

May 30, 2023



Coveo Reports Fourth Quarter and Fiscal 2023 Financial Results

Fourth quarter SaaS Subscription Revenue⁽¹⁾ grew 17% year-over-year to \$27.1 million (19% growth in constant currency⁽²⁾)

Current SaaS Subscription Remaining Performance Obligations⁽¹⁾ grew 18% year-over-year to \$95.3 million as of March 31, 2023

Significant improvement in fourth quarter Operating and Adjusted Operating Loss⁽³⁾, well ahead of previously issued guidance

Announces launch of C\$40 million substantial issuer bid, and intention to launch a normal course issuer bid following completion of the substantial issuer bid, as part of its capital allocation strategy

Coveo reports in U.S. dollars and in accordance with International Financial Reporting Standards (“IFRS”)

MONTREAL and SAN FRANCISCO, May 30, 2023 (GLOBE NEWSWIRE) -- [Coveo Solutions Inc.](#) (“Coveo” or the “Company”) (TSX: CVO), a leader in AI platforms that transform digital experiences with intelligent search, recommendations, 1:1 personalization, and merchandising, today announced financial results for its fourth quarter and fiscal year 2023 ended March 31, 2023.

“We’re pleased with our fourth quarter and annual results in the current macroeconomic environment,” said Louis Têtu, Chairman and CEO of Coveo. “Over the course of the year, we were able to meaningfully accelerate our path to profitability while continuing to make focused investments in our people and Coveo Relevance Cloud™ platform. The remarkable breakthroughs in large language models and applied AI have brought more attention to our market than in the history of Coveo. We believe this attention, combined with the release of our Relevance Generative Answering capability and our recently announced strategic partnership with SAP, puts us in a strong competitive and operational position heading into our fiscal 2024.”

Fourth Quarter Fiscal 2023 Financial Highlights

(All comparisons are relative to the three-month period ended March 31, 2022, unless otherwise stated)

- SaaS Subscription Revenue⁽¹⁾ of \$27.1 million compared to \$23.1 million, an increase of 17%, or 19% in constant currency⁽²⁾.
- Total revenue was \$29.1 million compared to \$25.5 million, an increase of 14%, or 16% in constant currency⁽²⁾.
- Current SaaS Subscription Remaining Performance Obligations⁽¹⁾ of \$95.3 million as of March 31, 2023, up 18% compared to \$80.6 million as of March 31, 2022.
- Gross profit (%) was 77%, an increase of 4%, and product gross profit (%) was 81%, an increase of 2%. Adjusted Gross Profit (%)⁽²⁾ was 78%, an increase of 2%, and

Adjusted Product Gross Profit (%)⁽²⁾ was 82%, an increase of 1%.

- Operating loss was \$8.8 million, a significant improvement compared to \$19.4 million, and Adjusted Operating Loss⁽³⁾ was \$4.3 million, a significant improvement compared to \$8.6 million and well ahead of previous guidance of \$5.0 - \$6.0 million
- Net loss was \$7.2 million, compared to net loss of \$19.4 million.
- Cash and cash equivalents were \$198.5 million as of March 31, 2023.

Full Year Fiscal 2023 Financial Highlights

(All comparisons are relative to the twelve-month period ended March 31, 2022, unless otherwise stated)

- SaaS Subscription Revenue⁽¹⁾ of \$103.0 million compared to \$77.9 million, an increase of 32%, or 35% in constant currency⁽²⁾.
- Total revenue was \$112.0 million compared to \$86.5 million, an increase of 30%, or 32% in constant currency⁽²⁾.
- Gross profit (%) was 76%, an increase of 1%, and product gross profit (%) was 81%, an increase of 1%. Adjusted Gross Profit (%)⁽²⁾ was 77%, consistent with the prior period, and Adjusted Product Gross Profit (%)⁽²⁾ was 82%, an increase of 1%.
- Operating loss was \$44.4 million, a significant improvement compared to \$57.3 million, and Adjusted Operating Loss⁽³⁾ was \$20.2 million, a significant improvement compared to \$28.1 million.
- Net loss was \$39.7 million, compared to net income of \$418.3 million. Net income in the comparable period was impacted by a non-cash gain of \$299.4 million and an associated income tax recovery of \$189.0 million, both related to the Company's preferred shares converted immediately prior to the initial public offering of the Company in November 2021.

Fluctuations in foreign exchange rates acted as a headwind on SaaS Subscription Revenue⁽¹⁾ and total revenue. The reconciliation table in the appendices highlights the impact of foreign exchange on SaaS Subscription Revenue⁽¹⁾ and total revenue for the three months and year ended March 31, 2023.

