



# Investor Presentation

November, 2023



# Disclaimer

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

This presentation (“**Presentation**”) is qualified in its entirety by reference to, and must be read in conjunction with, the information contained in our Annual Information Form dated May 30, 2023 (the “**AIF**”), as well as in latest financial statements available under our profile on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca), together with the notes thereto and, as applicable, the auditor's report thereon (collectively, the “**Financial Statements**”), as well as the corresponding management’s discussion and analysis (the “**MD&A**”). 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, as applicable, with respect to Coveo’s financial outlook on SaaS Subscription Revenue, Total Revenue, and Adjusted Operating Loss and expectations around achieving positive operating cash flow and the timing thereof (collectively, “**forward-looking information**”) within the meaning of applicable securities laws. Please refer to the “Forward-Looking Information” section of our latest earnings press release on file on SEDAR+ as of the date hereof 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 Appendix for details of the composition of, as applicable, Adjusted Operating Loss, Adjusted Gross Profit, Adjusted Product Gross Profit, Adjusted Professional Services Gross Profit, Adjusted Gross Margin, Adjusted Product Gross Margin, Adjusted Professional Services Gross Margin, 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 (%), Adjusted General and Administrative Expenses (%), SaaS Subscription Revenue at constant currency, total revenue at constant currency, SaaS Subscription Revenue growth at constant currency and total revenue growth at constant currency, as well as the reconciliations of such measures to the most directly comparable IFRS measure, where applicable.

## Key Performance Indicators

This Presentation refers to, as applicable, SaaS Subscription Revenue, Current Remaining Performance Obligations, SaaS Annualized Contract Value, and Net Expansion Rate, 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.



**Our Pledge 1%**  
Our commitment is to donate 1% of our time, technology, profits, and **equity** to help democratize access to knowledge and education across the world

After a decade of enriching our AI platform with forward-thinking global enterprises, we know what it takes to gain a **trusted AI-Experience Advantage**



## One single AI platform

Websites | Commerce | Service | Workplace

675+

Enterprise  
customers<sup>(1)</sup>

~750

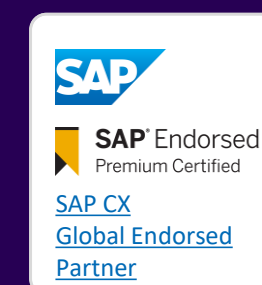
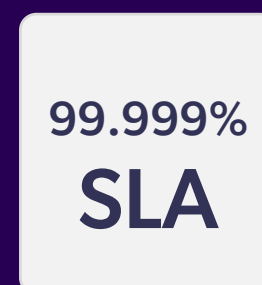
Employees<sup>(1)</sup>

10+ years

AI Platform deployments  
in digital experiences

Cumulative applied AI knowledge  
compounded from largest enterprise base

Semantic search  
AI recommendations  
GenAI answering  
Unified personalization

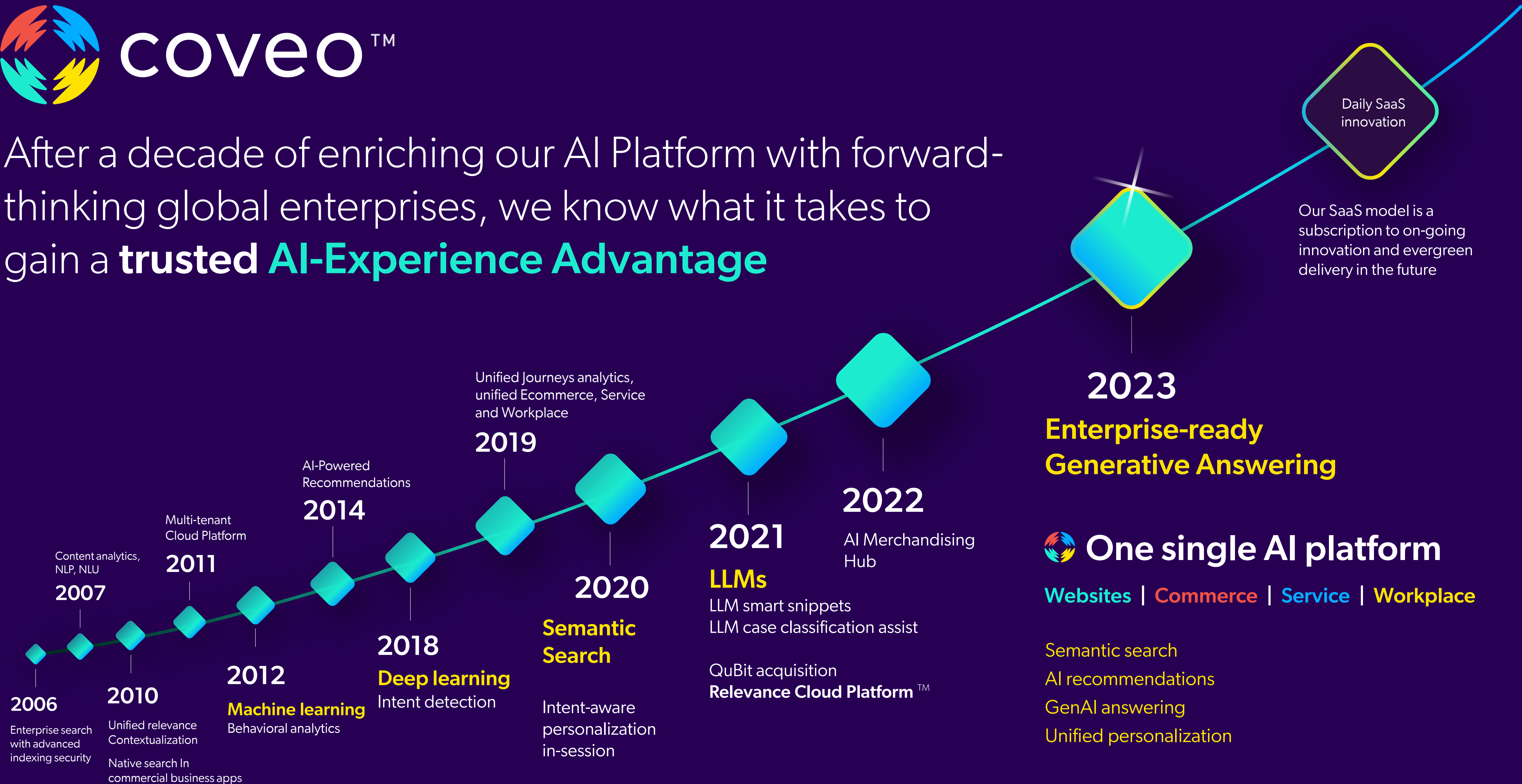


(1) As of September 30, 2023.





After a decade of enriching our AI Platform with forward-thinking global enterprises, we know what it takes to gain a **trusted AI-Experience Advantage**



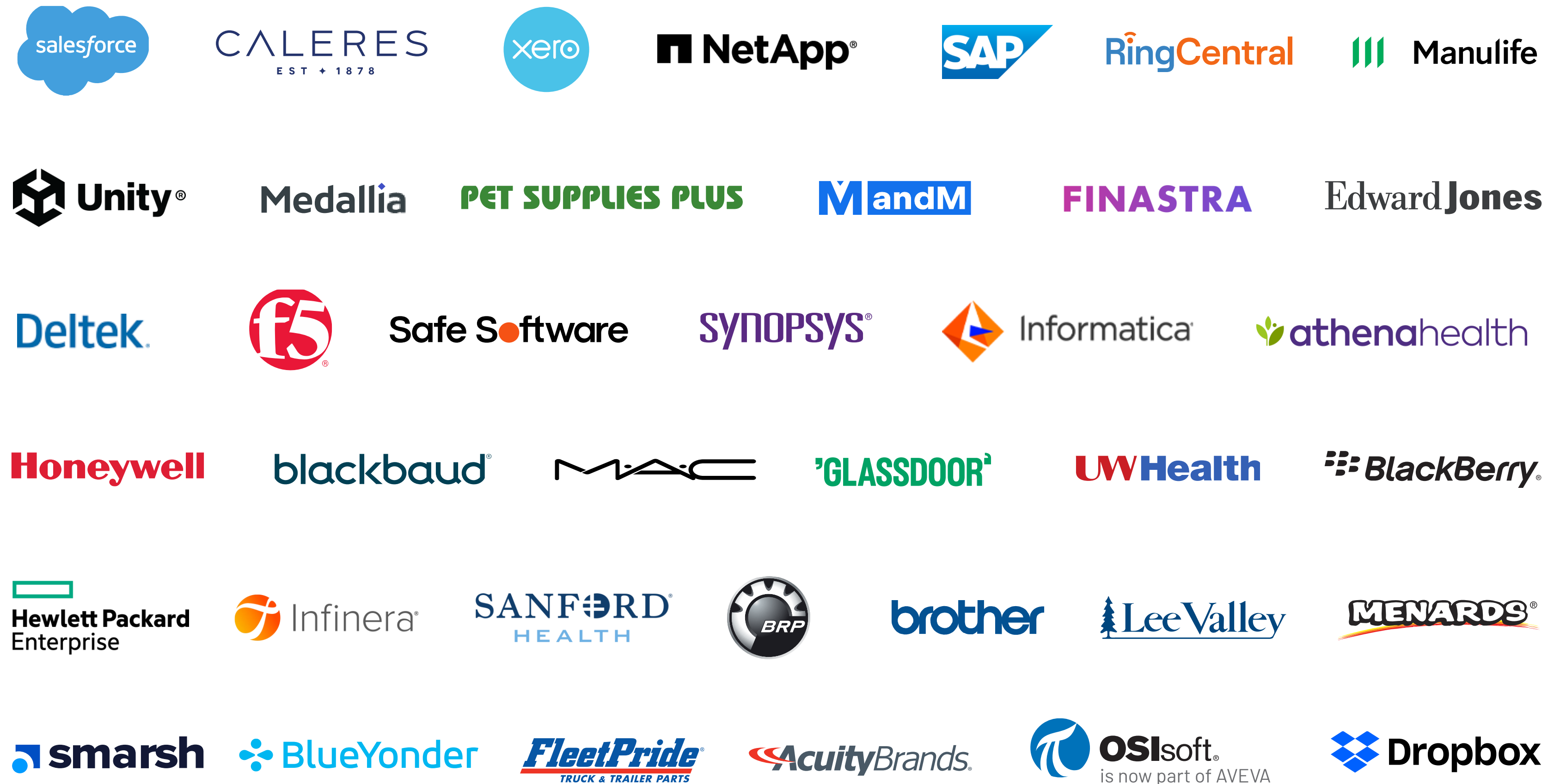
 **One single AI platform**  
Websites | Commerce | Service | Workplace

