



Q3 Fiscal 2024 Financial Results

For the three months ended December 31, 2023

February 5, 2024



Disclaimer

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 May 30, 2023 (the “AIF”), as well as in our condensed interim consolidated financial statements (unaudited) for the three- and nine-month periods ended December 31, 2023 and 2022, together with the notes thereto (collectively, the “Financial Statements”), as well as the management’s discussion and analysis (the “MD&A”) in respect thereof. All references to “US\$”, “\$”, and “U.S. dollars” are to United States dollars and all references to “C\$” are to Canadian dollars. Readers should not construe the contents of this Presentation as legal, tax, regulatory, financial or accounting advice. Coveo believes that the market, industry, customer 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.

Forward-Looking Information

This Presentation contains “forward-looking information” and “forward-looking statements” within the meaning of applicable securities laws, including with respect to Coveo’s financial outlook on SaaS Subscription Revenue, Total Revenue and Adjusted Operating Loss for the three and twelve-month periods ending on March 31, 2024, and expectations around achieving positive operating cash flow and the timing thereof (collectively, “forward-looking information”). Please refer to the “Forward-Looking Information” section of our earnings press release dated February 5, 2024, for a cautionary statement regarding forward-looking information included in this Presentation. Such cautionary statement is deemed to be included by reference in this Presentation.

Non-IFRS Measures and Ratios

The information presented in this Presentation includes non-IFRS financial measures and ratios. These measures and ratios should not be considered in isolation nor as a substitute for analysis of Coveo’s financial information reported under IFRS. These measures and ratios 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. Coveo believes the non-IFRS measures and ratios used in this Presentation provide its management and investors consistency and comparability with its past financial performance and facilitate period-to-period comparisons of operations, as they 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 (including such measure excluding legacy Qubit-related attrition), which are operating metrics used in Coveo’s industry. 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.

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



Q3 Performance Highlights



Louis Têtu
Chairman and CEO,
Coveo



Relevance-Augmented Generative Answering Q3 Update

Now Live!

Announced **general availability** in December 2023

Signed transactions at an **accelerating rate**

Additional customer **go-lives**, including first in **commerce**

Live Links:

[Xero Central Support](#)
[Coveo Partner Community](#)

Transactions closed across all **solution areas**



Service



Workplace



Commerce



Website

Testing and implementation **highly successful** to-date, surpassing other offerings



2 major financial services companies with **10 trillion in global assets** under management

- ▶ Both using Coveo's GenAI solution for **Workplace**; one also using it for their **Website**
- ▶ Coveo's solution selected following **comprehensive testing** against other offerings
- ▶ Demonstrated value through **improved content findability, experiences, productivity gains, and quick time-to-value** compared to other solutions including internal builds





Collaboration with a **major U.S. airline**

- ▶ Coveo chosen by leading U.S. airline for **Relevance-Augmented Generative Answering** on their **website** after extensive evaluation
- ▶ R&D's proof of concept, tested internally, **achieved fast, accurate responses**, easing pressure on the contact center
- ▶ Anticipated **go-live soon**, showcasing the airline's commitment to innovation and **enhancing customer experience**





Collaboration with a major U.S. cybersecurity enterprise

- ▶ Collaboration aiming to boost customer **self-service** metrics by at least **20%** and enhance agent effectiveness
- ▶ Chosen for the core platform's **unified index, tight integrations, GenAI answer superiority**, and established presence within their digital properties
- ▶ Future plans include GenAI in their contact center, to **improve customer service** experience, and reduce agent time to proficiency





Accelerating **GenAI adoption** in **Q3** including:

SAP Concur

blackbaud[®]

