



Management's Discussion and Analysis

For the three and six months ended
September 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 September 30, 2022.

This MD&A dated November 7, 2022, for the three and six months ended September 30, 2022 and September 30, 2021, should be read in conjunction with the Company's unaudited condensed interim consolidated financial statements along with the related notes thereto for the three and six months ended September 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 and six months ended September 30, 2022 and September 30, 2021 presented in this MD&A is derived from the Company's unaudited condensed interim consolidated financial statements for the three and six months ended September 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, investments and operating results; expectations regarding our ability to successfully retain and expand relationships with existing customers; expectations regarding growth opportunities and our ability to capture an increasing share of addressable markets, including for commerce solutions, and strengthen our competitive position; and expectations regarding our ability to increase our penetration of international markets and selectively pursue and successfully integrate acquisitions, including in respect of identified cross-selling opportunities.

Forward-looking information is necessarily based on a number of opinions, estimates, and assumptions that we considered appropriate and reasonable as of the date such statements are made. Although the forward-looking information contained herein is based upon what we believe are reasonable assumptions, actual results may vary from the forward-looking information contained herein. Certain assumptions made in preparing the forward-looking information contained in herein include, without limitation: our ability to capitalize on growth opportunities and implement our growth strategy; our ability to attract new customers, both domestically and internationally; the success of our efforts to expand our product portfolio and market reach; our ability to maintain successful strategic relationships with partners and other third parties; assumptions regarding our future capital requirements; assumptions regarding available liquidity under our revolving credit facility; the accuracy of our estimates of market opportunity and growth forecasts; our success in identifying and evaluating, as well as

financing and integrating, any acquisitions, partnerships, or joint ventures, and our ability to execute on our expansion plans; and the future impact of the COVID-19 pandemic. Moreover, forward-looking information is subject to known and unknown risks, uncertainties, and other factors, many of which are beyond our control, that may cause the actual results, level of activity, performance, or achievements to be materially different from those expressed or implied by such forward-looking information, including but not limited to macro-economic uncertainties and the risk factors described under “Risk Factors” in the Company’s most recently filed Annual Information Form (“AIF”) available under our profile on SEDAR at www.sedar.com. There can be no assurance that such forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. Accordingly, prospective investors should not place undue reliance on forward-looking information, which speaks only as of the date made.

Moreover, we operate in a very competitive and rapidly changing environment. Although we have attempted to identify important risk factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other risk factors not presently known to us or that we presently believe are not material that could also cause actual results or future events to differ materially from those expressed in such forward-looking information.

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

Business Overview

The business of Coveo

Coveo is a leading provider of an AI-powered relevance platform. Our SaaS-native, multi-tenant platform (the Coveo Relevance Cloud™) is differentiated by its applied AI models and helps transform search, recommendations, personalization, and merchandizing within digital experiences with customers, partners, and employees to improve business outcomes for our customers. Our solutions are designed to provide tangible value by helping to drive revenue and profitability growth, reduce customer support costs, increase customer satisfaction and website engagement, and improve employee proficiency and satisfaction.

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

We primarily generate revenue from the recurring sale of SaaS subscriptions. Our contracts (together with related expand transactions) generally have multi-year terms and are subject to renewal at the end of the subscription term. We sell and distribute our solutions almost exclusively through our direct sales force supported by a global ecosystem of partners that support the adoption and implementation of our platform. We have established strategic relationships with leading global technology platforms, including Salesforce, SAP, Adobe, ServiceNow, Zendesk, and Sitecore with which we have collaborated to integrate our solutions 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.

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 \$25.5 million for the three months ended September 30, 2022, an increase of \$8.2 million or 47% compared to the three months ended September 30, 2021. For the six months ended September 30, 2022, SaaS Subscription Revenue was \$49.5 million, an increase of \$15.9 million or 47% compared to the six months ended September 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 Value¹ 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 September 30, 2022, our Net Expansion Rate was 111% compared to 113% as of September 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

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.

September 30, 2022, we had \$88.7 million of SaaS cRPO, an increase of \$29.9 million or 51% compared to September 30, 2021.

