The AI-Relevance Company

Coveo Solutions Inc.

Management's Discussion and Analysis

For the three and nine months ended December 31, 2025 and 2024

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 December 31, 2025.

This MD&A dated January 29, 2026, for the three and nine month periods ended December 31, 2025 and December 31, 2024, should be read in conjunction with the Company's unaudited condensed interim consolidated financial statements along with the related notes thereto for the three and nine months ended December 31, 2025, as well as with the audited annual consolidated financial statements along with the related notes thereto for the year ended March 31, 2025. The financial information for the three and nine months periods ended December 31, 2025 and December 31, 2024 presented in this MD&A is derived from the Company's unaudited condensed interim consolidated financial statements for the three and nine months ended December 31, 2025, which have been prepared in accordance with the International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standard") applicable to the preparation of interim financial statements, including International Accounting Standard ("IAS") 34, Interim Financial Reporting. 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 purchase 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, including in respect of identified cross-selling opportunities; 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 sustainability 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.

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 leading enterprises leverage the benefits of AI to improve their business outcomes. Our Coveo AI-Relevance™ Platform powers AI search, recommendations, generative and agentic experiences across commerce and knowledge (service, website, workplace) 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, reducing the cost to serve, increasing customer satisfaction and engagement, and improving 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 an enterprise's business objectives, and a deep understanding of what worked best for others. As more data accumulates, our solutions learn to better predict each user's needs, and automatically recommend personalized content.

Our AI-Relevance platform includes our Coveo Relevance Generative Answering™ (CRGA), our Relevance-Augmented Passage Retrieval API, and our agentic capabilities. Together, they integrate large language model (LLM) technology with Coveo's secure, unified indexing and real-time content systems. This enables the feeding of generative AI and agentic experiences with relevant, factual, and secured sources of truth at scale across all channels. This combination addresses core enterprise challenges with generative AI, such as hallucinations, poor contextualization, and lack of control, and helps organizations deliver accurate, relevant, cost effective, and secure generative experiences at scale.

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, AWS as an AWS Marketplace Partner, Shopify as a Shopify Premier technology partner, and Adobe as an Adobe Technology Gold 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, ISO 27018 and ISO/IEC 27701 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.

- **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 $36.6 million for the three months ended December 31, 2025, an increase of $4.3 million or 13% compared to the three months ended December 31, 2024. For the nine months ended December 31,2025, SaaS subscription revenue was $106.6 million, an increase of $12.6 million or 13% compared to the nine months ended December 31,2024. Subscriptions to Coveo's core platform (the "Coveo core Platform") contributed $35.8 million of SaaS Subscription Revenue in the third quarter, an increase of 15% compared to the same period last year, and $103.9 million for the nine months ended December 31,2025, which represents an increase of 16% compared to the same period last year. The remaining $0.8 million for the three months ended December 31, 2025 and $2.8 million for the nine months ended December 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 the period 12 months prior to the end of the period selected.

[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.*

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 102% as of December 31, 2025, and was negatively impacted by the previously announced and expected single customer attrition experienced during the second quarter of fiscal year 2026, and the customer attrition resulting from our strategic decision to focus R&D and sales and marketing efforts on our Coveo core Platform and to fully deprecate the Qubit Platform. As previously announced, the remaining revenue from the Qubit Platform churned completely as of December 31, 2025. Excluding the effect of SaaS ACV attributable to subscriptions to the Qubit Platform, our NER was 105% as of December 31, 2025 and December 31, 2024.

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, as more fully described below.

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 December 31,		Nine months ended December 31,	
In thousands of U.S. dollars	2025	2024	2025	2024
	$	$	$	$
Net income (loss)	**(7,188)**	**4,044**	**(26,629)**	**(7,437)**
Net financial revenue	(787)	(1,052)	(3,010)	(4,040)
Foreign exchange loss (gain)	1,186	(6,546)	4,645	(5,804)
Income tax expense (recovery)	527	(1,844)	1,180	(1,077)
Share-based payments and related expenses(1)	4,632	4,253	17,763	13,017
Amortization and impairment of intangible assets	462	743	1,391	2,205
Depreciation expenses(2)	932	965	3,056	3,076
Transaction-related expenses(3)	43	-	43	388
Adjusted EBITDA	**(193)**	**563**	**(1,561)**	**328**

(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 EBITDA for the three-months and nine-months ended December 31, 2025 include $1.4 million one-time employee-related costs associated with targeted workforce optimization actions during the quarter.