# We serve enterprises of all sizes

675+ enterprise SaaS customers<sup>(1)</sup>, including leading global brands

► Expertise servicing the technology, healthcare, manufacturing, financial services, and retail verticals

► We believe our solutions are well-suited to serve numerous other verticals



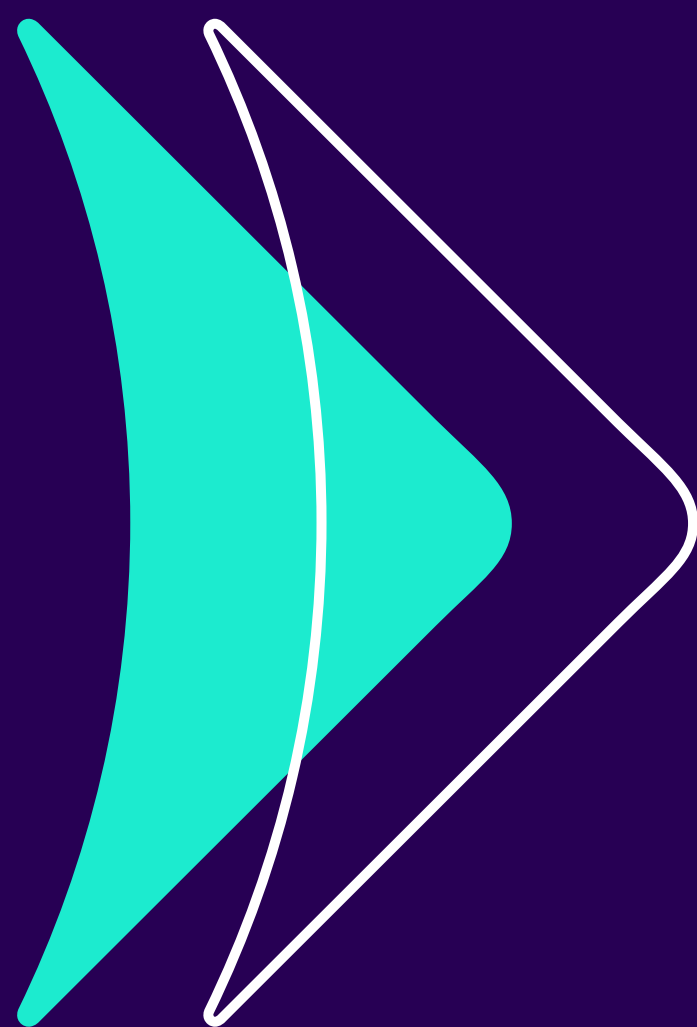
And hundreds of other companies in the technology, healthcare, manufacturing, financial services, and retail industries

(1) As of September 30, 2023.



# Our solution areas and use cases





# Experience is today's competitive front line

A make or break for every business





We believe that what **people expect** has changed for good

## **“Just for me”** conversations

People context – not content-centric  
Conversational – answers, not only links

## **Prescriptive** experiences

Intent-driven - Learning from every  
interaction to serve the next

## **Coherent** journeys

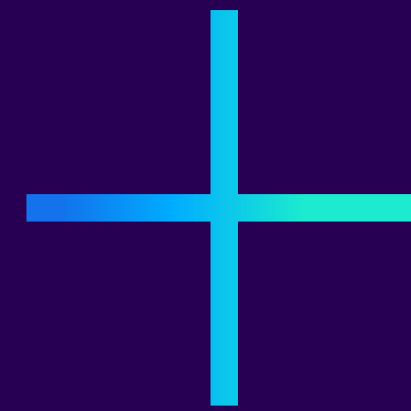
Unified - *not channel-specific* -  
stitched journey intelligence



# The **winning** experiences are...



**Individualized**, relevant  
**Prescriptive**, effortless  
**Connected**, unified



**Valuable**, profitable  
**Trusted**, secure  
**Scalable**



... and **AI-experience winners**  
are sprinting ahead and **outperform**

CLV Driver

**81%**

**buy again** after a highly positive  
commerce or service experience

Source: [Zendesk](#)

Valuation Multiples

**147%**

**higher EPS** for companies with a  
winning employee experience

Source: [ZipDo](#)

Brand of Choice

**65%**

**experience** is the driver  
of brand loyalty

Source: [PwC](#)

# What is a trusted **AI-Experience Advantage?**

from  
**persona** ➤ **person**  
to

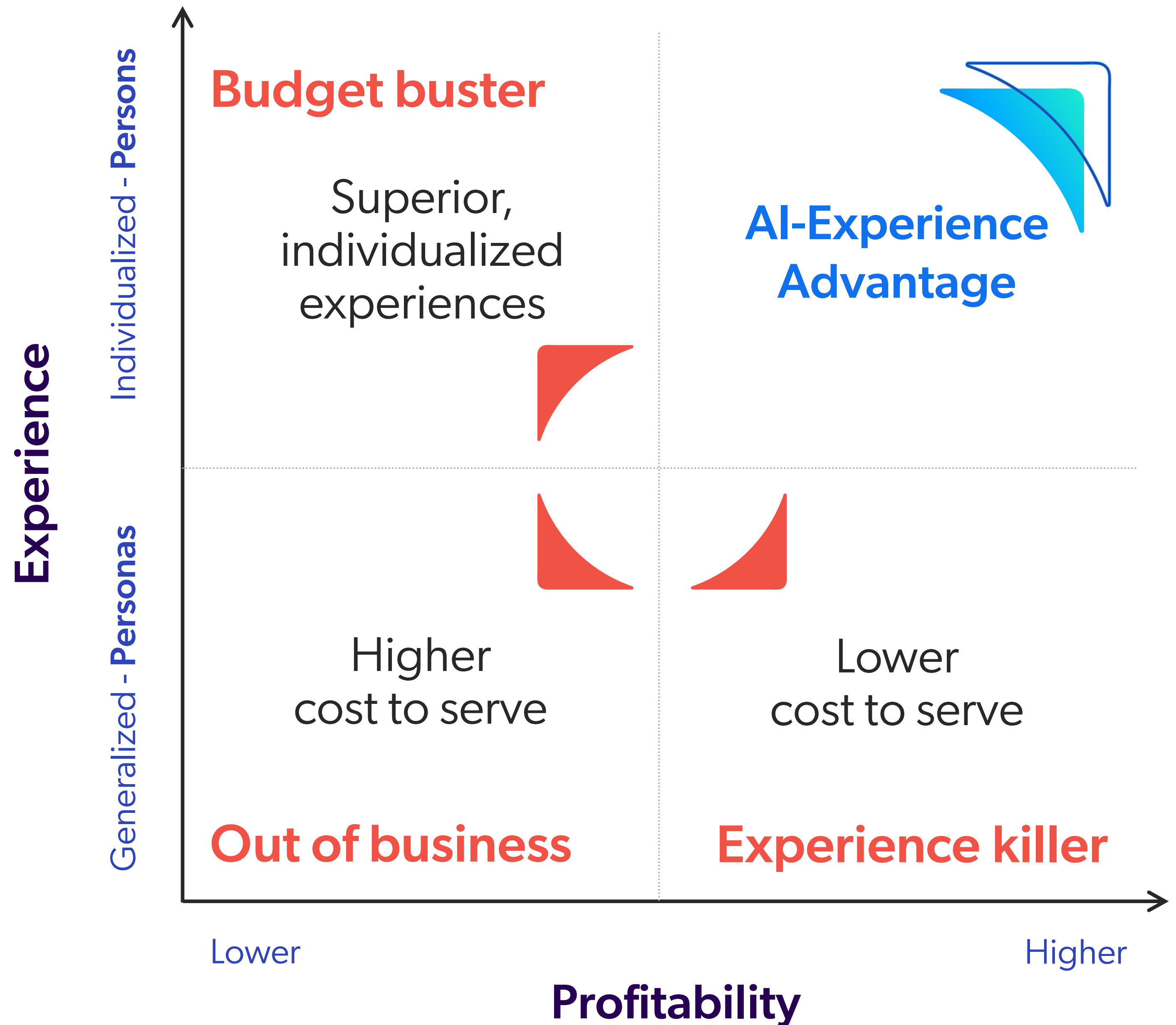
Curate **individualized, trusted**  
and **connected experiences** across  
millions of unique customers  
and billions of moments,  
to drive superior **business outcomes**.

