

DOCEBO INC.
UNAUDITED CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION
(expressed in thousands of United States dollars)

	September 30, 2022	December 31, 2021
	\$	\$
Assets		
Current assets:		
Cash and cash equivalents	212,733	215,323
Trade and other receivables (Note 4)	30,551	27,685
Income taxes receivable	363	—
Prepays and deposits	6,187	6,992
Net investment in finance lease	172	99
Contract costs, net	2,210	1,390
	<u>252,216</u>	<u>251,489</u>
Non-current assets:		
Contract costs, net	6,810	3,849
Net investment in finance lease	274	204
Deferred tax asset	125	—
Right-of-use assets, net (Note 5)	2,048	3,059
Property and equipment, net (Note 6)	2,540	2,645
Intangible assets, net (Note 7)	1,132	1,576
Goodwill (Note 8)	5,521	5,301
	<u>270,666</u>	<u>268,123</u>
Liabilities		
Current liabilities:		
Trade and other payables	21,778	22,817
Income taxes payable	150	—
Deferred revenue	50,648	44,578
Contingent consideration	1,168	467
Lease obligations (Note 5)	1,253	1,311
	<u>74,997</u>	<u>69,173</u>
Non-current liabilities:		
Contingent consideration	1,150	2,236
Deferred revenue	604	116
Lease obligations (Note 5)	1,848	2,690
Employee benefit obligations	2,682	2,560
Deferred tax liability	896	692
	<u>82,177</u>	<u>77,467</u>
Shareholders' equity		
Share capital (Note 10)	267,926	266,119
Contributed surplus	7,553	4,312
Accumulated other comprehensive (loss) income	(10,520)	2,113
Deficit	(76,470)	(81,888)
Total equity	<u>188,489</u>	<u>190,656</u>
	<u>270,666</u>	<u>268,123</u>

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

DOCEBO INC.
**UNAUDITED CONDENSED CONSOLIDATED INTERIM STATEMENTS OF INCOME (LOSS) AND
 COMPREHENSIVE LOSS**

(expressed in thousands of United States dollars, except per share amounts)

	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
	\$	\$	\$	\$
Revenue (Note 13)	36,966	27,068	103,957	74,441
Cost of revenue (Note 14 and 15)	7,140	5,683	20,671	14,699
Gross profit	29,826	21,385	83,286	59,742
Operating expenses				
General and administrative (Note 15)	7,824	6,817	22,796	21,178
Sales and marketing (Note 15)	15,523	11,142	44,150	30,708
Research and development (Note 15)	6,105	5,481	18,401	14,858
Share-based compensation (Note 11)	1,000	745	3,624	1,662
Foreign exchange (gain) loss	(10,213)	(4,765)	(11,676)	375
Depreciation and amortization (Note 5, 6 and 7)	564	501	1,731	1,464
	20,803	19,921	79,026	70,245
Operating income (loss)	9,023	1,464	4,260	(10,503)
Finance (income) expense, net (Note 9)	(1,325)	29	(1,677)	103
Other income	(21)	(21)	(64)	(64)
Income (loss) before income taxes	10,369	1,456	6,001	(10,542)
Income tax expense	95	795	583	1,631
Net income (loss) for the periods	10,274	661	5,418	(12,173)
Other comprehensive loss (income)				
Item that may be reclassified subsequently to income:				
Exchange loss (gain) on translation of foreign operations	10,690	4,691	12,633	(575)
Comprehensive loss	(416)	(4,030)	(7,215)	(11,598)
Income (loss) per share - basic	0.31	0.02	0.16	(0.37)
Income (loss) per share - diluted	0.30	0.02	0.16	(0.37)
Weighted average number of common shares outstanding - basic (Note 12)	33,044,250	32,834,833	33,024,887	32,809,397
Weighted average number of common shares outstanding - diluted (Note 12)	34,069,688	34,122,772	34,032,666	32,809,397

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

DOCEBO INC.
UNAUDITED CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(expressed in thousands of United States dollars, except number of shares)

