

Docebo

Management's Prepared Remarks

Q1 FY24 - May 9, 2024

Alessio Artuffo, Interim CEO, President and COO

Good afternoon everyone.

We are pleased to report solid first quarter results with total revenues and profitability that exceeded the high end of our guidance ranges. The key growth metrics used by our leadership team to evaluate our performance are demonstrating continued improvement as we leverage our investments in driving innovation for our learners and in our go-to-market motion, where Docebo is enhancing its ability to address the needs of enterprise customers and navigate their organizations to close deals effectively.

2024 First Quarter Financial Highlights

Subscription revenue increased by 23% and total revenues grew by 24% during the quarter, with total revenues exceeding the upper end of our guidance range.

During the first quarter, Annual Recurring Revenue¹ (ARR) grew 22% year-over-year and has now surpassed the \$200 million mark. ARR growth was in-line with our expectations and we were pleased with the results following a strong fourth quarter performance.

Since our initial public offering at the end of 2019, ARR has grown from just over \$40 million to \$201 million at the end of our first quarter.

Reaching this milestone is the result of several factors:

- our innovative platform's appeal across horizontal industry verticals
- our unique ability to service both the Customer Experience and Employee Experience of our Enterprise customers

¹ – Please refer to the “non-IFRS Measures” section of this letter.

- our strength in managing complex Enterprise learning workflows, with multiple underlying use cases
- our geographical presence, making Docebo a Global learning leader

In terms of profitability, net income increased to \$5.2 million, or \$0.17 per share. Adjusted EBITDA¹ as a percentage of revenue of 14.5% also exceeded our guidance range. Furthermore, we were especially pleased with our very strong Free Cash Flow performance this quarter, which was 17.9% of revenue, up materially from negative (5.5%) a year ago and reflecting the organization's excellent operating discipline.

Regardless of economic cycles, quality growth, balanced with profitability, will always be Docebo's top priority.

2024 March Quarter KPIs and Highlights

Enterprise customers with Average Contract Value¹ (ACV) over \$100,000 in ARR accounted for approximately 40% of gross ARR generated in the first quarter. During the quarter customers with \$100,000 or greater in

1 – Please refer to the “non-IFRS Measures” section of this letter.

ARR grew 36% year over year. Consistent with seasonal historical trends, ACV for new customers in Q1 2024 was approximately \$59,000, compared to \$71,000 reported in Q4.

As a result of the advancements made by our enterprise sales team and our expanding presence with large system integrators, the quality of our pipeline in the enterprise segment continues to improve. Over half of this pipeline is made up of external and hybrid use cases as our partnerships accelerate access into top-tier opportunities in both the enterprise and government sectors.

New Customer Wins

Now I would like to highlight a few new customers, as well as several that are expanding their use of Docebo's platform:

Ansys is a global company and leader in engineering simulation software. For more than 50 years, Ansys software has enabled innovators across industries to push boundaries by using the predictive power of simulation. Ansys is collaborating with Docebo to develop a

scalable customer learning academy built to fuel growth and enable an expanding customer base with the right tools to succeed.

We won a large professional sports association based in the United Kingdom that has partnered with Docebo to support a variety of external and internal use cases, including revenue generating customer and partner education, membership training, onboarding, professional development, leadership training, and compliance training.

The Centre for Addiction and Mental Health (CAMH) chose Docebo to address their external use case requirements in customer and partner education, and membership training. CAMH is Canada's largest mental health teaching hospital and one of the world's leading research centers in its field. CAMH is fully affiliated with the University of Toronto and is a Pan American Health Organization/World Health Organization Collaborating Centre with a dedicated staff of more than 5,000 physicians, clinicians, researchers, educators and support staff. CAMH offers outstanding clinical care to more than 38,000 patients each year.

The Big 4 US-based bank operating globally that we signed in Q4 is expanding their use of Docebo's learning platform for a variety of internal use cases including Customer Support, Professional Services and Engineering Enablement, Onboarding, and Compliance training.

Geographically, our business in the United States remains relatively strong. Our business in the EMEA and APAC regions continues to grow, as we continue to focus on international expansion where unit economics drive sustainable growth.

Government

We had a strong quarter in the Gov vertical with a number of wins in Q1 and our progress towards obtaining our FedRAMP certification remains on track. As we move through the certification process we are winning new business and expanding our pipeline of opportunities as a result of our expanding partnerships with Carahsoft and a large SI partner.

