



# Q1 Fiscal 2025 Financial Results

For the three months ended June 30, 2024

August 7, 2024



# Disclaimer

This presentation ("Presentation") is qualified in its entirety by reference to, and must be read in conjunction with, the information contained in our Annual Information Form dated June 3, 2024 (the "AIF"), as well as in our condensed interim consolidated financial statements (unaudited) for the three-month periods ended June 30, 2024 and 2023, together with the notes thereto (collectively, the "Financial Statements"), as well as the management's discussion and analysis (the "MD&A") in respect thereof. All references to "US\$", "\$", and "U.S. dollars" are to United States dollars and all references to "C\$" are to Canadian dollars. Readers should not construe the contents of this Presentation as legal, tax, regulatory, financial or accounting advice. Coveo believes that the market, industry, customer and other data presented in this Presentation is reliable and, with respect to data prepared by Coveo or on its behalf, that Coveo's estimates and assumptions are currently appropriate and reasonable, but there can be no assurance as to the accuracy or completeness thereof.

## **Forward-Looking Information**

This Presentation contains "forward-looking information" and "forward-looking statements" within the meaning of applicable securities laws, including with respect to Coveo's financial outlook and related assumptions for the three-month period ending September 30, 2024 and the fiscal year ending March 31, 2025 (collectively, "forward-looking information"). Please refer to the "Forward-Looking Information" section of our earnings press release dated August 7, 2024, for a cautionary statement regarding forward-looking information included in this Presentation. Such cautionary statement is deemed to be included by reference in this Presentation.

## **Non-IFRS Measures and Ratios**

The information presented in this Presentation includes non-IFRS financial measures and ratios. These measures and ratios should not be considered in isolation nor as a substitute for analysis of Coveo's financial information reported under IFRS. These measures and ratios are not recognized measures under IFRS and do not have a standardized meaning prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other companies. Coveo believes the non-IFRS measures and ratios used in this Presentation provide its management and investors consistency and comparability with its past financial performance and facilitate period-to-period comparisons of operations, as they generally eliminate the effects of certain variables from period to period for reasons unrelated to overall operating performance. Please refer to the "Definition of Non-IFRS Measures and Ratios" section of the Appendix for details of the composition of Adjusted EBITDA, Adjusted Gross Profit, Adjusted Product Gross Profit, Adjusted Professional Services Gross Profit, Adjusted Gross Profit (%), Adjusted Product Gross Profit (%), Adjusted Professional Services Gross Profit (%), Adjusted Sales and Marketing Expenses, Adjusted Research and Product Development Expenses, Adjusted General and Administrative Expenses, Adjusted Sales and Marketing Expenses (%), Adjusted Research and Product Development Expenses (%) and Adjusted General and Administrative Expenses presented by Coveo, as well as the reconciliations of such measures to the most directly comparable IFRS measure, where applicable.

## **Key Performance Indicators**

This Presentation refers to operating metrics used in Coveo's industry, some of which Coveo considers key performance indicators. Please refer to the "Key Performance Indicators" sections of our earnings press release dated August 7, 2024 and our MD&A for the three-month period ended June 30, 2024, both of which are available on our profile on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca), for disclosure regarding our key performance indicators, which disclosure is deemed to be included by reference in this Presentation.

*Une copie de cette présentation peut être obtenue en français sur demande. A French copy of this presentation can be made available upon request.*



# Q1 Performance Highlights



**Louis Têtu**  
Chairman and CEO,  
Coveo



# Q1 FY'25 Highlights

 **\$32.2M**

Q1 FY'25 Total Revenue

 **12%**<sup>(1)</sup>

Q1 FY'25 SaaS Subscription  
Revenue<sup>(2)</sup> Growth  
(Coveo core Platform)  
(Year-over-Year)

 **82%**

Q1 FY'25 Product  
Gross Margin

 **(\$1.7M)**

Q1 FY'25 Adjusted EBITDA<sup>(3)</sup>

 **(\$6.1M)**

Q1 FY'25 Net Loss

 **\$3.0M**

Q1 FY'25 Cash Flows  
from Operating Activities

(1) Excludes the effect of SaaS Subscription revenue or SaaS ACV attributable to the Qubit Platform.

(2) SaaS Subscription Revenue is a key performance indicators of Coveo. Please refer to the "Definition of Key Performance Indicators" section of the Appendix for the definitions of such measure.

