



Coveo Solutions Inc.

Condensed Interim
**Consolidated
Financial
Statements**

(unaudited)

For the three months ended
June 30, 2025 and 2024
(expressed in thousands of US dollars)

Condensed Interim Consolidated Statements of Financial Position (Unaudited)

As at June 30, 2025 and March 31, 2025

(expressed in thousands of US dollars)

	Notes	June 30, 2025	March 31, 2025
		\$	\$
Assets			
Current assets			
Cash and cash equivalents		128,466	124,752
Trade and other receivables	3	24,136	36,564
Government assistance		7,175	6,280
Prepaid expenses		8,604	9,845
		168,381	177,441
Non-current assets			
Contract acquisition costs		11,497	10,908
Property and equipment		4,097	4,192
Intangible assets		2,732	3,012
Right-of-use assets		4,969	5,179
Deferred tax assets		3,612	3,337
Goodwill		27,312	26,290
Total assets		222,600	230,359
Liabilities			
Current liabilities			
Trade payable and accrued liabilities	4	21,107	18,602
Deferred revenue		72,010	77,387
Current portion of lease obligations		1,996	1,999
		95,113	97,988
Non-current liabilities			
Lease obligations		5,279	5,464
Total liabilities		100,392	103,452
Shareholders' Equity			
Share capital	5	765,969	768,754
Contributed surplus		82,363	76,273
Deficit		(684,403)	(669,351)
Accumulated other comprehensive loss		(41,721)	(48,769)
Total shareholders' equity		122,208	126,907
Total liabilities and shareholders' equity		222,600	230,359

Subsequent events (note 11)

Approved by the Board of Directors

(Signed) Louis Têtu Director (Signed) Fay Sien Goon Director

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

Condensed Interim Consolidated Statements of Changes in Shareholders' Equity (Unaudited)

For the three months ended June 30, 2025 and 2024

(expressed in thousands of US dollars, except number of shares)

	Notes	Number	Share Capital	Contributed Surplus	Deficit	Accumulated Other Comprehensive Loss	Total Shareholders' Equity
			\$	\$	\$	\$	\$
Balance as at March 31, 2025		96,055,018	768,754	76,273	(669,351)	(48,769)	126,907
Net loss		-	-	-	(15,052)	-	(15,052)
Foreign currency differences on translation to presentation currency		-	-	-	-	7,048	7,048
Total comprehensive loss							(8,004)
Share-based payments	6	-	-	6,564	-	-	6,564
Income tax impact associated with share-based payments		-	-	163	-	-	163
Exercise of stock options	6	173,435	354	(115)	-	-	239
Settlement of share-based awards, net of shares withheld		204,842	1,154	(2,106)	-	-	(952)
Shares repurchased and cancelled	5	(510,988)	(4,293)	1,584	-	-	(2,709)
Balance as at June 30, 2025		95,922,307	765,969	82,363	(684,403)	(41,721)	122,208
Balance as at March 31, 2024		102,639,312	836,271	40,484	(655,598)	(42,634)	178,523
Net loss		-	-	-	(6,104)	-	(6,104)
Foreign currency differences on translation to presentation currency		-	-	-	-	(1,368)	(1,368)
Total comprehensive loss							(7,472)
Share-based payments	6	-	-	4,865	-	-	4,865
Income tax impact associated with share-based payments		-	-	(154)	-	-	(154)
Exercise of stock options, net of shares withheld	6	775,276	1,199	(611)	-	-	588
Settlement of share-based awards, net of shares withheld		186,051	1,249	(2,137)	-	-	(888)
Shares to be repurchased under substantial issuer bid	5	-	(440)	-	(37,257)	-	(37,697)
Balance as at June 30, 2024		103,600,639	838,279	42,447	(698,959)	(44,002)	137,765

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss (Unaudited)

