



MAGNET
FORENSICS®

Investor Overview

Adam Belsher – CEO

Peter Vreeswyk – CFO

November 2022

Disclaimer

Forward-Looking Information

This presentation as well as oral statements made during the course of the oral presentation contain “forward-looking information” and “forward-looking statements” (collectively, “forward-looking information”) within the meaning of applicable securities laws. Forward-looking information includes or may relate to our financial outlook and anticipated events or results and may include information regarding our financial position, business strategy, growth strategies, addressable markets, budgets, operations, financial results, taxes, dividend policy, plans and objectives. Particularly, information regarding the Company’s expectations of estimated and future results, performance, achievements, prospects or opportunities or the markets in which the Company operates is forward-looking information. In some cases, forward-looking information can be identified by the use of forward-looking terminology such as “plans”, “targets”, “expects”, “is expected”, “an opportunity exists”, “budget”, “scheduled”, “estimates”, “outlook”, “forecasts”, “projection”, “prospects”, “strategy”, “intends”, “anticipates”, “believes”, or variations of such words and phrases or statements that certain actions, events or results “may”, “could”, “would”, “might”, “will”, “occur” or “be achieved”, and similar words or the negative of these terms and similar terminology. In addition, any statements that refer to expectations, intentions, projections or other characterizations of future events or circumstances contain forward-looking information. Statements containing forward-looking information are not historical facts but instead represent management’s current expectations, estimates and projections regarding future events or circumstances. Such forward-looking information includes, but is not limited to, the forward-looking information described under “Forward-Looking Information” in the Annual Information Form dated March 9, 2022, and Management’s Discussion & Analysis dated November 8, 2022, each of which is filed on SEDAR.

Forward-looking information is necessarily based on a number of opinions, estimates and assumptions that the Company considered appropriate and reasonable as of the date such statements are made, and is subject to known and unknown risks, uncertainties, assumptions and other factors that may cause the actual results, level of activity, performance or achievements to be materially different from those expressed or implied by such forward-looking information, including, but not limited to the factors described in the “Summary of Factors Affecting our Performance” section of the Company’s MD&A for the three and nine months ended September 30, 2022 and in the “Risk Factors” sections of the Annual Information Form dated March 9, 2022, which are available under the Company’s profile on SEDAR at www.sedar.com. Certain assumptions in respect of, among other things, the Company’s ability to build its market share; retain existing customers and attract new customers, and increase revenue associated with those customers; the Company’s ability to retain key personnel; the Company’s ability to maintain and expand geographic scope; the Company’s ability to execute on its growth strategies; the Company’s ability to maintain and protect its intellectual property rights and proprietary information; the Company’s ability to prevent unauthorized access to or disclosure, loss, destruction or modification of data, through cybersecurity breaches or computer viruses disrupting the functionality of the Company’s products; the Company’s ability to obtain additional financing and maintain existing financing on acceptable terms; currency exchange and interest rates; the impact of competition; changes and trends in the Company’s industry and the global economy, including the impact of the ongoing COVID-19 pandemic; and changes in laws, rules, regulations, and global standards, are material factors made in preparing forward-looking information and management’s expectations. These factors should not be considered exhaustive and should be read together with the other cautionary statements in Annual Information Form.

If any of these risks or uncertainties materialize, or if the opinions, estimates or assumptions underlying the forward-looking information prove incorrect, actual results or future events might vary materially from those anticipated in the forward-looking information. The opinions, estimates or assumptions referred to above are described in greater detail in the “Summary of Factors Affecting our Performance” section of the Company’s MD&A for the three and nine months ended September 30, 2022 and should be considered carefully by prospective investors.

Although we have attempted to identify important risk factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other risk factors not presently known to us or that we presently believe are not material that could also cause actual results or future events to differ materially from those expressed in such forward-looking information. There can be no assurance that such information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. No forward-looking statement is a guarantee of future results. Accordingly, you should not place undue reliance on forward-looking information, which speaks only as of the date made. The forward-looking information contained in this presentation represents our expectations as of the date of hereof (or as of the date they are otherwise stated to be made) and is subject to change after such date. However, we disclaim any intention or obligation or undertaking to update or revise any forward-looking information whether as a result of new information, future events or otherwise, except as required under applicable securities laws.

Although the Company bases forward-looking information on assumptions that it believes are reasonable when made, the Company cautions investors that forward-looking information is not a guarantee of future performance and that its actual results of operations, financial condition and liquidity and the development of the industry in which it operates may differ materially from those made in or suggested by the forward-looking information contained in this presentation. In addition, even if the Company’s results of operations, financial condition and liquidity and the development of the industry in which it operates are consistent with the forward-looking information contained in this presentation, those results or developments may not be indicative of results or developments in subsequent periods.

Given these risks and uncertainties, investors are cautioned not to place undue reliance on forward-looking information. Any forward-looking information that is contained in this presentation speaks only as of the date of such statement, and the Company undertakes no obligation to update any forward-looking information or to publicly announce the results of any revisions to any of those statements to reflect future events or developments, except as required by applicable securities laws. Comparisons of results for current and any prior periods are not intended to express any future trends or indications of future performance, unless specifically expressed as such, and should only be viewed as historical data.

Non-IFRS Financial Measures and Industry Metrics

This presentation makes reference to certain non-IFRS measures and industry metrics. These measures are not recognized measures under IFRS and do not have a standardized meanings prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other companies. Rather, these measures are provided as additional information to complement those IFRS measures by providing further understanding of our results of operations from management’s perspective. Accordingly, these measures should not be considered in isolation nor as a substitute for analysis of our financial information reported under IFRS. We use non-IFRS measures, including “Adjusted EBITDA”, “Adjusted EBITDA Margin” and “Total Recurring Revenue”. This presentation also makes reference to “Annual Recurring Revenue”, “Net Dollar Retention Rate” and “Annual Recurring Revenue per Account” or “ARRPA”, which are operating metrics used in our industry. These non-IFRS measures and industry metrics are used to provide investors with supplemental measures of our operating performance and liquidity and thus highlight trends in our business that may not otherwise be apparent when relying solely on IFRS measures. We also believe that securities analysts, investors, and other interested parties frequently use non-IFRS measures and industry metrics in the evaluation of issuers. Our management also uses non-IFRS measures and industry metrics in order to facilitate operating performance comparisons from period to period, to prepare annual operating budgets and forecasts, and to determine components of management and executive compensation. Please refer to “Appendix A” to this presentation for the reconciliation of Adjusted EBITDA, presented by the Company to the most directly comparable IFRS measure. Please refer to “Appendix B” to this presentation for a reconciliation of Total Recurring Revenue presented by the Company to the most directly comparable IFRS measure. See also “Non-IFRS Measures” in the Annual Information Form dated March 9, 2022 and “Non-IFRS Measures and Reconciliation of Non-IFRS Measures” and “Key Performance Indicators” in our Management’s Discussion & Analysis dated November 8, 2022, each of which is filed on SEDAR.

