

*No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. This prospectus constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only to persons permitted to sell such securities. These securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the “U.S. Securities Act”), or any state securities laws and may not be offered or sold in the United States or to, or for the account or benefit of, a U.S. person (within the meaning of Regulation S under the U.S. Securities Act) except pursuant to an exemption from the registration requirements of the U.S. Securities Act and applicable state securities laws. This prospectus does not constitute an offer to sell or solicitation of an offer to buy any of these securities in the United States. See “Plan of Distribution”.*

## PROSPECTUS

Initial Public Offering

October 1, 2019



**Docebo Inc.**

**C\$75,000,000**

**4,687,500 Common Shares**

This prospectus qualifies the distribution of an aggregate of 4,687,500 common shares (the “**Shares**”) in the capital of Docebo Inc. (the “**Company**” or “**Docebo**”), consisting of an initial public offering (the “**Offering**”) by the Company of 4,687,500 Shares for gross proceeds of C\$75,000,000 at a price of C\$16.00 per Share (the “**Offering Price**”). Docebo provides its customers with an easy-to-use, highly configurable and affordable learning management platform with end-to-end capabilities and critical functionality needed to train internal and external workforces, partners and customers. We operate globally in approximately 68 countries, empowering over 1,600 companies and approximately 8.6 million registered learners across various industries such as technology, media and entertainment, manufacturing, consumer products, financial services and retail. See “Business of Docebo”.

The Offering is being underwritten by Canaccord Genuity Corp. (“**Canaccord**”) and TD Securities Inc. (“**TD**” and with Canaccord, the “**Lead Underwriters**”), BMO Nesbitt Burns Inc., Scotia Capital Inc., CIBC World Markets Inc., and National Bank Financial Inc. (collectively with the Lead Underwriters, the “**Underwriters**”). If the Over-Allotment Option (as defined below) is exercised in full, an additional 703,125 Shares will be offered by the Company.

### Price: C\$16.00 per Share

	Price to the Public <sup>(1)</sup>	Underwriters’ Commissions	Net Proceeds to the Company <sup>(2)</sup>
Per Share.....	C\$16.00	C\$0.96 <sup>(3)</sup>	C\$15.04
Total Offering <sup>(3)(4)</sup> .....	C\$75,000,000	C\$4,500,000	C\$70,500,000

#### Notes:

- (1) The Offering Price has been determined by negotiation among the Company and the Underwriters.
- (2) After deducting the Underwriters’ Commissions payable by the Company but before deducting the expenses of the Offering. The expenses of the Offering are estimated to be approximately C\$3,000,000 and will be paid by the Company out of the proceeds of the Offering.
- (3) The Company has agreed to grant to the Underwriters an over-allotment option, exercisable, in whole or in part, at the sole discretion of the Underwriters, for a period of 30 days (the “**Over-Allotment Option**”) from the closing of the Offering (the “**Closing**”), to purchase up to an additional 703,125 Shares (the “**Over-Allotment Shares**”), representing 15% of the Shares offered under this prospectus. The Over-Allotment Shares will be sold on the same terms as set out above solely to cover over-allotments, if any, and for market stabilization purposes. If the Over-Allotment Option is exercised in full, the total “Price to the Public”, “Underwriters’ Commissions” and “Net Proceeds to the Company” will be C\$86,250,000, C\$5,175,000 and C\$81,075,000, respectively. This prospectus qualifies the distribution of the Over-Allotment Option. A purchaser who acquires Shares forming part of the Underwriters’ over-allocation position acquires those securities under this prospectus, regardless of whether the over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases. See “Plan of Distribution”.
- (4) Assumes no exercise of the Over-Allotment Option.

(docēbō) v. I will teach



**docebo®**

Using new technologies to redefine learning management systems for enterprise, its customers and its partners

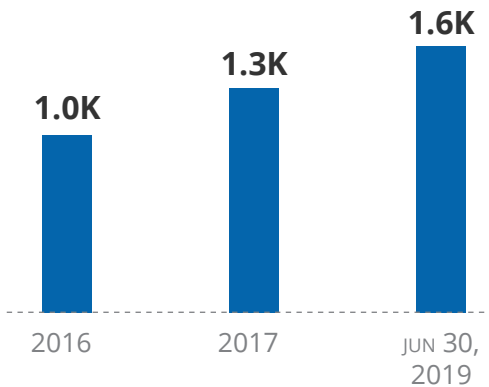
At Docebo, we create software, solutions and support systems that help our customers teach and train stakeholders that are critical to their ongoing growth and success. Conventional LMS and enterprise learning technologies have directed learning through formal courses pushed from the top down. Our award-winning platform blends formal, social and experiential learning modalities powered by artificial intelligence. In recent years, our customers have begun to recognize that corporate e-learning solutions are a core part of their strategy for success as they have experienced improvements in productivity and employee retention. It provides organizations and their partners and customers, personalized and automated experiences that turn their learning and retention into competitive advantages.

# Leading Companies Choose Docebo

1,600+ Customers across a variety of geographies and industries

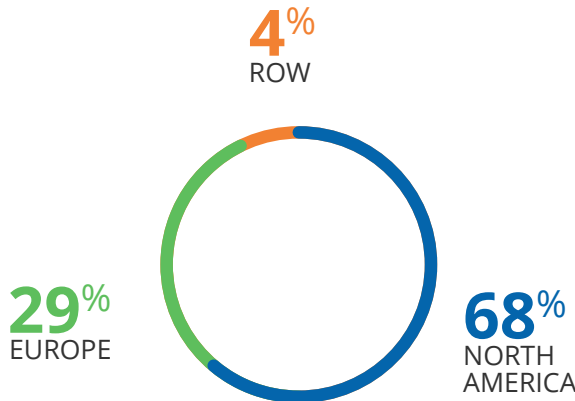


## Customers



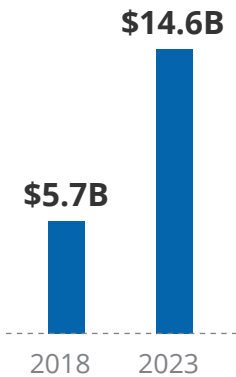
## ARR

as at June 30, 2019



## Large Total Addressable Market<sup>1</sup>

(US\$)

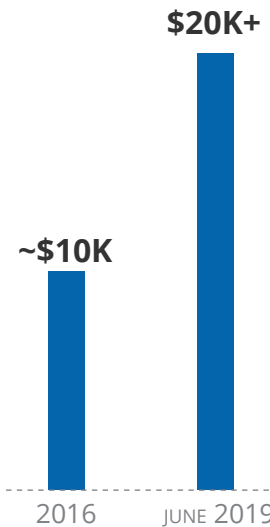


<sup>1</sup> Reports Monitor (2018), USD

~21% CAGR

## Customer Momentum

(US\$)



<sup>2</sup> As at June 30, 2019

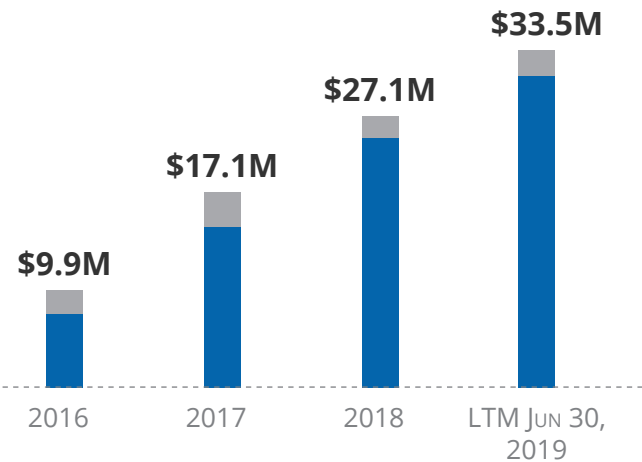
2X GROWTH IN AVERAGE CONTRACT VALUE SINCE 2016

>100% NET DOLLAR RETENTION IN 2019<sup>2</sup>

## Strong KPI's

(US\$)

● Non-recurring revenue  
● Recurring SaaS revenue



76% RECURRING REVENUE CAGR<sup>1</sup>

\$36M ANNUAL RECURRING REVENUE<sup>2</sup>

88% RECURRING REVENUE<sup>2</sup>

<sup>1</sup> CAGR between fiscal year 2016 and 2018  
<sup>2</sup> As at June 30, 2019

## Growth Strategy

1. Grow Existing Customer Base
2. Land & Expand
3. Expansion of Platform Offering and AI Enabled Learning Solutions
4. Geographic Expansion
5. Opportunistic Acquisitions
6. OEM Strategic Alliances

Docebo: positioned as a leader in the application of AI to E-Learning

The following table sets out the number of Shares that may be issued by the Company to the Underwriters pursuant to the exercise of the Over-Allotment Option.

<b>Underwriters' Position</b>	<b>Maximum Number of Securities Available</b>	<b>Exercise Period</b>	<b>Exercise Price (\$)</b>
Over-Allotment Option .....	Option to acquire up to 703,125 Shares	Up to 30 days following Closing	C\$16.00 per Share

Unless otherwise indicated, all information in this prospectus assumes that the Over-Allotment Option will not be exercised.

**There is no market through which the Shares may be sold and purchasers may not be able to resell the Shares purchased under this prospectus. This may affect the pricing of the Shares in the secondary market, the transparency and availability of trading prices, the liquidity of the Shares and the extent of issuer regulation. The Company has applied to have its Shares listed on the Toronto Stock Exchange (the "TSX"). Listing is subject to the approval of the TSX in accordance with its original listing requirements. The TSX has not conditionally approved the Company's listing application and there is no assurance that the TSX will approve the listing application. Closing of the Offering is conditional upon the Shares being approved for listing on the TSX. See "Plan of Distribution".**

An investment in the Shares is subject to a number of risks that should be considered by a prospective purchaser. Investors should carefully consider the risk factors described under "Risk Factors" before purchasing the Shares.

In connection with the Offering, the Underwriters may, subject to applicable law, over-allot or effect transactions that stabilize or maintain the market price of the Shares at levels other than those which otherwise might prevail on the open market. Such transactions, if commenced, may be discontinued at any time. **The Underwriters may offer Shares at a price lower than that stated above. Any such reduction in price will not affect the proceeds received by the Company. See "Plan of Distribution".**

TD is an affiliate of a Canadian chartered bank that is a lender to the Company. A portion of the net proceeds of the Treasury Offering will be used to repay outstanding indebtedness owed to such lender. Additionally, TD and its respective affiliates have provided from time to time, and may provide in the future, commercial banking, investment and financial advisory services to Docebo and its affiliates in the ordinary course of business for which they have received and may continue to receive customary fees and commissions. **As a result of the foregoing relationships, as described in further detail herein, Docebo may be considered a "connected issuer" of TD within the meaning of National Instrument 33-105—Underwriting Conflicts for the purposes of applicable Canadian securities legislation. See "Relationship Between Docebo and TD" and "Description of Material Indebtedness".**

The Underwriters, as principals, conditionally offer the Shares, subject to prior sale, if, as and when issued by the Company and accepted by the Underwriters in accordance with the conditions contained in the underwriting agreement among the Company and the Underwriters dated October 1, 2019 (the "**Underwriting Agreement**") referred to under "Plan of Distribution", and subject to the approval of certain legal matters on behalf of the Company by Goodmans LLP and on behalf of the Underwriters by Stikeman Elliott LLP. The Underwriters may offer the Shares at a lower price than stated above. See "Plan of Distribution".

Subscriptions will be received subject to rejection or allotment in whole or in part and the Underwriters reserve the right to close the subscription books at any time without notice. It is expected that the Closing will occur on or about October 8, 2019, or such later date as the Company and the Underwriters may agree, but in any event not later than November 19, 2019 (the "**Closing Date**"). In most instances, other than Shares sold in the U.S. pursuant to Rule 144A of the U.S. Securities Act, which will be represented by individual certificates representing such Shares, the Shares to be sold in the Offering will be issued in registered form to CDS Clearing and Depository Services Inc., or to its nominee ("**CDS**"), and deposited with CDS in electronic form on the Closing Date through the non-certificated inventory system administered by CDS. A purchaser of Shares will receive only a client confirmation from the registered dealer from or through which the Shares are purchased. See "Plan of Distribution".

Claudio Erba, our President and Chief Executive Officer and a director, and Kristin Halpin Perry, a director, reside outside of Canada. Mr. Erba and Ms. Halpin Perry have appointed GODA Incorporators, Inc., 333 Bay Street, Suite 3400, Toronto, Ontario M5H 2S7, as their agent for service of process in Ontario. Purchasers are advised that it may not be possible for investors to enforce judgments obtained in Canada against any person or company that is incorporated, continued or otherwise organized under the laws of a foreign jurisdiction or resides outside of Canada, even if the party has appointed an agent for service of process. See "Risk Factors".

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## ABOUT THIS PROSPECTUS

An investor should rely only on the information contained in this prospectus. Neither the Company nor any of the Underwriters has authorized anyone to provide investors with additional or different information. The information contained on our website, [www.docebo.com](http://www.docebo.com), is not intended to be included in or incorporated by reference into this prospectus and prospective investors should not rely on such information when deciding whether or not to invest in the Shares.

Any graphs, tables or other information demonstrating our historical performance or that of any other entity contained in this prospectus are intended only to illustrate past performance and are not necessarily indicative of such entities' future performance. The information contained in this prospectus is accurate only as of the date of this prospectus or the date indicated, regardless of the time of delivery of this prospectus or of any sale of the Shares.

None of the Company or any of the Underwriters is offering to sell the Shares in any jurisdiction where the offer or sale of such securities is not permitted. Investors are required to inform themselves about, and to observe any restrictions relating to, the Offering and the possession or distribution of this prospectus.

In this prospectus, unless otherwise indicated, it is assumed that the Offering has been completed and that the Over-Allotment Option is not exercised.

Unless otherwise indicated, the number of Shares outstanding upon completion of the Offering is based on 28,454,200 Shares on a non-diluted basis and 29,157,325 Shares on a non-diluted basis if the Over-Allotment Option is exercised in full, which in each case excludes shares issuable upon the exercise of options outstanding as of the date hereof.

## MEANING OF CERTAIN TERMS

As used in this prospectus, unless the context indicates or requires otherwise, all references to the "Company", "Docebo", "we", "us" or "our" refer to Docebo Inc. together with our subsidiaries, on a consolidated basis, as constituted on the Closing Date after giving effect to the Pre-Closing Reorganization described under "Description of Share Capital – Pre-Closing Reorganization" and the change of our name from "Docebo Canada Inc." to "Docebo Inc.". All references to the number of customers or companies we serve includes separate accounts per customer. Furthermore, as used in this prospectus, unless the context indicates or requires otherwise, the following terms have the following meanings:

**"Audit Committee"** means the audit committee of the Board;

**"CAGR"** means compound annual growth rate;

**"CNG Committee"** means the compensation, nominating and governance committee of the Board;

**"Fiscal 2016"** means the fiscal year ended December 31, 2016;

**"Fiscal 2017"** means the fiscal year ended December 31, 2017;

**"Fiscal 2018"** means the fiscal year ended December 31, 2018;

**"NI 52-110"** means National Instrument 52-110 – *Audit Committees*, as amended from time to time;

**"NI 58-101"** means National Instrument 58-101 – *Disclosure of Corporate Governance Practices*, as amended from time to time;

**"NP 58-201"** means National Policy 58-201 – *Corporate Governance Guidelines*, as amended from time to time;

**"OBCA"** means the *Business Corporations Act* (Ontario), as amended from time to time; and

**"SaaS"** means software as a service.

## CURRENCY AND EXCHANGE RATE DATA

The following table sets out the high and low rates of exchange for one Canadian dollar expressed in U.S. dollars during each of the following periods, the average rate of exchange for those periods and the rate of exchange in effect at the end of each of those periods, each based on the rate of exchange published by the Bank of Canada for conversion of Canadian dollars into U.S. dollars.

	Three Months Ended June 30		Six-Months Ended June 30		Fiscal Year Ended December 31		
	2019	2018	2019	2018	2018	2017	2016
	(US\$)	(US\$)	(US\$)	(US\$)	(US\$)	(US\$)	(US\$)
Highest rate during the period	0.7377	0.7501	0.7331	0.7501	0.7337	0.7262	0.6832
Lowest rate during the period	0.7641	0.7967	0.7641	0.8147	0.8147	0.8273	0.7988
Average rate for the period	0.7473	0.7747	0.7497	0.7828	0.7718	0.7704	0.7548
Rate at the end of the period	0.7641	0.7549	0.7641	0.7549	0.7337	0.7974	0.7429

On June 28, 2019, the rate of exchange posted by the Bank of Canada for conversion of Canadian dollars into U.S. dollars was C\$1.00 equals US\$0.7641. No representation is made that any currency could be converted at any given rate.

The following table sets out the high and low rates of exchange for one European euro expressed in U.S. dollars during each of the following periods, the average rate of exchange for those periods and the rate of exchange in effect at the end of each of those periods, each based on the rate of exchange published by the European Central Bank for conversion of European euros into U.S. dollars.

	Three Months Ended June 30		Six-Months Ended June 30		Fiscal Year Ended December 31		
	2019	2018	2019	2018	2018	2017	2016
	(US\$)	(US\$)	(US\$)	(US\$)	(US\$)	(US\$)	(US\$)
Highest rate during the period	1.1394	1.2388	1.1535	1.2493	1.2493	1.2060	1.1569
Lowest rate during the period	1.1123	1.1534	1.1123	1.1534	1.1261	1.0385	1.0364
Average rate for the period	1.1237	1.2059	1.1298	1.2104	1.1810	1.1297	1.1069
Rate at the end of the period	1.1380	1.1658	1.1380	1.1658	1.1450	1.1993	1.0541

On June 28, 2019, the rate of exchange posted by the European Central Bank for conversion of European euros into U.S. dollars was €1.00 equals US\$1.1380. No representation is made that any currency could be converted at any given rate.

All references in this prospectus to dollars, “\$” or “C\$” are to Canadian dollars, all references to “US\$” are to U.S. dollars and all references to “€” are to European euros.

## NON-IFRS MEASURES AND INDUSTRY METRICS

This prospectus makes reference to certain non-IFRS measures and industry metrics. These measures are not recognized measures under International Financial Reporting Standards as issued by the International Accounting Standards Board (“**IFRS**”) and do not have a standardized meaning prescribed by IFRS and are therefore unlikely to be 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. We use non-IFRS measures, including “Adjusted EBITDA” and “Free Cash Flow”. This prospectus also makes reference to “Annual Recurring Revenue” or “ARR” and “Net Dollar Retention Rate”, which are operating metrics used in our industry. These non-IFRS measures and industry metrics are used to provide investors with supplemental measures of our operating performance and thus highlight trends in our core business that may not otherwise be apparent when relying solely on IFRS measures. We also believe

that securities analysts, investors and other interested parties frequently use non-IFRS measures and industry metrics in the evaluation of issuers. Our management also uses non-IFRS measures and industry metrics in order to facilitate operating performance comparisons from period to period, to prepare annual operating budgets and forecasts and to determine components of management compensation.

### **Non-IFRS Measures**

**“Adjusted EBITDA”** means net loss excluding taxes (if applicable), net finance expense, depreciation, loss on change in fair value of convertible promissory notes, loss on disposal of assets, share based compensation and transaction related expenses

**“Free Cash Flow”** means cash provided by (used in) operating activities less additions to property and equipment.

See “Selected Consolidated Financial Information” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations - Non-IFRS Measures and Reconciliation of Non-IFRS Measures” for a reconciliation of the foregoing non-IFRS measures to their most directly comparable measures calculated in accordance with IFRS.

### **Industry Metrics**

**“Annual Recurring Revenue”** or **“ARR”** represents the annualized equivalent value of subscription revenue from all existing customer contracts or commitments of the Company as at the date being measured, excluding non-recurring implementation, support and maintenance fees.

**“Net Dollar Retention Rate”** is calculated for a period by considering the group of customers on our platform as of the beginning of the period and dividing our Annual Recurring Revenue attributable to this same group of customers at the end of the period by the Annual Recurring Revenue at the beginning of the period.

See “Management’s Discussion and Analysis of Financial Condition and Results of Operation – Key Performance Indicators”.

### **CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION**

This prospectus contains “forward-looking information” and “forward-looking statements” (collectively, **“forward-looking information”**) within the meaning of applicable securities laws. Forward-looking information may relate to our future financial outlook and anticipated events or results and may include information regarding our financial position, business strategy, growth strategies, addressable markets, budgets, operations, financial results, taxes, dividend policy, plans and objectives. Particularly, information regarding our expectations of future results, performance, achievements, prospects or opportunities or the markets in which we operate is forward-looking information. In some cases, forward-looking information can be identified by the use of forward-looking terminology such as “plans”, “targets”, “expects” or “does not expect”, “is expected”, “an opportunity exists”, “budget”, “scheduled”, “estimates”, “outlook”, “forecasts”, “projection”, “prospects”, “strategy”, “intends”, “anticipates”, “does not anticipate”, “believes”, or variations of such words and phrases or statements that certain actions, events or results “may”, “could”, “would”, “might”, “will”, “will be taken”, “occur” or “be achieved”. 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.

Discussions containing forward-looking information may be found, among other places, under “Prospectus Summary”, “Business of Docebo Inc.”, “Description of Material Indebtedness”, “Consolidated Capitalization”, “Management’s Discussion and Analysis of Financial Condition and Results of Operations”, “Use of Proceeds”, “Description of Share Capital”, “Dividend Policy”, “Principal Shareholders”, “Directors and Executive Officers”, “Executive Compensation”, “Director Compensation” and “Risk Factors”.

This forward-looking information includes, among other things, statements relating to: the Offering Price, the completion, size, expenses and timing of Closing; the execution of agreements entered into by the Principal Shareholders in connection with the Offering; expectations regarding industry trends, overall market growth rates and

our growth rates and growth strategies; addressable markets for our solutions; expectations regarding our revenue and the revenue generation potential of our platform; our business plans and strategies; our competitive position in our industry; expectations regarding the ownership equity position of our President and Chief Executive Officer and the Principal Shareholders; the proposed use of proceeds of the Offering; and the market price for the Shares.

This forward-looking information and other forward-looking information are 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 in respect of our ability to build our market share and enter new markets and industry verticals; our ability to 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; currency exchange and interest rates; the impact of competition; 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 prospectus, 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;
- developments and changes in applicable laws and regulations; and
- such other factors discussed in greater detail under "Risk Factors" in this prospectus.

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 "Risk Factors" 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. Accordingly, prospective investors should not place undue reliance on forward-looking information, which speaks only as of the date made. The forward-looking information contained in this prospectus represents our expectations as of the date of this prospectus (or as of the date they are otherwise stated to be made), 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 prospectus is expressly qualified by the foregoing cautionary statements. Investors should read this entire prospectus and consult their own professional advisors to ascertain and assess the income tax, legal, risk factors and other aspects of their investment in the Shares.**

## **MARKET AND INDUSTRY DATA**

Market and industry data presented throughout this prospectus was obtained from third-party sources and industry reports and publications, websites and other publicly available information, including Reports Monitor (“**Reports Monitor**”), Deloitte LLP (“**Deloitte**”), Paycom Software, Inc. (“**Paycom**”), World Economic Forum, International Data Corporation (“**IDC**”), Research and Markets, LinkedIn Learning, eLearning Industry, 702010 Institute and CBRE, Inc. (“**CBRE**”), as well as industry and other data prepared by us or on our behalf on the basis of our knowledge of the markets in which we operate, including information provided by suppliers, partners, customers and other industry participants.

We believe that the market and economic data presented throughout this prospectus is accurate and, with respect to data prepared by us or on our behalf, that our estimates and assumptions are currently appropriate and reasonable, but there can be no assurance as to the accuracy or completeness thereof. The accuracy and completeness of the market and economic data presented throughout this prospectus are not guaranteed and none of us or any of the Underwriters makes any representation as to the accuracy of such data. Actual outcomes may vary materially from those forecast in such reports or publications, and the prospect for material variation can be expected to increase as the length of the forecast period increases. Although we believe it to be reliable, none of us or any of the Underwriters has independently verified any of the data from third-party sources referred to in this prospectus, analyzed or verified the underlying studies or surveys relied upon or referred to by such sources, or ascertained the underlying market, economic and other assumptions relied upon by such sources. Market and economic data is subject to variations and cannot be verified due to limits on the availability and reliability of data inputs, the voluntary nature of the data gathering process and other limitations and uncertainties inherent in any statistical survey.

## **TRADEMARKS AND TRADE NAMES**

This prospectus includes certain trademarks, such as “Docebo”, which are protected under applicable intellectual property laws and are our property. Solely for convenience, our trademarks, copyrights and trade names referred to in this prospectus may appear without the ®,™ or © symbol, but such references are not intended to indicate, in any way, that we will not assert, to the fullest extent under applicable law, our rights to these trademarks, copyrights and trade names.

## **MARKETING MATERIALS**

A “template version” of the following “marketing materials” (each such term as defined in National Instrument 41-101 – *General Prospectus Requirements*) for the Offering filed with the securities commission or similar regulatory authority in each of the provinces and territories of Canada are specifically incorporated by reference into this prospectus:

- the term sheet filed on SEDAR on September 9, 2019; and
- the investor presentation filed on SEDAR on September 9, 2019.

The term sheet and investor presentation referred to above are available under our profile on SEDAR at [www.sedar.com](http://www.sedar.com).

In addition, any template version of any other marketing materials filed with the securities commission or similar regulatory authority in each of the provinces and territories of Canada in connection with the Offering, after the date hereof, but prior to the termination of the distribution of our Shares under this prospectus (including any amendments to, or an amended version of, any template version of any marketing materials), is deemed to be incorporated by reference herein. Any template version of any marketing materials utilized in connection with the Offering are not part of this prospectus to the extent that the contents of the template version of the marketing materials have been modified or superseded by a statement contained in this prospectus.

## ELIGIBILITY FOR INVESTMENT

In the opinion of Goodmans LLP, counsel to the Company, and Stikeman Elliott LLP, counsel to the Underwriters, on the date of issue, provided that the Shares are listed on a “designated stock exchange” (which currently includes the TSX), the Shares will on that date be qualified investments under the *Income Tax Act* (Canada) and the regulations thereunder (collectively, the “**Tax Act**”) for trusts governed by registered retirement savings plans (“**RRSPs**”), registered retirement income funds (“**RRIFs**”), registered disability savings plans (“**RDSPs**”), deferred profit sharing plans, registered education savings plans (“**RESPs**”) and tax-free savings accounts (“**TFSAs**”) each as defined in the Tax Act.

Notwithstanding that the Shares may be qualified investments for a trust governed by a TFSA, RRSP, RRIF, RDSP or RESP, a holder of a TFSA or RDSP, an annuitant of an RRSP or RRIF, or a subscriber of an RESP, as applicable, will be subject to a penalty tax under the Tax Act with respect to Shares if the Shares are “prohibited investments” for the TFSA, RRSP, RRIF, RDSP or RESP. A Share will not be a prohibited investment for trusts governed by a TFSA, RRSP, RRIF, RDSP or RESP provided that the annuitant under the RRSP or RRIF, the holder of the TFSA or RDSP or the subscriber of the RESP, as the case may be, deals at arm’s length with the Company for purposes of the Tax Act, and does not have a “significant interest” (as defined in the Tax Act) in the Company. In addition, a Share will not be a prohibited investment if the Shares are “excluded property” (as defined in the Tax Act for purposes of the prohibited investment rules) for the TFSA, RRSP, RRIF, RDSP and RESP. Holders of the Shares should consult their own tax advisors with respect to whether the Shares would be “prohibited investments” in their particular circumstances.

## **LETTER FROM CLAUDIO ERBA**

To our shareholders:

Docebo means “I will teach” in Latin. This embodies the founding vision of our company. Docebo was founded in 2005 with the goal of improving the way people learn. At Docebo, we create the software, solutions and support systems that help our customers teach and train stakeholders that are critical to their ongoing growth and success, including their workforce as well as external partners and customers.

Since our founding in 2005, we have seen significant changes in the way that enterprises approach learning. Corporate e-learning solutions were once considered a “nice-to-have”. However, in recent years, our customers have begun to recognize that corporate e-learning solutions are a core part of their strategy for success. We believe that corporate training and learning will continue to be an important challenge for businesses and we are committed to working with our customers to meet this challenge.