For the three months ended June 30, 2025 and 2024

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

		Three months ended June 30,	
	Notes	2025	2024
		\$	\$
Revenue	8		
SaaS subscription		34,150	30,557
Professional services		1,395	1,660
Total revenue		35,545	32,217
Cost of revenue			
SaaS subscription		6,497	5,617
Professional services		1,622	1,354
Total cost of revenue		8,119	6,971
Gross profit		27,426	25,246
Operating expenses			
Sales and marketing		19,113	14,527
Research and product development		10,518	10,397
General and administrative		7,118	6,663
Depreciation of property and equipment		618	747
Amortization of intangible assets		461	725
Depreciation of right-of-use assets		472	378
Total operating expenses		38,300	33,437
Operating loss		(10,874)	(8,191)
Net financial revenue		(1,161)	(1,726)
Foreign exchange loss (gain)		5,409	(981)
Loss before income tax expense (recovery)		(15,122)	(5,484)
Income tax expense (recovery)		(70)	620
Net loss		(15,052)	(6,104)
Other comprehensive income (loss)			
Items that may be reclassified to the consolidated statements of loss:			
Foreign currency differences on translation to presentation currency		7,048	(1,368)
Total comprehensive loss		(8,004)	(7,472)
Net loss per share – Basic and diluted	7	(0.16)	(0.06)

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

Condensed Interim Consolidated Statements of Cash Flows (Unaudited)

For the three months ended June 30, 2025 and 2024

(expressed in thousands of US dollars)

	Notes	Three months ended June 30,	
		2025	2024
		\$	\$
Cash flows from operating activities			
Net loss		(15,052)	(6,104)
Items not affecting cash			
Amortization of contract acquisition costs		1,172	1,091
Depreciation of property and equipment		618	747
Amortization of intangible assets		461	725
Depreciation of right-of-use assets		472	378
Share-based payments	6	6,564	4,865
Interest on lease obligations		96	116
Deferred income tax expense (recovery)		(90)	588
Unrealized foreign exchange loss (gain)		5,346	(1,082)
Changes in operating assets and liabilities	10	7,515	1,705
		7,102	3,029
Cash flows used in investing activities			
Additions to property and equipment		(157)	(367)
Additions to intangible assets		(16)	(3)
		(173)	(370)
Cash flows used in financing activities			
Proceeds from exercise of stock options		239	588
Tax withholding for net share settlement		(866)	(976)
Payments on lease obligations		(671)	(638)
Substantial issuer bid transaction costs	5	-	(38)
Shares repurchased and cancelled	5	(2,692)	-
		(3,990)	(1,064)
Effect of foreign exchange rate changes on cash and cash equivalents		775	(435)
Increase in cash and cash equivalents during the period		3,714	1,160
Cash and cash equivalents – beginning of period		124,752	166,586
Cash and cash equivalents – end of period		128,466	167,746
Cash		68,103	18,827
Cash equivalents		60,363	148,919

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

Notes to Condensed Interim Consolidated Financial Statements (Unaudited)

June 30, 2025 and 2024

(expressed in thousands of US dollars, except share and per share data and as otherwise indicated)

1. Incorporation and nature of activities

Coveo Solutions Inc. ("Coveo" or the "Company") is incorporated under the Canada Business Corporations Act. Its head office is located at 1100 avenue des Canadiens-de-Montreal, Suite 401, Montreal, Quebec, Canada. Coveo powers artificial intelligence ("AI") search, recommendations, and generative answering in digital experiences. The Company's Software as a Service ("SaaS") AI platform and suite of AI and generative AI models are designed to bring AI-Relevance across commerce and knowledge (service, website, and workplace) applications.

The Company's subordinate voting shares are listed on the Toronto Stock Exchange (the "TSX") under the stock symbol "CVO".

2. Basis of presentation

These unaudited condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards") applicable to the preparation of interim financial statements, including IAS 34 "Interim Financial Reporting". Certain information and disclosures have been omitted or condensed. The accounting policies and methods of computation described in the annual audited consolidated financial statements for the year ended March 31, 2025 were applied consistently in the preparation of these unaudited condensed interim consolidated financial statements. Accordingly, these unaudited condensed interim consolidated financial statements should be read together with the Company's audited consolidated financial statements for the year ended March 31, 2025.

