



Fiscal 2023 Q2 Financial Results

For the three months ended September 30, 2022

November 7, 2022

Disclaimer

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

This presentation (“**Presentation**”) is qualified in its entirety by reference to, and must be read in conjunction with, the information contained in our Annual Information Form dated June 14, 2022 (the “**AIF**”), as well as in our unaudited condensed interim consolidated financial statements for the three- and six-month periods ended September 30, 2022, and 2021 together with the notes thereto (collectively, the “**Financial Statements**”), as well as the management’s discussion and analysis (the “**MD&A**”) in respect thereof. Coveo Solutions Inc. (“**Coveo**”) has not authorized anyone to provide different or additional information from the information contained in its public disclosure record. Coveo takes no responsibility for, and can provide no assurance as to the reliability of, any other information that others may give you.

Prospective investors should not assume that the information contained in this Presentation is accurate as of any date other than the date of this Presentation, or where information is stated to be as of a date other than the date of this Presentation, such other applicable date. Subject to our obligations under applicable Canadian securities laws, the information contained in this Presentation is accurate only as of the date of this Presentation regardless of the time of delivery of this Presentation.

All references to “US\$”, “\$”, and “U.S. dollars” are to United States dollars and all references to “C\$” are to Canadian dollars. Capitalized terms used herein that are not otherwise defined have the meanings ascribed to such terms in the AIF.

Disclaimer and Legal Notices

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Readers should not construe the contents of this Presentation as legal, tax, regulatory, financial or accounting advice.

Forward-Looking Information

This Presentation contains “forward-looking information” and “forward-looking statements” within the meaning of applicable securities laws, including Coveo’s financial outlook on SaaS Subscription Revenue, Total Revenue, Adjusted Operating Loss, and Weighted Average Shares Outstanding for the three months ending on December 31, 2022, and for the year ending March 31, 2023 (collectively, “**forward-looking information**”) within the meaning of applicable securities laws. Such forward-looking information includes, but is not limited to, our “financial outlook” and 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. Coveo’s financial outlook on SaaS Subscription Revenue, Total Revenue, Adjusted Operating Loss, and Weighted Average Shares Outstanding 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.

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, our ability to execute on our expansion plans and the future impact of the COVID-19 pandemic. Moreover, forward-looking information is subject to known and unknown risks, uncertainties, and other factors, many of which are beyond our control, that may cause the actual results, level of activity, performance, or achievements to be materially different from those expressed or implied by such forward-looking information, including but not limited to macro-economic uncertainties and the risk factors described under “Risk Factors” in the Corporation’s most recently filed Annual Information Form 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.

Forward-looking information provided in this Presentation relates only to events or information as of the date on which the statements are made in this Presentation 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.

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Market, industry and other data presented in this Presentation was obtained from third-party sources and industry reports, and from publications, websites, and other publicly available information, as well as industry and other data prepared by Coveo or on its behalf on the basis of Coveo’s internal sources and knowledge of the markets in which it operates, including information provided by suppliers, partners, customers, and other industry participants.

Coveo believes that the market, industry, and other data presented in this Presentation is reliable and, with respect to data prepared by Coveo or on its behalf, that Coveo’s estimates and assumptions are currently appropriate and reasonable, but there can be no assurance as to the accuracy or completeness thereof. The accuracy and completeness of the market, industry and other data presented in this Presentation are not guaranteed and Coveo does not make any representation as to the accuracy of such data. The industry in which Coveo operates is subject to a high degree of uncertainty and risk due to a variety of factors.

Actual outcomes may vary materially from those estimated or forecasted in the reports or publications from which market, industry, and other data presented in this Presentation was obtained, and the prospect for material variation can be expected to increase as the length of the forecast period increases. Coveo has not independently verified the accuracy or completeness of any of the data from third-party sources referred to in this Presentation, analyzed or verified the underlying studies or surveys relied upon or referred to by such sources, or ascertained the underlying market, industry and other assumptions relied upon by such sources. Market, industry, and other data presented in this Presentation is subject to variations and cannot be verified due to limits on the availability and reliability of data inputs, the voluntary nature of the data gathering process, and other limitations and uncertainties inherent in any statistical survey. As a result, you are cautioned not to give undue weight to these estimates. Furthermore, Coveo cannot assure you that a third party using different methods to assemble, analyze or compute industry and market data would obtain the same results. None of the industry publications referred to in this Presentation were prepared on Coveo’s or on its affiliates’ behalf or at Coveo’s expense.