Carahsoft, a large reseller into the US government market has Docebo listed on their approved vendor-partner list and our systems integrator

partner in the government vertical is seeing success selling into agencies and departments that do not require FedRAMP.

In fact, success with this SI partner has begun to open up other opportunities outside of the government segment and we are beginning to work with them on a number of private sector deals where our platform's capabilities and performance are superior to those of other learning companies they have worked with in the past.

This increased visibility and our early successes in Gov are enabling us to build a strong pipeline at the state and local levels, also known as the SLED market, ahead of signing a sponsor which will open up the federal marketplace for the active selling of our platform.

Government vertical wins in the March quarter in the US include a large midwestern state criminal justice agency, an upsell opportunity working with Carahsoft and an agency within the Department of Transportation for a large northeastern state, as well as GovCIO.

GovCIO is a rapidly growing provider of advanced technology solutions and digital services for the federal government in the US. Combining

extensive federal experience with the latest innovations in IT and disruptive approaches, their experts develop comprehensive solutions to meet the most pressing demands of today's government agencies. GovCIO chose Docebo for its onboarding, compliance, professional development, and leadership training use case needs.

Market Landscape

Beginning with the reporting of Q1, we will be adding annual revenue and profitability guidance. We believe this will provide greater transparency into our business and the operating environment as we progress through 2024.

Our focus remains on driving high quality growth with a focus on mid-market and enterprise customers. These segments represent higher value and strategic lifetime relationships and we are committed to expanding this customer base and building solid pipelines. There's a good deal of activity in both these segments even as high-level decision-makers are rigorously evaluating investments, prioritizing those of strategic importance.

Looking Ahead

Our balanced growth strategy is supported by our ability to execute in these five key pillars:

- Maintaining our leadership in the external use case, a significant greenfield opportunity.
- Increasing our presence and continuing to grow our enterprise customer base worldwide.
- Introducing our robust learning platform to the lucrative and underserved government sector.
- Scaling up strategic channels and partnerships.
- Enhancing our account expansion and retention efforts with our existing customers.

Introducing a New Pricing Methodology

In Q2, we rolled out a new three-tiered pricing model. The formulation of this model included extensive studies of both how our most successful customers buy, implement and use our differentiated learning solutions as well as the detailed work of a highly regarded

consulting firm that analyzed the pricing models of other learning technology suppliers and enterprise software companies which factored in user models, price points by segments, and service costs, among a variety of other relevant factors.

At a high level, we designed this model to streamline and simplify how our customers work with us from the buying process through implementation and adoption. Other benefits we expect to see include shorter deal cycles and more efficient renewal discussions.

As a result, we believe that we can further strengthen our relationship as a long-term strategic partner and improve our competitive positioning in each customer segment while simultaneously facilitating the inclusion of additional high value, high margin ARR learning solutions and services implemented per customer in each tier.

The impact from this new pricing model will not be immediate, but rather show up over time. We expect to begin realizing its benefits first with new logo customers signed later this year and early in 2025.

Now moving to product innovation.

Continuing to grow the depth of our platform, and improve both its existing capabilities and creating new ones, is a critical pillar of our strategy, in order to meet the growing demand and needs of our customers and prospects.

From a strategic standpoint, we believe that the path to generating long lasting value creation is by aligning our customers' needs with our roadmap strategy. Investments in AI will be crucial in this regard and are consistent with our strategy in this area. In June 2023, with the acquisition of Edugo.ai, we acquired a foundational platform of both technology and people-skills to accelerate our AI posture across the existing core features, as well as create new incremental capabilities.

We are well positioned to capitalize on these opportunities as our technology is ideal for solving many of these challenges. Consistent with our announcements at Docebo Inspire last year, our focus remains evolving our content creation capabilities to incorporate more robust Generative AI technology, with a pedagogically sound framework at the center. In simple words, getting AI to produce content that is aligned

with how humans learn. Starting in the second half of the year, we will be launching two distinct AI-powered capabilities; AI Authoring and AI Virtual Coaching. Underlying these technologies is the Knowledge Engine layer, which has been designed to incorporate company-specific knowledge and advanced prompt engineering to ensure the quality and accuracy of the content generated. This layer creates an abstraction from the underlying LLMs allowing us to support multiple LLMs, including the proprietary ones being built by our customers, which we believe is a unique and strategic decision on our part.