These condensed interim consolidated financial statements have been approved by the Board of Directors and authorized for issuance on July 31, 2025.

Seasonality of interim operations

The operations of the Company can be seasonal, and the results of operations for any interim period are not necessarily indicative of operations for the full year or any future period.

Use of estimates and judgements

In preparing these unaudited condensed interim consolidated financial statements, management makes judgments, estimates, and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenue, and expenses. Actual results may differ from these estimates. The significant judgments made by management in applying the Company's accounting policies and the key sources of uncertainty were the same as those applied to the annual audited consolidated financial statements for the year ended March 31, 2025.

Notes to Condensed Interim Consolidated Financial Statements
(Unaudited)

June 30, 2025 and 2024

(expressed in thousands of US dollars, except share and per share data and as otherwise indicated)

3. Trade and other receivables

	June 30, 2025	March 31, 2025
	\$	\$
Trade accounts receivable	22,827	34,976
Sales tax receivable	820	1,047
Other	615	740
Allowance for expected credit losses	(126)	(199)
	24,136	36,564

4. Trade payable and accrued liabilities

	June 30, 2025	March 31, 2025
	\$	\$
Trade accounts payable	2,513	313
Accrued compensation and benefits	13,274	12,200
Sales taxes payable	52	196
Income taxes payable	54	28
Accrued liabilities	5,214	5,865
	21,107	18,602

Notes to Condensed Interim Consolidated Financial Statements (Unaudited)

June 30, 2025 and 2024

(expressed in thousands of US dollars, except share and per share data and as otherwise indicated)

5. Share capital

The Company's 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.

The following table presents the changes in the share capital:

	Three months ended June 30, 2025		Three months ended June 30, 2024	
	Number of shares	Value \$	Number of shares	Value \$
Subordinate voting shares				
Balance at beginning of period	52,712,610	444,383	59,145,989	503,192
Exercise of stock options	-	-	3,875	30
Settlement of share-based awards, net of shares withheld	204,842	1,154	186,051	1,249
Conversion from multiple voting shares	3,241,908	24,198	865,424	6,062
Shares repurchased and cancelled ⁽¹⁾	(510,988)	(4,293)	-	-
Shares to be repurchased under substantial issuer bid	-	-	-	(440)
Outstanding – end of period	55,648,372	465,442	60,201,339	510,093
Multiple voting shares				
Balance at beginning of period	43,342,408	324,371	43,493,323	333,079
Exercise of stock options, net of shares withheld	173,435	354	771,401	1,169
Conversion to subordinate voting shares	(3,241,908)	(24,198)	(865,424)	(6,062)
Outstanding – end of period	40,273,935	300,527	43,399,300	328,186
	95,922,307	765,969	103,600,639	838,279

(1) For the three months ended June 30, 2025, the value includes the impact of the share buyback tax of \$17 (nil in 2024), recorded as a reduction of share capital.

Normal course issuer bid

During the three months ended June 30, 2025, the Company repurchased for cancellation 510,988 subordinate voting shares under its normal course issuer bid ("NCIB") authorized on July 10, 2024, for a total consideration of \$2,692. An amount of \$4,276 corresponding to the carrying amount of the shares repurchased has been recorded as a reduction of the share capital and an amount of \$1,584 corresponding to the excess of carrying value of the shares repurchased over the purchase price has been recorded within contributed surplus.

Substantial issuer bid

On June 3, 2024, the board of directors of the Company authorized a substantial issuer bid (the "SIB") to repurchase its subordinate voting shares for cancellation for a maximum amount of C\$50,000. During the three months ended June 30, 2024, the Company recorded an accrued liability for shares to be repurchased under the SIB of C\$50,000 (\$36,635) to reflect its maximum commitment to repurchase its subordinate voting shares under the SIB and accounted for an equivalent amount in deficit. As at June 30, 2024, the impact of the share buyback tax associated with shares to be repurchased of \$622 was recorded in deficit, and transaction costs related to the SIB of \$440 have been recorded as a reduction of share capital.