Docebo initially launched as an open source model that was installed directly on customer servers. In 2012, we made the transition to a cloud-based SaaS platform model, which is currently being offered to our customers. Our platform and related products are constantly evolving as we continue to embrace new technologies. For example, we were one of the first organizations to introduce artificial intelligence into the e-learning market by integrating artificial intelligence into our products. We believe that artificial intelligence is transforming corporate e-learning into a competitive advantage for enterprises since it allows enterprises to get data-driven insights so that they can enhance a learner’s experience and improve their workforces faster and more effectively. At Docebo, we have never stopped embracing new technologies as we seek to redefine the way that modern workforces learn.

Docebo’s culture forms an important part of our success. We are an international business, with customers in 68 countries that are serviced by our employees and partners located all over the world, including Canada, the United States, Italy and the U.K. We are also actively seeking to expand into new geographic regions, including Europe and the Asia-Pacific region, with a particular focus on Australia and New Zealand.

We believe the opportunity to be a leader in the corporate e-learning market as we seek to redefine the way that internal and external workforces, partners and customers learn, is significant and we think that the best way to accomplish this is by creating new products that offer a new approach to learning and cognitive processes. This is an opportunity in a growing industry, and we believe that our fast growing, SaaS recurring revenue profile and international customer base provide a platform that is primed to take advantage of the high-growth expected in this industry.

Claudio Erba,  
President and Chief Executive Officer, Docebo

## PROSPECTUS SUMMARY

*This summary highlights principal features of the Offering and should be read together with the more detailed information and financial data and statements contained elsewhere in this prospectus. This summary does not contain all of the information you should consider before investing in the Shares. You should read this entire prospectus carefully, especially the “Risk Factors” section of this prospectus and our consolidated financial statements and related notes appearing elsewhere in this prospectus, before making an investment decision. Capitalized terms used but not defined in this summary are defined elsewhere in this prospectus.*

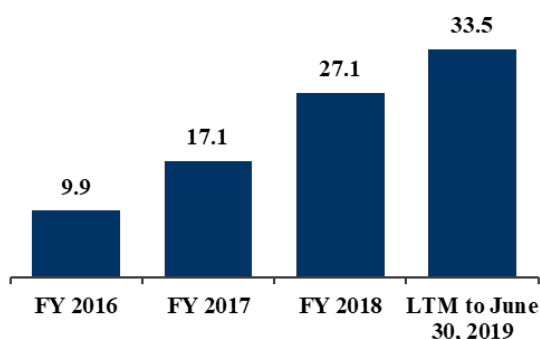
### Our Business

At Docebo, our mission is to redefine the way enterprises, including their internal and external workforce, partners and customers, learn by applying new technologies to the traditional corporate learning management system (“LMS”) market. Founded in 2005, we provide an easy-to-use, highly configurable and affordable learning platform with the end-to-end capabilities and critical functionality needed to train internal and external workforces, partners and customers. Our solution allows our customers to take control of their desired training strategies and retain institutional knowledge, while providing efficient course delivery, tracking of learning progress, advanced reporting tools and analytics. Our robust platform helps our customers centralize a broad range of learning materials from peer enterprises and learners into one LMS to expedite and enrich the learning process, increase productivity and grow teams uniformly.

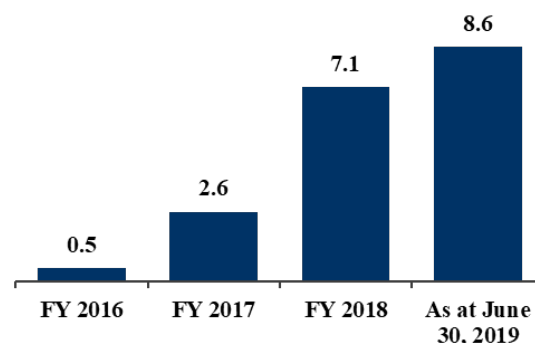
Our solution is sold as a cloud-based SaaS platform with 88% of our revenues recurring in nature for the six-month period ended June 30, 2019 and Fiscal 2018. For the year ended December 31, 2018, we recorded US\$23.9 million in recurring revenue, representing a CAGR of 76% relative to recurring revenue of US\$7.7 million for the year ended December 31, 2016. We believe our Annual Recurring Revenue metric remains a key performance indicator of forward visibility, having reached approximately US\$36 million as at June 30, 2019, reflecting a CAGR of 64% since December 31, 2016.

### Total Revenue

Revenue (\$M)



Learners (M)



With 300 employees across five global offices, we operate in approximately 68 countries and empower over 1,600 companies and approximately 8.6 million registered learners as at June 30, 2019 across various industries such as technology, media and entertainment, manufacturing, consumer products, financial services and retail. The efficacy of our platform is demonstrated by our Net Dollar Retention Rate in excess of 100% for Fiscal 2018.

As our business has grown, so too has the size of our customers contracts, with average contract value now in excess of US\$20,000 per year, up significantly from approximately US\$14,000 in 2017 and approximately US\$10,000 in 2016. Our solution is sold on a subscription model and our subscriptions are typically structured with an initial fixed term of between one and three years, without the ability for customers to terminate for convenience. We charge our customers based upon a per learner, per module basis, varying depending on the size of the enterprise and complexity.

We offer two plans: “Growth” and “Enterprise”, which are designed to meet the current and future needs of our customers, depending on each customer’s number of learners, features needed, services available and approach to adopting learning technologies. The “Growth” plan is marketed to enterprises with less than 500 learners, while the “Enterprise” plan is marketed to larger enterprises with over 500 learners. These plans are sold mainly through our direct sales force in North America, Europe and Australia, supplemented by indirect channels around the world.

See “Business of Docebo”.

## **Industry Overview**

The corporate LMS market is a subset of the global corporate e-learning market. According to a study released by Reports Monitor, the global corporate e-learning market is projected to reach ~US\$14.6 billion in revenue by the end of 2023, representing a CAGR of 20.7% between 2018 and 2023. Our primary target market is comprised of (i) mid-market enterprises (“**MMEs**”) that use Docebo in individual divisions or as a global learning platform across their entire enterprise and (ii) divisions of larger enterprises. The enterprises in our primary target market are broadly defined as having between 500 and 10,000 learners.

Enterprises are increasingly seeing a correlation between providing effective ongoing learning opportunities to employees and improved productivity, higher retention rates and overall employee engagement and work satisfaction. As a result, both global enterprises and MMEs are starting to recognize that e-learning is an integral part of their overall business strategy, driven by changing business needs and technological advancements. We believe the positive impacts to productivity and employee retention within an enterprise following implementation of corporate e-learning solutions have now allowed for these solutions to be considered increasingly core to an enterprise’s operations and productivity, similar to the early stages of adoption for CRM, Business Intelligence, Collaboration, Supply Chain Management and other Office Productivity software systems.

See “Business of Docebo – Industry Background”.

## **Business Overview**

We believe our flexible platform is well-suited to support enterprises with particularly complex use-cases, giving rise to multi-faceted training requirements such as employee re-skilling, upskilling, knowledge retention, fast onboarding for high growth companies, customer training and partner training.

Our cloud platform currently consists of three interrelated modules: (i) “Docebo Learn”, (ii) “Docebo Coach & Share” and (iii) “Docebo Extended Enterprise”. Docebo Learn, our foundational module, helps learning administrators centralize, organize and distribute learning content, track certifications and measure results with customer analytics. Docebo Coach & Share provides learners with access to social learning by encouraging the sharing of knowledge through formal, social, interactive and experiential learning across an organization. Docebo Extended Enterprise allows businesses to manage multiple portals for different audiences with their own administration, branding and authentication, which demonstrates our commitment to our customers’ success.

Additional products within our platform include: “Docebo for Salesforce”, “Docebo Embed (OEM)” and “Docebo Mobile App Publisher”. Docebo for Salesforce is a native integration that leverages Salesforce’s application programming interface (“**API**”) and technology architecture to produce a learning experience that remains uniform no matter the use-case. Docebo Embed (OEM) eliminates disjointed learner experiences, long development cycles and ineffective partner models by allowing original equipment manufacturers (“**OEMs**”) to embed and re-sell Docebo as a part of their human capital management (“**HCM**”), risk management and retail/hospitality SaaS product suites. Docebo’s Mobile App Publisher product allows companies to create their own branded version of the award-winning “Docebo Go.Learn” mobile learning application and publish it as their own in Apple’s App Store, the Google Play Store or in their own App Store for Enterprise.

See “Business of Docebo – Our Business”.

## Competitive Strengths

***Robust, Complete and Fully Configurable Solution.*** Our cloud based, multi-tenant platform enables our customers to deliver training content to appropriate audiences using a single platform. This allows our customers to use a single product to holistically manage their corporate training needs, regardless of size. We believe this provides us with an advantage over other competitors that take the approach of implementing and maintaining a collection of loosely connected, point-solution LMS applications (compliance, certifications, etc.) as Docebo is easily tailored to provide all point-solution services in one place with fully-enabled design configuration. This allows our customers to offer a consistent, fully configurable end-to-end learning experience across their entire enterprise, as needed.

***Industry-Leading Design and Learner Experience.*** Our platform boasts industry leading design and a seamless learner experience, evidenced by numerous accolades and industry recognitions from industry experts such as Brandon Hall Group, Software Reviews and PCMAG.com. In particular, its adaptability can cater to various generations that have different learning method delivery preferences. Our platform is designed to cater to a multi-generational workforce that includes millennials, generation Z, generation X and Baby Boomer learners, by having the embedded capabilities of providing all learners with the option to learn how they want, when they want and wherever they want.

***Consistent Innovation Lead by AI Technology.*** While still in its infancy, the results of integrating AI into the Docebo platform have been both encouraging and tangible. We believe that, as one of the first organizations to introduce AI in the e-learning market, we will be able to maintain a competitive advantage over other competitors once the e-learning market generally demands an AI-powered set of product features. This is because, among other reasons, we are one of the first players in the e-learning market to start collecting the customer data that is essential to train an algorithm and make AI-enabled technology reliable and useful. This initiative is supported by a core group of AI experts at Docebo, which we believe gives us the opportunity to revolutionize the status-quo in the LMS industry by delivering automated and personalized learning at scale.

***Validated by a Global Blue-Chip Customer Base.*** Docebo has over 1,600 customers across a variety of geographies and industries. Of our US\$18.6 million of revenue for the six- month period ended June 30, 2019, approximately 69%, originates from customers in North America, with the remainder coming primarily from Europe and a small component from the rest of the world. Our customers are diversified across various industries including technology and media (Thomson Reuters Corporation, HP Inc., Investopedia, LLC, Pearson Plc and Cineplex Inc.), consulting and professional services (Newcross Healthcare Solutions, Experian PLC, Randstad NV, Amnesty International and lastminute.com) and manufacturing and retail (L'Oréal S.A., Heineken NV, BRF S.A., BMW AG and Denny's Corporation).

***Proven Management Team and Board with Extensive Industry Knowledge.*** Docebo was founded in 2005 by technology entrepreneur Claudio Erba, our President and Chief Executive Officer. Claudio remains deeply involved in the daily operations of the Company and provides the visionary direction which has allowed Docebo to become a world-class corporate LMS platform. The management team is comprised of seasoned technology professionals with an average 13-year tenure in SaaS and technology industries. Docebo is supported by a strong board of directors with extensive relationships and an established track record of driving growth in both public and private SaaS and technology companies.

See “Business of Docebo – Competitive Strengths”.

## Solutions and Product Capabilities

We sell our platform as a collection of cloud-based configurable applications. Our customers may deploy one or more applications depending on their particular needs. Each application is founded on the single Docebo learning management system. This means that any subsequent application a customer may select is added as an extension to the customer's existing system, not an isolated product that requires additional integration (save where explicitly noted).

See “Business of Docebo – Solutions and Product Capabilities”.

## **Growth Strategy**

Our goal is to continue growing our business to become the leading provider of cloud-based subscription software applications to enterprises looking for innovative ways to train both internal workforces and external partners as well as retain talent. Key elements of our growth strategy include:

***Grow Existing Customer Base.*** We continue to build our direct sales force to take advantage of the growing demand for corporate learning solutions. We have significantly expanded our direct sales force to focus on MMEs and divisions of larger enterprises and have aligned our sales team's compensation structure to fit this objective. In addition to expanding our sales force, we have also been able to drive substantial increases in the productivity and effectiveness of our sales personnel over time.

***Land-and-Expand (Expansion Within Existing Customer Accounts).*** We use a "land-and-expand" strategy to grow sales within businesses, beginning with either departmental deployments or individual learners. Currently, within any one customer account, individual employees, human resource and/or technical departments use our platform. While not a focus historically, over the past 12-months, we have concentrated on improving our efforts to up-sell our products within our existing customer base and we are beginning to yield positive results.

***Expansion of Platform Offering and AI Enabled Learning Solutions.*** We have integrated several new features into our cloud-based technology learning platform, including social learning and training delivery and tracking. We intend to continue to add features to our platform over time, which we believe will provide us the opportunity to generate more revenue from new and existing customers. We believe the deployment of AI into our platform is critical to our ability to scale and differentiate our business over time. By expanding the use-cases of our key algorithms, we believe we can efficiently develop a platform and tools that can evolve to increasingly automate time-consuming administrative functions.

***Geographic Expansion.*** For the six-month period ended June 30, 2019, approximately 69% of our revenue came from customers based in North America. We see a significant opportunity to expand our reach into other regions, with a focus on Europe primarily, as well as the Asia-Pacific region, particularly in Australia and New Zealand. We have registered learners in over 68 countries globally and continue to expand our sales teams in both Europe and the Asia-Pacific region to further address these large markets.

***Opportunistic Acquisitions.*** While inorganic growth has not been part of our historical strategy, we intend to selectively consider strategic acquisitions, investments and other relationships that we believe are consistent with our strategy and can significantly enhance the attractiveness of our technology platform or expand our end-markets. This may include acquisitions of teams and capabilities that will not immediately add to revenue, but serve to benefit the long-term growth of the Company.

***OEM Strategic Alliances.*** We continue to seek and develop relationships with third-party enterprises that offer differentiated and value-added channels to reach new customer accounts and existing customers. These may include independent referral or bidding relationships, reciprocal sub-contracting, one-off projects or certain "white labelling" applications.

See "Business of Docebo – Growth Strategy".

## THE OFFERING

<b>Issuer:</b>	Docebo Inc.
<b>Offering:</b>	4,687,500 Common Shares at an Offering Price of C\$16.00.
<b>Gross Proceeds:</b>	C\$75,000,000 (C\$86,250,000 if the Over-Allotment Option is exercised in full).
<b>Over-Allotment Option:</b>	We have granted to the Underwriters an option, exercisable, in whole or in part, at any time for a period of 30 days after the Closing Date, to purchase up to an additional 15% of the aggregate number of the Shares issued under the Offering at the Offering Price solely to cover over-allotments, if any, and for market stabilization purposes. See “Plan of Distribution”.
<b>Shares Outstanding:</b>	Upon completion of the Offering, assuming no exercise of the Over-Allotment Option, 28,454,200 Shares will be issued and outstanding on a non-diluted basis (30,093,813 on a fully-diluted basis), and, if the Over-Allotment Option is exercised in full, 29,157,325 Shares will be issued and outstanding on a non-diluted basis (30,796,938 on a fully-diluted basis). See “Description of Share Capital” and “Options to Purchase Securities”.
<b>Use of Proceeds:</b>	<p>The aggregate net proceeds to be received by us from the Offering are estimated to be approximately C\$67,500,000 (C\$78,075,000 if the Over-Allotment Option is exercised in full) after deducting the Underwriters’ Commissions and the expenses relating to the Offering, which are estimated to be C\$3,000,000.</p> <p>We intend to use the net proceeds from the Offering as follows: (i) approximately C\$9 million (US\$7 million) to reduce outstanding indebtedness under the Credit Facility; (ii) approximately C\$47 million (US\$35.9 million) to strengthen our financial position, which will better enable us to further pursue our growth strategies; and (iii) approximately C\$11.5 million (US\$8.8 million) for working capital and general corporate and administrative purposes. See “Use of Proceeds”.</p>
<b>Description of Share Capital:</b>	Upon completion of the Offering, our authorized share capital will consist of an (i) unlimited number of Shares and (ii) an unlimited number of preferred shares, issuable in series. See “Description of Share Capital”.
<b>Dividend Policy:</b>	We currently intend to retain any future earnings to fund the development and growth of our business and/or to pay down debt and do not currently anticipate paying dividends on the Shares. Any determination to pay dividends in the future will be at the discretion of the board of directors of the Company and will depend on many factors, including, among others, our financial condition, current and anticipated cash requirements, contractual restrictions and financing agreement covenants, solvency tests imposed by applicable corporate law and other factors that the Board may deem relevant. See “Dividend Policy”.
<b>Lock-Up Arrangements:</b>	In connection with the completion of the Offering, each of the Company, the Retained Interest Holders, as well as our directors and executive officers have agreed that he, she or it will not, directly or indirectly, without the prior written consent of (a) the Lead Underwriters, on behalf of the Underwriters, such consent not to be unreasonably withheld, (b) the board of directors of the Company (with any interested members abstaining), and (c) in the case of Claudio Erba, Intercap Equity Inc., issue, offer or sell or grant any option, warrant or other right to purchase or agree to issue or sell or otherwise lend, transfer, assign or dispose of any of our equity securities, or other securities convertible or exchangeable into or otherwise exercisable into our equity securities or enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of

ownership of our equity securities, or agree or publicly announce any intention to do any of the foregoing for a period commencing on the Closing Date and ending (i) in the case of the Company, 180 days after the Closing Date, (ii) in the case of the Retained Interest Holders and our directors and executive officers, 18 months after the Closing Date and (iii) in the case of Claudio Erba with respect to 90% of his Shares, 36 months after the Closing Date (in each case subject to the release mechanism described in the following paragraph), in both cases, subject to certain limited exceptions (the “**Lock-up Agreements**”).

Pursuant to the terms and conditions of their Lock-up Agreements, the Retained Interest Holders will have the right to sell, grant, secure, pledge or otherwise transfer, dispose of or monetize, in any manner contemplated above (i) up to one third of their Shares or other equity securities of the Company as of 180 days after the Closing Date, (ii) up to two thirds of their Shares or other equity securities of the Company as of 12 months after the Closing Date, and (iii) any and all of their Shares or other equity securities of the Company as of 18 months after the Closing Date, except for in the case of Claudio Erba, who will have 10% of his Shares subject to the foregoing arrangements, with the remaining 90% of his Shares subject to a 36 month hold period.

All of the holders of our issued and outstanding shares on a non-diluted basis immediately prior to the completion of the Offering will be subject to these Lockup Agreements.

See “Plan of Distribution – Lock-up Arrangements”.

**TSX Trading Symbol:** “DCBO”.

**Eligibility for Investment:** In the opinion of Goodmans LLP, counsel to the Company, and Stikeman Elliott LLP, counsel to the Underwriters, on the date of issue, provided that the Shares are listed on a “designated stock exchange” (which currently includes the TSX), the Shares will on that date be qualified investments under the Tax Act for trusts governed by RRSPs, RRIFs, RDSPs, deferred profit sharing plans, RESPs and TFSAAs. See “Eligibility for Investment” section.

**Risk Factors:** An investment in the Shares is subject to a number of risk factors that should be carefully considered by prospective investors. Prospective investors should carefully consider the risk factors described under “Risk Factors” and other information included in this prospectus before purchasing the Shares.

## SUMMARY CONSOLIDATED FINANCIAL INFORMATION

The following tables present summary consolidated financial information for the periods and as at the dates indicated therein. The summary consolidated financial information set out below for each of Fiscal 2018, Fiscal 2017 and Fiscal 2016 and as at December 31, 2018 and 2017 has been derived from the Company's audited consolidated financial statements included elsewhere in this prospectus. The summary consolidated financial information set out below for the six-month periods ended June 30, 2019 and 2018 and as at June 30, 2018 has been derived from the Company's unaudited condensed interim consolidated financial statements included elsewhere in this prospectus. The summary consolidated financial information for LTM 2019 (being the 12 months ended June 30, 2019) has been derived from our audited consolidated financial statements for Fiscal 2018 and our unaudited condensed interim consolidated financial statements for the three and six -month periods ended June 30, 2019 and 2018.

Prospective investors should review this information in conjunction with the audited and unaudited consolidated financial statements, including the notes thereto, as well as "About this Prospectus", "Non-IFRS Measures and Key Performance Indicators", "Management's Discussion and Analysis of Financial Condition and Results of Operations", "Use of Proceeds", "Consolidated Capitalization", "Description of Material Indebtedness" and "Description of Share Capital" included elsewhere in this prospectus.

### Consolidated Earnings Data

	Six Months Ended June 30,		Fiscal Year Ended Dec 31,		
	2019	2018	2018	2017	2016
	(amounts in US\$)				
<b>Revenue</b> .....	18,558,351	12,132,872	27,074,586	17,126,141	9,852,188
Cost of revenue .....	3,884,546	2,713,394	5,650,394	4,353,487	2,633,083
<b>Gross profit</b> .....	<b>14,673,805</b>	<b>9,419,478</b>	<b>21,424,192</b>	<b>12,772,654</b>	<b>7,219,105</b>
<b>Operating expenses</b>					
General and administrative .....	7,439,311	4,789,371	10,940,510	7,274,587	3,469,849
Sales and marketing .....	6,556,790	5,811,296	11,629,872	7,828,365	4,478,855
Research and development .....	3,841,285	3,092,564	6,611,529	3,906,327	2,005,016
Share based compensation .....	151,433	138,439	253,251	152,767	157,903
Foreign exchange loss (gain) .....	(45,391)	571,770	774,980	237,478	(6,056)
Loss on disposal of assets .....	-	-	-	69,745	-
Depreciation .....	386,448	72,173	169,043	184,232	62,507
	<b>18,329,876</b>	<b>14,475,613</b>	<b>30,379,185</b>	<b>19,653,501</b>	<b>10,168,074</b>
<b>Operating loss</b> .....	<b>(3,656,071)</b>	<b>(5,056,135)</b>	<b>(8,954,993)</b>	<b>(6,880,847)</b>	<b>(2,948,969)</b>
Finance expense (income), net .....	479,260	289,094	666,082	231,068	(53,725)
Loss on change in fair value of convertible promissory notes .....	776,000	1,032,874	2,082,867	1,261,133	-
Other income .....	(38,391)	(2)	(53,142)	(133,164)	-
<b>Net Loss</b> .....	<b>(4,872,940)</b>	<b>(6,378,101)</b>	<b>(11,650,800)</b>	<b>(8,239,884)</b>	<b>(2,895,244)</b>
<b>Other comprehensive loss</b>					
Item that may be reclassified subsequently to income:					
Exchange (gain) loss on translation of foreign operations .....	401,711	(365,999)	(818,441)	272,806	122,615
Items not subsequently reclassified to income:					
Actuarial Loss .....	19,957	21,065	41,080	32,127	-
<b>Comprehensive Loss</b> .....	<b>(5,294,608)</b>	<b>(6,033,167)</b>	<b>(10,873,439)</b>	<b>(8,544,817)</b>	<b>(3,017,859)</b>
<b>Net loss attributable to</b>					
Equity owners of the company .....	(4,872,940)	(5,999,277)	(11,271,976)	(7,313,530)	(2,754,523)

	Six Months Ended June 30,		Fiscal Year Ended Dec 31,		
	2019	2018	2018	2017	2016
Non-controlling interests .....	-	(378,824)	(378,824)	(926,354)	(140,721)
	<b>(4,872,940)</b>	<b>(6,378,101)</b>	<b>(11,650,800)</b>	<b>(8,239,884)</b>	<b>(2,895,244)</b>
Loss per share – basic and diluted.....	(0.21)	(0.29)	(0.52)	(0.43)	(0.18)
Weighted average number of common shares outstanding – basic and diluted .....	22,798,700	20,537,700	21,543,100	17,177,700	15,210,500

## Consolidated Statements of Financial Position Data

	As at June 30,	As at Dec 31,	
	2019	2018	2017
(amounts in US\$)			
<b>Assets</b>			
Current assets.....	15,983,435	11,639,209	8,407,787
Contract acquisition costs .....	512,806	375,208	-
Property and equipment, net.....	1,390,892	1,286,317	1,094,632
<b>Total Assets .....</b>	<b>20,546,394</b>	<b>13,300,734</b>	<b>9,502,419</b>
<b>Liabilities</b>			
Current liabilities .....	25,727,619	24,889,584	11,463,743
Deferred lease incentives .....	-	243,009	200,184
Employee benefit obligations.....	1,099,160	928,800	671,530
Borrowings .....	7,011,779	4,015,202	3,322,635
<b>Total Liabilities .....</b>	<b>36,055,586</b>	<b>30,076,595</b>	<b>15,658,092</b>
<b>Deficiency attributable to shareholders .....</b>	<b>(15,509,192)</b>	<b>(16,775,861)</b>	<b>(5,101,149)</b>

## Reconciliation of Non-IFRS Measures

Adjusted EBITDA and Free Cash Flow are not recognized measures under IFRS and do not have a standardized meaning prescribed by IFRS. See “Non-IFRS Measures and Industry Metrics”.

### Adjusted EBITDA

Adjusted EBITDA is used by management as a supplemental measure to review and assess operating performance and to provide a more complete understanding of factors and trends affecting our business. Management believes that Adjusted EBITDA is a useful measure of operating performance and our ability to generate cash-based earnings, as it provides a more relevant picture of operating results by excluding the effects of financing and investing activities which removes the effects of interest, depreciation and amortization expenses as non-cash items that are not reflective of our underlying business performance, and other one-time or non-recurring expenses. The Company defines Adjusted EBITDA as net loss excluding taxes (if applicable), net finance expense, depreciation, loss on change in fair value of convertible promissory notes, loss on disposal of assets, share based compensation and transaction related expenses. Management believes that these adjustments are appropriate in making Adjusted EBITDA an approximation of cash-based earnings from operations before capital replacement, financing, and income tax charges. Adjusted EBITDA does not have a standardized meaning under IFRS and is not a measure of operating income, operating performance or liquidity presented in accordance with IFRS and is subject to important limitations. The Company’s definition of Adjusted EBITDA may be different than similarly titled measures used by other companies.

The following table reconciles Adjusted EBITDA to net loss for the periods indicated:

	Six months ended June 30,		Three months ended June 30,		Fiscal years ended		
	2019	2018	2019	2018	2018	2017	2016
	\$	\$	\$	\$	\$	\$	\$
<b>Net loss</b> .....	(4,872,940)	(6,378,101)	(2,335,776)	(3,447,620)	(11,650,800)	(8,239,884)	(2,895,244)
Finance expense (income), net <sup>(1)</sup> .....	479,260	289,094	253,442	164,543	666,082	231,068	(53,725)
Depreciation <sup>(2)</sup> .....	386,448	72,173	199,639	29,245	169,043	184,232	62,507
Loss on change in fair value of convertible promissory notes <sup>(3)</sup> .....	776,000	1,032,874	304,000	519,286	2,082,867	1,261,133	-
Loss on disposal of assets <sup>(4)</sup> .....	-	-	-	-	-	69,745	-
Share based compensation <sup>(5)</sup> .....	151,433	138,439	84,775	69,270	253,251	152,767	157,903
<b>Adjusted EBITDA</b> .....	(3,079,799)	(4,845,521)	(1,493,920)	(2,665,276)	(8,479,557)	(6,340,939)	(2,728,559)

Notes:

- (1) Finance expense is primarily related to interest and accretion expense on secured debentures and convertible promissory notes. In addition, finance expense for the three and six months ended June 30, 2019 also includes finance expense of \$63,715 and \$127,059, respectively, on lease obligations as a result of the adoption of IFRS 16 – *Leases* effective January 1, 2019.
- (2) Depreciation expense is primarily related to depreciation expense on property and equipment. In addition, depreciation expense for the three and six months ended June 30, 2019 also includes depreciation expense on right-of-use assets of \$145,761 and \$282,343, respectively, as a result of the adoption of IFRS 16 – *Leases* effective January 1, 2019.
- (3) These costs are related to the change in valuation of our convertible promissory notes from period to period, which is a non-cash expense and is thus not indicative of our operating profitability. These costs should be adjusted for in accordance with management's view of Adjusted EBITDA as an approximation of cash-based earnings from operations before capital replacement, financing, and income tax charges. In May 2019, these convertible promissory notes were converted into common shares. There will be no further impact on our results of operations from such convertible promissory notes and the Company does not currently intend to issue any additional convertible promissory notes.
- (4) These non-cash costs are related to disposal of leasehold improvements assets related to a lease.
- (5) These expenses represent non-cash expenditures recognized in connection with the issuance of stock options to our employees and directors.