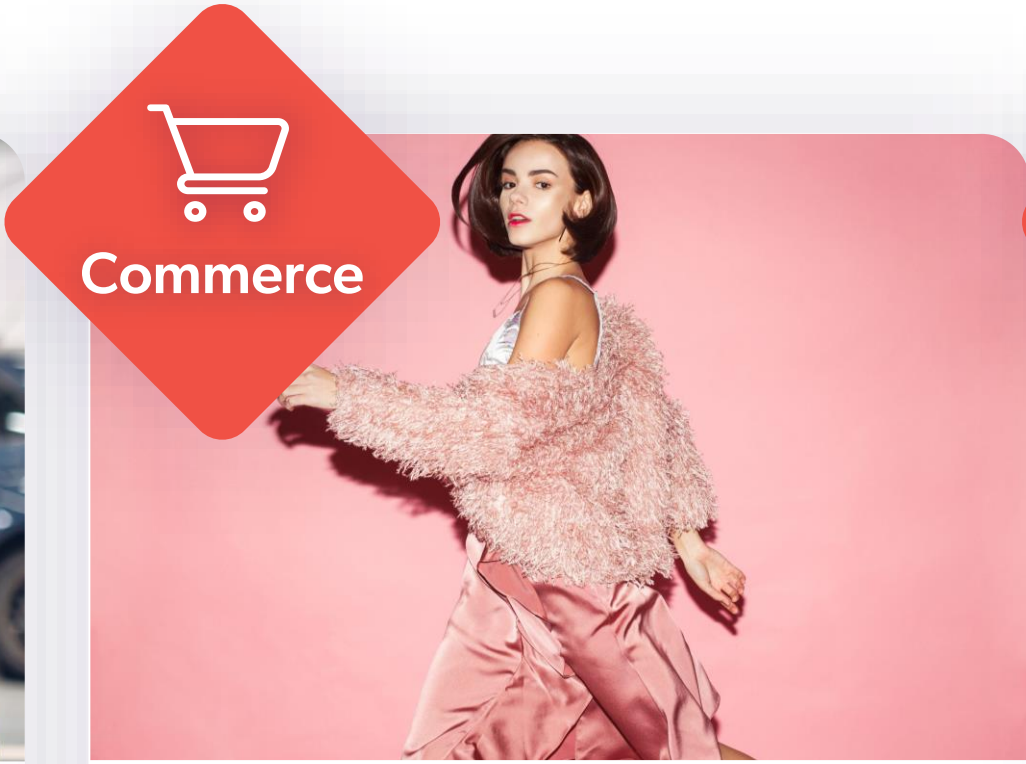
A leader in
**electronic
system design**

