Management’s Discussion and Analysis

For the Three Months Ended
June 30, 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 June 30, 2022.

This MD&A dated August 8, 2022, for the three months ended June 30, 2022 and June 30, 2021, should be read in conjunction with Company’s unaudited condensed interim consolidated financial statements along with the related notes thereto for the three months ended June 30, 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 months ended June 30, 2022 and June 30, 2021 presented in this MD&A is derived from the Company’s unaudited condensed interim consolidated financial statements for the three months ended June 30, 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, and other 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: 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. 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 the risk factors described under “Risk Factors” in the Company’s most recently filed Annual Information Form (“AIF”) and 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.

The forward-looking statements made 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 statements, 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 leading provider of an AI-powered relevance platform. Our SaaS-native, multi-tenant platform helps transform search, recommendations, personalization, and merchandizing within digital experiences to improve business outcomes for our customers. Our platform enables businesses to deliver relevant cross-channel experiences. 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 are designed to provide tangible value to our customers by helping drive revenue and profitability growth, reduce customer support costs, increase customer satisfaction and website engagement, and improve employee proficiency and satisfaction. We believe our platform is differentiated by its applied AI, which is designed to deliver relevant digital experiences.

The Coveo Relevance Cloud™

Our single, integrated SaaS platform, the Coveo Relevance Cloud™, uses our proprietary applied AI models to enable our customers to deliver relevance across all digital experiences and engage customers, partners, and employees in the way that each individual expects.

To deliver relevant experiences, our platform:

- Retrieves and indexes content from disparate internal and external sources of data.
- Combines this data with click-stream events and behavior patterns.
- Uses AI and machine learning models to find context in this data and understand what users are looking for, and learns which content delivers optimal outcomes based on a deep understanding of what has worked best for others.
- Learns to better predict each user’s needs, and then automatically offers recommendations and personalized content to each user.
• Continuously collects signals and learns from every interaction, which improves relevance from each interaction to the next.

Our platform was built to serve the needs of enterprises of all sizes. Our solutions can address 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.

**Go-to-market model**

We sell and distribute our solutions almost exclusively through our direct sales force. Our sales team is organized by solution and industry vertical to provide customers with tailored services designed to address their specific needs. We have designed our go-to-market strategy to cover the full spectrum of the buyer journey of an enterprise, with specific strategies covering developers to chief experience officers.

**Ecosystem of strategic and integration partners**

Our distribution strategy is 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 Adobe, SAP, Salesforce, ServiceNow, Zendesk, and Sitecore with which we have collaborated to integrate our solutions with 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. We have also developed a network of global system integrators and implementation partners. These partners generate leads for our sales force, deliver strategic consulting around our platform, and support the deployment of our solutions.

**SaaS recurring revenue model**

We primarily generate revenue from the sale of SaaS subscriptions. Our SaaS subscriptions are available under different pricing plans that offer increasing levels of features and product sophistication with appropriate cost increases. Our contracts (together with related expand transactions) generally have multi-year terms and are subject to renewal at the end of the subscription term.

**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 $24.0 million for the three months ended June 30, 2022, an increase of $7.7 million or 47% compared to the three months ended June 30, 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 June 30, 2022, our Net Expansion Rate was 112% compared to 111% as of June 30, 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 June 30, 2022, we had $84.4 million of SaaS cRPO, an increase of $27.7 million or 49% compared to June 30, 2021.

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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.
Adjusted Operating Loss

Adjusted Operating Loss is defined as operating loss excluding share-based payment 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:

<table>
<thead>
<tr>
<th>In thousands of U.S. dollars</th>
<th>2022</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating loss</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Share-based payment and related expenses (1)</td>
<td>(13,309)</td>
<td>(7,051)</td>
</tr>
<tr>
<td>Amortization of acquired intangible assets (2)</td>
<td>4,475</td>
<td>704</td>
</tr>
<tr>
<td>Acquisition-related compensation (3)</td>
<td>1,160</td>
<td>-</td>
</tr>
<tr>
<td>Charitable contributions</td>
<td>211</td>
<td>121</td>
</tr>
<tr>
<td>Adjusted Operating Loss</td>
<td>46</td>
<td>31</td>
</tr>
<tr>
<td></td>
<td>(7,417)</td>
<td>(6,195)</td>
</tr>
</tbody>
</table>

(1) These expenses represent non-cash expenditures recognized in connection with 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, and sales and marketing, research and product development, and general and administrative expenses.

(2) These expenses represent the amortization of intangible assets acquired through the Qubit acquisition. These costs are included in amortization of intangible assets.

(3) These expenses relate to non-recurring acquisition-related compensation in connection with the Tooso, Inc. and Qubit 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.

