



Coveo Reports Fourth Quarter and Fiscal 2024 Financial Results

Fourth quarter SaaS Subscription Revenue⁽¹⁾ of \$30.7 million, at the high end of guidance
Fourth quarter operating loss reduced by 38% year-over-year; net loss reduced by 44%
Adjusted Operating Loss⁽²⁾ of \$0.8 million, well ahead of guidance
Fourth quarter cash flows from operating activities of \$4.6 million, an improvement of 165% and well ahead of plan
Announces launch of C\$50 million substantial issuer bid, and intention to renew its normal course issuer bid following completion of the substantial issuer bid

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

MONTREAL and SAN FRANCISCO – June 3, 2024 – [Coveo](#) (TSX: CVO), the leading enterprise AI platform that brings AI search and GenAI to every point-of-experience, enabling remarkable personalized digital experiences that drive business outcomes, today announced financial results for its fourth quarter and fiscal year 2024 ended March 31, 2024.

"Our fiscal year 2024 has been transformative for Coveo and our industry. Enterprises worldwide are realizing that AI can create remarkable digital experiences for their customers and employees, leading to significantly improved business outcomes. With over a decade of AI experience with major clients, Coveo is well-positioned to help leading brands capture this opportunity," said Louis Têtu, Chairman and CEO of Coveo. "Last year, we said that we would be 'last to hype, first to results,' and we are proud to be among the companies that have already enabled large enterprises to achieve global live production deployments of generative AI, demonstrating tangible results and significant benefits to their businesses."

Fourth Quarter and Fiscal Year 2024 Summary Financial Highlights

The following table summarizes our financial results for the fourth quarter and full fiscal year 2024.

<i>in millions of US dollars, except as otherwise indicated</i>	Q4 2024	Q4 2023	Change	FY 2024	FY 2023	Change
SaaS Subscription Revenue ⁽¹⁾	\$30.7	\$27.1	13%	\$118.6	\$103.0	15%
Coveo core platform ⁽⁴⁾	\$28.7	\$24.2	18%	\$109.1	\$91.4	19%
Qubit platform ⁽⁵⁾	\$2.0	\$2.9	(30%)	\$9.5	\$11.6	(18%)
Total Revenue	\$32.6	\$29.1	12%	\$126.1	\$112.0	13%
Gross margin	79%	77%	2%	78%	76%	2%
Operating Loss	(\$5.5)	(\$8.8)	38%	(\$29.7)	(\$44.4)	33%
Net Loss	(\$4.1)	(\$7.2)	44%	(\$23.6)	(\$39.7)	41%
Adjusted Operating Loss ⁽²⁾	(\$0.8)	(\$4.4)	81%	(\$6.3)	(\$20.4)	69%
Adjusted EBITDA ⁽²⁾	\$0.2	(\$3.4)	105%	(\$2.4)	(\$16.3)	85%
Cash flows from (used in) operating activities	\$4.6	(\$7.1)	165%	\$4.2	(\$6.3)	167%

Fourth Quarter Fiscal 2024 Financial Highlights

(All comparisons are relative to the three-month period ended March 31, 2023, unless otherwise stated)

- SaaS Subscription Revenue⁽¹⁾ of \$30.7 million compared to \$27.1 million, an increase of 13%, and at the top end of guidance. Within this, SaaS Subscription Revenue for Coveo's core platform⁽¹⁾ was \$28.7 million, an increase of 18%.
- Total revenue was \$32.6 million compared to \$29.1 million, an increase of 12%, and at the top end of guidance.
- Gross margin was 79%, an increase of 2% compared to the prior year, and product gross margin was 82%, an increase of 1% compared to the prior year.
- Operating loss was \$5.5 million compared to \$8.8 million and net loss for the quarter was \$4.1 million compared to \$7.2 million, all representing significant improvements.
- Adjusted Operating Loss⁽²⁾ was \$0.8 million compared to \$4.4 million, well ahead of guidance for a loss of between \$2.0 to \$3.0 million.
- Adjusted EBITDA⁽²⁾ was positive for the quarter at \$0.2 million compared to (\$3.4) million, representing an improvement of 105%.
- Cash flows from operating activities were \$4.6 million for the quarter, compared to (\$7.1) million, a 165% improvement.
- Cash and cash equivalents were \$166.6 million as of March 31, 2024.

