven by increased costs from acquisitions completed in 2024.

Research and development expenses

Research and development ("R&D") expenses consist of the salaries, benefits, travel and training costs of our R&D team.

R&D expenses for Q1 2025 were $5,220,183 or 24% of revenue, as compared to $3,418,122 or 22% of revenue for the equivalent prior year period.

The increase in dollars was driven by increased costs from acquisitions completed in 2024 and additional resources added.

Depreciation and amortization

Depreciation consists of depreciation and amortization of the Company's tangible and intangible assets and right-of-use assets which include computers, furniture and fixtures, leasehold improvements, acquired technologies, customer relationships, brands and premise leases.

Depreciation and amortization for Q1 2025 was $2,183,367, as compared to $1,291,134 for Q1 2024, an increase of 69%.

With acquisitions, depreciation and amortization will continue to increase due to acquired intangible assets and the related amortization taken over their estimated useful lives which range from 2-14 years. While this is an income statement expense, it is a non-cash item.

Share-based compensation

Share-based compensation for Q1 2025 was $765,400, as compared to $348,579 for Q1 2024, an increase of 120%. The increase in the quarter is due to the issuance of share-based options in 2024.

Business acquisition, restructuring and integration costs

Business acquisition, restructuring and integration costs for Q1 2025 were $1,463,414, as compared to $583,334 for Q1 2024, an increase of $880,080 or 151%.

These expenses were recognized in connection with the acquisitions completed in 2024, with the majority of the costs relating to professional fees to acquire the businesses and employee restructuring to gain synergies across the organization.

Interest and accretion expense (net of interest income)

Interest expense consists of bank charges and accretion on contingent consideration net of interest income.

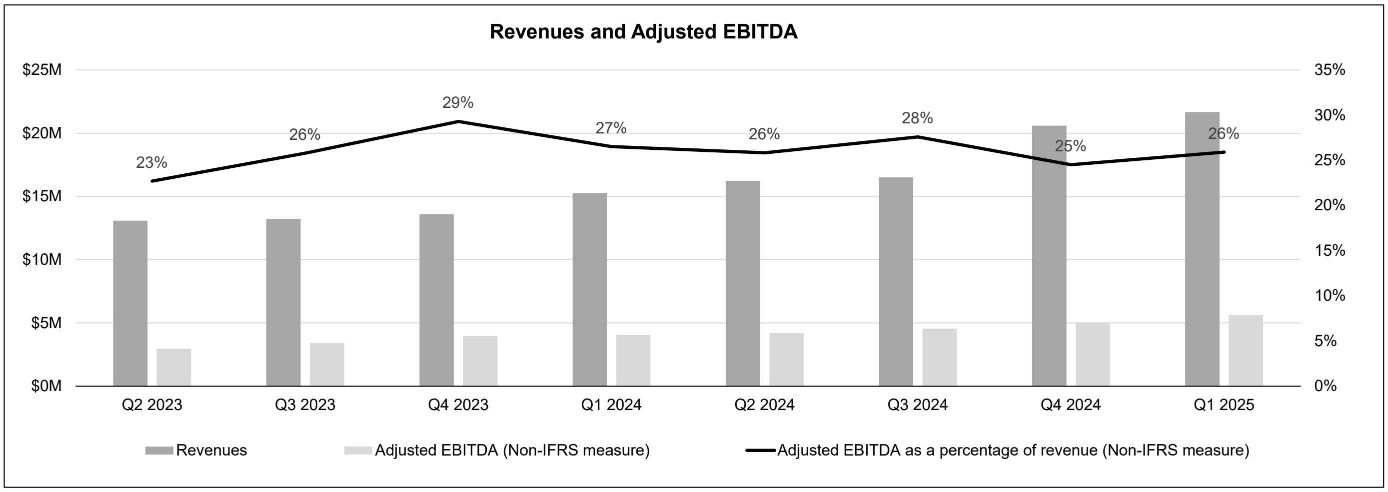
Interest income for Q1 2025 was $535,309, as compared to interest income of $184,807 for Q1 2024, an increase of $350,502.

The increase was due to the Company having more cash and cash equivalents on hand, along with higher interest rates, leading to higher interest earnings from short-term investments.

