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Docebo, Inc. (DCBO.CA)

Q1 2026 Earnings Call

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Analyst, National Bank Financial, Inc.

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MANAGEMENT DISCUSSION SECTION

Operator: Good morning, everyone, and welcome to the Docebo Q1 2026 Earnings Call. All participants are currently in listen-only mode. We will open the line for a question-and-answer session momentarily. [Operator Instructions]

I'd now like to turn the call over to Docebo's Vice President of Investor Relations, Mike McCarthy. Please go ahead, Mike.

Michael W. McCarthy

Vice President-Investor Relations, Docebo, Inc.

Thank you, Sarah. Earlier this morning, Docebo issued its fully audited Q1 2026 results. The press release, which included a link to management's prepared remarks and our quarterly investor slide deck, were all posted to our Investor Relations website. This morning's call will allow participants to ask questions about our results and the written commentary that management provided this morning.

Before we begin this morning's Q&A, Docebo would like to remind listeners that certain information discussed may be forward-looking in nature. Such forward looking information reflects the company's current views with respect to future events. Any such information is subject to risks, uncertainties and assumptions that could cause actual results to differ materially from those projected in the forward-looking statements.

For more information on the risks, uncertainties and assumptions relating to forward-looking statements, please refer to Docebo's public filings, which are available on SEDAR and EDGAR.

During the call we will reference certain non-IFRS financial measures. Although we believe these measures provide useful supplemental information about our financial performance, they are not recognized measures and do not have standardized meanings under IFRS. Please see our MD&A for additional information regarding our non-IFRS financial measures, including reconciliations to the nearest IFRS measures. Please note that unless otherwise stated, all references to any financial figures are in US dollars.

Now I'd like to turn the call over to Docebo's CEO, Alessio Artuffo; and our CFO, Brandon Farber. Sarah, you can open the queue.

QUESTION AND ANSWER SECTION

Operator: Thank you. [Operator Instructions] Thank you. Your first question comes from Ryan MacDonald with Needham. Your line is open.

Ryan MacDonald

Analyst, Needham & Co. LLC

Q

Yeah. Good morning, everyone. Thanks for taking the questions and congrats on a great quarter.

Alessio, we're obviously about a week or so post-Inspire now and there's a lot of obviously great product updates and event, a lot of enthusiasm from customers around a lot of features and functionality.

But I'd love to get a sense of the conversations you're having with the – your prospective enterprise customers. Is the focus right now really on sort of updating and modernizing the LMS and focusing on some of those core, let's call it, external use cases?

Or are you starting to see some of those conversations evolve to really be leading the conversation with some of the new AI features as they're thinking about the modernization cycle?

Alessio Artuffo

President, Chief Executive Officer & Director, Docebo, Inc.

A

Good morning, Ryan, and thank you for the question. First of all, let me touch quickly on Docebo Inspire. Thank you to those of you that made the trip to come see what I hope you agree with was an incredible experience. Inspire is always a place where the energy drives.

This year was growth across all our factors. We had 20% growth in attendance with over 1,000 people attending. A significant portion of our key customers were there. We had more than 20% of our ARR in the room on a financial basis. And yeah, we were just really, really overall very pleased with the event itself.

When it comes to key customers and enterprise customers, enterprise prospects, the conversations we're having, Ryan, along the lines of what you are hinting and suggesting your question, let me walk you through a couple of the themes that I believe are prevalent.

First, I think what I'm hearing from prospects and customers both is that we are going through the most significant transformation of the past few decades. And I'm, of course, referring to the transformation from – into this new agentic AI world.

Now, our buyers are not developers. They are talent, HR, learning leaders. And now more than ever, what they want is to partner with companies that truly operate as a partner and support the customer throughout this transformation and don't operate as technology vendors alone. That was the, I would say, shared sentiment across the board.

Then the second part of this equation is in the enterprise sector, the large majority of the market is a substitution market. Everybody has a LMS or a comparable [ph] password (00:16:11). And these companies, these enterprises now are facing, it's a generational moment that is very transitional and they are evaluating and stepping out of the legacy world often from vendors that have been really preoccupied with technical debt, with integrating multiple roll-ups that, as a result of that, have given up innovation.