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

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

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

Adjusted Operating Loss

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

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

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

<i>In thousands of U.S. dollars</i>	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 Gross Profit Measures and Adjusted Gross Profit (%) Measures

Adjusted Gross Profit, Adjusted Product Gross Profit, and Adjusted Professional Services Gross Profit are respectively defined as gross profit, product gross profit, and professional services gross profit excluding share-based payments and related expenses, acquisition-related compensation, transaction-related expenses, and other one-time or non-cash items. We refer to these measures collectively as our “Adjusted Gross Profit Measures”. Adjusted Gross Profit (%) is defined as Adjusted Gross Profit as a percentage of total revenue. Adjusted Product Gross Profit (%) is defined as Adjusted Product Gross Profit as a percentage of product revenue. Adjusted Professional Services Gross Profit (%) is defined as Adjusted Professional Services Gross Profit as a percentage of professional services revenue. We refer to these measures collectively as our “Adjusted Gross Profit (%) Measures”.

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

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

<i>In thousands of U.S. dollars</i>	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 Operating Expense Measures and Adjusted Operating Expense (%) Measures

Adjusted Sales and Marketing Expenses, Adjusted Research and Product Development Expenses, and Adjusted General and Administrative Expenses are respectively defined as sales and marketing expenses, research and product development expenses, and general and administrative expenses excluding share-based payments and related expenses, acquisition-related compensation, transaction-related expenses, charitable contributions, and other one-time or non-cash items. We refer to these measures collectively as our “Adjusted Operating Expense Measures”. Adjusted Sales and Marketing Expenses (%), Adjusted Research and Product Development Expenses (%), and Adjusted General and Administrative Expenses (%) are respectively defined as Adjusted Sales and Marketing Expenses, Adjusted Research and Product Development Expenses, and Adjusted General and Administrative Expenses as a percentage of total revenue. We refer to these measures collectively as our “Adjusted Operating Expense (%) Measures”.

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

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

<i>In thousands of U.S. dollars</i>	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>	<i>51%</i>	<i>54%</i>	<i>53%</i>	<i>57%</i>
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>	<i>45%</i>	<i>53%</i>	<i>47%</i>	<i>56%</i>
Research and product development expenses	8,963	5,528	18,095	10,370
<i>Research and product development expenses (%)</i>	<i>32%</i>	<i>28%</i>	<i>33%</i>	<i>27%</i>
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>	<i>26%</i>	<i>26%</i>	<i>27%</i>	<i>26%</i>
General and administrative expenses	7,722	5,516	14,815	9,662
<i>General and administrative expenses (%)</i>	<i>28%</i>	<i>28%</i>	<i>27%</i>	<i>26%</i>
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>	<i>20%</i>	<i>20%</i>	<i>21%</i>	<i>21%</i>

Key Factors Impacting Our Performance

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

Growing our SaaS customer base

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

Driving expansion from our existing SaaS customer base

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

Growth of our commerce solution

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

Maintain and expand existing platform integrations, and develop new ones

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

Geographical expansion

We believe an opportunity exists for us to expand and deepen our international presence, particularly in the Europe Middle-East Africa (“EMEA”) and Asia Pacific (“APAC”) regions.

COVID-19

Despite the challenges encountered during the pandemic, we continued to expand our relationships with our existing customers and attracted new customers.

There continues to be uncertainty regarding the duration and magnitude of the COVID-19 pandemic and the ability to control resurgences worldwide, making it difficult to assess the future impact on our customer base, the end markets we serve, and the resulting effect on our business and operations, both in the short term and in the long term. 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, foreign exchange rate fluctuations, 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 payments and related expenses, associated with our customer support, customer success, and data hosting teams, and the cost of data hosting services.

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

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

Sales and marketing expenses

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

As we grow our revenue, we plan to continue to invest in sales and marketing by expanding our domestic and international headcount, building brand awareness via marketing programs and outbound lead generation, and developing and expanding relationships with our implementation partners.

Research and product development (“R&D”) expenses

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

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

We expect that general and administrative expenses will increase in absolute dollars in the future as we invest in our infrastructure and incur additional employee-related costs and professional fees related to the growth of our business, including our international expansion.