(3) Adjusted EBITDA is a non-IFRS measure. Please refer to the "Non-IFRS Measures and Ratios" section of the disclaimer to this Presentation, and to the "Reconciliation of Net Loss to Adjusted Operating Loss and Adjusted EBITDA" section in the Appendix for a definition of Adjusted EBITDA and a reconciliation to net loss.

# Select Customer Wins and Progress: **Q1 Update**

Signed  
**over 30**  
**generative AI**  
**deals** in total  
since launch

GenAI lands  
with **Trinity Life Sciences**  
and a leading global  
manufacturer of GPUs



Expand  
transaction with  
**F5 Networks**



**Last to hype,**  
**first to results**

# The Power of Coveo AI



↓5%

reduction in customer service cases

↓80%

reduction in the number of searches per customer visit

↓64%

decrease in content gaps



↑23%

click-through rate improvement in online commerce experiences



↑11%

improvement in self-service success rate



↑14%

improvement in self-service success rate in their customer community



The volume of queries from  
**Relevance Generative  
Answering™** has **increased  
10x** since January 2024

# Select Customer Wins and Progress: **Q1 Update**

Significant expansion with a **Top 5 US bank**

**EMEA:**  
Best bookings quarter since FY'23, and momentum with SAP

New lands with **Thalia** and **Carlton One**



Robust net-new customer pipeline generation, with more than **2x increase quarter-over-quarter** in new customer GenAI pipeline



# Strengthening our Leadership Position in Applied AI



## Coveo for Genesys Cloud

### Reduce Agent Effort With **AI-Powered Insights**

Empowering agents to quickly deliver personalized resolution with AI-search, recommendations and generative answering.

Coveo Named **a Leader**  
and Positioned Highest on the Ability to Execute axis

Gartner, Magic Quadrant for Search and Product Discovery, Mike Lowndes and 3 others, 13 May 2024. Gartner is a registered trademark and service mark and Magic Quadrant is a registered trademark of Gartner, Inc. and/or its affiliates in the U.S. and internationally and are used herein with permission. All rights reserved. Gartner does not endorse any vendor, product or service depicted in its research publications, and does not advise technology users to select only those vendors with the highest ratings or other designation. Gartner research publications consist of the opinions of Gartner's research organization and should not be construed as statements of fact. Gartner disclaims all warranties, expressed or implied, with respect to this research, including any warranties of merchantability or fitness for a particular purpose.

**Gartner**®

Coveo Wins  
**AI Search  
Innovation  
Award**



# Ready for the Future

Bringing AI to every Point-of-Experience

## 2024 CX Industry Report

**61%** of consumers believe **effective search** significantly impacts **brand perception**

## 2024 EX Industry Report

**40%** of employees see GenAI as a way to enhance their **work efficiency**

## 2024 Commerce Industry Report

**72%** of shoppers expect **generative AI** to elevate their online **shopping experience**

# New Sales Leadership: Investing in Growth

**John Grosshans** | Chief Revenue Officer

- ▶ Over 30 years of global sales management in SaaS, recently as CRO and SVP at Palo Alto Networks
- ▶ Led companies to \$1B+ revenue four times, managed sales teams of 600+







# Q1 Financial Highlights



**Brandon Nussey**  
Chief Financial Officer,  
Coveo



# Q1 FY'25 Highlights

 **\$30.6M**

**Q1 FY'25 SaaS  
Subscription Revenue<sup>(1)</sup>**

 **12%<sup>(2)</sup>**

**Q1 FY'25 SaaS Subscription  
Revenue<sup>(1)</sup> Growth**  
(Coveo core Platform)  
(Year-over-Year)

 **95%**

**Q1 FY'25 SaaS  
Subscription Revenue<sup>(1)</sup>**  
(as a % of Total Revenue)

 **106%<sup>(2)</sup>**

**Net Expansion Rate<sup>(1)</sup>**  
(Coveo core Platform)  
as of June 30, 2024

 **82%**

**Q1 FY'25 Product  
Gross Margin**

 **\$3.0M**

**Q1 FY'25 Cash Flows  
from Operating Activities**

(1) SaaS Subscription Revenue and Net Expansion Rate are key performance indicators of Coveo. Please refer to the "Definition of Key Performance Indicators" section of the Appendix for the definitions of such measures.