RESULTS OF OPERATIONS

The following table highlights selected financial information for the eight consecutive quarters ended March 31, 2025:

	Q2 2023	Q3 2023	Q4 2023	**Q1 2024**	Q2 2024	Q3 2024	Q4 2024	**Q1 2025**
Revenues ($)	13,085,441	13,224,264	13,603,419	**15,256,791**	16,237,605	16,509,135	20,590,779	**21,674,966**
Net income (loss) ($)	621,451	2,827,077	938,789	**1,318,466**	(335,053)	1,228,387	787,244	**1,161,472**
EBITDA (Non-IFRS measure) ($)	1,979,464	2,928,358	2,992,273	**3,099,016**	1,972,452	3,004,034	1,875,370	**3,150,374**
Adjusted EBITDA (Non-IFRS measure) ($)	2,970,322	3,411,871	3,985,553	**4,044,932**	4,193,985	4,554,597	5,046,758	**5,614,686**
Net income (loss) per share - basic and diluted ($)	0.02	0.07	0.03	**0.04**	(0.01)	0.03	0.02	**0.02**
Weighted average number of shares outstanding - basic	43,628,373	43,657,411	43,691,949	**43,854,629**	49,965,234	50,882,020	52,066,133	**55,468,448**
Weighted average number of shares outstanding - diluted	44,690,876	46,215,618	46,638,656	**45,017,991**	51,243,050	52,272,366	54,580,727	**57,606,987**



Due to the relatively high amortization of intangibles and periodic restructuring and integration costs from acquisitions, management believes that adjusted EBITDA as a percentage of revenue is a relevant KPI to measure. Adjusted EBITDA as a percentage of revenue is a non-IFRS measure.

OUTSTANDING SHARE DATA

Share Capital

The authorized capital of the Company consists of an unlimited number of common shares. As at March 31, 2025, the Company had 55,784,962 (December 31, 2024 - 52,619,817) common shares issued and outstanding. The increase in common shares is primarily due to a bought deal offering.

Deferred share units outstanding as at March 31, 2025 were 123,414 (December 31, 2024 - 123,414).

Share options outstanding as at March 31, 2025 were 3,738,368 (December 31, 2024 - 3,760,026) which entitle the holders to purchase one common share of the Company.

The number of exercisable share options as at March 31, 2025 was 2,383,438 (December 31, 2024 - 1,950,544).

FINANCIAL CONDITION

Liquidity and Capital Resources

As at March 31, 2025, the Company had $91,213,771 in cash and cash equivalents on hand, compared to $56,574,904 as at December 31, 2024.

The increase is primarily due to a bought deal offering of approximately $32,217,681 in net proceeds, plus cash generated from operations.

CASH PROVIDED BY OPERATING ACTIVITIES

	Three months ended		
	March 31, 2025	March 31, 2024	**Change**
	$	$	**$**
Net income	**1,161,472**	1,318,466	**(156,994)**
Items not affecting cash	**2,508,831**	1,599,234	**909,597**
Cash from operations before changes in working capital	**3,670,303**	2,917,700	**752,603**
Net change in non-cash working capital	**(1,006,325)**	(857,269)	**(149,056)**
Cash provided by operating activities	**2,663,978**	2,060,431	**603,547**

Cash provided by operating activities was $2,663,978 for the three months ended March 31, 2025, as compared to $2,060,431 for the same period last year, an increase of $603,547.

The increase is driven by an increase in accounts receivable due to the timing of billings and collections and additional deferred revenues from the acquisitions completed in the prior year.

CASH USED IN INVESTING ACTIVITIES

	Three months ended		
	March 31, 2025	March 31, 2024	**Change**
	$	$	**$**
Cash used in investing activities	**(72,603)**	(2,753,217)	**2,680,614**

Cash used in investing activities during the three months ended March 31, 2025 relates primarily to the purchase of property and equipment. Cash used in investing activities during the equivalent prior year period relates primarily to the net cash portion of the acquisition completed in Q1 2024.

CASH PROVIDED BY FINANCING ACTIVITIES

	Three months ended		
	March 31, 2025	March 31, 2024	**Change**
	$	$	**$**
Cash provided by financing activities	**32,166,433**	554,414	**31,612,019**

Cash provided by financing activities relates to principal payments on lease liabilities of $51,248 net of proceeds from a bought deal of $32,217,681.

CREDIT FACILITY

The Company has an agreement with The Bank of Nova Scotia ("Scotia") to provide a $5,000,000 operating credit limit, and a $60,000,000 revolving term facility. Depending on the type of advances, the operating credit limit and revolving term facility, bears interest at Scotia's prime rate/CORRA/SOFR plus an applicable margin.

The Company is subject to maintain the following covenants:

i) A Fixed Charge Coverage Ratio (calculated on a trailing 12-month basis that is) of not less than 1.20:1.

ii) Total Funded Debt to Combined EBITDA ratio (calculated on a trailing 12-month basis that is) of less than or equal to 3.75:1.