Full Year Fiscal 2024 Financial Highlights

(All comparisons are relative to the twelve-month period ended March 31, 2023, unless otherwise stated)

- SaaS Subscription Revenue⁽¹⁾ of \$118.6 million compared to \$103.0 million, an increase of 15%. Within this, SaaS Subscription Revenue for Coveo's core platform⁽¹⁾ was \$109.1 million, an increase of 19%.
- Total revenue was \$126.1 million compared to \$112.0 million, an increase of 13%.
- Gross margin was 78%, an increase of 2% compared to the prior year, and product gross margin was 82%, an increase of 1% compared to the prior year.
- Operating loss was \$29.7 million compared to \$44.4 million, and net loss was \$23.6 million compared to \$39.7 million, all representing significant improvements.
- Adjusted Operating Loss⁽²⁾ was \$6.3 million compared to \$20.2 million, and Adjusted EBITDA⁽²⁾ was \$2.4 million compared to \$16.3 million, all representing significant improvements.
- Cash flows from operating activities were \$4.2 million for the year, compared to (\$6.3) million, a 167% improvement. The Company achieved positive cash flow from operations well ahead of previously announced plans.
- Net Expansion Rate⁽¹⁾ of 103% as of March 31, 2024. Net Expansion Rate⁽¹⁾ was 107% excluding customer attrition from customers using the Qubit platform⁽⁶⁾.

Other Business Highlights

- Coveo was recognized as a Leader in the May 2024 Gartner® Magic Quadrant™ for Search and Product Discovery, positioned highest for Ability to Execute among the 18 companies evaluated.⁽⁹⁾
- Recently announced that Coveo has joined the MACH Alliance, the group of independent tech companies dedicated to advocating for open, best-of-breed technology ecosystems. Its inclusion in the MACH Alliance recognizes Coveo's strength in composable AI technology, meeting the MACH standard of modern technology: microservices based, API-first, cloud-native SaaS, and headless.
- Coveo's Relevance Generative Answering product continues to see strong momentum, generating more than 20% of new bookings in the fourth quarter. Coveo currently has more than 75 generative AI projects in various stages of customer evaluations as the company enters Fiscal 2025.

- Appointed Nick Bowles as Coveo's new Managing Director in Europe as the company continues to see significant momentum with customers and prospects in the region, along with continued momentum with SAP as a partner in that region. During the fourth quarter, the company also parted ways with its Chief Revenue Officer, Tom Melzl.

Financial Outlook

Coveo anticipates SaaS Subscription Revenue⁽¹⁾, Total Revenue, and Adjusted EBITDA⁽²⁾ for Q1 FY'25 and fiscal year 2025 to be in the following ranges. Our financial outlook includes the assumption that the remaining revenue from the acquired Qubit platform will decline further, as the company continues its integration of the platform and IP that was acquired with Qubit into the Coveo core platform.

	Q1 FY'25	Full Year FY'25
SaaS Subscription Revenue ⁽¹⁾	\$30.2 – \$30.5 million	\$126.0 – \$130.0 million
Total Revenue	\$31.8 – \$32.1 million	\$133.0 – \$138.0 million
Adjusted EBITDA ⁽²⁾	(\$2.2) – (\$2.7) million	\$0.0 – \$4.0 million

The company anticipates to achieve positive cash flow from operations of approximately \$10 million for Fiscal 2025.

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 investors and others in understanding certain key elements of our expected financial results, as well as our objectives, strategic priorities and business outlook, and in obtaining a better understanding of our anticipated operating environment. Investors and others are cautioned that it may not be appropriate for other purposes. Please refer to the "Forward-Looking Information" section below for additional information on the factors that could cause our actual results to differ materially from these forward-looking statements and a description of the assumptions underlying same.

Launch of a Substantial Issuer Bid

Coveo announced today the launch of a substantial issuer bid (the "SIB") pursuant to which Coveo will offer to purchase for cancellation up to C\$50 million of its subordinate voting shares (the "Subordinate Voting Shares"). Holders of multiple voting shares of the Company (the "Multiple Voting Shares") will be entitled to tender the Subordinate Voting Shares underlying their Multiple Voting Shares in the SIB. The SIB will commence on June 4, 2024 and expire on July 10, 2024, unless extended, varied or withdraw (the "**Expiry Date**"). The Company also announced that subject to market and other conditions and regulatory approvals, following completion of the SIB, it intends to apply to the Toronto Stock Exchange to renew its normal course issuer bid (the "NCIB"). Further details on the renewed NCIB will be provided in due course.