A global
**pharmaceutical
company**

Select **New Transactions** in Q3



Our largest new customer deal with a **global automotive company**



An EU-based multinational in the **fashion and fragrance industries**



A major Canadian **automotive distributor**



Canadian **financial services** company



A key **government department** responsible for social programs



Q3 Financial Highlights



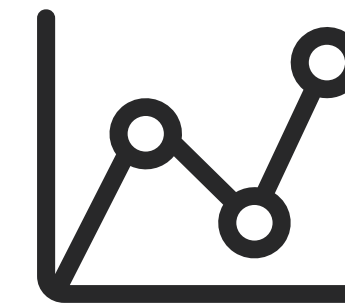
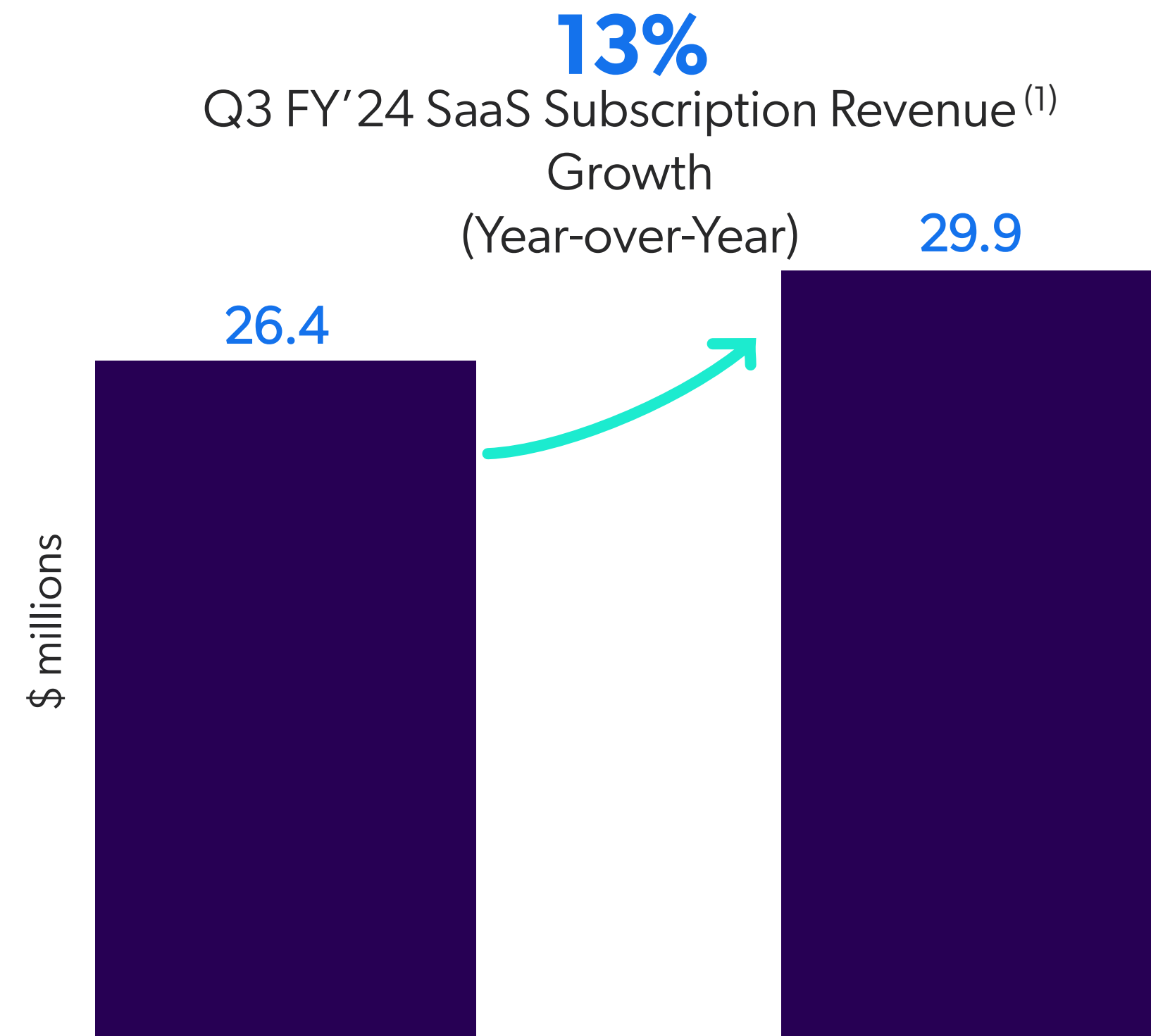
Brandon Nussey
Chief Financial Officer

Revenue Growth

USD millions, except %	Q3 FY'24	YoY
Total Revenue	\$31.8	11%
SaaS Subscription Revenue⁽¹⁾ <i>% of Total Revenue</i>	\$29.9 <i>94%</i>	13%
Professional Services <i>% of Total Revenue</i>	\$1.9 <i>6%</i>	3%

(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 definition of such measure.

Key Performance Indicators



105%
Net Expansion Rate⁽¹⁾
As of Dec. 31, 2023
Includes impact of the legacy Qubit churn

109%
Net Expansion Rate⁽¹⁾
As of Dec. 31, 2023
Excludes legacy Qubit churn⁽²⁾

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

(2) Net Expansion Rate excluding legacy Qubit-related attrition. This customer attrition represents subscriptions of certain legacy Qubit customers using Qubit's product capabilities for non-core use cases that ultimately decided to not renew their subscriptions.

Gross Profit Measures

%	Q3 FY'24	Q3 FY'23
Gross Margin	77%	77%
Adjusted Gross Margin ⁽¹⁾	78%	78%
Product Gross Margin	81%	81%
Adjusted Product Gross Margin ⁽¹⁾	82%	82%

(1) Adjusted Gross Margin and Adjusted Product Gross Margin 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 Margin, Adjusted Product Gross Margin and the reconciliation to their most directly comparable IFRS measures.

Operating **Loss**

USD millions	Q3 FY'24	Q3 FY'23
Operating Loss	\$6.5	\$10.7
Adjusted Operating Loss ⁽¹⁾	\$1.7	\$3.9
Net Loss	\$6.2	\$10.0

(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.

