[00:00][Call begins]

Operator: Good day, everyone, and welcome to today's NamSys Annual Meeting. At this time, all participants are in a listen-only mode. Later, you will have the opportunity to ask questions during the question-and-answer session. You may register to ask a question at any time by pressing the star and 1 on your telephone keypad. Please note this call is being recorded, and I'll be standing by should you need any assistance. It is now my pleasure to turn the conference over to Nicole Sparks. Please go ahead.

Nicole Sparks: Good morning, everyone. Welcome to the Annual Meeting of Shareholders of NamSys Inc. My name is Nicole Sparks. I am the Chair of the Corporation, and in accordance with our bylaws, I will chair this meeting. Before we start the meeting, however, I would like to thank you all for attending via the virtual conference call facilities. I plan to deal with the formal parts of the meeting first, following which our CEO Jason Siemens will move forward with our virtual conference call presentation on the business and our outlook for the future. Questions will be taken from both the conference call participants as well as from shareholders.

Moving on then, the 2025 Annual Meeting of Shareholders of NamSys Inc. will now come to order. Sofie Pepermans of Cornerstone Governance will act as Secretary for the meeting, and the first item of business is the appointment of a scrutineer. Rosa Garofalo, Senior Relationship Manager of TSX Trust Company, has agreed to act as our scrutineer and is hereby so appointed. I have received a declaration prepared by an officer of the TSX Trust, indicating that the notice calling this meeting with the accompanying information circular and form of proxy were mailed on or about April 2nd, 2025, to shareholders of record as of March 21st, 2025, or alternatively were delivered to those shareholders intermediaries. I now declare that the meeting has been regularly called and properly constituted for the transaction of business.

As the first item of formal business, we will begin with the election of directors. I would like to take this opportunity to thank the board for their continued support and guidance in the affairs of the corporation. I now declare the meeting open for nomination of directors.

Christie Gray: Madam Chair, my name is Christie Gray. I am pleased to nominate the following persons for election of directors of the corporation for the ensuing year or until their successors are elected or appointed. Mr. Leslie T. Gord, Mr. Gabriel Bouchard Phillips, Mr. Michael Robb, Mr. Jason B. Siemens, and Ms. Nicole A. Sparks.

Nicole Sparks: Thank you, Christie. Are there any further nominations? In the absence of further nominations, I declare the nominations for directors closed. May I have a seconder for this motion.

Gabriel Bouchard Phillips: Madam Chair, my name is Gabriel Bouchard Phillips, and I second the motion.

Nicole Sparks: Will the scrutineer please provide the vote breakdown by director?

Rosa Garofalo: Each director received between 97% and 99% of the votes cast in favor of re-election.

Nicole Sparks: Thank you, Rosa. Given the votes per director by proxy, the vote on this resolution appears redundant. However, will all those in favor of the director's slate signify by stating agreed? Anybody? Those against? Thank you. I declare those persons nominated to be duly elected as directors of the corporation to hold office until the next annual meeting of shareholders or until their successors are elected or appointed.

As the next matter of business, I table at this meeting the financial statements of the corporation for the period ended October 31, 2024, together with the report of the auditors thereon. I do not propose to ask shareholders to approve the financial statements which have been approved by your board of directors and are available on the CDAR Plus website. However, I do wish to recognize and advise the meeting that the auditors of the corporation for fiscal year 2024, McGovern Hurley LLP, have served NamSys well. They have an excellent reputation and the depth of resources to rotate personnel as required by this Canadian CPA organization. Could I please have someone move a resolution appointing the auditors for the current year?

Gabriel Bouchard Phillips: Madam Chair, I move that McGovern Hurley LLP or their successors be and they are appointed auditors of the corporation to hold office until the next annual meeting of shareholders at such remuneration as may be fixed

by the directors and they are hereby authorized to fix such remuneration.

Unknown: I second the motion.

Nicole Sparks: Will the scrutineer please confirm the voting results?

Rosa Garofalo: Madam Chair, I confirm that the shareholders have voted in favor of appointing McGovern Hurley LLP, the company's auditor, for 2025.

Nicole Sparks: Ladies and gentlemen, this concludes the formal part of the meeting and I therefore declare the meeting terminated. As mentioned before the start of this meeting, Jason Siemens will now lead a presentation on existing operations and the future outlook for the corporation. He is also prepared to answer questions to the best of his ability. Jason, over to you.