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 facilitating 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:

In thousands of U.S. dollars	Three months ended December 31, 2025	Three months ended December 31, 2024	Nine months ended December 31, 2025	Nine months ended December 31, 2024
	$	$	$	$
Total revenue	**38,019**	**33,965**	**110,901**	**98,922**
Gross profit	**29,805**	**26,623**	**86,647**	**77,776**
Gross margin	78%	78%	78%	79%
Add: Share-based payments and related expenses	285	389	1,319	930
Adjusted Gross Profit	**30,090**	**27,012**	**87,966**	**78,706**
Adjusted Gross Margin	79%	80%	79%	80%
Product revenue	**36,592**	**32,284**	**106,644**	**94,015**
Product cost of revenue	**6,865**	**5,932**	**19,896**	**17,107**
Product gross profit	**29,727**	**26,352**	**86,748**	**76,908**
Product gross margin	81%	82%	81%	82%
Add: Share-based payments and related expenses	194	241	868	601
Adjusted Product Gross Profit	**29,921**	**26,593**	**87,616**	**77,509**
Adjusted Product Gross Margin	82%	82%	82%	82%
Professional services revenue	**1,427**	**1,681**	**4,257**	**4,907**
Professional services cost of revenue	**1,349**	**1,410**	**4,358**	**4,039**
Professional services gross profit (loss)	**78**	**271**	**(101)**	**868**
Professional services gross margin	5%	16%	(2%)	18%
Add: Share-based payments and related expenses	91	148	451	329
Adjusted Professional Services Gross Profit	**169**	**419**	**350**	**1,197**
Adjusted Professional Services Gross Margin	12%	25%	8%	24%

Adjusted Gross Profit and Adjusted Product Gross Profit for the three-months and nine-months ended December 31, 2025 include the one-time employee-related costs mentioned above, $0.1 million was recognized in product cost of revenue.

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 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 facilitating 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 December 31,		Nine months ended December 31,	
In thousands of U.S. dollars	2025	2024	2025	2024
	$	$	$	$
Sales and marketing expenses	**17,830**	**15,282**	**54,885**	**43,881**
Sales and marketing expenses (% of total revenue)	47%	45%	49%	44%
Less: Share-based payments and related expenses	1,720	900	5,935	2,748
Adjusted Sales and Marketing Expenses	**16,110**	**14,382**	**48,950**	**41,133**
Adjusted Sales and Marketing Expenses (% of total revenue)	42%	42%	44%	42%
Research and product development expenses	**9,949**	**8,322**	**30,525**	**27,367**
Research and product development expenses (% of total revenue)	26%	25%	28%	28%
Less: Share-based payments and related expenses	927	1,361	4,338	4,239
Adjusted Research and Product Development Expenses	**9,022**	**6,961**	**26,187**	**23,128**
Adjusted Research & Product Development Expenses (% of total revenue)	24%	20%	24%	23%
General and administrative expenses	**6,894**	**6,709**	**20,604**	**19,605**
General and administrative expenses (% of total revenue)	18%	20%	19%	20%
Less: Share-based payments and related expenses	1,700	1,603	6,171	5,100
Less: Transaction-related expenses	43	-	43	388
Adjusted General and Administrative Expenses	**5,151**	**5,106**	**14,390**	**14,117**
Adjusted General and Administrative Expenses (% of total revenue)	14%	15%	13%	14%

Adjusted operating expenses for the three-months and nine-months ended December 31, 2025 include one-time employee-related costs mentioned above, $0.7 million was recognized in sales and marketing expenses, $0.2 million in research and product development expenses and $0.4 million in general and administrative expenses.

Normal Course Issuer Bid

On July 15, 2025, the Company announced that its board of directors authorized, and the Toronto Stock Exchange ("TSX") approved, the renewal of its normal course issuer bid (the "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. 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.

From the launch of the NCIB on July 15, 2025 to the end of the quarter on December 31, 2025, the Company repurchased for cancellation a total of 2,036,490 subordinate voting shares at a weighted average price of C$7.43 per share for total consideration of $10.9 million.

The renewal of the NCIB follows the conclusion of Coveo's previous normal course issuer bid, which expired on July 16, 2025. From July 17, 2024 to July 16, 2025, Coveo repurchased the maximum of 2,690,573 subordinate voting shares at a weighted average price of C$6.43 per share for total consideration of $12.6 million. From the launch of this NCIB to December 31, 2024, the Company had repurchased for cancellation a total of 2,179,585 subordinate voting shares at a weighted average price of C$6.24 for a total consideration of $9.9 million.

For the three months ended December 31,2025, the Company repurchased for cancellation a total of 1,082,590 subordinate voting shares at a weighted average price of C$6.13 per share for total consideration of $4.7 million. For the nine months ended December 31,2025, the Company repurchased for cancellation a total of 2,547,478 subordinate voting shares at a weighted average price of C$7.39 per share for total consideration of $13.6 million.

