coveo™
The AI-Relevance Company

Coveo Solutions Inc.

Management's Discussion and Analysis

For the Year Ended March 31, 2025

Management’s Discussion and Analysis of Financial Condition and Results of Operations

As used in this management’s discussion and analysis of financial condition and results of operations (“MD&A”), unless the context indicates or requires otherwise, all references to the “Company“, “Coveo“, “we“, “us“, or “our“ refer to Coveo Solutions Inc. and its subsidiaries as constituted on March 31, 2025.

This MD&A dated May 20,2025, for the three-months period and fiscal years ended March 31, 2025 and March 31, 2024, should be read in conjunction with the Company’s audited annual consolidated financial statements along with the related notes thereto for the fiscal years ended March 31, 2025 and March 31, 2024. The financial information for the fiscal years ended March 31, 2025 and March 31, 2024 presented in this MD&A is derived from the Company’s audited annual consolidated financial statements for the fiscal years ended March 31, 2025 and March 31, 2024 , which have been prepared in accordance with the International Financial Reporting Standards as issued by the International Accounting Standards Board (“IFRS Accounting Standard”). All amounts are in U.S. dollars unless otherwise indicated.

Forward-Looking Information

This MD&A contains “forward-looking information” and “forward-looking statements” (collectively, “forward-looking information”) within the meaning of applicable securities laws. Such forward-looking information includes, but is not limited to, information with respect to our objectives and the strategies to achieve these objectives, as well as information with respect to our beliefs, plans, expectations, anticipations, estimates, and intentions.

This forward-looking information is identified by the use of terms and phrases such as “may”, “would”, “should”, ”could”, “might”, “will”, “achieve”, “occur”, “expect”, “intend”, “estimate“, “anticipate“, “plan“, “foresee“, “believe“, “continue“, “target“, “opportunity“, “strategy“, “scheduled“, “outlook“, “forecast“, “projection“, or “prospect“, the negative of these terms and similar terminology, including references to assumptions, although not all forward-looking information contains these terms and phrases. In addition, any statements that refer to expectations, intentions, projections, or other characterizations of future events or circumstances contain forward-looking information. Statements containing forward-looking information are not historical facts but instead represent management’s expectations, estimates, and projections regarding future events or circumstances.

This forward-looking information includes, among other things, statements relating to: our intention to repurchase subordinate voting shares of Coveo under our normal course issuer bid, including under our automatic securities disposition plan entered into with a third party broker; our business plans and strategies (including growth strategies); expectations regarding revenue from customer subscriptions; expectations regarding Coveo’s revenue and revenue mix, expenses, investments, and operating results; expectations regarding our ability to successfully retain and expand relationships with existing customers; expectations regarding growth opportunities and our ability to capture an increasing share of addressable markets, including for commerce and knowledge solutions, and strengthen our competitive position; our environmental, social and governance objectives, vision and strategic goals; goodwill impairments; and expectations regarding our ability to increase our penetration of international markets and selectively pursue and successfully integrate acquisitions, including in respect of identified cross-selling opportunities.

Forward-looking information is necessarily based on a number of opinions, estimates, and assumptions that we considered appropriate and reasonable as of the date such statements are made. Although the forward-looking information contained herein is based upon what we believe are reasonable assumptions, actual results may vary from the forward-looking information contained herein. Certain assumptions made in preparing the forward-looking information contained in herein include, without limitation: our ability to capitalize on growth opportunities and implement our growth strategy; our ability to attract new customers, both domestically and internationally; our ability to expand our relationships with existing customers, and have existing customers renew their subscriptions; the success of our efforts to expand our product portfolio and market reach; our ability to maintain successful strategic relationships with partners and other third parties; market awareness and acceptance of enterprise artificial intelligence (“AI”) solutions in general and our products in particular; the market penetration of our generative AI and other new solutions, both with new and existing customers, and our ability to continue to capture the AI opportunities; assumptions regarding our future capital requirements, and availability of capital generally; the accuracy of our estimates of market opportunity, growth forecasts, and expectations around operating cash flows; 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; our ability to generate pipeline, and to convert pipeline into bookings, and the timeframe thereof; and our ability to execute on our expansion and growth plans more generally. 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 current and prospective macro-economic uncertainties, including without limitation as a result of trade and monetary policy worldwide, and the risk factors described under "Risk Factors" in the Company's most recently filed Annual Information Form ("AIF") available under our profile on SEDAR+ at www.sedarplus.ca and under "Key Factors Affecting our Performance" of this MD&A. 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, investors should not place undue reliance on forward-looking information, which speaks only as of the date made.

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

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

Business Overview

The business of Coveo

Coveo has over a decade of experience in helping global enterprises leverage the benefits of AI to improve business outcomes. Our Coveo AI-Relevance™ Platform powers search, recommendations, and generative answering in digital experiences across knowledge (service, website, workplace) and commerce applications. Our platform is cloud-native Software as a Service ("SaaS"), multi-tenant, API-first, and headless, and powers the digital experiences for many of the world's most innovative brands, serving millions of people and billions of interactions. Our solutions are designed to provide tangible financial value to our customers by helping to drive improvements in conversion rates, revenue and margins, reduce the cost to serve, increase customer satisfaction and engagement, and improve employee proficiency and satisfaction.

Coveo's AI-Relevance™ Platform securely connects to internal sources of content along with a variety of external sources to retrieve and index structured and unstructured content, and combines this content with click-stream events and behavior patterns. Using AI, machine learning, natural language processing, deep learning, and large language models ("LLMs"), our solutions help to determine what users are looking for in real-time, and learn which content delivers optimal outcomes based on a deep understanding of what worked best for others. As more data accumulates, our solutions learn to better predict each user's needs, and then automatically recommend personalized content.

Our AI-Relevance platform includes our Coveo Relevance Generative Answering™ (CRGA) and our Relevance-Augmented Passage Retrieval API capabilities which integrates LLM technology with Coveo's platform to feed generative AI with a common, secure unified index and real-time content, helping to drive relevance at scale and consistent factuality with secure sources of truth across all channels. This helps to solve some of the key challenges of utilizing generative AI for enterprise use cases.

We primarily generate revenue from the recurring sale of SaaS subscriptions. Our contracts generally have multi-year terms and are subject to renewal at the end of the subscription term. We generally sell and distribute our solutions through our direct sales force and a network of global systems integrators and implementation partners. We have established strategic relationships with leading global technology platforms, including with Salesforce as a Salesforce AppExchange ISV Partner, SAP as an SAP® Endorsed App, a Shopify Premier technology partner, and Adobe as an Adobe Technology Gold Partner. We are also a MACH Alliance member, an Optimizely partner, and a Genesys AppFoundry ISV Partner. We have collaborated with these partners, as well as others, to integrate our solutions within their platforms, enabling users to unify content from multiple sources as well as deploy our usage analytics and machine learning models natively within these applications. Moreover, our platform is ISO 27001 and ISO 27018 certified, SOC2 compliant, and HIPAA compatible, with a 99.999% SLA available.

Key Performance Indicators

We monitor our key performance indicators to help us evaluate our business, measure our performance, identify trends, formulate business plans, and make strategic decisions. They are operating metrics used in Coveo's industry. 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.

For the reporting period ended March 31, 2025 and going forward, the Company has made the decision to retire the "current SaaS Subscription Remaining Performance Obligations" ("cRPO") key performance indicator as this measure is no longer a primary metric used to measure our performance, formulate business plans or make strategic plans given the shifting nature of our go-to-market strategies. Moreover, cRPO is an IFRS metric and as such, remains available for review in note 16 of our consolidated financial statements.