And so, they don't just – they don't just want a partner. They want a partner that is a grown up and that is an innovator. And when you look at the landscape of our competition, I was sitting in a room with one of the largest, you know, financial services firms in North America. And I asked – right out asked them the question, what are your alternatives to your current and soon to be legacy provider? And the answer was Docebo. So that's it.

Ryan MacDonald

Analyst, Needham & Co. LLC

Q

That's great to hear. I really appreciate all the color on that and the context. Brandon, maybe for you, I'm curious, as you think about the enterprise customer base sort of – and the opportunity and pipeline coming out of Inspire, how are you feeling about sort of where the state of the pipeline is early in the year here within that sort of enterprise cohort of customers?

And then I was really impressed by the level of demand you're seeing for 365Talents. So curious if what you saw at Inspire is sort of changing your view or outlook for that acquired asset, in particular, for 2026?

Brandon Farber

Chief Financial Officer, Docebo, Inc.

A

Hey, Ryan. Thanks for the question. On the enterprise piece, we certainly had a great quarter from an enterprise perspective. Q1 was the first quarter where we saw real strength in the market after 2025 where there is ebbs and flows within that segment.

From a Q1 perspective, it wasn't just sales execution, it was also strong demand. When I think about our guide, we're still being conservative from an enterprise perspective, because from my perspective one quarter is not a trend.

If you look at our guidance philosophy from last year, it really took us three quarters of midmarket strength before we started embedding that assumption into our model. We're going to wait two to three quarters for enterprise strength in order for us to flow that forward. But we're seeing really strong signs in the enterprise segment that will allow us to continue to [ph] build rates (00:18:49) throughout the year.

From a 365 perspective, we're holding our revenue assumption at \$9 million for the year. We saw really strong demand from our Docebo customers at Inspire. I believe there's a stat about 50% of our customers went through the booth and view the demo. So we're seeing strong demand signals.

It is still early with any acquisition. It does take some time for your Docebo staff to learn the products, be knowledgeable, and had it implemented and demo it. So we're seeing really strong signs that H2 will go in accordance with their acquisition business model.

Ryan MacDonald

Analyst, Needham & Co. LLC

Q

Awesome. Appreciate the color. Congrats again.

Alessio Artuffo

President, Chief Executive Officer & Director, Docebo, Inc.

A

Thank you.

Operator: Your next question comes from Richard Tse with National Bank Capital Markets. Your line is open. Richard, perhaps your line is on mute.

Richard Tse

Analyst, National Bank Financial, Inc.

Q

Yes. Sorry. Thank you. With AgentHub really getting a tremendous amount of traction, particularly at Inspire, are there any sort of leading indicators that we should be tracking kind of ahead of that big rollout just to sort of assess how the demand is sort of building for it?

Alessio Artuffo

President, Chief Executive Officer & Director, Docebo, Inc.

A

Morning, Richard. AgentHub, as you mentioned, is our own agentic infrastructure product that we are soon to be releasing in GA. Inspire for context and everybody who's on the call we have demonstrated the real agents at work and demoed them live and not in a constructed video for the 1,000-plus people in the audience.

AgentHub aims at solving, executing a moderate to complex LMS and beyond capabilities at scale in automated ways. We're super excited about it. And we will lead in that sense because in our market this is a very innovative product.

Having said that, a couple of things that we believe are good leading indicators. At Inspire alone, Richard, we actually have asked our customers through a dedicated channel to provide their input in the form of agent requests. Meaning, we asked the customers, if you had a chance to create an agent for your own organization, how would that look like? What business problem would it solve?

We were pleased to see that we've received over 500 applications digitally for agent creation. That signaled a level of engagement and initiative that frankly surpassed our expectations, because let me say this clearly. Our audience once again is not sales and marketing audience. It's not IT developers audience.

The concept of agentic, if you will, is a bit more mature. It is not yet deployed at scale by anybody. And so, having this as a leading indicator was encouraging. Then we listened to our customer calls and we understand there's tremendous opportunity to solve complex, costly problems with an agentic-first mindset. We are operating effectively as an AI company. Learning is a data moat within our strategy and agentic is going to be the future for us.

Richard Tse

Analyst, National Bank Financial, Inc.



