Management's Discussion and Analysis

For the three and nine months ended
December 31, 2022

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

As used in this management's discussion and analysis of financial condition and results of operations ("MD&A"), unless the context indicates or requires otherwise, all references to the "Company", "Coveo", "we", "us", or "our" refer to Coveo Solutions Inc. and its subsidiaries as constituted on December 31, 2022.

This MD&A dated February 6, 2023, for the three and nine months ended December 31, 2022 and December 31, 2021, should be read in conjunction with the Company's unaudited condensed interim consolidated financial statements along with the related notes thereto for the three and nine months ended December 31, 2022, as well as with the audited annual consolidated financial statements along with the related notes thereto for the year ended March 31, 2022. The financial information for the three and nine months ended December 31, 2022 and December 31, 2021 presented in this MD&A is derived from the Company's unaudited condensed interim consolidated financial statements for the three and nine months ended December 31, 2022, which have been prepared in accordance with the International Financial Reporting Standards ("IFRS") applicable to the preparation of interim financial statements, including International Accounting Standard ("IAS") 34, Interim Financial Reporting, as issued by the International Accounting Standards Board ("IASB"). All amounts are in U.S. dollars unless otherwise indicated.

Forward-looking information

This MD&A contains "forward-looking information" and "forward-looking statements" (collectively, "forward-looking information") within the meaning of applicable securities laws. Such forward-looking information includes, but is not limited to, information with respect to our objectives and the strategies to achieve these objectives, as well as information with respect to our beliefs, plans, expectations, anticipations, estimates, and intentions.

This forward-looking information is identified by the use of terms and phrases such as "may", "would", "should", "could", "might", "will", "achieve", "occur", "expect", "intend", "estimate", "anticipate", "plan", "foresee", "believe", "continue", "target", "opportunity", "strategy", "scheduled", "outlook", "forecast", "projection", or "prospect", the negative of these terms and similar terminology, including references to assumptions, although not all forward-looking information contains these terms and phrases. 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 expectations, estimates, and projections regarding future events or circumstances.

This forward-looking information includes, among other things, statements relating to: our business plans and strategies (including growth strategies); expectations regarding Coveo's revenue and revenue mix, expenses, investments, and operating results; expectations regarding our ability to successfully retain and expand relationships with existing customers; expectations regarding growth opportunities and our ability to capture an increasing share of addressable markets, including for commerce solutions, and strengthen our competitive position; and expectations regarding our ability to increase our penetration of international markets and selectively pursue and successfully integrate acquisitions, including in respect of identified cross-selling opportunities.

Forward-looking information is necessarily based on a number of opinions, estimates, and assumptions that we considered appropriate and reasonable as of the date such statements are made. Although the forward-looking information contained herein is based upon what we believe are reasonable assumptions, actual results may vary from the forward-looking information contained herein. Certain assumptions made in preparing the forward-looking information contained in herein include, without limitation: our ability to capitalize on growth opportunities and implement our growth strategy; our ability to attract new customers, both domestically and internationally; the success of our efforts to expand our product portfolio and market reach; our ability to maintain successful strategic relationships with partners and other third parties; assumptions regarding our future capital requirements; assumptions regarding available liquidity under our revolving credit facility; the accuracy of our estimates of market opportunity and growth forecasts; our success in identifying and evaluating, as well as *financing and integrating, any acquisitions, partnerships, or joint ventures, and our ability to execute on our expansion plans; and the future impact of the COVID-19 pandemic. Moreover, forward-looking information is subject to known and unknown risks, uncertainties, and other factors, many of which are beyond our control, 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 macro-economic uncertainties and the risk factors described under "Risk Factors" in the Company's most recently filed Annual Information Form ("AIF") available under our profile on SEDAR at www.sedar.com. There can be no assurance that such forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. Accordingly, prospective investors should not place undue reliance on forward-looking information, which speaks only as of the date made.*

Moreover, we operate in a very competitive and rapidly changing environment. 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.

You should not rely on this forward-looking information, as actual outcomes and results may differ materially from those contemplated by this forward-looking information as a result of such risks and uncertainties. Additional information will also be set forth in other public filings that we make available under our profile on SEDAR at www.sedar.com from time to time. The forward-looking information provided in this MD&A relate only to events or information as of the date on which the statements are made in this MD&A and are expressly qualified in their entirety by this cautionary statement. Except as required by law, we do not assume any obligation to update or revise any forward-looking information, whether as a result of new information, future events, or otherwise, after the date on which the statements are made or to reflect the occurrence of unanticipated events.

Business Overview

The business of Coveo

Coveo is a market-leading artificial intelligence ("AI") powered relevance platform that injects search, recommendations, personalization, and merchandising intelligence into digital experiences such as commerce, service, website, and workplace applications. Coveo's platform is cloud-native SaaS, multi-tenant, API-first, and headless, and can easily integrate into almost any digital experience. Our solutions are designed to provide tangible financial value to our customers by helping to drive improvements in conversion, revenue, and margins, reduce customer support costs, increase customer satisfaction and website engagement, and improve employee proficiency and satisfaction.

Our technology indexes data and content from a variety of disparate sources, and using behavioral analytics, machine learning, and deep learning, leverages this data to: (i) understand context and deliver unified search, ranking, and navigation; (ii) anticipate likely outcomes and formulate recommendations to tailor every individual digital experience; and (iii) create personalized and unified content. Our solutions can serve the needs of enterprises of all sizes, starting with addressing a precise and singular use case for a specific team within an organization, and can expand to enterprise-wide solutions to deliver relevant experiences across multiple teams, use cases, channels, and regions.

We primarily generate revenue from the recurring sale of SaaS subscriptions. Our contracts generally have multi-year terms and are subject to renewal at the end of the subscription term. We sell and distribute our solutions almost exclusively through our direct sales force supported by a global ecosystem of partners that support the adoption and implementation of our platform. We have established strategic relationships with leading global technology platforms, including Salesforce, SAP, Adobe, ServiceNow, Zendesk, and Sitecore with which we have collaborated to integrate our solutions within their platforms. These integrations enable users to unify content from multiple sources as well as deploy our usage analytics and machine learning models within these applications.

Key Performance Indicators

We monitor the following key performance indicators to help us evaluate our business, measure our performance, identify trends, formulate business plans, and make strategic decisions. These key performance indicators provide investors with supplemental measures of our operating performance and thus highlight trends in our core 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 industry metrics in the evaluation of issuers. Our key performance indicators may be calculated in a manner different than similar key performance indicators used by other companies.