Automatic security purchase plan

In connection with the NCIB, the Company has entered into an 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 the Company 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 the Company, in compliance with the rules of the TSX, applicable securities laws, and the terms of the ASPP.

Prior to the commencement of the Company’s blackout period for the quarter ended December 31, 2025, the Company provided instructions to its designated broker under the ASPP to repurchase subordinate voting shares thereunder, subject to certain limitations. As at December 31, 2025, the Company recorded an accrued liability for shares to be repurchased under automatic securities purchase plan of $8.3 million in the condensed interim consolidated statement of financial position to reflect its maximum commitment and accounted for an equivalent amount in deficit.

Shares repurchased for settlement of share-based awards

The Company has established an employee benefit plan trust with an independent trustee to acquire subordinate voting shares on the open market for delivery upon the settlement of vested share-based awards granted to Canadian employees under the Company’s omnibus incentive plan. Purchases are funded by the Company and effected through a designated broker pursuant to written authorized instructions, with the acquired shares held in trust until released for award settlement, all in accordance with applicable laws and TSX rules. For accounting purposes, the subordinate voting shares are considered as held in treasury, and recorded as a temporary reduction of subordinate voting shares outstanding and as a temporary reduction of share capital equal to the consideration paid, including transaction costs. Upon delivery of the subordinate voting shares for settlement of the share-based awards, the number of subordinate voting shares outstanding is increased, offsetting the initial temporary reduction of subordinate voting shares outstanding, and the amount in contributed surplus associated with the share-based awards being settled is transferred to share capital. Any difference between that amount and the initial temporary reduction of share capital is recorded in contributed surplus

As at December 31, 2025, a total of 300,000 subordinate voting shares repurchased for settlement of share-based awards were considered as held in treasury and recorded as a temporary reduction of outstanding subordinate voting shares and share capital.

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 AI search, recommendations, and generative and agentic experiences 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, fluctuate or terminate altogether 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. Certain of these customers providing significant contributions to our SaaS subscription revenue, including some of our largest customers, are subject to annual renewal. While we believe that the quality and differentiation of our products provides us with an advantage against our competitors, including internally-built solutions, 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. Failure to retain, renew or expand the subscriptions of our existing customers, including our largest customers, may have a material adverse effect on our business, results of operation, financial condition and growth prospects. 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"* and " *We have a certain degree of concentration of customers and customer sectors"* in the risk factors section of our AIF.

Continue to capture AI opportunities

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 solutions will continue to lead our market 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, Retrieval-Augmented Generation ("RAG") and RAG alternatives, 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 *"Our success depends in part on our ability to capture emerging AI opportunities in our industry"* and *"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 AI search, recommendations, and generative and agentic experiences 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 suite of 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, competing technologies (including third party technologies that could drive away traffic from customers' websites), 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, several of which are also existing customers of Coveo. 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, including as customers, 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 or the solutions we sell to them as existing customers, our business, financial condition, results of operations and growth prospects 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, results of operations and growth prospects. 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 our subsidiaries located in United States (U.S. dollar), United Kingdom (British pound sterling), the Netherlands (Euro) and in Australia (AUD). A significant proportion of our cash is also maintained in U.S. dollars within our Canadian functional currency entity, which contributes to foreign exchange exposure, not on the reported cash balance (given our presentation currency is the U.S. dollar), but primarily within the Consolidated Statement of Loss and Comprehensive Loss. 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 December 31, 2025	Three months ended December 31, 2024	Nine months ended December 31, 2025	Nine months ended December 31, 2024
	$	$	$	$
Revenue				
SaaS subscription	36,592	32,284	106,644	94,015
Coveo core Platform	*35,781*	*31,130*	*103,861*	*89,724*
Qubit Platform	*811*	*1,154*	*2,783*	*4,291*
Professional services	1,427	1,681	4,257	4,907
Total revenue	**38,019**	**33,965**	**110,901**	**98,922**
Cost of revenue				
SaaS subscription	6,865	5,932	19,896	17,107
Professional services	1,349	1,410	4,358	4,039
Total cost of revenue	**8,214**	**7,342**	**24,254**	**21,146**
Gross profit	**29,805**	**26,623**	**86,647**	**77,776**
Operating expenses				
Sales and marketing	17,830	15,282	54,885	43,881
Research and product development	9,949	8,322	30,525	27,367
General and administrative	6,894	6,709	20,604	19,605
Depreciation of property and equipment	399	610	1,558	1,985
Amortization and impairment of intangible assets	462	743	1,391	2,205
Depreciation of right-of-use assets	533	355	1,498	1,091
Total operating expenses	**36,067**	**32,021**	**110,461**	**96,134**
Operating loss	**(6,262)**	**(5,398)**	**(23,814)**	**(18,358)**
Net financial revenue	(787)	(1,052)	(3,010)	(4,040)
Foreign exchange loss (gain)	1,186	(6,546)	4,645	(5,804)
Income (loss) before income tax expense	**(6,661)**	**2,200**	**(25,449)**	**(8,514)**
Income tax expense (recovery)	527	(1,844)	1,180	(1,077)
Net income (loss)	**(7,188)**	**4,044**	**(26,629)**	**(7,437)**
Net income (loss) per share – Basic and diluted	**(0.08)**	0.04	**(0.28)**	(0.07)