The experiences are:

**Individualized, Prescriptive, Connected, Profitable**

How can  
you deliver  
distinctive experiences,  
**without breaking  
the bank?**

# The No-Win Trade-Off





# The **power** of AI

breaks the trade-off

**Only AI** can solve  
**individualization**  
and **business outcomes**  
simultaneously,  
at scale



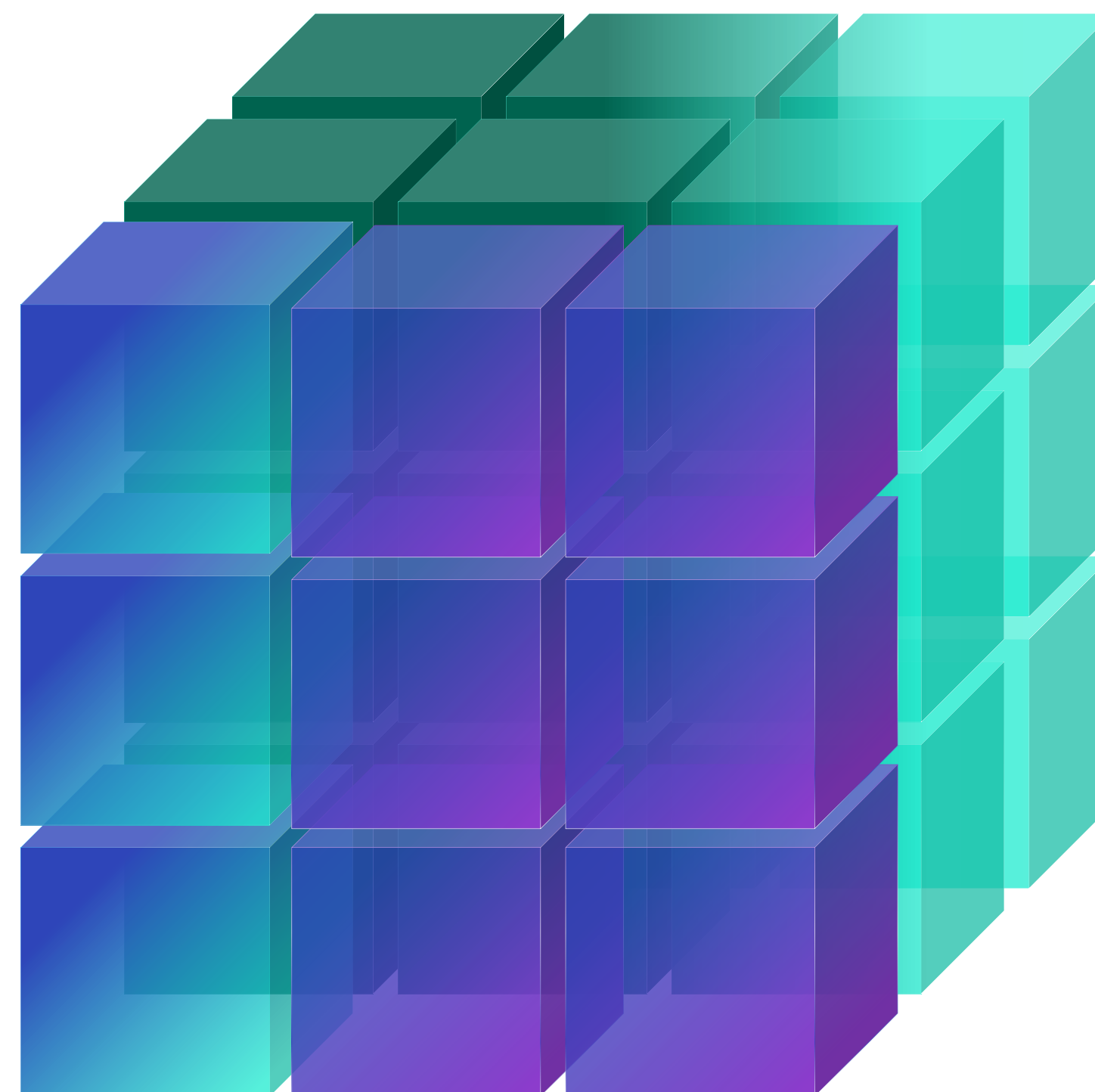
## Content

High **volume** and **variety**  
of content or products

- Multiple sources of content data sources
  - Millions of documents
- Hundreds of thousands of products permutations

## Money

Business outcomes and guardrails



- Multiple revenue, cost and margin metrics
- Dozens of operational KPIs
- Security, compliance and privacy

## Persons

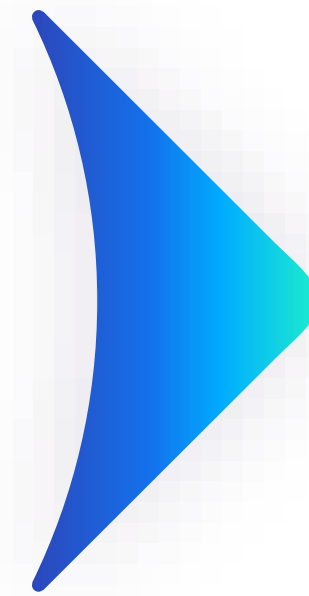
Very **large** and  
**diversified** audience

- Thousands to millions of users
- Large or global audience
- Multiple digital engagement channels and apps
- Personal experience expectations

AI & GenAI:  
a **tectonic shift**  
in digital

How AI transforms **digital experiences**  
and **enterprises' economics**

Automation



with AI

**Augmentation**

Efficiency gains

aka: people do more of the same



**Proficiency gains**

aka: people do **more on their own**

AI changes the starting point: Code dev., Creative, Knowledge, ...

Software applied rules on data models



AI models **find the rules,**  
**continuously learning** from outcomes



# AI, or Die

a growing competitive divide

We strongly believe that...

# The Future is **Business-to-Person**

Enterprises need a **spinal AI ability** to power **individualized, trusted,** and **connected experiences** that drive **business outcomes**

...powered by **AI search** and **generative experiences** within each CX and EX interaction