The SIB will proceed by way of a "modified Dutch auction". Holders of Subordinate Voting Shares and Multiple Voting Shares wishing to tender to the SIB will be entitled to do so (i) by making an auction tender for a specified number of Subordinate Voting Shares at a price of not less than C\$7.70 and not more than C\$9.25 per Subordinate Voting Share, in increments of C\$0.10 per Subordinate Voting Share; or (ii) by making a purchase price tender without specifying a price per Subordinate Voting Share, but rather agreeing to have a specified number of Subordinate Voting Shares purchased at the purchase price to be determined by the auction tenders. Shareholders who validly deposit Subordinate Voting Shares or Multiple Voting Shares without specifying the method in which they are tendering such shares will be deemed to have made a purchase price tender. The SIB does not provide shareholders with the opportunity to tender their Subordinate Voting Shares pursuant to proportionate

tenders. Multiple Voting Shares taken up by the Company will be converted into Subordinate Voting Shares on a one-for-one basis immediately prior to take up. All Subordinate Voting Shares purchased by the Company under the SIB will be cancelled.

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

The price range offered for the Subordinate Voting Shares pursuant to the SIB represents an approximately nil to 20% premium to the closing price of the Subordinate Voting Shares on the TSX on May 31, 2024, the last trading day prior to the date of filing of the Offer Documents (as defined below) on SEDAR+. Over the 12-month period ended May 31, 2024, the closing prices of the Subordinate Voting Shares on the TSX have ranged from a low of C\$7.55 to a high of C\$12.48.

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

As of the date hereof, we have not been made aware that any of Coveo's principal shareholders (i.e. a shareholder that owns 10% or more of the voting rights associated to all of Coveo's issued and outstanding shares) intends to deposit Subordinate Voting Shares or Multiple Voting Shares under the SIB.

The final purchase price to be paid by Coveo for each validly deposited Subordinate Voting Share and Multiple Voting Share will be determined upon expiry of the SIB and will be based on the number of Subordinate Voting Shares and Multiple Voting Shares validly deposited pursuant to auction tenders and purchase price tenders, and the prices specified by shareholders making auction tenders. As a result, Coveo's shareholders who tender their Subordinate Voting Shares and/or Multiple Voting Shares will set the purchase price for the SIB. The purchase price will be the lowest price (which will not be more than C\$9.25 per Subordinate Voting Share and not less than C\$7.70 per Subordinate Voting Share) that enables Coveo to purchase Subordinate Voting Shares up to the maximum amount available for auction tenders and purchase price tenders, determined in accordance with the terms of the SIB. Subordinate Voting Shares and Multiple Voting Shares validly deposited at or below the purchase price as finally determined by Coveo will be purchased at such purchase price. Subordinate Voting Shares that will not be taken up in connection with the SIB, including Subordinate Voting Shares and Multiple Voting Shares deposited pursuant to auction tenders at prices above the purchase price, will be returned to the shareholders. If the aggregate purchase price for Subordinate Voting Shares and Multiple Voting Shares validly tendered pursuant to auction tenders and purchase price tenders is greater than the amount available for auction tenders and purchase price tenders, Coveo will purchase Subordinate Voting Shares from the holders of Subordinate Voting Shares and Multiple Voting Shares who made valid purchase price tenders or tendered at or below the purchase price as finally determined by Coveo on a pro rata basis. "Odd lot" holders (holders of fewer than 100 Subordinate Voting Shares) will not be subject to proration.

The formal offer to purchase, issuer bid circular, letter of transmittal, notice of guaranteed delivery and other related documents (collectively, the "Offer Documents"), which Offer Documents collectively contain the terms and conditions of the SIB, instructions for tendering Subordinate Voting Shares and/or Multiple Voting Shares, and the factors considered by Coveo and the Board in making its decision to approve and launch the SIB, among other things, are being filed with the securities

regulatory authorities in Canada today and are expected to be mailed on June 4, 2024 to registered shareholders and holders of securities convertible into, exchangeable for, or that carry the right to acquire Subordinate Voting Shares or Multiple Voting Shares prior to the Expiry Date. The Offer Documents will be available under Coveo's SEDAR+ profile at www.sedarplus.ca.

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

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

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

This press release is for informational purposes only and does not constitute an offer to buy or the solicitation of an offer to sell the Company's shares. The solicitation and the offer to buy the Subordinate Voting Shares is being made only pursuant to the Offer Documents, which contain full details of the SIB.

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

Q4 Conference Call and Webcast Information

Coveo will host a conference call today at 5:00 p.m. Eastern Time to discuss its financial results for its fourth quarter and fiscal year 2024. The call will be hosted by Louis Têtu, Chairman and CEO, and other members of its senior leadership team.