Market and Industry Data

Market and industry data contained in this presentation was obtained from third-party sources and industry reports and publications, websites and other publicly available information, including the European Commission, the Federal Bureau of Investigation, International Data Corporation, MaCorr Research, Proofpoint, Inc. and Radware Ltd., as well as industry and other data prepared by the Company or on its behalf on the basis of management’s knowledge of the markets in which the Company operates, including information provided by suppliers, partners, customers and other industry participants.

The Company believes that the market and industry data presented throughout this presentation is accurate and, with respect to data prepared by the Company or on its behalf, that management’s estimates and assumptions are currently appropriate and reasonable, but there can be no assurance as to the accuracy or completeness thereof. The accuracy and completeness of the market and industry data presented throughout this presentation are not guaranteed and the Company does not make any representation as to the accuracy of such data. Actual outcomes may vary materially from those forecast in such reports or publications, and the prospect for material variation can be expected to increase as the length of the forecast period increases. Although the Company believes it to be reliable, the Company has not independently verified any of the data from third-party sources referred to in this presentation, analyzed or verified the underlying studies or surveys relied upon or referred to by such sources, or ascertained the underlying market, economic and other assumptions relied upon by such sources. Market and economic data is subject to variations and cannot be verified due to limits on the availability and reliability of data inputs, the voluntary nature of the data gathering process and other limitations and uncertainties inherent in any statistical survey. In addition, projections, assumptions and estimates of the Company’s future performance and the future performance of the industry and markets in which the Company operates are necessarily subject to a high degree of uncertainty and risk due to a variety of factors, including those described under the headings “Forward-Looking Information” and “Risk Factors” of the Annual Information Form.

Trademarks, Trade Names and Copyrights

This presentation includes trademarks, trade names and material subject to copyright, including the trademark/trade names “MAGNET”, “MAGNET FORENSICS”, “SEEK JUSTICE. PROTECT THE INNOCENT”, “AXIOM”, “AXIOM CYBER”, “MAGNET REVIEW”, “AUTOMATE”, “AUTOMATE ENTERPRISE”, “ATLAS”, “OUTRIDER”, and “DVR EXAMINER”, which are protected under applicable intellectual property laws and are the property of the Company. Solely for convenience, the Company’s trademarks, trade names and copyrighted material referred to in this presentation may appear without the TM, ® or © symbol, but such references are not intended to indicate, in any way, that the Company will not assert, to the fullest extent under applicable law, its rights to these trademarks, trade names and copyrights. See “The Company’s Business – Intellectual Property” of the Annual Information Form. All other trademarks used in this presentation are the property of their respective owners.

Unless otherwise indicated or the context otherwise requires, all references in this presentation to “Magnet Forensics”, the “Company”, “we”, “our”, “us” or similar terms refer to Magnet Forensics Inc., together with its subsidiaries. Unless otherwise indicated, all references to “C\$” are to Canadian dollars and all references to “\$” or “US\$” are to U.S. dollars. Capitalized terms used herein that are not otherwise defined have the meanings ascribed to such terms in the Annual Information Form.



Using Digital Forensics to Solve Crimes

Magnet Forensics provides a comprehensive and robust Digital Investigation Software Platform



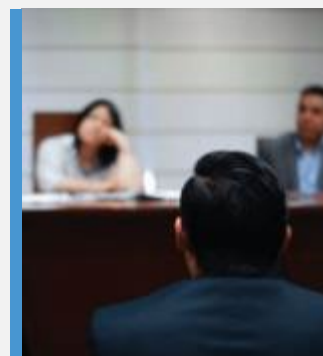
CRIME OR INCIDENT HAS OCCURRED

Crimes against people
Incident Response
HR & Insider Threats



DIGITAL FORENSICS SOFTWARE USED TO INVESTIGATE CASES

Preserve
Examine
Report



DIGITAL EVIDENCE REVEALS WHAT HAPPENED

Uncovers the truth
Builds the case for prosecution in court
Protects corporate assets & mitigates risk

Magnet Forensics at a Glance

Innovative tools to combat
the crimes of today

~4,600

Customer
Organizations¹

\$89M

LTM Q3 2022
Revenue² (USD)

63

Net Promoter Score

38%

CAGR since 2018¹

136%

Net Dollar
Retention^{1,3}

86%

LTM Q3 2022
Recurring
Revenue^{2,3}

1) As of December 31, 2021.

2) Last twelve months ("LTM") represents the immediately preceding twelve months, as of September 30, 2022.

3) Non-IFRS Financial Measure. See "Non-IFRS Financial Measures and Industry Metrics".

Digital Investigation Challenges

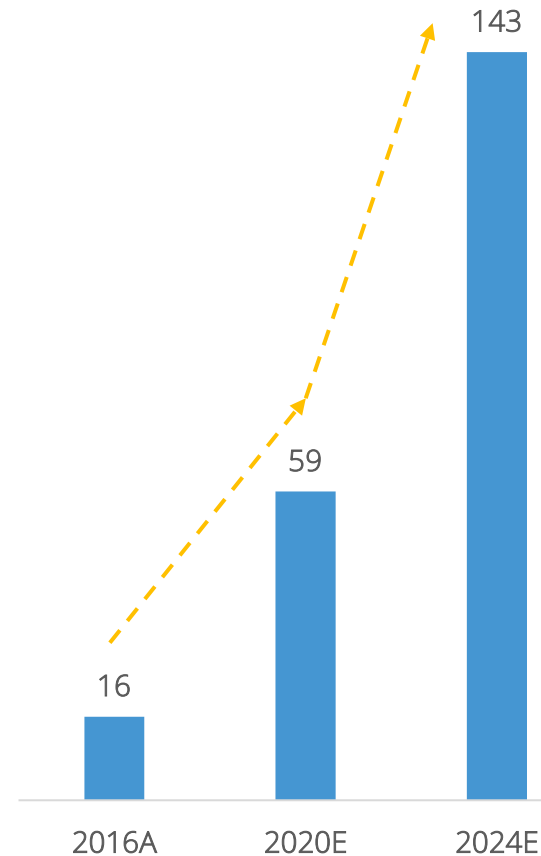
Exponential increase in digital evidence and the frequency and economic impact of cyber crimes

1) European Commission: New EU Rules to Obtain Electronic Evidence

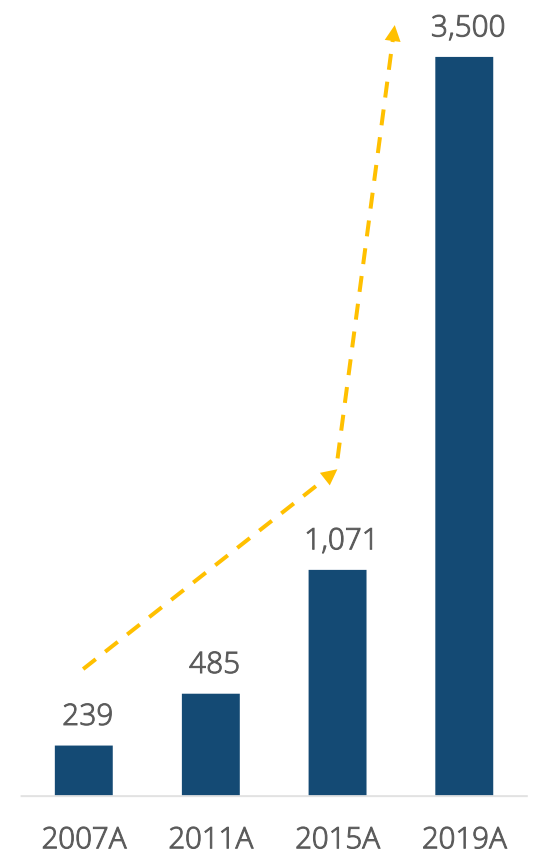
2) IDC, "Global Datasphere Forecast", published May 2020; IDC, White Paper, "Data Age 2025: The Evolution of Data to Life-Critical", published April 2017