## Free Cash Flow

Free Cash Flow is defined as cash provided by (used in) operating activities less additions to property and equipment. The following table reconciles our cash flow from (used in) operating activities to Free Cash Flow:

	Six months ended June 30,		Fiscal years ended		
	2019	2018	2018	2017	2016
	\$	\$	\$	\$	\$
<b>Cash flow from (used in) operating activities</b> .....	803,811	(1,173,844)	(2,948,660)	(2,982,800)	(1,036,911)
Purchase of property and equipment .....	(212,823)	(410,393)	(410,393)	(688,973)	(257,891)
<b>Free Cash Flow</b> .....	590,988	(1,584,237)	(3,359,053)	(3,671,773)	(1,294,802)

## BUSINESS OF DOCEBO

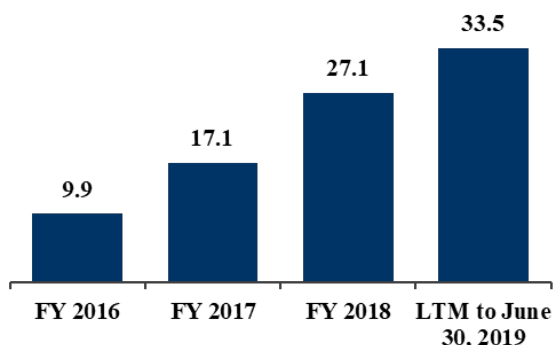
### Mission and Overview

At Docebo, our mission is to redefine the way enterprises, including their internal and external workforce, partners and customers, learn by applying new technologies to the traditional corporate learning management system (“LMS”) market. Founded in 2005, we provide an easy-to-use, highly configurable and affordable learning platform with the end-to-end capabilities and critical functionality needed to train both internal and external workforces, partners and customers. Our solution allows our customers to take control of their desired training strategies and retain institutional knowledge, while providing efficient course delivery, advanced reporting tools and analytics. Our robust platform helps our customers centralize a broad range of learning materials from peer enterprises and learners into one LMS to expedite and enrich the learning process, increase productivity and grow teams uniformly.

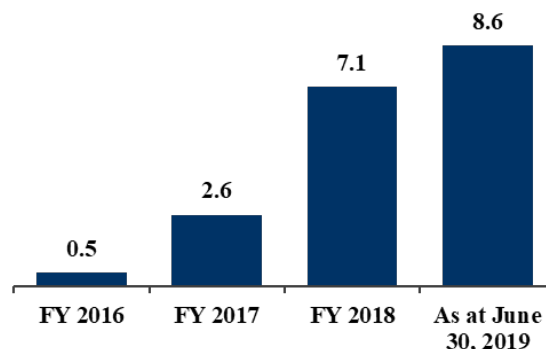
Our solution is sold as a cloud-based SaaS platform with 88% of our revenues recurring in nature for the six-month period ended June 30, 2019 and Fiscal 2018. For the year ended December 31, 2018, our cloud-based SaaS platform recorded US\$23.9 million in recurring revenue, representing a CAGR of 76% relative to recurring revenue of US\$7.7 million for the year ended December 31, 2016. We believe our Annual Recurring Revenue remains a key performance indicator of forward visibility, having reached approximately US\$36 million as at June 30, 2019, reflecting a CAGR of 64% since December 31, 2016.

### Total Revenue

Revenue (\$M)



Learners (M)



Since January 1, 2016, we have focused on developing our platform and growing our sales and marketing to expand our customer base. As our business has grown, so too has the size of our customer contracts, with average contract value now in excess of US\$20,000 per year, up significantly from approximately US\$10,000 in 2016. Average contract value is calculated as total ARR divided by the number of active customers. Our solutions are sold on a subscription model and our subscriptions are typically structured with an initial fixed term of between one and three years, without the ability for customers to terminate for convenience. We charge our customers based upon a per learner, per module basis, varying depending on the size of the organization and complexity. The efficacy of our platform is demonstrated by our ability to retain and expand within this customer base and is reflected in a Net Dollar Retention Rate in excess of 100% for Fiscal 2018.

With 300 employees across five global offices, we operate in approximately 68 countries and we empower over 1,600 companies and approximately 8.6 million registered learners as at June 30, 2019 across various industries such as technology, media and entertainment, manufacturing, consumer products, financial services and retail.

We offer two plans: “Growth” and “Enterprise”, which are designed to meet the current and future needs of our customers, depending on each customer’s number of learners, features needed, services available and approach to adopting learning technologies. The “Growth” plan is marketed to enterprises with less than 500 learners, while the “Enterprise” plan is marketed to larger enterprises with over 500 learners. These plans are sold mainly through our

direct sales force in North America and Europe, supplemented by indirect channels around the world. See “Sales and Marketing”.

Our primary target market is comprised of (i) mid-market enterprises (“**MMEs**”) that use Docebo in individual divisions or as a global learning platform across their entire enterprise and (ii) divisions of larger enterprises. The enterprises in our primary target market are broadly defined as having between 500 and 10,000 learners.

Through our experience over the last decade, we found that the expectation of those entering the workforce is that onboarding and learning are delivered through an experience that is personalized, simple, and technologically advanced. Docebo’s platform addresses these expectations by facilitating responsive and personalized learning experiences at scale within the flow of work to drive growth and organizational performance. This differentiates our platform from traditional enterprise learning technologies which have employed a formal, top down learning approach. Our customers demand that technology provide them with the insights and solutions required to adapt to an increasingly global and multi-lingual working environment.

From faster employee onboarding to improved sales enablement, we provide our customers with the technology required to close learning gaps across an organization. We are regarded as one of the leaders in the corporate LMS market due to our highly configurable interface, powerful mobile learning application, proven track record of innovation and successful integration of artificial intelligence (“**AI**”). Our products are designed to respond to complex training use-cases, such as multi-portal, multi-audience and external/internal training delivered within the same platform, in addition to complex integrations with third party technologies and applications, such as Single Sign On and Salesforce. Our technology has won numerous awards and industry recognitions from Brandon Hall Group, including the Best Advance in Learning Management Technology and Best Advance in Mobile Learning Technology awarded in 2018, Software Review and PCMAG.com.



The transformation of the e-learning industry is being driven by cloud, mobile and digital trends. While a traditional LMS can suffer from poor learner experience, a lack of mobile capabilities and low utilization, we are committed to incorporating new technologies and continuing to be a pioneer in the way people learn, most recently incorporating AI into our core platform. We believe that Docebo is one of the first corporate LMS providers to integrate AI, which puts us in a position to deliver personalized content curation and learning automation, while also allowing us to collect, analyze and deliver greater insights to our customers. We are confident that the forthcoming implementation of our “virtual coach” feature and the broader rollout of AI across different modules will further align us with our customers’ success.

Our cloud platform currently consists of three interrelated modules: (i) “Docebo Learn”, (ii) “Docebo Coach & Share” and (iii) “Docebo Extended Enterprise”. Docebo Learn, our foundational module, helps learning administrators centralize, organize and distribute learning content, design and track certifications and measure results with customer analytics. Docebo Coach & Share provides learners with access to social learning by encouraging the sharing of knowledge through formal, social, interactive and experiential learning across the organization. Docebo Extended Enterprise allows businesses to manage multiple portals for different audiences with their own administration, branding and authentication, demonstrating our commitment to our customers’ success.

Additional products within our platform include: “Docebo for Salesforce”, “Docebo Embed (OEM)” and “Docebo Mobile App Publisher”. Docebo for Salesforce is a native integration that leverages Salesforce’s API and technology architecture to produce a learning experience that remains uniform no matter the use-case. Docebo Embed (OEM) eliminates disjointed learner experiences, long development cycles and ineffective partner models by allowing original equipment manufacturers (“**OEMs**”) to embed and re-sell Docebo as a part of their software, including HCM, risk

management and retail/hospitality SaaS product suites. Docebo's Mobile App Publisher product allows companies to create their own branded version of the award-winning "Docebo Go.Learn" mobile learning application and publish it as their own in Apple's App Store, the Google Play Store or in their own Apple Store for Enterprise.

We believe our flexible platform is well-suited to support enterprises with particularly fragmented and complex use-cases, giving rise to multi-faceted training requirements such as employee certification, re-skilling, upskilling, knowledge retention, fast onboarding for high growth companies, customer training and partner training.

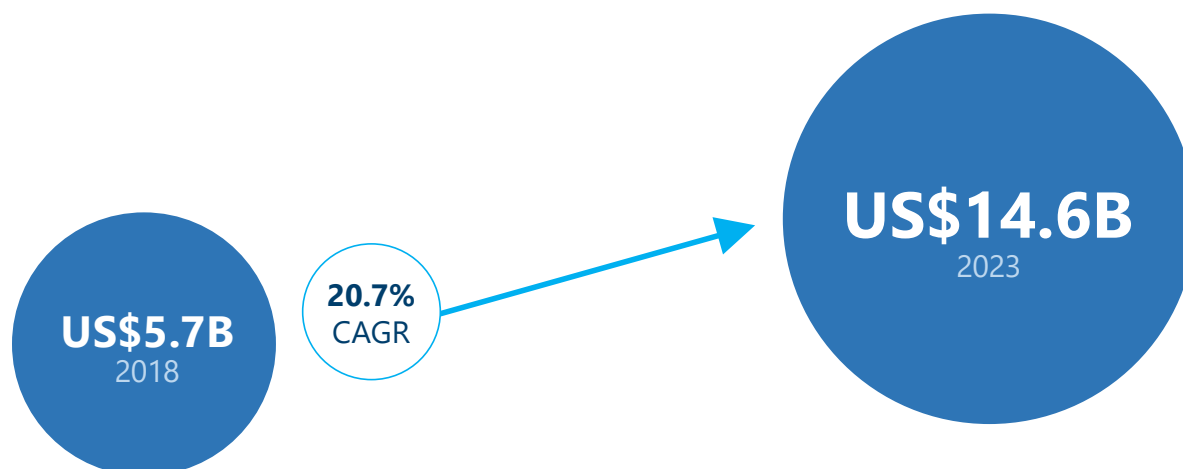
## Industry Background

As the labour market continues to evolve and the skills gap in the workforce increases, companies are increasingly looking to adopt next generation and non-traditional learning technologies to narrow the gap and mitigate the operational risks associated with an underperforming and disengaged workforce. To remain competitive, enterprises are seeking out ways to provide higher quality onboarding and learning opportunities to employees. Furthermore, retaining institutional knowledge is becoming increasingly important as the baby boomer generation (defined as individuals born between 1946 and 1964) begins to leave the workforce and the generations of younger employees become more willing to actively and continuously seek new employment opportunities. According to Deloitte, enterprises with a strong learning culture are 92% more likely to develop novel products and processes, 52% more likely to be productive, 56% more likely to be the first to market with their products and services and 17% more profitable than their peers. According to Deloitte, these enterprises also have engagement and retention rates that are 30% to 50% higher than their peers that lack such a strong learning culture.

### *Global Corporate E-Learning Market*

According to Reports Monitor, the global corporate e-learning market is projected to reach approximately US\$14.6 billion in revenue by the end of 2023, growing at a CAGR of 20.7% between 2018 and 2023.

#### Global Corporate E-Learning Market Size, 2018 and 2023



*Source: Reports Monitor*

Our target corporate e-learning market can be segregated into MMEs and divisions and subsidiaries of large enterprises. In our experience, MMEs generally favour an e-learning application over traditional training solutions due to the inherent financial flexibility associated with e-learning scheduling and resulting cost efficiencies (variable vs. fixed personnel cost and enterprise wide vs. fixed location). Larger enterprises with broadly dispersed employee bases are driving an increase in demand for an easy to use and flexible e-learning solution that can target specific tiers across enterprises. According to Reports Monitor, as early adopters, the Americas held the largest share of the global e-learning market at 35% in 2018. With the increased global adoption and overall growth in market size, we believe there will be a larger emphasis placed on global growth opportunities in the global corporate e-learning industry.

According to Deloitte, enterprises are increasingly seeing a correlation between providing effective ongoing learning opportunities to employees and improved productivity, higher retention rates and overall employee engagement and work satisfaction. As a result, both global enterprises and MMEs are starting to recognize that e-learning is an integral part of their overall business strategy, driven by changing business needs and technological advancements. We believe the positive impacts to productivity and employee retention within an organization post implementation of corporate e-learning solutions have now allowed for these solutions to be considered increasingly core to a company's operations and productivity, similar to the early stages of adoption for Customer Relationship Management ("CRM"), Business Intelligence, Collaboration, Supply Chain Management and other Office Productivity software systems.

The integration of e-learning into an enterprise's overall business strategy, while not a direct parallel, has yielded similar growth rates in the global corporate e-learning market to the early-stage growth rates of the CRM market, which, according to IDC, saw its market size double from approximately \$8.8 billion in 2004 to \$15.5 billion in 2009, then more than double again to \$37.1 billion in 2017.

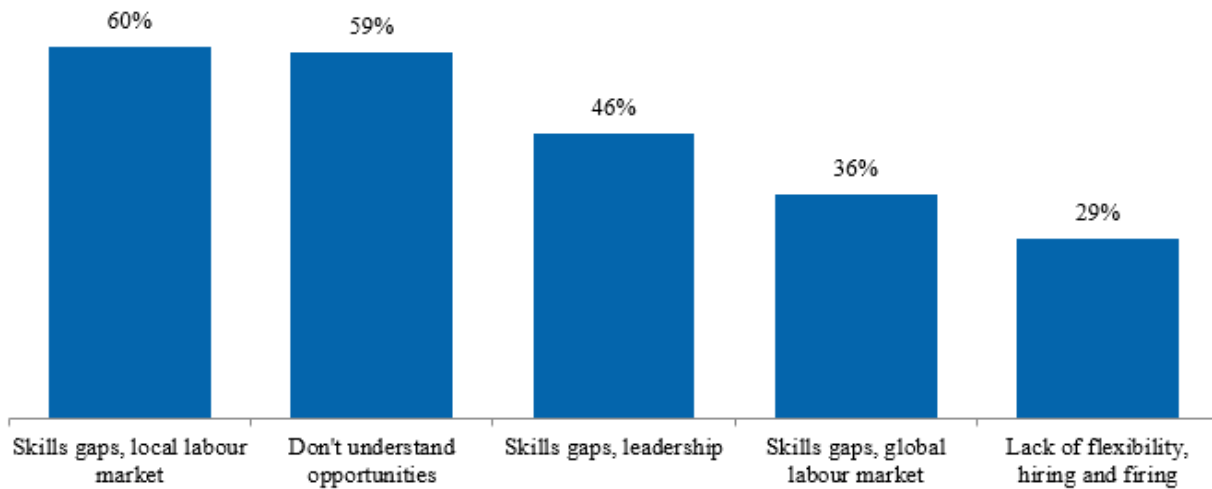
In addition, the integration of more social, mobile, analytics and cloud technologies has facilitated the adoption of versatile e-learning solutions as employees have access to these solutions across multiple devices. E-learning recognizes that employees are increasingly seeking out self-training opportunities to improve their job skills and in doing so, often utilize convenient mobile learning applications.

### ***Technical Skills Gap Increasing Demand for E-Learning***

Globally, there has been an increase in demand for technologically proficient workers as enterprises look for cost efficiencies and productivity drivers across their organizations. According to CBRE, this shift has led to some estimations that technical and software development jobs, such as web designers, engineers and data scientists, will grow at twice the pace of the national average in the U.S. As a result, companies are facing ever-changing workforce requirements to maintain their competitive advantages. Consequently, they are required to invest heavily in hiring and retaining leading talent, as well as providing adequate training opportunities to enhance employee skill sets.

We believe that job requirements are evolving more frequently and faster than ever before. According to a report by the World Economic Forum, Boston Consulting Group and Burning Glass Technologies, the skills gap will be the number one barrier to adoption of technology by U.S. companies over the next four years.

**Barriers to Adoption of Technology by U.S. Companies Within the Next Four Years  
(Share of Companies Surveyed)**



*Source: Jobs Survey 2018, World Economic Forum*

### **Re-Thinking the Traditional LMS**

Learning technology has evolved from simple LMS, designed to host, deliver, track and manage learning content, to secure, cloud-based systems offering new learning functionalities like social learning, learning on the job and communities of practice/workgroups designed to drive organizational performance.

There is now wide acceptance of learning technology across enterprises and industries and a renewed focus on driving efficient and effective learning outcomes by leveraging new technologies and methodologies. The e-learning industry is also seeing a shift away from traditional content delivery, placing an increased emphasis around social learning.

#### *Social Learning*

Social learning is the practice of people learning from one another, through sharing, observation, imitation and modeling. According to the 702010 Institute, 70% of workplace learning is informal, social learning from on-the-job experience; 20% is from coaching, mentoring and interaction with peers; and only 10% is from formal learning. By promoting natural social interactions and collaborative behaviors, social learning encourages higher learner engagement and productivity.

Social and collaborative learning tools have become a top priority among enterprises globally, as they seek to facilitate employee engagement and collaboration. Enterprises support the sharing of internally-produced, learner-generated knowledge through the use of in-house social sharing tools. Social learning, coupled with mobile delivery and data analytics tools used to drive such learning, allows for the deployment of targeted and effective learning programs.

#### *Mobile Learning*

According to eLearning Industry, mobile learning is currently being used by nearly 47% of enterprises globally as a tool to provide real-time, anywhere, on-the-job training. According to Paycom, the ease of use of these solutions is expected to increase employee workplace engagement and performance, and should lead to greater employee retention. Accessing learning applications on a mobile device gives a learner more opportunities to learn on the go, replacing the desktop as the primary e-learning device.

## ***A Shift to AI-Powered Administrative and Learner Experiences***

We believe that leveraging AI to perform administrative tasks and personalize the learning experience is the future of LMS. In particular, AI can enable the automatic execution of certain administrative activities, allowing employees to be redeployed to handle more complex tasks.

The accommodation of personal preferences and learning styles for each learner is enhanced by AI as machine learning algorithms can be better than humans at predicting outcomes. Upon implementation, this will allow our platform to provide specific content based on a learner's past performance and individual goals.

When a skills gap is identified, targeted recommendations can be provided in a more personalized format than may be possible without the use of AI. For example, the system may recognize that a learner has the ability to skip certain modules since they already possess certain skills. By skipping certain modules, the learner can take a more comprehensive and less linear learning approach than someone who might lack the basic skills related to a particular topic, yielding more effective and efficient learning outcomes overall.

### **The Opportunity**

According to Reports Monitor, the global corporate e-learning market is projected to reach a total market size of US\$14.6 billion in revenue by the end of 2023, growing at a CAGR of 20.7% between 2018 and 2023. This growth is primarily driven by a widening of the skills gap and strong demand for flexible learning technology solutions. Enterprises are placing a greater emphasis on upskilling, re-skilling and employee development to help mitigate the potential impacts of the skills gap and maintain their competitive advantages.

The corporate e-learning sector is highly fragmented with a variety of players. We believe our competitors do not offer the same value proposition and integrated capabilities as Docebo. In our experience, our comprehensive e-learning solutions, enhanced by AI, are well suited to both MMEs and large enterprises.

As an early adopter in the industry, we believe we are well positioned to be the industry leader in terms of the application of AI in e-learning, which will enable us to provide personalized learning solutions at scale. Furthermore, our highly scalable and flexible product offering provides compatibility with specific customer needs and ongoing revenue opportunities through additional modules and products, as evidenced by our high Net Dollar Retention Rate of more than in excess of 100% for customers for Fiscal 2018. Ultimately, we believe that our fast growing, SaaS recurring revenue profile and international customer base provide a platform that is primed to take advantage of the high-growth expected in the corporate e-learning industry.

### **Competitive Strengths**

#### ***Robust, Complete and Fully Configurable Solution***

Our platform enables our customers to deliver training content to the appropriate audiences using a single platform. The following key characteristics have historically allowed us to succeed in this market:

- ***Cloud-based solution.*** Our platform is built on a single code, multi-tenant platform leveraging multiple database schemas stored on the cloud. This results in smooth implementation and eases customer monitoring and troubleshooting following implementation. This architecture allows us to deploy the solution and host data in specific regions, as may be required by a customer's privacy policy and applicable privacy laws. Our cloud solutions are hosted in the U.S., Canada, Ireland, Germany and Australia, due to customer preferences and privacy and data security regulations. Docebo is SOC 2 and SOC 3 certified. Our cloud-based solution provides our customers with the following advantages: (i) access to the latest technology and version upgrades; (ii) ease of implementation and use; and (iii) lower cost.
- ***Scalability.*** Our platform is fully scalable with the ability to meet the needs of growing businesses and the largest enterprises. As of June 30, 2019, our average customer has 5,375 learners, with some customers having over 360,000 registered learners on a single instance of a Docebo product. Our

modular, comprehensive platform allows customers to select the level of functionality desired to achieve their training and learning goals.

- **Configurability.** Our platform is built with configurability at the forefront of implementation. Our customers overcome the inefficiencies of maintaining a patchwork of loosely connected, point-solution LMS applications (compliance, certifications, etc.) as Docebo is easily tailored to provide all point-solution services in one place with fully-enabled design configuration. This allows our customers to offer a consistent, fully configurable learning experience across their entire enterprise, as needed. A best-in-class feature of Docebo is the Mobile App Publisher product, which allows our customers to have a fully-branded mobile application with the click of a button. Docebo Pages provides additional configurability by allowing our customers to deploy content with the same look and feel of their other systems through customized headers, sign-in pages, colours, styles, course players and tiles, using drag and drop widgets as building blocks, with no coding skills required. Our capability to adapt to a customer's specific use-case is exhibited by the Docebo Extended Enterprise product, which allows businesses to manage multiple portals for different audiences with their own administration, branding and authentication.

### ***Industry-Leading Design and Learner Experience***

Our platform boasts industry leading design and a seamless learner experience, evidenced by numerous accolades and industry recognitions from industry experts such Brandon Hall Group, Software Review and PCMAG.com.

- **Design.** Design features of the Docebo platform include a sleek, modern visual design which encompasses the entire software platform, and covers the content, input devices, tools, learner controls and action buttons. Our design features enable Docebo to provide a learner-friendly experience for end-learners that are accessing either the desktop or mobile versions of our platform. Management believes that this allows new learners to become easily engaged and proficient with the platform relatively quickly. Furthermore, Docebo's platform grows with its customers, with a progressive suite of applications and features that adapt to customers' unique needs, scaling as learning projects become more sophisticated. This feature of our platform is best exhibited in Docebo Pages and custom cascading style sheets functionality, both of which allow customers to complete complex personalization and configuration of the learning environment without the need to customize the coding of the platform itself.
- **Generational reach.** Docebo learners are spread across various generations and have different learning method delivery preferences. As such, our platform is designed to cater to a multi-generational workforce that includes millennials, generation Z, generation X and baby boomer learners, by having the embedded capabilities of providing all learners with the option to learn how they want, when they want and wherever they want. Furthermore, most new entrants to the workforce frequently use and interact with technology in their daily lives. As such, the application of design, ease-of-use and on-demand experiences are critical to delivering a marketable learner experience.

### ***Consistent Innovation Lead by AI Technology***

While still in its infancy, the results of integrating AI into the Docebo platform have been both encouraging and tangible.

- **First-mover advantage.** We believe that, as one of the first organizations to introduce AI in the e-learning market, we will be able to maintain a competitive advantage once the e-learning market generally demands an AI-powered set of product features. This is because, among other reasons, we are one of the first players in the e-learning market to start collecting customer data that is required to make AI-enabled technology reliable and useful. Any AI feature requires a significant amount of data to train an algorithm; and as such the more data that can be inputted into an algorithm, the more effectively it can perform its function. As a first-mover, Docebo has been able to design appropriate tools for data collection to ensure that our algorithms produce accurate, reliable results for the benefit of our customers.

- ***Preparing for the future.*** We have prepared for the roll-out of additional AI-supported functionality by hiring what we consider to be a best-in-class team of eight AI experts. These individuals have experience in data science, business intelligence and neural networks. We believe that through the continuous evolution of our AI technology, Docebo has the opportunity to revolutionize the status-quo of the LMS industry by delivering automated and personalized learning at scale.
- ***Next steps on implementation.*** The next phase of development is being driven by our team of AI professionals as they work to evolve our platform so that it can quickly identify learner learning style preferences which will allow our platform to provide immediate, customized feedback to learners without human intervention.

### ***Validated by a Global Blue-Chip Customer Base***

Docebo has over 1,600 customers across a variety of geographies and industries, up from 1,300 customers as at December 31, 2017 and 1,000 customers as at December 31, 2016. Of our US\$18.6 million of revenue for the six-month period ended June 30, 2019, approximately 69% originates from customers in North America, with the remainder coming primarily from Europe and a small component from the rest of the world. Our customers are diversified across various industries including technology and media (Thomson Reuters Corporation, HP Inc., Investopedia, LLC, Pearson Plc and Cineplex Inc.), consulting and professional services (Newcross Healthcare Solutions, Experian PLC, Randstad NV, Amnesty International and lastminute.com) and manufacturing and retail (L'Oréal S.A., Heineken NV, BRF S.A., BMW AG and Denny's Corporation). Our customers adopt our platform for different use-cases on a global or regional basis depending on their specific needs, which may include, enabling their sales teams to be more effective, onboarding of new employees, compliance or partner training.

### ***Proven Management Team and Board with Extensive Industry Knowledge***

Docebo was founded in 2005 by technology entrepreneur Claudio Erba. Claudio remains deeply involved in the daily operations of the Company and provides the visionary direction which has allowed Docebo to become a world-class corporate LMS platform. The management team is comprised of seasoned technology professionals with an average 13-year tenure in SaaS and technology industries. Furthermore, Docebo is supported by a strong board of directors with extensive relationships and an established track record of driving growth in both public and private SaaS and technology companies.

### ***Growth Strategy***

Our goal is to continue growing our business to become the leading provider of cloud-based subscription software applications to enterprises looking for innovative ways to train internal and external workforces, partners and customers as well as retain talent. By doing so, we enable our customers to efficiently and profitably recruit, develop and retain their workforces over time and provide them with a competitive advantage. We are focused on expanding our platform capabilities and features and intend to continue increasing our revenue by pursuing a growth strategy that includes the elements noted below.

#### ***Grow Existing Customer Base***

We continue to build our direct sales force to take advantage of the growing demand for corporate learning solutions. We have significantly expanded our direct sales force to focus on MMEs and divisions and subsidiaries of larger enterprises and have aligned our sales team's compensation structure to fit this objective. In addition to expanding our sales force, we have also been able to drive substantial increases in the productivity and effectiveness of our sales personnel over time through training. While it is not our intent at this time to pursue a greater proportion of large enterprise sales, we have and continue to focus on larger, recurring business transactions, coupled with those where we can increase customer engagement and use-cases throughout the life of the customer relationship. We continue to expand our platform capabilities and are focused on delivering additional value to our customers.

#### ***Land-and-Expand (Expansion Within Existing Customer Accounts)***

We use a "land-and-expand" strategy to grow sales within businesses, beginning with either departmental deployments or individual learners. Currently, within any one customer account, individual employees, human resource and/or

technical departments use our platform. While not a focus historically, over the past 12-months, we have concentrated on improving our efforts to up-sell our products to our existing customer base and we are beginning to yield positive results. We intend to drive increased sales through existing customers by targeting new learners, subsidiaries, departments and geographies within our customer base for existing and new solutions that we are developing. Our platform modules, all of which come with an additional recurring charge as new modules are activated, are designed to grow with our customers as they require additional features. We expect our customers to adopt additional modules over time as their learning needs grow and as they experience successful outcomes from deploying our solutions within their organizations.