Information contained on or accessible through the website(s) or reports referenced herein is not a part of this Presentation and the inclusion of any website address referenced in this Presentation is an inactive textual reference only.

Non-IFRS Measures and Ratios

In addition to using financial measures prescribed by the International Financial Reporting Standards (“**IFRS**”) as issued by the International Accounting Standards Board (“**IASB**”), the information presented in this Presentation includes non-IFRS financial measures and ratios. These measures are not recognized measures under IFRS and do not have a standardized meaning prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other companies. Rather, these non-IFRS financial measures and ratios are provided as additional information to complement those IFRS measures by providing further understanding of Coveo’s results of operations from management’s perspective. Accordingly, these measures should not be considered in isolation nor as a substitute for analysis of Coveo’s financial information reported under IFRS. Coveo uses non-IFRS measures, including (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**”), and (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**”). These non-IFRS financial measures and ratios are used to provide investors with supplemental measures of Coveo’s operating performance and thus highlight trends in Coveo’s core business that may not otherwise be apparent when relying solely on IFRS measures. Coveo believes that these non-IFRS financial measures and ratios are useful in providing supplemental information regarding its performance by excluding certain items that may not be indicative of its business, operating results, or future outlook. Coveo also believes that securities analysts, investors, and other interested parties frequently use non-IFRS measures in the evaluation of issuers. Coveo’s management also uses non-IFRS financial measures and ratios in order to facilitate operating performance comparisons from period to period, to prepare annual operating budgets and forecasts, and to determine components of management compensation. Coveo believes Adjusted Operating Loss, the Adjusted Gross Profit Measures, the Adjusted Gross Profit (%) Measures, the Adjusted Operating Expense Measures, and the Adjusted Operating Expense (%) Measures provide its management and investors consistency and comparability with its past financial performance and facilitate period-to-period comparisons of operations, as Adjusted Operating Loss, the Adjusted Gross Profit Measures, the Adjusted Gross Profit (%) Measures, the Adjusted Operating Expense Measures, and the Adjusted Operating Expense (%) Measures generally eliminate the effects of certain variables from period to period for reasons unrelated to overall operating performance.

Please refer to the “Definition of Non-IFRS Measures and Ratios” section of the Appendix for details of the composition of Adjusted Operating Loss, Adjusted Gross Profit, Adjusted Product Gross Profit, Adjusted Professional Services Gross Profit, Adjusted Gross Profit (%), Adjusted Product Gross Profit (%), Adjusted Professional Services Gross Profit (%), Adjusted Sales and Marketing Expenses, Adjusted Research and Product Development Expenses, Adjusted General and Administrative Expenses, Adjusted Sales and Marketing Expenses (%), Adjusted Research and Product Development Expenses (%), and Adjusted General and Administrative Expenses (%) presented by Coveo, as well as the reconciliations of such measures to the most directly comparable IFRS measure, where applicable.

Key Performance Indicators

This Presentation refers to SaaS Subscription Revenue, Current Remaining Performance Obligations, SaaS Annualized Contract Value, 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.

Please refer to the “Definition of Key Performance Indicators” section of the Appendix for the definitions of the key performance indicators used throughout this Presentation.



Q2 Performance Highlights



Louis Têtu
Chairman and CEO

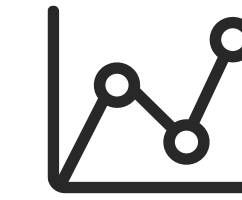
Q2 FY'23 Highlights



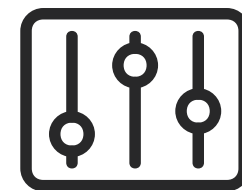
47%
SaaS Subscription
Revenue⁽¹⁾ Growth



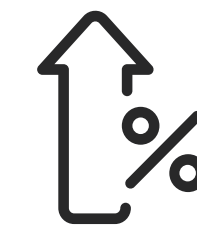
43%
Total Revenue Growth



111%
Net Expansion Rate⁽¹⁾



\$4.7M
Adjusted Operating
Loss⁽²⁾



LoB Growth
All Lines of Business growing
double digits on a trailing-
twelve-months basis