Jason Siemens: Thanks, Nicole. Those connected to Zoom will have a live view of our presentation. This presentation as well as the recording will be available on our website under our investor relations section. Before I begin, I will ask Christie Gray to read our safe harbor statement.

Christie Gray: This presentation contains forward-looking information, all statements other than statements of historic facts that address activities, events, or developments that the company believes, expects, or anticipates will or may occur in the future, including without limitation statements regarding estimates and or assumptions in respect of revenue, cash flow, costs, economic return, constitute forward-looking information. This forward-looking information reflects the current expectations or beliefs of the company based on information currently available to the company. Forward-looking information is subject to a number of risks and uncertainties that may cause the actual results of the company to differ materially from those discussed in the forward-looking information. And even if such actual results are realized or substantially realized, there can be no assurance that they will have the expected consequences to or effects on the company. Any forward-looking statement speaks only as of the date on which it is made and except as may be required by applicable security laws, the company disclaims any intent or obligation to update any forward-looking information, whether as a result of new information, future events or results or otherwise. Although the company believes that the assumptions inherent in the forward-looking information are reasonable, forward-looking information is not a guarantee of future performance. And

accordingly, undue reliance should not be put on such information due to the inherent uncertainty therein.

Jason Siemens: Great. Thank you, Christie. As in past years, we're going to start by reiterating our thesis. First, cash usage is currently stable in the U.S. and many countries. In the United States, it's used for approximately one in five payments. This figure has not changed since 2020. And on the online presentation, we will include a link to the Federal Reserve Bank's study, putting links to their cash diary for more of this data. But we do realize that cash is more expensive than card payments. It needs to be physically transported and counted. And so it doesn't matter if you're handling $500 or $5,000, the cost to move those notes and count them remains the same. So the relative cost of cash is actually increasing. And so as a company, we're focused on delivering technology that will help reduce those costs and make the supply chain more efficient.

So to help make things more efficient, we have technology for each part of the cash ecosystem, including payments, transportation, and processing. So we start on the left side with the Cirreon retail product. This is a slight change in packaging from previous years where it was called the Cirreon Smart Safe and Recycler Dashboard. Our goal with this change is to expand the value proposition beyond just monitoring of cash collection devices. We want to be a more holistic platform for retail cash management. The goal remains the same, though. We want to deliver time savings in the store. We want to improve visibility of cash, and we want to reduce losses.

Next, for the transportation of cash, we have our Cirreon CIT application. This runs on handheld devices similar to those used by FedEx and UPS, and it tracks the pickup and delivery of cash, captures signatures, and reports everything back to the cloud in near real time. And we continue to invest heavily in this product as it is our fastest growing segment. Lastly, we have our currency controller application. This is used by banks and cash and transit companies to process cash deposits, fulfill cash orders, and reconcile clients. It's often deployed in combination with the CIT application and is mission critical as it handles most of the cash and transit to bank integration.

For a summary of operations, we are stable at 17 employees right now. We continue to work fully remote. We have added a business development manager dedicated to international

markets in 2024, and we are actively hiring for multiple positions with net emphasis on expanding our time zone coverage, so hiring in more in Europe, Australia, for instance, and adding support for languages like Spanish. Revenue growth last year was in line with 2023 at 12 percent, and income growth increased from 16 percent to 29 percent. Gross margin increased from 58 to 63, and net margin increased from 26 percent to 31 percent. Cash is up $800,000 from last year to $8 million, but we also returned $1.3 million to shareholders as a special dividend and repurchased over 350,000 shares.

We take a quick look at recent revenue. The dark bars here represent the four quarters of 2024. There was a noticeable acceleration. This was the result of one of our large customers rolling out our Cirreon CIT application during the calendar year, and that rollout is now complete and was very successful. As in previous years, we experienced no customer churn. I think this is a testament to how customer focused we are as a company, as a culture. We do really appreciate the trust that customers place on us every day. Our systems are truly mission critical to their business. Most of this revenue, 98 percent, is recurring. The remaining 2 percent represents special projects that we take on from time to time. If we break down the revenue by product, we will find that the Cirreon retail product, previously named the Cirreon Smart Safe and Recycler Dashboard, continues to be stable at 40 percent. Part of our strategy in repackaging this product is to try to reinvigorate growth for future years. It is an important product for us. Currency Controller, the green bar, has meanwhile grown to be our number one product by revenue and is now at 42 percent. Finally, the Cirreon CIT application now represents 24 percent of revenue. I commented in last year's annual meeting that I thought this was going to be our fastest growing product. It did not disappoint. We increased revenue here by 52 percent year over year.