- **SaaS Subscription Revenue:** Our main focus is on growing our SaaS Subscription Revenue. We believe that our ability to increase our SaaS Subscription Revenue, as presented in our financial statements in accordance with IFRS, is an indicator of the success of our growth strategy. The recurring nature and predictability of our SaaS Subscription Revenue provides visibility into future performance, and the upfront annual payments we typically receive on these contracts results in cash flow generation in advance of revenue recognition. Our SaaS Subscription Revenue was $26.4 million for the three months ended December 31, 2022, an increase of $5.2 million or 25% compared to the three months ended December 31, 2021. For the nine months ended December 31, 2022, SaaS Subscription Revenue was $75.9 million, an increase of $21.1 million or 38% compared to the nine months ended December 31, 2021.

- **Net Expansion Rate:** We believe that Net Expansion Rate is a useful indicator of our ability to maintain and expand our relationships with our customers over time. This indicator compares our SaaS Annualized Contract Value[1] from the same set of customers across comparable periods. We calculate this rate 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 attributable to that cohort at the end of the current period selected, by the SaaS Annualized Contract Value 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 Annualized Contract Value from new customers added during the 12 months preceding the end of the period selected;

  ii. Includes incremental SaaS Annualized Contract Value sold to the cohort over the 12 months preceding the end of the period selected;

  iii. Is net of the SaaS Annualized Contract Value from any customers whose subscriptions terminated or decreased over the 12 months preceding the end of the period selected; and

  iv. Includes customers who converted from self-managed (on-premise) licenses and maintenance services to SaaS subscriptions during the 12 months preceding the end of the period selected.

  We believe that measuring the ability to retain and expand revenue generated from our existing customer base is a key indicator of the long-term value that we provide to customers. As of December 31, 2022, our Net Expansion Rate was 107% compared to 112% as of December 31, 2021.

- **Current SaaS Subscription Remaining Performance Obligations ("SaaS cRPO"):** We believe that SaaS cRPO, as presented in our financial statements in accordance with IFRS, provides visibility into our future performance. This amount represents 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 of December 31, 2022, SaaS cRPO was $92.1 million, an increase of $19.9 million or 28% compared to December 31, 2021.

[1] *"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.*

Non-IFRS Financial Measures and Ratios and Reconciliation of Non-IFRS Financial Measures and Ratios

Non-IFRS financial measures and ratios are not recognized measures under IFRS and do not have a standardized meaning prescribed by IFRS. These measures are unlikely to be comparable to similar measures presented by other companies. Rather, non-IFRS financial measures and ratios are provided as additional information to complement financial statements by providing further understanding of our results of operations from management's perspective. Accordingly, these measures and ratios should not be considered in isolation nor as a substitute for analysis of our financial information reported under IFRS.

We believe that non-IFRS financial measures and ratios are useful in providing supplemental information regarding our performance by excluding certain items that may not be indicative of our business, operating results, or future outlook. Management uses non-IFRS financial measures and ratios to make performance comparisons from period to period, to prepare annual operating budgets and forecasts, and to determine components of management compensation.

Adjusted Operating Loss

Adjusted Operating Loss is defined as operating loss excluding share-based payments and related expenses, amortization of acquired intangible assets, acquisition-related compensation, transaction-related expenses, charitable contributions, and other one-time or non-cash items.

We believe Adjusted Operating Loss provides our management and investors consistency and comparability with our past financial performance and facilitates period-to-period comparisons of operations, as these metrics generally eliminate the effects of certain variables from period to period for reasons unrelated to overall operating performance. We believe similar measures are used widely among others in our industry as a means of evaluating a company's underlying operating performance.

The following table reconciles Adjusted Operating Loss to operating loss for the periods indicated:

	Three months ended December 31,		**Nine months ended December 31,**	
In thousands of U.S. dollars	**2022**	**2021**	**2022**	**2021**
	$	**$**	**$**	**$**
Operating loss	**(10,701)**	**(23,437)**	**(35,654)**	**(37,898)**
Share-based payments and related expenses (1)	5,364	2,853	15,499	4,327
Amortization of acquired intangible assets (2)	1,070	1,003	3,333	1,003
Acquisition-related compensation (3)	21	502	407	744
Transaction-related expenses (4)	324	509	324	1,839
Charitable contributions	66	10,420	165	10,479
Adjusted Operating Loss	**(3,856)**	**(8,150)**	**(15,926)**	**(19,506)**

(1) These expenses relate to issued stock options, restricted shares units, and other awards under 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) These expenses represent the amortization of intangible assets acquired through the acquisition of Qubit Digital Ltd ("Qubit"). These costs are included in amortization of intangible assets.

(3) These expenses relate to non-recurring acquisition-related compensation in connection with acquisitions. These costs are included in product and professional services cost of revenue, and sales and marketing, research and product development, and general and administrative expenses.

(4) 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 Gross Profit Measures and Adjusted Gross Profit (%) Measures

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 Profit (%) is defined as Adjusted Gross Profit as a percentage of total revenue. Adjusted Product Gross Profit (%) is defined as Adjusted Product Gross Profit as a percentage of product revenue. Adjusted Professional Services Gross Profit (%) 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 Profit (%) Measures".

We believe that Adjusted Gross Profit Measures and Adjusted Gross Profit (%) Measures provide our management and investors with consistency and comparability with our past financial performance and facilitate period-to-period comparisons of our direct costs and gross profit by excluding the effects of certain variables for reasons unrelated to overall operating performance. We believe they are important supplemental financial measures of our performance, primarily because they and similar measures are used widely among others in our industry as a means of evaluating a company's underlying operating performance.

The table below provides a reconciliation of Adjusted Gross Profit to gross profit, Adjusted Product Gross Profit to product gross profit, and Adjusted Professional Services Gross Profit to professional services gross profit:

	Three months ended December 31,		Nine months ended December 31,	
In thousands of U.S. dollars	2022	2021	2022	2021
			$	$
Total revenue	**28,497**	**23,243**	**82,892**	**60,979**
Gross profit	**21,893**	**17,201**	**62,982**	**46,358**
Gross profit (%)	*77%*	*74%*	*76%*	*76%*
Add: Share-based payments and related expenses	339	272	1,040	436
Add: Acquisition-related compensation	6	156	172	156
Adjusted Gross Profit	**22,238**	**17,629**	**64,194**	**46,950**
Adjusted Gross Profit (%)	*78%*	*76%*	*77%*	*77%*
Product revenue	**26,687**	**21,640**	**76,773**	**56,824**
Product cost of revenue	**4,948**	**4,476**	**14,455**	**11,215**
Product gross profit	**21,739**	**17,164**	**62,318**	**45,609**
Product gross profit (%)	*81%*	*79%*	*81%*	*80%*
Add: Share-based payments and related expenses	182	140	574	230
Add: Acquisition-related compensation	4	30	134	30
Adjusted Product Gross Profit	**21,925**	**17,334**	**63,026**	**45,869**
Adjusted Product Gross Profit (%)	*82%*	*80%*	*82%*	*81%*
Professional services revenue	**1,810**	**1,603**	**6,119**	**4,155**
Professional services cost of revenue	**1,656**	**1,566**	**5,455**	**3,406**
Professional services gross profit	**154**	**37**	**664**	**749**
Professional services gross profit (%)	*9%*	*2%*	*11%*	*18%*
Add: Share-based payments and related expenses	157	132	466	206
Add: Acquisition-related compensation	2	126	38	126
Adjusted Professional Services Gross Profit	**313**	**295**	**1,168**	**1,081**
Adjusted Professional Services Gross Profit (%)	*17%*	*18%*	*19%*	*26%*

Adjusted Operating Expense Measures and 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 sales and marketing expenses, research and product development expenses, and general and administrative expenses excluding share-based payments and related expenses, acquisition-related compensation, transaction-related expenses, charitable contributions, 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".