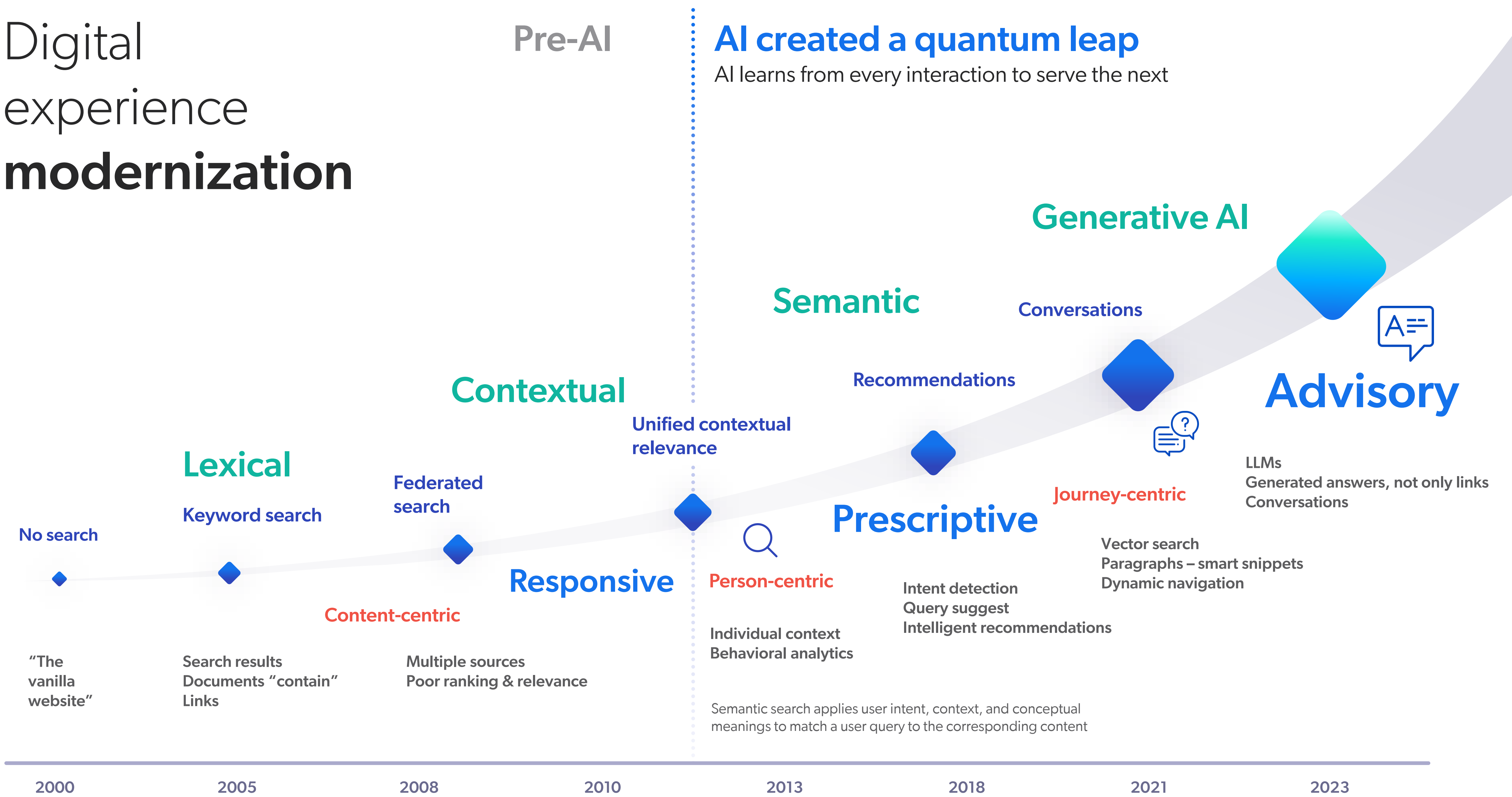


# Digital experience modernization

Pre-AI

AI created a quantum leap

AI learns from every interaction to serve the next





A new, more powerful **AI-Experience paradigm**



The worlds of intelligent **search**,  
discovery, **recommendations**,  
generative **answering**,  
**conversations**, **chats**, and  
**personalization** all converge

# It's a new, more powerful **AI-Experience** paradigm



The worlds of intelligent search, discovery, recommendations, generative answering, conversations, chats, and personalization all converge

🔍 Search query...

Ask a question...



## What is your intent?



- ▶ Need one **single unified intent and content interaction mechanism**
- ▶ **Guided, interactive generative answering** is the new ask
- ▶ **Search** and disambiguation are not going away; users still want **guided content discovery**
- ▶ **Single source of content, truth, security**

# 5 CIO Headaches

when getting  
GenAI enterprise  
ready

It's all about  
**trust** for both  
users and the  
business

## Security

**Permissions**, privacy, cybersecurity  
**Proprietary** content vs. public LLMs,  
retention governance and IP

## Accuracy

**Currency** of generative content  
**Factuality**, veracity of answers  
**Content lineage**,  
traceability to sources of truth

## Experience

**Relevancy** for users  
**Unified "intent" and engagement**  
experience combining search,  
answering and disambiguation

## Costs

GenAI experiences can be 100x  
more expensive if not engineered right  
**Business case & ROI**  
Locking-in with unique GenAI providers

## Content

**Multiple sources, volume** and  
**variety of content** increases the  
**value of GenAI** exponentially  
Flexibility to evolve data landscape  
Ethical use of first party data only







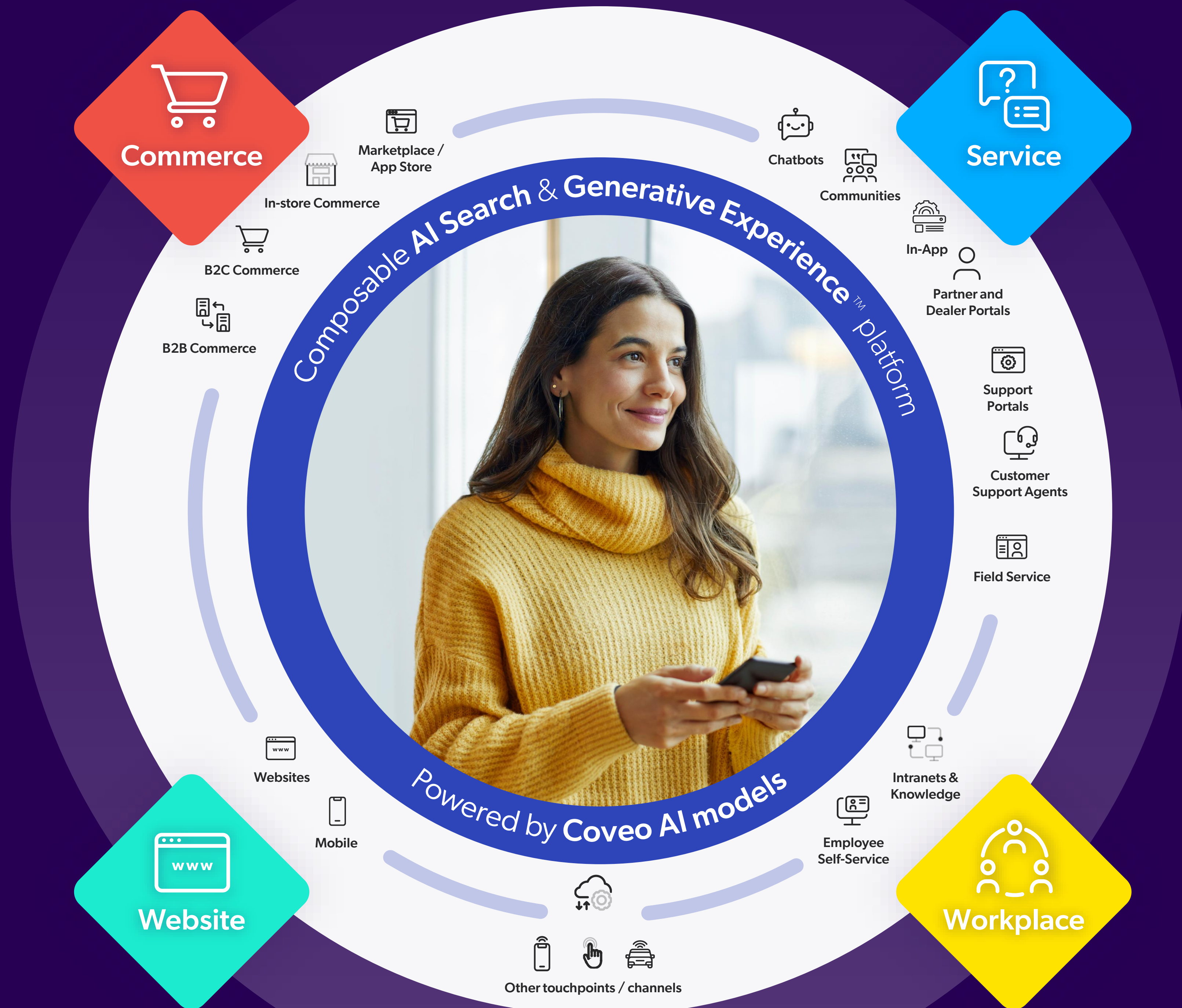




## One single Platform

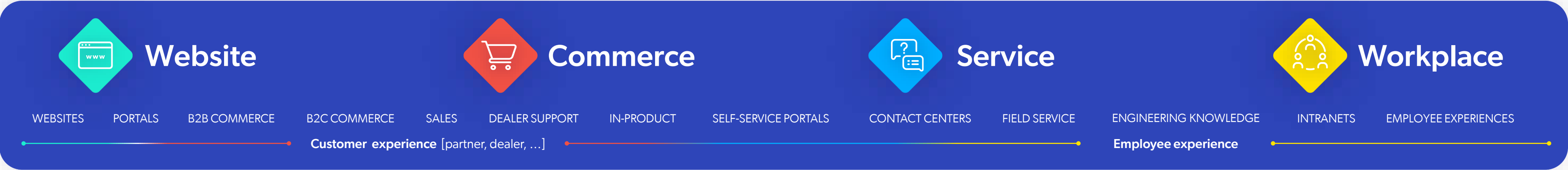
to power **individualized, trusted** and **connected experiences** across every customer and employee interaction, driving **superior business outcomes**

-  Semantic search
-  AI recommendations
-  GenAI answering
-  Unified personalization



Engagement Apps Layers

Digital Journeys



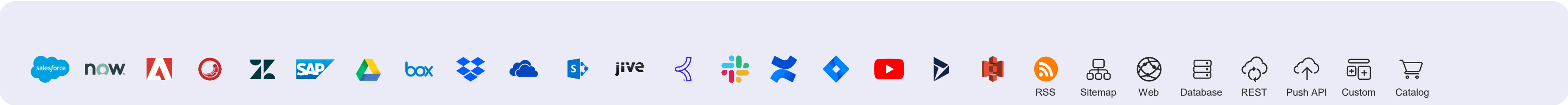
 Semantic **Search** +  AI **Recommendations** +  Generative **Answering** +  Unified **Personalization**

Spinal enterprise ability to deliver **individualized, trusted** interactions and **connected experiences** that drive **business outcomes**

# Composable **AI Search** & **Generative Experience** platform

Spinal enterprise ability to **unify structured and unstructured data, securely**  
- constantly **adapting to the data landscape**