Q4 FY'24 and Full Year **Guidance**

USD millions	Q4 FY'24	Full Year FY'24
SaaS Subscription Revenue⁽¹⁾	\$30.2 – \$30.7	\$118.0 – \$118.5
Total Revenue	\$32.1 – \$32.6	\$125.6 – \$126.1
Adjusted Operating Loss⁽²⁾	\$2.0 – \$3.0	\$7.5 – \$8.5
Coveo remains on track of its previous commitment to achieve positive operating cash flow in FY'25		

These statements are forward-looking and actual results may differ materially. Coveo's guidance 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 Coveo'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 annual information form and 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. Please also refer to the press release dated February 5, 2024 announcing Coveo's third quarter earnings for fiscal year 2024 available under our profile on www.secdarplus.ca for a list of additional assumptions and hypothesis made in connection with our financial outlook.

- (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.

Q&A Session

Appendix

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss

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

	Three months ended December 31,		Nine months ended December 31,	
	2023	2022	2023	2022
	\$	\$	\$	\$
Revenue				
SaaS subscription	29,901	26,389	87,842	75,861
Self-managed licenses and maintenance	-	298	-	912
Product revenue	29,901	26,687	87,842	76,773
Professional services	1,860	1,810	5,670	6,119
Total revenue	31,761	28,497	93,512	82,892
Cost of revenue				
Product	5,731	4,948	16,182	14,455
Professional services	1,439	1,656	4,467	5,455
Total cost of revenue	7,170	6,604	20,649	19,910
Gross profit	24,591	21,893	72,863	62,982
Operating expenses				
Sales and marketing	13,788	13,728	41,146	42,450
Research and product development	9,153	8,705	27,035	26,800
General and administrative	6,409	8,102	20,032	22,917
Depreciation of property and equipment	605	599	1,777	1,951
Amortization and impairment of intangible assets	721	1,072	5,926	3,337
Depreciation of right-of-use assets	383	388	1,182	1,181
Total operating expenses	31,059	32,594	97,098	98,636
Operating loss	(6,468)	(10,701)	(24,235)	(35,654)

	Three months ended December 31,		Nine months ended December 31,	
	2023	2022	2023	2022
	\$	\$	\$	\$
Operating loss	(6,468)	(10,701)	(24,235)	(35,654)
Net financial revenue	(1,663)	(1,485)	(4,970)	(2,904)
Foreign exchange loss (gain)	1,583	735	1,327	(581)
Loss before income tax expense (recovery)	(6,388)	(9,951)	(20,592)	(32,169)
Income tax expense (recovery)	(236)	96	(1,032)	330
Net loss	(6,152)	(10,047)	(19,560)	(32,499)
Net loss per share – Basic and diluted	(0.06)	(0.10)	(0.19)	(0.31)
Weighted average number of shares outstanding – Basic and diluted	102,471,561	104,825,521	103,601,713	104,336,957

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss

(in thousands of US dollars, unaudited)

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

	Three months ended December 31,		Nine months ended December 31,	
	2023	2022	2023	2022
	\$	\$	\$	\$
Share-based payments and related expenses				
Product cost of revenue	200	182	666	574
Professional services cost of revenue	119	157	432	466
Sales and marketing	810	1,375	1,747	4,445
Research and product development	1,391	1,487	4,622	4,608
General and administrative	1,518	2,163	5,334	5,406
Share-based payments and related expenses	4,038	5,364	12,801	15,499

Reconciliation of Adjusted Operating Loss to Operating Loss

(in thousands of US dollars, unaudited)

	Three months ended December 31,		Nine months ended December 31,	
	2023	2022	2023	2022
Operating loss	(6,468)	(10,701)	(24,235)	(35,654)
Share-based payments and related expenses ⁽¹⁾	4,038	5,364	12,801	15,499
Amortization and impairment of acquired intangible assets ⁽²⁾	720	1,070	5,923	3,333
Acquisition-related compensation ⁽³⁾	-	21	-	407
Transaction-related expenses ⁽⁴⁾	-	324	-	324
Adjusted Operating Loss	(1,710)	(3,922)	(5,511)	(16,091)