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 payment and related expenses, acquisition-related compensation, transaction-related expenses, and other one-time or non-cash items. We refer to these measures collectively as our “Adjusted 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 from periods 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:

<table>
<thead>
<tr>
<th></th>
<th>2022</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total revenue</td>
<td>26,462</td>
<td>18,224</td>
</tr>
<tr>
<td>Gross profit</td>
<td>19,727</td>
<td>13,868</td>
</tr>
<tr>
<td>Gross profit (%)</td>
<td>75%</td>
<td>76%</td>
</tr>
<tr>
<td>Add: Share-based payment and related expenses</td>
<td>326</td>
<td>77</td>
</tr>
<tr>
<td>Add: Acquisition-related compensation</td>
<td>81</td>
<td>-</td>
</tr>
<tr>
<td><strong>Adjusted Gross Profit</strong></td>
<td>20,134</td>
<td>13,945</td>
</tr>
<tr>
<td>Adjusted Gross Profit (%)</td>
<td>76%</td>
<td>77%</td>
</tr>
<tr>
<td>Product revenue</td>
<td>24,327</td>
<td>17,030</td>
</tr>
<tr>
<td>Product cost of revenue</td>
<td>4,758</td>
<td>3,398</td>
</tr>
<tr>
<td>Product gross profit</td>
<td>19,569</td>
<td>13,632</td>
</tr>
<tr>
<td>Product gross profit (%)</td>
<td>80%</td>
<td>80%</td>
</tr>
<tr>
<td>Add: Share-based payment and related expenses</td>
<td>182</td>
<td>46</td>
</tr>
<tr>
<td>Add: Acquisition-related compensation</td>
<td>60</td>
<td>-</td>
</tr>
<tr>
<td><strong>Adjusted Product Gross Profit</strong></td>
<td>19,811</td>
<td>13,678</td>
</tr>
<tr>
<td>Adjusted Product Gross Profit (%)</td>
<td>81%</td>
<td>80%</td>
</tr>
<tr>
<td>Professional services revenue</td>
<td>2,135</td>
<td>1,194</td>
</tr>
<tr>
<td>Professional services cost of revenue</td>
<td>1,977</td>
<td>958</td>
</tr>
<tr>
<td>Professional services gross profit</td>
<td>158</td>
<td>236</td>
</tr>
<tr>
<td>Professional services gross profit (%)</td>
<td>7%</td>
<td>20%</td>
</tr>
<tr>
<td>Add: Share-based payment and related expenses</td>
<td>144</td>
<td>31</td>
</tr>
<tr>
<td>Add: Acquisition-related compensation</td>
<td>21</td>
<td>-</td>
</tr>
<tr>
<td><strong>Adjusted Professional Services Gross Profit</strong></td>
<td>323</td>
<td>267</td>
</tr>
<tr>
<td>Adjusted Professional Services Gross Profit (%)</td>
<td>15%</td>
<td>22%</td>
</tr>
</tbody>
</table>

**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 payment 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 from periods 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:

<table>
<thead>
<tr>
<th></th>
<th>2022</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Sales and marketing expenses</strong></td>
<td>14,561</td>
<td>10,873</td>
</tr>
<tr>
<td>Sales and marketing expenses (%)</td>
<td>55%</td>
<td>60%</td>
</tr>
<tr>
<td>Less: Share-based payment and related expenses</td>
<td>1,531</td>
<td>218</td>
</tr>
<tr>
<td>Less: Acquisition-related compensation</td>
<td>34</td>
<td>-</td>
</tr>
<tr>
<td><strong>Adjusted Sales and Marketing Expenses</strong></td>
<td>12,996</td>
<td>10,655</td>
</tr>
<tr>
<td>Adjusted Sales and Marketing Expenses (%)</td>
<td>49%</td>
<td>58%</td>
</tr>
<tr>
<td><strong>Research and product development expenses</strong></td>
<td>9,132</td>
<td>4,842</td>
</tr>
<tr>
<td>Research and product development expenses (%)</td>
<td>35%</td>
<td>27%</td>
</tr>
<tr>
<td>Less: Share-based payment and related expenses</td>
<td>1,433</td>
<td>199</td>
</tr>
<tr>
<td>Less: Acquisition-related compensation</td>
<td>88</td>
<td>121</td>
</tr>
<tr>
<td><strong>Adjusted Research and Product Development Expenses</strong></td>
<td>7,611</td>
<td>4,522</td>
</tr>
<tr>
<td>Adjusted Research and Product Development Expenses (%)</td>
<td>29%</td>
<td>25%</td>
</tr>
<tr>
<td><strong>General and administrative expenses</strong></td>
<td>7,093</td>
<td>4,146</td>
</tr>
<tr>
<td>General and administrative expenses (%)</td>
<td>27%</td>
<td>23%</td>
</tr>
<tr>
<td>Less: Share-based payment and related expenses</td>
<td>1,185</td>
<td>210</td>
</tr>
<tr>
<td>Less: Acquisition-related compensation</td>
<td>8</td>
<td>-</td>
</tr>
<tr>
<td>Less: Charitable contributions</td>
<td>46</td>
<td>31</td>
</tr>
<tr>
<td><strong>Adjusted General and Administrative Expenses</strong></td>
<td>5,854</td>
<td>3,905</td>
</tr>
<tr>
<td>Adjusted General and Administrative Expenses (%)</td>
<td>22%</td>
<td>21%</td>
</tr>
</tbody>
</table>

**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](http://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 have initiatives to engage directly with developers through education and training initiatives, community portals, and by making our platform easy to try and access through free trials, which we aim to ultimately convert into paying subscriptions. We also employ higher touch sales initiatives targeted at more senior employees for enterprises that are further along in their
journey toward relevance and may require the most sophisticated platform features we offer, sometimes for multiple use cases. 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 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. We employ a “land-and-expand” strategy with the goal of driving customers to expand their usage of our platform. Once we land customers, we aim to upsell additional users and/or queries per month for existing use cases, cross-sell new use cases, upsell more advanced product capabilities, and ultimately grow customers to enterprise-wide subscriptions. We also intend to build on our product development capabilities to continue to add new use cases and functionalities to enhance the capabilities of our platform.

