Docebo

Management's Prepared Remarks

Q2 FY24 - August 8, 2024

Alessio Artuffo, Interim CEO, President and COO

Good morning everyone.

We are pleased to report that our continued success in signing larger enterprise customers enabled us to exceed the high end of our guidance for both total revenues and profitability in the second quarter. We're pleased about our progress year-to-date.

Yet while demand has largely stabilized among larger organizations, SMB customers remain cautious. Our strategic focus remains on moving up-market and targeting complex enterprise and mid-market customers with multiple employee and customer experience needs which drives higher lifetime value, improved retention, and greater expansion opportunities.

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

Docebo's ability to enable strategic learning use cases at scale, which are mission-critical and complex, continues to unlock business value for our customers. Underscoring our success in moving upmarket, mid-to-large enterprise customers grew approximately 30% year-over-year while new logo ACV this quarter was 18% higher year-over-year at $71,000. Additionally, more than 80% of our new customers this quarter partnered with Docebo for two or more departmental needs. Our enterprise focus, along with our execution, is generating momentum and having a positive impact across the business.

In a significant enterprise win, one of the world's largest and most recognizable soft drink beverage companies chose Docebo for our ability to provide a comprehensive AI-based social learning platform. In addition to our platform's modern learner interface and robust performance, they found very appealing our ability to seamlessly integrate into a variety of other complex systems integral to the support of their multiple use case requirements. This customer is using Docebo

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

for their sales enablement, customer support, onboarding and compliance use cases.

In another large enterprise win, one of North America's largest publicly listed home construction companies selected Docebo for our ability to address multiple customer and employee experience learning requirements. One of the many things that excites us about working with this customer is that they represent a growing trend among enterprise companies: at the start of discussions, they made it clear that they view learning as a key driver for the future success of their service partners and employee learner communities.

This new customer was impressed with Docebo's integrated environment and in our ability to consolidate their technology stack by supporting multiple use cases. They selected Docebo for our modern, easy-to-manage platform, as well as our ability to deliver unique and high impact authoring and analytics capabilities.

As companies continue to prioritize the strategic value of learning, they see the benefit of utilizing Docebo to support their global ecosystem.

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

Amazon Web Services (AWS) provides a worthy case study example of how to execute a successful learning program. Beginning in 2020 they committed to investing the resources necessary to provide cloud skills training to 29 million people worldwide by 2025. Not only has AWS accomplished that goal, they have exceeded it by training over 31 million people across 200 countries, clearly demonstrating that ongoing education and training are transformative. Crucial to their success has been the use of Docebo's platform and our commitment to bring disruptive innovation to market, along with fully differentiated functionality. And while AI has rightly grabbed a big part of the spotlight, I want to bring a bit more of your attention to e-commerce, which is having a meaningful financial impact today for customers like AWS as well as Docebo.

AWS Skill Builder was among the first in a growing list of Docebo's large enterprise customers operating across a diverse set of industry verticals to leverage this functionality.

Docebo's e-commerce capabilities are critical in supporting customer education use cases and related transactions, enabling customers to

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

open new revenue and funding streams by utilizing our platform. We are excited about upcoming e-commerce features, including training credits and multi-currency support, which will help learning businesses monetize training programs globally, boosting revenue and productivity. Docebo's e-commerce capabilities continue to grow and our market leading position led to a number of horizontal wins in this quarter.

For example, a new customer win in Q2, USA Hockey, will be leveraging our e-commerce engine to support their member training needs as well as to help create sustainable funding streams for this non-profit organization. Serving more than one million players, coaches, officials and parents in support of member training needs, Docebo will play a key role on USA Hockey's team to support all of their employee experience use case needs in the areas of onboarding, compliance and leadership development.

In another win with a large global cybersecurity company, Docebo's e-commerce capabilities were one of several competitive differentiators that enabled us to displace their legacy learning solutions provider. This new customer also selected Docebo for our ability to integrate across

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

their complex tech stack in order to manage all of their customer and employee experience requirements within a single platform. In addition to our ability to address their intricate integration needs, they were drawn to our modern learner experience, user interface, advanced capabilities and global scale. They are excited to fully upgrade their learning technology and replace their existing legacy provider. On the customer experience side, they selected Docebo for partner and customer training - the area where they will leverage our e-commerce engine.

In fact, cybersecurity is an increasingly important vertical for us. Since the end of the quarter, and in light of recent events, we signed another major cyber security customer that recognizes the importance of learning for both their customers and internal audiences.

We also enjoyed some notable upsell and expansion deals with Databricks and Freedom Mortgage in the quarter. Databricks is a particularly interesting expansion as they use Docebo for external partner and public facing education, two areas where they have been leveraging our e-commerce capabilities. Customers of Databricks will

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

use their subscription to upskill their employees. Individuals seeking to broaden their skill sets and understanding of the Databricks platform can also go directly to Databricks Academy and purchase their skills enhancement courses on their own.