- (1) These expenses relate to issued stock options and share-based awards under our 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 and impairment of intangible assets acquired through the acquisition of Qubit. These costs are included in amortization and impairment of intangible assets. It includes an impairment of customer relationships acquired through the business combination with Qubit as described in note 5 of the condensed interim consolidated financial statements for the three and nine months ended December 31, 2023.
- (3) These expenses relate to non-recurring acquisition-related compensation in connection with acquisitions. These costs are included in product and professional services cost of revenue, and sales and marketing, research and product development, and general and administrative expenses.
- (4) These expenses relate to professional, legal, consulting, accounting, advisory, and other fees relating to transactions that would otherwise not have been incurred. These costs are included in general and administrative expenses.

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

Reconciliation of Adjusted Gross Profit Measures and Adjusted Gross Margin Measures

(in thousands of US dollars, unaudited)

	Three months ended December 31,		Nine months ended December 31,	
	2023	2022	2023	2022
	\$	\$	\$	\$
Total revenue	31,761	28,497	93,512	82,892
Gross profit	24,591	21,893	72,863	62,982
<i>Gross margin</i>	77%	77%	78%	76%
Add: Share-based payments and related expenses	319	339	1,098	1,040
Add: Acquisition-related compensation	-	6	-	172
Adjusted Gross Profit	24,910	22,238	73,961	64,194
<i>Adjusted Gross Margin</i>	78%	78%	79%	77%
Product revenue	29,901	26,687	87,842	76,773
Product cost of revenue	5,731	4,948	16,182	14,455
Product gross profit	24,170	21,739	71,660	62,318
<i>Product Gross margin</i>	81%	81%	82%	81%
Add: Share-based payments and related expenses	200	182	666	574
Add: Acquisition-related compensation	-	4	-	134
Adjusted Product Gross Profit	24,370	21,925	72,326	63,026
<i>Adjusted Product Gross Margin</i>	82%	82%	82%	82%
Professional services revenue	1,860	1,810	5,670	6,119
Professional services cost of revenue	1,439	1,656	4,467	5,455
Professional services gross profit	421	154	1,203	664
<i>Professional services gross margin</i>	23%	9%	21%	11%
Add: Share-based payments and related expenses	119	157	432	466
Add: Acquisition-related compensation	-	2	-	38
Adjusted Professional Services Gross Profit	540	313	1,635	1,168
<i>Adjusted Professional Services Gross Margin</i>	29%	17%	29%	19%

“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 Margin” is defined as Adjusted Gross Profit as a percentage of total revenue. “Adjusted Product Gross Margin” is defined as Adjusted Product Gross Profit as a percentage of product revenue. “Adjusted Professional Services Gross Margin” 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 Margin Measures”.

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

(in thousands of US dollars, unaudited)

	Three months ended December 31,		Nine months ended December 31,	
	2023	2022	2023	2022
	\$	\$	\$	\$
Sales and marketing expenses	13,788	13,728	41,146	42,450
<i>Sales and marketing expenses (%)</i>	<i>43%</i>	<i>48%</i>	<i>44%</i>	<i>51%</i>
Less: Share-based payments and related expenses	810	1,375	1,747	4,445
Less: Acquisition-related compensation	-	6	-	77
Adjusted Sales and Marketing Expenses	12,978	12,347	39,399	37,928
<i>Adjusted Sales and Marketing Expenses (%)</i>	<i>41%</i>	<i>43%</i>	<i>42%</i>	<i>46%</i>
Research and product development expenses	9,153	8,705	27,035	26,800
<i>Research and product development expenses (%)</i>	<i>29%</i>	<i>31%</i>	<i>29%</i>	<i>32%</i>
Less: Share-based payments and related expenses	1,391	1,487	4,622	4,608
Less: Acquisition-related compensation	-	8	-	143
Adjusted Research and Product Development Expenses	7,762	7,210	22,413	22,049
<i>Adjusted Research and Product Development Expenses (%)</i>	<i>24%</i>	<i>25%</i>	<i>24%</i>	<i>27%</i>
General and administrative expenses	6,409	8,102	20,032	22,917
<i>General and administrative expenses (%)</i>	<i>20%</i>	<i>28%</i>	<i>21%</i>	<i>28%</i>
Less: Share-based payments and related expenses	1,518	2,163	5,334	5,406
Less: Acquisition-related compensation	-	1	-	15
Less: Transaction-related expenses	-	324	-	324
Adjusted General and Administrative Expenses	4,891	5,614	14,698	17,172
<i>Adjusted General and Administrative Expenses (%)</i>	<i>15%</i>	<i>20%</i>	<i>16%</i>	<i>21%</i>