Results of Operations

The following table sets forth our results of operations:

<i>In thousands of U.S. dollars, except per share data</i>	Three months ended September 30,		Six months ended September 30,	
	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 (revenue)	(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
Net income (loss) per share				
Basic	(0.10)	(2.76)	(0.22)	0.51
Diluted	(0.10)	(2.76)	(0.22)	(0.16)

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

<i>In thousands of U.S. dollars</i>	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

Results of Operations for the Three and Six Months Ended September 30, 2022 and September 30, 2021

Total revenue

<i>In thousands of U.S. dollars</i>	Three months ended September 30,				Six months ended September 30,			
	2022	2021	Change		2022	2021	Change	
	\$	\$	\$	%	\$	\$	\$	%
Revenue								
SaaS subscription	25,469	17,313	8,156	47%	49,472	33,629	15,843	47%
Self-managed licenses and maintenance	290	841	(551)	(66%)	614	1,555	(941)	(61%)
Product revenue	25,759	18,154	7,605	42%	50,086	35,184	14,902	42%
Professional services	2,174	1,358	816	60%	4,309	2,552	1,757	69%
Total revenue	27,933	19,512	8,421	43%	54,395	37,736	16,659	44%
Percentage of total revenue:								
SaaS subscription	91%	89%			91%	89%		
Self-managed licenses and maintenance	1%	4%			1%	4%		
Product revenue	92%	93%			92%	93%		
Professional services	8%	7%			8%	7%		
Total revenue	100%	100%			100%	100%		

Product revenue

SaaS subscription revenue increased for the three and six months ended September 30, 2022 due to the continued adoption of our solutions that led to incremental revenue from new customers, as well as expansion transactions that increased our revenue with our existing base of customers. Additionally, revenue from Qubit was included in our September 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

The increase in professional services revenue was 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

<i>In thousands of U.S. dollars</i>	Three months ended September 30,				Six months ended September 30,			
	2022	2021	Change		2022	2021	Change	
	\$	\$	\$	%	\$	\$	\$	%
Cost of revenue								
Product	4,749	3,341	1,408	42%	9,507	6,739	2,768	41%
Professional services	1,822	882	940	107%	3,799	1,840	1,959	106%
Total cost of revenue	6,571	4,223	2,348	56%	13,306	8,579	4,727	55%
Gross profit (%)								
Product	82%	82%			81%	81%		
Professional services	16%	35%			12%	28%		
Gross profit	76%	78%			76%	77%		

Product

Product cost of revenue for the three and six months ended September 30, 2022 increased due to a rise in labor costs, including share-based payments and related expenses, as well as hosting services. We also incurred additional costs as a result of Qubit following its acquisition in October 2021.

Professional services

For the three and six months ended September 30, 2022, professional services cost of revenue increased, primarily driven by the impact of the acquisition of Qubit, additional costs related to share-based payments and related expenses, and an increase in consulting fees. The decrease in gross profit percentage was mainly driven by the lower professional services gross profit percentage of Qubit and higher share-based payments and related expenses.

Operating expenses

Sales and marketing expenses

<i>In thousands of U.S. dollars</i>	Three months ended September 30,				Six months ended September 30,			
	2022	2021	Change		2022	2021	Change	
	\$	\$	\$	%	\$	\$	\$	%
Sales and marketing	14,161	10,595	3,566	34%	28,722	21,468	7,254	34%
Percentage of total revenue	51%	54%			53%	57%		

The increase in sales and marketing expenses for the three and six months ended September 30, 2022 was largely attributable to share-based payments and related expenses, additional attendance at in-person events, incremental spending on marketing programs, and the acquisition of Qubit.

For the three and six months ended September 30, 2022, sales and marketing expenses as a percentage of total revenue decreased due to the result of initiatives related to improving operating efficiency.

Research and product development expenses

<i>In thousands of U.S. dollars</i>	Three months ended September 30,				Six months ended September 30,			
	2022	2021	Change		2022	2021	Change	
	\$	\$	\$	%	\$	\$	\$	%
Research and product development	8,963	5,528	3,435	62%	18,095	10,370	7,725	74%
Percentage of total revenue	32%	28%			33%	27%		

R&D expenses increased for the three and six months ended September 30, 2022 as compared to the three and six months ended September 30, 2021 due to additional share-based payments and related expenses as well as additional headcount, including related to employees added through the Qubit acquisition. Also, for the six months ended September 30, 2022, we did not receive additional contributions from the Industrial Research Assistance Program ("IRAP"), since we completed the project in July 2021, and we were not eligible to receive certain reimbursable tax credits in 2022 due to our becoming a publicly-listed company in November 2021. Tax credits and government assistance decreased by \$0.6 million for the three months ended September 30, 2022, compared to three months ended September 30, 2021, and \$1.7 million for the six months ended September 30, 2022 compared to the six months ended September 30, 2021.