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

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

Customer Land Examples



Commerce

Licensed Sportswear Retailer

Global online manufacturer and retailer of licensed sportswear, collectibles and sports merchandise

Electrical Retailer

EU based, specialized in household appliances and electricals

Lottery and Gaming

Corporation responsible for lottery and gaming within a Canadian province



Service

Global Finance Company

Provider of critical decision support tools and services

Software & Services Company

Software and services company operating in over 30 countries

CrowdStrike Holdings

NASDAQ-listed cybersecurity technology company based in Austin

Informatica, a leader in **Cloud Data Management**

Coveo and Informatica have a **long-standing partnership** that started in **2016**. Since then, they have grown as a global enterprise leader in Cloud Data Management and expanded their use of Coveo as a key to their **Digital Transformation strategy**

Use of Coveo within Informatica's internal and external digital experiences:

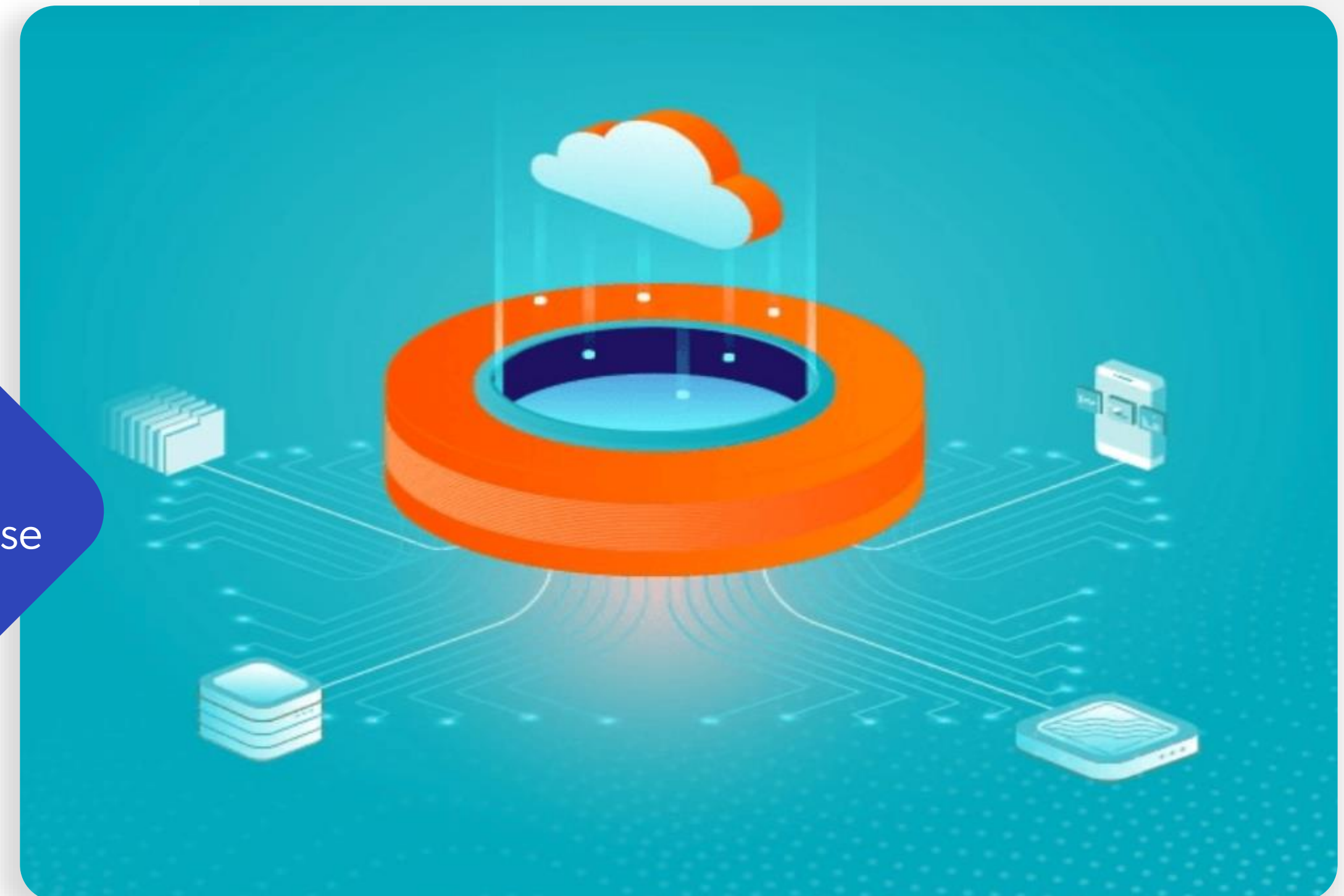
- Marketing
- Documentation
- Knowledge
- Service
- Marketplace
- Professional Services