(2) Excludes the effect of SaaS Subscription revenue or SaaS ACV attributable to the Qubit Platform.

# Revenue Growth

USD millions	Q1 FY'25	Q1 FY'24	YoY
SaaS Subscription Revenue <sup>(1)</sup>	\$30.6	\$28.5	7%
Coveo core Platform <sup>(2)</sup>	\$28.7	\$25.7	12%
Qubit Platform <sup>(3)</sup>	\$1.9	\$2.9	(34%)
Professional Services Revenue	\$1.7	\$2.0	(17%)
Total Revenue	\$32.2	\$30.5	6%

- (1) SaaS Subscription Revenue is a Key Performance Indicator of Coveo. Please refer to the "Definition of Key Performance Indicators" section of the Appendix for the definition of such measure, and to our MD&A for the year ended June 30, 2024 for additional disclosure relating thereto.
- (2) SaaS Subscription Revenue earned in connection with subscriptions by customers to the Coveo core Platform for the period, and thus excluding revenue from subscriptions to the Qubit Platform.
- (3) SaaS Subscription Revenue earned through subscriptions to the Qubit Platform for the period covered.

# Gross Profit Measures

%	Q1 FY'25	Q1 FY'24
Gross Margin	78%	78%
Adjusted Gross Margin <sup>(1)</sup>	79%	79%
Product Gross Margin	82%	82%
Adjusted Product Gross Margin <sup>(1)</sup>	82%	83%

(1) Adjusted Gross Margin and Adjusted Product Gross Margin are non-IFRS financial ratios. Please refer to the "Non-IFRS Measures and Ratios" section of the disclaimer to this Presentation, and to the relevant sections of the Appendix for the definitions of Adjusted Gross Margin, Adjusted Product Gross Margin and the reconciliation to their most directly comparable IFRS measures.

# Profitability Measures

USD millions	Q1 FY'25	Q1 FY'24
Net Loss	(\$6.1)	(\$7.0)
Adjusted EBITDA <sup>(1)</sup>	(\$1.7)	(\$1.8)
Cash Flows from Operating Activities	\$3.0	\$1.0

(1) Adjusted EBITDA is a non-IFRS measure. Please refer to the "Non-IFRS Measures and Ratios" section of the disclaimer to this Presentation, and to the "Reconciliation of Net Loss to Adjusted EBITDA" section in the Appendix for a definition of Adjusted EBITDA and a reconciliation to net loss.



**Positive cash flow from operations in 4 of the past 5 quarters – over \$6 million in the trailing 12 months**



# Q2 FY'25 and Full Year **Guidance**

USD millions	Q2 FY'25	Full Year FY'25
SaaS Subscription Revenue <sup>(1)</sup>	<b>\$30.6 – \$31.0</b>	<b>\$126.0 – \$130.0</b>
Total Revenue	<b>\$32.0 – \$32.4</b>	<b>\$133.0 – \$138.0</b>
Adjusted EBITDA <sup>(2)</sup>	<b>(\$0.5) – \$0.0</b>	<b>\$0.0 – \$4.0</b>

The company expects to achieve positive cash flow from operations of approximately \$10 million for Fiscal 2025.

These statements are forward-looking and actual results may differ materially. Coveo's guidance constitutes "financial outlook" within the meaning of applicable securities laws and is provided for the purpose of, among other things, assisting the reader in understanding Coveo's financial performance and measuring progress toward management's objectives, and the reader is cautioned that it may not be appropriate for other purposes. Please refer to the "Forward-Looking Information" section in the disclaimer of this Presentation and in our most recent annual information form and MD&A on file for information on the factors that could cause our actual results to differ materially from these forward-looking statements and a description of the assumptions thereof. Please also refer to the press release dated August 7, 2024 announcing Coveo's first quarter earnings for fiscal year 2025 available under our profile on [www.sedarplus.ca](http://www.sedarplus.ca) for a list of additional assumptions and hypothesis made in connection with our financial outlook (under "Financial Outlook Assumptions").

- (1) SaaS Subscription Revenue is a Key Performance Indicator of Coveo. Please refer to the "Definition of Key Performance Indicators" section of the Appendix for the definitions of such measure, and to our MD&A for the year ended June 30, 2024 for additional disclosure relating thereto.
- (2) Adjusted EBITDA is a non-IFRS measure. Please refer to the "Non-IFRS Measures and Ratios" section of the disclaimer to this Presentation, and to the "Reconciliation of Adjusted EBITDA to Net Loss" section in the Appendix for a definition of Adjusted EBITDA and a reconciliation to net loss.