Conference Call: <https://emportal.ink/4b43YQH>

Use the link above to join the conference call without operator assistance. If you prefer to have operator assistance, please dial: 1-888-664-6392

Live Webcast: <https://app.webinar.net/LxXO5DAVZkQ>

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

For additional information, investors and other interested persons may review our financial statements and MD&A as well as our current investor presentation on our website at ir.coveo.com.

Non-IFRS Measures and Ratios

Coveo's annual audited consolidated financial statements have been prepared in accordance with IFRS as issued by the International Accounting Standards Board. The information presented in this press release includes non-IFRS financial measures and ratios, namely (i) Adjusted Operating Loss; (ii)

Adjusted EBITDA; (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 Gross Margin, Adjusted Product Gross Margin, and Adjusted Professional Services Gross Margin (collectively referred to as our “Adjusted Gross Margin Measures”); (v) Adjusted Sales and Marketing Expenses, Adjusted Research and Product Development Expenses, and Adjusted General and Administrative Expenses (collectively referred to as our “Adjusted Operating Expense Measures”); and (vi) 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 measures and ratios are not recognized measures under IFRS and do not have standardized meanings prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other companies. Rather, these measures and ratios are provided as additional information to complement IFRS measures by providing further understanding of the company’s results of operations from management’s perspective.

Accordingly, these measures and ratios should not be considered in isolation nor as a substitute for analysis of the company’s financial information reported under IFRS. Adjusted Operating Loss, Adjusted EBITDA, the Adjusted Gross Profit Measures, the Adjusted Gross Margin Measures, the Adjusted Operating Expense Measures, and the Adjusted Operating Expense (%) Measures are used to provide investors with supplemental measures and ratios of the company’s operating performance and thus highlight trends in Coveo’s core business that may not otherwise be apparent when relying solely on IFRS measures and ratios. The company’s management also believes that securities analysts, investors, and other interested parties frequently use non-IFRS financial measures and ratios in the evaluation of issuers. Coveo’s management uses non-IFRS financial measures and ratios in order to facilitate operating performance comparisons from period to period, and to prepare annual operating budgets and forecasts.

See the “Non-IFRS Measures” section of our MD&A for the fourth quarter and fiscal year ended March 31, 2024, which is available as of the date hereof under our profile on SEDAR+ at www.sedarplus.ca for a description of these measures. Please refer to the financial tables appended to this press release for additional information including a reconciliation of (i) Adjusted EBITDA and Adjusted Operating Loss to operating loss and net loss; (ii) Adjusted Gross Profit to gross profit; (iii) Adjusted Product Gross Profit to product gross profit; (iv) Adjusted Professional Services Gross Profit to professional services gross profit; (v) Adjusted Sales and Marketing Expenses to sales and marketing expenses; (vi) Adjusted Research and Product Development Expenses to research and product development expenses; and (vii) Adjusted General and Administrative Expenses to general and administrative expenses.

Key Performance Indicators

This press release refers to “SaaS Subscription Revenue” and “Net Expansion Rate”. They are operating metrics used in Coveo’s industry. We monitor our key performance indicators to help us evaluate our business, measure our performance, identify trends, formulate business plans, and make strategic decisions. Our 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. Certain of our key performance indicators are measures that do not have any standardized meaning prescribed by IFRS Accounting Standards and therefore may not be comparable to similar measures presented by other issuers and cannot be reconciled to a directly comparable IFRS measure. Our key performance indicators may be calculated and designated in a manner different than similar key performance indicators used by other companies.

“SaaS Subscription Revenue” means the company’s SaaS subscription revenue, 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; (iii) is net of the SaaS ACV from any customers whose subscriptions terminated or decreased over the 12 months preceding the end of the period selected; and (iv) is currency neutral and as such, excludes the effect of currency variation.

In this section and throughout this press release, "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.