Notes to Condensed Interim Consolidated Financial Statements (Unaudited)

June 30, 2025 and 2024

(expressed in thousands of US dollars, except share and per share data and as otherwise indicated)

6. Share-based payments

Stock options

The following table presents information about stock options outstanding and exercisable:

	Three months ended June 30, 2025		Three months ended June 30, 2024	
	Number of options	Weighted average exercise price C\$	Number of options	Weighted average exercise price C\$
Balance at beginning of period	8,904,962	8.48	11,205,236	7.56
Exercised	(173,435)	1.93	(1,071,246)	2.86
Forfeited ⁽¹⁾	(88,987)	8.49	(443,512)	8.99
Outstanding – end of period	8,642,540	8.61	9,690,478	8.01
Exercisable – end of period	4,978,965	4.40	5,589,387	3.80

(1) During the three months ended June 30, 2024, 255,716 stock options with vesting dependant on performance criteria were forfeited (nil in 2025).

The following table provides summary information on the stock options issued and outstanding as at June 30, 2025:

	Number outstanding	Weighted average remaining contractual life (years)	Weighted average exercise price C\$
Range of exercise prices			
C\$0.47 to C\$1.50	707,282	1.76	1.41
C\$2.81 to C\$4.08	2,467,690	3.18	2.92
C\$5.00 to C\$10.80	1,856,507	3.44	6.95
C\$12.19 to C\$15.75	3,611,061	2.68	14.77
Balance at end of period	8,642,540	2.91	8.61

Notes to Condensed Interim Consolidated Financial Statements (Unaudited)

June 30, 2025 and 2024

(expressed in thousands of US dollars, except share and per share data and as otherwise indicated)

Share-based awards

The following tables presents information about restricted share units ("RSUs"), deferred share units ("DSUs") and performance share units ("PSUs") outstanding:

Three months ended June 30, 2025						
	RSU		DSU		PSU	
	Number of awards	Weighted average grant date fair value C\$	Number of awards	Weighted average grant date fair value C\$	Number of awards	Weighted average grant date fair value C\$
Balance at beginning of period	4,704,720	7.78	717,571	7.64	948,362	7.65
Granted	3,029,746	7.01	13,812	5.40	711,353	7.01
Settled	(366,964)	7.76	-	-	(36,165)	7.94
Forfeited ⁽¹⁾	(230,002)	7.49	-	-	(149,382)	7.68
Outstanding – end of period	7,137,500	7.46	731,383	7.59	1,474,168	7.33

(1) During the three months ended June 30, 2025, 96,251 PSUs were forfeited following performance criteria achievement.

Three months ended June 30, 2024						
	RSU		DSU		PSU	
	Number of awards	Weighted average grant date fair value C\$	Number of awards	Weighted average grant date fair value C\$	Number of awards	Weighted average grant date fair value C\$
Balance at beginning of period	2,981,880	9.07	471,607	8.78	152,005	8.10
Granted ⁽²⁾	2,471,808	7.72	3,531	9.75	830,471	7.73
Settled	(309,886)	9.25	-	-	(15,971)	8.01
Forfeited ⁽²⁾	(121,696)	9.65	(4,884)	10.30	(15,876)	8.06
Outstanding – end of period	5,022,106	8.38	470,254	8.77	950,629	7.78

(2) During the three months ended June 30, 2024, 16,933 PSUs with vesting dependant on performance criteria were granted and 8,376 PSUs were forfeited following performance criteria achievement.

Share-based payment expense

For the period ended June 30, 2025, a share-based payment expense of \$6,564 (\$4,865 in 2024) was recorded in the interim consolidated statements of loss and comprehensive loss with a corresponding credit to contributed surplus.