### ***Expansion of Platform Offering and AI Enabled Learning Solutions***

We have integrated several new features into our cloud-based technology learning platform, including social learning. We intend to continue to add features to our platform over time, including content catalogs, “virtual coaching”, people analytics and a learning survey, which we believe will provide us the opportunity to generate more revenue from new and existing customers.

We believe the deployment of AI into our platform is critical to our ability to scale and differentiate our business over time. By expanding the use-cases of our key algorithms, we believe we can efficiently develop a platform and tools that can evolve to increasingly automate time-consuming administrative functions. One example would be automated course building using available public and private content, significantly reducing the cost and time associated with creating learning content. The people analytics tool is expected to provide learning-based data analytics and easy to use reporting, providing customers with support educated decision-making tools. The learning survey is expected to prompt questions to users such as “what were you expecting from this course” or “what impact did it have on your performance at work”, allowing Docebo to receive customer feedback directly. Through the implementation of AI into our products, we believe that the way learners interact with the platform will expand considerably. As part of our roadmap, we envision developing algorithms that create video learning media without the need for human intervention.

### ***Geographic Expansion***

For the six- month period ended June 30, 2019, approximately 69% of our revenue came from customers based in North America. We do not have any active operations in emerging market jurisdictions. We see a significant opportunity to expand our reach into other regions, with a focus on Europe primarily, as well as the Asia-Pacific region, particularly in Australia and New Zealand. We have registered learners in over 68 countries globally and we are in the process of expanding our sales teams in Europe and the Asia-Pacific region to further address these large markets which are impacted by rapidly changing technologies. Specifically, we are focusing on the expansion of our direct and indirect sales efforts in Western Europe and the Asia-Pacific region. We may also consider other geographic regions in the future.

### ***Opportunistic Acquisitions***

While inorganic growth has not been part of our historical strategy, we intend to selectively consider strategic acquisitions, investments and other relationships that we believe are consistent with our strategy and can significantly enhance the attractiveness of our technology platform or expand our end-markets. This may include acquisitions of teams, capabilities and new products that will not immediately add to revenue, but serve to benefit the long-term growth of the Company. We believe that the experience of our board and management team in the areas of enterprise software, mergers and acquisitions and venture capital will support our ability to identify and evaluate acquisition or partnership opportunities.

### ***OEM Strategic Alliances***

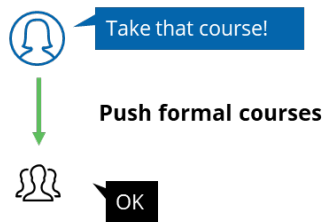
We continue to seek and develop relationships with third-party enterprises that offer differentiated and value-added channels to reach new customer accounts and existing customers. These may include independent referral or bidding relationships, reciprocal sub-contracting, one-off projects or certain “white labelling” applications. We are focused on expanding our partner relationships, developing our relationships with HCM providers that provide a wide range of human resource services and establishing affiliations with large and influential industry advisors that can recommend Docebo for mutually beneficial customer engagements.

## Solutions and Product Capabilities

Docebo's LMS platform is a learner-centric solution where a learner both creates and uses content. In addition to experts, learners are able to create and share learning content on the platform, providing a mix of formal and informal learning content. This is in contrast to traditional LMS, where formal learning created by experts is pushed down from management or administrators to learners.

### Traditional LMS

Formal learning pushed top down

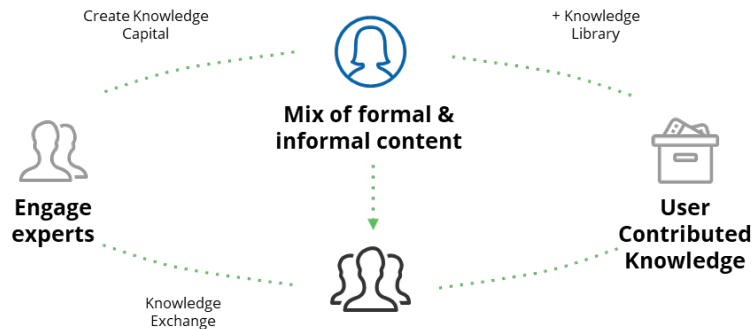


#### FOCUS:

- Content creation
- Course management

### Docebo Learning Management Platform

Formal and informal, learner centric



#### FOCUS:

- Learner
- Experiences

We provide our customers with a powerful and elegant LMS, equipped with a suite of flexible applications and features that make our platform configurable to meet individual organizational needs. We provide integrations with other online learning platforms, including LinkedIn Learning, Lynda and Go1 that run seamlessly with the Docebo platform, each of which offer an extensive library of soft skill courses. The suite of modules available include Docebo Learn (LMS), Docebo Coach & Share (Social Learning) and Docebo Extended Enterprise (External Training).

Screenshot of Docebo Learn Platform- Learner Perspective

**docebo** Search courses, content and more... Active users: 0 / 50

Welcome

**My Profile**

**Jerry Miles**  
jerry.miles@homerick.edu

Level: Super Admin Occupation: UX-Designer  
Date of Birth: 25 December, 89 Country: Country

CHANGE PASSWORD MY ACTIVITIES MY PROFILE

**Activity Overview**

Courses  
33 Completed  
26 In Progress  
17 Not Started

Social Activity  
14 Invitations  
10 New Contributions

**Top 3 Experts by shared contents**

- Eddie Hernandez**  
12345 shared contents  
Weekly trend: ↗
- Gary Johnston**  
12345 shared contents  
Weekly trend: ↗
- Lucy Allison**  
12345 shared contents  
Weekly trend: ↗

LOAD MORE

**My Courses and Learning Plans**

FILTERS Search here...

**Activity Stream**

Stacy Miller has been enrolled in course **Consumer Psychology In The Industrial And Manufacturing Equipment Marketplace**  
23 min ago

Consumer Psychology In The Industrial And Manufacturing Equipment Marketplace  
English

Frank Miller asked:  
How can I retain the talent in the organization during a recession and without a dedicated budget?  
Related to: Perform Module 1 - Roles and Skills  
Answer Now | View all 5 replies  
Yesterday at 20:45 - 76 view

Paul Livingstone: The way to retain talent is the same in times of recession and in times of economic growth. In both cases, you need to consider the appropriate way to compensate your talents and identify what motivates him/her.  
BEST ANSWER 29 0 4 min ago

Screenshot of Docebo Learn Platform- Learner Perspective

**Activity Stream**

Stacy M. Miller uploaded Master of Photography assets in Passions Development Channel  
8 min ago

Comments | Ask the Experts

Write here your comment...

POST

Tom White asked:  
Lorem ipsum dolor sit amet, consectetur adipiscing elit, sed eiusmod tempor incididunt ut labore et Lorem ipsum dolor

**My Courses and Learning Plans**

Search here... A-Z

Deadline expires in 15 days

**Welcome to Effective Time Management**  
English - Learner ★★★★★

**Choosing The Best Audio Player Software For Your Computer**  
English - Learner ★★★★★

**Having Your Breasts Reduced With Breast Augmentation...**  
4 courses

**Stocking Your Restaurant Kitchen Finding Reliable Selle...**  
English - Learner ★★★★★

VIEW ALL MY COURSES AND LEARNING PLANS

**My Profile**

**Arturo McKenzie**  
arturo.mckenzie@homerick.edu

CHANGE PASSWORD

**Gamification: Leaderboards**

BADGES LEADERBOARDS CONTESTS

Leaderboard Name -

**My Position**

10 - Andrew Byron ★ 1210

1 - Lilly Maldonato ★ 210

2 - Martin Wood ★ 190

3 - Peter Hardy ★ 140

4 - Julian Holland ★ 123

VIEW FULL CHART

**Activity Overview**

User sessions Users announcements

Month	User sessions	Users announcements
Jan	2200	1800
Feb	1800	1500
Mar	1500	1200
Apr	1800	1500
May	1200	1000
Jun	800	600
Jul	2200	1800
Aug	1000	800
Sep	600	400
Oct	1800	1500
Nov	600	400
Dec	1800	1500

## Docebo Learn (LMS)

Docebo Learn is our base module. It helps learning administrators centralize, organize and distribute learning content, track certifications and measure results with learner reports.

- ***Easily search and discover learning content.*** Docebo Learn drives onboarding efforts and ignites employee growth by giving customers a learning ecosystem to centralize, organize and distribute courses, track online learning progress and measure results. Powered by AI, Docebo Learn uses algorithms to tag learning content to produce robust search results. As the content available on our platforms grows, the ability to quickly locate what learners are looking for becomes more important as learners seek easy access to all content that is relevant to the topics they have searched. Docebo's proprietary algorithm converts learning objects or assets of any type, including videos, audio or images that are uploaded onto the platform into searchable text which is then stored on the Docebo database. ElasticSearch, a search and analytics engine, is used to search the Docebo database, which allows us to maximize the precision of our search results. Docebo also uses specialized algorithms to safely and securely analyze content that learners add to the Docebo platform, how customers and their learners use the platform as well as suggest ways to enhance and simplify the learner or administrator experience.
- ***Scale to match the pace of growth.*** Docebo Learn scales to meet the evolving needs of enterprises of various sizes. Docebo Learn's progressive suite of features adapts to the unique needs of any enterprise, scaling as learning requirements and goals become more sophisticated. By employing the latest technology available on the cloud from Google Cloud AI, as well as Amazon Web Services ("AWS"), such as Amazon Elastic Compute Cloud, Docker, Amazon Elastic Container Service, Amazon CloudFront, Amazon Elastic Load Balancing, Amazon Relational Database Service and Amazon Simple Storage Services, Docebo Learn provides enterprise-grade network performance, scalability and elasticity.
- ***Eliminate administrative tasks through automation.*** Automation reduces tedious and error-prone administrative tasks and gives learning administrators more time for other valuable activities. Using Docebo Learn, administrators can define rules governing new learner creation to allow for automatic enrollment, which eliminates the hassle of enrolling learners manually.
- ***Enhance teaming through improved visibility.*** The "My Team" feature gives team managers unprecedented access to directly monitor learners' activities and address overdue certifications. It also alleviates pressures on administrators by giving them a way to assign, enroll or suggest learners' relevant learning assets directly.
- ***Customized design through Docebo Pages.*** Docebo Pages, a feature of the Docebo LMS, allows customers to design the LMS platform by dragging and dropping from a selection of widgets on various template pages, without having any LMS or coding experience. With Docebo Pages, customers can design a platform that adapts to different learners as projects evolve within an organization. Customers can also assign a specific navigation path for each group of learners based on their specific needs and learning styles, resulting in a tailored and effective learning experience for any learner.

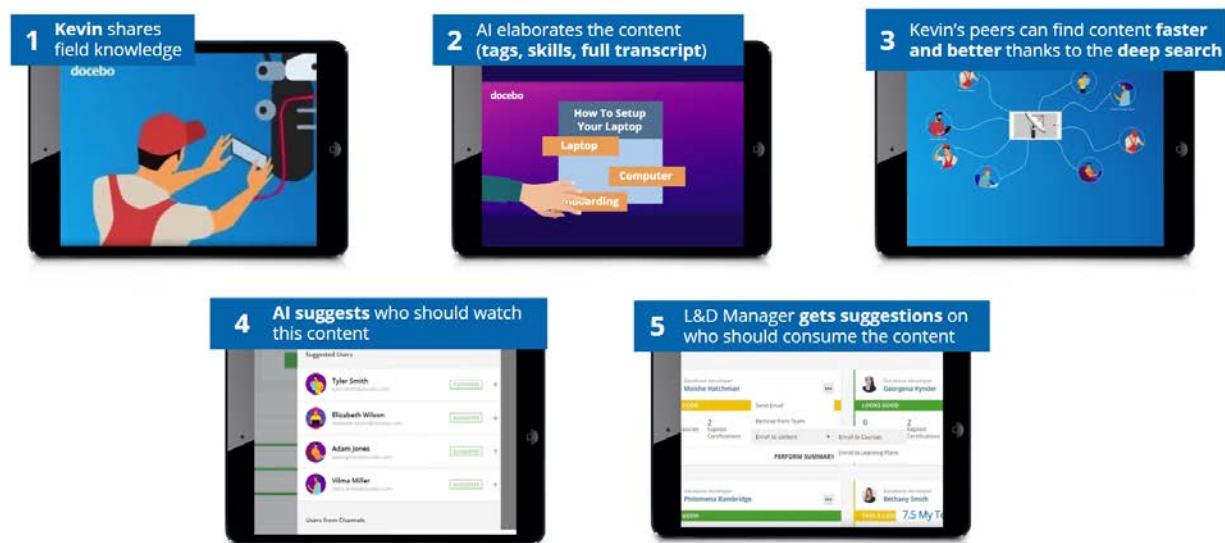
## Docebo Coach & Share (Social Learning)

Docebo Coach & Share provides learners with a gateway to social learning by encouraging learners to share their knowledge through formal, social and experiential learning across the organization.

- ***Capture learning and expert knowledge.*** Docebo Coach & Share supports learners' expertise, encourages them to share their insights, validates content via expert peer-review and shares this information across teams. Docebo Coach & Share allows administrators and learners to record lectures, webinars, demonstrations and add narration to create audio-video learning assets quickly and easily. Algorithms are applied to these video assets to automatically generate a list of up to 10 tags to improve content searching and categorization. As learners and experts come together to create best practices, top performers can be recognized by co-workers and rewarded by the organization.

- **Ask questions, get answers quickly.** Docebo Coach & Share gives learners a place to go when they need information quickly. They can ask questions and get answers from other learners and internal subject-matter experts. Learner-generated knowledge capital is made even more effective for social learning efforts thanks to AI-enabled global search and auto-tagging features. These not only make it easier to upload content and share it, but also deepen search capabilities to ensure learners always find what they need, when they need it most.
- **Leverage AI to get the right content in front of the right people.** Docebo's AI-powered "Invite-to-Watch" feature elevates the social learning experience. When a learner uploads new content, the platform applies an algorithm based on the learner's history of past interactions with all content on the platform to generate a list of learners who have engaged with similar content, giving content contributors a way to easily target the sharing and dissemination of knowledge capital with those who value it most.
- **Support learning as it happens in the flow of work.** Learners can create custom playlists from different learning content formats to be viewed later or collect assets related to specific topics or tasks, while promoting learner autonomy, increasing social learning opportunities, and support learning as it happens.

As illustrated by the example below, Docebo Coach & Share leverages social learning and AI to improve a learner's experience.



### ***Docebo Extended Enterprise (External Training)***

Docebo Extended Enterprise allows businesses to manage multiple portals for different audiences with their own administration, branding and authentication, showing the Company's commitment to the success of its customers and creating familiarity for its customers' learners.

- **Keep partners engaged and aligned with your brand.** Docebo Extended Enterprise's functionality allows enterprises to rebrand the learning platform to show configurable branding elements for each domain, along with multiple authentication mechanisms and groups of learning administrators. Docebo Extended Enterprise provides a customer-centric experience by branding each portal, creating familiarity for their learners.
- **Delegate administration while controlling content.** Docebo Extended Enterprise allows learners to assign administrative rights to a specific multi-portal instance to customers and partners so they can manage tasks, such as adding and removing learners or assigning courses, while maintaining control

over knowledge assets. Our algorithms automatically tag an organization's content to reduce administrative burden.

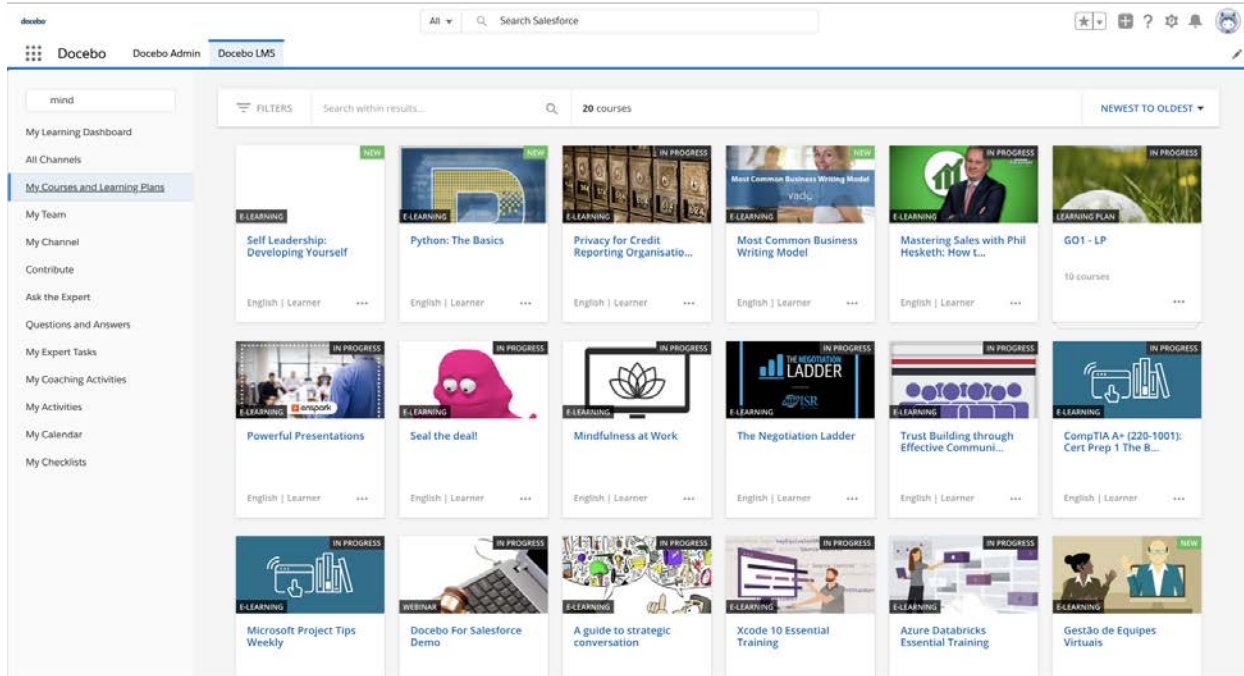
- ***Set up multiple custom portals and custom branding.*** Docebo Extended Enterprise allows customers to create multiple portals with multi-branding, allowing customers to have a different LMS with a centralized software repository to cover use-cases where the Docebo platform is used to concurrently train internal employees, customers and partners.
- ***Adapt gamification mechanics for each unit.*** Docebo Extended Enterprise promotes course completion and comprehension with gamification. Every learning administrator can make learning fun and improve learning outcomes by running unique contests, awarding points, badges and/or coins for activities and tracking it all on a leaderboard to encourage competitive spirit among team members.
- ***Open new revenue streams.*** Docebo Extended Enterprise allows the sale of new learning content to generate new revenue, while building deeper connections with business partners and reducing customer churn.

The following products are also available within our platform that work with each of our modules. Our modular, highly-configurable platform allows our customers to decide which additional products they would like to add to their module through self-service activation or deactivation, as applicable.

### ***Docebo for Salesforce***

Docebo for Salesforce is a native integration that leverages Salesforce's API and technology architecture to produce a learning experience that remains uniform no matter the use-case. It allows our customers to embed our AI-powered learning platform with Salesforce's CRM platform, where learners operate on a daily basis.

- ***Enable sales at scale.*** Docebo for Salesforce makes onboarding of new sales team members effective and efficient by providing key information about products and positioning, as well as offering continuous learning opportunities for learners. Customers of Docebo for Salesforce have reported that this product enables sales teams to increase average deal size and improve win-rates.
- ***Allows Customers to Generate Revenue from Content Sales.*** Customers are able to create, sell and deliver learning and training courses, catalogs, bundles and subscriptions to other Docebo customers that are easy to browse, evaluate and purchase online, generating additional revenue streams for our customers.
- ***Inject Social Learning.*** Unlike most LMS-Salesforce integrations that focus specifically on formal learning without ongoing or experiential capabilities, Docebo for Salesforce helps learners foster a culture of social learning by supporting various learning styles in the flow of work by integrating a full learning experience for the sales team into the Salesforce interface.
- ***Train Partners and Customers from Salesforce Lightning Communities.*** Learners can connect customers and partners with the latest information related to their business and products in Salesforce Lightning Communities. This can also be used to establish certification programs, promote informal learning and promote use of data from Docebo to create and populate Salesforce reports and dashboards.
- ***Embed Docebo for Salesforce Sooner.*** An enhanced synching mechanism makes it fast and easy to configure, evaluate, test and go live, with minimal setup work and dependency on support.
- ***Centralize Security Within Salesforce.*** The package architecture of Docebo for Salesforce strictly controls learners, credentials and access to content by enforcing Salesforce's natively-built security mechanism, practices and controls.



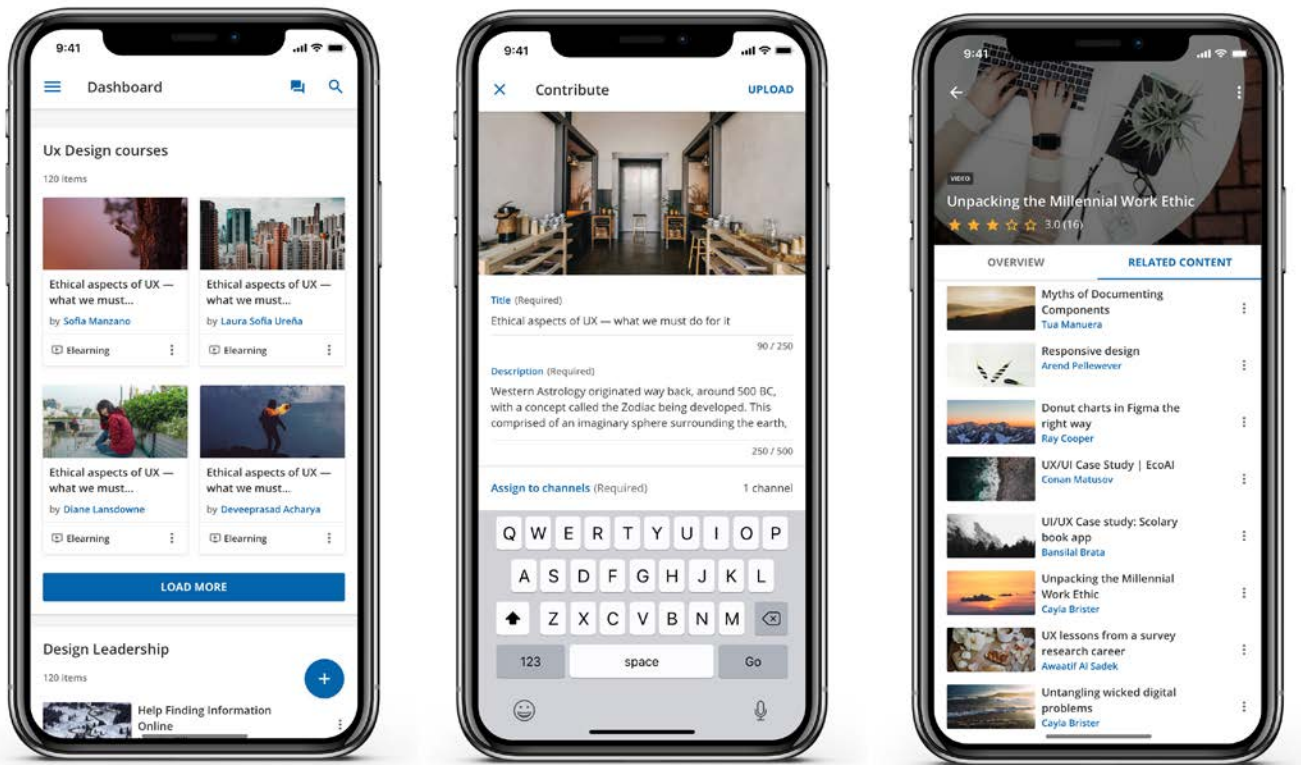
### ***Docebo Embed (OEM)***

Docebo Embed (OEM) eliminates disjointed learner experiences, long development cycles and ineffective partner models, while also allowing OEMs to embed and re-sell Docebo as part of their HCM, risk management and retail/hospitality SaaS suites.

- ***Your Style, Your Navigation, Your Experience.*** OEMs can create a consistent, fully white-labelled learning experience for their customers with full control over navigation, style, learner experience, authentication and data integration.
- ***Launch and Scale Quickly.*** OEMs can go to market quickly with a scalable, fully white-labelled product supported by Docebo's comprehensive sales and services partnership program. Docebo focuses on the broader partnership by continuously guiding and enabling OEMs with product design and integration, marketing, sales, customer success, implementation and financial processes.
- ***Stability and Continuous Innovation.*** OEMs can tightly manage the timing and release of new platform features, while taking advantage of out-of-the-box, award-winning product enhancements powered by the latest AI, mobile and social learning technologies.

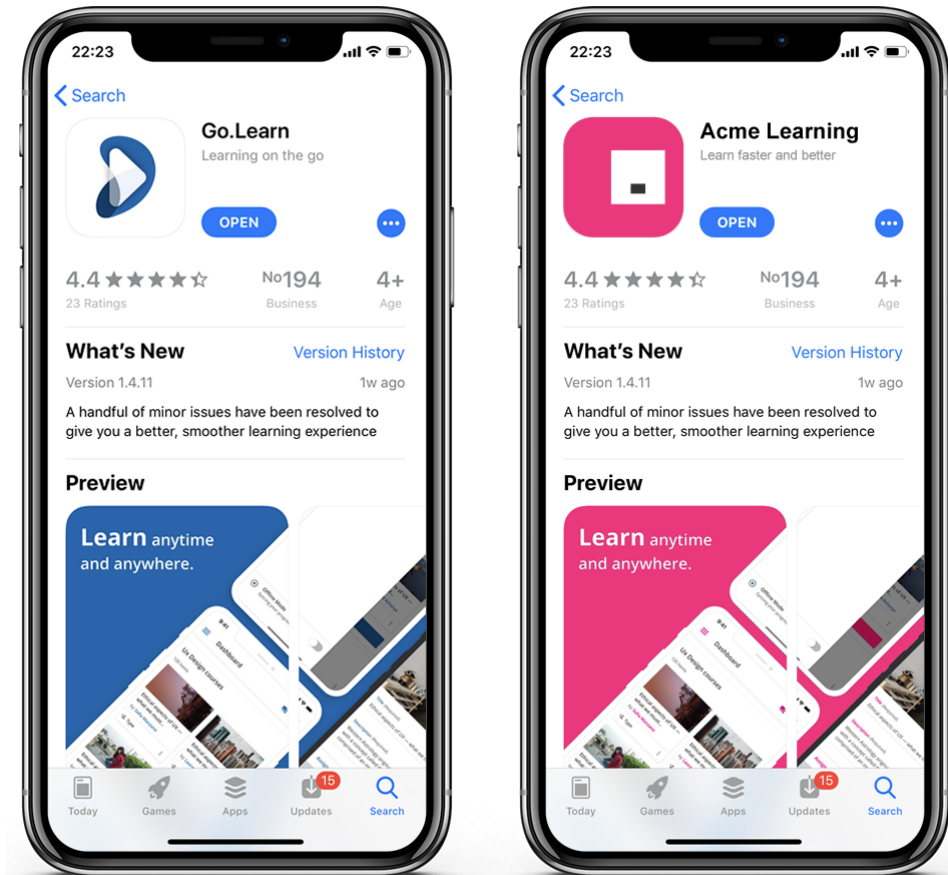
## Docebo Go.Learn

Docebo Go.Learn is Docebo's mobile application which allows learners to access their LMS platforms directly from their mobile devices. Through Docebo Go.Learn, learners can attend courses, complete training material and view and share learning assets across different channels, providing a continuous learning experience for learners, even with limited or no connectivity to the internet due its offline capability. Docebo Go.Learn has been awarded the "Best Advance in Mobile Learning Technology" in 2018 by Brandon Hall Group for its ability to produce user-friendly, continuous social learning experiences powered by AI. Docebo Go.Learn is available on both iOS and Android devices.



### ***Docebo Mobile App Publisher***

Docebo's Mobile App Publisher allows companies to create their own branded version of the award-winning Docebo Go.Learn mobile learning application with a wizard-based approach and publish it as their own in the Apple App Store, the Google Play Store or in their own Apple Enterprise store. With Mobile App Publisher, organizations can: (i) reach further across their extended enterprise with a frictionless and uninterrupted learning experience that spans multiple devices and modalities, (ii) reinforce their brand while enabling learning on the go in their workforce and (iii) establish a strong visual identity with their mobile learning program.