We believe that Adjusted Operating Expense Measures and Adjusted Operating Expense (%) Measures provide our management and investors with consistency and comparability with our past financial performance and facilitate period-to-period comparisons of our direct costs by excluding the effects of certain variables for reasons unrelated to overall operating performance. We believe they are important supplemental financial measures of our performance, primarily because they and similar measures are used among others in our industry as a means of evaluating a company's underlying operating performance.

The table below provides a reconciliation of Adjusted Sales and Marketing Expenses to sales and marketing expenses, Adjusted Research and Product Development Expenses to research and product development expenses, and Adjusted General and Administrative Expense to general and administrative expenses:

	Three months ended December 31,		Nine months ended December 31,	
In thousands of U.S. dollars	**2022**	**2021**	**2022**	**2021**
			$	$
Sales and marketing expenses	**13,728**	**12,182**	**42,450**	**33,650**
Sales and marketing expenses (%)	*48%*	*52%*	*51%*	*55%*
Less: Share-based payments and related expenses	1,375	695	4,445	1,153
Less: Acquisition-related compensation	6	67	77	67
Adjusted Sales and Marketing Expenses	**12,347**	**11,420**	**37,928**	**32,430**
Adjusted Sales and Marketing Expenses (%)	*43%*	*49%*	*46%*	*53%*
Research and product development expenses	**8,705**	**9,076**	**26,800**	**19,446**
Research and product development expenses (%)	*31%*	*39%*	*32%*	*32%*
Less: Share-based payments and related expenses	1,487	1,100	4,608	1,537
Less: Acquisition-related compensation	8	270	143	512
Adjusted Research and Product Development Expenses	**7,210**	**7,706**	**22,049**	**17,397**
Adjusted Research and Product Development Expenses (%)	*25%*	*33%*	*27%*	*29%*
General and administrative expenses	**8,102**	**17,277**	**22,917**	**26,939**
General and administrative expenses (%)	*28%*	*74%*	*28%*	*44%*
Less: Share-based payments and related expenses	2,163	786	5,406	1,201
Less: Acquisition-related compensation	1	9	15	9
Less: Transaction-related expenses	324	509	324	1,839
Less: Charitable contributions	66	10,420	165	10,479
Adjusted General and Administrative Expenses	**5,548**	**5,553**	**17,007**	**13,411**
Adjusted General and Administrative Expenses (%)	*19%*	*24%*	*21%*	*22%*

Key Factors Impacting Our Performance

We believe that our goal of driving long-term sustainable growth and stakeholder value depends on many factors, including those described below. While each of these factors presents significant opportunities for our business, they also pose important challenges, some of which are discussed below and in the "Risk Factors" section of the Company's most recent AIF available under our profile on SEDAR at www.sedar.com.

Growing our SaaS customer base

A portion of our future revenue growth is reliant upon the effectiveness of our sales and marketing efforts to secure new customers. In order to maximize our ability to secure new customers, our go-to-market strategy is designed to cover the full spectrum of the buyer journey of an enterprise, from developers to chief experience officers. We believe the flexibility of our go-to-market strategy contributes to our ability to attract new customers and generate revenue growth.

Driving expansion from our existing SaaS customer base

Our future growth will also depend on our ability to maintain and expand our existing customer relationships. Our solutions are designed to drive return on investment for our customers, and as a result, we typically develop long-term relationships with our customers. We believe that the long-term nature of our customer relationships presents us with opportunities to grow these relationships over time.

Growth of our commerce solution

We have made investments, including the acquisition of Qubit in October 2021, to build a technology that delivers relevance in digital commerce experiences. Our commerce solutions aim to help drive revenue and profitability growth for both online business-to-business and business-to-consumer entities by improving purchase conversion rates, increasing cart sizes with upsells, and driving higher customer loyalty.

Maintain and expand existing platform integrations, and develop new ones

We have demonstrated the ability to develop integrations between our platform and other global technology vendors. Strategic platform integrations are additive to the value proposition of our solutions and promote adoption of our platform. We intend to focus on maintaining and expanding our existing strategic platform integration relationships while also developing new ones.

Geographical expansion

We believe an opportunity exists for us to expand and deepen our international presence, particularly in the Europe Middle-East Africa ("EMEA") and Asia Pacific ("APAC") regions. A portion of our future revenue growth is dependent on our ability to successfully penetrate these markets.

Successfully executing on future acquisitions

We intend to augment our capabilities and organic growth with targeted strategic and tactical acquisitions. Critical to our success is continuing to be highly disciplined in integrating acquisitions into our Company in a manner that allows us to fulfill the potential that these acquisitions could bring.

COVID-19

Despite the challenges encountered during the pandemic, we continued to expand our relationships with our existing customers and attracted new customers. There continues to be uncertainty regarding the duration and magnitude of the COVID-19 pandemic and the ability to control resurgences worldwide, making it difficult to assess the future impact on our customer base, the end markets we serve, and the resulting effect on our business and operations, both in the short term and in the long term.

Macroeconomic environment

The macroeconomic backdrop has recently become more challenging, driven by a combination of, among other things, economic uncertainty, increased inflation, rising interest rates, foreign exchange rate fluctuations, and geopolitical instability from Russia's invasion of Ukraine. Economic uncertainty, increased inflation, and rising interest rates may adversely affect consumer and business spending and may reduce demand for our solutions, which could negatively affect our revenue, results of operations, and cash flows. Furthermore, we are subject to inflation risk that could have a material effect on our business, financial condition, or results of operations. If our costs were to become subject to significant inflationary pressures, we may not be able to fully offset such higher costs through price increases. Our inability or failure to do so could harm our business, financial condition, and results of operations. While we do not have any material exposure to Russia or Ukraine, there are other geopolitical and macroeconomic risks and uncertainties that are outside of our control that could impact our business, financial condition, or results of operations.