Okay. Great. Thanks. With respect to the enterprise RFPs today, I'm kind of curious, is there basically a sort of shift in the market away from kind of a large HCM suites and then more to kind of best of breed platform players like yourself? I'm just trying to understand the dynamics of that. Like in terms of who you're displacing today, where are you seeing sort of the most momentum in terms of the segments?

Alessio Artuffo

President, Chief Executive Officer & Director, Docebo, Inc.



Sure. So let me try to characterize this in the most simple and effective way. When we approach an organization, the ideal customer for Docebo, it's slightly irrespective of the organization size. I mean, the organization size is an important leading indicator in what matters the most, which is the complexity of their learning infrastructure and operation.

We have organizations with 500 employees that serve millions of users and have three, four or five hyper complex use cases ranging from compliance to external customer use cases, partners, etcetera, etcetera. So while there is a correlation between the fact that if you are a multi-global national bank, you usually also have complexity, the opposite can also be true.

Having said that, what's your comment on the migration from one type of vendor to another? Let me characterize in this way. First, platforms, legacy platforms there would be more point solutions in the talent world, we are winning a significant portion of business away from these vendors. Why? Because we are still very focused.

We are not an HCM provider that does pay, workforce, time and attendance and all these HR core use cases. And we combine two things that an L&D and HR cares about in a unified way.

What are those two things? Learning [ph] at scale (00:25:04) and upskilling people. We are the only enterprise provider that has the core enterprise level technology with those two things combined. And now we've added the power of agents and knowledge management on top. That combination is unique in the market and will allow us to further accelerate taking market share away from legacy vendors in the learning space.

Richard Tse

Analyst, National Bank Financial, Inc.



Okay. Great. Thank you.

Operator: Your next question comes from Josh Baer with Morgan Stanley. Your line is open.

Josh Baer

Analyst, Morgan Stanley & Co. LLC



Thanks for the question. I was hoping we could focus on go-to-market and sales teams, just looking to double click on pipeline, how that's trending, sales efficiency, sales rep productivity, how reps are doing versus quotas, like any context that you can provide around that topic would be helpful. Thank you.

Alessio Artuffo

President, Chief Executive Officer & Director, Docebo, Inc.



A few quarters ago, we've had a shift in management. You may recall and you guys have called out the fact that the management team at Docebo went through a significant change. We brought in a new CMO. We brought in a new CRO. And these people are now short of a year in, some are a year in.

And as a result of those changes, the company has matured and grown up its entire GTM execution and approach. What we are seeing are the following things: midmarket is now, as Brandon mentioned earlier, constantly delivering for the past three to four quarters at or above their target is set internally. Very pleased with their execution, continues to grow.

And I would say that is our steady beat. It's our bread and butter. It's something that we've always been good at, just the performance have become even better. Thanks to great leadership across the board.

Second, on the enterprise side. The enterprise side has matured. Why has it matured? It has matured because we are executing in a much more enterprise way [ph] always within (00:27:24) the company. It's not just GTM, it's combining the right things to do in GTM and product and services and customer success.

The entire engine is aligned, and when you align an engine good things happen. But enterprise cycles are 12 months. So when you start fixing things three, four quarters ago, that's when you start reaping the benefits. You don't get the benefit right away.

And finally on pipeline, demand has been the strongest we have ever seen in years. In an area in which everybody talks about SaaS apocalypse, what we're seeing is LMS and skills apocalypse on the reverse side.

There is a demand that is pleasing us, a demand that is centered around the type of customers that we want to acquire. And our focus has shifted away from volume, trying to get as many organizations in the pipe to quality. And that choice of quality pipeline is paying off in win rates and efficiency on the cash side.

Josh Baer

Analyst, Morgan Stanley & Co. LLC

Q

Really helpful. Maybe just one for Brandon on free cash flow. It's particularly strong. Anything to call out in the quarter? Thanks.

Brandon Farber

Chief Financial Officer, Docebo, Inc.

A

Hey, Josh. From a free cash flow perspective, how I always like to look at it is, over the long run, our trailing 12-month free cash flow will always be plus or minus 2% of the EBITDA margins.