\$3.5M
Annual savings in case deflection costs



Industry: Software
Founded: 1993
Headquarters: Redwood City, CA, U.S.

**5,000+ active customers including
84 of the Fortune 100**



Coupa, a global technology platform for **Business Spend Management**

Coveo has **partnered** with Coupa to help companies **gain visibility** into, and **control** over, the money and resources spent within their organizations.

Use of Coveo:

- Self-service
- Contact center
- Currently onboarding new all-in-one support platform experience for customers

Significant savings reported from an increase in case deflection and self-service success



Industry: Software & Services
Founded: 2006
Headquarters: San Mateo, CA, U.S.

Connecting hundreds of organizations with more than eight million suppliers globally



A global **digital first Consumer Brands group**

The Company's purpose is to significantly improve how **brands connect digitally to consumers**

Results from Coveo's Commerce personalization solution pilot:

- Enabled tailored recommendations and product badging across 4 eCommerce brands within the group
- **Multi-million-dollar uplift in revenue** alongside merchandizing capability for their inhouse teams
- Exploring go-to-market strategy leveraging Coveo's Commerce solutions for other retailers

Industry: E-commerce
Founded: 2004
Headquarters: Europe

Dozens of owned brands and hundreds of platform clients



New Product Features Commerce and Service

Merchandising Hub Enhancements

- Social proofing (badging) can now be easily and scalably deployed on product listing pages
- Potential to generate significant increases in conversion rates given that product listing pages are often among the most visited on commerce sites

Next-Gen Insight Panel Component

- Enables administrators to easily deploy a next-generation Coveo Hosted Insight Panel in Salesforce
- Drives rapid time-to-value and innovation, as managers can easily update the Insight Panel configuration and functionality in real-time via the Coveo Admin console