Our customers are excited about the launch of our first Customer Experience focused module, Learner Communities, powered by our past acquisition of Peerboard. Learner Communities allow organizations to offer an integrated digital community in support of broad customer education strategies, contributing to improvements in Enterprise metrics such as NDRR and gross retention. While originally developed under the premise of supporting customer experience strategies, we are discovering through our beta phase that there are many other important use cases for this product; organizations are leveraging

learner communities to amplify their cohort-based onboarding and leadership development programs, as well as in support of centralized internal knowledge management. This new module is the result of years of deep expertise and success in the customer experience segment, and we are anticipating a general release in Q3 2024.

Another sought-after improvement that Docebo will bring to market for its customers is our new Analytics module; Docebo Insights. With Insights, customers can access an interactive analytics dashboard to display, track, and analyze key performance indicators (KPIs) and metrics, offering a centralized source of truth for all learning analytics needs. It is being developed in partnership with Amazon Quicksights, and is currently in public BETA, showing promise and excitement across our customer base. The anticipated general availability is in Q3 2024.

Conclusion

Looking ahead, we are optimistic about the prospects that our product pipeline provides. Our long-term balanced growth strategy is structured around five key pillars that we believe offer significant opportunities.

This strategy is backed by a strong balance sheet, empowering us to confidently invest in disruptive technology and select customer verticals. We will maintain our focus on leveraging our core competencies, building a great platform for our customers, accelerating competitive differentiation, and meeting the needs of our customers.

Sukaran Mehta, Chief Financial Officer

First Quarter Financial Performance

Subscription revenues were \$47.9 million, representing 93% of total revenue for the quarter, and an increase of 23% from the same period in the prior year. Total revenue for the first quarter grew to \$51.4 million, an increase of 24% from the same period in the prior year, and exceeded our guided range.

Annual Recurring Revenue at the close of the first quarter was \$201.2 million, an increase of 22% from the prior year.

We added 74 net new customers in Q1 and ended the quarter with a total of 3,833 customers, an increase of 9% year-over-year. Average Contract Value was approximately \$53,000 for the first quarter, an increase from \$52,000 in the fourth quarter of 2023 and an increase of 12% year-over-year. The growth in ACV is being driven by our continued expansion into the enterprise customer segment, with ACV of \$100,000 and above.

Gross profit margin for the first quarter improved by 10 basis points year-over-year to 80.7% of revenue and was slightly down compared to the prior quarter as a result of increased enterprise customer implementations during the quarter.

Total operating expenses for the first quarter increased to \$37.3 million from \$33.8 million in the prior year period.

G&A, as a percentage of revenue, decreased to 15.9% for the first quarter compared to 17.4% for the fourth quarter of 2023.

Sales and marketing expense as a percentage of revenue was 32.0% for the first quarter compared to 32.8% for the fourth quarter of 2023. We

will continue to concentrate our sales and marketing investments in those areas that drive high-value growth, such as our enterprise go-to-market and government expansion initiatives.

Research and development investments in the first quarter were \$10.4 million, or 20.3% of revenue, up from \$9.0 million, or 18.3% of revenue for the fourth quarter of 2023. The increase is the result of investments being made to support the company's FedRAMP certification activities and new product roll-out initiatives.

As a result, Adjusted EBITDA was \$7.5 million for the first quarter of 2024, or 14.5% of revenue, above our guidance.

We reported net income of \$5.2 million for the first quarter of 2024, compared to \$1.2 million for the first quarter of 2023. Adjusted Net Income¹ for the first quarter of \$7.3 million compared to \$3.2 million for the first quarter of 2023.

Adjusted Earnings Per Share, basic and diluted was \$0.24 and \$0.23 cents per share, respectively, for the first quarter of 2024 compared to \$0.26 and \$0.25 cents per share for the fourth quarter of 2023. This is

based on 30,319,606 and 31,044,036 basic and diluted shares outstanding, respectively, for the first quarter of 2024 and 31,900,115 and 32,858,853 basic and diluted shares outstanding, respectively, for the fourth quarter of 2023.

As a result of our strong operating discipline, we generated positive free cash flow of \$9.2 million, or 17.9% of revenue, compared to 14.2% for the fourth quarter of 2023 and negative (5.5%) for the first quarter of 2023.

Share-based compensation accounted for 3.8% of first quarter revenue, compared to 3.1% in the first quarter of 2023.

Guidance

Now, for our Q2-2024 and annual outlook. Here are the key takeaways:

For Q2-2024:

- We expect total revenue to range between \$52.2 million and \$52.4 million

- We expect Adjusted EBITDA margin to range between 14.0% and 15.0%.
- We expect subscription revenue to grow about 1 percentage point higher than overall company revenue while professional services revenue to be down sequentially from Q1.