As at March 31, 2025, the Company is in compliance with all of its covenants, and has no debt outstanding.

CONTINGENT OFF-BALANCE SHEET AND OTHER ARRANGEMENTS

The Company has obligations with respect to licence, maintenance, and support arrangements for any 12-month period. This obligation is reflected on the Company's statement of financial position through its deferred revenue balance. The Company has no material off-balance sheet obligations or contingencies.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

This is a description of the Company's accounting estimates that are critical to determining the Company's financial results and changes to accounting policies.

The Company's Financial Statements are prepared in accordance with IFRS, which require the Company to make estimates and assumptions that affect the amounts reported in its Financial Statements. It has identified several policies as critical to the business operations and essential for an understanding of the results of operations. The application of these and other accounting policies are described in Note 3 of the Company's annual consolidated financial statements. There have been no significant changes in its critical accounting estimates from what was previously disclosed in its MD&A for the year ended December 31, 2024. These policies are incorporated herein by reference. Preparation of the Financial Statements requires the Company to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the Financial Statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could vary significantly from those estimates. Significant areas requiring the Company to make estimates include: the useful life of and value of assets, the valuation allowance of income tax accounts, the recognition of revenue and accrued liabilities.

INTERNAL CONTROL OVER FINANCIAL REPORTING

During the quarter, there were no changes that are likely to materially affect the internal control over the Company's financial reporting.

RECONCILIATION AND DEFINITION OF NON-IFRS MEASURES

Annual recurring revenue

Annual recurring revenue is defined as annual renewable software licence fees and maintenance services. The Company defines ARR as the recurring revenue that is expected based on yearly subscriptions of the renewable software license fees and maintenance services. Annual recurring revenue is a non-IFRS measure.

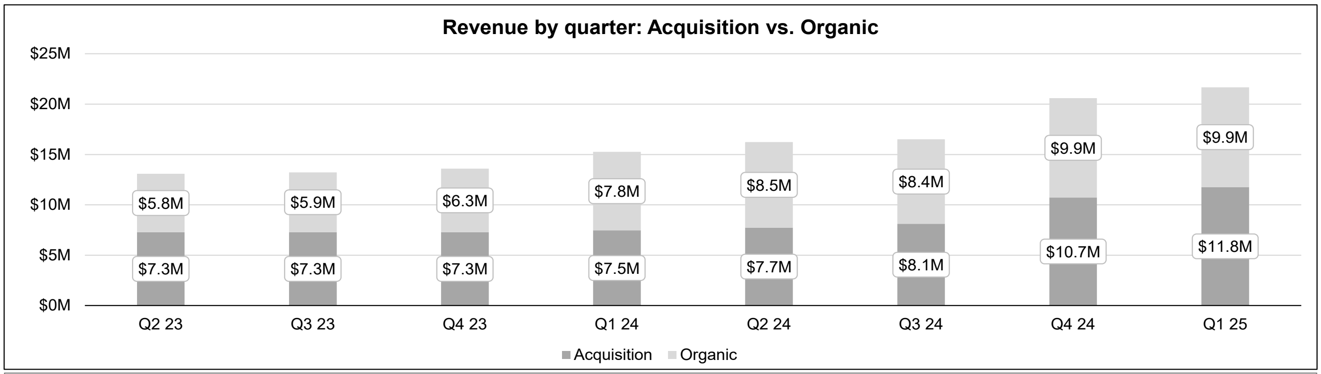
Annual Recurring Revenue	Q2 2023	Q3 2023	Q4 2023	**Q1 2024**	Q2 2024	Q3 2024	Q4 2024	**Q1 2025**
Opening balance ($)	39,634,517	41,008,702	42,612,166	**44,573,739**	47,834,002	51,283,570	53,452,108	**71,054,210**
Organic net of churn ($)	1,491,003	1,475,975	1,959,986	**1,545,513**	1,239,568	1,081,181	2,609,657	**1,777,442**
Organic net of churn (%)	4%	4%	5%	**3%**	3%	2%	5%	**3%**
Acquisition ($)	-	-	-	**1,062,500**	2,249,000	-	14,600,000	**-**
Acquisition (%)	0%	0%	0%	**2%**	5%	0%	27%	**0%**
Effect of foreign exchange	(116,818)	127,489	1,587	**652,250**	(39,000)	1,087,357	392,445	**856,014**
Effect of foreign exchange	(0%)	0%	0%	**1%**	(0%)	2%	1%	**1%**
Closing balance ($)	41,008,702	42,612,166	44,573,739	**47,834,002**	51,283,570	53,452,108	71,054,210	**73,687,666**