Q2 Financial Highlights

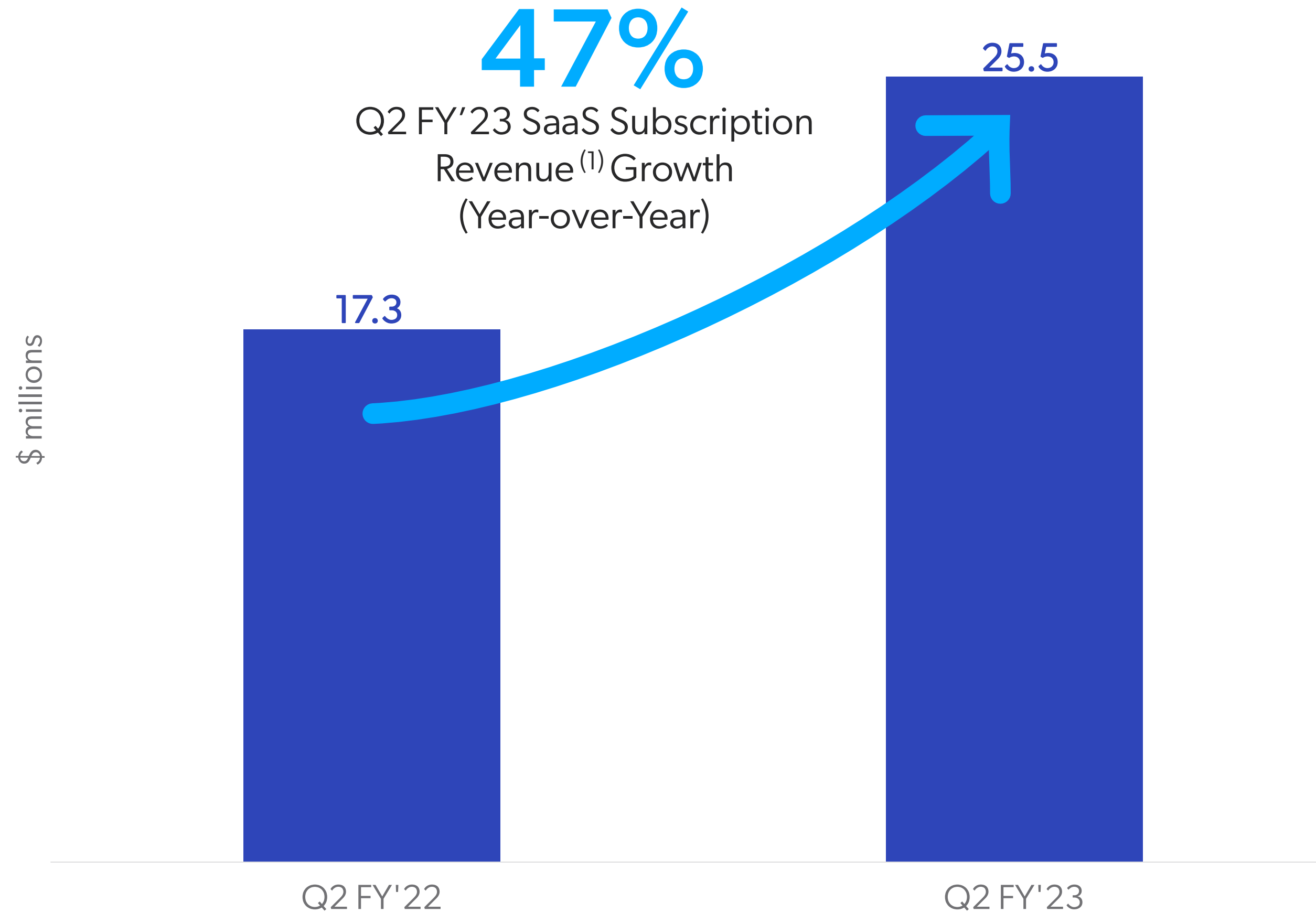


Jean Lavigueur
CFO

Revenue Growth

USD millions, except %	Q2 FY'23	YoY
Total Revenue	\$27.9	43%
SaaS Subscription Revenue <i>% of Total Revenue</i>	\$25.5 <i>91%</i>	47%
Self-Managed Licenses and Maintenance <i>% of Total Revenue</i>	\$0.3 <i>1%</i>	(66%)
Professional Services <i>% of Total Revenue</i>	\$2.2 <i>8%</i>	60%

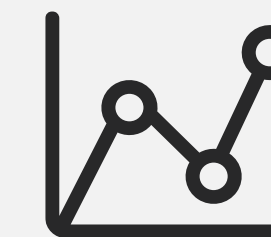
Key Performance Indicators



\$88.7M, up 51% YoY

Current SaaS Subscription Remaining Performance Obligations⁽¹⁾

As of Sept. 30, 2022



111%

Net Expansion Rate⁽¹⁾

As of Sept. 30, 2022

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

Adjusted **Gross Profit** Measures

%	Q2 FY'23	Q2 FY'22
Gross Profit	76%	78%
Adjusted Gross Profit ⁽¹⁾	78%	79%
Product Gross Profit	82%	82%
Adjusted Product Gross Profit ⁽¹⁾	83%	82%
Professional Services Gross Profit	16%	35%
Adjusted Professional Services Gross Profit ⁽¹⁾	24%	38%

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

Operating **Loss**

USD millions	Q2 FY'23	Q2 FY'22
Operating Loss	\$11.6	\$7.4
Adjusted Operating Loss ⁽¹⁾	\$4.7	\$5.2
Net Loss	\$9.9	\$61.9