3) FBI: Internet Crime Report for calendar years 2019, 2015, 2011 and 2007

Worldwide
datasphere
(zettabytes)²

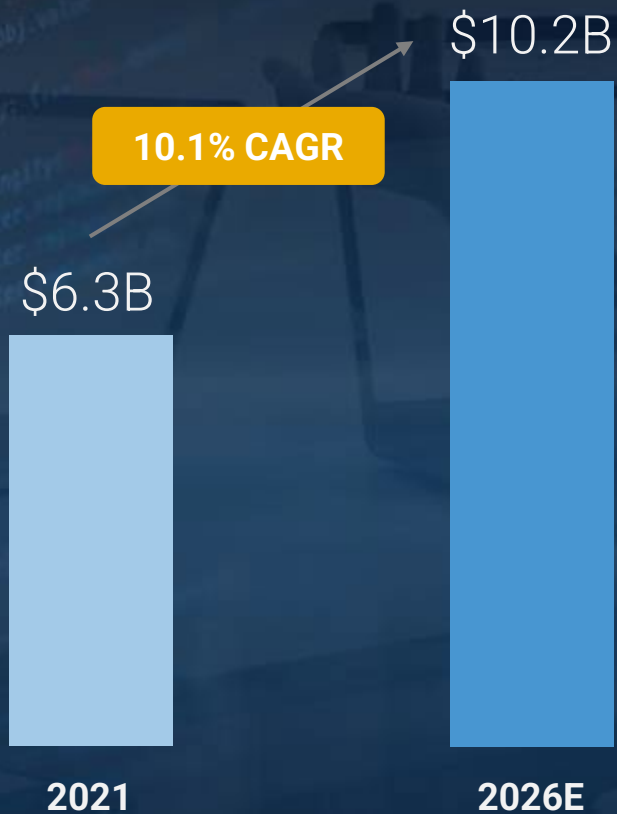


Global
cybercrime damage
(US\$ millions)³



The Market Opportunity

Forecast Digital Investigations
& Intelligence Market of \$10B¹



¹Mordor Intelligence "Global Digital Forensics Market", Homeland Security Research Corp "Law Enforcement Software", & IDC "eDiscovery Market"; note: eDiscovery market size for 2025 and 2026 calculated by using IDC's projected growth rate in 2024

DIGITAL CONNECTIVITY & LIFESTYLE



SHORTAGE OF SKILLED LABOR



GROWTH IN DATA

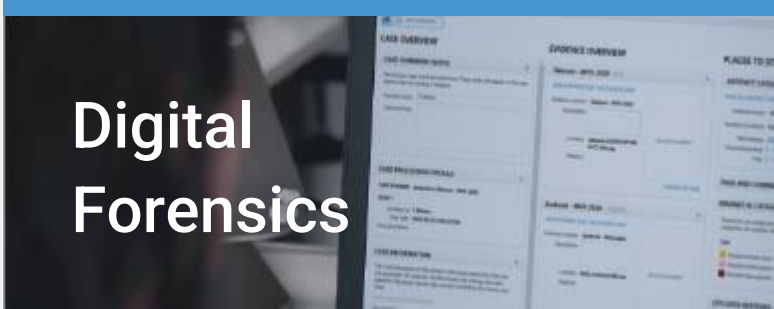


RISE IN CYBERCRIME



An Expanding Solution Suite That Naturally Extends Our Core Offering


Solutions for Every Step of the Case



Digital Forensics

Digital Forensics

- Magnet AXIOM
- Magnet AXIOM Cyber
- Magnet OUTRIDER
- Magnet DVR EXAMINER



Case Analytics & Intelligence

Case Analytics & Intelligence

- Magnet REVIEW
- Magnet AUTOMATE
- Magnet AUTOMATE ENTERPRISE
- Magnet IGNITE
- Magnet ATLAS



Electronic Discovery

Electronic Discovery

- Magnet AXIOM Cyber

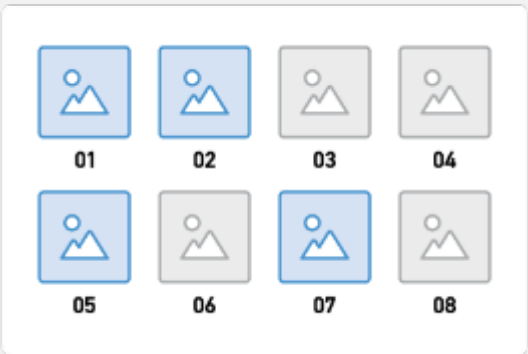
A Modern Software Solution for Digital Investigations

A complete unified digital investigation platform with the ability to quickly identify important data/evidence.



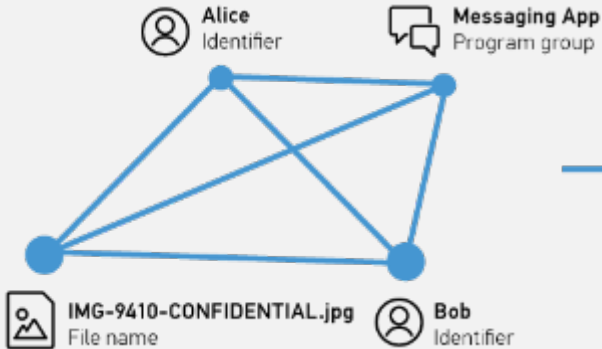
Data Collection

Digital evidence is collected from computers, laptops, cloud, mobile and IoT devices



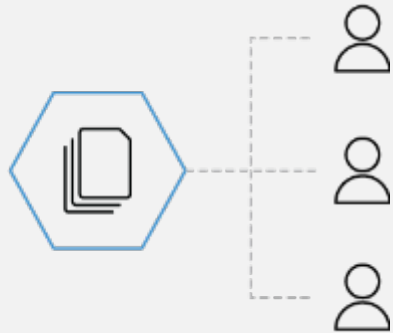
Artifact Identification

Automated recovery & storage of thousands of unique digital artifacts (pictures, texts, files, downloads, metadata, etc.)