### **Customers and Target Industries**

#### ***Target Market***

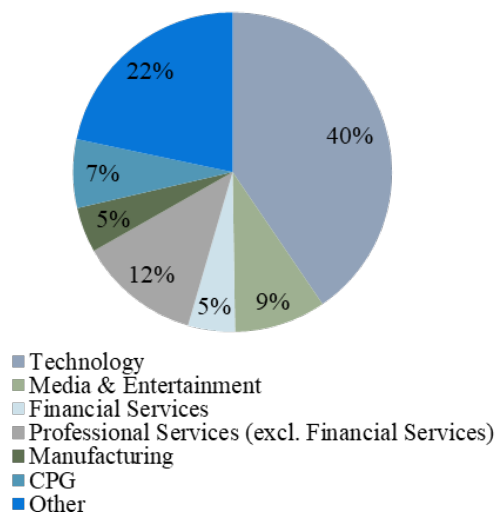
Our target market is comprised of (i) mid-market enterprises that use Docebo as a global learning platform and (ii) divisions of larger enterprises. While our product suite can adapt to the needs of any industry, our customers have historically been in the technology, media and entertainment, manufacturing and consumer products and retail industries.

#### ***Customers***

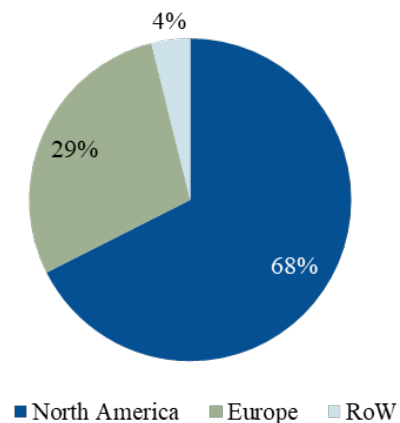
As at June 30, 2019 we had over 1,600 customers, representing over 8.6 million registered learners, up from 1,300 customers as at December 31, 2017 and 1,000 customers as at December 31, 2016. Our customer base includes customers that have purchased our platform directly through our internal sales force or indirectly through our channel partners. For the year ended December 31, 2018, the Company's Net Dollar Retention Rate was in excess of 100%. As at June 30, 2019, industry representation of our customers in technology, media and entertainment, financial services, professional services (excluding financial services), manufacturing, and consumer products and retail was

40%, 9%, 5%, 12%, 5% and 7%, respectively. As at June 30, 2019, ARR by geography was distributed as to 68% from North America, 29% from Europe and 4% from the rest of the world.

**Customer Count by Industry**



**ARR by Geography**



The Company is not substantially dependent on any one customer as no single customer accounts for more than 6% of subscription revenue as at June 30, 2019.

We target potential customers by generating interest through online channels, including paid and organic search, social media, content marketing, white papers, business cases, webinars and offline channels, including trade shows, local events and sponsorships, outbound business development representative teams that target specific regions/languages as well as 14-day free trials where customers can demo the platform with limited functionality.

In each of the last three years, we have spent approximately 45% of revenue on sales and marketing, which supports a global sales and marketing team of 100 individuals. Among these individuals, the business development teams are focused entirely on generating leads, which are filtered through our sales system and are prioritized based on a variety of factors. The leads are then qualified by exploring the individual issues of a prospective customer to validate that our products are well-suited to their needs and to ensure appropriate budget already exists or can be attained, amongst other criteria. Only highly-qualified leads are then passed on to our account executives and managing teams to quote, configure and conclude a commercial contract. Once a contract is entered into, our customer success teams manage the customer relationship to facilitate onboarding, platform implementation and ongoing support, ensuring satisfactory adoption and usage of our platform. Our account development and account management teams work to create and execute upon any up-sell opportunities that have been identified across and within existing customer accounts.

Our sales cycle times vary depending on the size and complexity of a customer. On average, our sales cycle lasts between three and six months from first contact to signing, with between three and six months from signing to full deployment, depending on the use-case complexity of each customer. The range of time to deployment depends on factors including, but not limited to, customer and learner priorities, a customer's use of one or multiple vendors and the strength of the sales relationship. Sales cycles for global fully integrated enterprise-wide deployments may be significantly longer and vary by account, averaging between nine to eighteen months.

### ***Customer Case Studies***

The following are examples of current customers who have used Docebo's solutions to enhance their organizational learning experience and some of the benefits that they have reported. The following case studies are historical examples and are not indicative of future results. The case studies are illustrative of the use of our products and services by these particular customers, but are not necessarily indicative of results that have been or will be achieved by any

other customers or the effectiveness of our products and services in general. These are ideal case studies to illustrate our partnerships with our customers and the configurability of Docebo's platform, since Cineplex Inc. and HP Indigo are large enterprises in different industries with particularly complex use-cases.

#### *Cineplex Inc.*

Cineplex Inc. ("**Cineplex**") is a top-tier Canadian brand that operates in the film entertainment and content, media and amusement and leisure sectors. As a leading entertainment and media company, Cineplex welcomes over 70 million guests annually through its circuit of theatres and location-based entertainment venues across Canada. As of March 31, 2019, Cineplex owned, leased or had a joint venture interest in 1,692 screens in 165 theatres from coast to coast. Cineplex recently took a more active approach to supporting career progression and managing top talent retention throughout the organization. In order to increase employee engagement and learning, Cineplex partnered with Docebo to roll out Docebo's LMS platform.

The initial implementation received strong feedback throughout the organization and was integrated seamlessly alongside Cineplex's existing software, including their rewards solutions, helping create a gamification system of badges and rewards. As a result of Docebo's highly configurable platform, Cineplex has adopted Docebo's solution across 163 theatres and registered over 13,000 learners across Canada. With access to over 300 unique courses and 140 learning plans, Cineplex learners total 1,900 logins per day with an average session length of 23 minutes. According to Cineplex, the partnership with Docebo has contributed to Cineplex achieving a 95% retention rate for its "promoted top talent" while successfully providing the educational tools and resources to support its employees' career progression throughout the organizational structure. With the help of Docebo, Cineplex now takes a proactive approach to building the next generation of leaders for its organization.

#### *HP Indigo*

HP Indigo is a division of HP Inc.'s Graphics Solution Business. As part of a leading global organization, it develops, manufactures and markets digital printing solutions, including printing presses, proprietary consumables, graphics professional services and workflow. Due to its global exposure, HP Indigo faces unique challenges across its diverse reach and portfolio. Recently, the company began taking an active role in addressing operators and engineers' knowledge gaps in each region. HP Indigo wanted to effectively measure and evaluate their employees' knowledge while reducing service costs by 10% each year for certain focus products and improving their overall "net promoter score".

To manage this challenge, HP Indigo partnered with Docebo to implement knowledge assessment as a new standard for service teams and to make it an integral part of the annual employee review process. Further, HP Indigo looked to develop e-learning programs in collaboration with content developers, product managers and technical leaders. Docebo's LMS solutions provide HP Indigo with the ability to leverage their content while providing an interactive e-learning experience utilizing both gamification and assessments to effectively engage learners.

Partnering and implementing Docebo's LMS solutions resulted in the successful reduction of service costs by approximately 10% while benefitting HP Indigos' operators and customer engineers and ultimately increasing customers' utility. Internally, learner engagement and participation increased significantly across several regions, including the Americas, EMEA and Asia-Pacific, achieving an average assessment score of 90%. With the help of Docebo, HP Indigo now provides its employees with the framework required to building a stronger and more efficient organization.

#### **Competition**

While we do not believe that any vendor offers the same value proposition and integrated capabilities as Docebo, the learning and professional skill development market is rapidly evolving, fragmented and highly competitive. According to the Fosway Group, Docebo is ranked as the highest-performing LMS amongst its competitors that offer products at similar mid-range cost of ownership.



2019

Core Leader for Learning Systems in the Fosway 9-Grid™



We expect to face continued competition in the future as competitors bundle new and more comprehensive offerings with their existing products and services, and as new products and product enhancements are introduced into the e-learning market.

We face direct and indirect competition from a variety of players, including:

- legacy corporate e-learning service providers such as Cornerstone On Demand, Saba Software, Kademi, SAP SuccessFactors and SumTotal Systems (owned by Skillsoft);
- corporate e-learning service providers such as SAP Litmos, Absorb LMS, Instructure and SkillJar which offer solutions at comparable prices to our products;
- lower priced solutions such as 360Learning, TalentLMS, Totara and LearnUpon;
- instructor-led training vendors such as Global Knowledge, General Assembly and New Horizons;
- individual-focused e-learning services such as LinkedIn Learning, Udemy, Udacity and Pluralsight;
- local consulting firms that customize open source solutions such as Moodle; and
- free solutions such as YouTube and Google.

We believe that the principal competitive factors in our market include flexibility and scalability across multiple use-cases, platform features and functionality, reliability and uptime, scalability, learner experience, brand, service and support for learners and staff, collaboration and engagement, software integration and third-party publisher partnerships, accessibility across several devices, operating systems and applications, data analytics, continued innovation and application of AI capabilities.

We believe we compete favourably across these factors and are not inhibited by legacy constraints given the relative nascency of the platform. However, many of our competitors and potential competitors are larger and have greater brand name recognition, longer operating histories, access to larger customer bases, larger sales and marketing budgets and significantly greater resources. Moreover, because our market is changing rapidly, it is possible that additional new entrants, especially those with significant resources, more efficient operating models, more rapid technology

development cycles and lower marketing costs, could introduce new products and services that disrupt our market and better address the needs of our customers and potential customers.

## **Sales and Marketing**

Our subscription sales are based on a monthly subscription fee which is typically prepaid on an annual basis. We offer our customers the flexibility to choose annual or multi-year contract terms, with 65% of enterprise customers choosing three year term contracts. This has historically resulted in a relatively smooth revenue curve with significant future visibility. Targets for new software subscription revenues are more heavily weighted towards new customer accounts, with a growing number of these constituting expansion projects within our existing customer base. We typically try to enter into enterprise-wide subscription agreements with our customers, with pricing based on the number of end learners in the customer's enterprise and the number of modules requested by the customer.

We offer two plans: "Growth" and "Enterprise", which are designed to meet the current and future needs of our customers, depending on each customer's number of learners, features needed, services available and approach to adopting learning technologies. The "Growth" plan is marketed to enterprises with less than 500 learners, while the "Enterprise" plan is marketed to larger enterprises with over 500 learners. Docebo Learn is the base module for each of the plans, however different modules and products are available depending on the plan a customer chooses. For example, Docebo for Salesforce is only available on the "Enterprise" plan, while Docebo Go.Learn is available on both plans. The pricing of our platform varies depending on the number of registered learners that will be using the platform, the length of the contract term as well as the products that each customer chooses to purchase. Pricing decisions are managed internally by our sales operations team, and modifications to our base pricing packages are reviewed by a designated executive committee, which includes members from our finance, revenue and operation departments.

## **Sales Channels**

### *Direct Sales*

Most of our sales originate from our direct sales channel. Our direct sales force is located in North America (Athens, Georgia, USA and Toronto, Canada), Europe (Italy, U.K.) and the Asia-Pacific region (Australia). We provide incentive-based compensation to our sales representatives based on actual sales. Our sales personnel are bifurcated into two teams including one for sales to new customers and one for the management of existing accounts. In the last three years we have hired more than 50 new sales personnel to support revenue growth from new customers.

Our sales representatives tasked with new customer acquisition are trained in and have expertise in use-cases and in the industries specific to the target customers in their region. In addition to our direct sales channel, we have employees and contractors who are specialized experts and thought leaders in the markets we serve. These individuals provide our current and target customers with expert perspectives on innovation in the learning markets and leading technology trends. We believe these experts increase the confidence of prospective customers in our ability to deliver an effective e-learning solution. Furthermore, they help these prospective customers understand Docebo's ability to align with their current and future training requirements.

### *Resellers*

Our resellers are trained and equipped to resell and support Docebo while earning recurring revenue from subscription fees. With Docebo, resellers can expand their footprint with existing customers and find new opportunities for growth. Resellers take full ownership of sales opportunities including finding leads, working through the sales cycle, managing implementation and providing support. Currently, our resellers are primarily located in Europe, Asia, New Zealand and Australia.

### *Other Channel Partners*

A minority of our software sales originate from our other channels, including our partners and resellers. Other sales channels represented less than 5% of our 2018 revenue. We encounter little channel conflict as our resellers and other partners collaborate closely with our direct sales team and offer important value-added services or relationships that supplement our in-house resources.

## ***Marketing Efforts***

Our marketing efforts are focused on generating customer leads and growing brand awareness. In the area of lead generation, we work with our internal resources, advertising partners and marketing agencies to generate inbound leads or opportunities, first calls, demos and meetings with executives in various operational roles within our target customer base. We also run direct marketing campaigns aimed at both generating and nurturing leads in our prospect database.

To generate brand awareness, we focus on promoting the configurability and scalability of our platform through digital content and industry conferences. Our goal is to be viewed by our target market as the technology organization that truly understands the challenges facing today's corporate learning environment and to be a source of practical and low-risk solutions to these challenges.

In the cross-over areas of lead generation and brand awareness expansion, we work closely with experts in the field and spend significant resources on search engine optimization, search engine marketing and content marketing. We sponsor and participate in many global corporate learning and training conferences, with a focus on events that draw participants from our targeted industries and functional roles. We also develop relationships with industry thought leaders and analysts in the corporate learning and HCM sectors, with a focus on the key analysts that supply chain and IT departments depend on for advice with respect to training and learning strategies and software purchases.

## **Culture and Employees**

As at August 5, 2019 we had 300 full-time employees, 35 of which are in Canada, 163 of which are in Italy, 90 of which are in the United States and 12 of which are located elsewhere.

<b>Team</b>	<b>Headcount</b>
Finance	12
Human Resources	8
Marketing	18
Sales	85
Staff & OM	8
R&D / Product	102
Global Customer Success/ Operations	67

None of our employees are represented by a labour organization or are party to a collective bargaining arrangement.

With offices in Toronto (Ontario), Biassono (Italy), Athens (Georgia), London (U.K.) and Dubai (UAE), we are truly a global organization with access to a large pool of talent, as these cities are home to excellent technical and business schools and universities. We recruit our employees in a variety of ways and look for talent that fits within the Company's culture and is focused on growing with the Company over the long-term. We are also deeply committed to providing an inclusive environment valued on diversity and equality. We build industry-leading teams and highly encourage the development of women and other minorities in technology to bring our vision for e-learning to life. Docebo values curious minds, diverse backgrounds, fresh ideas, and those with a commitment to lifelong learning and continuous improvement.

We strive to combine the innovation and agility of a start-up with a history of deep sector expertise and operational proficiency. As a founder-led organization, we pride ourselves on helping pioneer the corporate LMS space, driven by the relentless pursuit of technological innovation and a highly engaged workforce.

We are proud to have received positive feedback and ratings from our current and former employees on employer review website Glassdoor, which shares insights collected from 40 million reviews across 600,000 companies. As of August 5, 2019, we were rated 4.5 out of 5.0, with 91% of current and former employees approving of our President and Chief Executive Officer, Claudio Erba. This compares to the then-current average company rating of 3.4 out of 5.0 and Chief Executive Officer approval of 66%. Glassdoor is not an official platform of the Company for submitting feedback and as a result, the foregoing information may be inaccurate.

## Facilities

Docebo owns an office building located in Sovico, Italy. The following table outlines significant facilities that we currently lease for office space.

Location	Area (in sq ft)	Lease Expiration Date	Use
Biassono, Italy	23,734	December 31, 2024 <sup>(1)</sup>	Office Space
Toronto, Ontario	8,000	July 31, 2023 <sup>(1)</sup>	Office Space
Athens, Georgia	7,681	May 31, 2023 <sup>(1)</sup>	Office Space
London, United Kingdom	1,369	March 1, 2021	Office Space
Dubai, United Arab Emirates	868.54	May 31, 2020	Office Space

Note:

(1) Subject to certain options to renew or extend the term of the respective lease agreements.

Our platform is hosted on AWS, and as a result, we do not directly lease any server space.

## Intellectual Property

Docebo protects its intellectual property rights through a combination of trade-marks and trade secret laws as well as contractual provisions.

The Company uses non-disclosure agreements with business partners, prospective customers, and other relationships where disclosure of proprietary information may be necessary. We also use such agreements with our employees and consultants which assign to us all intellectual property developed in the course of their employment or engagement. We also secure from such individuals obligations to execute such documentation as is reasonably required by the Company to evidence our ownership of such intellectual property.

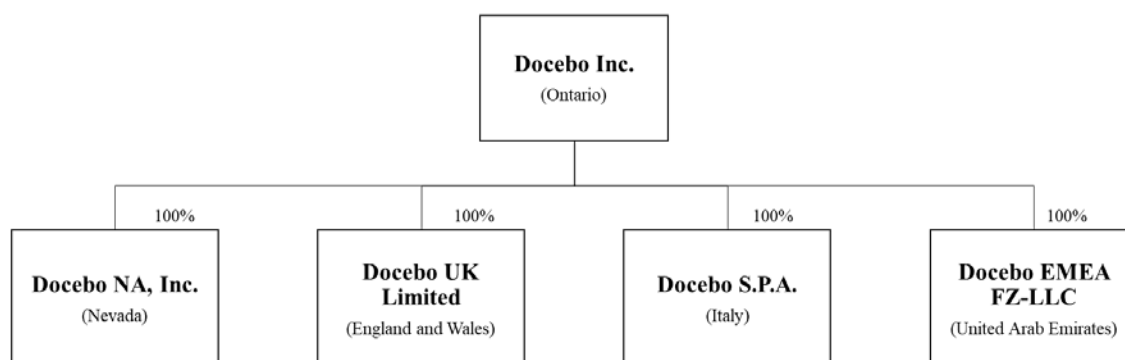
We have been issued trademark registrations in Canada, the United States, Italy, China and India covering the trademark “DOCEBO”.

We are subject to risks related to our intellectual property. For more information, see “Risk Factors – Risks Related to our Business and Industry”.

## Corporate Structure

Docebo was incorporated under the OBCA on April 21, 2016 as Docebo Canada Inc. All of the pre-existing operations of Docebo (primarily Docebo S.P.A. and Docebo NA, Inc.) were organized under the newly incorporated company. Prior to Closing, we will file articles of amendment to change our name to Docebo Inc. The head office of Docebo is located at 366 Adelaide Street West, Suite 701, Toronto, Ontario, Canada M5V 1R9. Prior to Closing, we will effect the pre-Closing Reorganization as described under “Description of Share Capital- Pre-Closing Reorganization”.

The following chart identifies our material subsidiaries (including jurisdiction of formation, incorporation or continuance of the various entities, after completion of the Pre-Closing Reorganization).



## SELECTED CONSOLIDATED FINANCIAL INFORMATION

The following tables present selected consolidated financial information for the periods and as at the dates indicated therein. The selected consolidated financial information set out below for each of Fiscal 2018, Fiscal 2017 and Fiscal 2016 and as at December 31, 2018 and 2017 has been derived from the Company’s audited consolidated financial statements included elsewhere in this prospectus. The selected consolidated financial information set out below for the six-month periods ended June 30, 2019 and 2018 and as at June 30, 2018 has been derived from the Company’s unaudited condensed interim consolidated financial statements included elsewhere in this prospectus. The selected consolidated financial information for LTM 2019 (being the 12 months ended June 30, 2019) has been derived from our audited consolidated financial statements for Fiscal 2018 and our unaudited condensed interim consolidated financial statements for the three and six -month periods ended June 30, 2019 and 2018.

Prospective investors should review this information in conjunction with the audited and unaudited consolidated financial statements, including the notes thereto, as well as “About this Prospectus”, “Non-IFRS Measures and Key Performance Indicators”, “Management’s Discussion and Analysis of Financial Condition and Results of Operations”, “Use of Proceeds”, “Consolidated Capitalization”, “Description of Material Indebtedness” and “Description of Share Capital” included elsewhere in this prospectus.

### Consolidated Earnings Data

	Six Months Ended June 30,		Fiscal Year Ended Dec 31,		
	2019	2018	2018	2017	2016
	(amounts in US\$)				
<b>Revenue</b> .....	18,558,351	12,132,872	27,074,586	17,126,141	9,852,188
Cost of revenue .....	3,884,546	2,713,394	5,650,394	4,353,487	2,633,083
<b>Gross profit</b> .....	<b>14,673,805</b>	<b>9,419,478</b>	<b>21,424,192</b>	<b>12,772,654</b>	<b>7,219,105</b>
<b>Operating expenses</b>					
General and administrative .....	7,439,311	4,789,371	10,940,510	7,274,587	3,469,849
Sales and marketing .....	6,556,790	5,811,296	11,629,872	7,828,365	4,478,855
Research and development .....	3,841,285	3,092,564	6,611,529	3,906,327	2,005,016
Share based compensation .....	151,433	138,439	253,251	152,767	157,903
Foreign exchange loss (gain) .....	(45,391)	571,770	774,980	237,478	(6,056)
Loss on disposal of assets .....	-	-	-	69,745	-
Depreciation .....	386,448	72,173	169,043	184,232	62,507

	Six Months Ended June 30,		Fiscal Year Ended Dec 31,		
	2019	2018	2018	2017	2016
	18,329,876	14,475,613	30,379,185	19,653,501	10,168,074
<b>Operating loss</b> .....	<b>(3,656,071)</b>	<b>(5,056,135)</b>	<b>(8,954,993)</b>	<b>(6,880,847)</b>	<b>(2,948,969)</b>
Finance expense (income), net .....	479,260	289,094	666,082	231,068	(53,725)
Loss on change in fair value of convertible promissory notes .....	776,000	1,032,874	2,082,867	1,261,133	-
Other income .....	(38,391)	(2)	(53,142)	(133,164)	-
<b>Net Loss</b> .....	<b>(4,872,940)</b>	<b>(6,378,101)</b>	<b>(11,650,800)</b>	<b>(8,239,884)</b>	<b>(2,895,244)</b>
<b>Other comprehensive loss</b>					
Item that may be reclassified subsequently to income:					
Exchange (gain) loss on translation of foreign operations....	401,711	(365,999)	(818,441)	272,806	122,615
Items not subsequently reclassified to income:					
Actuarial Loss.....	19,957	21,065	41,080	32,127	-
<b>Comprehensive Loss</b> .....	<b>(5,294,608)</b>	<b>(6,033,167)</b>	<b>(10,873,439)</b>	<b>(8,544,817)</b>	<b>(3,017,859)</b>
<b>Net loss attributable to</b>					
Equity owners of the company.....	(4,872,940)	(5,999,277)	(11,271,976)	(7,313,530)	(2,754,523)
Non-controlling interests .....	-	(378,824)	(378,824)	(926,354)	(140,721)
	<b>(4,872,940)</b>	<b>(6,378,101)</b>	<b>(11,650,800)</b>	<b>(8,239,884)</b>	<b>(2,895,244)</b>
Loss per share – basic and diluted.....	(0.21)	(0.29)	(0.52)	(0.43)	(0.18)
Weighted average number of common shares outstanding – basic and diluted .....	22,798,700	20,537,700	21,543,100	17,177,700	15,210,500

## Consolidated Statements of Financial Position Data

	As at June 30,	As at Dec 31,	
	2019	2018	2017
(amounts in US\$)			
<b>Assets</b>			
Current assets.....	15,983,435	11,639,209	8,407,787
Contract acquisition costs .....	512,806	375,208	-
Property and equipment, net.....	1,390,892	1,286,317	1,094,632
<b>Total Assets</b> .....	<b>20,546,394</b>	<b>13,300,734</b>	<b>9,502,419</b>
<b>Liabilities</b>			
Current liabilities .....	25,727,619	24,889,584	11,463,743
Deferred lease incentives .....	-	243,009	200,184
Employee benefit obligations.....	1,099,160	928,800	671,530
Borrowings .....	7,011,779	4,015,202	3,322,635
<b>Total Liabilities</b> .....	<b>36,055,586</b>	<b>30,076,595</b>	<b>15,658,092</b>
<b>Deficiency attributable to shareholders</b> .....	<b>(15,509,192)</b>	<b>(16,775,861)</b>	<b>(5,101,149)</b>

## Reconciliation of Non-IFRS Measures

Adjusted EBITDA and Free Cash Flow are not recognized measures under IFRS and do not have a standardized meaning prescribed by IFRS. See “Non-IFRS Measures and Industry Metrics”.

## Adjusted EBITDA

The following table reconciles Adjusted EBITDA to net loss for the periods indicated:

	Six months ended June 30,		Three months ended June 30,		Fiscal years ended		
	2019	2018	2019	2018	2018	2017	2016
	\$	\$	\$	\$	\$	\$	\$
<b>Net loss</b> .....	(4,872,940)	(6,378,101)	(2,335,776)	(3,447,620)	(11,650,800)	(8,239,884)	(2,895,244)
Finance expense (income), net <sup>(1)</sup> .....	479,260	289,094	253,442	164,543	666,082	231,068	(53,725)
Depreciation <sup>(2)</sup> .....	386,448	72,173	199,639	29,245	169,043	184,232	62,507
Loss on change in fair value of convertible promissory notes <sup>(3)</sup> .....	776,000	1,032,874	304,000	519,286	2,082,867	1,261,133	-
Loss on disposal of assets <sup>(4)</sup> .....	-	-	-	-	-	69,745	-
Share based compensation <sup>(5)</sup> .....	151,433	138,439	84,775	69,270	253,251	152,767	157,903
<b>Adjusted EBITDA</b> .....	(3,079,799)	(4,845,521)	(1,493,920)	(2,665,276)	(8,479,557)	(6,340,939)	(2,728,559)

Notes:

- (1) Finance expense is primarily related to interest and accretion expense on secured debentures and convertible promissory notes. In addition, finance expense for the three and six months ended June 30, 2019 also includes finance expense of \$63,715 and \$127,059, respectively, on lease obligations as a result of the adoption of IFRS 16 – *Leases* effective January 1, 2019.
- (2) Depreciation expense is primarily related to depreciation expense on property and equipment. In addition, depreciation expense for the three and six months ended June 30, 2019 also includes depreciation expense on right-of-use assets of \$145,761 and \$282,343, respectively, as a result of the adoption of IFRS 16 – *Leases* effective January 1, 2019.
- (3) These costs are related to the change in valuation of our convertible promissory notes from period to period, which is a non-cash expense and is thus not indicative of our operating profitability. These costs should be adjusted for in accordance with management's view of Adjusted EBITDA as an approximation of cash-based earnings from operations before capital replacement, financing, and income tax charges. In May 2019, these convertible promissory notes were converted into common shares. There will be no further impact on our results of operations from such convertible promissory notes and the Company does not currently intend to issue any additional convertible promissory notes.
- (4) These non-cash costs are related to disposal of leasehold improvements assets related to a lease.
- (5) These expenses represent non-cash expenditures recognized in connection with the issuance of stock options to our employees and directors.