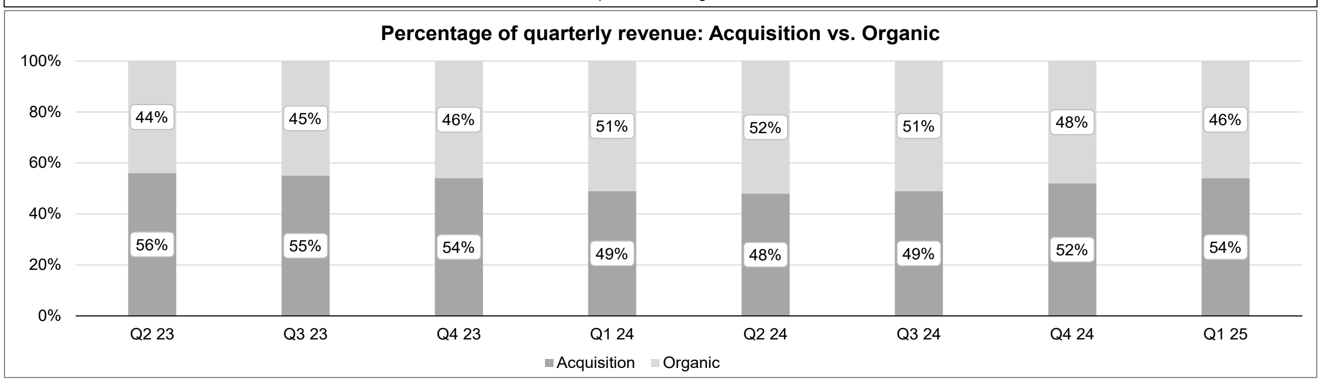
- **ARR (Non-IFRS measure) at March 31, 2025 was $73,687,666 as compared to $47,834,002 at March 31, 2024, an increase of $25,853,664 or 54%.**
  Over the previous year, ARR movement in Q1 2025 from Q1 2024 was attributable to the following:
  - Organic growth of $6,707,848 or 14%;
  - Acquisition growth of $16,849,000 or 35%;
  - Gain of $2,296,816 or 5% due to fluctuations in foreign exchange rates.

The continued increase in ARR growth is reflective of the Company's strategy to grow the business both organically and through acquisitions.

Acquisition and organic revenue

Acquisition revenue is defined as the annual contract value of recurring revenues of the acquired companies at the time of acquisition. Organic revenue growth is defined as the revenue over and above the acquisition revenues, including all recurring and non-recurring revenues. Acquisition revenue is a non-IFRS measure. These charts reflect the success of the Company's robust M&A strategy, coupled with the Company's ability to organically grow the businesses acquired, where appropriate.





Earnings before interest, taxation, depreciation, and amortization ("EBITDA")

EBITDA is a measure used by management to evaluate operational performance. It is also a common measure that is reported on and used by investors in determining a company's ability to incur and service debt, as well as a valuation methodology. Management believes EBITDA enhances the information provided in the Financial Statements. EBITDA is a non-IFRS measure and should not be considered an alternative to operating income or net income (loss) in measuring the Company's performance. EBITDA should not be used as an exclusive measure of cash flows because it does not consider the impact of working capital growth, capital expenditures, debt principal reductions and other sources and uses of cash which are disclosed in the interim condensed consolidated statements of cash flows.

The following chart reflects the Company's calculation of EBITDA:

	Three months ended	
	March 31, 2025	March 31, 2024
	$	$
Net income	**1,161,472**	1,318,466
Add: Interest	**(520,406)**	(171,013)
Add: Depreciation and amortization	**2,183,367**	1,291,134
Add: Current and deferred tax expense	**325,941**	660,429
EBITDA	**3,150,374**	3,099,016

Adjusted EBITDA

Adjusted EBITDA, defined as Earnings before interest, depreciation and amortization, taxation, share-based compensation, business acquisition, restructuring and integration costs are an additional measure used by management to evaluate cash flows and the Company's ability to service debt. Adjusted EBITDA is a non-IFRS measure and should not be considered an alternative to operating income or net income (loss) in measuring the Company's performance.

The following chart reflects the Company's calculation of adjusted EBITDA:

	Three months ended	
	March 31, 2025	March 31, 2024
	$	$
EBITDA	**3,150,374**	3,099,016
Add: Share and deferred-based compensation expense	**765,400**	348,579
Add: Business acquisition, restructuring and integration costs	**1,463,414**	583,334
Add: Loss on change in fair value of contingent consideration	**235,498**	14,003
Adjusted EBITDA	**5,614,686**	4,044,932