Forward-Looking Information

This press release contains "forward-looking information" and "forward-looking statements" within the meaning of applicable securities laws, including with respect to Coveo's "financial outlook" (within the meaning of applicable securities laws) and related assumptions (as set forth below and elsewhere in this press release) for the three months ending June 30, 2024 and the year ending March 31, 2025 (for greater certainty, for cash flows from operations, solely the year ending March 31, 2025), the launch of the SIB by Coveo and the terms thereof (including the maximum dollar value of Subordinate Voting Shares the Company may purchase under the SIB, the pricing range for the purchase of Subordinate Voting Shares under the SIB, the timing of filing of the Offer Documents, and the timing for commencement and completion of the SIB), Coveo's intention to apply to the Toronto Stock Exchange to renew its existing normal course issuer bid (including the timing for application and renewal thereof), and expectations regarding the remaining Qubit SaaS ACV, bookings performance and gross retention rates for fiscal 2025 (collectively, "forward-looking information"). This forward-looking information is identified by the use of terms and phrases such as "may", "would", "should", "could", "might", "will", "achieve", "occur", "expect", "intend", "estimate", "anticipate", "plan", "foresee", "believe", "continue", "target", "opportunity", "strategy", "scheduled", "outlook", "forecast", "projection", or "prospect", the negative of these terms and similar terminology, including references to assumptions, although not all forward-looking information contains these terms and phrases. In addition, any statements that refer to expectations, intentions, projections, or other characterizations of future events or circumstances contain forward-looking information. Statements containing forward-looking information are not historical facts but instead represent management's expectations, estimates, and projections regarding future events or circumstances.

Forward-looking information is necessarily based on a number of opinions, estimates, and assumptions (including those discussed under "Financial Outlook Assumptions" below and those discussed immediately hereunder) that we considered appropriate and reasonable as of the date such statements are made. Although the forward-looking information contained herein is based upon what we believe are reasonable assumptions, actual results may vary from the forward-looking information contained herein. Certain assumptions made in preparing the forward-looking information contained in herein include, without limitation (and in addition to those discussed under "Financial Outlook Assumptions" below): our ability to capitalize on growth opportunities and implement our growth strategy; our ability to attract new customers, expand our relationships with existing customers, and have existing customers renew their subscriptions; our ability to maintain successful strategic relationships with

partners and other third parties; market awareness and acceptance of enterprise AI solutions in general and our products in particular; the market penetration of our new generative AI solutions, both with new and existing customers, and our ability to capture the generative AI opportunity; our future capital requirements, and availability of capital generally; the accuracy of our estimates of market opportunity, growth forecasts, and expectations around cash flow; our success in identifying and evaluating, as well as financing and integrating, any acquisitions, partnerships, or joint ventures; the significant influence of our principal shareholders; and our ability to convert pipeline into closed deals, and the timeframe thereof. 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 and under “Key Factors Affecting our Performance” in the company’s most recently filed MD&A, both available under our profile on SEDAR+ at www.sedarplus.ca. 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. 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.sedarplus.ca from time to time. The forward-looking information provided in this press release relates only to events or information as of the date hereof, and is 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.

Financial Outlook Assumptions

Our financial outlook under the “Financial Outlook” section above and elsewhere in this press release is based on several assumptions, including the following, in addition to those set forth under the “Financial Outlook” section above and under the “Forward-Looking Information” section above:

- The majority of the remaining Qubit SaaS ACV⁽⁷⁾ will churn by the end of the fiscal year, with the revenue impact being that the SaaS Subscription Revenue⁽¹⁾ recognized in fiscal 2025 for subscriptions to the Qubit platform will decline by approximately half.
- Bookings performance building during fiscal 2025, with the second half exceeding the first half.
- Maintaining gross retention rates⁽⁸⁾ at their historical levels.
- Achieving expected levels of sales of SaaS subscriptions to new and existing customers, including timing of those sales, as well as expected levels of renewals of SaaS subscriptions with existing customers.
- Achieving expected levels of implementations and other sources of professional services revenue.
- Maintaining planned levels of operating margin represented by our Adjusted Gross Profit Measures⁽²⁾ and Adjusted Gross Margin Measures⁽³⁾.
- The market for our solutions showing ongoing improvements in line with our expectations.
- Our ability to attract and retain key personnel required to achieve our plans.

- Foreign exchange rates environment remaining consistent, and similar or better inflation rates, interest rates, customer spending, and other macro-economic conditions.
- Our ability to collect from our customers as planned, and to otherwise manage our cash inflows (including government grants and tax credits) and outflows as we currently expect.
- Expected financial performance as measured by our Adjusted Operating Expense Measures⁽²⁾ and Adjusted Operating Expense (%) Measures⁽³⁾.

Our financial outlook does not include the impact of acquisitions that may be announced or closed from time to time.