Fourth Quarter Fiscal 2023 Operational Highlights

- Net Expansion Rate⁽¹⁾ of 110% as of March 31, 2023.
- Over 650 SaaS subscription customers as of March 31, 2023.
- Announced Coveo's Relevance Generative Answering capability, which combines Large Language Models (LLMs) with the Company's leading secure unified indexing capabilities. Coveo, with over a decade of experience in AI, is well-positioned to help make LLMs and their associated technologies enterprise ready. Coveo's Relevance Generative Answering solution prioritizes security, privacy, real-time content, linkages to sources of truth, relevance, and factuality. The beta version is expected to be available for customers with self-service use cases starting this summer.
- Coveo's AI Search and Recommendations platform for SAP® Commerce Cloud is now an SAP Endorsed App, extending the immediate utility of SAP Commerce Cloud and providing strong competitive differentiation while supporting the growth of SAP's cloud installed base. Coveo is partnering with SAP to jointly promote and deliver modern capabilities that meet B2B and B2C customers' needs for merchandising and truly 1:1

personalized AI-powered search and recommendations. The resulting optimized campaigns and personalized shopping experiences help to drive increased revenue per visit, reduced selling costs, and increased profitability for retailers, brands, manufacturers, and distributors.

- Introduced the Coveo Merchandising Hub, the culmination of the Company’s October 2021 acquisition of Qubit, which offers the first comprehensive suite of tools designed solely for merchandisers. Recent enhancements include a new visual editor for managing product listings, expanded recommendations strategy with altered selection criteria for popularity and recently added products, custom schemas for controlling on-site design of recommendations and badges, and enriched product recommendations that display variant information directly in the recommendation carousel to improve product discoverability and conversions.
- Introduced several [advanced features to the Coveo Relevance Cloud platform](#) that focus on delivering scalability using AI and UI enhancements, composability with headless and agnostic tech capabilities, and citizen development with low code/no code user friendly features to help teams innovate faster. Examples include Enhanced Metadata Insights and Data Health Dashboards that allow implementation teams to increase overall data coverage and quality, which leads to better results accuracy for end users.
- Named a Champion in the 2023 Enterprise Search Data Quadrant report from SoftwareReviews for the second year in a row. The report is based on real feedback from end users, providing an unbiased and comprehensive evaluation of popular products in the Enterprise Search market. Coveo took the lead with an 8.9 composite satisfaction score, earning the highest position in the Data Quadrant.
- Announced that Jean Lavigueur, Coveo’s former Chief Financial Officer and Corporate Secretary, has retired effective May 1, 2023, after 17 distinguished years, and has been succeeded by Brandon Nussey, a seasoned finance and operations executive with extensive SaaS experience. Mr. Lavigueur has remained with the Company as a senior advisor to continue to ensure a smooth transition.

Financial Outlook

Coveo anticipates SaaS Subscription Revenue⁽¹⁾, Total Revenue, and Adjusted Operating Loss⁽³⁾ to be in the following ranges:

	Q1 FY’24	Full Year FY’24
SaaS Subscription Revenue ⁽¹⁾	\$27.9 – \$28.4 million	\$118.0 – \$120.0 million
Total Revenue	\$29.9 – \$30.4 million	\$127.0 – \$129.0 million
Adjusted Operating Loss ⁽³⁾	\$4.0 – \$5.0 million	\$13.0 – \$15.0 million

Coveo currently expects to achieve positive operating cash flow in fiscal year 2025 as it executes on its growth plan while continuing to improve its efficiency.

These guidance ranges, including the timing to achieve positive operating cash flow, are based on several assumptions, including the following, in addition to those set forth under the “Forward-Looking Information” section below:

- Achieving expected levels of sales of SaaS subscriptions to new and existing customers, including timing of those sales, as well as expected levels of renewals of

SaaS subscriptions with existing customers.

- Achieving expected levels of implementations and other sources of professional services revenue.
- Maintaining planned levels of operating margin represented by our Adjusted Gross Profit Measures⁽³⁾ and Adjusted Gross Profit (%) Measures⁽²⁾.
- Expected financial performance as measured by our Adjusted Operating Expense Measures⁽³⁾ and Adjusted Operating Expense (%) Measures⁽²⁾.
- Stabilization of ongoing headwinds, including those related to economic and geopolitical factors, impacting sales cycles, pricing, and the ability to generate new business.
- Our ability to attract and retain key personnel required to achieve our plans.
- Similar foreign exchange rates, inflation rates, interest rates, customer spending, and other macro-economic conditions.
- Our financial outlook does not factor the impact of acquisitions that may be announced or closed from time to time.

These statements are forward-looking and actual results may differ materially. Coveo's outlook constitutes "financial outlook" within the meaning of applicable securities laws and is provided for the purpose of, among other things, assisting the reader in understanding the Company's financial performance and measuring progress toward management's objectives, and the reader is cautioned that it may not be appropriate for other purposes. Please refer to the "Forward-Looking Information" section below for additional information on the factors that could cause our actual results to differ materially from these forward-looking statements and a description of the assumptions thereof.