Data Structuring & Analytics

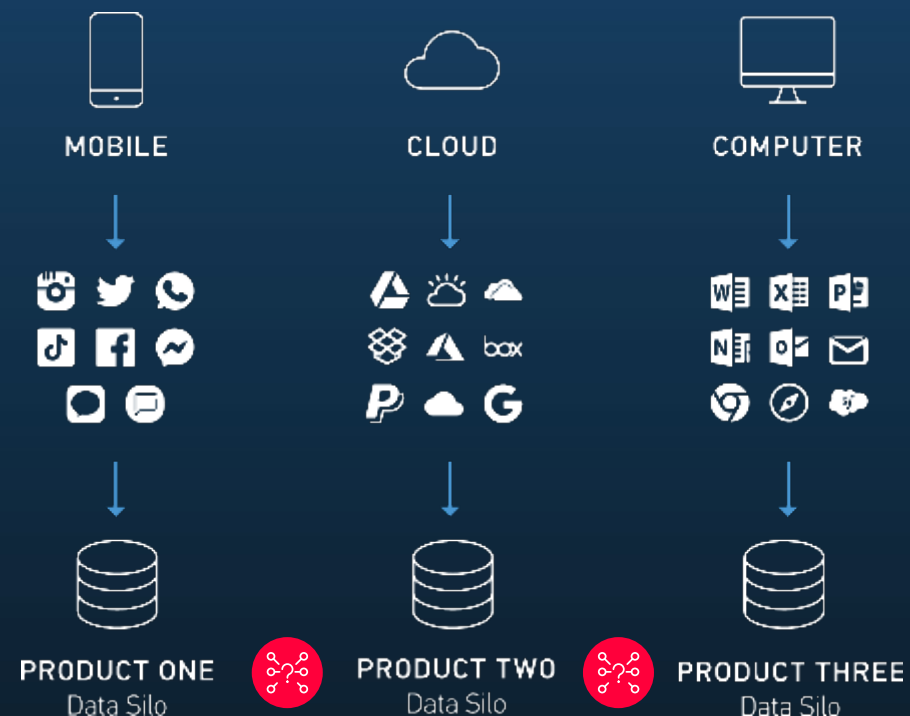
Important data identified quickly via proprietary analytical and AI engines



Reporting

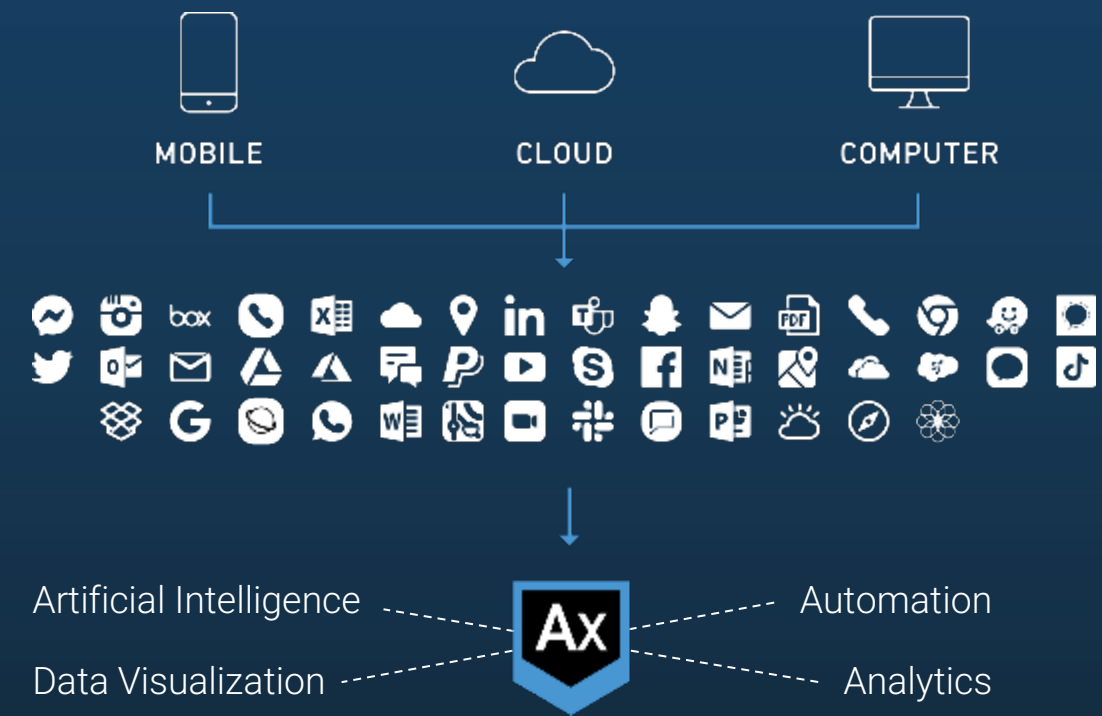
Consolidated timeline and reporting of critical information for quick analysis

A Step-Change in Terms of Data Visualization & Analytics



Current Environment

- Multiple products for multiple devices.
- Unable to see links and connections.



Magnet's Approach

- One window into all your evidence across all devices
- Uncover connections, see the whole picture, find more evidence.

A Superior Value Proposition



Material Time Savings



Finding More Evidence



Protect Corporate Assets

**One of the Largest
Digital Artifact Libraries**



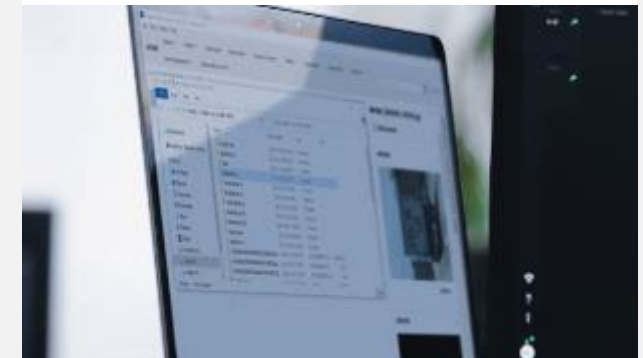
**Extensive Analytics
and AI Engine**



**Extensive Device
Compatibility**



**Automated Data
Recovery**



Magnet Forensics makes impact in convicting suspected bomber

Police captured Boston Marathon bombing suspect Dzhokhar Tsarnaev from his hideout in a boat in a dramatic hail of bullets, but that was just the beginning of their work:

“Sifting through personal devices manually could have taken years”

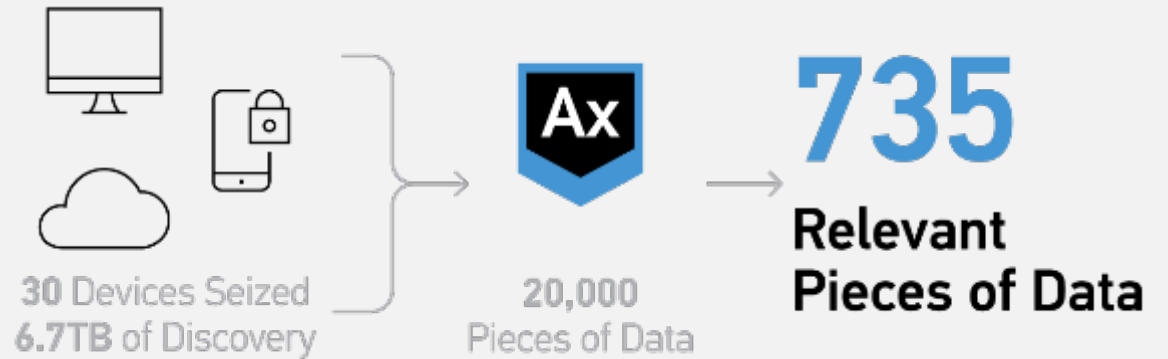
- FINANCIAL POST

“Tsarnaev had extremist material on multiple devices, FBI Agent Testified”