## Free Cash Flow

Free Cash Flow is defined as cash provided by (used in) operating activities less additions to property and equipment. The following table reconciles our cash flow from (used in) operating activities to Free Cash Flow:

	Six months ended June 30,		Fiscal years ended		
	2019	2018	2018	2017	2016
	\$	\$	\$	\$	\$
<b>Cash flow from (used in) operating activities</b> .....	803,811	(1,173,844)	(2,948,660)	(2,982,800)	(1,036,911)
Purchase of property and equipment .....	(212,823)	(410,393)	(410,393)	(688,973)	(257,891)
<b>Free Cash Flow</b> .....	590,988	(1,584,237)	(3,359,053)	(3,671,773)	(1,294,802)

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

*This management's discussion and analysis of financial condition and results of operations ("MD&A") for the three and six months ended June 30, 2019 and 2018 and Fiscal 2018, Fiscal 2017 and Fiscal 2016 should be read in conjunction with the Company's unaudited condensed consolidated interim financial statements and the Company's audited annual consolidated financial statements, along with the related notes thereto, included elsewhere in this prospectus. This MD&A is presented as of the date of this prospectus and is current to that date unless otherwise stated. The financial information presented in this MD&A is derived from the Company's unaudited condensed consolidated interim financial statements for the three and six months ended June 30, 2019 and 2018 and from the Company's audited annual consolidated financial statements for Fiscal 2018, Fiscal 2017 and Fiscal 2016, all of*

*which have been prepared in accordance with IFRS as issued by the IASB. All amounts are in United States dollars except where otherwise indicated.*

*This MD&A contains forward-looking information. Forward-looking information is necessarily based on a number of opinions, estimates and assumptions that we considered appropriate and reasonable as of the date such statements are made, 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 risk factors described under “Risk Factors”. There can be no assurance that such forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. Accordingly, prospective investors should not place undue reliance on forward-looking information, which speaks only as of the date made. See “Cautionary Note Regarding Forward-Looking Information”.*

## **Overview**

At Docebo, our mission is to redefine the way enterprises, including their internal and external workforces, partners and customers, learn by applying new technologies to the traditional corporate LMS market. Founded in 2005, we provide an easy-to-use, highly configurable and affordable learning platform with the end-to-end capabilities and critical functionality needed to train internal and external workforces, partners and customers. Our solution allows our customers to take control of their desired training strategies and retain institutional knowledge, while providing efficient course delivery, tracking of learning progress, advanced reporting tools and analytics. Our robust platform helps our customers centralize a broad range of learning materials from peer enterprises and learners into one LMS to expedite and enrich the learning process, increase productivity and grow teams uniformly.

Our platform is now used by more than 1,600 companies of all sizes, providing access to learners situated around the world in a variety of languages. Our clients range from select small local businesses, with a focus on mid-sized enterprises to large multi-nationals, including service, financial, technology and resource-based companies and consulting firms. Our platform is sold primarily through a direct sales force with offices in Toronto, Canada, Athens, Georgia (USA), Biassono, Italy and London, United Kingdom. We also have some relationships with resellers and other channel partners, such as human resource and payroll services providers.

Our cloud platform currently consists of three interrelated modules: (i) “Docebo Learn”; (ii) “Docebo Coach & Share”; and (iii) “Docebo Extended Enterprise”. Docebo Learn, our foundational module, helps learning administrators centralize, organize and distribute learning content, track certifications and measure results with customer analytics. Docebo Coach & Share provides learners with access to social learning by encouraging the sharing of knowledge through formal, social, interactive and experiential learning across an organization. Docebo Extended Enterprise allows businesses to manage multiple portals for different audiences with their own administration, branding and authentication, which demonstrates our commitment to our customers’ success.

We generate revenue primarily from the sale of our platform, which is sold on the basis of a monthly subscription fee and which is typically prepaid on a monthly basis. We offer our customers the flexibility to choose annual or multi-year contract terms, with the majority of our enterprise customers choosing between one to three years. This results in a relatively smooth revenue curve with good visibility into near-term revenue growth. We typically enter into subscription agreements with our customers, with pricing based on the number of end learners in the customer’s organization and the number of modules requested by the customer. Our goal is to continue to grow revenues arising from our existing customer base as well as adding new subscription customers to our platform. Our business does not have significant seasonal attributes, although historically the sales in the fourth quarter have tended to be slightly stronger than the first three. The Company operates on a global basis and for this reason has decided to report its consolidated financial results in U.S. dollars notwithstanding that the Company’s functional currency is the Canadian dollar. The Company does not currently hedge its exposure to fluctuations in Canadian dollar or other European currency denominated revenues and expenses.

## **Key Performance Indicators**

Due to our subscription model, where we recognize subscription revenues rateably over the term of the subscription period under the terms of any customer agreement, combined with high customer retention rates, we have a high degree of visibility into our near-term revenues. Management uses a number of metrics, including the ones identified

below, to measure the Company's performance and customer trends, which are used to prepare financial plans and shape future strategy. Our key performance indicators may be calculated in a manner different than similar key performance indicators used by other companies.

- **Annual Recurring Revenue.** We define Annual Recurring Revenue as the annualized equivalent value of the subscription revenue of all existing contracts as at the date being measured, excluding non-recurring implementation, support and maintenance fees. Our customers generally enter into one to three-year contracts and are non-cancelable or cancelable with penalty. All of our customer contracts, including those for one-year terms, automatically renew unless cancelled by our customers. Our calculation of Annual Recurring Revenue assumes that customers will renew the contractual commitments on a periodic basis as those commitments come up for renewal. Subscription agreements are subject to price increases upon renewal reflecting both inflationary increases and the additional value provided by our solutions. In addition to the expected increase in subscription revenue from price increases over time, existing customers may subscribe for additional features, learners or services during the term. We believe that this measure provides a fair real-time measure of performance in a subscription-based environment. Annual Recurring Revenue provides us with visibility for consistent and predictable growth to our cash flows. Our strong total revenue growth coupled with increasing Annual Recurring Revenue indicates the continued strength in the expansion of our business and will continue to be our target on a go-forward basis.
- **Net Dollar Retention Rate.** We define Net Dollar Retention Rate for a period by considering the group of customers on our platform as of the beginning of the period and dividing our annual recurring revenue attributable to this same group of customers at the end of the period by the annual recurring revenue at the beginning of the period. By implication, this ratio excludes any Annual Recurring Revenue from new customers acquired during the period but does include incremental sales added to the cohort base of customers during the period being measured. The benefits of our subscription-based model is fully realized when we can achieve high Net Dollar Retention Rates.

Net Dollar Retention Rate and Annual Recurring Revenue for the six months ended June 30, 2019 and 2018 and for Fiscal 2018, 2017 and 2016 was as follows:

	Fiscal years ended			Six months ended June 30,	
	2018	2017	2016	2019	2018
Net Dollar Retention Rate .....	Greater than 100%	Greater than 100%	Greater than 100%	Greater than 100%	Greater than 100%
Annual Recurring Revenue (in millions of U.S. dollars) .....	29.9	18.4	10.5	36.5	23.4

#### Non-IFRS Measures and Reconciliation of Non-IFRS Measures

This MD&A makes reference to certain non-IFRS measures including key performance indicators used by management and typically used by our competitors in the SaaS 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 and SaaS metrics are used to provide investors with supplemental 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 and SaaS industry metrics in order 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 and SaaS industry metrics referred to in this MD&A include "Adjusted EBITDA" and "Free Cash Flow".

## Adjusted EBITDA

Adjusted EBITDA is used by management as a supplemental measure to review and assess operating performance and to provide a more complete understanding of factors and trends affecting our business. Management believes that Adjusted EBITDA is a useful measure of operating performance and our ability to generate cash-based earnings, as it provides a more relevant picture of operating results by excluding the effects of financing and investing activities which removes the effects of interest, depreciation and amortization expenses as non-cash items that are not reflective of our underlying business performance, and other one-time or non-recurring expenses. The Company defines Adjusted EBITDA as net loss excluding taxes (if applicable), net finance expense, depreciation, loss on change in fair value of convertible promissory notes, loss on disposal of assets, share based compensation and transaction related expenses. Management believes that these adjustments are appropriate in making Adjusted EBITDA an approximation of cash-based earnings from operations before capital replacement, financing, and income tax charges. Adjusted EBITDA does not have a standardized meaning under IFRS and is not a measure of operating income, operating performance or liquidity presented in accordance with IFRS and is subject to important limitations. The Company's definition of Adjusted EBITDA may be different than similarly titled measures used by other companies.

## Adjusted EBITDA

The following table reconciles Adjusted EBITDA to net loss for the periods indicated:

	Six months ended June 30,		Three months ended June 30,		Fiscal years ended		
	2019	2018	2019	2018	2018	2017	2016
	\$	\$	\$	\$	\$	\$	\$
<b>Net loss .....</b>	(4,872,940)	(6,378,101)	(2,335,776)	(3,447,620)	(11,650,800)	(8,239,884)	(2,895,244)
Finance expense (income), net <sup>(1)</sup> .....	479,260	289,094	253,442	164,543	666,082	231,068	(53,725)
Depreciation <sup>(2)</sup> .....	386,448	72,173	199,639	29,245	169,043	184,232	62,507
Loss on change in fair value of convertible promissory notes <sup>(3)</sup> .....	776,000	1,032,874	304,000	519,286	2,082,867	1,261,133	-
Loss on disposal of assets <sup>(4)</sup> .....	-	-	-	-	-	69,745	-
Share based compensation <sup>(5)</sup> .....	151,433	138,439	84,775	69,270	253,251	152,767	157,903
<b>Adjusted EBITDA .....</b>	<b>(3,079,799)</b>	<b>(4,845,521)</b>	<b>(1,493,920)</b>	<b>(2,665,276)</b>	<b>(8,479,557)</b>	<b>(6,340,939)</b>	<b>(2,728,559)</b>

Notes:

- (1) Finance expense is primarily related to interest and accretion expense on secured debentures and convertible promissory notes. In addition, finance expense for the three and six months ended June 30, 2019 also includes finance expense of \$63,715 and \$127,059, respectively, on lease obligations as a result of the adoption of IFRS 16 – *Leases* effective January 1, 2019.
- (2) Depreciation expense is primarily related to depreciation expense on property and equipment. In addition, depreciation expense for the three and six months ended June 30, 2019 also includes depreciation expense on right-of-use assets of \$145,761 and \$282,343, respectively, as a result of the adoption of IFRS 16 – *Leases* effective January 1, 2019.
- (3) These costs are related to the change in valuation of our convertible promissory notes from period to period, which is a non-cash expense and is thus not indicative of our operating profitability. These costs should be adjusted for in accordance with management's view of Adjusted EBITDA as an approximation of cash-based earnings from operations before capital replacement, financing, and income tax charges. In May 2019, these convertible promissory notes were converted into common shares. There will be no further impact on our results of operations from such convertible promissory notes and the Company does not currently intend to issue any additional convertible promissory notes.
- (4) These non-cash costs are related to disposal of leasehold improvements assets related to a lease.
- (5) These expenses represent non-cash expenditures recognized in connection with the issuance of stock options to our employees and directors.

## Free Cash Flow

Free Cash Flow is defined as cash provided by (used in) operating activities less additions to property and equipment. The following table reconciles our cash flow from (used in) operating activities to Free Cash Flow:

Six months ended June 30,		Fiscal years ended		
2019	2018	2018	2017	2016
\$	\$	\$	\$	\$

<b>Cash flow from (used in) operating activities .....</b>	803,811	(1,173,844)	(2,948,660)	(2,982,800)	(1,036,911)
Purchase of property and equipment.....	(212,823)	(410,393)	(410,393)	(688,973)	(257,891)
<b>Free Cash Flow .....</b>	590,988	(1,584,237)	(3,359,053)	(3,671,773)	(1,294,802)

## Summary of Factors Affecting Our Performance

We believe that the growth and future success of our business depends on many factors, including those described below. While each of these factors presents significant opportunities for our business, they also pose important challenges, some of which are discussed below and in the “Risk Factors” section of this prospectus.

### *Market adoption of our SAAS platform*

We intend to continue to drive adoption of our SaaS platform by scaling our solutions to meet the needs of both new and existing customers of all types and sizes. We believe that there is significant potential to increase penetration of our total addressable market and attract new customers. We plan to do this by further developing our products and services as well as continuing to invest in marketing strategies tailored to attract new businesses to our platform, both in our existing geographies and new markets around the world. We plan to continue to invest in our platform to expand our customer base and drive market adoption. The success of our operations may fluctuate as we make these investments.

### *Up-selling with existing customers*

Our existing customers represent a significant opportunity to up-sell additional functionality with limited incremental sales and marketing expense. We plan to continually invest in product development and sales and marketing to add additional solutions to our platform as well as increase the usage and awareness of our platform. Our future revenue growth and our ability to achieve and maintain profitability is dependent upon our ability to maintain existing customer relationships and to continue to expand our customers’ use of our platform.

### *Scaling our sales and marketing team*

Our ability to achieve significant growth in future revenue will largely depend upon the effectiveness of our sales and marketing efforts. The majority of our sales and marketing efforts are accomplished in-house and we believe the strength of our sales and marketing team is critical to our success. We have invested, and intend to continue to invest meaningfully, in the expansion of our sales force and consequently, we anticipate that our headcount will continue to increase as a result of these investments.

### *Foreign currency*

Our functional currency is Canadian dollars and the local currency for each of the subsidiaries and our presentation currency is the U.S. dollar. Our results of operations are converted from our functional currency to U.S. dollars using the average foreign exchange rates for each period presented. As a result, our results of operations will be adversely impacted by a decrease in the value of the U.S. dollar relative to the Euro and Canadian dollar. See “Risk Factors” for a discussion on exchange rate fluctuations and their potential negative effect on our results of operations.

## Key Components of Results of Operations

Docebo has always been operated and managed as a single economic entity, notwithstanding the fact that it has operations in several different countries. There is one management team that directs the activities of all aspects of the company and it is managed globally through global department heads. As a result, we believe that we have one reporting segment, being the consolidated company. Over time, this may change as the company grows and when this occurs we will reflect the change in our reporting practice.

### **Revenue**

We generate revenue from the following two primary sources:

- *Recurring Subscriptions to Our Learning Platform and Related Products.* Our customers enter into agreements that provide for recurring subscription fees. The majority of the customer agreements currently being entered into have a term of one to three years and are non-cancelable or cancelable with penalty. All the customer agreements, including those for one-year terms, automatically renew unless cancelled by our customers. Subscription revenue per contract will vary depending upon the particular products that each customer subscribes for, the number and type of learners intended to utilize the platform and the term of the agreement. Subscription revenue is typically recognized evenly over the life of a contract, commencing on the in-service date and terminating on the end date of the agreement.
- *Professional Services.* Our clients generally require support in implementing our product and training their learners. This support can include system integration, application integration, learner training and any required process-change analysis. Normally, these services are purchased at the same time as the original customer agreement is completed and are usually delivered during the 90 days immediately following the effective date of the customer agreement. When customer agreements are renewed, there is not typically a need for additional professional services so as overall revenue increases over time, the percentage of revenue that is generated from professional services will decrease. Revenues derived from professional services are recognized over the term that the service is provided and proportionately to the work performed.

Our agreements generally do not contain any cancellation or refund provisions without penalty, other than in the case of our default.

### ***Cost of Revenue***

Cost of revenue is comprised of costs related to hosting our learning platform and related products and the delivery of professional services. Significant expenses included in cost of revenue include employee wages and benefits expenses, web hosting fees and partner fees.

### ***Operating Expenses***

Our primary operating expenses are as follows:

- *General and Administrative.* General and administrative expenses are comprised primarily of employee salaries and benefits expenses for our administrative, finance, legal and human resources teams, rent, travel and general office and administrative expenses, consulting and professional fees and credit impairment losses. Over the short-term, we expect an increase in expenses related to additional one-time and ongoing costs relating to the Offering. We also anticipate increases to general and administrative expenses as we incur the costs of compliance associated with being a public company, including increased accounting and legal expenses. However, as the Company grows, we expect that general and administrative expenses will decrease as a percentage of revenue.
- *Sales and Marketing.* Sales and marketing expenses are comprised primarily of employee salaries and benefits related to our sales and marketing teams and advertising and marketing events. To implement our growth strategy, we intend to continue to grow our sales and marketing teams. As the Company continues to grow, we expect sales and marketing expenses to increase, while these expenses may fluctuate from year to year, consistent with our overall growth.
- *Research and Development.* Research and development expenses are comprised primarily of employee salaries and benefits related to our research and development team, consulting and professional fees and web hosting fees. Our research and development team is focused on both continuous improvement in our existing learning platform, as well as developing new product modules and features. In the immediate future, as Docebo's growth continues, we expect our research and development costs to increase proportionately, however, over time we believe it is reasonable to expect that they would decline as a percentage of revenue.
- *Share based compensation.* Share-based compensation expenses are comprised of the value of stock options granted to employees expensed over the vesting period of the options.

- *Foreign exchange loss/gain.* Foreign exchange loss/gain primarily relates to translation of monetary assets and liabilities denominated in foreign currencies being translated into functional currencies at the foreign exchange rate applicable at the end of each period.
- *Depreciation.* Depreciation expense primarily relates to depreciation on property and equipment and right-of-use asset. Property and equipment are comprised of furniture and office equipment, leasehold improvements and land and building. Right-of-use asset relates to the adoption of IFRS 16 on January 1, 2019 which requires all major leases to be recognized on the statement of financial position.

### Other Expenses

- *Loss on change in fair value of convertible promissory notes.* These costs include costs with respect to the change in valuation of the Company's convertible promissory notes from period to period. In May 2019, these convertible promissory notes were converted into common shares and there will be no further impact on our results of operations from such convertible promissory notes.
- *Finance expense.* These costs include interest on secured debentures, interest on convertible promissory notes and bank fees.
- *Other income.* Other income is primarily comprised of rental income from subleasing office space.

### Results of Operations

The following table outlines our consolidated statements of loss and comprehensive loss for Fiscal 2018, Fiscal 2017 and 2016, and for the three and six months ended June 30, 2019 and 2018:

	Fiscal years ended			Three months ended		Six months ended June	
	2018	2017	2016	June 30,	2018	2019	2018
	\$	\$	\$	\$	\$	\$	\$
Revenue .....	27,074,586	17,126,141	9,852,188	9,922,557	6,436,173	18,558,351	12,132,872
Cost of revenue .....	5,650,394	4,353,487	2,633,083	2,068,081	1,508,187	3,884,546	2,713,394
<b>Gross profit .....</b>	<b>21,424,192</b>	<b>12,772,654</b>	<b>7,219,105</b>	<b>7,854,476</b>	<b>4,927,986</b>	<b>14,673,805</b>	<b>9,419,478</b>
<b>Operating expenses</b>							
General and administrative .....	10,940,510	7,274,587	3,469,849	4,133,215	2,462,847	7,439,311	4,789,371
Sales and marketing .....	11,629,872	7,828,365	4,478,855	3,330,680	3,089,377	6,556,790	5,811,296
Research and development .....	6,611,529	3,906,327	2,005,016	1,980,142	1,622,134	3,841,285	3,092,564
Share based compensation .....	253,251	152,767	157,903	84,775	69,270	151,433	138,439
Foreign exchange loss (gain) .....	774,980	237,478	(6,056)	(75,860)	418,905	(45,391)	571,770
Loss on disposal of assets .....	-	69,745	-	-	-	-	-
Depreciation .....	169,043	184,232	62,507	199,639	29,245	386,448	72,173
	30,379,185	19,653,501	10,168,074	9,652,591	7,691,778	18,329,876	14,475,613
<b>Operating loss .....</b>	<b>(8,954,993)</b>	<b>(6,880,847)</b>	<b>(2,948,969)</b>	<b>(1,798,115)</b>	<b>(2,763,792)</b>	<b>(3,656,071)</b>	<b>(5,056,135)</b>
Finance expense (income), net .....	666,082	231,068	(53,725)	253,442	164,543	479,260	289,094
Loss on change in fair value of convertible promissory notes .....	2,082,867	1,261,133	-	304,000	519,286	776,000	1,032,874
Other income .....	(53,142)	(133,164)	-	(19,781)	(1)	(38,391)	(2)
<b>Net loss .....</b>	<b>(11,650,800)</b>	<b>(8,239,884)</b>	<b>(2,895,244)</b>	<b>(2,335,776)</b>	<b>(3,447,620)</b>	<b>(4,872,940)</b>	<b>(6,378,101)</b>
<b>Other comprehensive loss .....</b>							
Item that may be reclassified subsequently to income: .....							
Exchange (gain) loss on translation of foreign operations .....	(818,441)	272,806	122,615	216,642	(298,956)	401,711	(365,999)
Items not subsequently reclassified to income: .....							
Actuarial loss .....	41,080	32,127	-	9,948	10,371	19,957	21,065
	(777,361)	304,933	122,615	226,590	(288,585)	421,668	(344,934)
<b>Comprehensive loss .....</b>	<b>(10,873,439)</b>	<b>(8,544,817)</b>	<b>(3,017,859)</b>	<b>(2,562,366)</b>	<b>(3,159,035)</b>	<b>(5,294,608)</b>	<b>(6,033,167)</b>
<b>Net loss attributable to: .....</b>							
Equity owners of the Company .....	(11,271,976)	(7,313,530)	(2,754,523)	(2,335,776)	(3,447,620)	(4,872,940)	(5,999,277)
Non-controlling interests .....	(378,824)	(926,354)	(140,721)	-	-	-	(378,824)
	(11,650,800)	(8,239,884)	(2,895,244)	(2,335,776)	(3,447,620)	(4,872,940)	(6,378,101)

Loss per share - basic and diluted .....	(0.52)	(0.43)	(0.18)	(0.10)	(0.15)	(0.21)	(0.29)
Weighted average number of common shares outstanding - basic and diluted .....	21,543,100	17,177,700	15,210,500	23,062,400	22,532,000	22,798,700	20,537,700

## Review of Operations for the three and six months ended June 30, 2019 and 2018

### Revenue

	Three months ended June 30				Six months ended June 30,			
	2019	2018	\$ Change	% Change	2019	2018	\$ Change	% Change
	\$	\$	\$	%	\$	\$	\$	%
Subscription Revenues .....	8,637,921	5,431,304	3,206,617	59%	16,234,217	10,176,196	6,058,021	60%
Professional Services .....	1,284,636	1,004,869	279,767	28%	2,324,134	1,956,676	367,458	19%
Total Revenue .	9,922,557	6,436,173	3,486,384	54%	18,558,351	12,132,872	6,425,479	53%

Revenue increased from \$6.4 million to \$9.9 million or 54% for the three months ended June 30, 2019 as compared to the equivalent period in the prior year. For the six months ended June 30, 2019 and 2018 revenues were \$18.6 million and \$12.1 million, respectively, an increase of \$6.5 million or 53%. In both periods, the significant revenue increase was primarily attributable to revenue from new customers, as the number of customers rose from 1,444 as at June 30, 2018 to 1,618 as at June 30, 2019 and the average contract value per customer increased from approximately \$16,000 as at June 30, 2018 to approximately \$23,000 as at June 30, 2019. Average contract value is calculated as total ARR divided by the number of active customers.

Subscription revenue increased from \$5.4 million to \$8.6 million or 59% in the second quarter of 2019 as compared to the same quarter in 2018 and from \$10.2 million to \$16.2 million or 60% for the six month period ended June 30, 2019 as compared to the same period in the prior year.

Revenues from professional services increased by \$0.3 million or 28% in the second quarter of 2019 as compared to the same quarter in 2018 and by \$0.4 million or 19% for the six-month period ended June 30, 2019 as compared to the same period in the prior year. Increase in revenue attributed to professional services is primarily associated with sales of new subscriptions.

### Cost of Revenue

	Three months ended June 30,				Six months ended June 30,			
	2019	2018	\$ Change	% Change	2019	2018	\$ Change	% Change
	\$	\$	\$	%	\$	\$	\$	%
Cost of revenue ...	2,068,081	1,508,187	559,894	37%	3,884,546	2,713,394	1,171,152	43%
Percentage of total revenue .....	20.8%	23.4%			20.9%	22.4%		

Cost of revenue increased from \$1.5 million to \$2.1 million or 37% for the three months ended June 30, 2019 as compared to the equivalent period in the prior year and increased from \$2.7 million to \$3.9 million or 43% for the six months ended June 30, 2019 as compared to the equivalent period in the prior year. The period over period absolute increases in cost of revenue were closely related to the increase in revenue.

### Gross profit

	Three months ended June 30,				Six months ended June 30,			
	2019	2018	\$ Change	% Change	2019	2018	\$ Change	% Change
	\$	\$	\$	%	\$	\$	\$	%
Gross profit .....	7,854,476	4,927,986	2,926,490	59%	14,673,805	9,419,478	5,254,327	56%
Percentage of total revenue .....	79.2%	76.6%			79.1%	77.6%		

Gross profit, being revenue less cost of revenues, increased from \$4.9 million to \$7.9 million and improved from 76.6% of revenue to 79.2% of revenue for the three months ended June 30, 2019 as compared to the three months ended June 30, 2018. For the six-month period ended June 30, 2019, gross profit increased from \$9.4 million to \$14.7

million and improved from 77.6% to 79.1% for the equivalent six month comparative period. The improvement is primarily due to the realization of some benefit of scale in our infrastructure cost structure. As we continue to grow, we anticipate that we will continue to realize an improved gross profit margin, but the incremental benefits will reduce over time.

### *Operating Expenses*

	Three months ended June 30,				Six months ended June 30,			
	2019	2018	\$ Change	% Change	2019	2018	\$ Change	% Change
	\$	\$	\$	%	\$	\$	\$	%
General and administrative.....	4,133,215	2,462,847	1,670,368	68%	7,439,311	4,789,371	2,649,940	55%
Sales and marketing .....	3,330,680	3,089,377	241,303	8%	6,556,790	5,811,296	745,494	13%
Research and development .....	1,980,142	1,622,134	358,008	22%	3,841,285	3,092,564	748,721	24%
Share based compensation.....	84,775	69,270	15,505	22%	151,433	138,439	12,994	9%
Foreign exchange loss (gain).....	(75,860)	418,905	(494,765)	-118%	(45,391)	571,770	(617,161)	-108%
Depreciation .....	199,639	29,245	170,394	583%	386,448	72,173	314,275	435%
Total operating expenses .....	9,652,591	7,691,778	1,960,813	25%	18,329,876	14,475,613	3,854,263	27%

### *General and Administrative Expenses*

	Three months ended June 30,				Six months ended June 30,			
	2019	2018	\$ Change	% Change	2019	2018	\$ Change	% Change
	\$	\$	\$	%	\$	\$	\$	%
General and administrative.....	4,133,215	2,462,847	1,670,368	68%	7,439,311	4,789,371	2,649,940	55%
Percentage of total revenue.....	41.7%	38.3%			40.1%	39.5%		

General and administrative expenses increased from \$2.5 million to \$4.1 million or 68% for the three months ended June 30, 2019 as compared to the equivalent period in the prior year and increased from \$4.8 million to \$7.4 million or 55% for the six months ended June 30, 2019 as compared to the equivalent period in the prior year. The increase in both period comparatives was primarily due to higher salaries and benefits from an increase in personnel required to support the Company's growing operations. We also experienced an increase in consulting and professional fees as a result of the Offering, as well as an increase in credit loss impairment arising from higher revenues and associated receivable balance. Our general and administrative expenses as a percentage of total revenue increased from 38.3% to 41.7% from three months ended June 30, 2018 to three months ended June 30, 2019 and increased from 39.5% to 40.1% from six months ended June 30, 2018 to six months ended June 30, 2019.

### *Sales and Marketing Expenses*

	Three months ended June 30,				Six months ended June 30,			
	2019	2018	\$ Change	% Change	2019	2018	\$ Change	% Change
	\$	\$	\$	%	\$	\$	\$	%
Sales and marketing.....	3,330,680	3,089,377	241,303	8%	6,556,790	5,811,296	745,494	13%
Percentage of total revenue.....	33.6%	48.0%			35.3%	47.9%		

Sales and marketing expenses increased from \$3.1 million to \$3.3 million or 8% for the three months ended June 30, 2019 as compared to the equivalent period in the prior year and increased from \$5.8 million to \$6.6 million or 13% for the six months ended June 30, 2019 as compared to the equivalent period in the prior year. The increase was due to the Company's continued focus on growing its subscription revenue in multiple jurisdictions, necessitating an increase in the number of employees and related employee salaries and wages. These additional employees are required to support our sales expansion in new markets, as well as servicing the growing customer base. Our sales and marketing expenses as a percentage of total revenue decreased from 48.0% to 33.6% from three months ended June

30, 2018 to three months ended June 30, 2019 and decreased from 47.9 % to 35.3% from six months ended June 30, 2018 to six months ended June 30, 2019.