	Common shares		Contributed surplus	Accumulated other comprehensive income (loss)	Deficit	Total
	#	\$	\$	\$	\$	\$
Balance, December 31, 2020	32,630,536	264,357	2,537	1,699	(68,287)	200,306
Exercise of stock options (Note 10 and 11)	147,025	548	(160)	—	—	388
Share-based compensation (Note 11)	—	—	1,662	—	—	1,662
Share issuance under employee share purchase plan (Note 10 and 11)	4,945	292	(48)	—	—	244
Comprehensive income (loss)	—	—	—	575	(12,173)	(11,598)
Balance, September 30, 2021	<u>32,782,506</u>	<u>265,197</u>	<u>3,991</u>	<u>2,274</u>	<u>(80,460)</u>	<u>191,002</u>
Balance, December 31, 2021	32,857,422	266,119	4,312	2,113	(81,888)	190,656
Exercise of stock options (Note 10 and 11)	9,179	151	(63)	—	—	88
Share-based compensation (Note 11)	—	—	3,624	—	—	3,624
Release of RSUs (Note 10 and 11)	2,800	194	(194)	—	—	—
Shares issued related to contingent consideration	15,364	700	—	—	—	700
Share issuance under employee share purchase plan (Note 10 and 11)	20,814	762	(126)	—	—	636
Comprehensive loss	—	—	—	(12,633)	5,418	(7,215)
Balance, September 30, 2022	<u>32,905,579</u>	<u>267,926</u>	<u>7,553</u>	<u>(10,520)</u>	<u>(76,470)</u>	<u>188,489</u>

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

DOCEBO INC.
UNAUDITED CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
(expressed in thousands of United States dollars)

	Nine months ended September 30,	
	2022	2021
	\$	\$
Cash flows (used in) from operating activities		
Net income (loss)	5,418	(12,173)
Adjustments to reconcile net income (loss) to net cash from (used in) operating activities:		
Depreciation and amortization	1,731	1,464
Share-based compensation	3,624	1,662
Loss on sale of assets	11	—
Unrealized foreign exchange gain	(12,215)	(199)
Income tax expense	583	(43)
Finance (income) expense, net	(1,677)	103
Changes in non-cash working capital items:		
Trade and other receivables	(3,483)	(5,245)
Prepays and deposits	190	(2,859)
Contract costs	(3,982)	(1,358)
Trade and other payables	1,578	6,877
Employee benefit obligations	467	405
Deferred revenue	8,542	8,194
Income taxes paid	(692)	(52)
Cash from (used in) operating activities	95	(3,224)
Cash flows used in investing activities		
Purchase of property and equipment	(860)	(999)
Acquisition of business, net of cash acquired	(1,071)	—
Cash used in investing activities	(1,931)	(999)
Cash flows (used in) from financing activities		
Payments received on net investment in finance lease	116	64
Repayment of lease obligations	(1,044)	(1,004)
Interest received	827	306
Proceeds from exercise of stock options	88	388
Proceeds from share issuance under employee share purchase plan	636	244
Payments of contingent consideration from acquisitions	(93)	—
Repayment of borrowings	—	(15)
Cash from (used in) financing activities	530	(17)
Net change in cash and cash equivalents during the period	(1,306)	(4,240)
Effect of foreign exchange on cash and cash equivalents	(1,284)	89
Cash and cash equivalents, beginning of the period	215,323	219,658
Cash and cash equivalents, end of the period	212,733	215,507

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

DOCEBO INC.
NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
September 30, 2022
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1 Nature of business

Docebo Inc. (the “Company” or “Docebo”) is a provider of cloud-based learning management systems. The Company was incorporated on April 21, 2016 under the laws of the Province of Ontario. The Company’s head office is located at Suite 701, 366 Adelaide Street West, Toronto, Canada, M5V 1R9.

The Company’s shares are listed on both the Toronto Stock Exchange (“TSX”), as of October 8, 2019, and the Nasdaq Global Select Market (“Nasdaq”), as of December 3, 2020, under the stock symbol “DCBO”.

The Company has the following subsidiaries:

Entity name	Country	Ownership percentage September 30, 2022	Ownership percentage December 31, 2021
		%	%
Docebo S.p.A	Italy	100	100
Docebo NA, Inc.	United States	100	100
Docebo EMEA FZ-LLC	Dubai	100	100
Docebo UK Limited	England	100	100
Docebo France Société par Actions Simplifiée (“Docebo France”)	France	100	100
Docebo DACH GmbH (“Docebo Germany”)	Germany	100	100
Docebo Australia Pty Ltd ¹ (“Docebo Australia”)	Australia	100	—
Docebo Ireland Limited ²	Ireland	100	—

¹ On January 21, 2022, the Company acquired all of the issued and outstanding shares of Skillslive Edu Pty Ltd. (“Skillslive”), an educational consulting agency located in Melbourne, Australia. On February 2, 2022 Skillslive changed its name to Docebo Australia Pty Ltd.