- THE BOSTON GLOBE



The Challenge:



How Magnet Helped:



Narrowed information to 735 relevant pieces of data in just a few months



Allowed police to systematically search the devices for relevant terms related to explosives and politics in the Caucasus region



Cataloged the evidence for presentation at trial

Validated by Our Blue-Chip Customer Base



64% Public Sector

36% Private Sector

Based on # of customers, as of Dec. 2021



58% North America

25% EMEA

13% APAC

4% LATAM

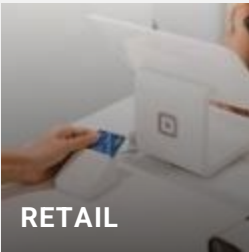
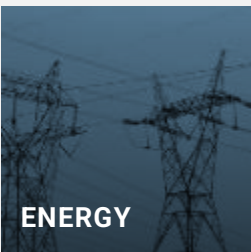
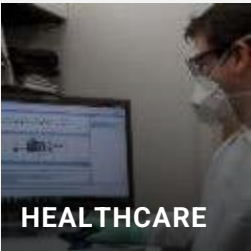
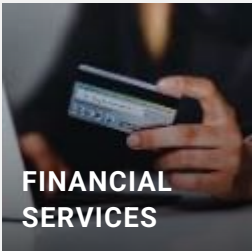
Based on # of customers, as of Dec. 2021



GOVERNMENT CUSTOMERS



PRIVATE ENTERPRISES



Cross-sell Potential of Public Sector Accounts

Digital Forensics

■ Scale represents ARRPA¹ growth potential of new solutions (US\$)

~\$13,000

Forensic User

- New Solutions
- Field extraction
 - Video extraction

Case Analytics & Intelligence

10X
ARRPA¹ increase

- Enterprise Solutions
- Workflow Automation
 - Case Management
 - Evidence Review & Analytics



44% ARRPA¹ expansion (2021 YoY):
Track Record of Successful Delivering More Value to Accounts

1) See "Non-IFRS Financial Measures and Industry Metrics". "Annual Recurring Revenue per Account" or "ARRPA" is defined by considering all customers as at the date being measured that have contracts for our products and services that result in recurring revenue, and dividing the Annual Recurring Revenue attributable to that group as at that date by the number of customers within that group. "Annual Recurring Revenue" is defined as the annualized value of contracted recurring revenue within all existing contracts as at the date being measured. This value excludes non-recurring perpetual license fees, and training and implementation fees.

Growth Potential of Private Sector

16.5X ARRPA¹ growth potential within existing private sector accounts

1X

Forensic User

Primary offering to private sector pre 2020

4.5X

ARRPA¹ increase

Corporate Investigator User

Primary offering to private sector since Q1 2020

12X

ARRPA¹ increase

Forensic Lab Automation & Orchestration

Expanded offering launched Jan 2022



New logo growth
(representative of one new logo with AXIOM Cyber + AUTOMATE)

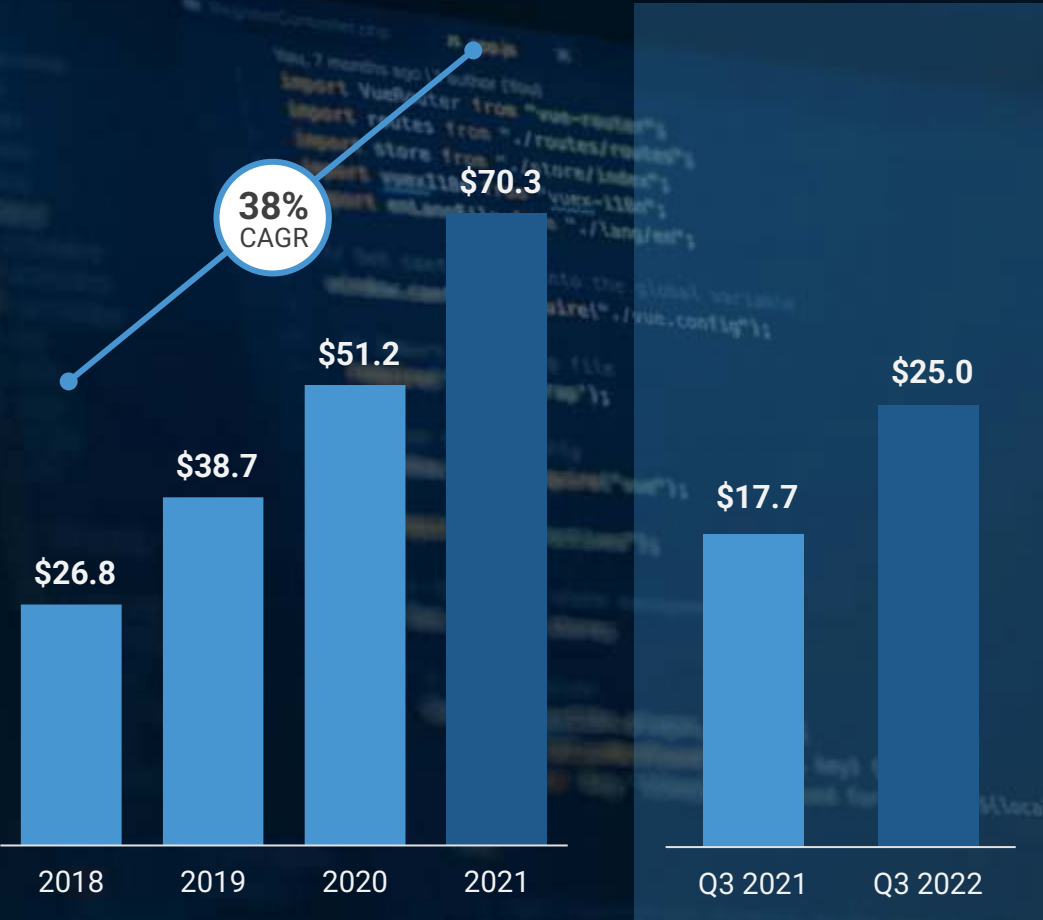
- Underpenetrated market opportunity
- Dedicated sales team focused on accelerating new wins