Key Components of Results of Operations

Revenue

SaaS Subscription Revenue. SaaS Subscription Revenue is primarily comprised of fees for the provisioning of the Coveo Relevance Cloud™ platform and the related customer support and success plans. SaaS subscriptions are sold for a fixed fee and revenue is recognized rateably over the term of the contract as the Company satisfies the performance obligation.

Our contracts generally have multi-year terms, are subject to renewal at the end of the subscription term, and generally do not provide for a right to terminate the subscription for convenience, other than in accordance with applicable laws. As a result, a significant portion of the SaaS Subscription Revenue that we recognize in each period is attributable to subscriptions entered into during previous periods. The Company generally invoices annually in advance and receives payment from its customers on the invoice due date. To the extent we invoice our customers in advance of revenue recognition, we record deferred revenue.

Professional services. Professional services revenue is earned for the implementation and configuration of our platform in connection with SaaS subscriptions. These services are typically time-based arrangements, with revenue recognized as these services are performed. In certain circumstances, we enter into arrangements for professional services on a fixed price basis. In these cases, revenue is recognized by reference to the stage of completion of the contract.

Cost of revenue

Product cost of revenue. Product cost of revenue includes personnel and overhead costs, including share-based payments and related expenses, associated with our customer support, customer success, and data hosting teams, and the cost of data hosting services.

Professional services cost of revenue. Professional services cost of revenue consists of personnel, including share-based payments and related expenses, travel, and other overhead costs related to implementation teams supporting initial deployments, training services, and subsequent stand-alone engagements for additional services.

We intend to incur additional expenses in data hosting, customer success, customer support, and professional services as we expand our customer base. The level and timing of these additional expenses could affect our cost of revenue in the future.

Sales and marketing expenses

Sales and marketing expenses consist primarily of personnel and related costs, including share-based payments and related expenses, for our sales and marketing teams. This includes salaries and benefits, contract acquisition costs (including commissions earned by sales personnel and fees paid to our partners), support and training related to our partner programs, and marketing expenses focused on business development and sales.

As we grow our revenue, we plan to continue to invest in sales and marketing by expanding our domestic and international headcount, building brand awareness via marketing programs and outbound lead generation, and developing and expanding relationships with our implementation partners. Over time, we expect sales and marketing expenses will decline as a percentage of total revenues as we achieve additional economies of scale from our expansion.

Research and product development ("R&D") expenses

R&D expenses consist primarily of personnel and related costs, including share-based payments and related expenses, for the teams responsible for the ongoing research, development, and product management of our solutions. These expenses are recorded net of applicable tax credits and government grants.

We expect that our spending on R&D will increase in absolute dollars as we expand our R&D and product management teams to continue to add new features and capabilities to our platform. We expect research and development expenses to decline in proportion to total revenue as we achieve additional economies of scale from our expansion.

General and administrative expenses

General and administrative expenses consist of employee expenses, including share-based payments and related expenses, associated with administrative functions of the business, including finance, accounting, legal, administrative, human resources, procurement, information systems, and information technology, as well as professional fees and other corporate expenses.

We expect that general and administrative expenses will increase in absolute dollars in the future as we invest in our infrastructure and incur additional employee-related costs and professional fees related to the growth of our business, including our international expansion. In the longer term, we expect general and administrative expenses to decrease as a percentage of total revenue as we focus on processes, systems, and controls to enable our internal administrative functions to scale with the growth of our business.

Results of Operations

The following table sets forth our results of operations:

	Three months ended December 31,		Nine months ended December 31,	
In thousands of U.S. dollars, except per share data	2022	2021	2022	2021
	$	$	$	$
Revenue				
SaaS subscription	26,389	21,153	75,861	54,782
Self-managed licenses and maintenance	298	487	912	2,042
Product revenue	**26,687**	**21,640**	**76,773**	**56,824**
Professional services	1,810	1,603	6,119	4,155
Total revenue	**28,497**	**23,243**	**82,892**	**60,979**
Cost of revenue				
Product	4,948	4,476	14,455	11,215
Professional services	1,656	1,566	5,455	3,406
Total cost of revenue	**6,604**	**6,042**	**19,910**	**14,621**
Gross profit	**21,893**	**17,201**	**62,982**	**46,358**
Operating expenses				
Sales and marketing	13,728	12,182	42,450	33,650
Research and product development	8,705	9,076	26,800	19,446
General and administrative	8,102	17,277	22,917	26,939
Depreciation of property and equipment	599	684	1,951	1,985
Amortization of intangible assets	1,072	1,042	3,337	1,098
Depreciation of right-of-use assets	388	377	1,181	1,138
Total operating expenses	**32,594**	**40,638**	**98,636**	**84,256**
Operating loss	**(10,701)**	**(23,437)**	**(35,654)**	**(37,898)**
Change in redeemable preferred shares conversion rights component fair value	-	(269,200)	-	(299,428)
Net financial expenses (revenue)	(1,485)	2,930	(2,904)	12,560
Foreign exchange loss (gain)	735	628	(581)	281
Income (loss) before income tax expense (recovery)	**(9,951)**	**242,205**	**(32,169)**	**248,689**
Income tax expense (recovery)	96	(184,108)	330	(188,972)
Net income (loss)	**(10,047)**	**426,313**	**(32,499)**	**437,661**
Net income (loss) per share				
Basic	(0.10)	7.65	(0.31)	13.05
Diluted	(0.10)	(0.24)	(0.31)	(0.41)

The following table presents share-based payments and related expenses amounts recognized by the Company:

	Three months ended December 31,		Nine months ended December 31,	
In thousands of U.S. dollars	2022	2021	2022	2021
	$	$	$	$
Share-based payments and related expenses				
Product cost of revenue	182	140	574	230
Professional services cost of revenue	157	132	466	206
Sales and marketing	1,375	695	4,445	1,153
Research and product development	1,487	1,100	4,608	1,537
General and administrative	2,163	786	5,406	1,201
Share-based payments and related expenses	**5,364**	**2,853**	**15,499**	**4,327**

Results of Operations for the Three and Nine Months Ended December 31, 2022 and December 31, 2021

Total revenue

	Three months ended December 31,				Nine months ended December 31,			
In thousands of U.S. dollars	2022	2021	Change		2022	2021	Change	
	$	$	$	%	$	$	$	%
Revenue								
SaaS subscription	26,389	21,153	5,236	25%	75,861	54,782	21,079	38%
Self-managed licenses and maintenance	298	487	(189)	(39%)	912	2,042	(1,130)	(55%)
Product revenue	**26,687**	**21,640**	**5,047**	**23%**	**76,773**	**56,824**	**19,949**	**35%**
Professional services	1,810	1,603	207	13%	6,119	4,155	1,964	47%
Total revenue	**28,497**	**23,243**	**5,254**	**23%**	**82,892**	**60,979**	**21,913**	**36%**
Percentage of total revenue:								
SaaS subscription	93%	91%			92%	90%		
Self-managed licenses and maintenance	1%	2%			1%	3%		
Product revenue	**94%**	**93%**			**93%**	**93%**		
Professional services	6%	7%			7%	7%		
Total revenue	**100%**	**100%**			**100%**	**100%**		

Product revenue

SaaS subscription Revenue increased for the three and nine months ended December 31, 2022 due to the continued adoption of our solutions that led to incremental revenue from new customers, as well as expansion transactions that increased our revenue with our existing base of customers. Additionally, revenue from Qubit was included for the complete three and nine months ended December 31, 2022 and only from October 14, 2021 for the three and nine months ended December 31, 2021.