² On August 9, 2022, the Company incorporated a new subsidiary, Docebo Ireland Limited.

2 Basis of preparation

Statement of compliance

These unaudited condensed consolidated interim financial statements (“financial statements”) have been prepared by management using the same accounting policies and methods as those used in the Company’s consolidated financial statements for the year ended December 31, 2021. These unaudited condensed consolidated interim financial statements have been prepared in compliance with IAS 34 – Interim Financial Reporting. Accordingly, certain disclosures normally included in annual financial statements prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (“IFRS”) have been omitted or condensed. These unaudited condensed consolidated interim financial statements should be read in conjunction with the Company’s consolidated financial statements for the year ended December 31, 2021.

These financial statements were approved and authorized for issuance by the Board of Directors of the Company on November 9, 2022.

Use of estimates, assumptions and judgments

The preparation of these financial statements in conformity with IFRS requires management to make estimates, assumptions and judgments that affect the application of accounting policies and the reported amounts of assets and

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liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results may differ from those estimates.

Estimates are based on management's best knowledge of current events and actions the Company may undertake in the future. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The impact of the novel coronavirus ("COVID-19") pandemic, with its combined health toll and sharp decline in global economic output, is unprecedented and the full extent of the impact continues to depend on future developments. These developments are highly uncertain and cannot be accurately predicted, including new information which may emerge concerning its severity, its duration and actions by government authorities to contain the outbreak or manage its impact. The extent of the impact of COVID-19 and measures taken to contain the virus on our results of operations and overall financial performance continues to remain uncertain.

In preparing these financial statements, the significant judgments made by management in applying the Company's accounting policies and the key sources of uncertainty are the same as those applied and described in the Company's annual audited consolidated financial statements for the year ended December 31, 2021.

3 Summary of significant accounting policies

In preparing these financial statements, the significant accounting policies applied in these financial statements are the same as those applied and described in the Company's annual audited consolidated financial statements for the year ended December 31, 2021.

4 Trade and other receivables

The Company's trade and other receivables as at September 30, 2022 and December 31, 2021 include the following:

	2022	2021
	\$	\$
Trade receivables	23,713	21,985
Accrued revenues	3,084	3,241
Tax credits receivable	2,624	2,423
Other receivables	1,130	36
	30,551	27,685

Included in trade receivables is a loss allowance of \$813 as at September 30, 2022 and \$1,007 as at December 31, 2021.

5 Leases

The Company's right-of-use assets by class of assets are as follows:

	Premises	Others	Total
	\$	\$	\$
Costs			
Balance – December 31, 2021	4,974	330	5,304
Additions	286	—	286
Disposals	(315)	—	(315)
Effects of foreign exchange	(528)	(41)	(569)
Balance – September 30, 2022	4,417	289	4,706

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	<u>Premises</u>	<u>Others</u>	<u>Total</u>
Accumulated amortization			
Balance – December 31, 2021	2,037	208	2,245
Amortization	707	51	758
Disposals	(42)	—	(42)
Effects of foreign exchange	(270)	(33)	(303)
Balance – September 30, 2022	2,432	226	2,658
Carrying value			
Net balance – December 31, 2021	2,937	122	3,059
Net balance – September 30, 2022	1,985	63	2,048

The Company's lease obligations are as follows:

	<u>2022</u>
	\$
Balance – December 31, 2021	4,001
Additions	286
Interest accretion	207
Lease repayments	(1,044)
Effects of foreign exchange	(349)
Balance – September 30, 2022	3,101
Current	1,253
Non-current	1,848
	3,101

Expenses incurred for the three and nine months ended September 30, 2022 relating to short-term leases and leases of low-value assets were \$47 and \$163, respectively (2021 - \$76 and \$234).