# Q&A Session

# Appendix

# Condensed Interim Consolidated Statements of Loss and Comprehensive Loss

(in thousands of US dollars, except share and per share data, unaudited)

	Three months ended June 30,	
	2024	2023
	\$	\$
Revenue		
SaaS subscription	30,557	28,535
Professional services	1,660	1,997
<b>Total revenue</b>	<b>32,217</b>	<b>30,532</b>
Cost of revenue		
SaaS subscription	5,617	5,128
Professional services	1,354	1,544
<b>Total cost of revenue</b>	<b>6,971</b>	<b>6,672</b>
<b>Gross profit</b>	<b>25,246</b>	<b>23,860</b>
Operating expenses		
Sales and marketing	14,527	13,460
Research and product development	10,397	9,182
General and administrative	6,663	6,809
Depreciation of property and equipment	747	577
Amortization and impairment of intangible assets	725	1,006
Depreciation of right-of-use assets	378	395
<b>Total operating expenses</b>	<b>33,437</b>	<b>31,429</b>
<b>Operating loss</b>	<b>(8,191)</b>	<b>(7,569)</b>
Net financial revenue	(1,726)	(1,677)
Foreign exchange loss (gain)	(981)	1,004
<b>Loss before income tax expense</b>	<b>(5,484)</b>	<b>(6,896)</b>
Income tax expense	620	59
<b>Net loss</b>	<b>(6,104)</b>	<b>(6,955)</b>
Net loss per share – Basic and diluted	(0.06)	(0.07)
Weighted average number of shares outstanding – Basic and diluted	102,888,475	105,656,216



# Condensed Interim Consolidated Statements of Loss and Comprehensive Loss

(in thousands of US dollars, unaudited)

	Three months ended June 30,	
	2024	2023
	\$	\$
<b>Share-based payments and related expenses</b>		
SaaS subscription cost of revenue	138	236
Professional services cost of revenue	39	163
Sales and marketing	929	40
Research and product development	1,487	1,556
General and administrative	1,772	1,752
<b>Share-based payments and related expenses</b>	<b>4,365</b>	<b>3,747</b>

# Reconciliation of Net Loss to Adjusted EBITDA

(in thousands of US dollars, unaudited)

	Three months ended June 30,	
	2024	2023
	\$	\$
<b>Net loss</b>	<b>(6,104)</b>	<b>(6,955)</b>
Net financial revenue	(1,726)	(1,677)
Foreign exchange loss (gain)	(981)	1,004
Income tax expense	620	59
Share-based payments and related expenses <sup>(1)</sup>	4,365	3,747
Amortization and impairment of intangible assets	725	1,005
Depreciation expenses <sup>(2)</sup>	1,125	973
Transaction-related expenses <sup>(3)</sup>	274	-
<b>Adjusted EBITDA</b>	<b>(1,702)</b>	<b>(1,844)</b>

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

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

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

**Adjusted EBITDA** is defined as net loss, excluding interest, taxes, depreciation of property and equipment and right-of-use-assets, amortization and impairment of intangible assets (or EBITDA), adjusted for stock-based compensation and related expenses, foreign exchange gains and losses, acquisition-related compensation, transaction-related expenses, and other one-time or non-cash items.

# Reconciliation of Adjusted Gross Profit Measures and Adjusted Gross Margin Measures

(in thousands of US dollars, unaudited)