**Growth of our commerce solution**

We have made investments 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. Since its launch in the fiscal year ended March 31, 2019, we have continuously increased our commerce capabilities and expertise, including through the acquisition of Qubit Digital Ltd (“Qubit”) in October 2021.

**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**

For the three months ended June 30, 2022 and 2021, only 16% and 10% of our revenue, respectively, was generated outside of North America. As such, 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.

**COVID-19**

Despite the challenges encountered during the pandemic, we continued to expand our relationships with our existing customers and attracted new customers. From the very beginning, we have put the safety of our employees at the center of our response to COVID-19. Our business continuity plan enabled us to complete a full relocation to remote operations with virtually no disruption to our customers within just a few days. This ensured we could continue to provide them with consistent levels of service and response times. As some of the uncertainty related to COVID-19 has decreased, we have instituted a gradual return to the office for our employees. We believe that in-person collaboration among our employees is important and encourage in-person meetings on a periodic basis. However, we will continue to promote a flexible work environment where, regardless of where employees work, they are able to connect and share information and ideas.

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. Please refer to
the section “Risk Factors” of our AIF, available under our profile on SEDAR at www.sedar.com, for additional detail on how the ongoing pandemic may impact our future results.

**Macroeconomic environment**

The macroeconomic backdrop has recently become more challenging, driven by a combination of increased inflation, rising interest rates, and geopolitical instability from Russia’s invasion of Ukraine. 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 that are outside of our control that could impact our business, financial condition, or results of operations. Please refer to the section “Risk Factors” of our AIF, available under our profile on SEDAR at www.sedar.com, for additional detail on how these events may impact our future results.

**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 (together with related expand transactions) 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, the significant majority of our SaaS Subscription Revenue is generated from subscriptions entered into during previous periods, which results in a significant portion of the SaaS Subscription Revenue that we recognize in each period being 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 payment 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 payment 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 continue to invest additional resources in data hosting, customer success, customer support, and professional services as we grow our business to ensure that our customers are realizing the full benefits of our platform. The level and timing of investment in these areas could affect our cost of revenue in the future.
Sales and marketing expenses consist primarily of personnel and related costs, including share-based payment and related expenses, for our sales and marketing teams, including 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.

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

R&D expenses consist primarily of personnel and related costs, including share-based payment 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 for the development of e-business in Québec ("tax credits"). Comparative figures for these expenses are also net of any applicable scientific research and experimental development tax credits earned for expenses incurred in Canada as well as a contribution from the Industrial Research Assistance Program ("IRAP") of the National Research Council of Canada ("government assistance").

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.

General and administrative expenses

General and administrative expenses consist of employee expenses, including share-based payment 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.
Results of Operations

The following table sets forth our results of operations:

<table>
<thead>
<tr>
<th></th>
<th>Three months ended June 30,</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2022</td>
<td>2021</td>
<td></td>
</tr>
<tr>
<td></td>
<td>$</td>
<td>$</td>
<td></td>
</tr>
<tr>
<td><strong>Revenue</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SaaS subscription</td>
<td>24,003</td>
<td>16,316</td>
<td></td>
</tr>
<tr>
<td>Self-managed licenses and maintenance</td>
<td>324</td>
<td>714</td>
<td></td>
</tr>
<tr>
<td><strong>Total revenue</strong></td>
<td>24,327</td>
<td>17,030</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Cost of revenue</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Product</td>
<td>4,758</td>
<td>3,398</td>
<td></td>
</tr>
<tr>
<td>Professional services</td>
<td>1,977</td>
<td>958</td>
<td></td>
</tr>
<tr>
<td><strong>Total cost of revenue</strong></td>
<td>6,735</td>
<td>4,356</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Gross profit</strong></td>
<td>18,674</td>
<td>13,202</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Operating expenses</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sales and marketing</td>
<td>14,561</td>
<td>10,873</td>
<td></td>
</tr>
<tr>
<td>Research and product development</td>
<td>9,132</td>
<td>4,842</td>
<td></td>
</tr>
<tr>
<td>General and administrative</td>
<td>7,093</td>
<td>4,146</td>
<td></td>
</tr>
<tr>
<td>Depreciation of property and equipment</td>
<td>692</td>
<td>649</td>
<td></td>
</tr>
<tr>
<td>Amortization of intangible assets</td>
<td>1,161</td>
<td>26</td>
<td></td>
</tr>
<tr>
<td>Depreciation of right-of-use assets</td>
<td>397</td>
<td>383</td>
<td></td>
</tr>
<tr>
<td><strong>Total operating expenses</strong></td>
<td>33,034</td>
<td>22,187</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Income (loss) before income tax expense (recovery)</strong></td>
<td>(12,410)</td>
<td>57,188</td>
<td></td>
</tr>
<tr>
<td>Income tax expense (recovery)</td>
<td>109</td>
<td>(16,048)</td>
<td></td>
</tr>
<tr>
<td><strong>Net income (loss)</strong></td>
<td>(12,519)</td>
<td>73,236</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Net income (loss) per share</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Basic</td>
<td>(0.12)</td>
<td>3.27</td>
<td></td>
</tr>
<tr>
<td>Diluted</td>
<td>(0.12)</td>
<td>(0.08)</td>
<td></td>
</tr>
</tbody>
</table>