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6 Property and equipment

	Furniture and office equipment	Leasehold improvements	Land and Building	Total
	\$	\$	\$	\$
Cost				
Balance – December 31, 2021	2,098	1,830	359	4,287
Additions	796	64	—	860
Effects of foreign exchange	(238)	(153)	(64)	(455)
Balance – September 30, 2022	<u>2,656</u>	<u>1,741</u>	<u>295</u>	<u>4,692</u>
Accumulated depreciation				
Balance – December 31, 2021	854	707	81	1,642
Depreciation	491	221	9	721
Effects of foreign exchange	(117)	(68)	(26)	(211)
Balance – September 30, 2022	<u>1,228</u>	<u>860</u>	<u>64</u>	<u>2,152</u>
Carrying value				
Balance – December 31, 2021	1,244	1,123	278	2,645
Balance – September 30, 2022	<u>1,428</u>	<u>881</u>	<u>231</u>	<u>2,540</u>

7 Intangible assets

	Acquired			
	Customer relationships	Technology	Trademarks	Total
	\$	\$	\$	\$
Cost				
Balance – December 31, 2021	1,415	532	46	1,993
Effects of foreign exchange	(191)	(72)	(6)	(269)
Balance – September 30, 2022	<u>1,224</u>	<u>460</u>	<u>40</u>	<u>1,724</u>
Accumulated amortization				
Balance – December 31, 2021	276	124	17	417
Amortization	166	75	11	252
Effects of foreign exchange	(50)	(22)	(5)	(77)
Balance – September 30, 2022	<u>392</u>	<u>177</u>	<u>23</u>	<u>592</u>
Carrying value				
Balance – December 31, 2021	1,139	408	29	1,576
Balance – September 30, 2022	<u>832</u>	<u>283</u>	<u>17</u>	<u>1,132</u>

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8 Goodwill

	\$
Balance – December 31, 2021	5,301
Additions	1,071
Effects of foreign exchange	(851)
Balance – September 30, 2022	<u>5,521</u>

On January 21, 2022, the Company acquired all of the issued and outstanding shares of Skillslive for total consideration, including a working capital adjustment, of \$1,071. The acquisition of Skillslive will contribute to the expansion of the Company’s footprint in Australia and accelerate time-to-market by immediately adding specialized talent and infrastructure in the Asia-Pacific (“APAC”) region.

The acquisition has been accounted for as a business combination in accordance with IFRS 3, Business Combinations, using the acquisition method whereby the net assets acquired and the liabilities assumed are recorded at fair value. No identifiable intangible assets were acquired in connection with the acquisition of Skillslive. Goodwill arising on the acquisition reflects the benefits attributable to synergies and the estimated fair value of an assembled workforce. These benefits were not recognized separately from goodwill because they did not meet the recognition criteria for identifiable intangible assets. This goodwill is not deductible for income taxes.

9 Borrowings

Credit Facility

On June 1, 2021, the Company terminated the \$15,000 committed revolving term credit facility (the “Credit Facility”) it secured from the Toronto-Dominion Bank on July 25, 2019 and repaid all accrued and unpaid interest. Unamortized financing costs of \$64 were derecognized and expensed to finance (income) expense during the second quarter of 2021. Prior to termination, the balance drawn on the facility was \$nil.

Finance (income) expense, net

Finance (income) expense for the three and nine months ended September 30, 2022 and 2021 is comprised of:

	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
	\$	\$	\$	\$
Interest on contingent consideration	28	19	83	55
Interest on lease obligations	63	83	207	258
Interest and amortization of deferred financing costs on credit facility	—	—	—	84
Interest income	(1,416)	(109)	(1,969)	(331)
Bank fees and other	—	36	2	37
	<u>(1,325)</u>	<u>29</u>	<u>(1,677)</u>	<u>103</u>

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10 Share capital

Authorized:

Unlimited common shares with no par value

Issued and outstanding:

	Number of shares	Amount
	#	\$
Balance – December 31, 2021	32,857,422	266,119
Stock option exercise	9,179	151
RSU release	2,800	194
Issuance of common shares related to contingent consideration ⁽ⁱ⁾	15,364	700
Share issuance under employee share purchase plan	20,814	762
Balance – September 30, 2022	32,905,579	267,926

- (i) On April 28, 2022, the Company issued a total of 15,364 common shares from treasury as part of the contingent consideration earn-out payments due to the sellers of forMetris Société par Actions Simplifiée for meeting certain revenue conditions in the first year following the date of acquisition. The shares were issued based on the fair value thereof, which was determined to be \$45.55 (C\$58.47). The equity settlement resulted in a reduction to the contingent consideration balance as at September 30, 2022.