Government is growing in importance as a strategic vertical for Docebo. During the quarter, we made significant progress in this effort by expanding our partnership with Deloitte.

As Docebo looks to activate alternative channels, working with leading Global Professional Services firms is an important component of our strategy. The teams have been making progress on this front and have signed a reseller agreement with Deloitte Consulting, LLC where Deloitte will be able to use Docebo to deliver learning Academies in the Federal and Commercial business space.

In addition, our positioning with other government-focused partners continues to increase opportunities amongst government customers, enabling us to build a strong pipeline at the state and local levels, also known as the SLED market.

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

Finally, our efforts towards FedRAMP certification are tracking to expectations. We have completed our systems and process readiness during the quarter and are actively engaged on FedRAMP sponsorship opportunities. Once achieved, FedRAMP certification will further open up the federal marketplace for the active selling of our platform.

Now to OEM’s. Performance during the quarter was in line with our expectations as these partnerships diversify our paths to market by both customer segment and geography.

Shortly after the close of Q2, we successfully resolved the legal action with Dayforce, which we initiated when they acquired eloomi, a small LMS provider based in Europe. We took these legal measures to enforce our agreement, and the parties amicably resolved the dispute confidentially and agreed to dismiss the litigation.

Importantly, this outcome allows us to continue tracking toward our three primary goals for OEM partnerships: protecting Docebo’s intellectual property, supporting the continuity of our revenue base, and preserving our day-to-day working relationships. However, we

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

anticipate that the OEM customer will progressively prioritize its own acquired product for its end customers, leading to a gradual decrease in royalty revenue over an extended period of time.

Finally, to Product Innovation.

Last quarter, we referenced the upcoming release of our new Communities module, and now I am thrilled to announce Communities will be generally available on August 15th. This new module helps organizations optimize customer, partner, and employee experiences through peer-to-peer engagement. It enhances audience reach and feedback loops, boosting customer retention and lifetime value. We had a number of customers and our own internal education teams participate in our beta program in the Spring. This program helped validate our initial hypothesis that seamlessly integrating community into the learning platform enhances the learner experience. This is particularly meaningful for customer education teams as we know community is integral to the overall customer experience. Early adopters from the beta are already seeing benefits, and customers are very excited about this addition.

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

Later this year, Docebo will launch its next generation of AI capabilities aimed at supporting content creators. Starting with AI Authoring, this evolution of Docebo Shape uses generative AI to help users create high-quality, context-rich content designed to match how people actually learn. Central to this is our proprietary Knowledge Engine, which uses advanced natural language processing to ensure factual accuracy and relevance in AI-generated content. Looking ahead, the Knowledge Engine will also power AI Coaching, set for release in early 2025. This feature will enable realistic, AI-driven roleplay scenarios for sales training, using data inputs like sales call recordings to create effective, repeatable training experiences. The addition of AI Authoring to the Docebo platform not only provides capabilities customers expect from AI but also offers a new opportunity to monetize our investment.

Last quarter, we highlighted our new analytics module, Insights powered by AWS QuickSight. In addition to providing improved reporting and analytics to all Docebo customers, we will also offer more advanced capabilities for customers with complex data requirements. When coupled with our other learning intelligence tools like Learning

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

Evaluation and Learn Data, we have the most comprehensive data & analytics solution on the market. These capabilities have been long requested by our customers and validated by the market as essential for assessing and measuring learner performance and business impact. Insights will be generally available later this quarter.

Coming up at Docebo Inspire, which is being held in Dallas next month and Rome in November, we will be unveiling all of these exciting new capabilities and more. We also plan to use the opportunity to share our vision for the future of learning and how we are continuing to evolve to meet the needs of our customers and the market. The record number of attendees joining us in Dallas clearly demonstrates the broad horizontal appeal of our platform, the full range of customer and employee experience use cases we serve, and the momentum we are generating as we expand our presence among the world's leading enterprise companies.

We have also assembled an outstanding lineup of speakers, including several of our largest customers, partners, and systems integrators. They will showcase their growing role in how companies effectively

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

invest in and leverage their strategic learning initiatives for growth. We are also excited to have two premier learning industry speakers on the main stage: Sal Khan, Founder and CEO of Khan Academy, and Josh Bersin, Founder of the Josh Bersin Company.

Thank you for your time and attention. I'll now turn you over to Sukaran for the financial update.

Sukaran Mehta, Chief Financial Officer

Second Quarter Financial Performance

Subscription revenues were $49.8 million, representing 94% of total revenue for the quarter, and an increase of 22% from the same period in the prior year. Total revenue for the second quarter grew to $53.1 million, an increase of 22% from the same period in the prior year, and exceeded our guided range.

Annual Recurring Revenue[1] (ARR) at the close of the second quarter was $205.9 million, an increase of 19% from the prior year.