Now certainly, this quarter was a particularly strong free cash flow. Obviously, we can't keep up that pace quarter over quarter of having roughly 42% of our free cash flow margin. We certainly saw some onetime benefits on working capital that will normalize in Q2. So I'd expect Q2 to be maybe [ph] a bit (00:29:13) below prior year.

So there's a bit of push forward into Q1. But regardless it is a testament to the type of customers that we're acquiring that are high quality, sometimes paying years in advance. We have very minimal bad debt expense.

So, when you're [ph] pumping in the (00:29:33) enterprise motion, you're seeing strong cash flow as well. So very pleased with the Q1 free cash flow, but would not expect that to continue at this pace going forward.

Operator: Your next question comes from Robert Young with Canaccord. Your line is open.

Robert Young

Analyst, Canaccord Genuity Corp.

Q

Hi. Good morning. Maybe a slight variation to Ryan's first question. I'm just trying to – as it relates to the sales cycle, are customers delaying decisions for AI, or are you suggesting that your customers, your prospects are picking vendors that they feel they can guide them through AI, i.e., they're not waiting, they're picking vendors that are best positioned? And maybe there's some pressure to update legacy platforms to position for this. Maybe just talk about that and how the sales cycle have reacted to AI.

Alessio Artuffo

President, Chief Executive Officer & Director, Docebo, Inc.

A

For sure. So I'd say, in terms of AI readiness and procurement cycles, it's not a level playing field, meaning that different organizations are differently looking at AI as an opportunity versus a challenge and this is the result of the current dynamics.

Certain sectors, particularly the ones that are highly regulated, still operate in a conservative and somehow skeptical modus operandi relative to AI. Others, typically, the more tech forward ones are actually taking the opposite approach. They're very AI hungry and AI postured, and so they are very innovative themselves.

Now, how do we deal with this dichotomy? First, we have embedded into every enterprise conversation [ph] heavily (00:31:47) the office of the CIO and the office of the Compliance Officer or Risk Officer. We have people that are very educated in our solutions team on working with the customer through where they are in their AI adoption curve from the most skeptic to the most – innovators and really adjust and adapt the conversation based on what is being asked.

Now if AI [ph] shows slower (00:32:14), is it delaying our purchases? I wouldn't say so. We have no evidence of that being a fact. What we have evidence of is that there are certain organizations that when they go live, they want to take baby steps with AI. And other organizations that before they go live, they're very aggressive. They want to go all in.

And the good thing is we've built our AI to be very approachable. We have a control panel with full governance and controls that our customers can use. And so that's, again, part of the chops of being an enterprise-ready company, ready to approach customers at a different stage of maturity.

Robert Young

Analyst, Canaccord Genuity Corp.

Q

Okay. And then for the second question, in the prepared comments, there were some areas where you're suggesting that your proprietary data is a – has an advantage and particularly highlighted the external business.

And so, I'm trying to understand what it is about the external learning environment or that area of your business that's particularly sheltered or advantageous from AI? Is that due to the network element or is there something else there? And then I guess I'll pass the line.

Alessio Artuffo

President, Chief Executive Officer & Director, Docebo, Inc.

A

Yeah. Look, if you think about it in the context of we serve nearly – you know this very well, but nearly 50% of our customers that use Docebo for a hybrid use case and the reason why we call the hybrid is because there's an external component in that revenue. And so what that means is that the audiences they're serving are either customers or partners or a subdefinition of those.

Now, when you think about years and years of performance of customers and/or partners or distributors operating on your product, on your ecosystem as a company, imagine how important and not replicable by a non-deterministic LLM that data is.

If you're running a GTM with 60,000 partners globally around the world and your entire P&L fixed on the basis of their performance, wouldn't you want to know for the past three years how certain partners have performed relative to their status of certification and their qualification in your products and services? That is a vital information for any manufacturer, for any technology company that has these constituents at the base of their P&L. So can you go in your LLM and look for any of that information? You can't.

Robert Young

Analyst, Canaccord Genuity Corp.

Q

Okay. Thanks for taking the questions.

Operator: Your next question comes from George Sutton with Craig-Hallum. Your line is open.