*In thousands of U.S. dollars, except per share data*
The following table presents share-based payment and related expenses amounts recognized by the Company:

<table>
<thead>
<tr>
<th>Share-based payment and related expenses</th>
<th>2022</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Product cost of revenue</td>
<td>182</td>
<td>46</td>
</tr>
<tr>
<td>Professional services cost of revenue</td>
<td>144</td>
<td>31</td>
</tr>
<tr>
<td>Sales and marketing</td>
<td>1,531</td>
<td>218</td>
</tr>
<tr>
<td>Research and product development</td>
<td>1,433</td>
<td>199</td>
</tr>
<tr>
<td>General and administrative</td>
<td>1,185</td>
<td>210</td>
</tr>
<tr>
<td><strong>Total share-based payment and related expenses</strong></td>
<td><strong>4,475</strong></td>
<td><strong>704</strong></td>
</tr>
</tbody>
</table>

### Results of Operations for the Three Months Ended June 30, 2022 and June 30, 2021

#### Total revenue

<table>
<thead>
<tr>
<th>Revenue</th>
<th>2022</th>
<th>2021</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>SaaS subscription</td>
<td>24,003</td>
<td>16,316</td>
<td>7,687</td>
</tr>
<tr>
<td>Self-managed licenses and maintenance</td>
<td>324</td>
<td>714</td>
<td>(390)</td>
</tr>
<tr>
<td><strong>Product revenue</strong></td>
<td><strong>24,327</strong></td>
<td><strong>17,030</strong></td>
<td><strong>7,297</strong></td>
</tr>
<tr>
<td>Professional services</td>
<td>2,135</td>
<td>1,194</td>
<td>941</td>
</tr>
<tr>
<td><strong>Total revenue</strong></td>
<td><strong>26,462</strong></td>
<td><strong>18,224</strong></td>
<td><strong>8,238</strong></td>
</tr>
</tbody>
</table>

| Percentage of total revenue:            |        |       |       |
| SaaS subscription                       | 91%    | 89%   |       |
| Self-managed licenses and maintenance   | 1%     | 4%    |       |

#### Product revenue

SaaS Subscription Revenue for the three months ended June 30, 2022 increased by $7.7 million or 47% compared to the three months ended June 30, 2021. Continued adoption of our solutions led to increases in the revenue contribution from new customers and expansion transactions with our existing base of customers. Additionally, revenue from Qubit was included in our June 30, 2022 results of operations and not in the comparative period.

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. As a result of our decision to no longer support our on-premise product offerings, it is expected that revenue from self-managed licenses and maintenance will end on December 31, 2022.
Professional services revenue for the three months ended June 30, 2022 was $2.1 million, an increase of $0.9 million or 79% compared to the three months ended June 30, 2021. Professional services revenue was 8% of total revenue for the three months ended June 30, 2022, and 7% of total revenue for the three months ended June 30, 2021. These increases in professional services revenue were driven by increases in billable hours and hourly rates by our professional services organization, as well as the acquisition of Qubit in October 2021.

Cost of revenue

<table>
<thead>
<tr>
<th>Cost of revenue</th>
<th>Three months ended June 30,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2022</td>
</tr>
<tr>
<td>Product</td>
<td>4,758</td>
</tr>
<tr>
<td>Professional services</td>
<td>1,977</td>
</tr>
<tr>
<td>Total cost of revenue</td>
<td>6,735</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Gross profit (%)</th>
<th>80%</th>
<th>80%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Professional services</td>
<td>7%</td>
<td></td>
</tr>
</tbody>
</table>

Gross profit 75% 76%

Product cost of revenue for the three months ended June 30, 2022 increased by $1.4 million or 40% compared to the three months ended June 30, 2021 due to increased labor costs, including share-based payment and related expenses, as well as hosting services. We also incurred additional costs as a result of Qubit following its acquisition in October 2021.

Our product gross profit percentage for the three months ended June 30, 2022 and June 30, 2021 was 80%.

Our Adjusted Product Gross Profit (%) for the three months ended June 30, 2022 was 81%, an increase of 1% compared to the three months ended June 30, 2021 driven by our continuous efforts to optimize our hosting services costs.

Professional services

For the three months ended June 30, 2022, professional services cost of revenue increased by $1.0 million or 106% compared to the three months ended June 30, 2021. Primarily driven by the impact of the acquisition of Qubit and additional costs related to share-based payment and related expenses. Our professional services gross profit percentage for the three months ended June 30, 2022 was 7%, a decrease of 13% compared to the three months ended June 30, 2021. The decrease in gross profit percentage was mainly driven by the lower professional services gross profit percentage of Qubit and higher share-based payment and related expenses.