#### *Research and Development Expenses*

	Three months ended June 30,				Six months ended June 30,			
	2019	2018	\$ Change	% Change	2019	2018	\$ Change	% Change
	\$	\$	\$	%	\$	\$	\$	%
Research and development .....	1,980,142	1,622,134	358,008	22%	3,841,285	3,092,564	748,721	24%
Percentage of total revenue .....	20.0%	25.2%			20.7%	25.5%		

Research and development expenses increased from \$1.6 million to \$2.0 million or 22% for the three months ended June 30, 2019 as compared to the equivalent period in the prior year and increased from \$3.1 million to \$3.8 million or 24% for the six months ended June 30, 2019 as compared to the equivalent period in the prior year. The increase in both period comparatives was due to the Company's continued focus on maintaining and improving its platform and developing related new products. The majority of the increase in costs related to an increase in employees resulting in higher salaries and wages. Our research and development expenses as a percentage of total revenue decreased from 25.2% to 20.0% from three months ended June 30, 2018 to three months ended June 30, 2019 and decreased from 25.5% to 20.7% from six months ended June 30, 2018 to six months ended June 30, 2019.

#### *Share Based Compensation*

	Three months ended June 30,				Six months ended June 30,			
	2019	2018	\$ Change	% Change	2019	2018	\$ Change	% Change
	\$	\$	\$	%	\$	\$	\$	%
Share based compensation .....	84,775	69,270	15,505	22%	151,433	138,439	12,994	9%
Percentage of total revenue .....	0.9%	1.1%			0.8%	1.1%		

Share based compensation expense increased from \$69,270 to \$84,775 or 22% for the three months ended June 30, 2019 as compared to the equivalent period in the prior year and increased from \$138,439 to \$151,433 or 9% for the six months ended June 30, 2019 as compared to the equivalent period in the prior year. The increase is primarily due to the additional stock options granted in 2019 at higher fair value.

#### *Foreign exchange loss/gain*

	Three months ended June 30,				Six months ended June 30,			
	2019	2018	\$ Change	% Change	2019	2018	\$ Change	% Change
	\$	\$	\$	%	\$	\$	\$	%
Foreign exchange loss (gain) .....	(75,860)	418,905	(494,765)	-118%	(45,391)	571,770	(617,161)	-108%
Percentage of total revenue .....	-0.8%	6.5%			-0.2%	4.7%		

Foreign exchange loss/gain primarily relates to translation of monetary assets and liabilities denominated in foreign currencies being translated into functional currencies at the foreign exchange rate applicable at the end of each period. The change in foreign exchange loss/gain is primarily attributable to the change in Canadian dollar and Euro compared to the U.S. dollar for the periods presented.

#### *Depreciation*

	Three months ended June 30,				Six months ended June 30,			
	2019	2018	\$ Change	% Change	2019	2018	\$ Change	% Change
	\$	\$	\$	%	\$	\$	\$	%
Depreciation .....	199,639	29,245	170,394	583%	386,448	72,173	314,275	435%
Percentage of total revenue .....	2.0%	0.5%			2.1%	0.6%		

Depreciation expense was \$199,639 and \$386,448, respectively for the three- and six-month periods ended June 30, 2019 compared to \$29,245 and \$72,173 for the comparable periods in 2018. The increase in depreciation expense is primarily due to the adoption of IFRS 16 accounting standard on January 1, 2019 which requires recognition of right-of-use asset for all major leases which are subsequently depreciated over the term of the lease. Our depreciation expense as a percentage of total revenue increased from 0.5% to 2% from three months ended June 30, 2018 to three months ended June 30, 2019 and increased from 0.6% to 2.1% from six months ended June 30, 2018 to six months ended June 30, 2019.

#### *Non-operating items*

	Three months ended June 30,				Six months ended June 30,			
	2019	2018	\$ Change	% Change	2019	2018	\$ Change	% Change
	\$	\$	\$	%	\$	\$	\$	%
Finance expense .....	253,442	164,543	88,899	54%	479,260	289,094	190,166	66%
Loss on change in fair value of convertible promissory notes .....	304,000	519,286	(215,286)	-41%	776,000	1,032,874	(256,874)	-25%

#### *Finance expense*

Finance expense was \$253,442 and \$479,260, respectively for the three- and six-month periods ended June 30, 2019 compared to \$164,543 and \$289,094 for the comparable periods in 2018. The increase in finance expense is primarily due to full period interest expense in 2019 for secured debentures issued in February 2018, interest expense on the additional \$3 million secured debentures issued in May 2019 and interest accretion expense on lease obligations from adoption of IFRS 16.

#### *Loss on change in fair value of convertible promissory notes*

Loss on change in fair value of convertible promissory notes is related to the change in fair value of the convertible promissory notes being driven by the increase in value of common shares of the Company. In May 2019, these convertible promissory notes were converted into common shares. There will be no further impact on our results of operations from such convertible promissory notes.

#### *Review of Operations for the Fiscal Years Ended December 31, 2018, 2017 and 2016*

##### *Revenues*

	Fiscal 2018	Fiscal 2017	\$ Change	% Change	Fiscal 2017	Fiscal 2016	\$ Change	% Change
	\$	\$	\$	%	\$	\$	\$	%
Subscription Revenues ..	23,881,450	14,209,551	9,671,899	68%	14,209,551	7,691,040	6,518,511	85%
Professional Services.....	3,193,136	2,916,590	276,546	9%	2,916,590	2,161,148	755,442	35%
Total Revenue .....	27,074,586	17,126,141	9,948,445	58%	17,126,141	9,852,188	7,273,953	74%

For the years ended December 31, 2018, 2017 and 2016, revenues were \$27.1 million, \$17.1 million and \$9.9 million, respectively. In each fiscal year, the significant revenue increase was primarily attributable to revenue from new customers, as the number of customers rose from 1,034 as at December 31, 2016, to 1,324 as at December 31, 2017 and 1,540 as at December 31, 2018 and the average contract value per customer increased from approximately \$10,000 as at December 31, 2016, to approximately \$14,000 as at December 31, 2017 and approximately \$19,000 as at December 31, 2018. Average contract value is calculated as total ARR divided by the number of active customers.

Professional services revenue increased by \$0.3 million or 9% in 2018 as compared to 2017 and by \$0.8 million or 35% in 2017 as compared to 2016. Increase in revenue attributed to professional services is primarily associated with sales of new subscriptions.

### Cost of Revenue

	Fiscal 2018	Fiscal 2017	\$ Change	% Change	Fiscal 2017	Fiscal 2016	\$ Change	% Change
	\$	\$	\$	%	\$	\$	\$	%
Cost of revenue .....	5,650,394	4,353,487	1,296,907	30%	4,353,487	2,633,083	1,720,404	65%
Percentage of total revenue.....	20.9%	25.4%			25.4%	26.7%		

For the years ended December 31, 2018, 2017 and 2016, cost of revenue was \$5.7 million, \$4.4 million and \$2.6 million, respectively. In each period, the cost of revenues increase was primarily the result of the cost required to support the increase in revenue achieved.

### Gross Profit

	Fiscal 2018	Fiscal 2017	\$ Change	% Change	Fiscal 2017	Fiscal 2016	\$ Change	% Change
	\$	\$	\$	%	\$	\$	\$	%
Gross profit .....	21,424,192	12,772,654	8,651,538	68%	12,772,654	7,219,105	5,553,549	77%
Percentage of total revenue.....	79.1%	74.6%			74.6%	73.3%		

Gross profit, being revenues less cost of revenues, as a percent of revenue for 2018, 2017 and 2016 were 79.1%, 74.6% and 73.3%, respectively. The improvement in gross profit margin was primarily the result of the realization of some benefit of scale in our infrastructure cost structure. As we continue to grow, we anticipate that we will continue to realize an improved gross profit margin, but the incremental benefits will reduce over time.

### Operating expenses

	Fiscal 2018	Fiscal 2017	\$ Change	% Change	Fiscal 2017	Fiscal 2016	\$ Change	% Change
	\$	\$	\$	%	\$	\$	\$	%
General and administrative.....	10,940,510	7,274,587	3,665,923	50%	7,274,587	3,469,849	3,804,738	110%
Sales and marketing.....	11,629,872	7,828,365	3,801,507	49%	7,828,365	4,478,855	3,349,510	75%
Research and development.....	6,611,529	3,906,327	2,705,202	69%	3,906,327	2,005,016	1,901,311	95%
Share based compensation.....	253,251	152,767	100,484	66%	152,767	157,903	(5,136)	-3%
Foreign exchange loss (gain).....	774,980	237,478	537,502	226%	237,478	(6,056)	243,534	-4021%
Loss on disposal of assets .....	-	69,745	(69,745)	-100%	69,745	-	69,745	100%
Depreciation .....	169,043	184,232	(15,189)	-8%	184,232	62,507	121,725	195%
Total operating expenses	30,379,185	19,653,501	10,725,684	55%	19,653,501	10,168,074	9,485,427	93%

### General and Administrative Expenses

	Fiscal 2018	Fiscal 2017	\$ Change	% Change	Fiscal 2017	Fiscal 2016	\$ Change	% Change
	\$	\$	\$	%	\$	\$	\$	%
General and administrative.....	10,940,510	7,274,587	3,665,923	50%	7,274,587	3,469,849	3,804,738	110%
Percentage of total revenue.....	40.4%	42.5%			42.5%	35.2%		

For the years ended December 31, 2018, 2017 and 2016, general and administrative expenses were \$10.9 million, \$7.3 million and \$3.5 million, respectively. The year over year increases are primarily due to higher salaries and benefits from an increase in personnel required to support the Company's growing operations. We also experienced an increase in rent, office and general and administrative costs and consulting and professional fees due to significant growth in the operation of the Company, as well as an increase in credit loss impairment arising from implementation of the new IFRS 9 accounting standard in 2018. Our general and administrative expenses as a percentage of total revenue

decreased from 42.5% to 40.4% from Fiscal 2017 to Fiscal 2018 and increased from 35.2% to 42.5% from Fiscal 2016 to Fiscal 2017.

### *Sales and Marketing Expenses*

	Fiscal 2018	Fiscal 2017	\$ Change	% Change	Fiscal 2017	Fiscal 2016	\$ Change	% Change
	\$	\$	\$	%	\$	\$	\$	%
Sales and marketing	11,629,872	7,828,365	3,801,507	49%	7,828,365	4,478,855	3,349,510	75%
Percentage of total revenue .....	43.0%	45.7%			45.7%	45.5%		

For the years ended December 31, 2018, 2017 and 2016, Sales and Marketing expenses were \$11.6 million, \$7.8 million and \$4.5 million, respectively. In each case, the year over year increase was due to the Company's continued focus on growing its subscription revenue in multiple jurisdictions, necessitating an increase in the number of employees and related employee salaries and wages. These additional employees are required to support our sales expansion in new markets, as well as servicing our growing customer base. In addition, starting in 2017, we started investing incrementally in advertising and marketing events, resulting in annual increases in advertising and marketing costs from 2016 to 2017 and 2018. We will continue to add staff in this area resulting in higher sales and marketing costs for so long as we can efficiently increase our revenue base. Our sales and marketing expenses as a percentage of total revenue decreased from 45.7% to 43.0% from Fiscal 2017 to Fiscal 2018 and increased from 45.5% to 45.7% from Fiscal 2016 to Fiscal 2017.

### *Research and Development Expenses*

	Fiscal 2018	Fiscal 2017	\$ Change	% Change	Fiscal 2017	Fiscal 2016	\$ Change	% Change
	\$	\$	\$	%	\$	\$	\$	%
Research and development .....	6,611,529	3,906,327	2,705,202	69%	3,906,327	2,005,016	1,901,311	95%
Percentage of total revenue .....	24.4%	22.8%			22.8%	20.4%		

For the years ended December 31, 2018, 2017 and 2016, research and development expenses were \$6.6 million, \$3.9 million and \$2.0 million, respectively. The majority of the increase from year-to-year was due to an increase in employees and web hosting fees related to research and development activities as the Company maintained its focus on supporting and improving its platform and developing related new products. Research and development expenses will continue to grow as the Company maintains its efforts to keep its product at the leading edge of learning technology and build new features on the current platform. Our research and development expenses as a percentage of total revenue increased from 22.8% to 24.4% from Fiscal 2017 to Fiscal 2018 and increased from 20.4% to 22.8% from Fiscal 2016 to Fiscal 2017.

### *Share Based Compensation*

	Fiscal 2018	Fiscal 2017	\$ Change	% Change	Fiscal 2017	Fiscal 2016	\$ Change	% Change
	\$	\$	\$	%	\$	\$	\$	%
Share based compensation .....	253,251	152,767	100,484	66%	152,767	157,903	(5,136)	-3%
Percentage of total revenue .....	0.9%	0.9%			0.9%	1.6%		

For the years ended December 31, 2018, 2017 and 2016, share based compensation expenses were \$253,251, \$152,767 and \$157,903, respectively. The significant increase in Fiscal 2018 was due to the full year vesting of stock options granted at a nominal exercise price in late Fiscal 2017.

### Foreign exchange loss/ gain

	Fiscal 2018	Fiscal 2017	\$ Change	% Change	Fiscal 2017	Fiscal 2016	\$ Change	% Change
	\$	\$	\$	%	\$	\$	\$	%
Foreign exchange loss (gain) .....	774,980	237,478	537,502	226%	237,478	(6,056)	243,534	-4021%
Percentage of total revenue .....	2.9%	1.4%			1.4%	-0.1%		

Foreign exchange loss/gain primarily relates to translation of monetary assets and liabilities denominated in foreign currencies being translated into functional currencies at the foreign exchange rate applicable at the end of each period. The change in foreign exchange loss/gain is primarily attributable to the change in the Canadian dollar and the Euro compared to the U.S. dollar for the periods presented.

### Loss on disposal of assets

	Fiscal 2018	Fiscal 2017	\$ Change	% Change	Fiscal 2017	Fiscal 2016	\$ Change	% Change
	\$	\$	\$	%	\$	\$	\$	%
Loss on disposal of assets .....	-	69,745	(69,745)	-100%	69,745	-	69,745	100%
Percentage of total revenue .....	0.0%	0.4%			0.4%	0.0%		

Loss on disposal of assets in 2017 was related to disposal of leasehold improvements due to moving office locations.

### Depreciation

	Fiscal 2018	Fiscal 2017	\$ Change	% Change	Fiscal 2017	Fiscal 2016	\$ Change	% Change
	\$	\$	\$	%	\$	\$	\$	%
Depreciation .....	169,043	184,232	(15,189)	-8%	184,232	62,507	121,725	195%
Percentage of total revenue .....	0.6%	1.1%			1.1%	0.6%		

For the years ended December 31, 2018, 2017 and 2016, depreciation expense was \$169,043, \$184,232 and \$62,507, respectively. The increase in depreciation expense from 2016 was due to the significant additions to property and equipment in 2017 and 2018. Our depreciation expenses as a percentage of total revenue decreased from 1.1% to 0.6% from Fiscal 2017 to Fiscal 2018 and increased from 0.6% to 1.1% from Fiscal 2016 to Fiscal 2017. We expect our depreciation expense to be higher for future periods due to the adoption of new accounting standard IFRS 16 which requires all major leases to be capitalized.

### Non-operating items

	Fiscal 2018	Fiscal 2017	\$ Change	% Change	Fiscal 2017	Fiscal 2016	\$ Change	% Change
	\$	\$	\$	%	\$	\$	\$	%
Finance expense .....	666,082	231,068	435,014	188%	231,068	(53,725)	284,793	-530%
Loss on change in fair value of convertible promissory notes .....	2,082,867	1,261,133	821,734	65%	1,261,133	-	1,261,133	n/a

### Finance expense

For the years ended December 31, 2018 and 2017, finance expense was \$666,082 and \$231,068, respectively and finance income of \$53,725 for the year ended December 31, 2016. The increase in finance expense is primarily due to the interest expense on convertible promissory notes issued on May 24, 2017 and the secured debentures issued in February 2018.

### *Loss on change in fair value of convertible promissory notes*

Loss on change in fair value of convertible promissory notes is related to the change in fair value of the convertible promissory notes being driven by the increase in value of common shares of the Company. In May 2019, these convertible promissory notes were converted into common shares. There will be no further impact on our results of operations from such convertible promissory notes.

### **Selected Annual Information**

	Fiscal years ended December 31,		
	2018	2017	2016
	\$	\$	\$
Revenue.....	27,074,586	17,126,141	9,852,188
Net loss.....	(11,650,800)	(8,239,884)	(2,895,244)
Net loss attributable to equity owners of the Company.....	(11,271,976)	(7,313,530)	(2,754,523)
Loss per share - basic and diluted.....	(0.52)	(0.43)	(0.18)
Total assets.....	13,300,734	9,502,419	4,007,651
Total long-term liabilities.....	5,187,011	4,194,349	473,224

See “Results of Operations” in this MD&A for a more detailed discussion of the year-over-year changes in revenues and net loss.

### **Total Assets**

#### *Fiscal 2018 Compared to Fiscal 2017*

Total assets increased \$3.8 million or 40% from Fiscal 2017 to Fiscal 2018, with cash and trade and other receivables accounting for \$2.1 million of the increase. The \$4 million proceeds from issuance of secured debentures in 2018 contributed to the increase in cash of \$0.4 million. Trade and other receivables increased by \$1.7 million reflecting growth in revenue. Prepaids and deposits increased by \$0.9 million primarily due to research and development tax credits, which are offset against future payroll taxes payable along with higher prepaid expenses due to growth of the Company. The Company also recognized contract acquisition costs of \$0.6 million from adoption of IFRS 15 on January 1, 2018.

#### *Fiscal 2017 Compared to Fiscal 2016*

Total assets increased \$5.5 million or 137% from Fiscal 2016 to Fiscal 2017, with cash and trade and other receivables accounting for \$4.6 million of the increase. The \$3.7 million proceeds from issuance of common shares and \$2 million from issuance of convertible promissory notes in 2017 contributed to the increase in cash of \$2.1 million. Trade and other receivables increased by \$2.6 million reflecting growth in revenue. Prepaids and deposits increased by \$0.4 million primarily due to research and development tax credits, which are offset against future payroll taxes payable along with higher prepaid expenses from growth of the Company. Property and equipment increased by \$0.5 million, net of depreciation expense reflecting growth of the Company.

### **Total Long-term Liabilities**

#### *Fiscal 2018 Compared to Fiscal 2017*

Total long-term liabilities increased \$1.0 million or 24% from Fiscal 2017 to Fiscal 2018. The main driver of the increase was the issuance of secured debentures of \$4 million, which was offset by reclassification of convertible promissory notes of \$3.3 million from long-term to short-term. Employee benefit obligations also increased by \$0.3M million due to headcount in Fiscal 2018 compared to Fiscal 2017.

#### *Fiscal 2017 Compared to Fiscal 2016*

Total long-term liabilities increased \$3.7 million or 786% from Fiscal 2016 to Fiscal 2017. The main driver of the increase was the issuance of convertible promissory notes of \$2 million and increase in fair value of the convertible

promissory notes resulting in total convertible promissory notes liability of \$3.3 million. Employee benefit obligations also increased by \$0.3 million due to headcount in Fiscal 2017 compared to Fiscal 2016.

## Quarterly Results of Operations

The following table sets forth selected unaudited quarterly statements of operations data for each of the six quarters commencing January 1, 2018 and ending June 30, 2019. The information for each of these quarters has been prepared on the same basis as the audited annual financial statements for the year ended December 31, 2018 and the unaudited condensed consolidated interim financial statements for the period ended June 30, 2019 included elsewhere in this prospectus. This data should be read in conjunction with our audited annual financial statements for the year ended December 31, 2018 and the unaudited condensed consolidated interim financial statements for the period ended June 30, 2019 included elsewhere in this prospectus. These quarterly operating results are not necessarily indicative of our operating results for a full year or any future period.

	Three months ended					
	June 30, 2019	March 31, 2019	December 31, 2018	September 30, 2018	June 30, 2018	March 31, 2018
	\$	\$	\$	\$	\$	\$
Revenue.....	9,922,557	8,635,794	8,049,679	6,892,035	6,436,173	5,696,699
Net loss.....	(2,335,776)	(2,537,164)	(3,160,904)	(2,111,795)	(3,447,620)	(2,930,481)
Net loss attributable to equity owners of the Company .....	(2,335,776)	(2,537,164)	(3,160,904)	(2,111,795)	(3,447,620)	(2,551,657)
Loss per share - basic and diluted.....	(0.10)	(0.11)	(0.14)	(0.094)	(0.15)	(0.14)

### Revenue

Our total quarterly revenue increased sequentially for all periods presented due primarily to increased sales to existing and new customers. The increase in total revenue was due to increases in both subscription revenues and professional services revenue. We cannot assure you that this pattern of sequential growth in revenue will continue. See “Risk Factors”.

### Expenses

Total cost of revenue and operating expenses generally increased sequentially for each period presented. Cost of revenue increased to support the increase in revenue and total operating expenses increase was primarily due to the additional resources such as headcount required to support our growing business in all areas of the Company as well as higher sales and marketing expenses required to attract additional customers.

## Liquidity, Capital Resources and Financing

### Overview

The general objectives of our capital management strategy are to preserve our capacity to continue operating, provide benefits to our stakeholders and provide an adequate return on investment to our shareholders by selling our platform and services at a price that is commensurate with the level of operating risk assumed by us. We thus determine the total amount of capital required consistent with risk levels. This capital structure is adjusted on a timely basis depending on changes in the economic environment and risks of the underlying assets. We are not subject to any externally imposed capital requirements.

### Working Capital

Our primary source of cash flow is revenue from operations, equity capital raises totalling \$3.7 million and debt financing through the issuance of convertible promissory notes and secured debentures totalling \$9.0 million since 2016. Our approach to managing liquidity is to ensure, to the extent possible, that we always have sufficient liquidity to meet our liabilities as they become due. We do so by monitoring cash flow and performing budget-to-actual analysis on a regular basis.

Working capital deficiency as at June 30, 2019 was \$9.7 million. On July 25, 2019, the Company entered into the Credit Facility (as defined herein) with the Toronto-Dominion Bank, which provides for the availability of up to \$15 million of which \$10 million is currently available. Immediately upon closing of the Credit Facility, \$7 million was drawn to repay the secured debentures previously issued to certain shareholders of the Company and certain of their affiliates, being Klass.com Subsidiary LLC; Klass Capital Corporation, an affiliate of Klass.com Subsidiary LLC; InterCap Income Inc., an affiliate of InterCap Equity Inc. and Gresilent Holding Srl, an entity that Claudio Erba beneficially owns and controls or directs. The facility may be drawn in either U.S. or Canadian dollars by way of Canadian prime rate loans, U.S. base rate loans or LIBOR loans bearing interest at the Canadian prime lending rate plus applicable margin, U.S. base rate plus applicable margin or LIBOR for the interest period plus applicable margin. See “Description of Material Indebtedness”.

In addition to the cash balance of \$7.1 million as at June 30, 2019, the Company has an additional \$3 million available from the Credit Facility that may be drawn to meet ongoing working capital requirements. Our principal cash requirements are for working capital. Given our existing cash and credit facilities, along with expected proceeds from the Offering, we believe there is sufficient liquidity to remedy any working capital deficiencies, to meet our current and short term financial obligations as they become due, as well to support our growth plans.

### ***Cash Flows***

The following table presents cash and cash equivalents as at December 31, 2018, 2017, 2016 and as at June 30, 2019 and 2018, and cash flows from operating, investing, and financing activities for Fiscal 2018, Fiscal 2017, Fiscal 2016 and six months ended June 30, 2019 and 2018:

	Fiscal years ended December 31,			Six months ended June 30,	
	2018	2017	2016	2019	2018
	\$	\$	\$	\$	\$
Cash and cash equivalents .....	3,756,031	3,360,902	1,306,355	7,109,801	5,775,249
Net cash provided by (used in): .....					
Operating activities .....	(2,948,660)	(2,982,800)	(1,036,911)	803,811	(1,173,844)
Investing activities .....	(410,393)	(688,973)	(257,891)	(212,823)	(410,393)
Financing activities .....	3,938,939	5,652,620	(40,261)	2,951,244	3,949,335
Effect of foreign exchange on cash and cash equivalents .....	(184,757)	73,700	262,516	(188,462)	49,249
Net increase (decrease) in cash and cash equivalents .....	395,129	2,054,547	(1,072,547)	3,353,770	2,414,347

### ***Cash Flows Used in/from Operating Activities***

Cash flows generated from operating activities for the six months ended June 30, 2019 were \$0.8 million compared to cash flows used in operating activities of \$1.2 million for the six months ended June 30, 2018. The increase in cash flows from operating activities was primarily the result of a decrease in net loss of \$1.5 million as well as an increase of \$0.8 million in cash flow from changes in working capital during the six months ended June 30, 2019.

Cash flows used in operating activities for Fiscal 2018 were \$2.9 million compared to \$3.0 million for Fiscal 2017. Outflow of cash for operating activities was mostly constant year over year with an increase in net loss of \$3.4 million offset by an increase in cash flow from working capital during Fiscal 2018 of \$2.2 million and additional non-cash expenses add back of \$1.2 million.

Net cash used in operating activities for Fiscal 2017 was \$3.0 million, a decrease of \$1.9 million from Fiscal 2016. The main contributor for the increase in net cash used in operating activities was an increase in net loss of \$5.3 million offset by an increase in cash flow from working capital during Fiscal 2017 of \$1.7 million.

### ***Cash Flows Used in Investing Activities***

Cash flows used in investing activities for the six months ended June 30, 2019 were \$0.2 million compared to \$0.4 million for the six months ended June 30, 2018. The decrease in cash outflows for investing activities of \$0.2 million was due to a decrease in additions to property and equipment.

Cash flows used in investing activities for Fiscal 2018 were \$0.4 million compared to \$0.7 million for Fiscal 2017. The decrease in cash outflows for investing activities of \$0.3 million was mainly due to a decrease in addition to property and equipment of \$0.3 million.

Cash outflows used in investing activities for Fiscal 2017 was \$0.7 million compared to \$0.3 million for Fiscal 2016. The increase in cash flows used by investing activities of \$0.4 million was mainly due to an increase in additions to property and equipment.

### ***Cash Flows from Financing Activities***

Cash flows from financing activities for the six months ended June 30, 2019 were \$3.0 million compared to \$3.9 million for the six months ended June 30, 2018. The decrease in cash inflows from financing activities of \$0.9 million was mainly due to the issuance \$4.0 million of secured debentures in the six months ended June 30, 2018 as compared to the issuance of \$3.0 million of secured debentures in the six months ended June 30, 2019.

Cash flows from financing activities for Fiscal 2018 were \$3.9 million compared to \$5.7 million for Fiscal 2017. The decrease in cash inflows from financing activities of \$1.8 million was mainly due to the issuance of \$4 million of secured debentures in Fiscal 2018 compared to the issuance of \$3.7 million of common shares and \$2 million of convertible promissory notes in Fiscal 2017.

Cash flows from financing activities for Fiscal 2017 were \$5.7 million compared to net cash used in financing activities of \$0.04 million for Fiscal 2016. The main reason for the increase is related to \$5.7 million in proceeds from the issuance of common shares and convertible promissory notes in Fiscal 2017 compared to repayment of a mortgage of \$0.04 million in Fiscal 2016.

### ***Credit Facility***

On July 25, 2019, the Company entered into the Credit Facility (as defined herein) with the Toronto-Dominion Bank, which provides for the availability of up to \$15 million of which \$10 million is currently available. At closing of the Credit Facility, \$7 million was drawn to repay secured debentures previously issued to certain shareholders of the Company and certain of their affiliates, being Klass.com Subsidiary LLC; Klass Capital Corporation, an affiliate of Klass.com Subsidiary LLC; InterCap Income Inc., an affiliate of InterCap Equity Inc. and Gresilent Holding Srl, an entity that Claudio Erba beneficially owns and controls or directs. The facility may be drawn in either U.S. or Canadian dollars by way of Canadian prime rate loans, U.S. base rate loans or LIBOR loans bearing interest at the Canadian prime lending rate plus applicable margin, U.S. base rate plus applicable margin or LIBOR for the interest period plus applicable margin. See "Description of Material Indebtedness".