	Three months ended June 30,	
	2024	2023
<b>Total revenue</b>	<b>\$ 32,217</b>	<b>\$ 30,532</b>
<b>Gross profit</b>	<b>25,246</b>	<b>23,860</b>
<i>Gross margin</i>	78%	78%
Add: Share-based payments and related expenses	177	399
<b>Adjusted Gross Profit</b>	<b>25,423</b>	<b>24,259</b>
<i>Adjusted Gross Margin</i>	79%	79%
<b>Product revenue</b>	<b>30,557</b>	<b>28,535</b>
<b>Product cost of revenue</b>	<b>5,617</b>	<b>5,128</b>
<b>Product gross profit</b>	<b>24,940</b>	<b>23,407</b>
<i>Product gross margin</i>	82%	82%
Add: Share-based payments and related expenses	138	236
<b>Adjusted Product Gross Profit</b>	<b>25,078</b>	<b>23,643</b>
<i>Adjusted Product Gross Margin</i>	82%	83%
<b>Professional services revenue</b>	<b>1,660</b>	<b>1,997</b>
<b>Professional services cost of revenue</b>	<b>1,354</b>	<b>1,544</b>
<b>Professional services gross profit</b>	<b>306</b>	<b>453</b>
<i>Professional services gross margin</i>	18%	23%
Add: Share-based payments and related expenses	39	163
<b>Adjusted Professional Services Gross Profit</b>	<b>345</b>	<b>616</b>
<i>Adjusted Professional Services Gross Margin</i>	21%	31%

**Adjusted Gross Profit**, **Adjusted Product Gross Profit**, and **Adjusted Professional Services Gross Profit** are respectively defined as **gross profit**, **product gross profit**, and **professional services gross profit** excluding share-based payments and related expenses, acquisition-related compensation, transaction-related expenses, and other one-time or non-cash items. We refer to these measures collectively as our “**Adjusted Gross Profit Measures**”. **Adjusted Gross Margin** is defined as **Adjusted Gross Profit** as a percentage of total revenue. **Adjusted Product Gross Margin** is defined as **Adjusted Product Gross Profit** as a percentage of product revenue where product revenue represents SaaS subscription revenue and **Adjusted Product Gross Profit** represents SaaS subscription revenue less SaaS subscription costs of revenue. **Adjusted Professional Services Gross Margin** is defined as **Adjusted Professional Services Gross Profit** as a percentage of professional services revenue. We refer to these measures collectively as our “**Adjusted Gross Margin Measures**”.



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

(in thousands of US dollars, unaudited)

	Three months ended June 30,	
	2024	2023
	\$	\$
<b>Sales and marketing expenses</b>	<b>14,527</b>	<b>13,460</b>
<i>Sales and marketing expenses (% of total revenue)</i>	45%	44%
Less: Share-based payments and related expenses	929	40
<b>Adjusted Sales and Marketing Expenses</b>	<b>13,598</b>	<b>13,420</b>
<i>Adjusted Sales and Marketing Expenses (% of total revenue)</i>	42%	44%
<b>Research and product development expenses</b>	<b>10,397</b>	<b>9,182</b>
<i>Research and product development expenses (% of total revenue)</i>	32%	30%
Less: Share-based payments and related expenses	1,487	1,556
<b>Adjusted Research and Product Development Expenses</b>	<b>8,910</b>	<b>7,626</b>
<i>Adjusted Research and Product Development Expenses (% of total revenue)</i>	28%	25%
<b>General and administrative expenses</b>	<b>6,663</b>	<b>6,809</b>
<i>General and administrative expenses (% of total revenue)</i>	21%	22%
Less: Share-based payments and related expenses	1,772	1,752
Less: Transaction-related expenses	274	-
<b>Adjusted General and Administrative Expenses</b>	<b>4,617</b>	<b>5,057</b>
<i>Adjusted General and Administrative Expenses (% of total revenue)</i>	14%	17%

“Adjusted Sales and Marketing Expenses”, “Adjusted Research and Product Development Expenses”, and “Adjusted General and Administrative Expenses” are respectively defined as sales and marketing expenses, research and product development expenses, and general and administrative expenses excluding share-based payment and related expenses, acquisition-related compensation, transaction-related expenses, and other one-time or non-cash items. We refer to these measures collectively as our “Adjusted Operating Expense Measures”. “Adjusted Sales and Marketing Expenses (%)”, “Adjusted Research and Product Development Expenses (%)”, and “Adjusted General and Administrative Expenses (%)” are respectively defined as Adjusted Sales and Marketing Expenses, Adjusted Research and Product Development Expenses, and Adjusted General and Administrative Expenses as a percentage of total revenue. We refer to these measures collectively as our “Adjusted Operating Expense (%) Measures”.