“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, 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)

	December 31, 2023	March 31, 2023
	\$	\$
Assets		
Current assets		
Cash and cash equivalents	163,118	198,452
Trade and other receivables	33,678	24,233
Government assistance	11,413	7,142
Prepaid expenses	6,957	8,707
	<u>215,166</u>	<u>238,534</u>
Non-current assets		
Contract acquisition costs	10,541	11,148
Property and equipment	6,170	6,846
Intangible assets	9,502	15,107
Right-of-use assets	6,557	7,645
Deferred tax assets	3,817	3,896
Goodwill	26,092	25,642
Total assets	<u>277,845</u>	<u>308,818</u>
Liabilities		
Current liabilities		
Trade payable and accrued liabilities	21,917	21,435
Deferred revenue	64,145	55,260
Current portion of lease obligations	2,083	1,929
	<u>88,145</u>	<u>78,624</u>
Non-current liabilities		
Lease obligations	7,604	8,940
Deferred tax liabilities	1,723	2,721
Total liabilities	<u>97,472</u>	<u>90,285</u>
Shareholders' equity		
Share capital	834,370	868,409
Contributed surplus	37,613	25,949
Deficit	(651,548)	(631,988)
Accumulated other comprehensive loss	(40,062)	(43,837)
Total shareholders' equity	<u>180,373</u>	<u>218,533</u>
Total liabilities and shareholders' equity	<u>277,845</u>	<u>308,818</u>

Condensed Interim Consolidated Statements of Cash Flows

(in thousands of US dollars, unaudited)

	Nine months ended December 31,	
	2023	2022
	\$	\$
Cash flows from operating activities		
Net loss	(19,560)	(32,499)
Items not affecting cash		
Amortization of contract acquisition costs	3,337	3,302
Depreciation of property and equipment	1,777	1,951
Amortization and impairment of intangible assets	5,926	3,337
Depreciation of right-of-use assets	1,182	1,181
Share-based payments	11,759	15,628
Interest on lease obligations	407	482
Variation of deferred tax assets and liabilities	(987)	323
Unrealized foreign exchange loss (gain)	1,113	(581)
Changes in non-cash working capital items	(5,388)	7,728
	(434)	852
Cash flows used in investing activities		
Business combination, net of cash acquired	-	(475)
Additions to property and equipment	(953)	(1,046)
Additions to intangible assets	(23)	(5)
	(976)	(1,526)
Cash flows used in financing activities		
Proceeds from exercise of stock options	1,392	1,579
Tax withholding for net share settlement	(1,267)	(599)
Payments on lease obligations	(1,750)	(1,889)
Shares repurchased and cancelled	(29,649)	-
Repurchase of stock options	(4,553)	-
	(35,827)	(909)
Effect of foreign exchange rate changes on cash and cash equivalents	1,903	(13,924)
Decrease in cash and cash equivalents during the period	(35,334)	(15,507)
Cash and cash equivalents – beginning of period	198,452	223,072
Cash and cash equivalents – end of period	163,118	207,565
Cash	21,854	51,170
Cash equivalents	141,264	156,395

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 (“**SaaS ACV**”, as defined below) attributable to that cohort at the end of the current period selected, by the SaaS ACV 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 ACV from new customers added during the 12 months preceding the end of the period selected;
- ii. Includes incremental SaaS ACV made to the cohort over the 12 months preceding the end of the period selected; and
- iii. Is net of the SaaS ACV Value from any customers whose subscriptions terminated or decreased over 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.sedarplus.ca, for additional details on the abovementioned key performance indicators.