General and administrative expenses

<i>In thousands of U.S. dollars</i>	Three months ended September 30,				Six months ended September 30,			
	2022	2021	Change		2022	2021	Change	
	\$	\$	\$	%	\$	\$	\$	%
General and administrative	7,722	5,516	2,206	40%	14,815	9,662	5,153	53%
Percentage of total revenue	28%	28%			27%	26%		

For the three and six months ended September 30, 2022, general and administrative expenses increased as 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. In addition, during the three months ended September 30, 2021, we incurred \$1.3 million of acquisition-related expenses related to the acquisition of Qubit, and these expenses did not recur during the three and six months ended September 30, 2022.

Other operating expenses

<i>In thousands of U.S. dollars</i>	Three months ended September 30,				Six months ended September 30,			
	2022	2021	Change		2022	2021	Change	
	\$	\$	\$	%	\$	\$	\$	%
Depreciation of property and equipment	660	652	8	1%	1,352	1,301	51	4%
Amortization of intangible assets	1,104	30	1,074	3,580%	2,265	56	2,209	3,945%
Depreciation of right-of-use assets	396	378	18	5%	793	761	32	4%
	2,160	1,060	1,100	104%	4,410	2,118	2,292	108%

Depreciation of property and equipment for the three and six months ended September 30, 2022 was generally in-line with the three and six months ended September 30, 2021.

An increase of amortization of intangible assets for the three and six months ended September 30, 2022 was primarily driven by the amortization of intangible assets from the acquisition of Qubit.

Depreciation of right-of-use assets for the three and six months ended September 30, 2022 was mainly in-line with the three and six months ended September 30, 2021.

Other expenses

<i>In thousands of U.S. dollars</i>	Three months ended September 30,				Six months ended September 30,			
	2022	2021	Change		2022	2021	Change	
	\$	\$	\$	%	\$	\$	\$	%
Change in redeemable preferred shares conversion rights component fair value	-	39,248	(39,248)	(100%)	-	(30,228)	30,228	(100%)
Net financial expenses (revenue)	(1,020)	4,826	(5,846)	(121%)	(1,419)	9,630	(11,049)	(115%)
Foreign exchange gain	(816)	(780)	(36)	5%	(1,316)	(347)	(969)	279%
Income tax expense (recovery)	125	11,184	(11,059)	(99%)	234	(4,864)	5,098	(105%)

Change in redeemable preferred shares conversion rights component fair value had no impact for the three and six months ended September 30, 2022. This item was driven by changes in the conversion rights component fair value of our Series B, C, D, E, and F redeemable preferred shares. As the redeemable preferred shares were converted into multiple voting shares in connection with a reorganization completed immediately prior to the closing of our Initial Public Offering ("IPO"), we do not expect any future impact.

For the three and six months ended September 30, 2022, we were in a position of net financial revenue compared to net financial expenses for the three and six months ended September 30, 2021. Interest income is driven by a higher cash balance compared to comparative periods and an increase in interest rates. For the three and six months ended September 30, 2021, interest accretion was recognized in connection with the redeemable preferred shares.

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

Income tax expense decreased for the three months ended September 30, 2022 compared to the three months ended September 30, 2021. For the six months ended September 30, 2022 we recorded an income tax expense opposed to an income tax recovery for the six months ended September 30, 2021. The income tax expense and the income tax recovery for the three and six months ended September 30, 2021, respectively, were largely attributable to deferred taxes related to the redeemable preferred shares conversion rights and debt components that were reversed following the conversion of the preferred shares. We do not expect any future impact related to the preferred shares.

Key Balance Sheet Information

<i>In thousands of U.S. dollars</i>	As of September 30,	As of March 31,		
	2022	2022	Change	
	\$	\$	\$	%
Cash and cash equivalents	204,817	223,072	(18,255)	(8%)
Total current assets	241,007	264,852	(23,845)	(9%)
Total assets	310,880	345,500	(34,620)	(10%)
Deferred revenue (current and non-current)	53,445	50,392	3,053	6%
Total liabilities	87,794	90,064	(2,270)	(3%)
Total shareholders' equity	223,086	255,436	(32,350)	(13%)

Cash and cash equivalents

Cash and cash equivalents decreased compared to March 31, 2022 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.