11 Share-based compensation

The Company has five components of its share-based compensation plan: stock options, deferred share units (“DSUs”), restricted share units (“RSUs”), performance share units (“PSUs”) and employee share purchase plan (“ESPP”). Share-based compensation expense for the three and nine months ended September 30, 2022 was \$1,000 and \$3,624, respectively (2021 - \$745 and \$1,662). The expense associated with each component is as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
	\$	\$	\$	\$
Stock options	607	443	1,655	1,103
DSUs	233	231	632	488
RSUs	124	—	1,225	—
ESPP	36	71	112	71
	1,000	745	3,624	1,662

There were no PSUs issued and outstanding for the three and nine months ended September 30, 2022 and 2021.

The changes in the number of stock options during the nine months ended September 30, 2022 and 2021 were as

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follows:

	2022		2021 ¹	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
	#	C\$	#	C\$
Options outstanding – January 1	1,283,088	12.00	1,516,641	6.73
Options granted ¹	168,588	44.91	115,969	53.19
Options forfeited	(63,415)	46.41	(28,736)	14.84
Options exercised	(9,179)	14.52	(147,025)	3.37
Options outstanding – September 30	1,379,082	14.42	1,456,849	10.61
Options exercisable – September 30	887,779	4.06	814,367	2.54

¹ In March 2021, the Company granted stock options to certain executives. Subsequently, the Company identified an error in determining the expected life and volatility inputs used in the Black-Scholes pricing model to calculate the fair value of options, which led to the Company determining that 63,992 excess options were granted in March 2021 to six senior executives (the “Awardees”). The granting of excess options was immaterial to the Company but the error resulted in an award of options to the Awardees that was not reasonable and appropriate to grant. During 2021, the Company amended and restated the option award agreements for those affected Awardees to reflect the issuance of the appropriate number of options.

The following table is a summary of the Company’s stock options outstanding as at September 30, 2022:

Options outstanding			Options exercisable		
Exercise price range	Number outstanding	Weighted average remaining contractual life (years)	Exercise price range	Number exercisable	
C\$	#	#	C\$	#	
0.0001 - 1.09	784,368	4.71	0.0001 - 1.09	748,368	
8.86 - 11.06	51,811	8.20	8.86 - 11.06	21,084	
15.79 - 16.00	268,499	7.03	15.79 - 16.00	95,969	
26.43 - 95.12	274,404	9.26	26.43 - 95.12	22,358	
	1,379,082	6.19		887,779	

The following table is a summary of the Company’s stock options outstanding as at September 30, 2021:

Options outstanding			Options exercisable		
Exercise price range	Number outstanding	Weighted average remaining contractual life (years)	Exercise price range	Number exercisable	
C\$	#	#	C\$	#	
0.0001 - 1.09	784,368	5.70	0.0001 - 1.09	695,968	
8.86 - 11.06	190,522	9.21	8.86 - 11.06	59,784	
15.79 - 16.00	341,701	8.03	15.79 - 16.00	57,529	
26.43 - 69.48	140,258	9.45	26.43 - 69.48	1,086	
	1,456,849	7.17		814,367	

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DSUs

The following table presents information concerning the number of DSUs granted by the Company:

	#
DSUs – December 31, 2021	59,654
Granted (at C\$38.97 - \$86.93 per unit)	25,372
DSUs - September 30, 2022	85,026

RSUs

The following table presents information concerning the number of RSUs granted by the Company:

	#
RSUs – December 31, 2021	46,591
Granted (at C\$40.30 - \$54.26 per unit)	97,816
Released (at C\$94.05 per unit)	(2,800)
Forfeited (at C\$86.38 - \$94.05 per unit)	(30,222)
RSUs - September 30, 2022	111,385

12 Income (loss) per share

The following table summarizes the calculation of the weighted average number of basic and diluted common shares:

	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
	#	#	#	#
Weighted average number of basic Common Shares	33,044,250	32,834,833	33,024,887	32,809,397
Share options	815,863	1,228,881	850,888	—
DSUs	84,254	59,058	68,749	—
RSUs	125,321	—	88,142	—
Weighted average number of diluted Common Shares	34,069,688	34,122,772	34,032,666	32,809,397

For the three and nine months ended September 30, 2022, nil and 15,991, respectively (three and nine months ended September 30, 2021 – nil and all share options and units, respectively) share options were excluded from the weighted average number of diluted common shares as their effect would have been anti-dilutive.