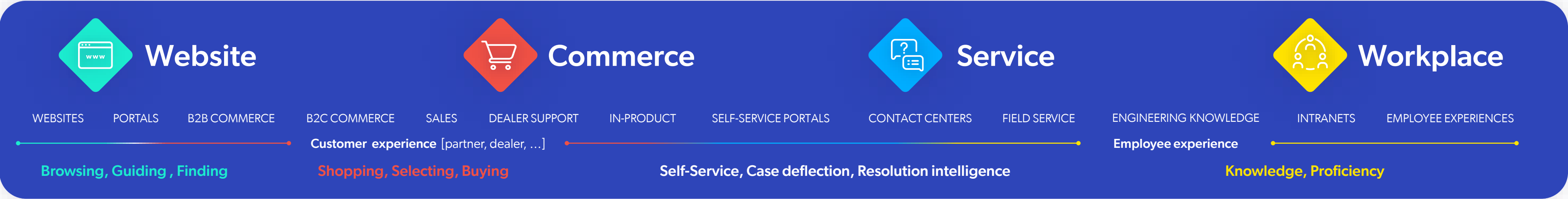
Content & Data Layer



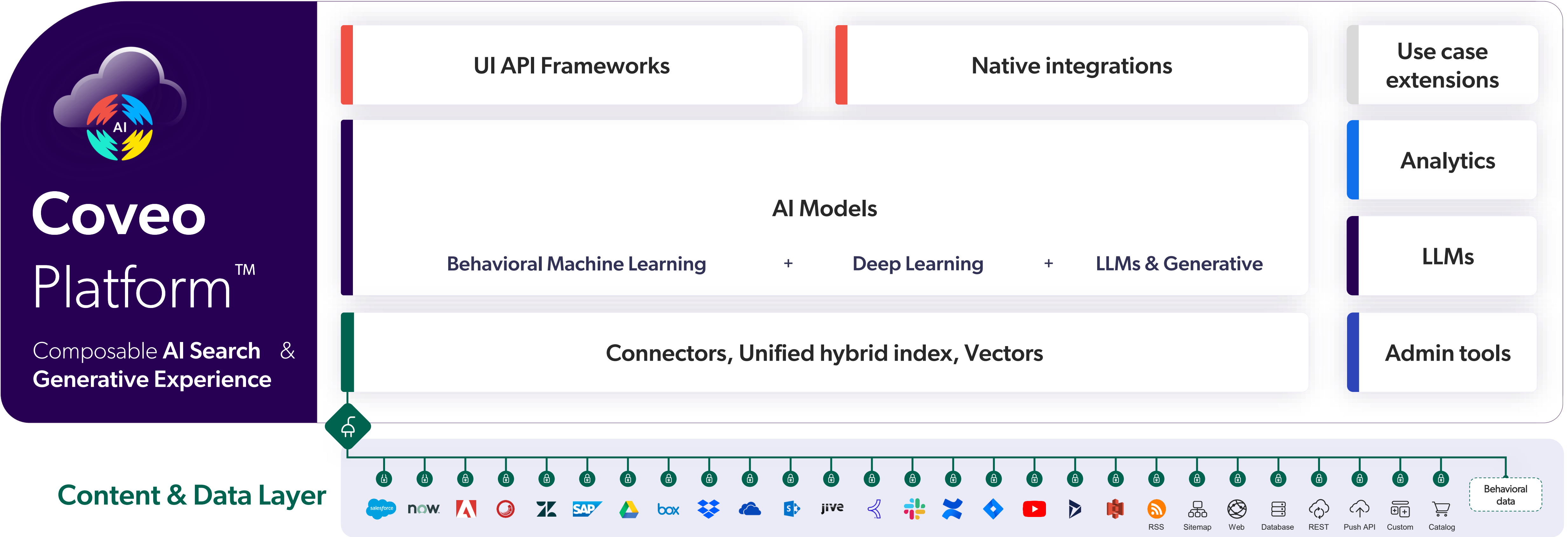


Engagement Apps Layers

Digital Journeys



 Semantic **Search** +  AI **Recommendations** +  Generative **Answering** +  Unified **Personalization**