2 This is a non-IFRS ratio. Please refer to the “Non-IFRS Financial Measures and Ratios and Reconciliation of Non-IFRS Financial Measures and Ratios” section of this MD&A.
Our Adjusted Professional Services Gross Profit (%)\(^3\) for the three months ended June 30, 2022 was 15% compared to 22% for the three months ended June 30, 2021.

**Operating expenses**

**Sales and marketing expenses**

<table>
<thead>
<tr>
<th>In thousands of U.S. dollars</th>
<th>2022</th>
<th>2021</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales and marketing</td>
<td>$14,561</td>
<td>$10,873</td>
<td>$3,688 (34%)</td>
</tr>
<tr>
<td>Percentage of total revenue</td>
<td>55%</td>
<td>60%</td>
<td></td>
</tr>
</tbody>
</table>

For the three months ended June 30, 2022, sales and marketing expenses increased by $3.7 million or 34% compared to the three months ended June 30, 2021. The increase was largely attributable to share-based payment and related expenses as well as the acquisition of Qubit.

For the three months ended June 30, 2022, sales and marketing expenses represented 55% of total revenue, a decrease of 5% from the three months ended June 30, 2021. The decrease was the result of initiatives conducted during the three months ended June 30, 2022 and March 31, 2022 leading to improved efficiency in sales and marketing.

For the three months ended June 30, 2022 and June 30, 2021, our Adjusted Sales and Marketing Expenses (%)\(^3\) were 49% and 58%, respectively.

**Research and product development expenses**

<table>
<thead>
<tr>
<th>In thousands of U.S. dollars</th>
<th>2022</th>
<th>2021</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Research and product development</td>
<td>$9,132</td>
<td>$4,842</td>
<td>$4,290 (89%)</td>
</tr>
<tr>
<td>Percentage of total revenue</td>
<td>35%</td>
<td>27%</td>
<td></td>
</tr>
</tbody>
</table>

R&D expenses increased by $4.3 million or 89% for the three months ended June 30, 2022 as compared to the three months ended June 30, 2021 due to additional share-based payment and related expenses as well as additional headcount, including employees added through the Qubit acquisition. Also, for the quarter ended June 30, 2022, we did not receive additional contributions from IRAP, since we completed the project in July 2021, and we were not eligible to receive certain reimbursable tax credits due to our becoming a publicly-listed company. Tax credits and government assistance decreased by $1.0 million for the three months June 30, 2022, compared to three months ended June 30, 2021.

For the three months ended June 30, 2022 and June 30, 2021, our research and product development expenses as a percentage of total revenue were 35% and 27%, respectively.

For the three months ended June 30, 2022 and June 30, 2021, our Adjusted Research and Product Development Expenses (%)\(^3\) were 29% and 25%, respectively.

---

3 This is a non-IFRS ratio. Please refer to the “Non-IFRS Financial Measures and Ratios and Reconciliation of Non-IFRS Financial Measures and Ratios” section of this MD&A.
**General and administrative expenses**

<table>
<thead>
<tr>
<th></th>
<th>Three months ended June 30,</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2022</td>
<td>2021</td>
<td>Change</td>
<td>%</td>
</tr>
<tr>
<td>General and administrative expenses</td>
<td>$7,093</td>
<td>$4,146</td>
<td>$2,947</td>
<td>71%</td>
</tr>
<tr>
<td>Percentage of total revenue</td>
<td>27%</td>
<td>23%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

For the three months ended June 30, 2022, general and administrative expenses were $7.1 million, an increase of $2.9 million or 71% compared to the three months ended June 30, 2021. The increases were a result of additional share-based payments and related expenses as well as increased headcount, including from the acquisition of Qubit. Furthermore, we incurred additional expenses related to operating as a public company.

As a percentage of total revenue, our general and administrative expenses were 27% and 23% for the three months ended June 30, 2022 and June 30, 2021, respectively.

Our Adjusted General and Administrative Expenses (%)\(^4\) was 22% and 21% for the three months ended June 30, 2022 and June 30, 2021, respectively.

**Other operating expenses**

<table>
<thead>
<tr>
<th></th>
<th>Three months ended June 30,</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2022</td>
<td>2021</td>
<td>Change</td>
<td>%</td>
</tr>
<tr>
<td>Depreciation of property and equipment</td>
<td>$692</td>
<td>$649</td>
<td>$43</td>
<td>7%</td>
</tr>
<tr>
<td>Amortization of intangible assets</td>
<td>$1,161</td>
<td>$26</td>
<td>$1,135</td>
<td>4,365%</td>
</tr>
<tr>
<td>Depreciation of right-of-use assets</td>
<td>$397</td>
<td>$383</td>
<td>$14</td>
<td>4%</td>
</tr>
<tr>
<td></td>
<td>$2,250</td>
<td>$1,058</td>
<td>$1,192</td>
<td>113%</td>
</tr>
</tbody>
</table>

Depreciation of property and equipment for the three months ended June 30, 2022 increased by less than $0.1 million or 7%, as compared to the three months ended June 30, 2021 due to investments in equipment.