13 Revenue and related balances

Disaggregated revenue

The Company derives its revenues from two main sources, subscription to its SaaS application, and professional services revenue, which includes services such as initial implementation, project management, and training.

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The following table represents disaggregation of revenue for the three and nine months ended September 30:

	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
	\$	\$	\$	\$
Subscription revenue	34,279	25,057	95,323	68,476
Professional services	2,687	2,011	8,634	5,965
	<u>36,966</u>	<u>27,068</u>	<u>103,957</u>	<u>74,441</u>

14 Cost of revenue

The following table represents cost of revenue for the three and nine months ended September 30:

	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
	\$	\$	\$	\$
Employee salaries and benefits	3,873	3,615	12,149	9,567
Web hosting fees	1,329	939	3,589	2,482
Third party service fees	1,763	977	4,361	2,172
Other	175	152	572	478
	<u>7,140</u>	<u>5,683</u>	<u>20,671</u>	<u>14,699</u>

15 Employee compensation

The total employee compensation comprising salaries and benefits for the three and nine months ended September 30, 2022 was \$22,954 and \$67,543, respectively (2021 - \$18,554 and \$51,520).

Employee compensation costs were included in the following expenses for the three and nine months ended September 30:

	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
	\$	\$	\$	\$
Cost of revenue	3,873	3,615	12,149	9,567
General and administrative	3,582	2,666	10,328	7,797
Sales and marketing	10,900	8,231	31,013	22,609
Research and development	4,599	4,042	14,053	11,547
	<u>22,954</u>	<u>18,554</u>	<u>67,543</u>	<u>51,520</u>

16 Related party transactions

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling activities of the Company, directly or indirectly, including the Chief Executive Officer, President and

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(expressed in thousands of US dollars, except share amounts)

Chief Operating Officer, Chief Financial Officer, Chief Product Officer, Chief Corporate Development Officer, Chief Human Resource Officer, Chief Legal Officer and Directors.

Compensation expense for the Company's key management personnel for the three and nine months ended September 30, 2022 and 2021 is as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
	\$	\$	\$	\$
Salaries and benefits	954	916	3,099	2,824
Share-based compensation	425	486	2,106	1,110
	<u>1,379</u>	<u>1,402</u>	<u>5,205</u>	<u>3,934</u>

17 Financial instruments and risk management

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from deposits with banks and outstanding receivables. The Company trades only with recognized, creditworthy third parties. Due to the Company's diversified customer base, there is no particular concentration of credit risk related to the Company's trade and other receivables. Trade and other receivables are monitored on an ongoing basis to ensure timely collection of amounts. Potential effects from COVID-19 on the Company's credit risk have been considered and have resulted in increases to its allowances for expected credit losses on customer balances. The Company continues its assessment given the fluidity of COVID-19's global impact.

The carrying values of cash and cash equivalents, trade and other receivables, trade and other payables and borrowings approximate fair values due to the short-term nature of these items or being carried at fair value or, for borrowings, the interest rates charged approximate current market rates. The risk of material change in fair value is not considered to be significant. The Company does not use derivative financial instruments to manage this risk.

Contingent consideration is classified as a Level 3 financial instrument. The fair value of the contingent consideration was calculated using discounted cash flows. During the three and nine months ended September 30, 2022, there were no transfers of amounts between levels in the fair value hierarchy.

18 Segment information

The Company reports segment information based on internal reports used by the chief operating decision maker ("CODM") to make operating and resource allocation decisions and to assess performance. The CODM is the Chief Executive Officer. The CODM makes decisions and assesses performance of the Company on a consolidated basis such that the Company is a single reportable operating segment.

The following tables present details on revenues derived in the following geographical locations for the three and nine months ended September 30, 2022 and 2021.

	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
	\$	\$	\$	\$
North America	28,439	19,768	78,731	53,907
Rest of World	8,527	7,300	25,226	20,534
	<u>36,966</u>	<u>27,068</u>	<u>103,957</u>	<u>74,441</u>