* * * * *

- (1) SaaS Subscription Revenue, Current SaaS Subscription Remaining Performance Obligations, and Net Expansion Rate are Key Performance Indicators of Coveo. Please see the "Key Performance Indicators" section below.
- (2) Adjusted Gross Profit (%), Adjusted Product Gross Profit (%), SaaS Subscription Revenue growth at constant currency and total revenue growth at constant currency are non-IFRS ratios. Please see the "Non-IFRS Measures and Ratios" section below and the reconciliation tables within this release.
- (3) Adjusted Operating Loss, Adjusted Gross Profit, Adjusted Operating Expense, SaaS Subscription Revenue at constant currency and total revenue at constant currency are non-IFRS measures. Please see the "Non-IFRS Measures and Ratios" section below and the reconciliation tables within this release.

Launch of a Substantial Issuer Bid

The Company announced today the launch of a substantial issuer bid (the "SIB") pursuant to which the Company will offer to purchase for cancellation up to C\$40 million of its subordinate voting shares (the "Subordinate Voting Shares"). Holders of multiple voting shares of the Company (the "Multiple Voting Shares") will be entitled to tender the Subordinate Voting Shares underlying their Multiple Voting Shares in the SIB. The Company also announced that subject to market and other conditions and regulatory approvals, following completion of the SIB, it intends to apply to the Toronto Stock Exchange to launch a normal course issuer bid (the "NCIB"). Further details on the NCIB will be provided in due course.

The SIB will proceed by way of a "modified Dutch auction". Holders of Subordinate Voting Shares and Multiple Voting Shares wishing to tender to the SIB will be entitled to do so (i) by making an auction tender for a specified number of Subordinate Voting Shares at a price of

not less than C\$7.00 and not more than C\$8.50 per Subordinate Voting Share, in increments of C\$0.10 per Subordinate Voting Share; or (ii) by making a purchase price tender without specifying a price per Subordinate Voting Share, but rather agreeing to have a specified number of Subordinate Voting Shares purchased at the purchase price to be determined by the auction tenders. Shareholders who validly deposit Subordinate Voting Shares or Multiple Voting Shares without specifying the method in which they are tendering such shares will be deemed to have made a purchase price tender. The SIB does not provide shareholders with the opportunity to tender their Subordinate Voting Shares pursuant to proportionate tenders. Multiple Voting Shares taken up by the Company will be converted into Subordinate Voting Shares on a one-for-one basis immediately prior to take up. All Subordinate Voting Shares purchased by the Company under the SIB will be cancelled.

The board of directors of Coveo (the "Board") believes that the SIB is in the best interests of the Company and its shareholders given, among other things, its significant level of cash on hand, expectations around achieving positive operating cash flow, and the current market price of the Subordinate Voting Shares, which the Board believes does not currently reflect the fundamental value of the Company. The Company intends to fund the SIB with cash on hand.

The price range offered for the Subordinate Voting Shares pursuant to the SIB represents a 4.6% to 27.1% premium to the closing price of the Subordinate Voting Shares on the TSX on May 29, 2023. Over the 180-day period ended Monday, May 29, 2023, the closing prices of the Subordinate Voting Shares on the TSX have ranged from a low of C\$6.10 to a high of C\$9.25.

The SIB is optional for all shareholders, who are free to choose whether to participate, how many Subordinate Voting Shares or Multiple Voting Shares to tender and, in the case of auction tenders, at what price to tender within the specified range. Any shareholder who does not deposit its Subordinate Voting Shares or Multiple Voting Shares (or whose shares are not repurchased under the SIB) will realize a proportionate increase in its equity interest in the Company, to the extent that Subordinate Voting Shares are purchased under the SIB.

Fonds de solidarité des travailleurs du Québec (F.T.Q.), which, per publicly available ownership information, beneficially owns 903,333 Subordinate Voting Shares and 13,646,624 Multiple Voting Shares, representing approximately 13.8% of all issued and outstanding Subordinate Voting Shares and Multiple Voting Shares as at May 29, 2023, has informed Coveo that it intends to tender Subordinate Voting Shares (but no Multiple Voting Shares) owned by it at a price and for a number of Subordinate Voting Shares to be determined prior to the expiration of the SIB. As at May 29, 2023, the Company had 54,163,351 Subordinate Voting Shares and 51,522,578 Multiple Voting Shares issued and outstanding.