Amortization of intangible assets for the three months ended June 30, 2022 was $1.2 million, compared to less than $0.1 million for the three months ended June 30, 2021. The increase was mainly driven by the amortization of intangible assets from the acquisition of Qubit.

Depreciation of right-of-use assets for the three months ended June 30, 2022 was in line with the three months ended June 30, 2021 at $0.4 million.

---

\(^4\) This is a non-IFRS ratio. Please refer to the “Non-IFRS Financial Measures and Ratios and Reconciliation of Non-IFRS Financial Measures and Ratios” section of this MD&A.
Other expenses

<table>
<thead>
<tr>
<th>In thousands of U.S. dollars</th>
<th>Three months ended June 30,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2022</td>
</tr>
<tr>
<td>Change in redeemable preferred shares conversion rights component fair value</td>
<td>$-</td>
</tr>
<tr>
<td>Net financial expenses (revenue)</td>
<td>$(399)</td>
</tr>
<tr>
<td>Foreign exchange loss (gain)</td>
<td>$(500)</td>
</tr>
<tr>
<td>Income tax expense (recovery)</td>
<td>$109</td>
</tr>
</tbody>
</table>

Change in redeemable preferred shares conversion rights component fair value had no impact for the three months ended June 30, 2022 (loss of $69.5 million for the three months ended June 30, 2021). This variance 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 Initial Public Offering (“IPO”), we do not expect any future impact from this item.

For the three months ended June 30, 2022, net financial expenses decreased by $5.2 million compared to the three months ended June 30, 2021. This variance was mainly driven by the decrease in interest accretion following the conversion of the preferred shares.

Foreign exchange gain or loss results from transactions denominated in currencies other than the functional currencies and translated into the relevant functional currency. The gain in foreign exchange of $0.5 million for the three months ended June 30, 2022 and the loss of $0.4 million for the three months ended June 30, 2021, were mainly driven by the operations denominated in U.S. dollars of Coveo Solutions Inc., which uses the Canadian dollar as its functional currency.

Income tax expense was less than $0.1 million for the three months ended June 30, 2022 compared to an income tax recovery of $16.0 million for the three months ended June 30, 2021. The income tax recovery 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. As a result, we do not expect any future impact from this item.

Key Balance Sheet Information

<table>
<thead>
<tr>
<th>In thousands of U.S. dollars</th>
<th>As of June 30,</th>
<th>As of March 31,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2022</td>
<td>2021</td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>217,668</td>
<td>223,072</td>
</tr>
<tr>
<td>Total current assets</td>
<td>249,144</td>
<td>264,852</td>
</tr>
<tr>
<td>Total assets</td>
<td>324,675</td>
<td>345,500</td>
</tr>
<tr>
<td>Deferred revenue (current and non-current)</td>
<td>48,029</td>
<td>50,392</td>
</tr>
<tr>
<td>Total liabilities</td>
<td>84,273</td>
<td>90,064</td>
</tr>
<tr>
<td>Total shareholders’ equity</td>
<td>240,402</td>
<td>255,436</td>
</tr>
</tbody>
</table>
Cash and cash equivalents

As of June 30, 2022, cash and cash equivalents decreased by $5.4 million or 2% compared to June 30, 2021. This decrease was due in large part to 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. The decrease was partially offset by cash generated from operations of $1.4 million.

Total assets

As of June 30, 2022, total assets were $324.7 million, a decrease of $20.8 million or 6% compared to March 31, 2022, mainly driven by a decrease in cash and cash equivalents of $5.4 million as described above, a decrease in trade and other receivables of $5.6 million due to seasonality of invoicing timing and collections, and a decrease in tax credits receivable as we collected refundable credits from the year ended March 31, 2021. The variation was also driven by a decrease of $2.3 million in intangible assets and $1.2 million in goodwill mainly generated from the strengthening of the US dollar compared to the British pound as well as the amortization of intangible assets.

Deferred revenue (current and non-current)

Deferred revenue decreased by $2.4 million from March 31, 2022 to June 30, 2022. This decrease was mainly driven by seasonality of invoicing timing partially offset by the growth of our SaaS Subscription Revenue.

Total liabilities

Total liabilities decreased by $5.8 million as at June 30, 2022 compared to March 31, 2022. This decrease was mainly driven by the decrease in deferred revenue described above and a decrease in trade payable and accrued liabilities. This decrease was driven by a decrease in accrued benefits related to share-based payments following their reassessment, as well as variance in the timing of certain payments.
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 June 30, 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.