We can finish off with some recent events before we move on to some questions that we received by email first, and then we can go to the lines. Obviously, U.S. trade policy is front and center in the news. While we are increasingly international, we are still predominantly selling to the United States, and that represents 77 percent of sales. As well, almost all of the revenue is collected in U.S. dollars. We bill customers in the Caribbean, for instance. We are collecting payment in U.S. dollars. A weak U.S. dollar or a strong Canadian dollar will negatively impact revenue. The

U.S. dollar has been more volatile recently, and this also contributes to larger gains or losses on foreign exchange from quarter to quarter. As far as trade policy, we have not had any direct impact. We do not anticipate that tariffs will be placed on software services. Our clients, our banks and cash and transit companies, are obviously not involved with the importing or exporting of goods, so we don't expect any indirect effects in that way. We can't predict the macroeconomic conditions, but I will comment that cash usage has at least historically increased during recessions. We think that our products and our value proposition will continue to be attractive.

Let's move on to questions that we have received in advance of the annual meeting by email. We probably can't get to all of them, so I selected a few, and I will be reaching out to these shareholders individually to follow up with the questions we didn't address here. Christian asked for an update on the competitive landscape. We have definitely seen some changes over the past few years, but it's different on a per-product basis. On the SmartSafe dashboard, now called Cirreon Retail, we are seeing more competition from the hardware manufacturers themselves, so the people that make these SmartSafe and Recycler devices. They essentially learn that there's a benefit of recurring revenue, and many are developing their own proprietary software, so we see this as competition. Our software is positioned as a universal dashboard, as a software-only solution. We can provide a single platform for all of the devices in the network, but there are some impacts to customers that are selecting a monolithic architecture, and so this is another reason that we're trying to reposition this product and reposition ourselves in this segment to reinvigorate the growth of that product. The currency controller, or our cash processing application, we are seeing a reduction in force from the larger companies like _____17:18 out of Germany. Meanwhile, we are seeing some renewed focus from the smaller players like ECM, which is in the UK. They're closer to our size. I think vendors are, including ourselves, are recognizing that there's a replacement cycle developing in this space, and we're all eager to participate.

And then finally, in the cash and transit space, there we're firing on all cylinders, and so we're trying to capture market as quickly as we can, and we're really kind of driving a lot of competition, I think, to the edges. So I'm kind of very happy with that. Peter had a question here about software as a service metrics, which

is a pretty common question I get during calls. So while we are a software as a service company, most of the operational metrics that you see online aren't terribly suitable for our business. Most are designed for companies like Slack, Facebook, or even small, medium-sized business software that has maybe thousands, tens of thousands, hundreds of thousands of potential clients. They may have high marketing costs. So even simple metrics like average revenue per user, ARPU, don't really work for us because our clients vary in size so widely. So our largest customer might be 100 times the size of our smallest customer. And our customer list is measured in dozens, not thousands, or tens of thousands. So I do like to focus on just the kind of high-level enterprise metrics. The rule of 40 is a good one. Right now, 12% growth and 38% margin. We come out at 50%, which puts us in good standing. The net revenue retention, I use that as a good indicator of how balanced our revenue is. And it's strong at 112%. Also revenue per employee, so effectively how lean we are operating is healthy at 400,000 per employee. For churn, like I said in the previous slide, we had zero churn during 2024. Historically, we've had little or no churn of customer accounts. Now as a software as a service metric, that would probably be a negative indicator because it might indicate that if you're not losing any customers, maybe pricing is not high enough and things like that. But for us, market share and losing a single customer could be detrimental. So we definitely want to lean towards lower churn.

There's another question here from Peter for relating to our investment of cash. So the cash balance, we ended the year with $8 million. Our goal is still an acquisition. We have had meaningful discussions over the past 12 months, but unfortunately have not made anything really work. The standards that we have are quite high. We haven't deviated from that from previous years. So it has to be a product that's synergistic with our existing offerings. We do want to remain focused on cash, whether cash processing or cash transportation. And we think that remaining focused will generate ultimately more value for shareholders in the event of an acquisition by a third party of NamSys. The technology that they have has to be solid. And ideally, it's compatible with what we use today internally so we can leverage our knowledge and our platforms into their customers. And third, we want the company to be profitable. And we don't want an acquisition to turn into a turnaround or a rescue mission. We don't want it to be hugely dilutive to our margins.