We also converted some customers from self-managed licenses and maintenance to SaaS subscriptions. As a result, self-managed licenses and maintenance revenue decreased. Additionally, as we announced the decision to no longer support our on-premise product offerings, some customers did not renew their self-managed licenses and maintenance as they chose not to migrate to our cloud solutions. All contracts from self-managed licenses and maintenance were terminated as of December 31, 2022.

Professional services

The increase in professional services revenue for the three and nine months ended December 31, 2022 was driven by an increase in billable hours and hourly rates by our professional services organization.

Cost of revenue

	Three months ended December 31,				Nine months ended December 31,			
In thousands of U.S. dollars	2022	2021	Change		2022	2021	Change	
	$	$	$	%	$	$	$	%
Cost of revenue								
Product	4,948	4,476	472	11%	14,455	11,215	3,240	29%
Professional services	1,656	1,566	90	6%	5,455	3,406	2,049	60%
Total cost of revenue	**6,604**	**6,042**	**562**	**9%**	**19,910**	**14,621**	**5,289**	**36%**
Gross profit (%)								
Product	81%	79%			81%	80%		
Professional services	9%	2%			11%	18%		
Gross profit	**77%**	**74%**			**76%**	**76%**		

Product

Product cost of revenue for the three and nine months ended December 31, 2022 increased due to the growth of our customer base, which resulted in an increase in hosting services, as well as an increase in labor costs, including additional share-based payments and related expenses. For the nine months ended December 31, 2022, we also incurred additional costs as a result of the acquisition of Qubit in October 2021. Our product gross profit (%) for the three and nine months ended December 31, 2022 increased, mainly driven by our continuous efforts to optimize our hosting services and other costs.

Professional services

For the three months ended December 31, 2022, professional services cost of revenue slightly increased, primarily driven by an increase in consulting fees, as we are developing skills and expertise with selected system integrator partners. The increase in gross profit (%) was mainly driven by a decrease in acquisition-related compensation.

Professional services cost of revenue for the nine months ended December 31, 2022 increased due to the impact of the acquisition of Qubit, an increase in consulting fees, and additional costs related to share-based payments and related expenses. The decrease in gross profit (%) was mainly driven by the lower professional services gross profit (%) of Qubit and higher share-based payments and related expenses.

Operating expenses

Sales and marketing expenses

In thousands of U.S. dollars	Three months ended December 31, 2022	2021	Change		Nine months ended December 31, 2022	2021	Change	
	$	$	$	%	$	$	$	%
Sales and marketing	13,728	12,182	1,546	13%	42,450	33,650	8,800	26%
Percentage of total revenue	48%	52%			51%	55%		

The increase in sales and marketing expenses for the three and nine months ended December 31, 2022 was largely attributable to share-based payments and related expenses, additional attendance at in-person events, and incremental spending on marketing programs.

For the three and nine months ended December 31, 2022, sales and marketing expenses as a percentage of total revenue decreased due to the result of initiatives related to improving our operating efficiency.

Research and product development expenses

In thousands of U.S. dollars	Three months ended December 31, 2022	2021	Change		Nine months ended December 31, 2022	2021	Change	
	$	$	$	%	$	$	$	%
Research and product development	8,705	9,076	(371)	(4%)	26,800	19,446	7,354	38%
Percentage of total revenue	31%	39%			32%	32%		

For the three months ended December 31, 2022, R&D expenses decreased mainly due to lower salary expenses as a result of efficiency initiatives, which resulted in a slight reduction in headcount. Salary expenses were also favorably impacted by the strengthening of the US dollar compared to the Canadian dollar. This decrease was partially offset by additional share-based payments and related expenses. Tax credits and government assistance generally remained stable for the three months ended December 31, 2022.

R&D expenses increased for the nine months ended December 31, 2022 due to additional share-based payments and related expenses as well as an increase in labor costs, including employees added as a result of Qubit acquisition, and a reduction in tax credits and government assistance. The tax credit and government assistance decrease of $1.5 million was mainly attributable to not being eligible to receive certain reimbursable tax credits since we became a publicly-listed company in November 2021 and the completion of our project with Industrial Research Assistance Program ("IRAP") in July 2021 for which we did not receive any contributions for the three and nine months ended December 31, 2022.

General and administrative expenses

In thousands of U.S. dollars	Three months ended December 31, 2022	2021	Change		Nine months ended December 31, 2022	2021	Change	
	$	$	$	%	$	$	$	%
General and administrative	8,102	17,277	(9,175)	(53%)	22,917	26,939	(4,022)	(15%)
Percentage of total revenue	28%	74%			28%	44%		

For the three and nine months ended December 31, 2022, general and administrative expenses decreased as a result of the one-time effect of the 1% pledge donation of $10.4 million and transaction expenses related to the Initial Public Offering ("IPO") and the acquisition of Qubit. These decreases were partially offset by additional share-based payments and related expenses, as well as additional expenses related to operating as a public company.

For the nine months ended December 31, 2022, the decrease was also offset by increased expenses resulting from the acquisition of Qubit.

The Company has also implemented efficiency initiatives to enable our administrative functions to scale effectively and benefited from the strengthening of the US dollar compared to the Canadian dollar, both of which helped to drive lower general and administrative expenses as a percentage of total revenue.

Other operating expenses

	Three months ended December 31,				Nine months ended December 31,			
In thousands of U.S. dollars	2022	2021	Change		2022	2021	Change	
	$	$	$	%	$	$	$	%
Depreciation of property and equipment	599	684	(85)	(12%)	1,951	1,985	(34)	(2%)
Amortization of intangible assets	1,072	1,042	30	3%	3,337	1,098	2,239	204%
Depreciation of right-of-use assets	388	377	11	3%	1,181	1,138	43	4%
	2,059	**2,103**	**(44)**	**(2%)**	**6,469**	**4,221**	**2,248**	**53%**

Depreciation of property and equipment for the three and nine months ended December 31, 2022 was generally in-line with the three and nine months ended December 31, 2021.