- **SaaS Subscription Revenue:** Our main focus is on growing our SaaS Subscription Revenue. We believe that our ability to increase our SaaS Subscription Revenue, as presented in our consolidated financial statements in accordance with IFRS Accounting Standards, is an indicator of the success of our growth strategy. The recurring nature and predictability of our SaaS Subscription Revenue provides visibility into future performance, and the upfront annual payments we typically receive on these contracts results in cash flows generation in advance of revenue recognition. Our SaaS Subscription Revenue was $32.6 million for the three months ended March 31, 2025, an increase of $1.9 million or 6% compared to the three months ended March 31, 2024. For the fiscal year ended March 31, 2025 SaaS subscription revenue was $126.6 million, an increase of $8.1 million or 7% compared to the fiscal year ended March 31,2024. Subscriptions to Coveo's core platform (the "Coveo core Platform") contributed $31.6 million of SaaS Subscription Revenue in the fourth quarter, an increase of 10% compared to the same period last year and $121.3 million for the fiscal year ended March 31,2025, which represents an increase of 11% compared to the same period last year. The remaining $1.0 million for the three months ended March 31, 2025 and $5.3 million for the fiscal year ended March 31, 2025 was SaaS Subscription Revenue earned through subscriptions to the legacy Qubit Digital Ltd ("Qubit") platform (the "Qubit Platform").

- **Net Expansion Rate:** We believe that Net Expansion Rate ("NER") is a useful indicator of our ability to maintain and expand our relationships with our customers over time and a key indicator of the long-term value that we provide to them. This indicator compares our SaaS Annualized Contract Value[1] ("SaaS ACV") from the same set of customers across comparable periods. We calculate this rate by considering a cohort of customers at the end of the period 12 months prior to the end of the period selected and dividing the SaaS ACV attributable to that cohort at the end of the current period selected, by the SaaS ACV attributable to that cohort at the beginning of

[1] *"SaaS Annualized Contract Value" means the SaaS annualized contract value of a customer's commitments calculated based on the terms of that customer's subscriptions, and represents the committed annualized subscription amount as of the measurement date.*

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 sold 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.

Our NER was 103% as of March 31, 2025 and was negatively impacted by the expected customer attrition experienced during the period and prior quarters due to our previously announced decision to decrease our investment in the Qubit Platform. During the quarter ended March 31, 2025, the Company took the additional step to formally deprecate the Qubit Platform and expect remaining revenue to churn by December 31, 2025. Excluding the effect of SaaS ACV attributable to subscriptions to the Qubit Platform, our NER was 107% as of March 31, 2025.

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

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

We believe that non-IFRS financial measures and ratios are useful in providing supplemental information regarding our performance by excluding certain items that may not be indicative of our core business, operating results, or future outlook or have no incidence on our cash flows. Management uses non-IFRS financial measures and ratios to make performance comparisons from period to period, to prepare annual operating budgets and forecasts, and to determine certain components of management compensation.

Adjusted EBITDA

Adjusted EBITDA is defined as net income or net loss, excluding interest, taxes, depreciation of property and equipment and right-of-use-assets, amortization and impairment of intangible assets (or EBITDA), adjusted for stock-based compensation and related expenses, foreign exchange gains and losses, acquisition-related compensation, transaction-related expenses, and other one-time or non-cash items.

We use Adjusted EBITDA to provide additional measures of our net income or net loss and thereby highlight trends in our business that may not otherwise be evident when relying solely on financial measures in accordance with IFRS Accounting Standards. We believe that Adjusted EBITDA provides a useful supplemental measure of the Company's operating performance because it helps illustrate underlying trends in our business that might otherwise be obscured by the impact of income or expenses that are not representative of the basic operating performance of our business, that are non-monetary in nature or that have variability that is not related to our operating performance. In all cases, in the process of evaluating the decision to exclude the effect of an element, the Company takes into consideration whether reporting issuers in its industry generally eliminate the effect of this element, with the objective of facilitating comparison between similar financial measures used by issuers operating in our industry. The issuer cautions readers that this non-IFRS measure (and the calculation thereof) may differ from non-IFRS measures presented (and calculated) by other reporting issuers.

The following table reconciles Adjusted EBITDA to net loss for the periods indicated:

	Three months ended March 31,		Year ended March 31,	
In thousands of U.S. dollars	2025	2024	2025	2024
	$	$	$	$
Net loss	**(6,316)**	**(4,050)**	**(13,753)**	**(23,610)**
Net financial revenue	(1,023)	(1,704)	(5,063)	(6,674)
Foreign exchange loss (gain)	278	(1,006)	(5,526)	321
Income tax recovery	(501)	1,296	(1,578)	264
Share-based payments and related expenses(1)	3,659	3,820	16,676	16,621
Amortization and impairment of intangible assets	3,612	729	5,817	6,655
Depreciation expenses(2)	963	1,000	4,039	3,959
Transaction-related expenses(3)	-	98	388	98
Adjusted EBITDA	**672**	**183**	**1,000**	**(2,366)**

(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) Depreciation expenses include depreciation of property and equipment and depreciation of right-of-use assets.

(3) 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 Gross Profit Measures and Adjusted Gross Margin Measures

Adjusted Gross Profit, Adjusted Product Gross Profit, and Adjusted Professional Services Gross Profit are respectively defined as gross profit, product gross profit, and professional services gross profit excluding share-based payments and related expenses, acquisition-related compensation, transaction-related expenses, and other one-time or non-cash items. We refer to these measures collectively as our "Adjusted Gross Profit Measures". Adjusted Gross 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 where product revenue represents SaaS subscription revenue and Adjusted Product Gross Profit represents SaaS subscription revenue less SaaS subscription costs of 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".

We believe that Adjusted Gross Profit Measures and Adjusted Gross Margin Measures provide our management with consistency and comparability with our past financial performance and facilitate period-to-period comparisons of our direct costs and gross profit by excluding the effects of certain variables for reasons unrelated to our basic overall operating performance, the effects of certain items that are non-monetary in nature and, or the effects of items that fluctuate materially from period to period based on factors beyond our control. In all cases, in the process of evaluating the decision to exclude the effect of an element, the Company considers whether reporting issuers in its industry generally eliminate the effect of this element, with the objective of facilitate comparison between similar financial measures used by issuers operating in the same industry. The issuer cautions readers that this non-IFRS measure (and the calculation thereof) may differ from non-IFRS measures presented (and calculated) by other reporting issuers.

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

	Three months ended March 31,		Year ended March 31,	
In thousands of U.S. dollars	2025	2024	2025	2024
	$	$	$	$
Total revenue	**34,350**	**32,582**	**133,272**	**126,094**
Gross profit	**27,103**	**25,583**	**104,879**	**98,446**
Gross margin	*79%*	*79%*	*79%*	*78%*
Add: Share-based payments and related expenses	342	496	1,272	1,594
Adjusted Gross Profit	**27,445**	**26,079**	**106,151**	**100,040**
Adjusted Gross Margin	*80%*	*80%*	*80%*	*79%*
Product revenue	**32,616**	**30,739**	**126,631**	**118,581**
Product cost of revenue	**5,862**	**5,551**	**22,969**	**21,733**
Product gross profit	**26,754**	**25,188**	**103,662**	**96,848**
Product gross margin	*82%*	*82%*	*82%*	*82%*
Add: Share-based payments and related expenses	216	278	817	944
Adjusted Product Gross Profit	**26,970**	**25,466**	**104,479**	**97,792**
Adjusted Product Gross Margin	*83%*	*83%*	*83%*	*82%*
Professional services revenue	**1,734**	**1,843**	**6,641**	**7,513**
Professional services cost of revenue	**1,385**	**1,448**	**5,424**	**5,915**
Professional services gross profit	**349**	**395**	**1,217**	**1,598**
Professional services gross margin	*20%*	*21%*	*18%*	*21%*
Add: Share-based payments and related expenses	126	218	455	650
Adjusted Professional Services Gross Profit	**475**	**613**	**1,672**	**2,248**
Adjusted Professional Services Gross Margin	*27%*	*33%*	*25%*	*30%*

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

Adjusted Sales and Marketing Expenses, Adjusted Research and Product Development Expenses, and Adjusted General and Administrative Expenses are respectively defined as sales and marketing expenses, research and product development expenses, and general and administrative expenses excluding share-based payments and related expenses, acquisition-related compensation, transaction-related expenses, and other one-time or non-cash items.