<table>
<thead>
<tr>
<th></th>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SaaS subscription</td>
<td>24,003</td>
<td>23,071</td>
<td>21,153</td>
<td>17,313</td>
<td>16,316</td>
<td>15,217</td>
<td>14,120</td>
<td>13,234</td>
</tr>
<tr>
<td>Self-managed licenses and maintenance</td>
<td>324</td>
<td>333</td>
<td>487</td>
<td>841</td>
<td>1,014</td>
<td>1,205</td>
<td>1,237</td>
<td>1,087</td>
</tr>
<tr>
<td>Product revenue</td>
<td>24,327</td>
<td>23,404</td>
<td>21,640</td>
<td>18,154</td>
<td>17,030</td>
<td>16,229</td>
<td>15,525</td>
<td>14,537</td>
</tr>
<tr>
<td>Professional services</td>
<td>2,135</td>
<td>2,105</td>
<td>1,603</td>
<td>1,358</td>
<td>1,194</td>
<td>1,205</td>
<td>1,237</td>
<td>1,087</td>
</tr>
<tr>
<td>Total revenue</td>
<td>26,462</td>
<td>25,509</td>
<td>23,243</td>
<td>19,512</td>
<td>18,224</td>
<td>17,434</td>
<td>16,762</td>
<td>15,624</td>
</tr>
<tr>
<td>Cost of revenue</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Product</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sales and marketing</td>
<td>14,561</td>
<td>14,121</td>
<td>12,182</td>
<td>10,595</td>
<td>10,873</td>
<td>11,231</td>
<td>8,514</td>
<td>6,984</td>
</tr>
<tr>
<td>Research and product development</td>
<td>9,132</td>
<td>10,653</td>
<td>9,076</td>
<td>5,528</td>
<td>4,842</td>
<td>5,624</td>
<td>3,766</td>
<td>3,485</td>
</tr>
<tr>
<td>General and administrative</td>
<td>7,093</td>
<td>9,820</td>
<td>17,277</td>
<td>5,516</td>
<td>4,146</td>
<td>4,290</td>
<td>3,560</td>
<td>2,799</td>
</tr>
<tr>
<td>Depreciation of property and equipment</td>
<td>692</td>
<td>692</td>
<td>684</td>
<td>652</td>
<td>649</td>
<td>605</td>
<td>491</td>
<td>479</td>
</tr>
<tr>
<td>Amortization of intangible assets</td>
<td>1,161</td>
<td>2,369</td>
<td>1,042</td>
<td>93</td>
<td>26</td>
<td>21</td>
<td>62</td>
<td>61</td>
</tr>
<tr>
<td>Depreciation of right-of-use assets</td>
<td>397</td>
<td>379</td>
<td>377</td>
<td>383</td>
<td>383</td>
<td>416</td>
<td>402</td>
<td>388</td>
</tr>
<tr>
<td>Total operating expenses</td>
<td>33,036</td>
<td>38,034</td>
<td>40,638</td>
<td>22,699</td>
<td>20,919</td>
<td>22,187</td>
<td>16,795</td>
<td>14,196</td>
</tr>
<tr>
<td>Gross profit</td>
<td>19,727</td>
<td>18,674</td>
<td>17,201</td>
<td>15,289</td>
<td>13,868</td>
<td>13,202</td>
<td>12,312</td>
<td>11,654</td>
</tr>
<tr>
<td>Net income (loss)</td>
<td>(12,519)</td>
<td>(19,385)</td>
<td>(426,313)</td>
<td>(61,888)</td>
<td>(73,236)</td>
<td>(81,654)</td>
<td>(74,518)</td>
<td>(14,304)</td>
</tr>
</tbody>
</table>

| Net income (loss) per share                         |             |             |             |             |             |             |             |             |
| Basic                                               | (0.12)      | (0.19)      | 7.65        | (2.76)      | 3.27        | (20.66)     | (5.55)      | (4.06)      |
| Diluted                                             | (0.12)      | (0.19)      | (0.24)      | (2.76)      | (0.08)      | (20.66)     | (5.55)      | (4.06)      |
Revenue

Our 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. The decrease in self-managed licenses and maintenance revenue was caused 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 generally grown in-line with SaaS Subscription Revenue and remained mainly flat as a percentage of total revenue over the last eight quarters. This was primarily driven by 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 increased sequentially quarter-over-quarter other than for the quarters ended June 30, 2022, September 30, 2021, and March 31, 2021. During the quarter ended March 31, 2021, an internal reorganization led to a modest number of employees being reallocated to other departments resulting in a slight decrease in product cost of revenue for the quarter. For the quarter ended September 30, 2021, the slight decrease was due to vacations taken during the summer period. Cost of revenue for the quarter ended June 30, 2022 remained generally in line with the quarter ended March 31, 2022 as a result of our continuous efforts to optimize our hosting costs. The quarterly increases were mainly due to increased costs from 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. Additionally, we expanded our cloud infrastructure in EMEA and APAC during the year ended March 31, 2021, which resulted in increased data hosting costs.

Gross profit

Our total quarterly gross profit increased sequentially for all periods presented, primarily due to increased SaaS Subscription Revenue from new and existing customers.

Operating expenses

Total operating expenses generally increased sequentially for each period presented except for the quarters ended June 30, 2022, March 31, 2022, and June 30, 2021. The aggregate increase was mainly driven by additional headcount required to support our expanding base of customers and product innovation, as well as the Qubit acquisition, which was completed in October 2021. We also have incurred additional share-based payment and related expenses since the quarter ended December 31, 2021.