The final purchase price to be paid by Coveo for each validly deposited Subordinate Voting Share and Multiple Voting Share will be determined upon expiry of the SIB and will be based on the number of Subordinate Voting Shares and Multiple Voting Shares validly deposited pursuant to auction tenders and purchase price tenders, and the prices specified by shareholders making auction tenders. As a result, Coveo's shareholders who tender their Subordinate Voting Shares and/or Multiple Voting Shares will set the purchase price for the SIB. The purchase price will be the lowest price (which will not be more than C\$8.50 per

Subordinate Voting Share and not less than C\$7.00 per Subordinate Voting Share) that enables Coveo to purchase Subordinate Voting Shares up to the maximum amount available for auction tenders and purchase price tenders, determined in accordance with the terms of the SIB. Subordinate Voting Shares and Multiple Voting Shares validly deposited at or below the purchase price as finally determined by Coveo will be purchased at such purchase price. Subordinate Voting Shares that will not be taken up in connection with the SIB, including Subordinate Voting Shares and Multiple Voting Shares deposited pursuant to auction tenders at prices above the purchase price, will be returned to the shareholders. If the aggregate purchase price for Subordinate Voting Shares and Multiple Voting Shares validly tendered pursuant to auction tenders and purchase price tenders is greater than the amount available for auction tenders and purchase price tenders, Coveo will purchase Subordinate Voting Shares from the holders of Subordinate Voting Shares and Multiple Voting Shares who made valid purchase price tenders or tendered at or below the purchase price as finally determined by Coveo on a pro rata basis. "Odd lot" holders (holders of fewer than 100 Subordinate Voting Shares) will not be subject to proration.

Coveo will file later today under its profile on SEDAR at www.sedar.com a formal offer to purchase, issuer bid circular, letter of transmittal, notice of guaranteed delivery and other related documents (collectively, the "Offer Documents"), which Offer Documents collectively contain the terms and conditions of the SIB, instructions for tendering Subordinate Voting Shares and/or Multiple Voting Shares, and the factors considered by Coveo and the Board in making its decision to approve and launch the SIB, among other things. Coveo currently anticipates mailing the Offer Documents to Coveo registered shareholders and optionholders on June 2, 2023, and in connection therewith expects that the SIB will formally commence on that date, and be completed by mid-July 2023 (unless the SIB is otherwise withdrawn, extended or varied).

The SIB will not be conditional upon any minimum number of Subordinate Voting Shares being tendered and will be subject to conditions customary for transactions of this nature. The SIB will, however, be subject to other conditions described in the Offer Documents and Coveo reserves the right, subject to applicable laws, to withdraw, extend or vary the SIB, if, at any time prior to the payment of deposited Subordinate Voting Shares, certain events occur.

The Company has engaged BMO Capital Markets as financial advisor and dealer manager for the SIB and TSX Trust Company (Canada) to act as depositary for the SIB.

The Board approved the making of the SIB, the size of the SIB and the purchase price range for Subordinate Voting Shares. However, none of the Company, the Board, the dealer manager or the depositary makes any recommendation to shareholders as to whether to tender or refrain from tendering any or all of their Subordinate Voting Shares or Multiple Voting Shares to the SIB. Shareholders are urged to carefully evaluate all information in the Offer Documents, consult their own financial, legal, investment, accounting and tax advisors and make their own decisions as to whether to deposit Subordinate Voting Shares or Multiple Voting Shares under the SIB and, if so, how many such shares to deposit and at what price or prices.

This press release is for informational purposes only and does not constitute an offer to buy or the solicitation of an offer to sell the Company's shares. The SIB referred to in this news release has not yet commenced. The solicitation and the offer to buy the Subordinate Voting

Shares will only be made pursuant to the Offer Documents, which contain full details of the SIB and will be filed later today with the securities regulatory authorities in Canada. As previously mentioned, the Offer Documents are expected to be mailed to the Company's registered shareholders and optionholders on June 2, 2023.

Any questions or requests for information may be directed to TSX Trust Company (Canada), as the depository for the SIB, at 1-800-387-0825 (Toll Free - North America), (416) 682-3860 or shareholderinquiries@tmx.com, or to BMO Capital Markets, as dealer manager for the SIB, at CoveoSIB@bmo.com.

Q4 Conference Call and Webcast Information

Coveo will host a conference call today at 5:00 p.m. Eastern Time to discuss its financial results for its fourth quarter and fiscal year 2023. The call will be hosted by Louis Têtu, Chairman and CEO, and other members of its senior leadership team.

Conference Call: <https://emportal.ink/3KfNQk2>
Use the link above to join the conference call without operator assistance. If you prefer to have operator assistance, please dial: 1-888-664-6392