# Relevance Generative Answering **Roll-out Program**

General  
**availability** expected  
in December 2023



Service



Workplace



Website

Announced  
**early access** for  
B2B and B2C  
Commerce customers



Commerce

Signed first five  
**generative AI  
transactions** in Q2  
FY'24 ahead of GA

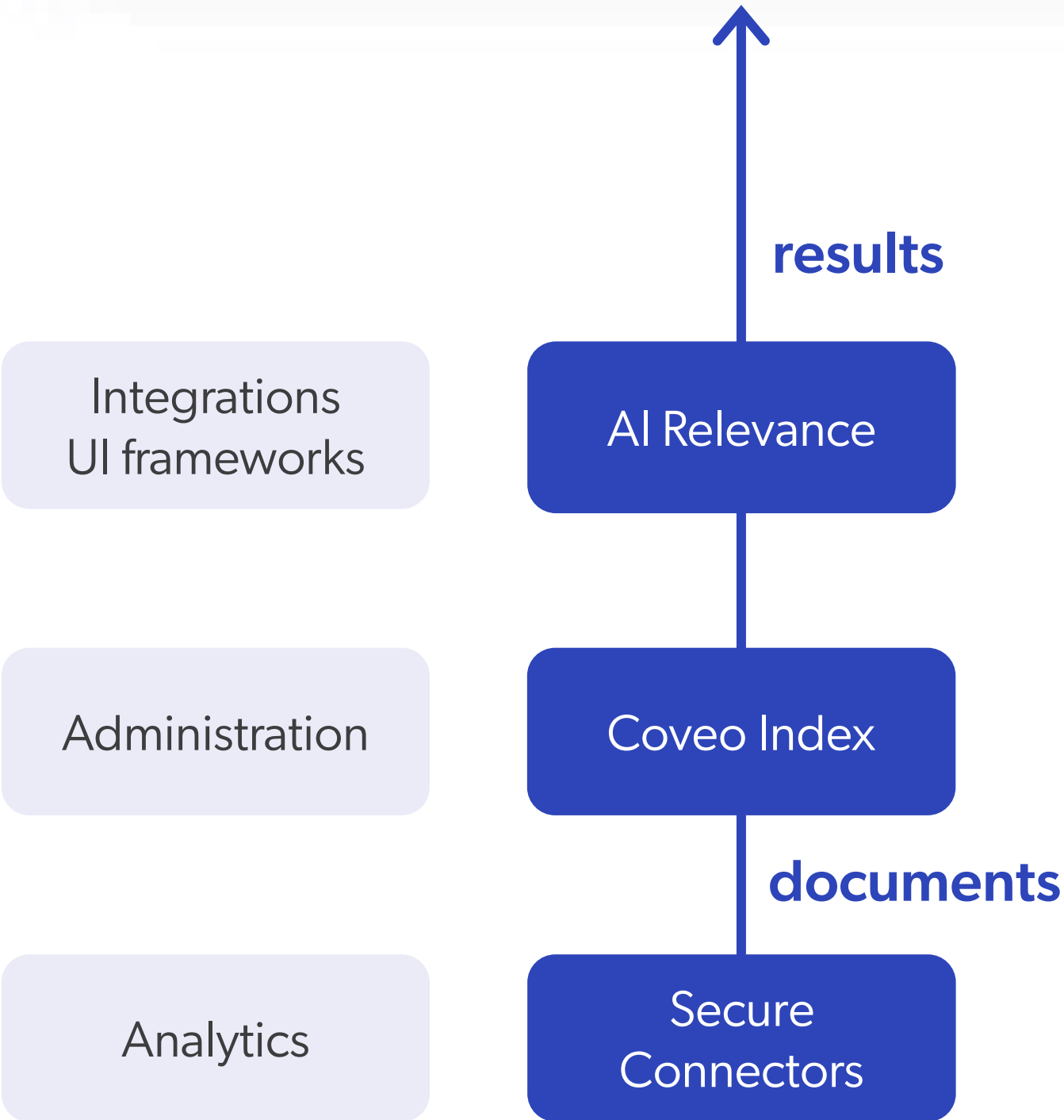


Preliminary  
A/B testing results:  
**>20% improvement**  
in case deflection

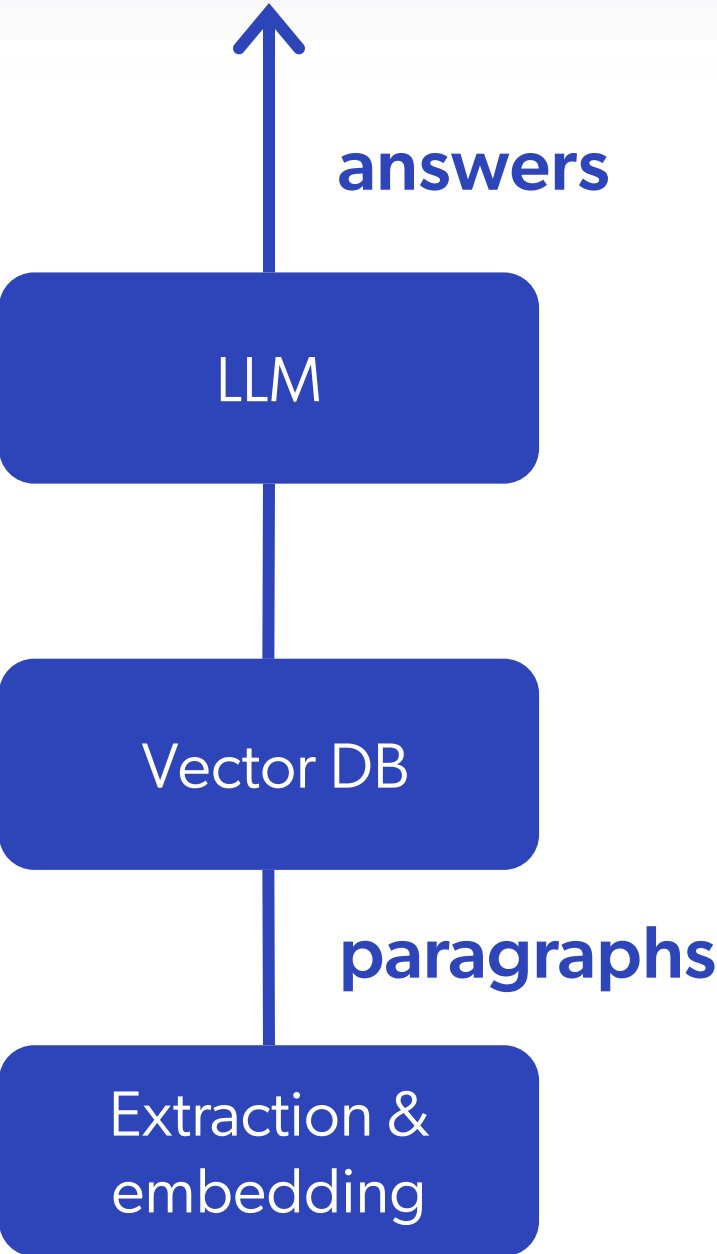


Service

# Search (Coveo)



# Question Answering (LLM)



### Major Issues

- › Different intent boxes
- › Duplicate content/ data infrastructure
- › Separate admin, security, analytics
- › **Different set of facts**

# Integrated AI Experience: Search & Question Answering

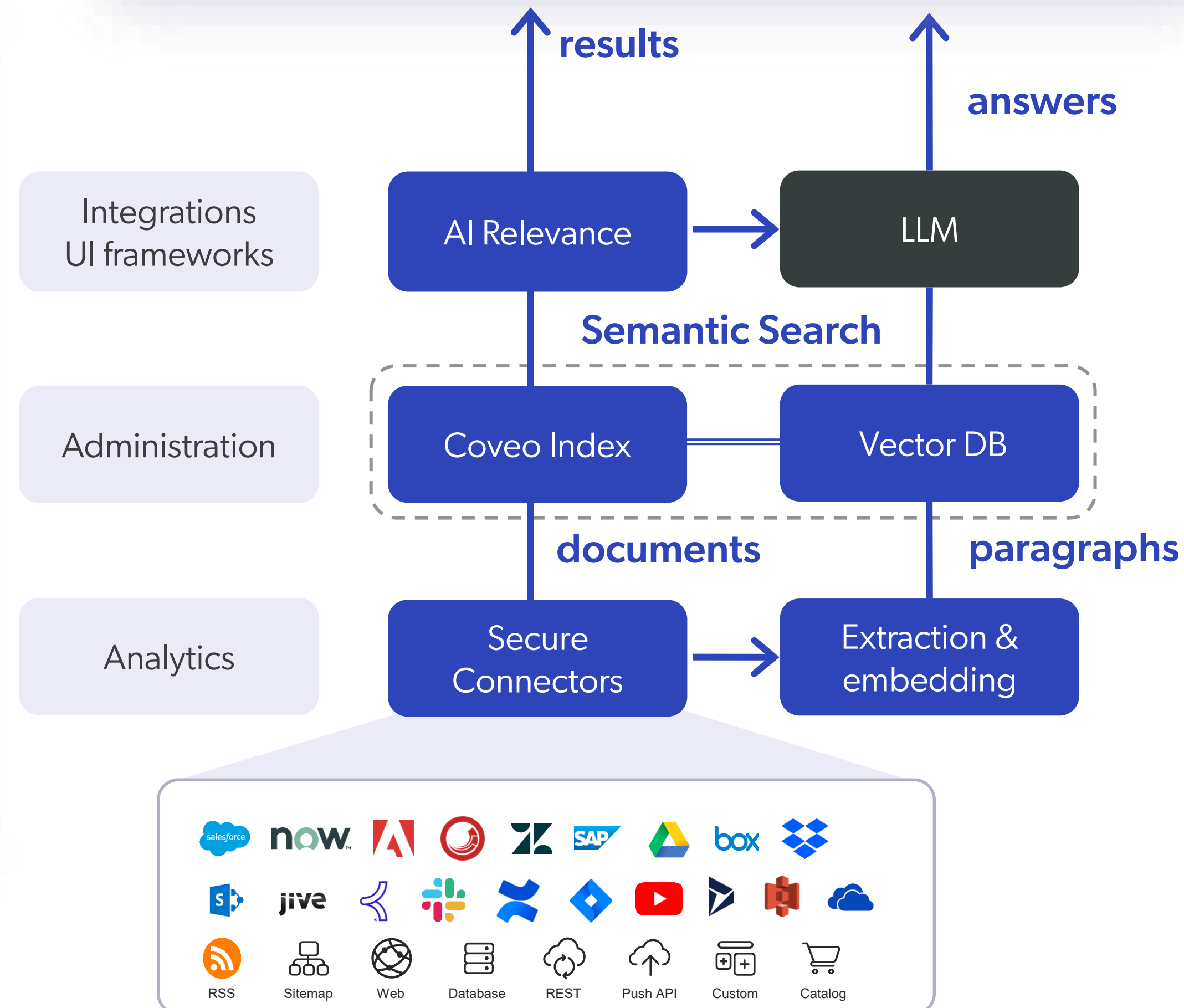


How do I add a new bank account feed for a supplier in Norway?



## Advantages: Backend

- ▶ Depth, breath of content
- ▶ Security & governance of index
- ▶ Freshness of content
- ▶ Administration, analytics
- ▶ Largely scalable
- ▶ Cost effective



## Advantages:

## Results & Relevance

- ▶ Generated answers from the most relevant paragraphs [RAG, grounding, prompt engineering from secure enriched unified index and relevance AI]
- ▶ Unified [intent] box for all queries and questions
- ▶ Truthful, current, verifiable lineage
- ▶ Personalization
- ▶ Protection against hallucination
- ▶ "BYO LLM"  
flexibility to swap generic vs domain-specific tuned models



# Results for "how do I update subscription payment details"



Customer type		^
<input type="checkbox"/>	Accountants & bookkeepers	(303)
<input type="checkbox"/>	Small businesses	(752)
Product		^
<input type="checkbox"/>	Xero	(748)
<input type="checkbox"/>	Xero Go	(1)
<input type="checkbox"/>	Practice Manager	(133)
<input type="checkbox"/>	Xero HQ	(64)
<input type="checkbox"/>	Xero Tax	(2)
<input type="checkbox"/>	Workpapers	(23)

Generated answer for you - Beta



To update subscription payment details in Xero, follow these step-by-step instructions:

1. Log in to Xero in a web browser.
2. Click on the organization name and select "My Xero".
3. Go to the "Billing accounts" tab.
4. Click on the menu icon next to the billing account you want to update.
5. Select "Edit payment details".
6. Choose "Credit Card" as the payment method.
7. Enter the details of your credit or debit card.
8. Click "Confirm" to save the changes.

Please note that these instructions are specifically for updating subscription payment details in Xero.  
References: 1, 3

Learn more [1 Change your sub...](#) [2 Change your sub...](#) [3 Purchase a Xero ...](#)

-21%  
Cases per  
1K searches

-45%  
Time on  
Search page

+6%  
Session  
duration

Sort results

Help article

Problems updating your

Help article

Change your subscription



# Improving the customer experience by increasing agent proficiency



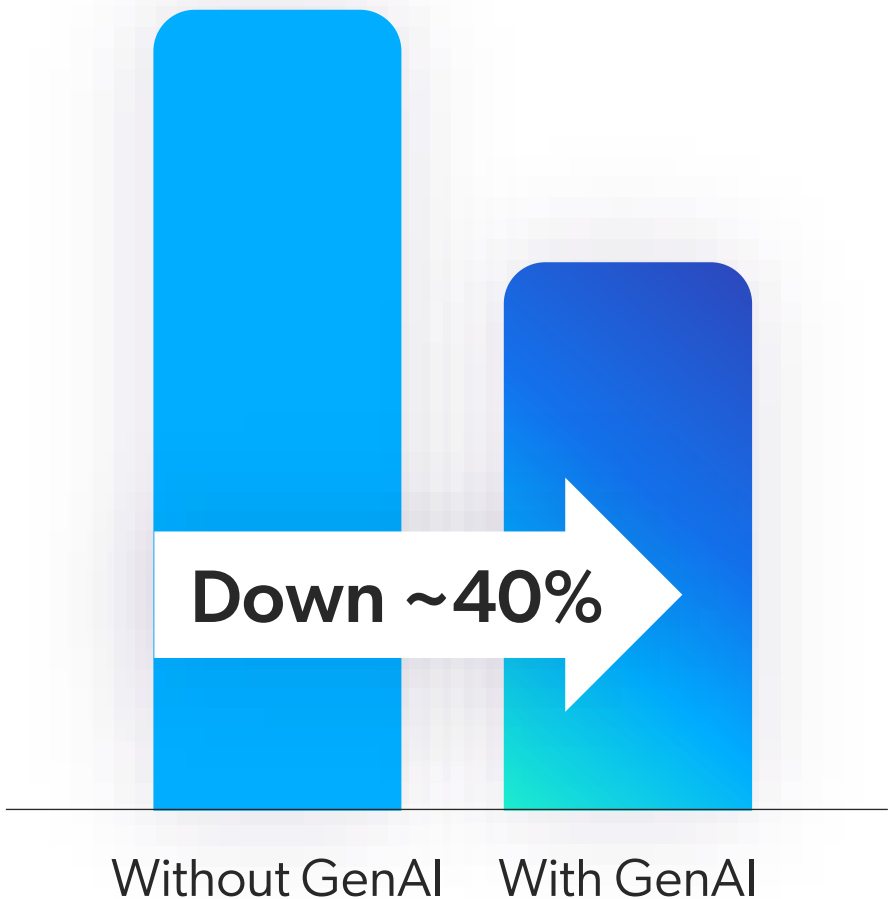
Over the past five years, our implementation of Coveo has, most critically, improved our customers’ support experience, contributed to an increase in engagement with our education offering, lifted our self-service rates, and contributed to an improvement in Xero’s gross margin. Our goal is to continually improve. We want to provide a better customer support experience today than we did yesterday – and this technology will help us do that.”