We refer to these measures collectively as our "Adjusted Operating Expense Measures". Adjusted Sales and Marketing Expenses (%), Adjusted Research and Product Development Expenses (%), and Adjusted General and Administrative Expenses (%) are respectively defined as Adjusted Sales and Marketing Expenses, Adjusted Research and Product Development Expenses, and Adjusted General and Administrative Expenses as a percentage of total revenue. We refer to these measures collectively as our "Adjusted Operating Expense (%) Measures".

We believe that Adjusted Operating Expense Measures and Adjusted Operating Expense (%) provide our management with consistency and comparability with our past financial performance and facilitate period-to-period comparisons of our operating expenses by excluding the effects of certain variables for reasons unrelated to our basic overall operating performance, the effects of certain items that are non-monetary in nature and, or the effects of items that fluctuate materially from period to period based on factors beyond our control. In all cases, in the process of evaluating the decision to exclude the effect of an element, the Company considers whether reporting issuers in its industry generally eliminate the effect of this element, with the objective of facilitate comparison between similar financial measures used by issuers operating in the same industry. The issuer cautions readers that this non-IFRS measure (and the calculation thereof) may differ from non-IFRS measures presented (and calculated) by other reporting issuers.

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

	Three months ended March 31 ,		Year ended March 31,	
In thousands of U.S. dollars	2025	2024	2025	2024
	$	$	$	$
Sales and marketing expenses	**15,734**	**13,953**	**59,615**	**55,099**
Sales and marketing expenses (% of total revenue)	*46%*	*43%*	*45%*	*44%*
Less: Share-based payments and related expenses	959	687	3,707	2,434
Adjusted Sales and Marketing Expenses	**14,775**	**13,266**	**55,908**	**52,665**
Adjusted Sales and Marketing Expenses (% of total revenue)	*43%*	*41%*	*42%*	*42%*
Research and product development expenses	**8,537**	**8,769**	**35,904**	**35,804**
Research and product development expenses (% of total revenue)	*25%*	*27%*	*27%*	*28%*
Less: Share-based payments and related expenses	1,095	1,223	5,334	5,845
Adjusted Research and Product Development Expenses	**7,442**	**7,546**	**30,570**	**29,959**
Adjusted Research & Product Development Expenses (% of total revenue)	*22%*	*23%*	*23%*	*24%*
General and administrative expenses	**5,819**	**6,596**	**25,424**	**26,628**
General and administrative expenses (% of total revenue)	*17%*	*20%*	*19%*	*21%*
Less: Share-based payments and related expenses	1,263	1,414	6,363	6,748
Less: Transaction-related expenses	-	98	388	98
Adjusted General and Administrative Expenses	**4,556**	**5,084**	**18,673**	**19,782**
Adjusted General and Administrative Expenses (% of total revenue)	*13%*	*16%*	*14%*	*16%*

2024 Substantial Issuer Bid

On July 12, 2024, the Company announced that it had repurchased 6,493,506 subordinate voting shares (including 45,343 multiple voting shares on as-converted basis) at a price of C$7.70 per subordinate voting share, for an aggregate purchase price of approximately C$50 million ($36.6 million), under its substantial issuer bid launched on June 4 (the "SIB"). The Company repurchased approximately 6.24% of the total number of its issued and outstanding shares (prior to purchases under the SIB) pursuant to the SIB at the time of take-up. The payment and the settlement of the purchased shares were effected on July 16, 2024.

2023 Substantial Issuer Bid

On July 12, 2023, the Company announced that it had repurchased 3,706,194 subordinate voting shares (including 480,000 multiple voting shares on as-converted basis) at a price of C$8.50 per subordinate voting share, for an aggregate purchase price of approximately $23.8 million (C$31.5 million), under a substantial issuer bid launched on May 30, 2023 (the "SIB"). The Company repurchased approximately 3.5% of the total number of its issued and outstanding shares (prior to purchases under the SIB) pursuant to the SIB, at the time of take-up. The payment and the settlement of the purchased shares were effected on July 13, 2023.

Renewal of Normal Course Issuer Bid

On July 10, 2024, the board of directors of the Company approved the renewal of its normal course issuer bid (the "NCIB") to purchase for cancellation a maximum of 2,690,573 subordinate voting shares of the Company, representing approximately 5% of the subordinate voting shares of the Company issued and outstanding as at July 10, 2024, taking into account the 6,493,506 subordinate voting shares (including 45,343 multiple voting shares on an as-converted basis) bought back under the SIB that closed on July 12, 2024. The Company is authorized to make purchases under the NCIB over the twelve-month period commencing on July 17, 2024 and ending on July 16, 2025, in accordance with the requirements of the Toronto Stock Exchange (the "TSX") and applicable securities laws.

The Company also announced that, in connection with the NCIB, it has renewed its automatic securities purchase plan (the "ASPP") with a designated broker. The ASPP is intended to allow for the purchase of subordinate voting shares under the NCIB at times when Coveo would ordinarily not be permitted to purchase its securities due to regulatory restrictions and internal trading blackout periods. Pursuant to the ASPP, purchases may be made by the designated broker based on pre-established purchasing parameters, without further instructions by Coveo, in compliance with the rules of the TSX, applicable securities laws, and the terms of the ASPP.

During fiscal year 2025, from the launch of the NCIB on July 17, 2024 to the end of the quarter on March 31, 2025, the Company repurchased for cancellation a total of 2,179,585 subordinate voting shares at a weighted average price of C$6.24 per share for total consideration of $9.9 million. A copy of the Company's Form 12 – *Notice of intention to make a normal course issuer bid* may be obtained without charge by security holders by contacting investors@coveo.com.

The renewal of the NCIB follows the conclusion of Coveo's previous normal course issuer bid, which expired on July 16, 2024. During fiscal year 2024, Coveo purchased 1,393,600 securities under its normal course issuer bid, through open market purchases on the TSX and Canadian alternative trading systems and through a privately negotiated transaction in reliance upon a statutory issuer bid exemption, with shares purchased at a weighted average price of C$10.26 per share for a total consideration of $9.9 million. This was comprised of 693,600 subordinate voting shares (for a total consideration of $5.3 million) and 700,000 stock options of the Company repurchased in reliance upon a separate statutory issuer bid exemption at a price representing a discount of 5% to the prevailing market price of the subordinate voting shares at the time of execution, less the exercise price of such options (for a total consideration of $4.6 million). Coveo had received the approval of the TSX to purchase up to 2,559,247 securities under its previous normal course issuer bid. No securities were repurchased between March 31, 2024, and the renewal of the NCIB on July 17, 2024.

Credit Facility

On August 26, 2024, the Company entered into a new revolving credit facility for an amount of up to $60 million. The credit facility is a standard revolving operating line of credit subject to certain customary financial and other covenants and reporting requirements. The facility is secured by a first ranking hypothec in the principal amount of C$125 million, by a U.S. guarantee and general security agreement entered into by certain of the Company's U.S.-based subsidiaries, and by other customary guarantees. Advances denominated in Canadian dollars bear interest at bank's prime rate plus 0.50% and advances denominated in US dollars bear interest at bank's US base rate. As at March 31, 2025, the Company had not drawn on the credit facility.

Key Factors Impacting Our Performance

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

Attracting new customers, and having our existing customers renew their subscriptions and purchase additional subscriptions

Our future growth in revenue depends, in part, on our ability to attract new customers. Although the demand for search, recommendations, and generative answering solutions has grown in recent years, the market for these platforms and applications continues to evolve rapidly. While we believe the flexibility and the spectrum of our go-to-market strategy contributes to our ability to attract new customers, our success will depend to a substantial extent on the widespread adoption of our solutions.