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

In thousands of U.S. dollars	Three months ended December 31, 2025	Three months ended December 31, 2024	Nine months ended December 31, 2025	Nine months ended December 31, 2024
	$	$	$	$
Share-based payments and related expenses				
SaaS subscription cost of revenue	194	241	868	601
Professional services cost of revenue	91	148	451	329
Sales and marketing	1,720	900	5,935	2,748
Research and product development	927	1,361	4,338	4,239
General and administrative	1,700	1,603	6,171	5,100
Share-based payments and related expenses	**4,632**	**4,253**	**17,763**	**13,017**

Results of Operations for the Three and Nine months ended December 31, 2025 and December 31, 2024

Revenue

In thousands of U.S. dollars	*Three months ended December 31,* 2025	2024	Change		*Nine months ended December 31,* 2025	2024	Change	
	$	$	$	%	$	$	$	%
Revenue								
SaaS subscription	36,592	32,284	4,308	13%	106,644	94,015	12,629	13%
Coveo core Platform	*35,781*	*31,130*	*4,651*	*15%*	*103,861*	*89,724*	*14,137*	*16%*
Qubit Platform	*811*	*1,154*	*(343)*	*(30%)*	*2,783*	*4,291*	*(1,508)*	*(35%)*
Professional services	1,427	1,681	(254)	(15%)	4,257	4,907	(650)	(13%)
Total revenue	**38,019**	**33,965**	**4,054**	**12%**	**110,901**	**98,922**	**11,979**	**12%**
Percentage of total revenue:								
SaaS subscription	96%	95%			96%	95%		
Professional services	4%	5%			4%	5%		
Total revenue	**100%**	**100%**			**100%**	**100%**		

SaaS subscription revenue

SaaS subscription revenue increased for the three and nine months ended December 31, 2025, due to the continued adoption of our solutions that led from both incremental revenue from new customers and expansion transactions within our existing customer base. The growth rate of our SaaS subscription revenue was negatively impacted by the previously announced and expected single customer attrition experienced during the second quarter of fiscal year 2026 and the customer attrition related to the Qubit Platform. Coveo core Platform SaaS subscription revenue grew by 15% and 16% year-over-year for the three and nine months ended December 31, 2025, respectively, while Qubit Platform SaaS subscription revenue decreased by 30% and 35% year-over-year over the same respective period.

Professional services revenue

Professional services revenue decreased year-over-year for the three and nine months ended December 31, 2025. This reduction was a direct result of the Company's strategic focus on scaling our partner network to lead customer implementations, which results in fewer professional services engagements directly delivered by the Company.

Cost of revenue

In thousands of U.S. dollars	*Three months ended December 31,*				*Nine months ended December 31,*			
	2025	2024	Change		2025	2024	Change	
	$	$	$	%	$	$	$	%
Cost of revenue								
SaaS subscription	6,865	5,932	933	16%	19,896	17,107	2,789	16%
Professional services	1,349	1,410	(61)	(4%)	4,358	4,039	319	8%
Total cost of revenue	**8,214**	**7,342**	**872**	**12%**	**24,254**	**21,146**	**3,108**	**15%**
Gross margin								
SaaS subscription	81%	82%			81%	82%		
Professional services	5%	16%			(2%)	18%		
Gross margin	**78%**	**78%**			**78%**	**79%**		

SaaS subscription

Saas subscription cost of revenue for the three and nine months ended December 31, 2025 increased mainly due to additional hosting costs to support a growing customer base. Additionally, for the nine months ended December 31, 2025, we saw an increase in our labor costs and share-based expenses and related expenses related to our staffing investment to our customer success and customer support teams.

Our SaaS subscription gross margins were mainly in line with prior period.

Professional services

For the three months ended December 31, 2025, professional services cost of revenue remained mainly consistent with prior period.

For the nine months ended December 31, 2025, professional services cost of revenue increased, primarily due to additional labor costs.