Live Webcast: <https://app.webinar.net/yDZVX81L5Yp>

Webcast Replay: ir.coveo.com under the "News & Events" section

Non-IFRS Measures and Ratios

Coveo's unaudited condensed interim financial statements have been prepared in accordance with IFRS as issued by the International Accounting Standards Board. The information presented in this press release includes non-IFRS financial measures and ratios, namely (i) Adjusted Operating Loss; (ii) Adjusted Gross Profit, Adjusted Product Gross Profit, and Adjusted Professional Services Gross Profit (collectively referred to as our "Adjusted Gross Profit Measures"); (iii) Adjusted Gross Profit (%), Adjusted Product Gross Profit (%), and Adjusted Professional Services Gross Profit (%) (collectively referred to as our "Adjusted Gross Profit (%) Measures"); (iv) Adjusted Sales and Marketing Expenses, Adjusted Research and Product Development Expenses, and Adjusted General and Administrative Expenses (collectively referred to as our "Adjusted Operating Expense Measures"); (v) Adjusted Sales and Marketing Expenses (%), Adjusted Research and Product Development Expenses (%), and Adjusted General and Administrative Expenses (%) (collectively referred to as our "Adjusted Operating Expense (%) Measures"); (vi) SaaS Subscription Revenue growth at constant currency; (vii) total revenue growth at constant currency; (viii) SaaS Subscription Revenue at constant currency; and (ix) total revenue at constant currency (collectively, with the measures set forth in (vi), (vii) and (viii) of the foregoing, the "Constant Currency Measures and Ratios"). These measures and ratios are not recognized measures under IFRS and do not have standardized meanings prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other companies. Rather, these measures and ratios are provided as additional information to complement IFRS measures by providing further understanding of the Company's 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 the Company's financial information reported under IFRS. Adjusted Operating Loss, the Adjusted Gross Profit Measures, the Adjusted Gross Profit (%)

Measures, the Adjusted Operating Expense Measures, the Adjusted Operating Expense (%) Measures and the Constant Currency Measures and Ratios are used to provide investors with supplemental measures and ratios of the Company's operating performance and thus highlight trends in Coveo's core business that may not otherwise be apparent when relying solely on IFRS measures and ratios. The Company's management also believes that securities analysts, investors, and other interested parties frequently use non-IFRS measures and ratios in the evaluation of issuers. Coveo's management uses and intends to continue to use non-IFRS measures and ratios in order to facilitate operating performance comparisons from period to period, and to prepare annual operating budgets and forecasts.

See the "Non-IFRS Measures" section of our latest MD&A, which is available under our profile on SEDAR at www.sedar.com for a description of these measures, other than the Constant Currency Measures and Ratios which are defined immediately below. Please refer to the financial tables below for a description of such measures and a reconciliation of (i) Adjusted Operating Loss to operating loss; (ii) Adjusted Gross Profit to gross profit; (iii) Adjusted Product Gross Profit to product gross profit; (iv) Adjusted Professional Services Gross Profit to professional services gross profit; (v) Adjusted Sales and Marketing Expenses to sales and marketing expenses; (vi) Adjusted Research and Product Development Expenses to research and product development expenses; (vii) Adjusted General and Administrative Expenses to general and administrative expenses; (viii) SaaS Subscription Revenue at constant currency to SaaS Subscription Revenue; (ix) total revenue at constant currency to total revenue; (x) SaaS Subscription Revenue growth at constant currency to SaaS Subscription Revenue growth; and (xi) total revenue growth at constant currency to total revenue growth.

Key Performance Indicators

This press release refers to "SaaS Subscription Revenue", "Current SaaS Subscription Remaining Performance Obligations", and "Net Expansion Rate", which are operating metrics used in Coveo's industry. We monitor such 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" means Coveo's SaaS subscription revenue, as presented in our financial statements in accordance with IFRS.

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

"Net Expansion Rate" is calculated by considering a cohort of customers at the end of the period 12 months prior to the end of the period selected and dividing the SaaS Annualized

Contract Value (as defined below) 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 made 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.

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

Please also refer to the “Key Performance Indicators” section of our latest MD&A, which is available under our profile on SEDAR at www.sedar.com, for additional details on the abovementioned key performance indicators.

Forward-Looking Information

This press release contains “forward-looking information” and “forward-looking statements” within the meaning of applicable securities laws, including with respect to Coveo’s financial outlook on SaaS Subscription Revenue, Total Revenue, and Adjusted Operating Loss for the three months ending June 30, 2023 and the year ending March 31, 2024 and expectations and timing around achieving positive operating cash flow, the launch of the SIB by Coveo and the terms thereof (including the maximum dollar value of Subordinate Voting Shares the Company may purchase under the SIB, the pricing range for the purchase of Subordinate Voting Shares under the SIB, the timing of filing of Offer Documents, and the timing for commencement and completion of the SIB), and Coveo’s intention to apply to the Toronto Stock Exchange to launch an NCIB (including the timing for application and launch thereof) (collectively, “forward-looking information”). 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.

Coveo’s financial outlook on SaaS Subscription Revenue, Total Revenue, and Adjusted Operating Loss also constitutes “financial outlook” within the meaning of applicable securities laws and is provided for the purposes of assisting the reader in understanding the Company’s financial performance and measuring progress toward management’s objectives and the reader is cautioned that it may not be appropriate for other purposes. Please refer to “Financial Outlook” above for more information.

Forward-looking information is necessarily based on a number of opinions, estimates, and assumptions (including those discussed under “Financial Outlook” above and those discussed immediately hereunder) 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 (and in addition to those discussed under “Financial Outlook” above): 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; our future capital requirements; the available liquidity under our revolving credit facility; the accuracy of our estimates of market opportunity, growth forecasts, and expectations and timing around achieving positive operating cash flow; our success in identifying and evaluating, as well as financing and integrating, any acquisitions, partnerships, or joint ventures; our ability to execute on our expansion plans; the significant influence of our principal shareholders; 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 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 press release relates only to events or information as of the date hereof, 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.