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

Enterprise customers with Average Contract Value[1] (ACV) over $100,000 in ARR accounted for approximately 50% of gross ARR generated in the second quarter. ACV for new customers in Q2 2024 was approximately $71,000, compared to $59,000 reported in Q1.

We added 65 net new customers in Q2 and ended the quarter with a total of 3,898 customers, an increase of 9% year-over-year. Note that as we continue to successfully target mid-market and enterprise companies the number of customers will become a less valuable indicator of our progress.

Average Contract Value was approximately $53,000 for the second quarter, an increase of 10% year-over-year. Average Contract Value for the quarter was impacted by the previously disclosed seven-figure impact on our Annual Recurring Revenue due to a large enterprise customer downgrading on renewal as the company divested a business segment to an entity that had its own in-house Learning Management System.

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

Gross profit margin for the second quarter remained consistent year-over-year and was in line with the prior quarter at 80.7% of revenue.

Total operating expenses for the second quarter decreased to $38.3 million from $42.7 million in the prior year period.

G&A, as a percentage of revenue, decreased to 15.4% for the second quarter compared to 15.9% for the first quarter of 2024.

Sales and marketing expense as a percentage of revenue was 31.8% for the second quarter compared to 32.0% for the first quarter of 2024. 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 second quarter were $10.8 million, or 20.3% of revenue, up from $10.4 million, or 20.3% of revenue, for the first quarter of 2024. The increase is the result of investments being made to support the company's FedRAMP certification activities and new product roll-out initiatives.

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

As a result, Adjusted EBITDA was $8.0 million for the second quarter of 2024, or 15.0% of revenue, at the high end of our guided range.

We reported net income of $4.7 million for the second quarter of 2024, compared to a net loss of $5.7 million for the second quarter of 2023. Adjusted Net Income[1] for the second quarter of $7.9 million compared to $4.7 million for the second quarter of 2023.

Adjusted Earnings Per Share, basic and diluted was $0.26 and $0.26 cents per share, respectively, for the second quarter of 2024 compared to $0.24 and $0.23 cents per share for the first quarter of 2024. This is based on 30,350,110 and 31,059,307 basic and diluted shares outstanding, respectively, for the second quarter of 2024 and 30,319,606 and 31,044,036 basic and diluted shares outstanding, respectively, for the first quarter of 2024.

As our strong operating discipline enables the generation of increasing free cash flow, we deployed $5.1 million towards repurchasing 138,186 common shares through the renewed NCIB program announced back in May.

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

During the quarter we generated positive Free Cash Flow[1] of $8.4 million, or 15.9% of revenue, compared to 17.9% for the first quarter of 2024 and 16.2% for the second quarter of 2023.

Share-based compensation accounted for 3.6% of second quarter revenue, compared to 3.8% in the first quarter of 2024 and 3.0% in the second quarter of 2023.

Now, for our Q3-2024 and revised annual outlook. Here are the key takeaways:

For Q3-2024:

- We expect total revenue to range between $54.0 million and $54.2 million.
- We expect Adjusted EBITDA margin to range between 15.0% and 15.5%.
- We expect subscription revenue to grow about 1 percentage point higher than overall company revenue while professional services revenue to be down sequentially from Q2.

For Fiscal Year 2024

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

- We are increasing the range for total revenue, raising the bottom and top end of our guidance. We now expect total revenue growth to range between 18.0% and 19.0%.
- We expect Adjusted EBITDA margin to range between 15.0% and 15.5%.

Conclusion:

In concluding our review of Docebo's Q2-2024 results, we want to reiterate that our top priority remains a focus on delivering sustainable growth, irrespective of the economic cycle. This commitment is the foundation upon which our five growth pillars stand.

Docebo's Five Growth Pillars:

1. Maintain our leadership in educating external audiences through customer experience use cases, a significant greenfield opportunity.
2. Increasing our presence and continuing to expand our global enterprise customer base.

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

3. Introducing our robust learning platform to the high value and underserved government sector.
4. Expanding our strategic channels and partnerships, especially those with large systems integrators operating globally and within the government vertical.
5. Enhancing our expansion and retention efforts within our existing global customer base.

Our global scale, discipline, and financial strength are unique assets in the learning industry. They give us the flexibility to execute our growth plans regardless of economic conditions. And while macroeconomic conditions keep large deals under tight review and smaller customers focused on optimization, we are committed to strengthening our position to deliver quality growth as we expand our enterprise base with customers making strategic investments that provide measurable results.

Thank you and we look forward to reporting our third quarter results in November.

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

<END>

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 these prepared remarks includes, but is not limited to, statements regarding the Company's business; the guidance for the three months ended September 30, 2024 in respect of total revenue, Adjusted EBITDA as a percentage of total revenue and subscription revenue 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

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

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.sedarplus.ca.*

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.

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

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.sedarplus.ca.

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.sedarplus.ca under the heading "Non-IFRS Measures and Reconciliation of Non-IFRS Measures", which is incorporated by reference into this document[Cooley1] .

---

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