The professional services gross margin, as a percentage of professional services revenue, decreased for both the three and nine months ended December 31, 2025, compared to the same period last year. This decrease reflects the Company's continued investment in early deployments of new product innovations with our customers, and in partner enablement activities, which increased costs relative to revenue.

Operating expenses

Sales and marketing expenses

In thousands of U.S. dollars	Three months ended December 31, 2025	2024	Change		Nine months ended December 31, 2025	2024	Change	
	$	$	$	%	$	$	$	%
Sales and marketing	17,830	15,282	2,548	17%	54,885	43,881	11,004	25%
Percentage of total revenue	47%	45%			49%	44%		

For the three months ended December 31, 2025, sales and marketing expenses increased primarily due to $1.9 million of higher labor expenses, reflecting continued investments in our go-to market organization, including the expansion of our quota-carrying sales team. These costs included $0.7 million of one-time employee-related costs associated with targeted optimization workforce actions during the quarter. Share-based compensation and related expenses also increased by $0.8 million.

For the nine months ended December 31, 2025, the increase in sales and marketing expenses was driven mainly by $7.0 million of higher labor costs associated to our go-to-market initiatives, including growth in our quota-carrying sales team, as well as the one-time employee-related costs mentioned above. In addition, share-based compensation and related expenses increased by $3.2 million as compared to the same period last year.

Research and product development expenses

In thousands of U.S. dollars	Three months ended December 31, 2025	2024	Change		Nine months ended December 31, 2025	2024	Change	
	$	$	$	%	$	$	$	%
Research and product development	9,949	8,322	1,627	20%	30,525	27,367	3,158	12%
Percentage of total revenue	26%	25%			28%	28%		

For the three months ended December 31, 2025, R&D expenses increased primarily due to higher labor costs of $1.5 million, reflecting strategic investments in the innovation of our products.

For the nine months ended December 31, 2025, the increase in R&D expenses was mainly attributable to additional labor cost of $3.9 million, partially offset by $1.3 million of additional net government assistance compared to the prior period.

For the three and nine months ended December 31, 2025, Coveo benefited from its continued participation in the Strategic Response Fund (“SRF”, formerly the *Strategic Innovation Fund*) and the SCALE AI – Canadian Artificial Intelligence Supercluster program (“SCALE AI”).

General and administrative expenses

In thousands of U.S. dollars	Three months ended December 31, 2025	2024	Change		Nine months ended December 31, 2025	2024	Change	
	$	$	$	%	$	$	$	%
General and administrative	6,894	6,709	185	3%	20,604	19,605	999	5%
Percentage of total revenue	18%	20%			19%	20%		

For the three months ended December 31, 2025, the general and administrative expenses were largely constant with the prior period. These costs included $0.4 million of one-time employee-related costs associated with targeted workforce optimization actions during the quarter.

The increase of general and administrative expenses for the nine months ended December 31, 2025 was largely driven by higher share-based payments and related expenses of $1.1 million, as well as the one-time employee-related costs mentioned above. These increases were partially offset by a $0.3 million reduction in transaction-related expenses.

Other operating expenses

In thousands of U.S. dollars	Three months ended December 31, 2025	2024	Change		Nine months ended December 31, 2025	2024	Change	
	$	$	$	%	$	$	$	%
Depreciation of property and equipment	399	610	(211)	(35%)	1,558	1,985	(427)	(22%)
Amortization and impairment of intangible assets	462	743	(281)	(38%)	1,391	2,205	(814)	(37%)
Depreciation of right-of-use assets	533	355	178	50%	1,498	1,091	407	37%
	1,394	**1,708**	**(314)**	**(18%)**	**4,447**	**5,281**	**(834)**	**(16%)**

Depreciation of property and equipment decreased for both the three and nine months ended December 31, 2025 as compared to the three and nine months ended December 31, 2024.

As previously mentioned, during the last quarter of fiscal year 2025, the Company made a strategic decision to concentrate R&D and sales and marketing efforts on our Coveo core Platform and, as a result, decided to fully deprecate the Qubit Platform. In connection with this decision, the Company reassessed the value of its customer relationships and recorded an impairment loss of $2.9 million. The impairment led to a reduction in amortization expense for the three and nine months ended December 31, 2025 as compared to the comparative period.

The increase in depreciation of right-of-use asset is mostly related to a certain addition of lease agreement that started in quarter ending March 31, 2025.