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

Q3 FY'23 and Full Year **Guidance**

USD millions, except shares outstanding	Q3 FY'23	Full Year FY'23
SaaS Subscription Revenue ⁽¹⁾	\$25.6 – \$26.1	\$101.5 – \$103.0
Total Revenue	\$27.6 – \$28.1	\$110.0 – \$111.5
Adjusted Operating Loss ⁽²⁾	\$5.0 – \$6.0	\$23.0 – \$25.0
Weighted Average Shares Outstanding	104.8 – 105.3 million	104.0 – 105.0 million

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 in the disclaimer of this Presentation and in our most recent MD&A on file for information on the factors that could cause our actual results to differ materially from these forward-looking statements and a description of the assumptions thereof.

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

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

Thank you!

**Coveo will host its inaugural Capital Markets Day
on Thursday, November 17, 2022,
at the TMX Market Centre in Toronto.**

Please contact Paul Moon at investors@coveo.com for additional information.

The in-person event is limited to the financial analyst and institutional investor community.



Q2 FY'23 Results **Q&A**

Appendix

Condensed Interim Consolidated Statements of Income or Loss and Comprehensive Income or Loss

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

	Three months ended September 30,		Six months ended September 30,		Three months ended September 30,		Six months ended September 30,		
	2022	2021	2022	2021	2022	2021	2022	2021	
	\$	\$	\$	\$	\$	\$	\$	\$	
Revenue									
SaaS subscription	25,469	17,313	49,472	33,629					
Self-managed licenses and maintenance	290	841	614	1,555					
Product revenue	25,759	18,154	50,086	35,184					
Professional services	2,174	1,358	4,309	2,552					
Total revenue	27,933	19,512	54,395	37,736					
Cost of revenue									
Product	4,749	3,341	9,507	6,739					
Professional services	1,822	882	3,799	1,840					
Total cost of revenue	6,571	4,223	13,306	8,579					
Gross profit	21,362	15,289	41,089	29,157					
Operating expenses									
Sales and marketing	14,161	10,595	28,722	21,468					
Research and product development	8,963	5,528	18,095	10,370					
General and administrative	7,722	5,516	14,815	9,662					
Depreciation of property and equipment	660	652	1,352	1,301					
Amortization of intangible assets	1,104	30	2,265	56					
Depreciation of right-of-use assets	396	378	793	761					
Total operating expenses	33,006	22,699	66,042	43,618					
Operating loss	(11,644)	(7,410)	(24,953)	(14,461)					
					Change in redeemable preferred shares – conversion rights component fair value	-	39,248	-	(30,228)
					Net financial expenses (income)	(1,020)	4,826	(1,419)	9,630
					Foreign exchange gain	(816)	(780)	(1,316)	(347)
					Income (loss) before income tax expense (recovery)	(9,808)	(50,704)	(22,218)	6,484
					Income tax expense (recovery)	125	11,184	234	(4,864)
					Net income (loss)	(9,933)	(61,888)	(22,452)	11,348
					Other comprehensive income (loss)				
					Items that may be reclassified to the consolidated statements of income (loss):				
					Foreign currency differences on translation to presentation currency	(13,961)	20,426	(22,563)	4,352
					Total comprehensive income (loss)	(23,894)	(41,462)	(45,015)	15,700
					Net income (loss) per share				
					Basic	(0.10)	(2.76)	(0.22)	0.51
					Diluted	(0.10)	(2.76)	(0.22)	(0.16)
					Weighted average number of shares outstanding				
					Basic	104,350,739	22,423,629	104,091,340	22,394,967
					Diluted	104,350,739	22,423,629	104,091,340	93,631,464

Note: Net loss in the three months ended September 30, 2021, was principally impacted by a non-cash loss of \$39.2 million and an associated income tax expense of \$10.9 million and net income in the six months ended September 30, 2021, was impacted by a non-cash gain of \$30.2 million and an associated income tax recovery of \$5.4 million; both related to the Company's preferred shares converted immediately prior to the initial public offering of the Company in November 2021.