Q

Great. Hey, guys. This is [ph] Logan (00:35:16) hopping on for George. So first one for me. It was encouraging to see in the prepared remarks, you called out those \$2-million-plus deals having an average contract length of five years, which was longer than the average enterprise contract.

Just hoping you could speak a little bit to what you are seeing in discussions in terms of a willingness to make some of those longer-term commitments, as we think about this being an area of transformation, as you put it, Alessio? And I guess in general, have you seen any change in contract lengths being discussed either up or down in recent quarters?

Brandon Farber

Chief Financial Officer, Docebo, Inc.

A

Hey, Logan. Brandon here. From an enterprise perspective, we actually saw enterprise customers signing on Docebo at an average length exceeding three years when I look at Enterprise as a total. And as you mentioned, our two largest deals of the quarter were five years plus.

What we're seeing is more and more as we move upmarket. Enterprise customers do not want to go through an RFP process every three years. If you think about an RFP process, it takes 12 months, takes another 12 months to implement. And then once you implement, you have to run another RFP if you're on a three year cycle.

So these large enterprises, they want to lock in for five years. They do deep due diligence to understand they're going into business with the right partner. And as we move more and more upmarket, we're seeing more and more five-year deals. I do expect that to continue.

Q

Great. And then second one for me. Alessio, it's interesting in the prepared remarks, you called out a few times how companies on a standalone basis are paying a lot right now for some of the value that you're starting to provide with things like Enterprise Knowledge and AgentHub.

Just curious, as you go down this road and building out AI functionality, at what point are you kind of earning the right to get paid on that, or I guess said differently, how should we think about monetization following the value that you're providing with these AI products?

Alessio Artuffo

President, Chief Executive Officer & Director, Docebo, Inc.

A

The objective number one is increasing moat and making Docebo unique and hyper differentiated in what just as a – for point of clarity was our markets, what was our sole market not too long ago, the LMS market, a historically unfavored an hyper commoditized a market, a market with a lot of players with comparable capabilities.

Our strategy has been adding value on top of that core in order to continue our process of differentiation for who? For the complex use cases organization, for the enterprise type usage. And so that's been at the very core of our strategy.

When it comes to monetization, no doubt our objective is to continue to increase our right to win. And I believe that as we add these capabilities, the premium that we can command is a consequence – is the right consequence of our positioning in the market.

It is to be expected that the premium for Docebo workforce readiness, meaning the combination of the learning platform, the skills platform, the knowledge management platform and products that are soon to come in 2026, 2027, which we will announce at the proper time, I believe that our right to win and the right to continue to increase our new logo per – sorry, our new logo dollar per new customer will continue to increase. And by the way, quarter one 2026 recorded a record dollar in that regard. That trend has already started.

Q

Got it. Thanks for taking the questions.

Alessio Artuffo

President, Chief Executive Officer & Director, Docebo, Inc.

A

Thank you.

Operator: Your next question comes from Matt VanVliet with Cantor. Your line is open.

Matt David VanVliet

Analyst, Cantor Fitzgerald & Co.

Q

Hey. Good morning. Thanks for taking the questions. I guess as you look at the first step on achieving FedRAMP and ultimately sort of what that unlocks with the product roadmap, curious on what the pipeline looks like over the

next few months as we head into the September fiscal year-end for the US Federal. And then you obviously called out a state deal like how that's playing out in the broader public sector go-to-market organization.

Alessio Artuffo

President, Chief Executive Officer & Director, Docebo, Inc.

A

So we started our federal journey and SLED journey before then. I'm also pleased to say that we have recently renewed our FedRAMP certification that is subject to yearly review. That was a very good accomplishment.

And our pipeline in the government space, the combination of federal and state and local or we referred to it as SLED, continues to grow very, very significantly at and above our expectations.

The sales cycles for federal, as you all know, skew towards [indiscernible] (00:41:28). And so, while that timeline is not immediate, what we look at are the deals material that exists in that cohort and that we're working closely with our partners. Partners play a huge role for the federal execution of GTM. Partners like Deloitte are critical in their execution for us.

And I can say confidently that we love the deals that we are in, and federal deals have the behavior of being lumpy, meaning that they are less units, but they're bigger units in dollar value. This is edged and counterbalanced by the opposite behavior on the SLED side. More volume, still very healthy but significantly smaller tickets.