Accelerating growth potential

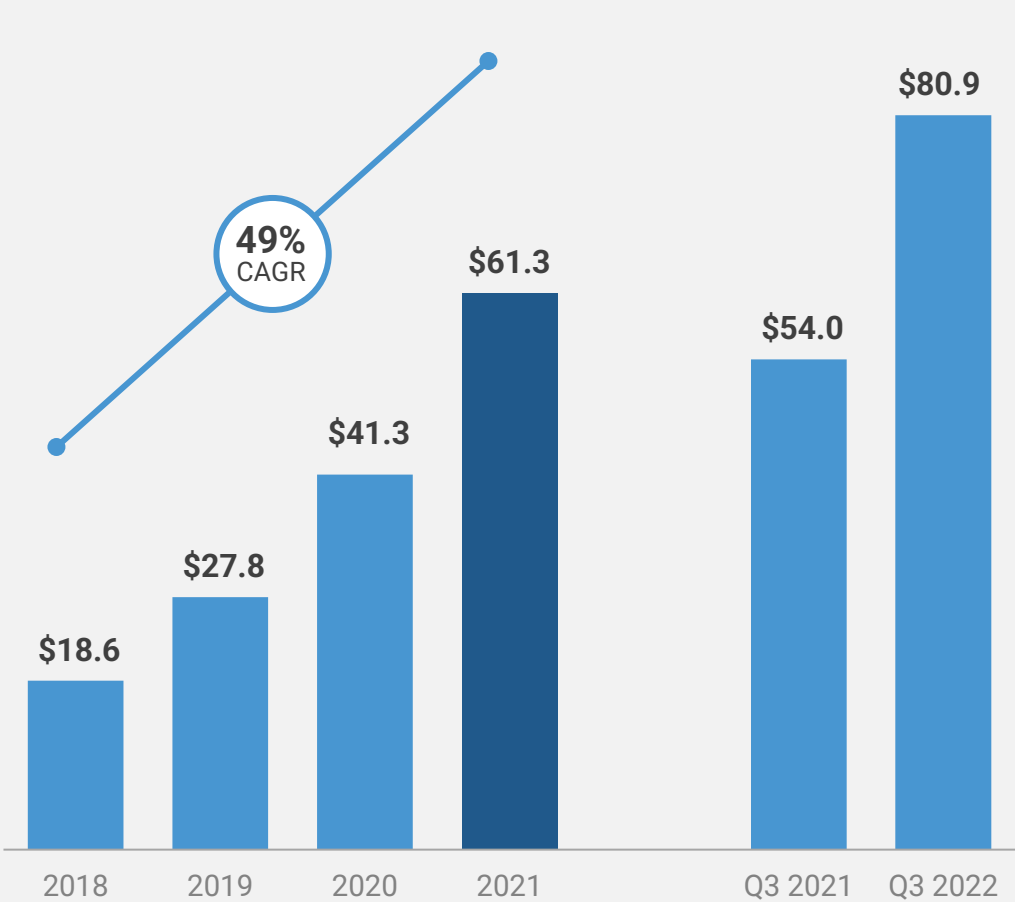
- 1) Cross sell existing accounts
- 2) Win new logos and grow ARRPA with them

Strong Topline Performance

Revenue
(US\$ millions)



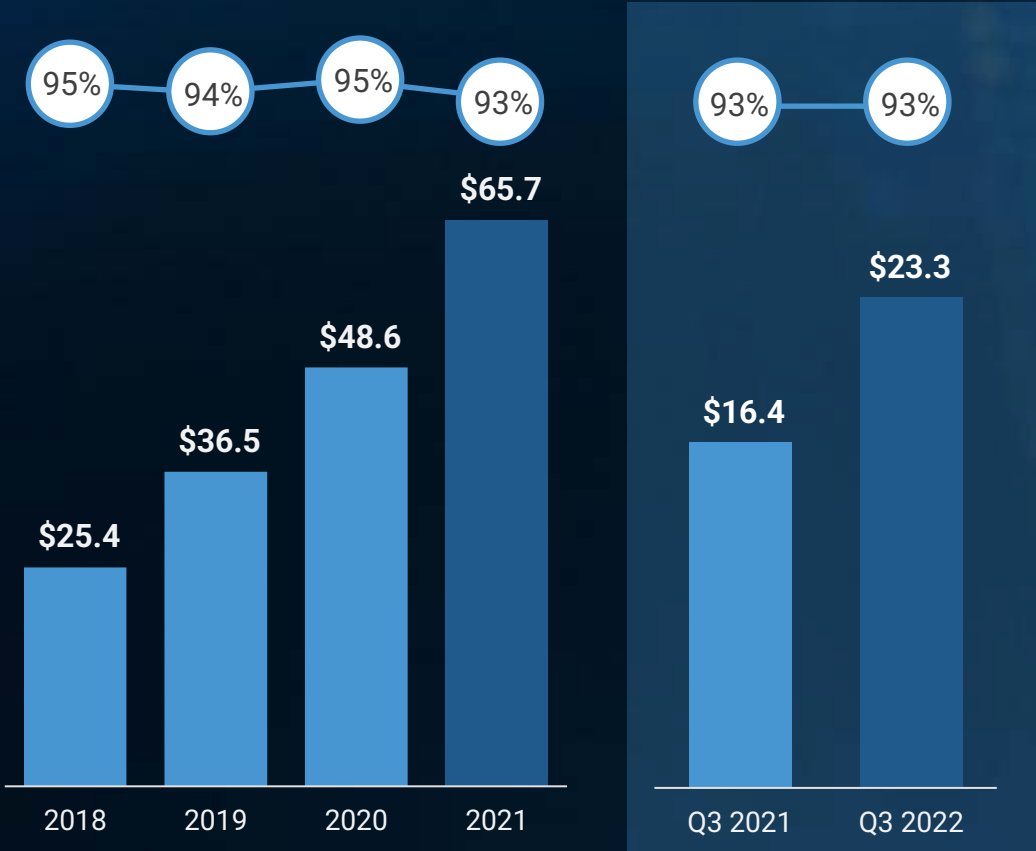
Annual Recurring Revenue¹
(US\$ millions)



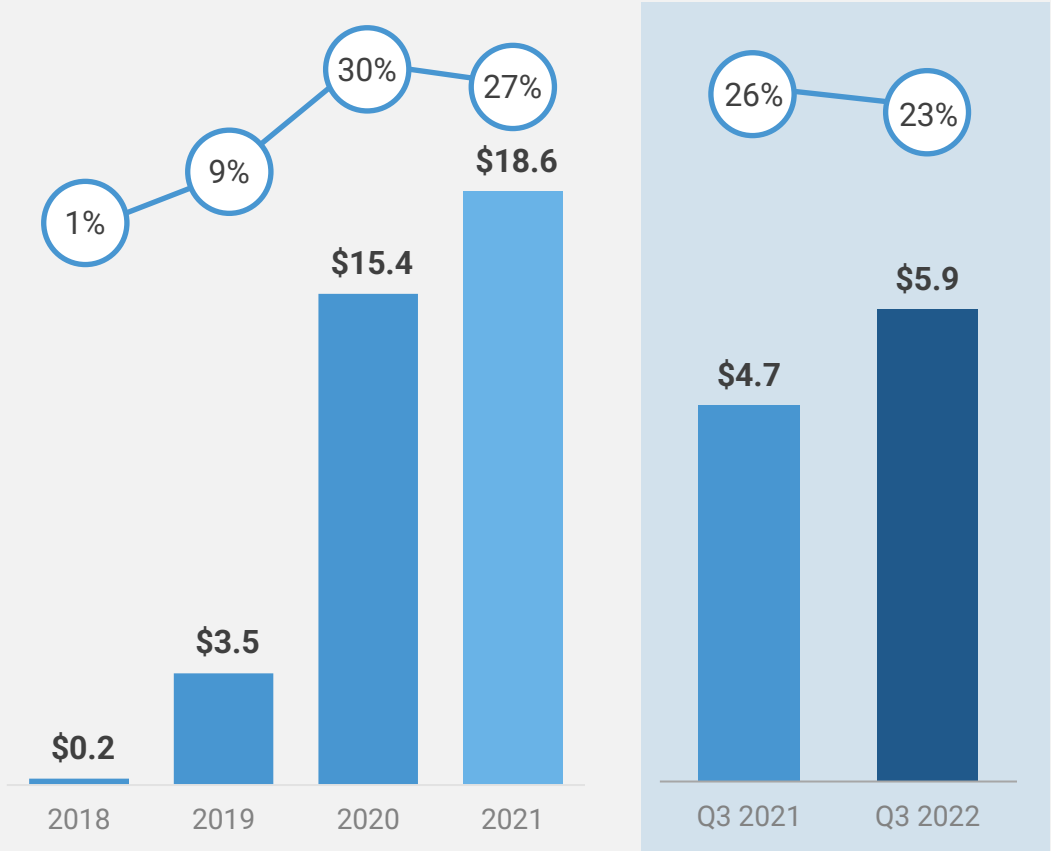
1) Key Performance Indicator. See "Key Performance Indicators" of MD&A for the period ended September 30, 2022.