Condensed Interim Consolidated Statements of Income or Loss and Comprehensive Income or Loss

(in thousands of US dollars, unaudited)

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

	Three months ended September 30,		Six months ended September 30,	
	2022	2021	2022	2021
	\$	\$	\$	\$
Share-based payments and related expenses				
Product cost of revenue	210	44	392	90
Professional services cost of revenue	165	43	309	74
Sales and marketing	1,539	240	3,070	458
Research and product development	1,688	238	3,121	437
General and administrative	2,058	205	3,243	415
Share-based payments and related expenses	5,660	770	10,135	1,474

Reconciliation of Adjusted Operating Loss to Operating Loss

(in thousands of US dollars, unaudited)

	Three months ended September 30,		Six months ended September 30,	
	2022	2021	2022	2021
	\$	\$	\$	\$
Operating loss	(11,644)	(7,410)	(24,953)	(14,461)
Share-based payments and related expenses ⁽¹⁾	5,660	770	10,135	1,474
Amortization of acquired intangible assets ⁽²⁾	1,103	-	2,263	-
Acquisition-related compensation ⁽³⁾	175	121	386	242
Transaction-related expenses ⁽⁴⁾	-	1,330	-	1,330
Charitable contributions	53	28	99	59
Adjusted Operating Loss	(4,653)	(5,161)	(12,070)	(11,356)

- (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, 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 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.
- (4) These expenses include professional, legal, consulting, and accounting fees related to the acquisition of Qubit. These costs are included in general and administrative expenses.

"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.

Reconciliation of Adjusted Gross Profit Measures and Adjusted Gross Profit (%) Measures

(in thousands of US dollars, unaudited)

	Three months ended September 30,		Six months ended September 30,	
	2022	2021	2022	2021
	\$	\$	\$	\$
Total revenue	27,933	19,512	54,395	37,736
Gross profit	21,362	15,289	41,089	29,157
<i>Gross profit (%)</i>	<i>76%</i>	<i>78%</i>	<i>76%</i>	<i>77%</i>
Add: Share-based payments and related expenses	375	87	701	164
Add: Acquisition-related compensation	85	-	166	-
Adjusted Gross Profit	21,822	15,376	41,956	29,321
<i>Adjusted Gross Profit (%)</i>	<i>78%</i>	<i>79%</i>	<i>77%</i>	<i>78%</i>
Product revenue	25,759	18,154	50,086	35,184
Product cost of revenue	4,749	3,341	9,507	6,739
Product gross profit	21,010	14,813	40,579	28,445
<i>Product gross profit (%)</i>	<i>82%</i>	<i>82%</i>	<i>81%</i>	<i>81%</i>
Add: Share-based payments and related expenses	210	44	392	90
Add: Acquisition-related compensation	70	-	130	-
Adjusted Product Gross Profit	21,290	14,857	41,101	28,535
<i>Adjusted Product Gross Profit (%)</i>	<i>83%</i>	<i>82%</i>	<i>82%</i>	<i>81%</i>
Professional services revenue	2,174	1,358	4,309	2,552
Professional services cost of revenue	1,822	882	3,799	1,840
Professional services gross profit	352	476	510	712
<i>Professional services gross profit (%)</i>	<i>16%</i>	<i>35%</i>	<i>12%</i>	<i>28%</i>
Add: Share-based payments and related expenses	165	43	309	74
Add: Acquisition-related compensation	15	-	36	-
Adjusted Professional Services Gross Profit	532	519	855	786
<i>Adjusted Professional Services Gross Profit (%)</i>	<i>24%</i>	<i>38%</i>	<i>20%</i>	<i>31%</i>

“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”.

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

(in thousands of US dollars, unaudited)