And on both ends, our pipeline is healthy and getting better, frankly, because we're getting better ourselves and we're growing our team. We're ramping up sellers, we're ramping up partners, we're ramping our business development efforts.

So I feel like we are not at the beginning, but not yet in the full maturity of the journey of GTM government. And I think H2 2026 and 2027 are going to be meaningful for us.

Matt David VanVliet

Analyst, Cantor Fitzgerald & Co.

Q

Very helpful. And then you obviously completed the previous share repurchase, and it looks like there's a new authorization. Curious on how that plays into your overall capital allocation strategy and maybe where M&A continues to fit in there or any timing and thoughts around what might still be left to acquire to build out the platform while balancing it with other capital needs.

Brandon Farber

Chief Financial Officer, Docebo, Inc.

A

So, Matt, as you know, we have a three-pronged capital allocation approach. Number one, investing back in the business. Number two, share repurchases. And three, [indiscernible] (00:43:36).

On share repurchases, we did repurchase significant amount of shares both through the SIB and the NCIB. As we look at the valuation on our shares, we will continue to buy back shares as long as we see attractive valuations, which we do believe is today.

From an M&A perspective, listen, we've done two M&As over the past four months. M&A is, as you know, inherently risky. And we really want to focus on execution. There's two types of M&A. One is opportunistic, a

compelling asset comes in the market, and sometimes you have no option to look at it and acquire. Another one is you have a gap or a need and you're going out into the market.

Right now, opportunistic M&A could be an option. It's always an option. You can never say never opportunistically. But if I had to say, will we acquire another asset in the next three quarters, the likelihood is low. We think we have the right assets in place. We think we have the right platform in place, we have the right product strategy, and we want to focus on execution.

Matt David VanVliet

Analyst, Cantor Fitzgerald & Co.

Q

Great. Thank you.

Operator: Your next question comes from Suthan Sukumar with Stifel. Your line is open.

Suthan Sukumar

Analyst, Stifel Nicolaus Canada, Inc.

Q

Good morning, gents. For my first question I wanted to touch on the current upsell motion and kind of priorities here. Given the expected [ph] fall GA date (00:45:17) for AgentHub and Enterprise Knowledge, what are some of the key upsell levers you guys have in the sales motion in meantime?

And then more broadly, I guess, do you still expect the typical back ended strength for enterprise procurement this year or given the strength that you're seeing now in Q1, do you expect that to be more even paced?

Brandon Farber

Chief Financial Officer, Docebo, Inc.

A

Thanks, Suthan. On the expansion side. In Q1, we actually had a very, very strong expansion quarter, one of the strongest ever.

When you think about the levers of expansion we have at the moment, number one, 365Talents, completely new product. Number two, use case expansion. If you think about one of our largest deals this quarter with a regulated broker, we won the logo in Q4 on an internal use case. We did such a good job from a pre-sale motion and implementation motion. In Q1, we landed the external use case. That is always going to be a big expansion driver for us.

As we look out to H2, as you mentioned, there will be additional expansion levers. From an enterprise perspective, there's always going to be lumpiness. I would always expect Q4 to be our strongest ARR quarter. That will continue in 2026. At the same time, we were just – we're seeing strong demand and Q1 with strong enterprise performance.

Suthan Sukumar

Analyst, Stifel Nicolaus Canada, Inc.

Q

Got you. Okay, great. Thank you. And second question, I wanted to double click on the five-year terms that you're seeing with some of the larger deals this quarter. I guess there are kind of pros and cons with the short term versus longer term deals.

But on these long term deals, do you still have the same or greater opportunity to upsell and expand over the duration of these terms?

Brandon Farber

Chief Financial Officer, Docebo, Inc.

A

Yeah. I mean, listen, you have the – with any term of a customer, they are locked in. And as we add new modules and new products, those are expansion opportunities.

And also, if you think about external use cases or internal, as the company grows either through head count or through customer growth, that leads to more registered users, and we use whatever their pricing model is.

So, as Docebo adds more modules to our product suite or becomes a bigger multiproduct company, that is going to continue to increase our expansion levers.

Suthan Sukumar

Analyst, Stifel Nicolaus Canada, Inc.