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Notes to this press release:

- (1) SaaS Subscription Revenue and Net Expansion Rate are Key Performance Indicators of Coveo. Please see the "Key Performance Indicators" section below.
- (2) The Adjusted Gross Profit Measures, the Adjusted Operating Expense Measures, Adjusted Operating Loss, and Adjusted EBITDA are non-IFRS financial measures which may not be comparable to similar measures or ratios used by other companies. Please see the "Non-IFRS Measures and Ratios" section below and the reconciliation tables within this release.
- (3) The Adjusted Gross Margin Measures, the Adjusted Operating Expense (%) Measures, and Adjusted Product Gross Margin are non-IFRS ratios. Please see the "Non-IFRS Measures and Ratios" section below and the reconciliation tables within this release.
- (4) SaaS Subscription Revenue earned in connection with subscriptions by customers to the Coveo core platform for the period, and thus excluding revenue from subscriptions to the Qubit platform.
- (5) SaaS Subscription Revenue earned through subscriptions to the Qubit platform for the period covered.
- (6) Net Expansion Rate excluding the effect of SaaS ACV attributable to subscriptions to the Qubit platform.
- (7) SaaS ACV 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.
- (8) Gross retention rate or GRR is generally calculated for a period by subtracting SaaS ACV contractions and losses over the period selected from SaaS ACV at the beginning of the period selected and dividing the result by the SaaS ACV from the beginning of the period selected. We use GRR to provide insight into the company's success retaining existing customers.
- (9) Gartner®, Magic Quadrant™ for Search and Product Discovery, May 2024. Gartner does not endorse any vendor, product or service depicted in its research publications, and does not advise technology users to select only those vendors with the highest ratings or other designation. Gartner research publications consist of the opinions of Gartner's research organization and should not be construed as statements of fact. Gartner disclaims all warranties, expressed or implied, with respect to this research, including any warranties of merchantability or fitness for a particular purpose. The Gartner content described herein (the "Gartner Content") represent(s) research opinion or viewpoints published, as part of a syndicated subscription service, by Gartner, Inc. ("Gartner"), and are not representations of fact. Gartner Content speaks as of its original publication date (and not as of the date of this press release), and the opinions expressed in the Gartner Content are subject to change without notice. GARTNER is a registered trademark and service mark of Gartner, Inc. and/or its affiliates in the U.S. and internationally, and MAGIC QUADRANT is a registered trademark of Gartner, Inc. and/or its affiliates and are used herein with permission. All rights reserved.

About Coveo

We strongly believe that the future is business-to-person. That experiences are today's competitive front line, a make or break for every business. We also believe that remarkable experiences not only enhance user satisfaction but also yield significant gains for enterprises. That is what we call the AI-experience advantage – the degree to which the content, products, recommendations, and advice presented to a person online aligns easily with their needs, intent, preferences, context, and behavior, resulting in superior business outcomes.

To realize this AI-experience advantage at scale, enterprises require a robust, spinal and composable infrastructure capable of unifying content securely and delivering AI search, AI recommendations, true personalization, and a trusted generative experience at every touchpoint with each individual customer, partner and employee. Coveo is dedicated to bringing this advantage to every point-of-experience, using powerful data and AI models to transform the enterprise in commerce, customer service, website, and workplace.

The Coveo platform is ISO 27001 and ISO 27018 certified, SOC2 compliant, HIPAA compatible, with a 99.999% SLA available. We are a Salesforce AppExchange ISV Partner, an SAP Endorsed® App, an Adobe Technology Gold Partner, MACH Alliance member and a Genesys AppFoundry ISV Partner.

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Consolidated Statements of Loss and Comprehensive Loss
(expressed in thousands of US dollars, except share and per share data, audited)

	Three months ended March 31,		Year ended March 31,	
	2024	2023	2024	2023
	\$	\$	\$	\$
Revenue				
SaaS subscription	30,739	27,099	118,581	102,960
Self-managed licenses and maintenance	-	-	-	912
Product revenue	30,739	27,099	118,581	103,872
Professional services	1,843	2,011	7,513	8,130
Total revenue	32,582	29,110	126,094	112,002
Cost of revenue				
Product	5,551	5,118	21,733	19,573
Professional services	1,448	1,646	5,915	7,101
Total cost of revenue	6,999	6,764	27,648	26,674
Gross profit	25,583	22,346	98,446	85,328
Operating expenses				
Sales and marketing	13,953	14,650	55,099	57,100
Research and product development	8,769	8,225	35,804	35,025
General and administrative	6,596	6,125	26,628	29,042
Depreciation of property and equipment	616	597	2,393	2,548
Amortization and impairment of intangible assets	729	1,117	6,655	4,454
Depreciation of right-of-use assets	384	397	1,566	1,578
Total operating expenses	31,047	31,111	128,145	129,747
Operating loss	(5,464)	(8,765)	(29,699)	(44,419)
Net financial revenue	(1,704)	(1,709)	(6,674)	(4,613)
Foreign exchange loss (gain)	(1,006)	302	321	(279)
Loss before income tax expense (recovery)	(2,754)	(7,358)	(23,346)	(39,527)
Income tax expense (recovery)	1,296	(125)	264	205
Net loss	(4,050)	(7,233)	(23,610)	(39,732)
Net loss per share – Basic and diluted	(0.04)	(0.07)	(0.23)	(0.38)
Weighted average number of shares outstanding – Basic and diluted	102,377,716	104,572,190	103,318,469	104,572,190