Total assets

The decrease in total assets was mainly driven by the decrease in cash and cash equivalents as described above and a decrease in tax credits receivable as we collected refundable credits related to the year ended March 31, 2021. The variation was also driven by a decrease in intangible assets and in goodwill mainly caused by 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)

This increase in deferred revenue was mainly driven by new sales and renewals of SaaS subscriptions.

Total liabilities

The decrease in total liabilities was mainly driven by a decrease in trade payable and accrued liabilities, primarily related to the reassessment of the accrued benefits related to share-based 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 September 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.

<i>In thousands of U.S. dollars, except per share data</i>	Sep 30, 2022	Jun 30, 2022	Mar 31, 2022	Dec 31, 2021	Sep 30, 2021	Jun 30, 2021	Mar 31, 2021	Dec 31, 2020
	\$	\$	\$	\$	\$	\$	\$	\$
Revenue								
SaaS subscription	25,469	24,003	23,071	21,153	17,313	16,316	15,217	14,120
Self-managed licenses and maintenance	290	324	333	487	841	714	1,012	1,405
Product revenue	25,759	24,327	23,404	21,640	18,154	17,030	16,229	15,525
Professional services	2,174	2,135	2,105	1,603	1,358	1,194	1,205	1,237
Total revenue	27,933	26,462	25,509	23,243	19,512	18,224	17,434	16,762
Cost of revenue								
Product	4,749	4,758	4,878	4,476	3,341	3,398	3,236	3,585
Professional services	1,822	1,977	1,957	1,566	882	958	996	865
Total cost of revenue	6,571	6,735	6,835	6,042	4,223	4,356	4,232	4,450
Gross profit	21,362	19,727	18,674	17,201	15,289	13,868	13,202	12,312
Operating expenses								
Sales and marketing	14,161	14,561	14,121	12,182	10,595	10,873	11,231	8,514
Research and product development	8,963	9,132	10,653	9,076	5,528	4,842	5,624	3,766
General and administrative	7,722	7,093	9,820	17,277	5,516	4,146	4,290	3,560
Depreciation of property and equipment	660	692	692	684	652	649	605	491
Amortization of intangible assets	1,104	1,161	2,369	1,042	30	26	21	62
Depreciation of right-of-use assets	396	397	379	377	378	383	416	402
Total operating expenses	33,006	33,036	38,034	40,638	22,699	20,919	22,187	16,795
Operating loss	(11,644)	(13,309)	(19,360)	(23,437)	(7,410)	(7,051)	(8,985)	(4,483)
Change in redeemable preferred shares conversion rights component fair value	-	-	-	(269,200)	39,248	(69,476)	300,357	72,749
Net financial expenses (revenue)	(1,020)	(399)	(59)	2,930	4,826	4,804	4,515	4,262
Foreign exchange loss (gain)	(816)	(500)	81	628	(780)	433	623	997
Income (loss) before income tax expense (recovery)	(9,808)	(12,410)	(19,382)	242,205	(50,704)	57,188	(314,480)	(82,491)
Income tax expense (recovery)	125	109	3	(184,108)	11,184	(16,048)	70,451	19,163
Net income (loss)	(9,933)	(12,519)	(19,385)	426,313	(61,888)	73,236	(384,931)	(101,654)
Net income (loss) per share								
Basic	(0.10)	(0.12)	(0.19)	7.65	(2.76)	3.27	(20.66)	(5.55)
Diluted	(0.10)	(0.12)	(0.19)	(0.24)	(2.76)	(0.08)	(20.66)	(5.55)

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 driven by our continued efforts to convert these customers to our cloud platform, as well as the deliberate decision to stop supporting our on-premise products over time.

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

Gross profit

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

Operating expenses

Total operating expenses generally increase over time due to additional headcount required to support our expanding base of customers and product innovation.