Additionally, our future success depends, in part, on our ability to upsell existing use cases, cross-sell new use cases, and ultimately convert existing customers to enterprise-wide subscriptions, as well as our customers renewing their subscriptions when their contract term expires. Our customers generally have no contractual obligation to renew, upgrade, or expand their subscriptions during or after the terms of their existing subscriptions expire. Our customers' retention, renewal, and/or expansion commitments may decline or fluctuate as a result of a number of factors, including, but not limited to, increased competition in the AI space, extraneous factors such as allocation of capital in a challenging macroeconomic environment and, more generally, the effects of global economic conditions, and other factors such as their satisfaction with our solutions, use cases, functionalities, and our customer support or success services, the pricing of our subscriptions or competing solutions, changes in their budgets, changes in our customers' financial conditions, and our customers' intentions to attempt to replace our solutions with internally-built ones. While we believe that the quality and differentiation of our products provides us with an advantage against our competitors, in order for us to maintain or improve our results of operations, it is important that our customers retain, renew, or expand their subscriptions with us. See also *"Our growth depends on our ability to attract new customers and on our existing customers renewing their subscriptions and purchasing additional subscriptions from us"* in the risk factors section of our AIF.

Continue to capture the generative AI opportunity

Generative AI and agentic AI stand as pivotal opportunities and a core focus for Coveo, and our results of operations may be affected by our ability to continue to capture these opportunities in a timely and effective manner. While we believe that our newest AI-Search solutions, including Generative AI solutions, will continue to be market-leading AI solutions for a number of use cases, there is no assurance that we will be able to continue to market and sell such solutions effectively, and that our investments in such solutions will yield the desired benefits. Generative AI, agentic AI and LLMs remain nascent and emerging technologies, and as with any emerging technologies, existing and new competitors are entering the space at a rapid pace, which can increase market awareness but also can sometimes attract unnecessary attention and/or negative or prejudicial press. Our success in continuing to capture the generative AI and agentic AI opportunities will depend in part on our ability to differentiate our offerings from that of existing and new competitors, to successfully position the Company and navigate through the hype in the market surrounding this technology, to adapt our go-to-market strategy when necessary, and to continue to effectively position Coveo as a leader in the space. See also *"We are incorporating artificial intelligence into some of our products. This technology is new and developing, may present both compliance risks and reputational risks, and may require strategic investments"* in the risk factors section of our AIF.

Growth of our commerce solutions

We have invested, and expect to continue to invest, to build a technology that delivers search, recommendations, 1:1 personalization, and generative AI in digital commerce experiences, and that ultimately aims to drive revenue and profitability growth for our customers. Our intention to accelerate the adoption of commerce solutions as one of our core growth strategies exposes us to several risks related to the launch of new solutions or features, and as with our generative AI solutions, the marketability of our commerce solutions could be significantly affected by the perceived value associated with our commerce solution and those of new or existing competing technologies. Additionally, the commerce market is intensely competitive, and we often must prove that the benefits provided by our platform are substantially superior to those of our competitors. If our commerce solutions do not achieve widespread adoption or there is a reduction in demand for such solutions due to a lack of customer acceptance, technological challenges, competing products, privacy concerns, decreases in corporate spending, weakening economic conditions, or otherwise, it could result in decreased revenue growth rates or reduced customer retention rates. See also " *Our growth strategy involves building on the recent momentum of our commerce and generative AI solutions"* in the risk factors section of our AIF.

Maintain and expand platform partnerships

We anticipate that our current operations and the growth of our business will continue to depend partly on third-party relationships, most importantly with our current and prospective strategic partners with whom we maintain and/or seek platform integrations. If any of our strategic partners temporarily or permanently cease operations, face financial distress or other business disruptions, if any of the agreements we have entered into with such strategic partners are terminated or not renewed without adequate transition arrangements, or if any of our strategic partners develop their own AI solutions to replace one or more of the solutions we offer through their platforms, our business, financial condition, and results of operations may be harmed. Our agreements with strategic partners are typically non-exclusive and do not typically prohibit them from working with our competitors or, as discussed above, from offering competing products. These partners may choose to terminate their relationship with us or, as discussed above, make material changes to their businesses, products, or services, each of which could have an adverse effect on our business, financial condition, and results of operations. See also *"Our current operations and growth depend in part on the success of our strategic relationships with third parties, including strategic partners"* in the risk factors section of our AIF.

Macroeconomic, geopolitical and trade environments

Our performance is subject to worldwide economic conditions and global events, including trade, geopolitical, economic, social and environmental risks that may impact our operations or our customers ´operations. Such conditions and events may adversely affect customer confidence, customer spending, customer discretionary income and/or changes in customer purchasing habits. Economic downturns may adversely impact our customers who may decide not to renew their subscription to our services or potential customers who may decide not to subscribe to our services in order to conserve cash. Weakening economic and/or trade conditions and protectionism may also adversely affect third parties, including suppliers and partners, with whom we have entered into relationships and upon whom we depend in order to operate and grow our business. A severe or prolonged economic downturn, including a recession or depression, the weakening of trade relations and increased protectionism and anti-globalization sentiment could each materially impact our business, including our revenue. We cannot anticipate the impact of the current economic environment on our business and any of the foregoing could materially harm our business. Nevertheless, if economic and/or trade conditions worsen or a recession occurs, our business, operations and financial results could be materially adversely impacted.

We are in the technology business and our products and services are sold to customers globally. While our products are currently exempt from tariffs, the imposition of tariffs targeting directly or indirectly software or any of our products, and any future escalation in trade barriers more generally, may adversely impact our business and financial condition, increase the cost of our operations and reduce our competitive pricing as a result of cost pass-throughs. These factors may also reduce customer spending, delay project decisions or impact market demand generally. See "The impact of worldwide geopolitical, economic and trade conditions, including inflation, changes to interest rates and trade policies, and the resulting effect on the operations, our spending and consumer spending, may adversely affect our business, operating results and financial condition" in the risk factors of our AIF.

Foreign exchange risk

Our financial results are reported in U.S. dollars and our functional currency is the Canadian dollar. In addition, certain of our subsidiaries have a different functional currency such as, the subsidiaries located in United States (U.S. dollar), United Kingdom (British pound sterling), the Netherlands (Euro) and in Australia (AUD). We derive most of our revenue in U.S. dollars, while a significant portion of our employees are located in Canada. As such, an important portion of our operating expenses are transacted in Canadian dollars. Some portion of our sales and operating expenses are also in currencies other than the U.S. dollar, including primarily Euros, British pounds sterling and Australian dollars. Fluctuations in relative currency values against the U.S. dollar could thus have an impact on our results of operations. See "Our results of operations may be adversely affected by changes in foreign currency exchange rates" in the risk factors of our AIF.

Key Components of Results of Operations

Revenue

SaaS Subscription Revenue. SaaS Subscription Revenue is primarily comprised of fees for the provisioning of the Coveo platform and the related customer support and success plans. SaaS subscriptions are generally sold for a fixed fee and revenue is recognized rateably over the term of the contract as the Company satisfies the performance obligation.

Subject to certain exceptions, our contracts generally have multi-year terms, are subject to renewal at the end of the subscription term, and generally do not provide for a right to terminate the subscription for convenience, other than in accordance with applicable laws. As a result, a significant portion of the SaaS Subscription Revenue that we recognize in each period is attributable to subscriptions entered into during previous periods. The Company generally invoices annually in advance and receives payment from its customers on or around the invoice due date. To the extent we invoice our customers in advance of revenue recognition, we record deferred revenue.

Professional services. Professional services revenue is earned for the implementation and configuration of our platform in connection with SaaS subscriptions. These services are typically time-based arrangements, with revenue recognized as these services are performed. In certain circumstances, we enter into arrangements for professional services on a fixed price basis. In these cases, revenue is recognized by reference to the stage of completion of the contract.

Costs of revenue and operating expenses

SaaS subscription cost of revenue. SaaS subscription cost of revenue includes personnel and overhead costs, including share-based payments and related expenses, associated with our customer success, customer support, and cloud operations teams, and the cost of data hosting services.

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

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

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

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

We expect our cost of revenue to increase in line with revenue growth as we expand our customer base. We intend to continue investing in sales and marketing to capture growth opportunities efficiently, while expanding our R&D and product management teams to drive innovation, particularly in AI-related capabilities. General and administrative expenses are also expected to grow in absolute dollars as we support the scaling of our business. However, over time, we anticipate the operating expenses will decline as a percentage of total revenue as we achieve greater economies of scale.