Consolidated Statements of Loss and Comprehensive Income Loss

(expressed in thousands of US dollars, audited)

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

	Three months ended March 31,		Year ended March 31,	
	2024	2023	2024	2023
	\$	\$	\$	\$
Share-based payments and related expenses				
Product cost of revenue	278	123	944	697
Professional services cost of revenue	218	98	650	564
Sales and marketing	687	993	2,434	5,438
Research and product development	1,223	914	5,845	5,522
General and administrative	1,414	1,077	6,748	6,483
Share-based payments and related expenses	3,820	3,205	16,621	18,704

Reconciliation of Net Loss to Adjusted Operating Loss and Adjusted EBITDA

(expressed in thousands of US dollars)

	Three months ended March 31,		Year ended March 31,	
	2024	2023	2024	2023
Net loss	(4,050)	(7,233)	(23,610)	(39,732)
Net financial revenue	(1,704)	(1,709)	(6,674)	(4,613)
Foreign exchange loss (gain)	(1,006)	302	321	(279)
Income tax expense (recovery)	1,296	(125)	264	205
Operating loss	(5,464)	(8,765)	(29,699)	(44,419)
Share-based payments and related expenses ⁽¹⁾	3,820	3,205	16,621	18,704
Amortization and impairment of acquired intangible assets ⁽²⁾	727	1,116	6,650	4,449
Acquisition-related compensation ⁽³⁾	-	-	-	407
Transaction-related expenses ⁽⁴⁾	98	89	98	413
Adjusted Operating Loss	(819)	(4,355)	(6,330)	(20,446)
Depreciation expense ⁽⁵⁾	1,000	994	3,959	4,126
Other amortization and impairment of intangible assets	2	1	5	5
Adjusted EBITDA	183	(3,360)	(2,366)	(16,315)

- (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 8 of the consolidated financial statements for the year ended March 31, 2024.
- (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.
- (5) Depreciation expense include depreciation of property and equipment and depreciation of right-of-use assets.

Reconciliation of Adjusted Gross Profit Measures and Adjusted Gross Margin Measures

(expressed in thousands of US dollars)

	Three months ended March 31,		Year ended March 31,	
	2024	2023	2024	2023
	\$	\$	\$	\$
Total revenue	32,582	29,110	126,094	112,002
Gross profit	25,583	22,346	98,446	85,328
<i>Gross margin</i>	79%	77%	78%	76%
Add: Share-based payments and related expenses	496	221	1,594	1,261
Add: Acquisition-related compensation	-	-	-	172
Adjusted Gross Profit	26,079	22,567	100,040	86,761
<i>Adjusted Gross Margin</i>	80%	78%	79%	77%
Product revenue	30,739	27,099	118,581	103,872
Product cost of revenue	5,551	5,118	21,733	19,573
Product gross profit	25,188	21,981	96,848	84,299
<i>Product Gross margin</i>	82%	81%	82%	81%
Add: Share-based payments and related expenses	278	123	944	697
Add: Acquisition-related compensation	-	-	-	134
Adjusted Product Gross Profit	25,466	22,104	97,792	85,130
<i>Adjusted Product Gross Margin</i>	83%	82%	82%	82%
Professional services revenue	1,843	2,011	7,513	8,130
Professional services cost of revenue	1,448	1,646	5,915	7,101
Professional services gross profit	395	365	1,598	1,029
<i>Professional services gross margin</i>	21%	18%	21%	13%
Add: Share-based payments and related expenses	218	98	650	564
Add: Acquisition-related compensation	-	-	-	38
Adjusted Professional Services Gross Profit	613	463	2,248	1,631
<i>Adjusted Professional Services Gross Margin</i>	33%	23%	30%	20%

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

(expressed in thousands of US dollars)