For Fiscal Year 2024:

- We expect total revenue growth to range between 17% and 18.5%.
- We expect Adjusted EBITDA margin to range between 14.5% and 15.5%.

We continue to see positive momentum in our enterprise segment where our pipeline and relationships with large SI partners are well positioned to drive high quality revenue growth through the year. We continue to benefit from the operating leverage in our model, largely due to steadily improving efficiency in our G&A operations. Our primary focus is on continuing to invest in sales and marketing to drive growth and driving R&D innovation through targeted investments.

From this base and as we developed our initial annual guide, additional factors that we have taken into consideration in formulating our annual guidance are as follows:

The first aspect is currency volatility. During Q1, we faced headwinds due to the US dollar appreciating against other major currencies. This will affect our revenue from foreign currencies. However, we anticipate our cost structure, which is heavily based in Europe, to act as a partial natural hedge and support profitability.

A second factor is heightened macroeconomic uncertainty in the past couple of months showing early signs of deterioration. We began to see our SMB and lower mid-market customers focus on optimizing their seats as part of their renewal cycles. We remain cautious as we look through the remaining part of the year.

The third factor involves a large enterprise customer who suddenly divested a business segment. The acquiring entity had its own in-house Learning Management System and as a result will terminate its agreement with us. The transition is expected to take place in Q2 and

will have a seven-figure negative impact on our Annual Recurring Revenue.

Conclusion

In concluding our review of Docebo's Q1-2024 results, we want to reiterate that our top priority remains a focus on delivering consistent profitable growth, irrespective of the economic cycle.

We are committed to pursuing a balanced approach to growth and profitability and will continue to build on our track record of expanding our Adjusted EBITDA margins in line with the annual guidance we have provided in this report.

Our ability to meet these growth and profitability goals will depend on our continued operating discipline, the expansion of our go-to-market teams, and our sustained investment in our AI roadmap, which includes timely investments related to achieving FedRAMP compliance.

There are many opportunities ahead of Docebo, and we are well positioned to capitalize on them. We look forward to reporting our second quarter results in August.

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Forward-Looking Information

These prepared remarks contain “forward-looking information” and “forward-looking statements” (collectively, “forward-looking information”) within the meaning of applicable securities laws.

In some cases, forward-looking information can be identified by the use of forward-looking terminology such as “plans”, “targets”, “expects”, “is expected”, “an opportunity exists”, “budget”, “scheduled”, “estimates”, “outlook”, “forecasts”, “projection”, “prospects”, “strategy”, “intends”, “anticipates”, “believes”, “guidance” or variations of such words and phrases or statements that certain actions, events or results “may”, “could”, “would”, “might” or “will”, “occur” or “be achieved”, and similar words or the negative of these terms and similar terminology. 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 in this press release includes, but is not limited to, statements regarding the Company’s business; the guidance for the three months ended June 30, 2024 and fiscal year ended December 31, 2024 in respect of total revenue, and Adjusted EBITDA as a percentage of total revenue; our 2024 product roadmap; our pipeline; the expanded use of AI across our platform; future financial position and business strategy; the learning management industry; our growth rates and growth strategies; addressable markets for our solutions; the achievement of advances in and expansion of our platform; expectations regarding our revenue and the revenue generation potential of our platform and other products; our business plans and strategies; and our competitive position in our industry. This forward-looking information is based on our opinions, estimates and assumptions in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors that we currently believe are appropriate and reasonable in the circumstances. Despite a careful process to prepare and review the forward-looking information, there can be no assurance that the underlying opinions, estimates and assumptions will prove to be correct. Certain assumptions include: our ability to build our market share and enter new markets and industry verticals; our ability to attract and retain key personnel; our ability to maintain and expand geographic scope; our ability to execute on our expansion plans; our ability to continue investing in infrastructure to support our growth; our ability to obtain and maintain existing financing on acceptable terms; our ability to execute on profitability initiatives; currency exchange and interest rates; the impact of inflation and global macroeconomic conditions; the impact of competition; our ability to respond to the changes

and trends in our industry or the global economy; and the changes in laws, rules, regulations, and global standards are material factors made in preparing forward-looking information and management's expectations.