Results of Operations

The following table sets forth our results of operations:

In thousands of U.S. dollars, except per share data	Three months ended March 31, 2025	Three months ended March 31, 2024	Year ended March 31, 2025	Year ended March 31, 2024
	$	$	$	$
Revenue				
SaaS subscription	32,616	30,739	126,631	118,581
Coveo core Platform	*31,605*	*28,730*	*121,329*	*109,107*
Qubit Platform	*1,011*	*2,009*	*5,302*	*9,474*
Professional services	1,734	1,843	6,641	7,513
Total revenue	**34,350**	**32,582**	**133,272**	**126,094**
Cost of revenue				
SaaS subscription	5,862	5,551	22,969	21,733
Professional services	1,385	1,448	5,424	5,915
Total cost of revenue	**7,247**	**6,999**	**28,393**	**27,648**
Gross profit	**27,103**	**25,583**	**104,879**	**98,446**
Operating expenses				
Sales and marketing	15,734	13,953	59,615	55,099
Research and product development	8,537	8,769	35,904	35,804
General and administrative	5,819	6,596	25,424	26,628
Depreciation of property and equipment	582	616	2,567	2,393
Amortization and impairment of intangible assets	3,612	729	5,817	6,655
Depreciation of right-of-use assets	381	384	1,472	1,566
Total operating expenses	**34,665**	**31,047**	**130,799**	**128,145**
Operating loss	**(7,562)**	**(5,464)**	**(25,920)**	**(29,699)**
Net financial revenue	(1,023)	(1,704)	(5,063)	(6,674)
Foreign exchange loss (gain)	278	(1,006)	(5,526)	321
Loss before income tax expense (recovery)	**(6,817)**	**(2,754)**	**(15,331)**	**(23,346)**
Income tax expense (recovery)	(501)	1,296	(1,578)	264
Net loss	**(6,316)**	**(4,050)**	**(13,753)**	**(23,610)**
Net loss per share – Basic and diluted	**(0.07)**	**(0.04)**	**(0.14)**	**(0.23)**

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

In thousands of U.S. dollars	Three months ended March 31, 2025	Three months ended March 31, 2024	Year ended March 31, 2025	Year ended March 31, 2024
	$	$	$	$
Share-based payments and related expenses				
SaaS subscription cost of revenue	216	278	817	944
Professional services cost of revenue	126	218	455	650
Sales and marketing	959	687	3,707	2,434
Research and product development	1,095	1,223	5,334	5,845
General and administrative	1,263	1,414	6,363	6,748
Share-based payments and related expenses	**3,659**	**3,820**	**16,676**	**16,621**

Results of Operations for the Three months and Years Ended March 31, 2025 and March 31, 2024

Revenue

In thousands of U.S. dollars	Three months ended March 31, 2025	2024	Change		Year ended March 31, 2025	2024	Change	
	$	$	$	%	$	$	$	%
Revenue								
SaaS subscription	32,616	30,739	1,877	6%	126,631	118,581	8,050	7%
Coveo core Platform	*31,605*	*28,730*	*2,875*	*10%*	*121,329*	*109,107*	*12,222*	*11%*
Qubit Platform	*1,011*	*2,009*	*(998)*	*(50%)*	*5,302*	*9,474*	*(4,172)*	*(44%)*
Professional services	1,734	1,843	(109)	(6%)	6,641	7,513	(872)	(12%)
Total revenue	**34,350**	**32,582**	**1,768**	**5%**	**133,272**	**126,094**	**7,178**	**6%**
Percentage of total revenue:								
SaaS subscription	95%	94%			95%	94%		
Professional services	5%	6%			5%	6%		
Total revenue	**100%**	**100%**			**100%**	**100%**		

SaaS subscription revenue

SaaS subscription revenue increased for the three months and year ended March 31, 2025 due to the continued adoption of our solutions that led to incremental revenue from new customers, as well as expansion transactions that increased our revenue with our existing base of customers. The growth rate of our SaaS subscription revenue was impacted as anticipated by the previously announced customer attrition related to the Qubit Platform. Coveo core Platform SaaS subscription revenue grew by 10% year-over-year for the three months ended March 31, 2025 and by 11% for the year ended the same date, while Qubit Platform SaaS subscription revenue decreased by 50% and 44% year-over-year over the same respective periods.

Professional services revenue

Professional services slightly decreased year-over-year for both the three months and the year ended March 31, 2025. These decreases reflect, in part, the mix of new sales generated during the period and the Company's focus on enabling its partner network to lead customer implementations.

Cost of revenue

	Three months ended March 31,				Year ended March 31,			
In thousands of U.S. dollars	2025	2024	Change		2025	2024	Change	
	$	$	$	%	$	$	$	%
Cost of revenue								
SaaS subscription	5,862	5,551	311	6%	22,969	21,733	1,236	6%
Professional services	1,385	1,448	(63)	(4%)	5,424	5,915	(491)	(8%)
Total cost of revenue	**7,247**	**6,999**	**248**	**4%**	**28,393**	**27,648**	**745**	**3%**
Gross margin								
SaaS subscription	82%	82%			82%	82%		
Professional services	20%	21%			18%	21%		
Gross margin	**79%**	**79%**			**79%**	**78%**		

SaaS subscription

SaaS subscription cost of revenue for the three months and year ended March 31, 2025 increased mainly due to additional hosting expenses and increase in labor costs related to the growth of our customer base, slightly offset by a reduction in share-based payments and related expenses.

Our SaaS subscription gross margin was consistent with the prior periods at 82%, for both the three months and the year ended March 31, 2025.

Professional services

For the three months ended March 31, 2025, professional services cost of revenue decreased on a year-over-year basis for both the three months and the year ended March 31, 2025. These decreases are in line with the decrease in professional services revenue explained above.

The professional services gross margin, as a percentage of professional services revenue, decreased for the three months and year ended March 31, 2025, compared to the same period last year. As we continue to invest in early deployment of new product innovation and in partners success, we expect our professional services gross margin to continue to decrease.

Operating expenses

Sales and marketing expenses

In thousands of U.S. dollars	Three months ended March 31, 2025	2024	Change		Nine months ended March 31, 2025	2024	Change	
	$	$	$	%	$	$	$	%
Sales and marketing	15,734	13,953	1,781	13%	59,615	55,099	4,516	8%
Percentage of total revenue	46%	43%			45%	44%		

Sales and marketing expenses increased for both the three months and year ended March 31, 2025, compared to the same period last year. For the three months ended March 31, 2025, the increase was primarily attributable to an additional $1.1 million in labor expenses. This increase reflects continued strategic investments in our go-to-market initiatives, with a specific focus on expanding the sales team. It also includes severance-related costs incurred as part of our ongoing talent optimization efforts. In addition, the increase in sales and marketing expense also included $0.3 million in higher travel expenses and $0.3 million in increased share-based payments and related expenses.

For the year ended March 31, 2025, the increase in sales and marketing expenses was primarily driven by higher share-based payments and related expenses, largely due to a $1.2 million expense reversal recognized in the prior year following the departure of a member of our senior management team, which reduced the comparative expense. The increase also included $1.2 million in higher labor expenses and recruiting fees, $1.1 million in additional marketing programs expenses, and $0.8 million in increased travel expenses.

Additionally, for the quarter and the year ended March 31, 2025 our sales and marketing expenses were favorably impacted by the strengthening of the U.S. dollar compared to the Canadian dollar.

Research and product development expenses

In thousands of U.S. dollars	Three months ended March 31, 2025	2024	Change		Year ended March 31, 2025	2024	Change	
	$	$	$	%	$	$	$	%
Research and product development	8,537	8,769	(232)	(3%)	35,904	35,804	100	-%
Percentage of total revenue	25%	27%			27%	28%		

For the three months and the year ended March 31, 2025, R&D expenses remained generally in line with the prior comparative period.