# Condensed Interim Consolidated Statements of Financial Position

(in thousands of US dollars, unaudited)

	June 30, 2024	March 31, 2024
	\$	\$
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	167,746	166,586
Trade and other receivables	30,733	29,947
Government assistance	5,226	9,987
Prepaid expenses	8,412	8,622
	<b>212,117</b>	<b>215,142</b>
<b>Non-current assets</b>		
Contract acquisition costs	9,835	10,168
Property and equipment	5,108	5,608
Intangible assets	7,999	8,710
Right-of-use assets	5,502	6,032
Deferred tax assets	3,370	4,265
Goodwill	25,985	25,960
	<b>269,916</b>	<b>275,885</b>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Trade payable and accrued liabilities	20,831	21,822
Deferred revenue	64,818	64,731
Current portion of lease obligations	2,089	2,153
Accrued liability for shares to be repurchased under substantial issuer bid	36,550	-
	<b>124,288</b>	<b>88,706</b>
<b>Non-current liabilities</b>		
Lease obligations	6,243	6,885
Deferred tax liabilities	1,620	1,771
	<b>132,151</b>	<b>97,362</b>
<b>Shareholders' equity</b>		
Share capital	838,279	836,271
Contributed surplus	42,447	40,484
Deficit	(698,959)	(655,598)
Accumulated other comprehensive loss	(44,002)	(42,634)
	<b>137,765</b>	<b>178,523</b>
<b>Total shareholders' equity</b>	<b>137,765</b>	<b>178,523</b>
<b>Total liabilities and shareholders' equity</b>	<b>269,916</b>	<b>275,885</b>

# Condensed Interim Consolidated Statements of Cash Flows

(in thousands of US dollars, unaudited)

	Three months ended June 30,	
	2024	2023
	\$	\$
<b>Cash flows from operating activities</b>		
<b>Net loss</b>	(6,104)	(6,955)
Items not affecting cash		
Amortization of contract acquisition costs	1,091	1,159
Depreciation of property and equipment	747	577
Amortization and impairment of intangible assets	725	1,006
Depreciation of right-of-use assets	378	395
Share-based payments	4,865	3,454
Interest on lease obligations	116	141
Deferred income tax recovery	588	41
Unrealized foreign exchange loss (gain)	(1,082)	922
Changes in non-cash working capital items	1,705	268
	<b>3,029</b>	<b>1,008</b>
<b>Cash flows used in investing activities</b>		
Additions to property and equipment	(367)	(154)
Additions to intangible assets	(3)	-
	<b>(370)</b>	<b>(154)</b>
<b>Cash flows used in financing activities</b>		
Proceeds from exercise of stock options	588	325
Tax withholding for net share settlement	(976)	(372)
Payments on lease obligations	(638)	(552)
Substantial issuer bid transaction costs	(38)	(48)
	<b>(1,064)</b>	<b>(647)</b>
Effect of foreign exchange rate changes on cash and cash equivalents	(435)	2,510
<b>Increase in cash and cash equivalents during the period</b>	<b>1,160</b>	<b>2,717</b>
Cash and cash equivalents – beginning of period	166,586	198,452
<b>Cash and cash equivalents – end of period</b>	<b>167,746</b>	<b>201,169</b>
Cash	18,827	31,819
Cash equivalents	148,919	169,350

# Definition of Key Performance Indicators

“**SaaS Subscription Revenue**” means Coveo’s SaaS subscription revenue, as presented in its financial statements in accordance with IFRS.

“**Current SaaS Subscription Remaining Performance Obligations**” is a forward-looking indicator of anticipated future revenue under contract that has not yet been recognized as revenue but that is expected to be recognized over the next 12 months, as presented in our financial statements in accordance with IFRS.

“**Net Expansion Rate**” is calculated by considering a cohort of customers at the end of the period 12 months prior to the end of the period selected, and dividing the SaaS Annualized Contract Value (“**SaaS ACV**”, as defined below) attributable to that cohort at the end of the current period selected, by the SaaS ACV attributable to that cohort at the beginning of the period 12 months prior to the end of the period selected. Expressed as a percentage, the ratio:

- i. Excludes any SaaS ACV from new customers added during the 12 months preceding the end of the period selected;
- ii. Includes incremental SaaS ACV made to the cohort over the 12 months preceding the end of the period selected;
- iii. Is net of the SaaS ACV Value from any customers whose subscriptions terminated or decreased over the 12 months preceding the end of the period selected; and
- iv. is currency neutral and as such, excludes the effect of currency variation.

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

Please also refer to the "Key Performance Indicators" section of our latest MD&A, which is available under our profile on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca), for additional details on the abovementioned key performance indicators.