Amortization of intangible assets for the three months ended December 31, 2022 was mainly in-line with the three months ended December 31, 2021. The amortization of intangible assets for the nine months ended December 31, 2022 increased compared to the nine months ended December 31, 2021, primarily driven by the amortization of intangible assets from the acquisition of Qubit.

Depreciation of right-of-use assets for the three and nine months ended December 31, 2022 was in-line with the three and nine months ended December 31, 2021.

Other expenses

	Three months ended December 31,				Nine months ended December 31,			
In thousands of U.S. dollars	2022	2021	Change		2022	2021	Change	
	$	$	$	%	$	$	$	%
Change in redeemable preferred shares conversion rights component fair value	-	(269,200)	269,200	(100%)	-	(299,428)	299,428	(100%)
Net financial expenses (revenue)	(1,485)	2,930	(4,415)	(151%)	(2,904)	12,560	(15,464)	(123%)
Foreign exchange loss (gain)	735	628	107	17%	(581)	281	(862)	(307%)
Income tax expense (recovery)	96	(184,108)	184,204	(100%)	330	(188,972)	189,302	(100%)

Change in redeemable preferred shares conversion rights component fair value had no impact for the three and nine months ended December 31, 2022. For the three and nine months ended December 31, 2021, this item was driven by changes in the conversion rights component fair value of our Series B, C, D, E, and F redeemable preferred shares. As the redeemable preferred shares were converted into multiple voting shares in connection with a reorganization completed immediately prior to the closing of our IPO, we do not expect any future impact.

For the three and nine months ended December 31, 2022, we were in a position of net financial revenue compared to net financial expenses for the three and nine months ended December 31, 2021. Interest income was driven by a higher cash balance and an increase in interest rates compared to comparative periods. For the three and nine months ended December 31, 2021, interest accretion was recognized in connection with the redeemable preferred shares.

Foreign exchange gain and loss results from transactions denominated in currencies other than the functional currencies and translated into the relevant functional currency. The foreign exchange loss for the three months ended December 31, 2022 and the foreign exchange gain for the nine months ended December 31, 2022 were mainly driven by the operations denominated in U.S. dollars of Coveo Solutions Inc., which uses the Canadian dollar as its functional currency.

For the three and nine months ended December 31, 2022 we recorded an income tax expense as opposed to an income tax recovery for the three and nine months ended December 31, 2021. The income tax recovery for the three and nine months ended December 31, 2021 was largely attributable to deferred taxes related to the redeemable preferred shares conversion rights and debt components that were reversed following the conversion of the preferred shares. We do not expect any future impact related to the preferred shares.

Key Balance Sheet Information

	As of December 31,	**As of March 31,**		
In thousands of U.S. dollars	**2022**	**2022**	**Change**	
	$	$	$	%
Cash and cash equivalents	207,565	223,072	(15,507)	(7%)
Total current assets	239,629	264,852	(25,223)	(10%)
Total assets	310,797	345,500	(34,703)	(10%)
Deferred revenue (current and non-current)	52,921	50,392	2,529	5%
Total liabilities	88,570	90,064	(1,494)	(2%)
Total shareholders' equity	222,227	255,436	(33,209)	(13%)

Cash and cash equivalents

Cash and cash equivalents decreased compared to March 31, 2022 mainly driven by the effect of foreign exchange rate changes on cash and cash equivalents since the Company holds significant amounts of cash and cash equivalents in Canadian dollars and reports in U.S. dollars.

Total assets

The decrease in total assets was mainly driven by the decrease in cash and cash equivalents as described above and a decrease in our trade and other receivables. The variation was also driven by a decrease in intangible assets and property and equipment due to amortization and depreciation, as well as a decrease in refundable tax credits as we collected tax credits for the year ended March 31, 2021 and for the period until our IPO for the year ended March 31, 2022 .

Deferred revenue (current and non-current)

The increase in deferred revenue was mainly driven by new sales and renewals of SaaS subscriptions, partially offset by revenue recognized. Deferred revenue is also impacted by the timing of billings.

Total liabilities

The decrease in total liabilities was mainly driven by a decrease in lease obligations, deferred tax liabilities and trade payable and accrued liabilities partially offset by an increase in deferred revenue as explained above.

Quarterly Results of Operations

The following table sets forth selected unaudited quarterly statements of operations data for each of the eight quarters immediately preceding and including the quarter ended December 31, 2022. The information for each of these quarters has been prepared on the same basis as the audited annual financial statements and the unaudited condensed interim financial statements. This data should be read in conjunction with our audited consolidated financial statements, and the unaudited condensed interim financial statements, and related notes. These quarterly operating results are not necessarily indicative of our operating results for a full-year or any future period.

In thousands of U.S. dollars, except per share data	Dec 31, 2022	Sep 30, 2022	Jun 30, 2022	Mar 31, 2022	Dec 31, 2021	Sep 30, 2021	Jun 30, 2021	Mar 31, 2021
	$	$	$	$	$	$	$	$
Revenue								
SaaS subscription	26,389	25,469	24,003	23,071	21,153	17,313	16,316	15,217
Self-managed licenses and maintenance	298	290	324	333	487	841	714	1,012
Product revenue	**26,687**	**25,759**	**24,327**	**23,404**	**21,640**	**18,154**	**17,030**	**16,229**
Professional services	1,810	2,174	2,135	2,105	1,603	1,358	1,194	1,205
Total revenue	**28,497**	**27,933**	**26,462**	**25,509**	**23,243**	**19,512**	**18,224**	**17,434**
Cost of revenue								
Product	4,948	4,749	4,758	4,878	4,476	3,341	3,398	3,236
Professional services	1,656	1,822	1,977	1,957	1,566	882	958	996
Total cost of revenue	**6,604**	**6,571**	**6,735**	**6,835**	**6,042**	**4,223**	**4,356**	**4,232**
Gross profit	**21,893**	**21,362**	**19,727**	**18,674**	**17,201**	**15,289**	**13,868**	**13,202**
Operating expenses								
Sales and marketing	13,728	14,161	14,561	14,121	12,182	10,595	10,873	11,231
Research and product development	8,705	8,963	9,132	10,653	9,076	5,528	4,842	5,624
General and administrative	8,102	7,722	7,093	9,820	17,277	5,516	4,146	4,290
Depreciation of property and equipment	599	660	692	692	684	652	649	605
Amortization of intangible assets	1,072	1,104	1,161	2,369	1,042	30	26	21
Depreciation of right-of-use assets	388	396	397	379	377	378	383	416
Total operating expenses	**32,594**	**33,006**	**33,036**	**38,034**	**40,638**	**22,699**	**20,919**	**22,187**
Operating loss	**(10,701)**	**(11,644)**	**(13,309)**	**(19,360)**	**(23,437)**	**(7,410)**	**(7,051)**	**(8,985)**
Change in redeemable preferred shares conversion rights component fair value	-	-	-	-	(269,200)	39,248	(69,476)	300,357
Net financial expenses (revenue)	(1,485)	(1,020)	(399)	(59)	2,930	4,826	4,804	4,515
Foreign exchange loss (gain)	735	(816)	(500)	81	628	(780)	433	623
Income (loss) before income tax expense (recovery)	**(9,951)**	**(9,808)**	**(12,410)**	**(19,382)**	**242,205**	**(50,704)**	**57,188**	**(314,480)**
Income tax expense (recovery)	96	125	109	3	(184,108)	11,184	(16,048)	70,451
Net income (loss)	**(10,047)**	**(9,933)**	**(12,519)**	**(19,385)**	**426,313**	**(61,888)**	**73,236**	**(384,931)**
Net income (loss) per share								
Basic	(0.10)	(0.10)	(0.12)	(0.19)	7.65	(2.76)	3.27	(20.66)
Diluted	(0.10)	(0.10)	(0.12)	(0.19)	(0.24)	(2.76)	(0.08)	(20.66)