Q

Great. Thank you.

Alessio Artuffo

President, Chief Executive Officer & Director, Docebo, Inc.

A

Thank you.

Operator: [Operator Instructions] Your next question comes from Ken Wong with Oppenheimer. Your line is open.

Ken Wong

Analyst, Oppenheimer & Co., Inc.

Q

Great. Thanks for taking my question. Alessio, I wanted to circle back to the federal SLED pipeline. It's great to see the interconnectivity between Fed and SLED deals that you mentioned in your prepared script.

As you look at your pipeline, do you have other interwoven deals here where one piggybacks on top of the other? So we have to wait for some sort of a sequencing for one to come out before you can maybe close some of the other deals? Like what's that particular conversion funnel look like?

Alessio Artuffo

President, Chief Executive Officer & Director, Docebo, Inc.

A

I'm so sorry. I didn't fully catch that, Ken. Would you mind going one more time?

Ken Wong

Analyst, Oppenheimer & Co., Inc.

Q

Yeah. I'm just wondering, in terms of your deal pipeline, are you seeing other deals that are somewhat connected with one another. It looks like the Department of War was able to kind of bring in the Connecticut deal, the Utah deal. Is that a similar type of framework as we think about the deals in your pipeline where one might depend on another one closing first?

Brandon Farber

Chief Financial Officer, Docebo, Inc.

A

Hey, Ken. I don't know if it depends on one closing first, but I think it is an expansion lever. So for example, if you think about the state of New Jersey, we have a contract with the Transit Department. And once you get in with a state in one lever and you have champions within that department, it becomes easier to expand within that different states.

And I'll give you one example. As you know, in one state, we have a correctional facility as a customer of ours, and they're introducing us to a correctional facility in a different state. So I think it's a matter of the more customers we have in the SLED space, the more we could use that cross-sell motion. But I wouldn't say there's interdependencies where we have to close one before we could close the other.

Ken Wong

Analyst, Oppenheimer & Co., Inc.

Q

Understood. Appreciate the clarity there. And then, Brandon, just in terms of the guidance, just wanted to kind of think through Q2 a little bit. I guess on the surface, it looks like perhaps sequentially, a little slightly subseasonal. Any comment on whether there's incremental conservatism or perhaps just some context of the shape of the pipeline conversion that might be baked into the 2Q full-year guide?

Brandon Farber

Chief Financial Officer, Docebo, Inc.

A

Yeah. Just important to take a step back a little bit, so we did raise our guidance from a revenue perspective by about \$3.5 million. \$2.2 million of that came from the Q1 beat. So we're still not only raising our annual guide by the Q1 beat, but flowing strength throughout the rest of the year.

As we mentioned, Enterprise had an exciting Q1, but we're still being conservative in Q2, Q3 just based off of prior experience. And we want to see a couple of quarters of strength before we call it a trend. But we're definitely seeing strength throughout our segments, whether we talk about [indiscernible] (00:51:26) and seeing good traction in the government space on SLED in Q2.

So we're really kind of keeping with the core assumptions that we had last quarter with tweaking an increase and on our confidence from the pipeline.

Ken Wong

Analyst, Oppenheimer & Co., Inc.

Q

Fantastic. Thanks very much.

Alessio Artuffo

President, Chief Executive Officer & Director, Docebo, Inc.

A

Thank you.

Operator: Your next question comes from John Shao with TD Cowen. Your line is open.

John Shao

Analyst, TD Cowen

Q

Good morning. Thanks for taking my question. I want to ask about Databricks, because it looks like that this is the kind of customer that will want to build their own platform given they have the talent and resources. But that

clearly did not happen and they are actually doing more with you guys. So just curious happened behind the scenes and any color on this customer decision-making will be helpful.

Alessio Artuffo

President, Chief Executive Officer & Director, Docebo, Inc.

A

Thank you, John. I think we're first super proud and grateful to Databricks, a great partner, great customer, they've been with us for a significant amount of time and has grown in its adoption and use of different Docebo products and modules over the years.

I don't have difficulty in saying it's a really great story of execution and establishing a relationship of partnership as opposed to vendorship, as I was mentioning in the beginning of this earnings call.