Robust Margins and Disciplined Bottomline Performance

Gross Profit & Margin
(US\$ millions)



Adj. EBITDA & Margin¹
(US\$ millions)






1) Non-IFRS measure. See "Non-IFRS Financial Measures and Industry Metrics". "Adjusted EBITDA" represents net income (loss) adjusted to exclude depreciation and amortization, income tax expense (recovery), share-based compensation expense, foreign exchange loss (recovery), interest expense (income), certain financing-related expenses that are non-recurring in nature, and certain acquisition-related expenses that are non-recurring in nature and not indicative of continuing operations. See Appendix A. "Adjusted EBITDA Margin" is calculated as Adjusted EBITDA expressed as a percentage of total revenue.

Business Model Characteristics



1) Non-IFRS measure. See "Non-IFRS Financial Measures and Industry Metrics". "Total Recurring Revenue" represents the total revenue recognized during the period from contract elements that are recurring in nature. This includes revenues recognized as "License – term" and "Software maintenance and support" under Term License Contracts and revenue recognized as "Software maintenance and support" from term subscriptions for Software Maintenance and Support purchased by customers under Perpetual Licenses, and excludes non-recurring perpetual license fees and training and implementation fees. See Appendix B.

2) Last twelve months ("LTM") represents the immediately preceding twelve months, as of Sept. 30, 2022.

	UPFRONT	ANNUAL RECURRING
Perpetual License		<i>~50% of License Value</i> 
and / or		
Term License Contracts		<i>100% of License Value</i> 
1-3 Years		

Land & Expand Model

Acquire Customer

User & License Expansion

New Product Adoption

Net Dollar Retention¹

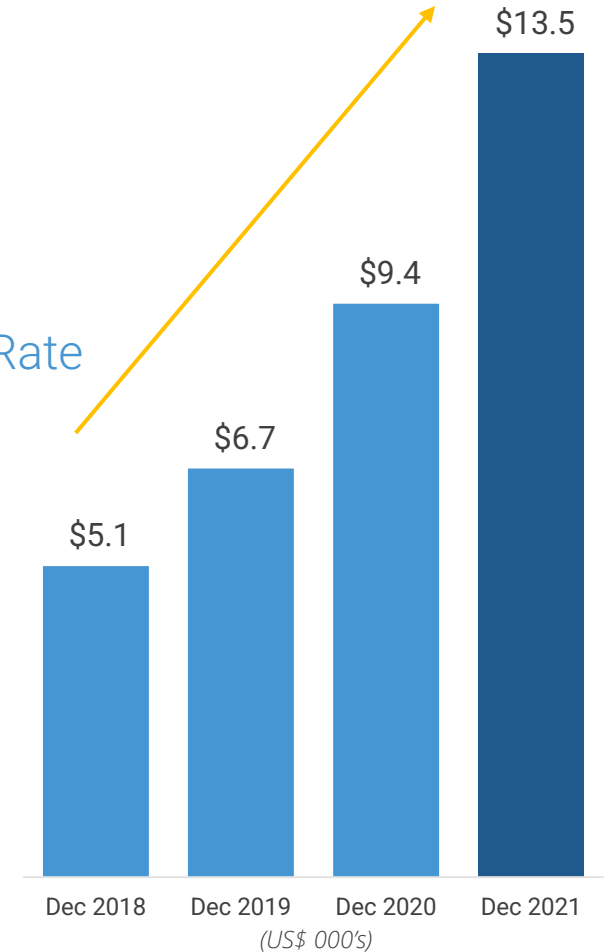
136%

Net Dollar Retention Rate

ARRPA Growth²

44% YoY

ARRPA Expansion



1) See "Non-IFRS Financial Measures and Industry Metrics" section on page 2. "Net Dollar Retention Rate" for a fiscal year is defined by considering a cohort of customers at the beginning of a fiscal year, and dividing the Annual Recurring Revenue attributable to that cohort at the end of the fiscal year, by the Annual Recurring Revenue attributable to that cohort at the beginning of the fiscal year. This ratio, expressed as a percentage, excludes the effect of new customers added during the fiscal year, and includes incremental sales made to the cohort during the fiscal year being measured.

2) See "Non-IFRS Financial Measures and Industry Metrics" section on page 2. "Annual Recurring Revenue per Account" or "ARRPA" is defined by considering all customers as at the date being measured that have contracts for our products and services that result in recurring revenue, and dividing the Annual Recurring Revenue attributable to that group as at that date by the number of customers within that group. "Annual Recurring Revenue" is defined as the annualized value of contracted recurring revenue within all existing contracts as at the date being measured. This value excludes non-recurring perpetual license fees, and training and implementation fees.

Proven Growth Strategy

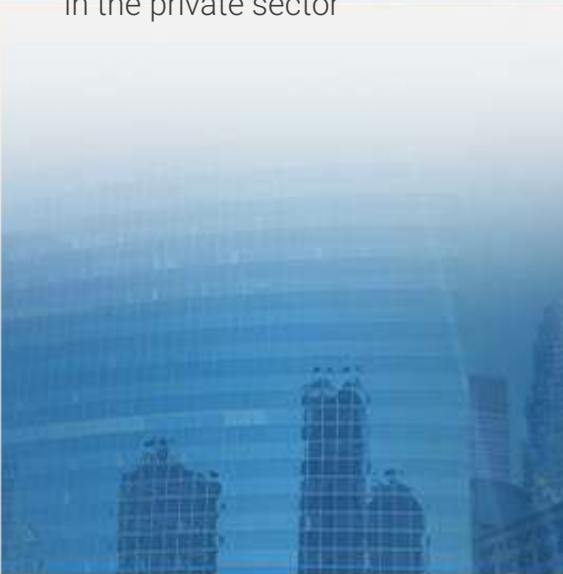
Land & Expand

- Sell additional licences
- Upsell add-on modules
- Cross-selling new products



New Logos

- Continue to penetrate the public safety market
- Accelerate new logo growth in the private sector