Coveo received government assistance, through the Strategic Innovation Fund (“SIF”), for the three months and year ended March 31, 2025 and also received contribution for its participation in the SCALE AI – Canadian Artificial Intelligence Supercluster program (“SCALE AI”) for the three months and years ended March 31, 2025 and 2024.

Additionally, our R&D expenses were favorably impacted by the strengthening of the U.S. dollar compared to the Canadian dollar.

General and administrative expenses

In thousands of U.S. dollars	Three months ended March 31, 2025	2024	Change		Year ended March 31, 2025	2024	Change	
	$	$	$	%	$	$	$	%
General and administrative	5,819	6,596	(777)	(12%)	25,424	26,628	(1,204)	(5%)
Percentage of total revenue	17%	20%			19%	21%		

General and administrative expenses decreased for the three months and year ended March 31, 2025. The decline was mainly driven by lower labor costs of $0.9 million and $1.5 million, respectively. This reduction in expenses reflects enhanced operational efficiency, as well as the favorable impact of the appreciation of the U.S. dollar relative to the Canadian dollar. Furthermore, share-based payments and related expenses decreased by $0.2 million and $0.4 million for the three months and the year ended March 31, 2025. The contraction in expenses was partially offset by higher consulting fees of $0.3 million and $0.5 million, respectively.

Other operating expenses

In thousands of U.S. dollars	Three months ended March 31, 2025	2024	Change		Year ended March 31, 2025	2024	Change	
	$	$	$	%	$	$	$	%
Depreciation of property and equipment	582	616	(34)	(6%)	2,567	2,393	174	7%
Amortization and impairment of intangible assets	3,612	729	2,883	395%	5,817	6,655	(838)	(13%)
Depreciation of right-of-use assets	381	384	(3)	(1%)	1,472	1,566	(94)	(6%)
	4,575	1,729	2,846	165%	9,856	10,614	(758)	(7%)

Depreciation of property and equipment for the three months and year ended March 31, 2025 was mainly in-line with the three months and year ended March 31, 2024.

During the year ended March 31, 2024, following customer attrition experienced as a result of the Company's decision to decrease investment in certain acquired product capabilities of Qubit, the Company reassessed the value of its customer relationships acquired through the business combination with Qubit. The Company then determined a decline in the value of these intangible assets, resulting in an impairment loss of $3.2 million.

During the quarter ended March 2025, as part of our strategic decision to concentrate R&D and sales and marketing efforts on our Coveo core Platform, the Company took the additional step of fully deprecating the Qubit Platform. As part of this decision, the Company reassessed the value of its customer relationships associated with the business combination, leading to a second impairment loss of $2.9 million.

Depreciation of right-of-use assets for the three months and year ended March 31, 2025 was mainly in-line with the three months and year ended March 31, 2024.

Other expenses

In thousands of U.S. dollars	Three months ended March 31, 2025	2024	Change		Year ended March 31, 2025	2024	Change	
	$	$	$	%	$	$	$	%
Net financial revenue	(1,023)	(1,704)	681	(40%)	(5,063)	(6,674)	1,611	(24%)
Foreign exchange loss (gain)	278	(1,006)	1,284	(128%)	(5,526)	321	(5,847)	(1821%)
Income tax expense (recovery)	(501)	1,296	(1,797)	(139%)	(1,578)	264	(1,842)	(698%)

Net financial revenue for the three months and year ended March 31, 2025 decreased as compared to the three months and year ended March 31, 2024, mainly driven by a decrease in interest revenue due to lower levels of cash and cash equivalents, as a result of the Company's share buyback programs and lower interest rates.

Foreign exchange loss (gain) results from transactions denominated in currencies other than the functional currencies and translated into the relevant functional currency. The foreign exchange loss or gain are mainly driven by the operations denominated in U.S. dollars in entities using the Canadian dollar as its functional currency. The loss for the three months ended March 31, 2025 and the gain for the year ended at the same date were primarily driven by the cash and cash equivalent held in U.S. dollars in entities using the Canadian dollars as its functional currency due to the volatility of the U.S. dollar against the Canadian dollar.

For the three months and the year ended March 31, 2025, income tax recovery was primarily due to the recognition of previously unrecognized deferred tax assets on certain non-capital losses.

Net loss

	Three months ended March 31,				Year ended March 31,			
In thousands of U.S. dollars	**2025**	**2024**	**Change**		**2025**	**2024**	**Change**	
	$	$	$	%	$	$	$	%
Net loss	(6,316)	(4,050)	(2,266)	56%	(13,753)	(23,610)	9,857	(42%)

The increase in net loss for the three months ended March 31, 2025 was mainly driven by a decrease in foreign exchange gain and net financial revenue as well as an increase in operating expenses mainly driven by an impairment of intangible assets as discussed above. This increase in net loss was partially offset by an increase in gross profit and income tax recovery.

For the year ended March 31, 2025, the decrease in net loss was mainly driven by an increase in SaaS subscription revenue, the foreign exchange gain and the income tax recovery, partially offset by increase in costs of revenue and operating expenses as well as a decrease in net financial revenue.

Selected Annual Information

	As of and for the year ended March 31,		
In thousands of U.S. dollars	**2025**	**2024**	**2023**
	$	$	$
Total revenue	133,272	126,094	112,002
Net loss	(13,753)	(23,610)	(39,732)
Net loss per share – basic and diluted	(0.14)	(0.23)	(0.38)
Total assets	230,359	275,885	308,818
Non-current liabilities	5,464	8,656	11,661
Total liabilities	103,452	97,362	90,285

Total assets

As of March 31, 2025, total assets decreased primarily due to a reduction in cash and cash equivalents of $41.8 million, as further explained in the "Liquidity and Capital Resources" section below. Additionally, non-current assets declined by $7.8 million, largely due to depreciation, amortization and impairment recognized during the fiscal year. Government assistance decreased by $3.7 million, primarily due to the timing of collection of certain subsidies. These declines were partially offset by a $6.6 million increase in trade and other receivables, result of the continued growth.

Total liabilities

The increase in total liabilities was primarily driven by a $12.7 million rise in deferred revenue. This was partially offset by a $3.2 million decrease in trade payables and accrued liabilities, a $1.8 million reduction in deferred tax liabilities, and a $1.4 million decrease in lease obligations.

Quarterly Results of Operations

The following table sets forth selected unaudited quarterly statements of operations data for each of the eight quarters immediately preceding and including the quarter ended March 31, 2025. The information for each of these quarters has been prepared on the same basis as the consolidated annual financial statements and the unaudited condensed interim consolidated financial statements. This data should be read in conjunction with our audited consolidated financial statements, and the unaudited condensed interim consolidated financial statements, and related notes. These quarterly operating results are not necessarily indicative of our operating results for a full-year or any future period.