	Three months ended March 31,		Year ended March 31,	
	2024	2023	2024	2023
	\$	\$	\$	\$
Sales and marketing expenses	13,953	14,650	55,099	57,100
<i>Sales and marketing expenses (% of total revenue)</i>	<i>43%</i>	<i>50%</i>	<i>44%</i>	<i>51%</i>
Less: Share-based payments and related expenses	687	993	2,434	5,438
Less: Acquisition-related compensation	-	-	-	77
Adjusted Sales and Marketing Expenses	13,266	13,657	52,665	51,585
<i>Adjusted Sales and Marketing Expenses (% of total revenue)</i>	<i>41%</i>	<i>47%</i>	<i>42%</i>	<i>46%</i>
Research and product development expenses	8,769	8,225	35,804	35,025
<i>Research and product development expenses (% of total revenue)</i>	<i>27%</i>	<i>28%</i>	<i>28%</i>	<i>31%</i>
Less: Share-based payments and related expenses	1,223	914	5,845	5,522
Less: Acquisition-related compensation	-	-	-	143
Adjusted Research and Product Development Expenses	7,546	7,311	29,959	29,360
<i>Adjusted Research and Product Development Expenses (% of total revenue)</i>	<i>23%</i>	<i>25%</i>	<i>24%</i>	<i>26%</i>
General and administrative expenses	6,596	6,125	26,628	29,042
<i>General and administrative expenses (% of total revenue)</i>	<i>20%</i>	<i>21%</i>	<i>21%</i>	<i>26%</i>
Less: Share-based payments and related expenses	1,414	1,077	6,748	6,483
Less: Acquisition-related compensation	-	-	-	15
Less: Transaction-related expenses	98	89	98	413
Adjusted General and Administrative Expenses	5,084	4,959	19,782	22,131
<i>Adjusted General and Administrative Expenses (% of total revenue)</i>	<i>16%</i>	<i>17%</i>	<i>16%</i>	<i>20%</i>

Consolidated Statements of Financial Position
(expressed in thousands of US dollars, audited)

	March 31, 2024	March 31, 2023
	\$	\$
Assets		
Current assets		
Cash and cash equivalents	166,586	198,452
Trade and other receivables	29,947	24,233
Government assistance	9,987	7,142
Prepaid expenses	8,622	8,707
	215,142	238,534
Non-current assets		
Contract acquisition costs	10,168	11,148
Property and equipment	5,608	6,846
Intangible assets	8,710	15,107
Right-of-use assets	6,032	7,645
Deferred tax assets	4,265	3,896
Goodwill	25,960	25,642
Total assets	275,885	308,818
Liabilities		
Current liabilities		
Trade payable and accrued liabilities	21,822	21,435
Deferred revenue	64,731	55,260
Current portion of lease obligations	2,153	1,929
	88,706	78,624
Non-current liabilities		
Lease obligations	6,885	8,940
Deferred tax liabilities	1,771	2,721
Total liabilities	97,362	90,285
Shareholders' equity		
Share capital	836,271	868,409
Contributed surplus	40,484	25,949
Deficit	(655,598)	(631,988)
Accumulated other comprehensive loss	(42,634)	(43,837)
Total shareholders' equity	178,523	218,533
Total liabilities and shareholders' equity	275,885	308,818

Consolidated Statements of Cash Flows
(expressed in thousands of US dollars, audited)

	Year ended March 31,	
	2024	2023
	\$	\$
Cash flows from operating activities		
Net loss	(23,610)	(39,732)
Items not affecting cash		
Amortization of contract acquisition costs	4,426	4,428
Depreciation of property and equipment	2,393	2,548
Amortization and impairment of intangible assets	6,655	4,454
Depreciation of right-of-use assets	1,566	1,578
Share-based payments	15,214	19,022
Interest on lease obligations	532	630
Deferred income tax recovery	(705)	(2)
Unrealized foreign exchange loss (gain)	105	(422)
Changes in non-cash working capital items	(2,376)	1,239
	4,200	(6,257)
Cash flows used in investing activities		
Business combination, net of cash acquired	-	(675)
Additions to property and equipment	(1,098)	(1,585)
Additions to intangible assets	(23)	(5)
	(1,121)	(2,265)
Cash flows used in financing activities		
Proceeds from exercise of stock options	2,376	1,740
Tax withholding for net share settlement	(1,452)	(1,643)
Payments on lease obligations	(2,313)	(2,525)
Shares repurchased and cancelled	(29,649)	-
Repurchase of stock options	(4,553)	-
	(35,591)	(2,428)
Effect of foreign exchange rate changes on cash and cash equivalents	646	(13,670)
Decrease in cash and cash equivalents during the period	(31,866)	(24,620)
Cash and cash equivalents – beginning of period	198,452	223,072
Cash and cash equivalents – end of period	166,586	198,452
Cash	25,731	22,036
Cash equivalents	140,855	176,416