About Coveo Solutions Inc.

We believe AI is a competitive imperative to deliver the delightful and relevant digital

experiences people expect, while maximizing profitability. Coveo accelerates the application of AI platforms in enterprises, helping them personalize and profitize every experience at scale.

The Coveo Relevance Cloud™ platform is a market-leading AI platform that enhances search, recommendations, personalization, and merchandising intelligence in digital experiences across commerce, service, website, and workplace applications. Coveo's platform includes analytics, AI model testing capabilities, and can easily integrate into almost any digital user experience a large enterprise delivers. Our platform is cloud-native SaaS, multi-tenant, API-first, and headless.

Coveo has been a pioneer in the application of AI within the enterprise. Our Coveo Relevance Generative Answering capability, which integrates LLM technologies with Coveo's platform to feed generative AI with a common, secure unified index and real-time content, helps to drive relevance at scale, consistent factuality, secure sources of truth across all channels, and specifically solves the key challenges found with other generative AI platforms for the enterprise.

We help hundreds of the world's leading brands create tangible financial value. We believe our platform is differentiated by its sophisticated applied AI, designed to deliver highly relevant, bespoke digital experiences that drive superior business outcomes. In addition, our platform's scalability, rapid time to value, enterprise-grade security and compliance, and native integrations with other third-party technology applications set us apart. We are a Salesforce Summit ISVforce Partner, an SAP® Endorsed App, and an Adobe Accelerate Exchange Partner.

Coveo is a trademark of Coveo Solutions Inc.

Stay up to date on the latest Coveo news and content by subscribing to the [Coveo](#) blog, and following Coveo on [LinkedIn](#), [Twitter](#), and [YouTube](#).

Contact Information

Paul Moon

Head of Investor Relations

investors@coveo.com

Kiyomi Harrington

Director, PR, Social and Corporate Communications

kharrington@coveo.com

Consolidated Statements of Income (Loss) and Comprehensive Income (Loss)

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

	Three months ended March 31,		Year ended March 31,	
	2023	2022	2023	2022
	\$	\$	\$	\$
Revenue				
SaaS subscription	27,099	23,071	102,960	77,853
Self-managed licenses and maintenance	-	333	912	2,375
Product revenue	27,099	23,404	103,872	80,228
Professional services	2,011	2,105	8,130	6,260

Total revenue	29,110	25,509	112,002	86,488
Cost of revenue				
Product	5,118	4,878	19,573	16,093
Professional services	1,646	1,957	7,101	5,363
Total cost of revenue	6,764	6,835	26,674	21,456
Gross profit	22,346	18,674	85,328	65,032
Operating expenses				
Sales and marketing	14,650	14,121	57,100	47,771
Research and product development	8,225	10,653	35,025	30,099
General and administrative	6,125	9,820	29,042	36,759
Depreciation of property and equipment	597	692	2,548	2,677
Amortization of intangible assets	1,117	2,369	4,454	3,467
Depreciation of right-of-use assets	397	379	1,578	1,517
Total operating expenses	31,111	38,034	129,747	122,290
Operating loss	(8,765)	(19,360)	(44,419)	(57,258)
Change in redeemable preferred shares – conversion rights component fair value	-	-	-	(299,428)
Net financial expenses (revenue)	(1,709)	(59)	(4,613)	12,501
Foreign exchange loss (gain)	302	81	(279)	362
Income (loss) before income tax expense (recovery)	(7,358)	(19,382)	(39,527)	229,307
Income tax expense (recovery)	(125)	3	205	(188,969)
Net income (loss)	(7,233)	(19,385)	(39,732)	418,276
Other comprehensive income (loss)				
Items that may be reclassified to the consolidated statements of income (loss):				
Foreign currency differences on translation to presentation currency	991	(2,251)	(16,290)	(386)
Total comprehensive income (loss)	(6,241)	(17,134)	(56,022)	417,890
Net income (loss) per share				
Basic	(0.07)	(0.19)	(0.38)	8.23
Diluted	(0.07)	(0.19)	(0.38)	(0.59)
Weighted average number of shares outstanding				
Basic	105,290,956	103,591,904	104,572,190	50,811,216
Diluted	105,290,956	103,591,904	104,572,190	100,361,285

Consolidated Statements of Income (Loss) and Comprehensive Income (Loss) (expressed in thousands of US dollars, audited)

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

	Three months ended		Year ended	
	2023	2022	2023	2022
	\$	\$	\$	\$
Share-based payments and related expenses				
Product cost of revenue	123	282	697	512
Professional services cost of revenue	98	262	564	468
Sales and marketing	993	1,746	5,438	2,899
Research and product development	914	2,692	5,522	4,229