In thousands of U.S. dollars, except per share data	Mar 31, 2025	Dec 31, 2024	Sep 30, 2024	Jun 30, 2024	Mar 31, 2024	Dec 31, 2023	Sep 30, 2023	Jun 30, 2023
	$	$	$	$	$	$	$	$
Revenue								
SaaS subscription	32,616	32,284	31,174	30,557	30,739	29,901	29,406	28,535
Professional services	1,734	1,681	1,566	1,660	1,843	1,860	1,813	1,997
Total revenue	**34,350**	**33,965**	**32,740**	**32,217**	**32,582**	**31,761**	**31,219**	**30,532**
Cost of revenue								
Product	5,862	5,932	5,558	5,617	5,551	5,731	5,323	5,128
Professional services	1,385	1,410	1,275	1,354	1,448	1,439	1,484	1,544
Total cost of revenue	**7,247**	**7,342**	**6,833**	**6,971**	**6,999**	**7,170**	**6,807**	**6,672**
Gross profit	**27,103**	**26,623**	**25,907**	**25,246**	**25,583**	**24,591**	**24,412**	**23,860**
Operating expenses								
Sales and marketing	15,734	15,282	14,072	14,527	13,953	13,788	13,898	13,460
Research and product development	8,537	8,322	8,648	10,397	8,769	9,153	8,700	9,182
General and administrative	5,819	6,709	6,233	6,663	6,596	6,409	6,814	6,809
Depreciation of property and equipment	582	610	628	747	616	605	595	577
Amortization and impairment of intangible assets	3,612	743	737	725	729	721	4,199	1,006
Depreciation of right-of-use assets	381	355	358	378	384	383	404	395
Total operating expenses	**34,665**	**32,021**	**30,676**	**33,437**	**31,047**	**31,059**	**34,610**	**31,429**
Operating loss	**(7,562)**	**(5,398)**	**(4,769)**	**(8,191)**	**(5,464)**	**(6,468)**	**(10,198)**	**(7,569)**
Net financial revenue	(1,023)	(1,052)	(1,262)	(1,726)	(1,704)	(1,663)	(1,630)	(1,677)
Foreign exchange loss (gain)	278	(6,546)	1,723	(981)	(1,006)	1,583	(1,260)	1,004
Loss before income tax expense (recovery)	**(6,817)**	**2,200**	**(5,230)**	**(5,484)**	**(2,754)**	**(6,388)**	**(7,308)**	**(6,896)**
Income tax expense (recovery)	(501)	(1,844)	147	620	1,296	(236)	(855)	59
Net income (loss)	**(6,316)**	**4,044**	**(5,377)**	**(6,104)**	**(4,050)**	**(6,152)**	**(6,453)**	**(6,955)**
Net income (loss) per share – Basic and diluted	**(0.07)**	**0.04**	**(0.05)**	**(0.06)**	**(0.04)**	**(0.06)**	**(0.06)**	**(0.07)**

Revenue

Our SaaS subscription revenue has been generally growing over the past eight quarters. SaaS subscription revenue growth was impacted by customer attrition related to the Company's decision to initially decrease investment in, and subsequently to deprecate, the Qubit Platform. Excluding the effect of this attrition, SaaS subscription revenue from the Coveo core Platform grew in every quarter.

The growth in SaaS subscription revenue was driven by the addition of new customers as well as increased usage of our platform by existing customers through our continued efforts to cross-sell and upsell our solutions. Our SaaS subscription revenue is recognized over time on a daily basis. Therefore, our product revenue for the quarters ended March 31 is impacted by a lower number of days as compared to other quarters.

Professional services revenue has slightly decreased as a percentage of total revenue but has stabilized over the most recent quarters. This reflects a greater reliance on partners and customers to lead implementations, reducing the need for direct involvement from our professional services team.

Cost of revenue

Total cost of revenue has generally increased over time primarily due to costs related to supporting a greater number of customers including the headcount additions to our customer success and customer support teams. Historically, we have experienced a reduction in cost of revenue each year in the quarter ended September 30 due to accrued vacations taken during the summer period, which reduces our labor costs compared to other quarters. This decrease was offset by an increase in hosting and licenses costs for the quarter ended September 30, 2023.

Gross profit

Except for the quarter ended June 30,2024, our gross profit has increased sequentially for all periods presented, primarily due to increased SaaS subscription revenue and a stable total cost of revenue as a percentage of total revenue. The decrease in the quarter ended June 30, 2024 was driven by the attrition of Qubit Platform customers as more fully discussed hereinabove. Our gross profit as a percentage of total revenue remained relatively consistent over the past eight quarters.

Operating expenses

Sales and marketing expenses increased in the fiscal year 2025 quarters compared to the same periods in fiscal year 2024, reflecting stronger sales performance and continued investments in the restructuring and expansion of our sales team, as well as increased spending on marketing programs.

Research and development expenses have followed a general downward trend over the past eight quarters. This decrease is primarily attributable to higher levels of government assistance, as well as a reduction in share-based compensation, which collectively offset the impact of increased labor costs. Notably, expenses were higher in the quarter ended June 30, 2024, driven by lower government assistance as compared to other quarters. Within the government assistance programs, the company has received contributions for three larger projects, one that covered the period from the quarter ended March 31, 2023 through the quarter ended March 31, 2024 (Scale AI), a second one that commenced in the quarter ended September 30, 2024 and is expected to last three years (SIF) and another one that commenced in the quarter ended March 31, 2025 and is expected to end in the quarter ending December 31, 2026 (Scale AI).

General and administrative expenses remained relatively stable over the past eight quarters, with a slight decrease observed in the most recent quarter.

The increase in amortization and impairment of intangible assets in the quarters ended March 31, 2025 and September 30, 2023 was primarily driven by impairments of intangible assets of $2.9 million and $3.2 million, respectively, both related to Qubit customer relationships, as more fully discussed hereinabove.

Historically, we have experienced a reduction in operating expenses each year in the quarter ended September 30 due to accrued vacations taken during the summer period, which reduces our labor costs compared to other quarters. Moreover, the quarters ended March 31 include additional costs related to social benefits as compared to other quarters due to the reset, at the beginning of each calendar year, of the social benefits that are limited to an annual maximum contribution. The costs related to these additional social benefits therefore is greater when compared to the prior quarters ending December 31.

Additionally, from the quarter ended December 31, 2024, our operating results were favorably impacted by the strengthening of the U.S. dollar compared to the Canadian dollar.

Other expenses

Net financial revenue declined over the past eight quarters, primarily due to lower interest income resulting from a decrease in cash and cash equivalents, which was largely driven by the company's share repurchase activities and decrease in interest rates.

Foreign exchange loss (gain) results from transactions denominated in currencies other than the functional currencies and translated into the relevant functional currency. The foreign exchange gain for the quarter ended December 31, 2024, was higher due to a significant fluctuation in the exchange rate between the Canadian dollar relative to the U.S. dollar.

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

Liquidity and Capital Resources

Overview

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

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

Cash flows

The following table presents cash and cash equivalents and cash flows from operating, investing, and financing activities:

	Year ended March 31,			
In thousands of U.S. dollars	2025	2024	Change	
	$	$	$	%
Cash and cash equivalents – end of period	124,752	166,586	(41,834)	(25%)
Net cash flows generated from (used in)				
Operating activities	11,068	4,200	6,868	164%
Investing activities	(1,530)	(1,121)	(409)	36%
Financing activities	(50,814)	(35,591)	(15,223)	43%
Effect of foreign exchange rate changes on cash and cash equivalents	(558)	646	(1,204)	(186%)
Net increase in cash and cash equivalents	**(41,834)**	**(31,866)**	**(9,968)**	**31%**

Operating activities

For the year ended March 31, 2025, the Company generated an additional $6.3 million cash flows, primarily driven by a reduction of net loss net of items not affecting cash, along with an increase of $0.5 million generated from changes in non-cash working capital items.

Investing activities

Cash flows used in investing activities for the year ended March 31, 2025 were higher than the year ended March 31, 2024, mainly driven by additional investments in property and equipment.

Financing activities

The increase in cash flows used in financing activities for the year ended March 31, 2025 as compared to the year ended March 31, 2024 was mainly driven by an increase of $12.7 million in shares and stock options repurchased and cancelled in regards to the SIB and NCIB in place in both periods.

Working capital

Our approach to managing liquidity is to ensure, to the extent possible, that we have sufficient liquidity to meet our liabilities as they become due. We do so by monitoring cash flows and performing budget-to-actual analysis on a regular basis. In addition to cash and cash equivalents, and as mentioned above, we have an up to $60 million revolving committed credit facility available that can be drawn to meet ongoing working capital requirements. Our principal cash requirements are for investments in our customer acquisition costs, product and technology, working capital, and select acquisitions and other value-add transactions we may execute. Additionally, a portion of our excess cash has been allocated to the repurchase of shares under our two substantial issuer bids and our normal course issuer bid (as renewed). Given our cash and cash equivalents balance, our unused credit facility and our cash flows generated from operating activities for the year ended March 31, 2025, we believe we have sufficient liquidity to meet our current and short-term financial obligations. This assessment is a forward-looking statement and involves risks and uncertainties. Our future capital requirements will depend on many factors, including our revenue growth rate, new customer acquisition, expansion, and subscription renewal activity, timing of billing and collecting activities, the timing and extent of spending to support further sales and marketing and research and development efforts, including in respect of new generative AI solutions, general and administrative expenses to support our growth, including international expansion, and the macroeconomic environment. See “Risk Factors” in our latest AIF available under our profile on SEDAR+ at www.sedarplus.ca. We may in the future enter into arrangements to acquire or invest in complementary businesses, services, and technologies, or enter into arrangements for other value-add transactions. We may be required to seek additional equity or debt financing to fund these activities. If we are unable to raise additional capital when desired, or on acceptable terms, our business, results of operations, and financial condition could be materially adversely affected. Please refer to a summary of our contractual obligations as documented further below in this MD&A.