	Three months ended September 30,		Six months ended September 30,	
	2022	2021	2022	2021
	\$	\$	\$	\$
Sales and marketing expenses	14,161	10,595	28,722	21,468
<i>Sales and marketing expenses (%)</i>	51%	54%	53%	57%
Less: Share-based payments and related expenses	1,539	240	3,070	458
Less: Acquisition-related compensation	37	-	71	-
Adjusted Sales and Marketing Expenses	12,585	10,355	25,581	21,010
<i>Adjusted Sales and Marketing Expenses (%)</i>	45%	53%	47%	56%
Research and product development expenses	8,963	5,528	18,095	10,370
<i>Research and product development expenses (%)</i>	32%	28%	33%	27%
Less: Share-based payments and related expenses	1,688	238	3,121	437
Less: Acquisition-related compensation	47	121	135	242
Adjusted Research and Product Development Expenses	7,228	5,169	14,839	9,691
<i>Adjusted Research and Product Development Expenses (%)</i>	26%	26%	27%	26%
General and administrative expenses	7,722	5,516	14,815	9,662
<i>General and administrative expenses (%)</i>	28%	28%	27%	26%
Less: Share-based payments and related expenses	2,058	205	3,243	415
Less: Acquisition-related compensation	6	-	14	-
Less: Transaction-related expenses	-	1,330	-	1,330
Less: Charitable contributions	53	28	99	59
Adjusted General and Administrative Expenses	5,605	3,953	11,459	7,858
<i>Adjusted General and Administrative Expenses (%)</i>	20%	20%	21%	21%

“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”.

Condensed Interim Consolidated Statements of Financial Position

(in thousands of US dollars, unaudited)

	September 30, 2022	March 31, 2022
	\$	\$
Assets		
Current assets		
Cash and cash equivalents	204,817	223,072
Trade and other receivables	25,327	25,476
Refundable tax credits	5,923	10,443
Prepaid expenses	4,940	5,861
	<u>241,007</u>	<u>264,852</u>
Non-current assets		
Contract acquisition costs	10,572	10,858
Property and equipment	7,185	8,704
Intangible assets	16,012	20,605
Right-of-use assets	7,911	9,255
Deferred tax assets	4,079	4,616
Goodwill	24,114	26,610
	<u>310,880</u>	<u>345,500</u>
Total assets		
Liabilities		
Current liabilities		
Trade payable and accrued liabilities	20,287	22,910
Current portion of deferred revenue	53,047	49,879
Current portion of lease obligations	1,803	1,916
	<u>75,137</u>	<u>74,705</u>
Non-current liabilities		
Deferred revenue	398	513
Lease obligations	9,453	11,169
Deferred tax liabilities	2,806	3,677
	<u>87,794</u>	<u>90,064</u>
Shareholders' equity		
Share capital	862,742	859,944
Contributed surplus	25,162	15,295
Deficit	(614,708)	(592,256)
Accumulated other comprehensive loss	(50,110)	(27,547)
	<u>223,086</u>	<u>255,436</u>
Total liabilities and shareholders' equity	<u>310,880</u>	<u>345,500</u>

Condensed Interim Consolidated Statements of Cash Flows

(in thousands of US dollars, unaudited)

	Six months ended September 30,	
	2022	2021
	\$	\$
Cash flows from (used in) operating activities		
Net income (loss)	(22,452)	11,348
Items not affecting cash		
Amortization of contract acquisition costs	2,199	1,810
Depreciation of property and equipment	1,352	1,301
Amortization of intangible assets	2,265	56
Depreciation of right-of-use assets	793	761
Interest accretion	-	9,153
Change in redeemable preferred shares – conversion rights component fair value	-	(30,228)
Share-based payments	11,138	1,474
Interest on lease obligations	331	374
Change in fair value of short-term investments	-	91
Variation of deferred tax assets and liabilities	196	(4,944)
Unrealized foreign exchange gain	(1,316)	(447)
Changes in non-cash working capital items	4,579	(6,394)
	(915)	(15,645)
Cash flows from (used in) investing activities		
Proceeds from disposal of short-term investments	-	29,872
Additions to property and equipment	(709)	(667)
Additions to intangible assets	(5)	(601)
	(714)	28,604
Cash flows from (used in) financing activities		
Proceeds from exercise of stock options	1,527	122
Payments on lease obligations	(1,265)	(1,132)
	262	(1,010)
Effect of foreign exchange rate changes on cash and cash equivalents	(16,888)	(171)
Increase (decrease) in cash and cash equivalents during the period	(18,255)	11,778
Cash and cash equivalents – beginning of period	223,072	55,399
Cash and cash equivalents – end of period	204,817	67,177

Definition of Key Performance Indicators

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

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

“Net Expansion Rate” is calculated by considering a cohort of customers at the end of the period 12 months prior to the end of the period selected, and dividing the SaaS Annualized Contract Value (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.