**Nigel Piper,**  
Executive General Manager,  
Customer Experience, Xero

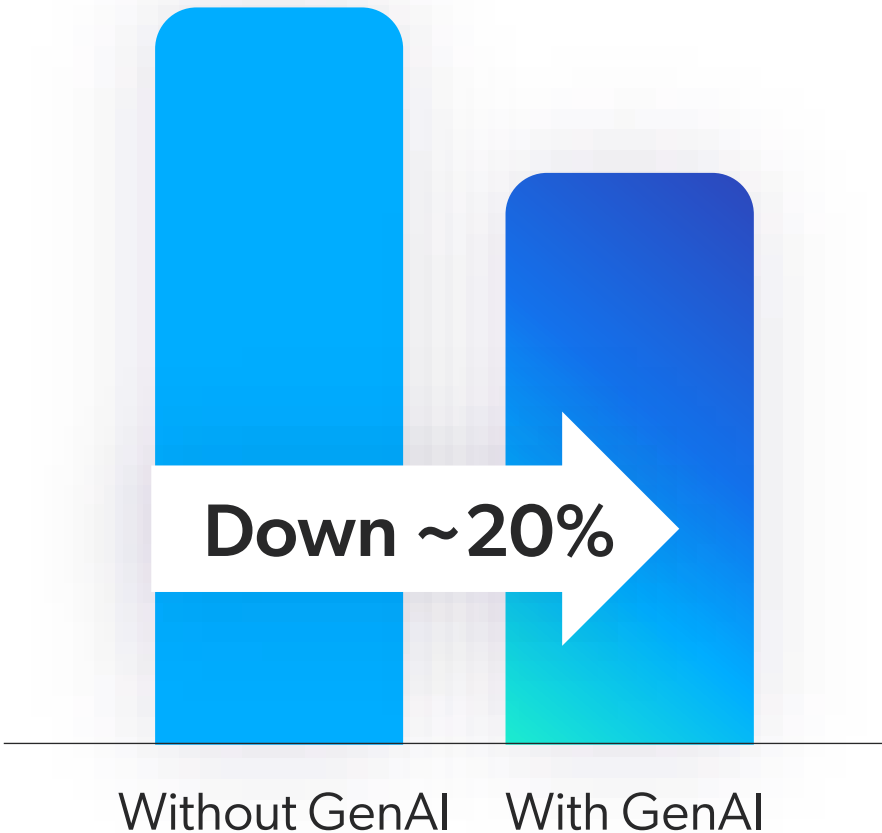
## Generative Answers in Xero Central (launched in October 2023)

*“We have seen better customer outcomes, including faster search times and further reduced human intervention from existing low levels”*

Average customer search time

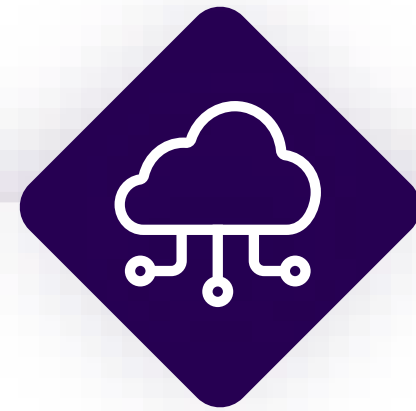


Search sessions requiring additional CX support



# Coveo Generative Answering:

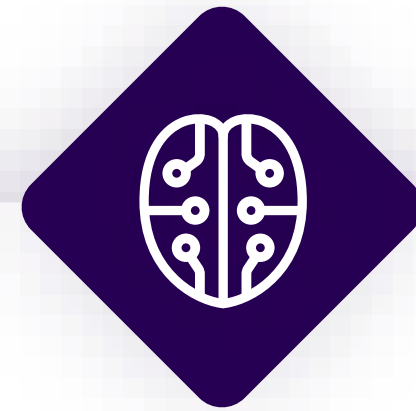
## Secure, Accurate, trusted



### Secure Content Retrieval

Secure access to +100 cloud and on-premise content sources

Structured and unstructured data with document-level security in the index



### Dynamic Grounding

The LLM prompt context is grounded with passages from secured personalized search results

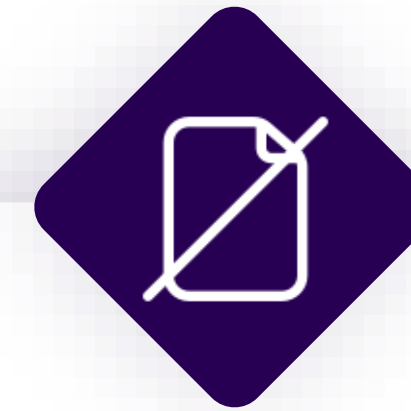
Helps to ensure that the output is relevant, accurate, consistent and secure



### Auditable Prompts & Responses

All prompts and responses generated by the model are tracked and recorded for auditing purposes

Ensures the model is being used to generate answers in a responsible and ethical manner



### Zero Retention

Customer data is not kept by our LLM provider and is not used for LLM training



### Data Masking [Future]

Ability to tokenize PII in the prompt to ensure this data is not shared with the LLM provider



# Financial Highlights

# Our Business Model

- ▶ **Subscription-based revenue**  
Contractually committed volumes for the entire term of the contract
- ▶ **Multi-year agreements**  
Predominantly 3+ year contracts with upfront annual billing
- ▶ **Enterprise customers**  
\$175K+ average ARR<sup>(1)</sup> / customer
- ▶ **Land and expand model**  
Net Expansion Rate<sup>(2)</sup> of 110% in most recent fiscal year

(1) Please refer to the "Definition of key performance indicators" section of the Appendix for the definition of ARR.

(2) Net Expansion Rate 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.

# Q2 FY'24 Highlights



**\$31.2M**

Q2 FY'24  
Total Revenue



**15%**

Q2 FY'24 SaaS  
Subscription  
Revenue<sup>(1)</sup> Growth  
(Year-over-Year)



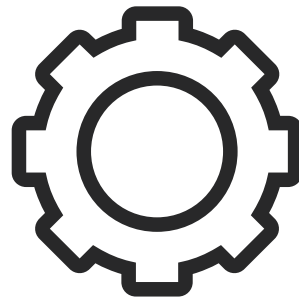
**106%**

Net Expansion Rate<sup>(1)</sup>  
as of Sept. 30, 2023  
*111% excluding legacy  
Qubit-related attrition<sup>(2)</sup>*



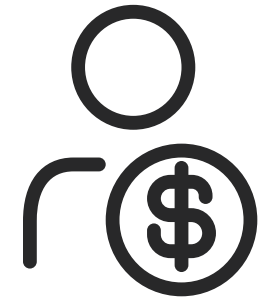
**(\$1.0M)**

Q2 FY'24 Adjusted  
Operating Loss  
*(vs. \$4.7M a year ago)  
Q2 FY'24 Operating Loss of  
\$10.2M*



**\$0.8M**

Cash Flows from  
Operations  
*2nd consecutive quarter of  
positive cash flows from  
operations*