Forward-looking information is necessarily based on a number of opinions, estimates and assumptions that, while considered by the Company to be appropriate and reasonable as of the date of this press release, are subject to known and unknown risks, uncertainties, assumptions and other factors 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:

- *the Company's ability to execute its growth strategies;*
- *the impact of changing conditions in the global corporate e-learning market;*
- *increasing competition in the global corporate e-learning market in which the Company operates;*
- *fluctuations in currency exchange rates and volatility in financial markets;*
- *changes in the attitudes, financial condition and demand of our target market;*
- *the Company's ability to operate its business and effectively manage its growth under evolving macroeconomic conditions, such as high inflation and recessionary environments;*
- *developments and changes in applicable laws and regulations;*
- *fluctuations in the length and complexity of the sales cycle for our platform, especially for sales to larger enterprises;*
- *issues in the use of AI in our platform may result in reputational harm or liability;*
- *such other factors discussed in greater detail under the "Risk Factors" section of our Annual Information Form dated February 22, 2024 ("AIF"), which is available under our profile on SEDAR+ at www.sedar.com.*

Our guidance for the three months ended June 30, 2024 and fiscal year ended December 31, 2024 in respect of total revenue, and Adjusted EBITDA as a percentage of total revenue is subject to certain assumptions and associated risks as stated above, and the following:

- *currency assumptions, in particular that the US dollar will remain strong against other major currencies;*
- *there will be continued macro-economic headwinds that will specifically affect our SMB and lower mid-market customers;*
- *there will be a seven-figure negative impact on our Annual Recurring Revenue base resulting from a large enterprise customer terminating its agreement with us following a sale to an organization that has an in-house LMS;*
- *our ability to win business from new customers and expand business from existing customers;*
- *the timing of new customer wins and expansion decisions by our existing customers;*
- *maintaining our customer retention levels, and specifically, that customers will renew contractual commitments on a periodic basis as those commitments come up for renewal, at rates not materially inconsistent with our historical experience; and*
- *with respect to Adjusted EBITDA as a percentage of revenue, our ability to contain expense levels while expanding our business.*

If any of these risks or uncertainties materialize, or if the opinions, estimates or assumptions underlying the forward-looking information prove incorrect, actual results or future events might vary materially from those anticipated in the forward-looking information. The opinions, estimates or assumptions referred to above and

described in greater detail in the “Summary of Factors Affecting our Performance” section of our MD&A for the three months ended March 31, 2024 and in the “Risk Factors” section of our AIF, should be considered carefully by prospective investors.

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. There can be no assurance that such information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. No forward-looking statement is a guarantee of future results. Accordingly, you should not place undue reliance on forward-looking information, which speaks only as of the date made. The forward-looking information contained in this press release represents our expectations as of the date specified herein, and are subject to change after such date. However, we disclaim any intention or obligation or undertaking to update or revise any forward-looking information whether as a result of new information, future events or otherwise, except as required under applicable securities laws.

All of the forward-looking information contained in this press release is expressly qualified by the foregoing cautionary statements.

Additional information relating to Docebo, including our AIF, can be found on SEDAR+ at www.sedar.com.

Non-IFRS Measures and Reconciliation of Non-IFRS Measures

This document makes reference to certain non-IFRS measures including key performance indicators used by management and typically used by our competitors in the software-as-a-service industry. These measures are not recognized measures under IFRS and do not have a standardized meaning prescribed by IFRS and are therefore not necessarily comparable to similar measures presented by other companies. Rather, these measures are provided as additional information to complement those IFRS measures by providing further understanding of our results of operations from management’s perspective. Accordingly, these measures should not be considered in isolation nor as a substitute for analysis of our financial information reported under IFRS. These non-IFRS measures are used to provide investors with alternative measures of our operating performance and liquidity and thus highlight trends in our 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 non-IFRS measures, including SaaS industry metrics, in the evaluation of companies in the SaaS industry. Management also uses non-IFRS measures to facilitate operating performance comparisons from period to period, the preparation of annual operating budgets and forecasts and to determine components of executive compensation. The non-IFRS measures referred to in this press release include “Annual Recurring Revenue”, “Average Contract Value”, “Adjusted EBITDA”, “Adjusted Net Income”, “Adjusted Earnings per Share - Basic and Diluted”, and “Free Cash Flow”. Definitions of these terms, as well as reconciliations of these items to the nearest IFRS measure (where applicable), are located in Docebo’s MD&A for the three months ended March 31, 2024 available on SEDAR+ at www.sedar.com under the heading “Non-IFRS Measures and Reconciliation of Non-IFRS Measures”, which is incorporated by reference into this document[Cooley1].