Revenue

Our product revenue has increased in each of the last eight quarters, primarily driven by growth in our SaaS Subscription Revenue, partially offset by declines in our self-managed licenses and maintenance revenue. The growth in SaaS Subscription Revenue was driven by the addition of new customers, increased usage of our platform by existing customers through our continued efforts to cross-sell and upsell our solutions, and by the acquisition of Qubit for the three months ended December 31, 2021 and subsequent quarters. Our product revenue is recognized over time on a daily basis. Therefore, our product revenue for the quarters ended March 31 are impacted by a lower number of days as compared to other quarters. The decrease in self-managed licenses and maintenance revenue was driven by our continued efforts to convert these customers to our cloud platform, as well as the deliberate decision to stop supporting our on-premise products over time.

Professional services revenue has remained mainly in-line as a percentage of total revenue over the last eight quarters and generally increased over time, except for the quarters ended December 31, 2022 and June 30, 2021. The increase in professional services revenue over time was primarily driven by the growth in our business, which resulted in professional services work related to implementations of our platform and ongoing support of our customers. There was also a meaningful increase in professional services revenue as a result of the acquisition of Qubit, which was completed in October 2021.

Cost of revenue

Total cost of revenue generally increased over time mainly due to costs related to supporting a greater number of customers and headcount additions to our customer success and customer support teams, including from the acquisition of Qubit in October 2021. Our cost of revenue has not increased linearly compared to our revenue as a result of our continuous efforts to optimize our costs, including our hosting expenses. Historically, we have experienced a reduction in cost of revenue each year in the quarter ended September 30 due to accrued vacations taken during the summer period, which reduces our labor costs compared to other quarters. Moreover, beginning with the quarter ended June 30, 2022, cost of revenue was also favorably impacted by the strengthening of the US dollar compared to the Canadian dollar.

Gross profit

Our total quarterly gross profit increased sequentially for all periods presented, primarily due to increased SaaS Subscription Revenue.

Operating expenses

Total operating expenses generally increase over time due to additional headcount required to support our expanding base of customers and product innovation. However, following initiatives related to improving our operating efficiency, total operating expenses have decreased in each of the last four quarters.

Beginning in the quarter ended December 31, 2021, operating expenses from the acquisition of Qubit were included in our financial statements.

Historically, we have experienced a reduction in operating expenses each year in the quarter ended September 30 due to accrued vacations taken during the summer period, which reduces our labor costs compared to other quarters. Moreover, the quarters ended March 31 include additional social benefit costs as compared to other quarters due to the reset, at the beginning of each calendar year, of the social benefits that are limited to an annual maximum contribution. The impact of these additional social benefits is greater when compared to quarters ending December 31.

During the quarter ended December 31, 2021 we recorded a one-time 1% equity pledge donation of $10.4 million and transaction-related expenses attributable to our IPO and the acquisition of Qubit. Furthermore, following the Company's IPO in the quarter ended December 31, 2021, the Company was no longer eligible to receive certain reimbursable tax credits which were previously recorded as a reduction of R&D expense. Finally, beginning in the quarter ended June 30, 2022, our operating results were favorably impacted by the strengthening of the US dollar compared to the Canadian dollar.

See "Results of Operations" in this MD&A for a more detailed discussion of the year-over-year changes in revenue, cost of revenue, and operating expenses.

Liquidity and Capital Resources

Overview

The general objectives of our capital management strategy are to support our continued organic growth while preserving our capacity to continue our operations, to provide benefits to our stakeholders, and to provide an adequate return on investment to our shareholders through selling our services at prices commensurate with the level of operating risk assumed by us.

We define the Company's objectives and determine the amount of capital required consistent with risk levels. This capital structure is continually adjusted depending on changes in the macroeconomic environment and risks of the underlying assets.

Cash flows

The following table presents cash, short-term investments, and cash flows from operating, investing, and financing activities:

	Nine months ended December 31,			
In thousands of U.S. dollars	**2022**	**2021**	**Change**	
	$	$	$	%
Cash and cash equivalents – end of period	207,565	233,683	(26,118)	(11%)
Net cash flow generated from (used in)				
Operating activities	852	(23,568)	24,420	(104%)
Investing activities	(1,526)	35,810	(37,336)	(104%)
Financing activities	(909)	165,339	(166,248)	(101%)
Effect of foreign exchange rate changes on cash and cash equivalents	(13,924)	703	(14,627)	(2,081%)
Net increase (decrease) in cash and cash equivalents	**(15,507)**	**178,284**	**(193,791)**	**(109%)**

Operating activities

For the nine months ended December 31, 2022, the positive variation in cash flow from operating activities was mainly driven by a decrease in net loss, excluding items not affecting cash, and the positive change in non-cash working capital items, which was primarily driven by the collection of refundable tax credits and a decrease in trade and other receivables.

Investing activities

Cash flow used in investing activities for the nine months ended December 31, 2022 was mainly driven by investments in office improvements and computer equipment. For the nine months ended December 31, 2021, cash flow generated from investing activities was mainly attributable to proceeds from the disposal of short-term investments, partially offset by cash used in the acquisition of Qubit.

Financing activities

Cash flow used in financing activities for the nine months ended December 31, 2022 was mainly driven by payments on lease obligations and the payment of tax withholding for net share settlement of share-based awards, partially offset by proceeds from the exercise of stock options. For the nine months ended December 31, 2021, cash flow from financing activities was primarily driven by share capital issued at the completion of the IPO, including the exercise of the over-allotment option and the private placement completed concurrently.