And so it's been difficult to find a target that meets all those criteria. We are continuing our search, and we will likely need to expand to include larger targets that we previously may not have considered. In the meantime, I think we're managing the cash well. Looks like we generated over $290,000 in interest income. We are buying back shares, and we did issue a special dividend. And that use of cash and those options are still on the table for us.

All right, we've got another question from Ju. Do you envision additional hires? Yes. So when selling internationally, we really have two options. The first is to partner with a company or systems integrator in that region or country. They'll typically mark up the software, resell it. They will normally provide first-line support as well. The second option is to sell direct to the end user. And we've tried many times to work with resellers and integrators and had little to no success. First, the sales cycle for our applications can be quite long. Any sales agreement that we sign typically gathers dust for 12 to 24 months, and then the reseller inevitably just gives up because there's no easy wins. And so the other thing is, second, we're not selling something that's well understood by a large group of people. It is a narrow vertical that we're operating in. And even compared to enterprise software products like CRM products or IT, related software applications, there's just not a base of sort of support to lean on so that they can actually provide adequate first-line support to those customers. So inevitably, we end up providing the direct support to the client. And in that case, there's little value added by the reseller or integrator. So I think instead we need to demonstrate to international clients that we understand their business, their local culture, we can provide support in our native languages whenever possible, and that'll help us win those international deals.

So we are intent on hiring more international employees. So intent on hiring more international employees helps us both increase the time zone range that we can provide local live support, also expands the list of languages that we can support. And ultimately, we want to be also a global brand in this cash industry. And to do that, we need that presence. And we're not planning on opening remote offices in any of these locations. We'll continue to work fully remote. But all those employees can come on board just like everyone else.

Speaking of latest employee, we do have a question about our business development manager. So we hired a gentleman by the name of David Milner. He came from a company called Secure Innovations. They sold technology products to cash and transit companies. They marketed their products worldwide. So we've really benefited from David's Rolodex. That's still a term. And he's multilingual. He knows a lot of people. He's opened a lot of doors for us. And right now we have him focused solely on just markets outside of the United States. I think myself, the internal staff, really understands the U.S. market very well. And so we want to leverage what he's best positioned for.

Let's see, last question was from Peter. So how has AI impacted your operations? It's a popular question as well. So we've adopted AI wherever we can. Every developer in the company has AI coding assistance and they're very much encouraged to use them. We use it for any proposals that we answer. Customers, the request for proposals. Customer communications often run through AI. It really is kind of embedded in the business at this point. We were very early adopters of it. I don't think that there's any negative impact on our business by AI itself. I think it will change. As a general comment, it will change the nature of integration. So one of the motes that enterprise software services has had in the past has been the fact that they tend to integrate with accounting and CRM and different backend systems and that each one of these integrations is time-consuming and error prone and requires a lot of testing. And what that means is that enterprise vendor has a lot of pricing power. They can't have recurring revenue because of that. And I think that AI is going to disrupt that. If two software applications have API specifications that are documented, right now you can take AI and quite easily ask it to tie these two systems together. And it will provide basic systems as well as wholesale standalone applications that shuttle data from one application to another. So I think that any company that's kind of relying or leaning on the fact that they have high degrees of integration might be learning a hard lesson in the next few years. Now we are using that to make our job easier. So when we do integration, we're using those tools to help make our job easier and less error prone. So we continue to be excited about the future of AI. So with that, Jen, I'd like to open up the lines for other questions.

Operator: Thank you. At this time we will open the question-and-answer session. If you would like to ask a question, please press star and 1 on your telephone keypad and you'll be placed into the queue in the order received. You may remove yourself from the queue at any time by pressing pound and 1. Once again, to ask a question, press star 1 on your phone now. Once again, that's star 1 if you'd like to ask a question. It appears we have no questions over the phone at this time. Mr. Siemens, I'll turn the conference back to you for any additional or closing remarks.

Jason Siemens: Thank you. And thank you everyone for attending. I'd like to take a moment just to again thank our board of directors for their continued support. I'd like to thank our shareholders and also our employees who at the end of the day deliver the products that we've talked about today. So thank you all. Have an excellent day and we'll talk to you soon.

Operator: This does conclude today's NamSys annual meeting. Thank you for your participation. You may now disconnect.

[30:30][Call ends]