Other expenses

In thousands of U.S. dollars	Three months ended December 31, 2025	2024	Change		Nine months ended December 31, 2025	2024	Change	
	$	$	$	%	$	$	$	%
Net financial revenue	(787)	(1,052)	265	(25%)	(3,010)	(4,040)	1,030	(25%)
Foreign exchange loss (gain)	1,186	(6,546)	7,732	(118%)	4,645	(5,804)	10,449	(180%)
Income tax expense (recovery)	527	(1,844)	2,371	(129%)	1,180	(1,077)	2,257	(210%)

Net financial revenue for both the three and nine months ended December 31, 2025 decreased as compared to the three and nine months ended December 31, 2024 and was mainly due to a decrease in interest revenue driven by the combination of lower levels of cash and cash equivalents and lower interest rates.

Foreign exchange loss (gain) arose from the translation of transactions denominated in currencies other than the functional currencies of our reporting entities. The fluctuations recorded for the periods disclosed were primarily driven by the exchange rate volatility between the U.S. and Canadian dollars, impacting U.S. dollar-denominated cash and cash equivalents held by entities whose functional currency is the Canadian dollar.

The variation in income tax expense for the three and nine months ended December 31, 2025, was mainly driven by a change in accounting estimates regarding deferred taxes that led to the recording of an income tax recovery of $2.1 million in the prior period.

Net income (loss)

	Three months ended December 31,				Nine months ended December 31,			
In thousands of U.S. dollars	**2025**	**2024**	**Change**		**2025**	**2024**	**Change**	
	$	$	$	%	$	$	$	%
Net income (loss)	(7,188)	4,044	(11,232)	(278%)	(26,629)	(7,437)	(19,192)	258%

For the three months ended December 31, 2025, the negative variation in net income (loss) was mainly attributable to a foreign exchange loss of $1.2 million, compared to a foreign exchange gain of $6.5 million in the comparative period. This variance was further impacted by a $4.0 million increase in operating expenses and a $2.4 million increase in income tax expense. These variances were partially offset by $3.2 million of growth in gross profit.

For the nine months ended December 31, 2025, the increase in net loss was primarily driven by an increase of $14.3 million in operating expenses, an unfavorable variance in foreign exchange loss of $10.4 million, and a $2.3 million increase in income tax expense. These impacts were partially offset by an increase of $8.9 million in gross profit.

Key Balance Sheet Information

	As of December 31,	As of March 31,		
In thousands of U.S. dollars	**2025**	**2025**	**Change**	
	$	$	$	%
Cash and cash equivalents	100,810	124,752	(23,942)	(19%)
Current assets	153,959	177,441	(23,482)	(13%)
Total assets	215,301	230,359	(15,058)	(7%)
Deferred revenue	73,912	77,387	(3,475)	(4%)
Total liabilities	118,667	103,452	15,215	15%
Total shareholders' equity	96,634	126,907	(30,273)	(24%)

See "Liquidity and Capital Resources" in this MD&A for a more detailed discussion of the changes in cash and cash equivalents.

Total assets

As of December 31, 2025, the decrease in total assets was primarily driven by a reduction of $23.9 million in cash and cash equivalents, as described in the Liquidity and Capital Resources section below and a decrease of $2.3 million in trade and other receivable. These decreases were partially offset by an increase of $4.3 million in government assistance receivable and an increase of $8.7 million in right-of-use assets mainly the result of a lease modification.

Total liabilities

The increase in total liabilities was primarily driven by an increase of $8.6 million in lease obligations, mainly resulting from a lease modification, and the addition of an accrued liability for shares to be repurchased under automatic securities purchase plan for an amount of $8.3 million. These variances were partially offset by a $3.4 million decrease in deferred revenue due to business seasonality.