General and administrative	1,077	4,140	6,483	5,341
Share-based payments and related expenses	3,205	9,122	18,704	13,449

Reconciliation of Adjusted Operating Loss to Operating Loss (expressed in thousands of US dollars)

	Three months ended March 31,		Year ended March 31,	
	2023	2022	2023	2022
	\$	\$	\$	\$
Operating loss	(8,765)	(19,360)	(44,419)	(57,258)
Share-based payments and related expenses ⁽¹⁾	3,205	9,122	18,704	13,449
Amortization of acquired intangible assets ⁽²⁾	1,116	1,204	4,449	2,207
Acquisition-related compensation ⁽³⁾	-	243	407	987
Transaction-related expenses ⁽⁴⁾	89	140	413	1,979
Charitable contributions	44	64	209	10,544
Adjusted Operating Loss	(4,311)	(8,587)	(20,237)	(28,092)

- (1) These expenses relate to issued stock options, restricted share 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.

Reconciliation of Adjusted Gross Profit Measures and Adjusted Gross Profit (%) Measures (expressed in thousands of US dollars)

	Three months ended March 31,		Year ended March 31,	
	2023	2022	2023	2022
	\$	\$	\$	\$
Total revenue	29,110	25,509	112,002	86,488
Gross profit	22,346	18,674	85,328	65,032
<i>Gross profit (%)</i>	77%	73%	76%	75%
Add: Share-based payments and related expenses	221	544	1,261	980
Add: Acquisition-related compensation	-	84	172	247
Adjusted Gross Profit	22,567	19,302	86,761	66,259
<i>Adjusted Gross Profit (%)</i>	78%	76%	77%	77%
Product revenue	27,099	23,404	103,872	80,228
Product cost of revenue	5,118	4,878	19,573	16,093
Product gross profit	21,981	18,526	84,299	64,135
<i>Product gross profit (%)</i>	81%	79%	81%	80%
Add: Share-based payments and related expenses	123	282	697	512
Add: Acquisition-related compensation	-	57	134	94
Adjusted Product Gross Profit	22,104	18,865	85,130	64,741

<i>Adjusted Product Gross Profit (%)</i>	82%	81%	82%	81%
Professional services revenue	2,011	2,105	8,130	6,260
Professional services cost of revenue	1,646	1,957	7,101	5,363
Professional services gross profit	365	148	1,029	897
<i>Professional services gross profit (%)</i>	18%	7%	13%	14%
Add: Share-based payments and related expenses	98	262	564	468
Add: Acquisition-related compensation	-	27	38	153
Adjusted Professional Services Gross Profit	463	437	1,631	1,518
<i>Adjusted Professional Services Gross Profit (%)</i>	23%	21%	20%	24%

Reconciliation of Adjusted Operating Expense Measures and Adjusted Operating Expense (%) Measures (expressed in thousands of US dollars)

	Three months ended March 31,		Year ended March 31,	
	2023	2022	2023	2022
	\$	\$	\$	\$
Sales and marketing expenses	14,650	14,121	57,100	47,771
<i>Sales and marketing expenses (%)</i>	50%	55%	51%	55%
Less: Share-based payments and related expenses	993	1,746	5,438	2,899
Less: Acquisition-related compensation	-	51	77	118
Adjusted Sales and Marketing Expenses	13,657	12,324	51,585	44,754
<i>Adjusted Sales and Marketing Expenses (%)</i>	47%	48%	46%	52%
Research and product development expenses	8,225	10,653	35,025	30,099
<i>Research and product development expenses (%)</i>	28%	42%	31%	35%
Less: Share-based payments and related expenses	914	2,692	5,522	4,229
Less: Acquisition-related compensation	-	99	143	604
Adjusted Research and Product Development Expenses	7,311	7,862	29,360	25,266
<i>Adjusted Research and Product Development Expenses (%)</i>	25%	31%	26%	29%
General and administrative expenses	6,125	9,820	29,042	36,759
<i>General and administrative expenses (%)</i>	21%	38%	26%	43%
Less: Share-based payments and related expenses	1,077	4,140	6,483	5,341
Less: Acquisition-related compensation	-	9	15	18
Less: Transaction-related expenses	89	140	413	1,979
Less: Charitable contributions	44	64	209	10,544
Adjusted General and Administrative Expenses	4,915	5,467	21,922	18,877
<i>Adjusted General and Administrative Expenses (%)</i>	17%	21%	20%	22%

Reconciliation of Constant Currency Measures and Ratios (expressed in thousands of US dollars)

	Three months ended March 31, 2023		Year ended March 31, 2023	
	SaaS Subscription Revenue	Total revenue	SaaS Subscription Revenue	Total revenue
	\$	\$	\$	\$
SaaS Subscription Revenue and total revenue, as reported	27,099	29,110	102,960	112,002
Foreign exchange impact on revenue	364	395	1,955	2,151

SaaS Subscription Revenue and total revenue at constant currency	27,463	29,505	104,915	114,153
Revenue growth	17%	14%	32%	30%
Revenue growth at constant currency	19%	16%	35%	32%

In this table, SaaS Subscription Revenue and total revenue in currencies other than US dollars are converted into US dollars using the exchange rates from the prior period rather than the actual exchange rates in effect during the current period.