Credit facility

We have a $50.0 million revolving credit facility bearing interest at a variable rate of interest, per annum, announced by Comerica Bank from time to time as its "prime rate" either for advances denominated in Canadian dollars or in U.S. dollars, as applicable (provided that, for advances denominated in Canadian dollars, such "prime rate" shall in no event be less than one percent per annum). As of the date hereof, no amounts have been drawn under this credit facility.

Working capital

Our approach to managing liquidity is to ensure, to the extent possible, that we have sufficient liquidity to meet our liabilities as they become due. We do so by monitoring cash flow and performing budget-to-actual analysis on a regular basis. In addition to cash and cash equivalents, and as mentioned above, we have a $50.0 million revolving credit facility available that can be drawn to meet ongoing working capital requirements. Our principal cash requirements are for investments in our customer acquisition costs, product and technology, working capital, and selected acquisitions we may execute. Given our cash and cash equivalents balance and unused credit facility, we believe we have sufficient liquidity to meet our current and short-term financial obligations. This assessment is a forward-looking statement and involves risks and uncertainties. Our future capital requirements will depend on many factors, including our revenue growth rate, new customer acquisition, expansion, and subscription renewal activity, timing of billing and collecting activities, the timing and extent of spending to support further sales and marketing and research and development efforts, general and administrative expenses to support our growth, including international expansion, the ongoing impact of the COVID-19 pandemic, and the macroeconomic environment. We may in the future enter into arrangements to acquire or invest in complementary businesses, services, and technologies. We may be required to seek additional equity or debt financing to fund these activities. If we are unable to raise additional capital when desired, or on acceptable terms, our business, results of operations, and financial condition could be materially adversely affected. Please refer to a summary of our contractual obligations as documented further below in this MD&A.

Contractual Obligations and Financial Instruments

Contractual obligations

There were no significant changes in our contractual obligations disclosed in our audited annual consolidated financial statements for the year ended March 31, 2022.

Financial instruments

Our financial assets include cash and cash equivalents and trade and other receivables that are classified as financial assets at amortized cost. Our financial liabilities include trade payable and accrued liabilities. See note 25 to the audited annual consolidated financial statements for the year ended March 31, 2022. There were no significant changes in financial instruments set out in note 25 to the audited annual consolidated financial statements for the year ended March 31, 2022.

Capital resources

See note 24 to the audited annual consolidated financial statements for the year ended March 31, 2022 for the Company's minimum aggregate commitments. There were no significant changes in commitments set out in note 24 to the audited annual consolidated financial statements for the year ended March 31, 2022.

Off-Balance Sheet Arrangements

We have no off-balance sheet arrangements. From time to time, we may be contingently liable with respect to litigation and claims that arise in the normal course of operations.

Transactions Between Related Parties

See note 23 to the audited annual consolidated financial statements for the year ended March 31, 2022 for the Company's related party transactions. There were no significant changes in transactions between related parties set out in note 23 to the audited annual consolidated financial statements for the year ended March 31, 2022.

Significant Accounting Judgments, Estimates, and Assumptions

See note 2 to the unaudited condensed interim consolidated financial statements for the three and nine months ended December 31, 2022 and note 4 to the audited annual consolidated financial statements for the year ended March 31, 2022. There were no significant changes in significant accounting judgments, estimates, and assumptions set out in note 4 to the audited annual consolidated financial statements for the year ended March 31, 2022.

Future Accounting Standard Changes

See note 3 to the unaudited condensed interim consolidated financial statements for the three and nine months ended December 31, 2022 and note 3 to the audited annual consolidated financial statements for the fiscal year ended March 31, 2022 for a summary of future accounting standard changes and new accounting policies applied.

Controls and Procedures

Disclosure controls and procedures

The Company's Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") are responsible for establishing and maintaining our disclosure controls and procedures. We maintain a set of disclosure controls and procedures designed to provide reasonable assurance that information required to be publicly disclosed is recorded, processed, summarized, and reported on a timely basis. Our CEO and CFO have evaluated the design of our disclosure controls and procedures at the end of the quarter and based on the evaluation have concluded that the disclosure controls and procedures are effectively designed.

Internal controls over financial reporting

Our internal controls over financial reporting ("ICFR") are designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. Our management is responsible for establishing and maintaining adequate ICFR. Management, including our CEO and CFO, does not expect that our ICFR will prevent or detect all errors and all fraud or will be effective under all future conditions. A control system is subject to inherent limitations and even those systems determined to be effective can provide only reasonable, but not absolute, assurance that the control objectives will be met with respect to financial statement preparation and presentation.

National Instrument 52-109 – *Certification of Disclosure in Issuers' Annual and Interim Filings* of the Canadian Securities Administrators requires our CEO and CFO to certify that they are responsible for establishing and maintaining ICFR and that those internal controls have been designed and are effective in providing reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with IFRS. Our CEO and CFO are also responsible for disclosing any changes to our internal controls during the most recent period that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

The CEO and the CFO have evaluated, or caused to be evaluated under their supervision, the design and effectiveness of our ICFR based on the Internal Control – Integrated Framework issued in 2013 by the Committee of Sponsoring Organizations of the Treadway Commission. As at December 31, 2022, the CEO and the CFO assessed the design of our ICFR and concluded that our ICRF is appropriately designed.

Outstanding Share Information

Coveo is a publicly traded company listed under the symbol "CVO" on the Toronto Stock Exchange. Our authorized share capital consists of (i) an unlimited number of subordinate voting shares, (ii) an unlimited number of multiple voting shares and (iii) an unlimited number of preferred shares, of which 52,088,381 subordinate voting shares, 53,126,737 multiple voting shares, and no preferred shares were issued and outstanding as of February 2, 2023.

As of February 2, 2023, there were 8,690,178 stock options outstanding under the Company's Amended and Restated 2009 Stock Option Plan (the "Legacy Plan"), as amended (of which 7,464,434 were vested as of such date). Each such option under the Legacy Plan is or will become exercisable for one multiple voting share.

As of February 2, 2023, there were 4,751,456 options outstanding under the Company's Omnibus Incentive Plan (the "Omnibus Plan") (of which 115,912 were vested as of such date). Each such option under the Omnibus Plan is or will become exercisable for one subordinate voting share.

As of February 2, 2023, there were 2,072,408 restricted share units ("RSUs") outstanding under the Company's Omnibus Plan. Each such RSU, upon vesting, may be settled at the discretion of the Board of Directors through the delivery of subordinate voting shares issued from treasury or purchased on the open market, or the payment of the cash equivalent.

As of February 2, 2023, there were 471,859 deferred share units ("DSUs") outstanding under the Company's Omnibus Plan. Each such DSU will, upon the holder thereof ceasing to be a director, executive officer, employee, or consultant of the Company, in accordance with the Omnibus Plan, be settled at the discretion of the Board of Directors through the delivery of subordinate voting shares issued from treasury or purchased on the open market, or the payment of the cash equivalent.

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The Relevance Company