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 December 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	Dec 31, 2025	Sep 30, 2025	Jun 30, 2025	Mar 31, 2025	Dec 31, 2024	Sep 30, 2024	Jun 30, 2024	Mar 31, 2024
	$	$	$	$	$	$	$	$
Revenue								
SaaS subscription	36,592	35,902	34,150	32,616	32,284	31,174	30,557	30,739
Professional services	1,427	1,435	1,395	1,734	1,681	1,566	1,660	1,843
Total revenue	**38,019**	**37,337**	**35,545**	**34,350**	**33,965**	**32,740**	**32,217**	**32,582**
Cost of revenue								
Product	6,865	6,534	6,497	5,862	5,932	5,558	5,617	5,551
Professional services	1,349	1,387	1,622	1,385	1,410	1,275	1,354	1,448
Total cost of revenue	**8,214**	**7,921**	**8,119**	**7,247**	**7,342**	**6,833**	**6,971**	**6,999**
Gross profit	**29,805**	**29,416**	**27,426**	**27,103**	**26,623**	**25,907**	**25,246**	**25,583**
Operating expenses								
Sales and marketing	17,830	17,942	19,113	15,734	15,282	14,072	14,527	13,953
Research and product development	9,949	10,058	10,518	8,537	8,322	8,648	10,397	8,769
General and administrative	6,894	6,592	7,118	5,819	6,709	6,233	6,663	6,596
Depreciation of property and equipment	399	541	618	582	610	628	747	616
Amortization and impairment of intangible assets	462	468	461	3,612	743	737	725	729
Depreciation of right-of-use assets	533	493	472	381	355	358	378	384
Total operating expenses	**36,067**	**36,094**	**38,300**	**34,665**	**32,021**	**30,676**	**33,437**	**31,047**
Operating loss	**(6,262)**	**(6,678)**	**(10,874)**	**(7,562)**	**(5,398)**	**(4,769)**	**(8,191)**	**(5,464)**
Net financial revenue	(787)	(1,062)	(1,161)	(1,023)	(1,052)	(1,262)	(1,726)	(1,704)
Foreign exchange loss (gain)	1,186	(1,950)	5,409	278	(6,546)	1,723	(981)	(1,006)
Loss before income tax expense (recovery)	**(6,661)**	**(3,666)**	**(15,122)**	**(6,817)**	**2,200**	**(5,230)**	**(5,484)**	**(2,754)**
Income tax expense (recovery)	527	723	(70)	(501)	(1,844)	147	620	1,296
Net income (loss)	**(7,188)**	**(4,389)**	**(15,052)**	**(6,316)**	**4,044**	**(5,377)**	**(6,104)**	**(4,050)**
Net income (loss) per share – Basic and diluted	**(0.08)**	**(0.05)**	**(0.16)**	**(0.07)**	**0.04**	**(0.05)**	**(0.06)**	**(0.04)**

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 on a stand-alone basis grew at a higher rate in every quarter. As previously announced, the remaining revenue from the Qubit Platform churned completely as of December 31, 2025.

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 as a percentage of total revenue decreased over time reflecting 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 mainly the hosting fees and 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.

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 herein above. Our gross profit as a percentage of total revenue remained relatively consistent over the past eight quarters.

Operating expenses

Sales and marketing expenses generally increased over time, primarily reflecting strategic investments in our go-to-market strategy, including the expansion of our sales team and higher spending on marketing programs. These expenses also naturally fluctuate based on sales performance. For the quarters ended in September, the sequential decrease is mainly driven by anticipated seasonal reduction in marketing programs and events.

We continue to invest strategically in innovation to support our long-term growth and product development roadmap. These investments span multiple areas, including the hiring of specialized talent, direct labor dedicated to research and development, and the deployment of advanced tools and technologies that enable accelerated product innovation. These innovation efforts are partially offset by government assistance programs intended to foster R&D activities. The level of assistance recognized in each period may vary from quarter to quarter, depending on the start and end dates of eligible projects and the specific terms and timing of the funding programs. The company has received contributions for three projects, one from Scale AI started in the quarter ended March 31, 2023 through the quarter ended March 31, 2024, a second one from the SRF starting in the quarter ended September 30, 2024 and expected to last three years, and a third one from Scale AI started in the quarter ended March 31, 2025 expected to end in the quarter ending December 31, 2026.

General and administrative expenses remained relatively stable over the past eight quarters, with the exception of a more significant increase for the quarter ended June 30, 2025 mainly driven by additional share-based payments and related expenses.

The increase in amortization and impairment of intangible assets in the quarter ended March 31, 2025 was primarily driven by an impairment of intangible assets of $2.9 million related to Qubit customer relationships.

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 is therefore greater when compared to the prior quarters ending December 31.

Additionally, our operating results are subject to foreign exchange rate fluctuations, primarily because a significant portion of our expenses are incurred in currencies other than the U.S. dollar, particularly the Canadian dollar. As a result, changes in the value of the U.S. dollar relative to other currencies, including the Canadian dollar, can impact our financial performance.

Other expenses

Net financial revenue varies based on our level of cash and cash equivalents, which has been largely influenced by share repurchase activities, and fluctuations in interest rates. Over the past eight quarters, net financial revenue generally declined primarily due to lower interest income resulting from reduced cash balances and a decrease in prevailing interest rates.