“SaaS Subscription Revenue at constant currency” means SaaS Subscription Revenue of the Company as presented in our financial statements in accordance with IFRS, adjusted for the impact of foreign currency exchange fluctuations. SaaS Subscription Revenue in currencies other than US dollars is converted into US dollars using the exchange rates from the prior period rather than the actual exchange rates in effect during the current period.

“SaaS Subscription Revenue growth at constant currency” means the year-over-year change in SaaS Subscription Revenue at constant currency divided by the reported SaaS Subscription Revenue in the prior period.

“Total revenue at constant currency” means total revenue of the Company as presented in our financial statements in accordance with IFRS, adjusted for the impact of foreign currency exchange fluctuations. Total revenue in currencies other than US dollars is converted into US dollars using the exchange rates from the prior period rather than the actual exchange rates in effect during the current period.

“Total revenue growth at constant currency” means the year-over-year change in total revenue at constant currency divided by the reported total revenue in the prior period.

We believe the Constant Currency Measures and Ratios provide helpful supplemental indicators on comparable SaaS Subscription Revenue and total revenue growth by removing the effect of changes in foreign currency exchange rates year-over-year to aid investors better understand our performance.

Consolidated Statements of Financial Position

(expressed in thousands of US dollars, audited)

	As of March 31, 2023	As of March 31, 2022
	\$	\$
Assets		
Current assets		
Cash and cash equivalents	198,452	223,072
Trade and other receivables	24,233	25,476
Refundable tax credits	7,142	10,443
Prepaid expenses	8,707	5,861
	<u>238,534</u>	<u>264,852</u>
Non-current assets		
Contract acquisition costs	11,148	10,858
Property and equipment	6,846	8,704
Intangible assets	15,107	20,605
Right-of-use assets	7,645	9,255

Deferred tax assets	3,896	4,616
Goodwill	25,642	26,610
Total assets	308,818	345,500
Liabilities		
Current liabilities		
Trade payable and accrued liabilities	21,435	22,910
Current portion of deferred revenue	55,260	49,879
Current portion of lease obligations	1,929	1,916
	78,464	74,705
Non-current liabilities		
Deferred revenue	-	513
Lease obligations	8,940	11,169
Deferred tax liabilities	2,721	3,677
Total liabilities	90,285	90,064
Shareholders' equity		
Share capital	868,409	859,944
Contributed surplus	25,949	15,295
Deficit	(631,988)	(592,256)
Accumulated other comprehensive loss	(43,837)	(27,547)
Total shareholders' equity	218,533	255,436
Total liabilities and shareholders' equity	308,818	345,500

Consolidated Statements of Cash Flows

(expressed in thousands of US dollars, audited)

	Year ended March 31,	
	2023	2022
	\$	\$
Cash flows used in operating activities		
Net income (loss)	(39,732)	418,276
Items not affecting cash		
Amortization of contract acquisition costs	4,428	3,839
Depreciation of property and equipment	2,548	2,677
Amortization of intangible assets	4,454	3,467
Depreciation of right-of-use assets	1,578	1,517
Interest accretion	-	11,906
Change in redeemable preferred shares – conversion rights component fair value	-	(299,428)
Donation of share capital	-	10,379
Share-based payments	19,022	10,261
Change in fair value of short-term investments	-	103
Interest on lease obligations	630	722
Variation of deferred tax assets and liabilities	(2)	(189,211)
Unrealized foreign exchange loss (gain)	(422)	293
Changes in non-cash working capital items	1,239	(10,225)
	(6,257)	(35,424)
Cash flows from (used in) investing activities		
Business combination, net of cash acquired	(675)	(37,591)
Proceeds from disposal of short-term investments	-	76,351
Additions to property and equipment	(1,585)	(1,385)
Additions to intangible assets	(5)	(757)
	(2,265)	36,618
Cash flows from (used in) financing activities		
Share capital issued	-	195,920
Share capital issuance costs	-	(16,299)

Consideration to a shareholder	-	(14,758)
Proceeds from exercise of stock options	1,740	848
Tax withholding for net share settlement	(1,643)	-
Payments on lease obligations	(2,525)	(2,309)
	(2,428)	163,402
Effect of foreign exchange rate changes on cash and cash equivalents	(13,670)	3,077
Increase (decrease) in cash and cash equivalents during the year	(24,620)	167,673
Cash and cash equivalents – beginning of year	223,072	55,399
Cash and cash equivalents – end of year	198,452	223,072
Cash	22,036	40,103
Cash equivalents	176,416	182,969



Source: Coveo Solutions Inc.