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

Historically, we have experienced a reduction in operating expenses each year in the quarter ended September 30 due to accrued vacations taken during the summer period, which reduces our labor costs compared to other quarters. In the quarter ended September 30, 2021, this reduction was offset by transaction expenses related to the acquisition of Qubit. During the quarter ended December 31, 2021 we recorded a one-time 1% equity pledge donation of \$10.4 million and transaction-related expenses attributable to our IPO and the acquisition of Qubit. Furthermore, following the Company's IPO in the quarter ended December 31, 2021, the Company was no longer eligible to receive certain reimbursable tax credits which were previously recorded as a reduction of R&D expense. Finally, the quarters ended June 30, 2022 and September 30, 2022 were favorably impacted by the strengthening of the US dollar compared to the Canadian dollar.

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

Liquidity and Capital Resources

Overview

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

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

Cash flows

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

<i>In thousands of U.S. dollars</i>	Six months ended September 30,			
	2022	2021	Change	
	\$	\$	\$	%
Cash and cash equivalents – end of period	204,817	67,177	137,640	205%
Short term investments – end of period	-	46,596	(46,596)	(100%)
Net cash flow generated from (used in)				
Operating activities	(915)	(15,645)	14,730	(94%)
Investing activities	(714)	28,604	(29,318)	(102%)
Financing activities	262	(1,010)	1,272	(126%)
Effect of foreign exchange rate changes on cash and cash equivalents	(16,888)	(171)	(16,717)	9,776%
Net increase (decrease) in cash and cash equivalents	(18,255)	11,778	(30,033)	255%

Operating activities

For the six months ended September 30, 2022, the decrease in cash flow used in operating activities was mainly driven by a decrease in net loss excluding items not affecting cash and the positive change in non-cash working capital items, which was primarily driven by the collection of refundable government tax credits from the year ended March 31, 2021 and an increase in deferred revenue.

Investing activities

Cash flow used in investing activities for the six months ended September 30, 2022 was mainly driven by investments in office improvements and computer equipment. For the six months ended September 30, 2021, cash flow generated from investing activities was mainly attributable to the proceeds from the disposal of short-term investments.

Financing activities

Cash flow from financing activities increased during six months ended September 30, 2022, which was primarily driven 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. Given our cash and cash equivalents balance and unused credit facility, we believe we have sufficient liquidity to meet our current and short-term financial obligations. This assessment is a forward-looking statement and involves risks and uncertainties. Our future capital requirements will depend on many factors, including our revenue growth rate, new customer acquisition, expansion, and subscription renewal activity, timing of billing and collecting activities, the timing and extent of spending to support further sales and marketing and research and development efforts, general and administrative expenses to support our growth, including international expansion, the ongoing impact of the COVID-19 pandemic, and the macroeconomic environment. We may in the future enter into arrangements to acquire or invest in complementary businesses, services, and technologies. We may be required to seek additional equity or debt financing to fund these activities. If we are unable to raise additional capital when desired, or on acceptable terms, our business, results of operations, and financial condition could be materially adversely affected. Please refer to a summary of our contractual obligations as documented further below in this MD&A.

Contractual Obligations and Financial Instruments

Contractual obligations

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

Financial instruments

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

Capital resources

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

Off-Balance Sheet Arrangements

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

Transactions Between Related Parties

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

Significant Accounting Judgments, Estimates, and Assumptions

See note 2 to the unaudited condensed interim consolidated financial statements for the three and six months ended September 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 4 to the audited annual consolidated financial statements for the year ended March 31, 2022.

Future Accounting Standard Changes

See note 3 to the unaudited condensed interim consolidated financial statements for the three and six months ended September 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 September 30, 2022, the CEO and the CFO assessed the design of our ICFR and concluded that our ICFR 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 49,684,681 subordinate voting shares, 55,045,712 multiple voting shares, and no preferred shares were issued and outstanding as of November 3, 2022.

As of November 3, 2022, there were 8,749,146 stock options outstanding under the Company's Amended and Restated 2009 Stock Option Plan (the "Legacy Plan"), as amended (of which 7,380,634 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 November 3, there were 4,751,456 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 November 3, there were 2,812,210 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 November 3, 2022, there were 468,221 deferred share units ("DSUs") outstanding under the Company's Omnibus Plan. Each such DSU will, upon the holder thereof ceasing to be a director, executive officer, employee, or consultant of the Company, in accordance with the Omnibus Plan, be settled at the discretion of the Board of Directors through the delivery of subordinate voting shares issued from treasury or purchased on the open market, or the payment of the cash equivalent.



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