Contractual Obligations and Financial Instruments

Contractual obligations and capital resources

The Company has the following minimum aggregate commitments and contractual obligations as of March 31, 2025:

	Contractual undiscounted cash flows due by period			
In thousands of U.S. dollars	**Less than a year**	**1 to 5 years**	**More than 5 years**	**Total**
	$	**$**	**$**	**$**
Commitments				
Hosting and license agreements	12,377	36,707	-	49,084
Other commitments	1,267	3,607	375	5,249
Contractual obligations				
Trade payable and accrued liabilities	18,602	-	-	18,602
Lease obligations	2,294	5,933	-	8,227

Financial instruments

Our financial assets include cash and cash equivalents and trade and other receivables that are classified as financial assets at amortized cost. Our financial liabilities include trade payable and accrued liabilities and accrued liability for shares to be repurchased under automatic securities purchase plan. Refer to note 24 to the audited annual consolidated financial statements for the year ended March 31, 2025.

Off-Balance Sheet Arrangements

In December 2024, the Company entered into a lease agreement for its office space located in Quebec City, with an expected commencement in September 2025. As of the reporting date, the lease has not yet commenced and is not reflected on the balance sheet in accordance with IFRS 16. The estimated total lease obligation is $4.4 million over a term of 5 years and is included in our commitments above. We have no other off-balance sheet arrangements. From time to time, we may be contingently liable with respect to litigation and claims that arise in the normal course of operations.

Transactions Between Related Parties

See note 22 to the audited annual consolidated financial statements for the year ended March 31, 2025 for the Company's related party transactions.

Significant Accounting Judgments, Estimates, and Assumptions

See note 4 and note 20 to the audited annual consolidated financial statements for the year ended March 31, 2025.

Future Accounting Standard Changes

See note 3 to the audited annual consolidated financial statements for the year ended March 31, 2025, the International Accounting Standards Board has issued IFRS 18 Presentation and Disclosure in Financial Statements which includes requirements for the presentation and disclosure of information in general purpose financial statements to help ensure they provide relevant information that faithfully represents an entity's assets, liabilities, equity, income, and expenses. The new IFRS 18 standard is effective for annual periods beginning on or after January 1, 2027. The Company is currently evaluating the impact of this standard on its consolidated financial statements.

The IASB also issued amendments to IFRS 9, "Financial Instruments", and IFRS 7, "Financial Instruments: Disclosures", to clarify the classification and measurement of some financial instruments and provide guidance for assessing whether a financial asset meets the criteria of solely payments of principal and interest. The amendments also introduce updates and new disclosure requirements on certain financial instruments. The Company is currently evaluating the impact of adopting the amendments to IFRS 9 and IFRS 7, which will be applicable for fiscal years beginning on or after January 1, 2026.

Controls and Procedures

Disclosure controls and procedures

The Company's Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") are responsible for establishing and maintaining our disclosure controls and procedures. We maintain a set of disclosure controls and procedures designed to provide reasonable assurance that information required to be publicly disclosed is recorded, processed, summarized, and reported on a timely basis. Our CEO and CFO have evaluated the design and effectiveness of our disclosure controls and procedures at the end of the quarter and based on the evaluation have concluded that the disclosure controls and procedures are effectively designed.

Internal controls over financial reporting

Our internal controls over financial reporting ("ICFR") are designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS Accounting Standards. Our management is responsible for establishing and maintaining adequate ICFR. Management, including our CEO and CFO, does not expect that our ICFR will prevent or detect all errors and all fraud or will be effective under all future conditions. A control system is subject to inherent limitations and even those systems determined to be effective can provide only reasonable, but not absolute, assurance that the control objectives will be met with respect to financial statement preparation and presentation.

National Instrument 52-109 – *Certification of Disclosure in Issuers' Annual and Interim Filings* of the Canadian Securities Administrators requires our CEO and CFO to certify that they are responsible for establishing and maintaining ICFR and that those internal controls have been designed and are effective in providing reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with IFRS Accounting Standards. Our CEO and CFO are also responsible for disclosing any changes to our internal controls during the most recent period that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

The CEO and the CFO have evaluated, or caused to be evaluated under their supervision, the design and effectiveness of our ICFR based on the Internal Control – Integrated Framework issued in 2013 by the Committee of Sponsoring Organizations of the Treadway Commission. As at March 31, 2025, the CEO and the CFO concluded that our ICFR is appropriately designed and effective and there is no material weaknesses that have been identified.

Outstanding Share Information

Coveo is a publicly traded company listed under the symbol "CVO" on the Toronto Stock Exchange. Our authorized share capital consists of (i) an unlimited number of subordinate voting shares, (ii) an unlimited number of multiple voting shares and (iii) an unlimited number of preferred shares, of which 52,870,524 subordinate voting shares, 43,310,544 multiple voting shares, and no preferred shares were issued and outstanding as of May 15, 2025.

As of May 15, 2025, there were 4,613,703 stock options outstanding under the Company's Amended and Restated 2009 Stock Option Plan (the "Legacy Plan"), as amended (of which 4,596,189 were vested as of such date). Each such option under the Legacy Plan is or will become exercisable for one multiple voting share.

As of May 15, 2025, there were 4,211,614 stock options issued and outstanding under the Company's Omnibus Incentive Plan (as amended from time to time, the "Omnibus Plan") (of which 526,221 were vested as of such date). Each such option under the Omnibus Plan is or will become exercisable for one subordinate voting share. This amount includes performance stock options ("PSOs") issued with potential vesting from 0% to 100% of the amount granted. All PSOs based on the level of achievement of a pre-determined non-market performance measurement at the first anniversary of the grant date were adjusted for their actual performance achievement and none of them are subject to future performance measurement. As of the date thereof, 3,300,000 PSOs based on the level of achievement of pre-determined market conditions are subject to future performance measurement.

As of May 15, 2025, there were 4,461,280 restricted share units ("RSUs") (of which 1,586,444 were vested as of such date) and 916,758 performance share units ("PSUs") (of which 263,103 were vested as of such date) issued and outstanding under the Company's Omnibus Plan. Each such vested RSU and PSU is settled at the earliest of (i) the date a formal early settlement request is accepted by the Company, and (ii) the expiry date of such RSU and PSU, and is settled at the discretion of the Board of Directors through the delivery of subordinate voting shares issued from treasury or purchased on the open market, the payment of the cash equivalent or a combination thereof. The number of PSUs that will actually vest varies from 0% to 150% of the target amount granted, based on the level of achievement of a pre-determined non-market performance measurement at the first anniversary of the grant date. As of the date thereof, no PSUs are subject to future performance measurement, as the performance for all PSUs issued during the fiscal year ended March 31, 2025 was measured and approved by our board of directors on May 15, 2025 (the "Performance Measurement"). Pursuant to the Performance Measurement, 96,275 PSUs will be cancelled once the Company is out of its quarterly black-out under the terms of its Trading Policy.

As of May 15, 2025, there were 731,383 deferred share units ("DSUs") outstanding under the Company's Omnibus Plan. Each such DSU will, upon the holder thereof ceasing to be a director, executive officer, employee, or consultant of the Company, in accordance with the Omnibus Plan, be settled at the discretion of the Board of Directors through the delivery of subordinate voting shares issued from treasury or purchased on the open market, the payment of the cash equivalent or a combination thereof.

Additional Information

Additional information relating to the Company, including the Company's AIF, is available under our profile on SEDAR+ at www.sedarplus.ca.

coveo™

The AI-Relevance Company