Foreign exchange loss (gain) results from transactions denominated in currencies other than the functional currencies and translated into the relevant functional currency and is primarily driven by fluctuations 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 and potential select acquisitions and other value-add transactions we may execute 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:

In thousands of U.S. dollars	Nine months ended December 31, 2025	2024	Change	
	$	$	$	%
Cash and cash equivalents – end of period	100,810	119,108	(18,298)	(15%)
Net cash flows generated from (used in)				
Operating activities	(3,246)	4,271	(7,517)	(176%)
Investing activities	(800)	(853)	53	(6%)
Financing activities	(20,538)	(50,075)	29,537	(59%)
Effect of foreign exchange rate changes on cash and cash equivalents	642	(821)	1,463	(178%)
Net decrease in cash and cash equivalents	(23,942)	(47,478)	23,536	(50%)

Operating activities

Cash flows generated from (used in) operating activities decreased by $7.5 million for the nine months ended December 31, 2025, compared to the same period in 2024. This decrease was primarily driven by an increase in net loss excluding items not affecting cash of $4.5 million and changes in operating assets and liabilities of $2.9 million. Changes in operating assets and liabilities was mainly due to variances in deferred revenue and government assistance partially offset by changes in trade and other receivables.

For the nine months ended December 31, 2024, the Company received the reimbursement related to its fiscal year 2023 e-business tax credit, whereas the fiscal year 2024 credits were received in the last quarter of fiscal year 2025. The timing of government assistance collection tends to be seasonal and can differ considerably from one year to the next.

Investing activities

Cash flows used in investing activities for the nine months ended December 31, 2025 were in line with the nine months ended December 31, 2024.

Financing activities

The decrease in cash flows used in financing activities for the nine months ended December 31, 2025, compared to the same period in 2024, was primarily attributable to the $32.6 million reduction in shares repurchased for cancellation under the Company's normal course issuer bid and significant issuer bid programs partially offset by additional cash flows used for tax withholding for net share settlement and shares repurchased for settlement of share-based awards.

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 undertake from time to time. 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 from operating activities for the three and nine months ended December 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

There were no significant changes to our contractual obligations and commitments disclosed in our audited annual consolidated financial statements for the year ended March 31, 2025.

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. Refer to note 24 to the audited annual consolidated financial statements for the year ended March 31, 2025. There were no significant changes in financial instruments set out in note 24 to the audited annual consolidated financial statements for the year ended March 31, 2025.

Off-Balance Sheet Arrangements

We have no 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. There were no significant changes in transactions between related parties set out in note 22 to the audited annual consolidated financial statements for the year ended March 31, 2025.

Significant Accounting Judgments, Estimates, and Assumptions

See note 4 to the audited annual consolidated financial statements for the year ended March 31, 2025. There were no significant changes in significant accounting judgments, estimates, and assumptions set out in note 4 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, for a summary of accounting standard changes. There were no significant changes in future accounting standard changes set out in the audited annual consolidated financial statements for the year ended March 31, 2025.

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 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 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 December 31, 2025, the CEO and the CFO concluded that our ICFR is appropriately designed.

Outstanding Share Information

Coveo is a publicly traded company listed under the symbol "CVO" on the TSX. 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 54,131,271 subordinate voting shares, 39,994,894 multiple voting shares, and no preferred shares were issued and outstanding as of January 27, 2026. The number of issued and outstanding subordinate voting shares as of January 27, 2026 is presented net of 300,000 subordinate voting shares repurchased and held in trust, as well as 100,800 subordinate voting shares repurchased under the NCIB that are in the process of being cancelled.

The number stock options under the Company's Amended and Restated 2009 Stock Option Plan (the "Legacy Plan"), stock options under the Company's Amended and Restated Omnibus Incentive Plan (the "Omnibus Plan"), restricted share units ("RSU"), performance share units ("PSU") and deferred share units ("DSU"), in each case, outstanding and vested as of January 27, 2026, is summarized as follows:

	As of January 27, 2026	
	Number of awards outstanding	**Number of awards vested**
Stock options under Legacy Plan(1)	4,112,502	4,112,502
Stock options under Omnibus Plan(2)	3,476,418	613,589
Restricted Share Units(3)	6,246,038	2,192,415
Performance Share Units(3)	1,251,051	342,531
Deferred Share Units(4)	616,847	485,417

(1) Each option under the Legacy Plan is exercisable for one multiple voting share upon vesting.

(2) Each option under the Omnibus Plan is exercisable for one subordinate voting share upon vesting. This amount includes (i) stock options subject to time-based vesting (ii) performance stock options ("PSO"), for which performance measurement was completed at the first anniversary of the grant date and that are also subject to time-based vesting, and (iii) 2,640,000 stock options granted in connection with the Company's IPO under the Executive Chairman's and CEO's value-creation awards (the "VCA Options"). The VCA Options are subject to both time-based vesting and performance-based vesting tied solely to the Company's stock price. As of the date hereof, none of the VCA Options have satisfied the performance-based vesting conditions.

(3) Each 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. In any grant year, the number of PSUs that actually vests 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 hereof, 613,019 PSUs are subject to future performance measurement.

(4) Each 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