And so, I'm very proud of that. But it's also- it always takes two to tango. And in the case of Databricks, it takes a customer that is very strategic and determined to accomplishing what they know they want and looking for that. And so I believe we have responded to their needs in the right way and showed them true partnership.

And as far as building versus buying, look, this is one of the some of the smartest people in the tech world and they've opted to – opted for Docebo as their learning technology partner and recently upgraded to use 365 as their skills platform.

And that to me says a lot about, once again, the strategy that we put in place, which is equipping enterprises not just with the learning aspect, but also with the talent aspect that really creates a unique combination.

And this was proof in our strategy. It was a great execution. It was sharp, fast sales cycle. And so, it was a little bit of a testbed for us of our thesis around the 365 expansion strategy for the quarters to come.

John Shao

Analyst, TD Cowen

Q

Thanks. That's great color. I also want to ask about the mix between external training versus internal. I know right now it's roughly 50-50, but as we continue to go out to large enterprise with more complex use cases, where do you think this number will eventually land?

Alessio Artuffo

President, Chief Executive Officer & Director, Docebo, Inc.

A

Let me first be clear, our half of our audience is hybrid and it's even stronger metrics, meaning that we have more than half of our customers that are using Docebo for multiple use cases across both the internal and external use case, not just for the external use case.

Secondly, I would say there is no specific change in our strategy that leads us to believe that this mix will change dramatically in the shorter timeframe. Our fundamental strategy in terms of product mix and target audiences is not changing. It's strengthening because we're adding products to address these audiences.

Now, the trend we expect, naturally, is that the hybrid portion over the years will continue to increase because our goal is to convert as many customers that are only either all internal or only external to adopt Docebo or products of Docebo for more than one audience use case. That's the upsell motion that Brandon was referring to earlier. But we like this mix and we continue to execute in accordance to what we've done so far.

John Shao

Analyst, TD Cowen

Great. I'll pass the line.

Q

Alessio Artuffo

President, Chief Executive Officer & Director, Docebo, Inc.

Thank you.

A

Operator: Your next question comes from Gavin Fairweather with ATB Cormark. Your line is open.

Gavin Fairweather

Analyst, ATB Cormark Capital Markets

Hey. Good morning. When you announced 365Talents the initial cross-sell conversation was largely around internal, but it's pretty clear [indiscernible] (00:56:55) that there is an external play here also. Curious if there's any product work needed to open that up and if you're getting any early feedback from clients that's informing your view on that opportunity.

Q

Alessio Artuffo

President, Chief Executive Officer & Director, Docebo, Inc.

Super smart question, Gavin. I love it. Because you should know that I've always had the big passion since 2014 in transforming our business at Docebo from an internal-only business to what it is today, a hybrid business. So I know that story really well from having done it here.

A

And when I first looked at 365 as an asset, an asset that had the majority of its success, on the internal side, when I met the founders, I said to them, I bet you that is a very strong play for external here.

And they had some proof in that, some customers that were using it on the external side, but it was not the majority. And I thought that was a huge opportunity. We continue to develop that conversation. We looked at the roadmap in that regard and then we started doing what I think the best companies do. Listen to the customers and listen to the leading indicators.

At Docebo Inspire, at our conference, with more than 1,000 people, half of that audience showed up at the 365 booth. And you know what? More than half of that audience said, we'd love to know how we can use [ph] skills (00:58:19) in an external use case scenario.

So what we've continued to do is to advance our thoughts on that roadmap and you're accurate in inferring that there should be some light product adjustments to support the skills relative to external use cases as opposed to internal. So we are on that journey, and we believe it will strengthen even further our hybrid play.

Gavin Fairweather

Analyst, ATB Cormark Capital Markets

Thanks so much. I'll pass the line.

Q

Operator: This concludes the question-and-answer session. I'll turn the call to Alessio for closing remarks.

Alessio Artuffo

President, Chief Executive Officer & Director, Docebo, Inc.

As we continue to be able to build Docebo as an AI company with learning and knowledge and skills at the center of it, we remain not just excited, we're thrilled about the opportunity ahead. We thank you for the time today and we look forward to the next call. Thank you.

Operator: This concludes today's conference call. Thank you for joining. You may now disconnect.

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