Product Innovation

- Increase product and solution offering for current customer base
- Increase TAM by expanding into complimentary adjacent markets



Opportunistic Acquisitions

- Grow platform capabilities
- Expand reach to adjacent market segments



Experienced Management & Board

GLOBAL MANAGEMENT TEAM



Adam Belsher, Chief Executive Officer*

- 20+ years' experience in the global technology sector
- Prior to joining Magnet Forensics, he served as VP of the Verizon Business Unit for Research in Motion (RIM), creator of BlackBerry



Jad Saliba, Chief Technology Officer & Founder*

- Former digital forensics investigator, left policing in 2011 to devote all his time to building Magnet Forensics
- As CTO, Jad is focused on researching new methods of recovering and analyzing all types of evidence for digital investigations



Angelo Loberto, Chief Operations Officer

- 20+ years of experience in the technology sector as finance and corporate operations executive
- Prior to joining Magnet Forensics held several senior positions at Research in Motion (RIM) and KPMG



Peter Vreeswyk, Chief Financial Officer

- 15 years of experience in finance, operations and marketing
- Prior to joining Magnet Forensics, held positions in the audit practice at KPMG, and the brand management group at Coca-Cola



Scott Williams, Chief Strategy Officer

- Leads Magnet Forensics' strategic activities
- 20+ year seasoned executive having previously held roles with FreshBooks, SiriusXM, and BlackBerry



Craig McLennan, Chief Revenue Officer

- Leads Magnet Forensics' sales and marketing activities
- Formerly lead Microsoft Canada's Consumer Sales and Device business, VP of Consumer Sales, Samsung Canada and SVP & Managing Director, North America at BlackBerry

BOARD OF DIRECTORS



Jim Balsillie, Chairman

- Retired Chairman and Co-CEO of RIM
- Only Canadian ever appointed to the US Business Council and was the private sector representative on the UN Secretary General's High Panel for Sustainability
- Supports innovation and higher education through numerous councils and a wide philanthropic reach



Jerome Pickett, Director

- Formerly SVP at CLEAR, a health assessment platform for organizations to assess the medical condition of people
- Previously EVP and Chief Security Officer for the National Basketball Association (NBA)
- 16 years with the US Secret Service prior to the private sector



Carol Leaman, Director

- CEO of Axonify Inc. a training and online learning platform for employees in organizations
- Prior to Axonify, held the CEO position at Post Rank an online content social engagement tracker with analytical tools to support publishers and PR firms; PostRank sold to Google in 2011



MAGNET
FORENSICS®

magnetforensics.com

Contact:
investors@magnetforensics.com

Appendix A: Adjusted EBITDA Reconciliation

(In thousands of U.S. dollars, except percentage data)

	Three Months Ended September 30,		Fiscal Year Ended December 31,			
	2022	2021	2021	2020	2019	2018
Net Income (loss)	\$1,369	\$2,167	\$7,341	\$10,604	\$973	(\$898)
Depreciation and amortization ⁽¹⁾	898	528	2,251	1,919	1,683	1,176
Income tax expense (recovery)	647	1,019	3,725	1,941	359	(215)
Share-based compensation ⁽²⁾	1,791	642	2,506	74	80	103
Foreign exchange loss (gain) ⁽³⁾	571	(142)	69	36	186	8
Interest expense (income)	(294)	86	420	449	207	40
Financing-related expenses ⁽⁴⁾	18	97	1,569	351	--	--
Acquisition-related expenses ⁽⁵⁾	868	293	752	--	--	--
Adjusted EBITDA	\$5,868	\$4,690	\$18,633	\$15,374	\$3,488	\$198
Adjusted EBITDA Margin	23%	26%	27%	30%	9%	1%

- 1) Depreciation and amortization expenses are primarily related to right-of-use assets and property and equipment. Depreciation and amortization expense for the three and nine months ended September 30, 2022 includes recognized depreciation expense on right-of-use assets of \$213 and \$630 (September 30, 2021 - \$197 and \$612). For the three and nine months ended September 30, 2022 interest expense related to lease liabilities was \$77 and \$246 (September 30, 2021 - \$92 and \$280).
- 2) These expenses represent non-cash expenses recognized in connection with the issuance of share-based compensation to our employees and directors, excluding share-based compensation related to acquired businesses of \$321 and \$687, for the three and nine months ended September 30, 2022.
- 3) These losses (gains) relate to the impact of foreign exchange translation on financial assets and liabilities.
- 4) These expenses include certain professional, legal, consulting and accounting fees, certain employee compensation, and listing fees that are specific to financing activities, including the Company's initial public offering ("IPO") completed on May 3, 2021, the base shelf prospectus filed on October 29, 2021 and public filings, and credit facility agreements, and are considered non-recurring and not indicative of continuing operations.
- 5) These expenses include post-combination compensation of acquired businesses, which represent a portion of the consideration paid that is contingent upon ongoing employment and performance criteria being achieved, including share-based compensation. Additionally, these expenses include certain professional, legal, consulting, accounting, advisory, and other fees incurred in connection with acquisition and other strategic opportunities pursued as part of the Company's growth strategy. These expenses are considered non-recurring and not indicative of continuing operations.

Appendix B: Total Recurring Revenue Reconciliation

(In thousands of U.S. dollars, except percentage data)

Three Months Ended September 30,

Fiscal Year Ended December 31,

	2022	2021	2021	2020	2019	2018
License – term	\$7,325	\$3,878	\$16,483	\$6,560	\$3,436	\$1,897
License – perpetual	388	841	4,803	9,634	8,917	7,881
Software Licenses Total	7,713	4,719	21,286	16,194	12,353	9,778
Software maintenance and support	--	--	40,760	29,221	22,038	14,926
Software maintenance and support - term	8,657	4,028	--	--	--	--
Software maintenance and support - perpetual	5,804	6,582	--	--	--	--
Professional services	2,817	2,444	8,241	5,814	4,263	2,087
Total Revenue	\$24,991	\$17,773	\$70,287	\$51,229	\$38,654	\$26,791
Less:						
License – perpetual	(388)	(841)	(4,803)	(9,634)	(8,917)	(7,881)
Professional services	(2,817)	(2,444)	(8,241)	(5,814)	(4,263)	(2,087)
Total Recurring Revenue	\$21,786	\$14,488	\$57,243	\$35,781	\$25,474	\$16,823
Percentage of total revenue	87%	82%	81%	70%	66%	63%



"Total Recurring Revenue" represents the total revenue recognized during the period from contract elements that are recurring in nature, and includes revenues recognized as "License – term" and "Software maintenance and support" under term license contracts ("Term License Contracts") and revenue recognized as "Software maintenance and support" from term subscriptions for software maintenance and support ("Software Maintenance and Support") purchased by customers under perpetual licenses ("Perpetual Licenses"). The Company believes that Total Recurring Revenue is an indicator of business expansion and provides visibility into its ability to generate predictable cash flows.