During the pandemic, sales and marketing expenses decreased due to the cancellation of all in-person marketing events and travel restrictions resulting from the impact of COVID-19. To adapt to this unprecedented event, we adopted a fully digital marketing strategy and continued our investment over the subsequent quarters of the year ended March 31, 2021, with the highest level of spend in the fourth quarter. During this quarter, we also completed a rebranding of the Company and held various digital marketing events, including Relevance 360. Expenses related to this rebranding did not recur in the following quarters and were the main driver of the decrease of sales and marketing expenses. The increase for the quarter ended March 31, 2022 was impacted by a progressive return of in-person events while maintaining a digital marketing approach concurrently.

In addition, the timing of the IRAP contribution has driven some quarterly fluctuations in our R&D expenses, including the increases in the quarters ended March 31, 2021 and December 31, 2021 compared to the previous quarters.
Contributions correlated to expenses permitted by the program, with annual maximum amounts of $3.0 million for the year ended March 31, 2021 and $1.7 million for the year ended March 31, 2022. In the year ended March 31, 2021, the annual maximum was reached in December 2020, and as a result no additional IRAP contribution was recorded in the quarter ended March 31, 2021. The contributions from IRAP restarted in the quarter ended June 30, 2021 and the project was completed in July 2021, with the contribution fully received during the quarter ended September 30, 2021. For the quarter ended June 30, 2022, R&D expenses decreased compared to the quarter ended March 31, 2021 mainly due to a decrease in share-based payment and related expenses following the reassessment of the related taxable benefit accrual and accrued vacation taken during the quarter.

General and administrative expenses were significantly higher in the quarter ended December 31, 2021 due to the one-time 1% equity pledge donation of $10.4 million and transaction expenses related to the IPO and the acquisition of Qubit. These expenses did not recur in the quarters ended March 31, 2022 and June 30, 2022 and were the main drivers of the decrease in general and administrative expenses, partially offset by additional share-based payment and related expenses. General and administrative expenses also decreased in the quarter ended June 30, 2022 mainly due to a decrease in share-based payments, and related expenses, following the reassessment of the related taxable benefit accrual.

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. In the quarter ended September 30, 2021, this reduction was offset by transaction expenses related to the acquisition of Qubit.

**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:

<table>
<thead>
<tr>
<th></th>
<th>Three months ended June 30,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2022</td>
</tr>
<tr>
<td>Cash and cash equivalents – end of period</td>
<td>217,668</td>
</tr>
<tr>
<td>Short term investments – end of period</td>
<td>-</td>
</tr>
</tbody>
</table>

Net cash flows generated from (used in)

<table>
<thead>
<tr>
<th></th>
<th>2022</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating activities</td>
<td>1,405</td>
<td>(6,519)</td>
</tr>
<tr>
<td>Investing activities</td>
<td>(532)</td>
<td>13,251</td>
</tr>
<tr>
<td>Financing activities</td>
<td>(342)</td>
<td>(464)</td>
</tr>
<tr>
<td>Effect of foreign exchange rate changes on cash and cash equivalents</td>
<td>(5,935)</td>
<td>97</td>
</tr>
<tr>
<td><strong>Net increase (decrease) in cash and cash equivalents</strong></td>
<td><strong>(5,404)</strong></td>
<td><strong>6,365</strong></td>
</tr>
</tbody>
</table>

Operating activities

For the three months ended June 30, 2022, cash generated in operating activities was $1.4 million compared to $6.5 million used for the three months ended June 30, 2021.

The variance for the three months ended June 30, 2022 is mainly caused by a decrease in net loss excluding items not affecting cash and the positive change in non-cash working capital items driven by the collection of refundable government tax credits from year ended March 31, 2021.

Investing activities

For the three months ended June 30, 2022, cash used from investing activities was $0.5 million compared to $13.3 million generated for the three months ended June 30, 2021. This decrease was mainly driven by a reduction of proceeds from the disposal of short term investments.

Financing activities

Financing activities used $0.3 million during the three months ended June 30, 2022, which was primarily attributable to payments on lease obligations partially offset by proceeds from exercise of stock options.

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, as per the second amendment entered into on May 25, 2021, 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. As of June 30, 2022 our current assets were $249.1 million, including cash and cash equivalents of $217.7 million, as compared to current liabilities of $70.2 million. 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 payables 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 months ended June 30, 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 2 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 months ended June 30, 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. The CEO and the CFO have limited the scope to exclude controls, policies, and procedures of Qubit, which was acquired on October 14, 2021, as permitted by the Canadian Securities Administrators’ national instrument 52-109 – Certification of Disclosure in issuers’ Annual and Interim Filings for 365 days following an acquisition. Note 5 (Business combination) of the Company’s audited consolidated financial statements for the year ended March 31, 2022, presents summary information with respect to Qubit. As at June 30, 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 48,988,930 subordinate voting shares, 55,254,951 multiple voting shares, and no preferred shares were issued and outstanding as of August 5, 2022.

As of August 5, 2022, there were 9,267,682 stock options outstanding under the Company’s Amended and Restated 2009 Stock Option Plan (the “Legacy Plan”), as amended (of which 7,613,572 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 August 5, 2022, there were 4,642,706 options outstanding under the Company’s Omnibus Incentive Plan (the “Omnibus Plan”) (of which nil 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 August 5, 2022, there were 2,109,979 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 August 5, 2022, there were 208,964 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.