Notes to Condensed Interim Consolidated Financial Statements (Unaudited)

June 30, 2025 and 2024

(expressed in thousands of US dollars, except share and per share data and as otherwise indicated)

7. Net loss per share

The Company has stock options and share-based awards as potentially dilutive securities. Diluted net loss per share excludes all potentially dilutive shares if their effect is anti-dilutive. For the three months ended June 30, 2025 and 2024 a net loss was recorded and therefore, all potentially dilutive shares have been excluded from the calculation of the diluted net loss per share because their effect would have been anti-dilutive. Consequently, the basic and diluted number of shares is the same.

	Three months ended June 30,	
	2025	2024
	\$	\$
Net loss	(15,052)	(6,104)
Weighted average number of shares outstanding – basic and diluted	96,190,808	102,888,475
Net loss per share – basic and diluted	(0.16)	(0.06)

The weighted average number of potentially dilutive shares that are not included in the diluted net loss per share calculation because they would be anti-dilutive was 16,087,136 stock options and share-based awards for the three months ended June 30, 2025 (15,780,046 in 2024). This weighted average number includes all of the Company's issued and outstanding potentially dilutive shares notwithstanding exercise prices, as applicable.

8. Revenue

The following table presents revenue of the Company by geographical area:

	Three months ended June 30,	
	2025	2024
	\$	\$
Canada	2,410	2,015
United States	27,883	24,422
Other	5,252	5,780
	35,545	32,217

As at June 30, 2025, the transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) was \$194,117 (158,083 in 2024), of which \$112,423 (94,234 in 2024) is current and \$81,694 (63,849 in 2024) is non-current.

Notes to Condensed Interim Consolidated Financial Statements (Unaudited)

June 30, 2025 and 2024

(expressed in thousands of US dollars, except share and per share data and as otherwise indicated)

9. Employee compensation

The following table presents employee compensation expenses of the Company, excluding government assistance:

	Three months ended June 30,	
	2025	2024
	\$	\$
Salary and other short-term benefits	26,146	22,176
Share-based payments and related expenses	7,385	4,365
	33,531	26,541

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

	Three months ended June 30,	
	2025	2024
	\$	\$
SaaS subscription cost of revenue	310	138
Professional services cost of revenue	211	39
Sales and marketing	2,419	929
Research and product development	1,949	1,487
General and administrative	2,496	1,772
	7,385	4,365

10. Consolidated statements of cash flows

The following table presents the changes in operating assets and liabilities:

	Three months ended June 30,	
	2025	2024
	\$	\$
Trade and other receivables	13,137	(885)
Government assistance	(505)	4,685
Prepaid expenses	1,736	126
Contract acquisition costs	(1,463)	(793)
Trade payable and accrued liabilities	1,005	(1,632)
Deferred revenue	(6,395)	204
	7,515	1,705

Notes to Condensed Interim Consolidated Financial Statements (Unaudited)

June 30, 2025 and 2024

(expressed in thousands of US dollars, except share and per share data and as otherwise indicated)

11. Subsequent events

Renewal of normal course issuer bid

On July 15, 2025, the Company announced that its board of directors authorized, and the TSX approved, the renewal of its NCIB to purchase for cancellation up to a maximum of 5,423,244 subordinate voting shares of the Company, representing approximately 10% of the "public float" (as defined in the TSX Company Manual) of the subordinate voting shares of the Company issued and outstanding as at July 4, 2025. The Company is authorized to make purchases under the NCIB over the twelve-month period commencing on July 17, 2025 and ending no later than July 16, 2026, in accordance with the requirements of the TSX and applicable securities laws. The renewal of the NCIB follows the conclusion of the Company's previous NCIB which expired on July 16, 2025.

On July 15, 2025, the Company also announced that, in connection with the renewal of the NCIB, it had renewed its automatic securities purchase plan (the "ASPP") with a designated broker 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.