**\$117 –  
\$118M**

Updated FY'24 SaaS  
Revenue<sup>(1)</sup> Guidance

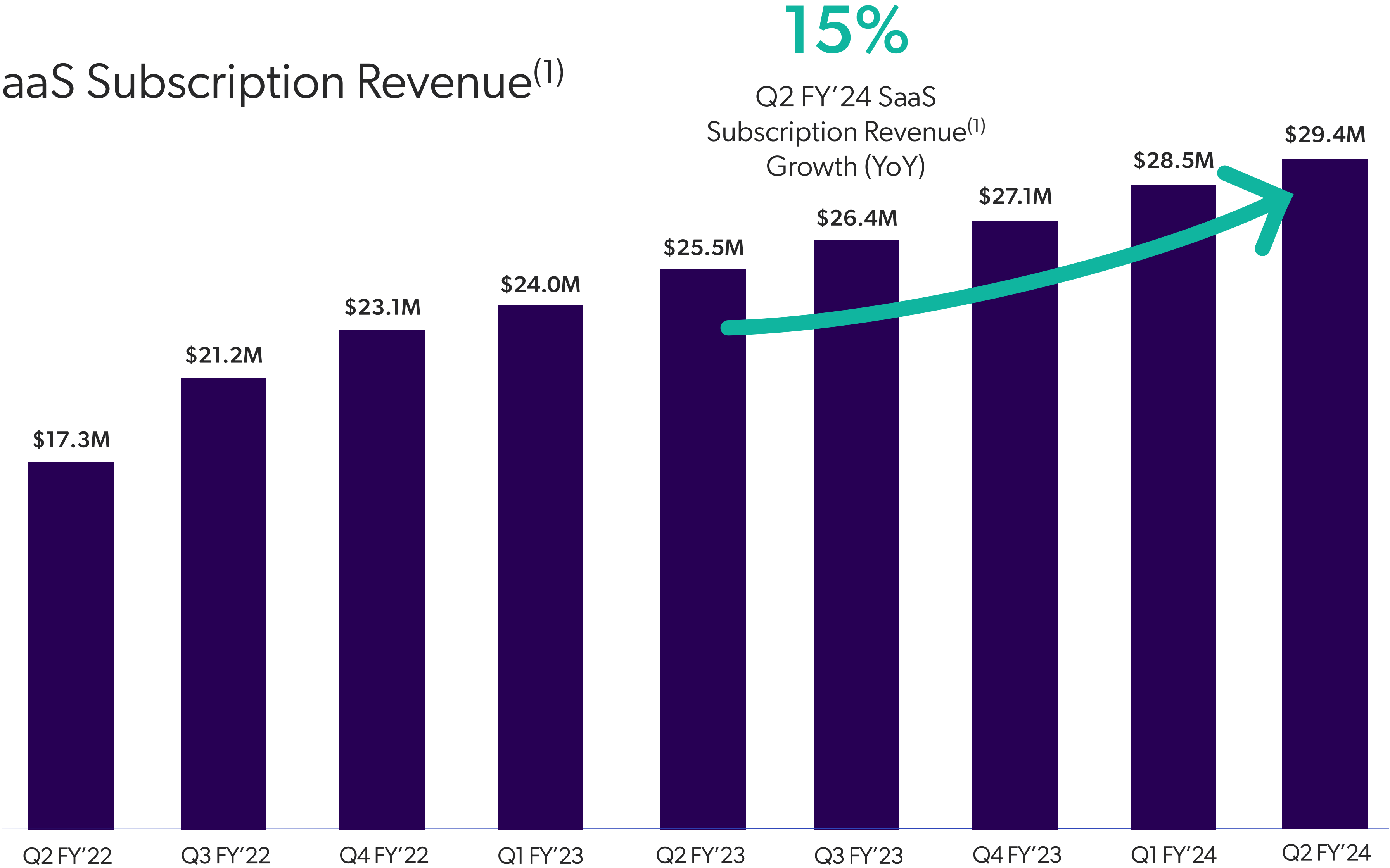
(1) SaaS Subscription Revenue and Net Expansion Rate are Key Performance Indicators of Coveo. Please refer to the "Definition of key performance indicators" section of the Appendix for the definitions of such measures.

(2) 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.

# Our Track Record of SaaS Growth

(in US\$ million)

## Quarterly SaaS Subscription Revenue<sup>(1)</sup>



(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.



# Gross Profit Measures

%	Q2 FY'24	Q2 FY'23
Gross Margin	78%	76%
Adjusted Gross Margin <sup>(1)</sup>	79%	78%
Product Gross Margin	82%	82%
Adjusted Product Gross Margin <sup>(1)</sup>	83%	83%

(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**

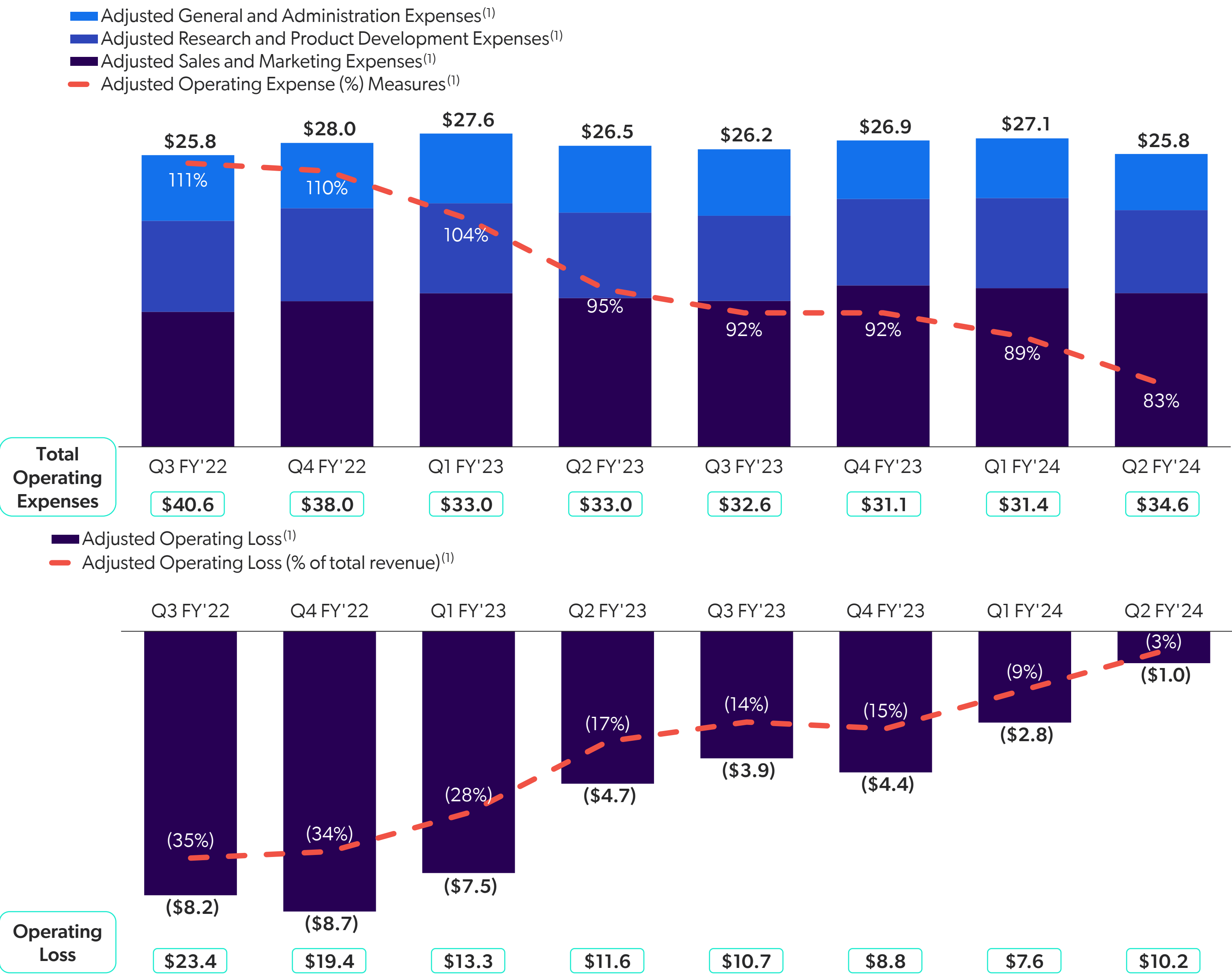
USD millions	Q2 FY'24	Q2 FY'23
Operating Loss	\$10.2	\$11.6
Adjusted Operating Loss <sup>(1)</sup>	\$1.0	\$4.7
Net Loss	\$6.5	\$9.9

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

# Driving an Efficient Operating Model

- ▶ Strong management of operating expenses leading to significant leverage in the business model
- ▶ Continuing to invest in top growth areas; striking the balance of growth and profitability
- ▶ Adjusted Operating Loss<sup>(1)</sup> well ahead of plan; positive cash flows from operations in 1H FY'24; ahead of commitment for achieving in next fiscal year

(In US\$ million)



(1) Adjusted General and Administration Expenses, Adjusted Research and Product Development Expenses, Adjusted Sales and Marketing Expenses, Adjusted Operating Expense (%) Measures, Adjusted Operating Loss, and Adjusted Operating Loss (% of total revenue) are non-IFRS measures and ratios. For a definition of such non-IFRS measures and ratios and a reconciliation to the most comparable IFRS measures, please refer to the relevant reconciliation tables in the Appendix to this Presentation. Please also refer to the disclaimer of this Presentation.

# Q3 FY'24 and Full Year **Guidance**

USD millions	Q3 FY'24	Full Year FY'24
<b>SaaS Subscription Revenue<sup>(1)</sup></b>	<b>\$29.1 – \$29.6</b>	<b>\$117.0 – \$118.0</b>
<b>Total Revenue</b>	<b>\$30.9 – \$31.4</b>	<b>\$124.5 – \$125.5</b>
<b>Adjusted Operating Loss<sup>(2)</sup></b>	<b>\$2.5 – \$3.5</b>	<b>\$9.5 – \$10.5</b>

Following two consecutive quarters of positive cash flows from operating activities, Coveo is ahead 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 November 6, 2023 announcing Coveo's second quarter earnings for fiscal year 2024 available under our profile on [www.sedarplus.ca](http://www.sedarplus.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.



# Thank you