### ***Contractual Obligations***

We have contractual obligations with a variety of expiration dates. The table below outlines our contractual obligations as at December 31, 2018:

	Carrying amount	Total	Year 1	Year 2	Year 3	Year 4	Year 5
	\$	\$	\$	\$	\$	\$	\$
Trade and other payables.....	6,783,945	6,783,945	6,783,945	-	-	-	-
Borrowings.....	9,378,639	6,570,624	2,499,334	4,054,403	16,887	-	-
	16,162,584	13,354,569	9,283,279	4,054,403	16,887	-	-

In addition, as at December 31, 2018, the Company is committed under operating leases, primarily relating to office space and equipment leases, for the following minimum annual rentals:

	\$
2019 .....	997,557
2020 .....	951,240
2021 .....	801,847
2022 .....	733,345

2023 .....	559,317
Thereafter .....	137,669
<b>TOTAL</b>	<b>4,180,975</b>

### ***Off-Balance Sheet Arrangements***

We have no off-balance sheet arrangements as at December 31, 2018, other than operating leases disclosed above under “Contractual Obligations”. From time to time, we may be contingently liable with respect to litigation and claims that arise in the normal course of operations.

### ***Related Party Transaction***

We have no related party transactions, other than those noted in our consolidated financial statements, which are summarized below. These related party transactions are with key members of management; directors of the Company, specifically Claudio Erba, Martino Bagini, Alessio Artuffo, Fabio Pirovano, Francesca Bossi, Kristin Halpin Perry, William Anderson; and Klass Capital Corporation, an affiliate of Klass.com Subsidiary LLC in respect of compensation for services provided to the Company. Compensation expense for these persons for the years ended December 31, 2018, 2017 and 2016 is as follows:

	Fiscal 2018	Fiscal 2017	Fiscal 2016
	\$	\$	\$
Salaries and benefits .....	1,831,984	1,103,894	788,354
Share-based compensation .....	241,055	130,595	148,842
	2,073,039	1,234,489	937,196

As disclosed above under “Credit Facility”, at closing of the Credit Facility, \$7 million was drawn to repay secured debentures previously issued to certain shareholders of the Company and certain of their affiliates, being Klass.com Subsidiary LLC; Klass Capital Corporation, an affiliate of Klass.com Subsidiary LLC; Intercap Income Inc., an affiliate of Intercap Equity Inc. and Gresilent Holding Srl, an entity that Claudio Erba beneficially owns and controls or directs.

### **Financial Instruments and Other Instruments**

#### ***Credit Risk***

Generally, the carrying amount in our consolidated statement of financial position exposed to credit risk, net of any applicable provisions for losses, represents the maximum amount exposed to credit risk.

Our credit risk is primarily attributable to our cash and cash equivalents and trade receivables. We do not require guarantees from our customers. Credit risk with respect to cash and cash equivalents is managed by maintaining balances only with high credit quality financial institutions.

Due to our diverse customer base, there is no particular concentration of credit risk related to our trade receivables. Moreover, balances for trade receivables are managed and analyzed on an ongoing basis to ensure allowances for doubtful accounts, which are established and maintained at an appropriate amount.

We estimate anticipated losses from doubtful accounts based upon the expected collectability of all accounts receivable, which estimate takes into account the number of days past due, collection history, identification of specific customer exposure and current economic trends. An impairment loss on trade receivables is calculated as the difference between the carrying amount and the present value of the estimated future cash flow. Impairment losses are charged to general and administrative expense in the consolidated statements of loss and comprehensive loss. Receivables for which an impairment provision was recognized are written off against the corresponding provision when it is deemed uncollectible. As at January 1, 2018, impairment losses for trade receivables have been calculated based on the expected credit losses model instead of historical collection evidence as under the previous standards.

The maximum exposure to credit risk at the date hereof is the carrying value of each class of receivables mentioned above. We do not hold any collateral as security.

### Foreign Currency Exchange Risk

We are exposed to currency risk due to financial instruments denominated in foreign currencies. The Company's primary exposure with respect to foreign currencies is from U.S. dollar denominated cash and cash equivalents, trade and other receivables, trade and other payables and borrowings in entities whose functional currency is other than U.S. dollars. The net carrying value of these U.S. denominated balances held in entities with Euro and Canadian dollars as their functional currency as at December 31, 2018 and 2017 presented in U.S. dollars is as follows:

	2018		2017	
	Euro	CAD	Euro	CAD
	\$	\$	\$	\$
Cash and cash equivalents .....	155,127	104,657	366,723	1,436,003
Trade and other receivables .....	258,859	1,412,110	152,092	-
Trade and other payables .....	(356,512)	(104,328)	(317,923)	-
Borrowings .....	-	(9,344,000)	-	(3,261,133)
	57,474	(7,931,561)	200,892	(1,825,130)

We have not entered into arrangements to hedge our exposure to currency risk.

### Critical Accounting Policies and Estimates

The preparation of our consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. We review these estimates on an ongoing basis based on management's best knowledge of current events and actions that we may undertake in the future. Actual results could differ from these estimates. Areas requiring the most significant estimates and judgments are outlined below. Management has determined that we operate in a single operating and reportable segment.

#### Revenue Recognition

The Company derives its revenues from two main sources: SaaS; and professional services revenue, which includes services such as initial project management and training, integration and custom development.

As of January 1, 2018, we implemented the new revenue standard which required revenue to be recognized in a manner that depicts the transfer of promised services to customers and at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those services by applying the following steps:

- identify the contract with a customer;
- identify the performance obligations in the contract;
- determine the transaction price;
- allocate the transaction price; and
- recognize revenue when, or as, the Company satisfies a performance obligation.

Revenue represents the amount the Company expects to receive for products and services in its contracts with customers, net of discounts and sales taxes. The Company derives revenue from subscription of its product (subscription revenue) comprised of its hosted SaaS and from the provision of professional services including implementation services, technical services and training. Professional services do not include significant customization to, or development of, the software.

The Company recognizes revenue upon transfer of control of products or services to customers at an amount that reflects the consideration the Company expects to receive in exchange for the products or services transferred. The Company's contracts with customers often include multiple products and services. The Company evaluates these

arrangements to determine the appropriate unit of accounting (performance obligation) for revenue recognition purposes based on whether the product or service is distinct from some or all of the other products or services in the arrangement. A product or service is distinct if the customer can benefit from it on its own or together with other readily available resources and the Company's promise to transfer the good or service is separately identifiable from other promises in the contractual arrangement with the customer. Non-distinct products and services are combined with other goods or services until they are distinct as a bundle and therefore form a single performance obligation. Subscription revenue and professional services are generally capable of being distinct for the Company and are accounted for as separate performance obligations.

The total consideration for the arrangement is allocated to the separate performance obligations based on their relative fair value and revenue is recognized for each performance obligation when the requirements for revenue recognition have been met. The Company determines the fair value of each performance obligation based on the average selling price when each performance obligation is sold separately.

Subscription revenue related to the provision of SaaS is recognized rateably over the contract term as the service is delivered. The contract term begins when the service is made available to the customer. The Company applies the time elapsed method to measure progress towards complete satisfaction of subscription revenue performance obligations. The time elapsed provides a faithful depiction of the Company's performance towards complete satisfaction of its performance obligations as a customer simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs on a daily basis.

Professional services revenue is recognized over time as services are performed based on the proportion performed to date relative to the total expected services to be performed, which is normally over the first few months of a contract with progress being measured over the implementation and training period. The Company applies labour hours expended which is an input method to measure progress towards complete satisfaction of professional services revenue performance obligations. Labour hours expended relative to the total expected labour hours to be expended provides a faithful depiction of the Company's performance towards complete satisfaction of the professional services performance obligations as it closely reflects the completion of activities based on budgeted labour hours and the value of the services transferred cannot be measured directly. The timing of revenue recognition and the contractual payment schedules often differ, resulting in contractual payments being billed before contractual products or services are delivered. Generally, the payment terms are between 30 to 60 days from the date of invoice. The amounts that are billed, but not earned, are recognized as deferred revenue. When products or services have been transferred to customers and revenue has been recognized, but not billed, the Company recognizes and includes these amounts as unbilled trade receivables.

The Company has elected to apply the practical expedient to not adjust the total consideration over the contract term for the effect of a financing component if the period between the transfer of services to the customer and the customer's payment for these services is expected to be one year or less.

Multi-element or bundled contracts require an estimate of the stand-alone selling price of separate elements. These assessments require judgment by management to determine if there are separately identifiable performance obligations as well as how to allocate the total price among the performance obligations. Deliverables are accounted for as separately identifiable performance obligations if they can be understood without reference to the series of transactions as a whole. In concluding whether performance obligations are separately identifiable, management considers the transaction from the customer's perspective. Among other factors, management assesses whether the service or product is sold separately by the Company in the normal course of business or whether the customer could purchase the service or product separately.

#### *Convertible promissory notes*

Convertible promissory notes are classified as fair value through profit or loss. The fair value of convertible promissory notes is based on the underlying value of the equity instruments that the convertible promissory notes are convertible into, which in turn requires estimates of the inherent value of the Company, considering value indicators including recent rounds of financing and market comparable valuation metrics.

### *Share-based payments*

The Company uses the Black-Scholes valuation model to determine the fair value of equity settled stock options. Estimates are required for inputs to this model including the fair value of the underlying shares, the expected life of the option, volatility, expected dividend yield and the risk-free interest rate. Variation in actual results for any of these inputs will result in a different value of the stock option realized from the original estimate. The assumptions and estimates used are further outlined in the stock options note.

## **Change in Accounting Policies**

### *Leases*

The Company has adopted IFRS 16 with an initial adoption date of January 1, 2019. The Company utilized the modified retrospective approach to adopt the new standard and therefore comparative information has not been restated and continues to be reported under IAS 17, Leases and related interpretations.

IFRS 16 specifies how leases will be recognized, measured, presented and disclosed and it provides a single lessee model requiring lessees to recognize right-of-use assets and lease liabilities for all major leases. The Company's accounting policy under IFRS 16 is as follows:

At contract inception, the Company assesses whether a contract is, or contains, a lease based on whether the contract conveys the right of control for the use of an identified asset for a period of time in exchange for consideration. The Company recognizes a right-of-use asset ("**ROU asset**") and a lease liability at the lease commencement date. The ROU asset primarily relates to office leases and is initially measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of the costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The assets are depreciated to the earlier of the end of useful life of the ROU asset or the lease term using the straight-line method as this most closely reflects the expected pattern of the consumption of the future economic benefits. The lease term includes periods covered by an option to extend if the Company is reasonably certain it will exercise such option. In addition, the ROU asset can be periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate. The weighted-average rate applied is 10%.

Lease liability is measured at the amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount if the ROU asset has been reduced to zero. The Company has elected to apply the practical expedient not to recognize ROU assets and lease liabilities for short-term leases that have a lease term of 12 months or less and for leases of low value assets. The lease payments associated with those leases is recognized as an expense on a straight-line basis over the lease term.

When the Company acts as an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the ROU asset arising from the head lease, not with reference to the underlying asset. To classify each lease, the Company makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the ROU asset. If this is the case, then the lease is accounted for as a net investment in finance lease. If not, then it is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the ROU asset.

The following table reconciles the Company's operating lease obligations as at December 31, 2018, as previously disclosed in the Company's consolidated financial statements, to the lease obligations recognized on initial application of IFRS 16 at January 1, 2019.

	\$
Operating lease obligation as at December 31, 2018 .....	4,180,975
Less: Recognition exemption for low-value leases .....	246,402
Less: Recognition exemption for short-term leases .....	628
Adjusted lease commitments .....	3,933,945
Less: impact of present value .....	750,559
Opening IFRS 16 lease liability as at January 1, 2019.....	3,183,386

The cumulative effect of the changes made to the January 1, 2019 consolidated statement of financial position for the adoption of IFRS 16 is as follows:

	Balance as at December 31, 2018	IFRS 16 adjustments	Balance as at January 1, 2019
<b>Assets</b>			
Current Assets:			
Other Current Assets .....	—	84,838	<b>84,838</b>
Non-current assets:			
Right-of-use-assets, net .....	—	2,405,635	<b>2,405,635</b>
Other non-current assets .....	—	356,769	<b>356,769</b>
<b>Liabilities</b>			
Current liabilities:			
Deferred lease incentives.....	54,713	(54,713)	—
Lease liabilities.....	—	822,094	<b>822,094</b>
Non-current liabilities:			
Deferred lease incentives.....	243,009	(243,009)	—
Lease liabilities.....	—	2,361,318	<b>2,361,318</b>
<b>Equity</b>			
Deficit .....	(48,318,813)	38,448	<b>(48,280,365)</b>

## Authorized Share Capital

We are currently authorized to issue an unlimited number of common shares. As of the date hereof, 23,766,700 common shares are issued and outstanding. Upon completion of the Offering, 28,454,200 Shares and no preferred shares will be issued and outstanding.

## Foreign Currency Exchange (“FX”) Rates

Although our functional currency is the Canadian dollar, we have elected to report our financial results in U.S. dollars to improve the comparability of our financial results with our peers. Reporting our financial results in U.S. dollars also reduces the impact of foreign currency exchange fluctuations in the Company’s reported amounts, as our transactions denominated in U.S. dollars are significantly larger than Canadian dollars or the Euros.

Our consolidated financial position and operating results have been translated to U.S. dollars applying FX rates outlined in the table below. FX rates are expressed as the amount of U.S. dollars required to purchase one Canadian dollar. FX rates represent the daily closing rate published by the European Central Bank.

Period	Consolidated Statement of Financial Position	Consolidated Statement of Loss and Comprehensive Loss
	Current Rate	Average Rate
Fiscal 2016 .....	\$0.745	\$0.755
Fiscal 2017 .....	\$0.797	\$0.770
Fiscal 2018 .....	\$0.734	\$0.772
Six months ended June 30, 2018 .....	\$0.755	\$0.783
Six months ended June 30, 2019 .....	\$0.764	\$0.750

### ***FX Impact on Consolidated Results***

The following tables have been prepared to assist readers in assessing the FX impact on selected results for the six months ended June 30, 2019 and for Fiscal 2018 and Fiscal 2017.

#### *Six months ended June 30, 2019:*

	<b>June 30, 2018</b>	<b>June 30, 2019</b>	<b>June 30, 2019</b>	<b>June 30, 2019</b>
	(as reported)	(as reported)	(FX impact)	(current period amounts applying prior period FX rate)
	\$	\$	\$	\$
Revenue.....	12,132,872	18,558,351	814,970	19,373,321
Cost of revenue .....	2,713,394	3,884,546	170,585	4,055,131
Gross profit .....	9,419,478	14,673,805	644,385	15,318,190
Operating expenses.....	14,475,613	18,329,876	763,776	19,093,652
Net loss.....	(6,378,101)	(4,872,940)	(137,963)	(5,010,903)

#### *Fiscal 2018*

	<b>December 31, 2017</b>	<b>December 31, 2018</b>	<b>December 31, 2018</b>	<b>December 31, 2018</b>
	(as reported)	(as reported)	(FX impact)	(current period amounts applying prior period FX rate)
	\$	\$	\$	\$
Revenue.....	17,126,141	27,074,586	(59,921)	27,014,665
Cost of revenue .....	4,353,487	5,650,394	(12,497)	5,637,897
Gross profit .....	12,772,654	21,424,192	(47,424)	21,376,768
Operating expenses.....	19,653,501	30,379,185	(112,005)	30,267,180
Net loss.....	(8,239,884)	(11,650,800)	68,614	(11,582,186)

#### *Fiscal 2017*

	<b>December 31, 2016</b>	<b>December 31, 2017</b>	<b>December 31, 2017</b>	<b>December 31, 2017</b>
	(as reported)	(as reported)	(FX impact)	(current period amounts applying prior period FX rate)
	\$	\$	\$	\$
Revenue.....	9,852,188	17,126,141	(378,404)	16,747,737
Cost of revenue .....	2,633,083	4,353,487	(54,962)	4,298,525
Gross profit .....	7,219,105	12,772,654	(323,442)	12,449,212
Operating expenses.....	10,168,074	19,653,501	(321,360)	19,332,141
Net loss.....	(2,895,244)	(8,239,884)	24,814	(8,215,070)

### **USE OF PROCEEDS**

The aggregate net proceeds to be received by us from the Offering are estimated to be approximately C\$67,500,000 (C\$78,075,000) if the Over-Allotment Option is exercised in full) after deducting the Underwriters' Commissions and the expenses relating to the Offering, which are estimated to be C\$3,000,000.

The principal reasons for the Offering are to increase our capitalization and financial flexibility, increase our visibility in the marketplace and create a public market for our Shares.

We intend to use the net proceeds of the Offering as follows:

- approximately C\$9 million (US\$7 million) to reduce outstanding indebtedness under the Credit Facility;
- approximately C\$47 million (US\$35.9 million) to strengthen our financial position, which will better enable us to further pursue our growth strategies; and

- approximately C\$11.5 million (US\$8.8 million) for working capital and general corporate and administrative purposes.

Approximately C\$9 million (US\$7 million) of the net proceeds of the Offering will be dedicated to debt repayment. The Credit Facility was initially put in place in July 2019 to repay secured debentures previously issued to certain shareholders of the Company and certain of their affiliates, being Klass.com Subsidiary LLC; Klass Capital Corporation, an affiliate of Klass.com Subsidiary LLC; Intercap Income Inc., an affiliate of Intercap Equity Inc. and Gresilent Holding Srl, an entity that Claudio Erba beneficially owns and controls or directs, with the balance used for working capital purposes. See “Description of Material Indebtedness”.

Approximately C\$47 million (US\$35.9 million) of the net proceeds of the Offering will be dedicated to strengthening our financial position and will be held as cash on our balance sheet. In our industry, a strong balance sheet is important to our customers with whom we are looking to establish long-term relationships and it can be a significant decision criterion in the selection process of some of our largest target customers. It is critical for our customers to feel assured that we will be able to continue to develop and support our products in the future. We also note that many of our principal competitors are large, well-capitalized companies and having a strong balance sheet is particularly important in order to compete successfully with those competitors.

Approximately C\$11.5 million (US\$8.8 million) of the net proceeds of the Offering will be dedicated to working capital and general corporate and administrative purposes. We expect to spend this amount over the next two years, primarily through near-term investment in sales and marketing and research and development, as described in the following paragraph.

We believe that strengthening our balance sheet and increasing our working capital will better enable us to further pursue our growth strategies. Pursuing growth strategies will involve investing in our sales and marketing platform to expand our customer base and channel partner network, including in new geographic regions. This primarily involves the hiring of new personnel, but would also involve incurring advertising and other expenses to drive sales efforts. Potential new geographic regions include Europe and the Asia-Pacific region, with a particular focus on Australia and New Zealand. Our growth efforts will also require us to invest in our product development and AI technology. Our product research and development efforts can generally be classified as either product evolution, which would involve developing new functions for existing software, and the introduction of new products. We consider AI to be a key component of both. We cannot reasonably estimate the costs of these activities. We also cannot reasonably determine whether net proceeds from the Offering will be used for these purposes, as the hope is that such initiatives can be funded through increased revenues.

We may also use a portion of the net proceeds of the Offering to expand our current business through acquisitions of, or investments in, other complementary businesses, products or technologies. However, we have no agreements or commitments with respect to any acquisitions or investments at this time. See “Business of Docebo – Growth Strategy”.

While we currently anticipate that we will use the net proceeds of the Offering as described above, we may re-allocate the net proceeds from time to time depending upon changes in business conditions prevalent at the time. Pending use of the net proceeds of the Offering (other than the net proceeds used to fund debt repayment which will be so applied shortly after the Offering), we intend to invest the net proceeds from the Offering in short-term, investment grade, interest bearing instruments or hold them as cash, which will have the effect of strengthening our balance sheet.

We had negative cash flows from operating activities of US\$2.9 million in Fiscal 2018, US\$3.0 million in Fiscal 2017, and US\$1.0 million in Fiscal 2016. We also had an accumulated deficit of US\$48.3 million as at December 31, 2018. The accumulated deficit has arisen as a result of: (i) the recognition of \$25.5 million non-cash charge directly through equity related to accounting for the purchase of a non-controlling interest in a subsidiary effected through the issuance of common shares; and (ii) net losses of US\$11.7 million incurred in Fiscal 2018, US\$8.2 million incurred in Fiscal 2017 and US\$2.9 million incurred in Fiscal 2016. These losses and negative cash flows from operations are a result of the substantial investments we have made to grow our business and we expect to make significant expenditures to expand our business in the future. As a result, we may continue to have negative cash flow from operating activities and therefore use a portion of the proceeds from the Offering to fund such negative cash flow from operating activities in future periods. See “Risk Factors”.

## DESCRIPTION OF SHARE CAPITAL

*The following description of our share capital summarizes certain provisions to be contained in our articles of amendment (“Articles”) and by-laws. These summaries do not purport to be complete and are subject to, and are qualified in their entirety by reference to, all of the provisions of our Articles and by-laws.*

### **Authorized Share Capital prior to the Pre-Closing Reorganization**

The Company is currently authorized to issue an unlimited number of common shares. Prior to the Pre-Closing Reorganization (as described below), 237,667 common shares were issued and outstanding as were options to acquire 12,842 common shares.

### ***Pre-Closing Reorganization***

In connection with, and prior to, the filing of this Prospectus, the following pre-closing reorganization steps were implemented (collectively, the “**Pre-Closing Reorganization**”):

- all of our issued and outstanding Shares were split on a 100 -for-1 basis; and
- each option to acquire Shares under the Legacy Option Plan (as defined herein) was split on a 100 -for-1 basis and became exercisable for Shares at a post-split exercise price.

As of the date of this Prospectus, following completion of the Pre-Closing Reorganization, 23,766,700 common shares were issued and outstanding, as were options to acquire 1,284,200 common shares.

### **Authorized Share Capital upon Completion of the Pre-Closing Reorganization and the Offering**

Upon completion of the Pre-Closing Reorganization and the Offering, our authorized share capital will consist of (i) an unlimited number of Shares and (ii) an unlimited number of preferred shares, issuable in series. Upon completion of the Pre-Closing Reorganization and the Offering, 28,454,200 Shares and no preferred shares will be issued and outstanding.

### ***Common Shares***

#### ***Rank***

The Shares rank *pari passu* with respect to the payment of dividends, return of capital and distribution of assets in the event of our liquidation, dissolution or winding-up.

#### ***Dividend Rights***

Holders of Shares are entitled to receive dividends on a *pari passu* basis out of our assets legally available for the payment of dividends at such times and in such amount and form as our Board may from time to time determine, subject to any preferential rights of the holders of any outstanding preferred shares.

#### ***Voting Rights***

Shareholders are entitled to one vote in respect of each Share held at meetings of shareholders.

#### ***Meetings of Shareholders***

Shareholders will be entitled to receive notice of any meeting of shareholders and may attend and vote at such meetings. A quorum for the transaction of business at a meeting of shareholders is present if shareholders who, together, hold not less than 25% of the votes attaching to our outstanding Shares entitled to vote at the meeting are present in person or represented by proxy.

### *Pre-Emptive Rights*

Certain shareholders will be entitled to certain pre-emptive rights to subscribe for additional Shares as set forth in the Investor Rights Agreement. See “Agreements with Principal Shareholders – Investor Rights Agreement –Pre-Emptive Rights”.

### *Liquidation Rights*

Upon our liquidation, dissolution or winding-up, whether voluntary or involuntary, the shareholders, without preference or distinction, will be entitled to receive rateably all of our assets remaining after payment of all debts and other liabilities, subject to any preferential rights of the holders of any outstanding preferred shares.

### *Preferred Shares*

The preferred shares may at any time and from time to time be issued in one or more series. Subject to the provisions of the OBCA and our Articles, our Board may, by resolution, from time to time before the issue thereof determine the maximum number of preferred shares of each series, create an identifying name for each series, attach special rights or restrictions to the preferred shares of each series including, without limitation, any right to receive dividends (which may be cumulative or non-cumulative and variable or fixed) or the means of determining such dividends, the dates of payment thereof, any terms or conditions of redemption or purchase, any conversion rights, any retraction rights, any rights on our liquidation, dissolution or winding-up and any sinking fund or other provisions, the whole to be subject to filing articles of amendment to create the series and to include the special rights or restrictions attached to the preferred shares of the series. Except as provided in any special rights or restrictions attaching to any series of preferred shares issued from time to time, the holders of preferred shares will not be entitled to receive notice of, attend or vote at any meeting of shareholders.

Preferred shares of each series, if and when issued, will, with respect to the payment of dividends, rank *pari passu* with the preferred shares of every other series and be entitled to preference over the Shares and any other of our shares ranking junior to the preferred shares with respect to payment of dividends.

In the event of our liquidation, dissolution or winding-up, whether voluntary or involuntary, the holders of preferred shares will be entitled to preference with respect to distribution of our property or assets over the Shares and any other of our shares ranking junior to the preferred shares with respect to the repayment of capital paid up on and the payment of unpaid dividends accrued on the preferred shares. We currently anticipate that there will be no pre-emptive, subscription, redemption or conversion rights attaching to any series of preferred shares issued from time to time.

### **Advance Notice By-Laws**

We intend to adopt certain advance notice provisions with respect to the election of our directors in our by-laws (the “**Advance Notice Provisions**”). The Advance Notice Provisions will be intended to: (i) facilitate orderly and efficient annual general meetings or, where the need arises, special meetings of our shareholders; (ii) ensure that all shareholders receive adequate notice of Board nominations and sufficient information with respect to all nominees; and (iii) allow shareholders to register an informed vote. Only persons who are nominated by shareholders in accordance with the Advance Notice Provisions will be eligible for election as directors at any annual meeting of shareholders, or at any special meeting of shareholders if one of the purposes for which the special meeting was called was the election of directors.

Under the Advance Notice Provisions, a shareholder wishing to nominate a director would be required to provide us notice, in the prescribed form, within the prescribed time periods. These time periods include, (i) in the case of an annual meeting of shareholders (including annual and special meetings), not less than 30 days prior to the date of the annual meeting of shareholders; provided, that if the first public announcement of the date of the annual meeting of shareholders (the “**Notice Date**”) is less than 50 days before the meeting date, not later than the close of business on the 10th day following the Notice Date; and (ii) in the case of a special meeting (which is not also an annual meeting) of shareholders called for any purpose which includes electing directors, not later than the close of business on the 15th day following the Notice Date, provided that, in either instance, if notice-and-access (as defined in National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer*) is used for delivery of proxy related materials in respect of a meeting described above, and the Notice Date in respect of the meeting is

not less than 50 days prior to the date of the applicable meeting, the notice must be received not later than the close of business on the 40th day before the applicable meeting.

Under the Advance Notice Provision, a nominating shareholder's notice must set forth: (i) as to each person whom the nominating shareholder proposes to nominate for election as a director: (a) the name, age, business address and residential address of the person; (b) the principal occupation or employment of the person for the past five years; (c) the status of such person as a "resident Canadian" as such term is defined in the OBCA (d) the class or series and number of shares which are controlled or which are owned beneficially or of record by the person as of the record date for the meeting of shareholders (if such date shall then have been made publicly available and shall have occurred) and as of the date of such notice; (e) any derivatives or other economic or voting interests in the Company and any hedges implemented with respect to such person's interests in the Company; (f) any proxy, contract, arrangement, understanding or relationship pursuant to which such person has a right to vote any shares of the Company; and (g) any other information relating to the person that would be required to be disclosed in a dissident's proxy circular in connection with solicitations of proxies for election of directors pursuant to the OBCA and applicable securities laws; and (ii) as to the nominating shareholder giving the notice: (a) the name, age, business address and residential address of the person; (b) the class or series and number of shares which are controlled or which are owned beneficially or of record by the person as of the record date for the meeting of shareholders (if such date shall then have been made publicly available and shall have occurred) and as of the date of such notice; (c) any derivatives or other economic or voting interests in the Company and any hedges implemented with respect to such person's interests in the Company; (d) any proxy, contract, arrangement, understanding or relationship pursuant to which such nominating shareholder has a right to vote any shares; (e) whether such person intends to deliver a proxy circular and form of proxy to any shareholders of the Company in connection with the election of directors; and (f) any other information relating to such nominating shareholder that would be required to be made in a dissident's proxy circular in connection with solicitations of proxies for election of directors pursuant to applicable securities laws.

The chairperson of the meeting shall have the power and duty to determine whether a nomination was made in accordance with the procedures of the Advance Notice Provisions and, if any proposed nomination is not in compliance with such foregoing provisions, to declare that such defective nomination shall be disregarded. Notwithstanding the foregoing, the Board may, in its sole discretion, waive any requirement in the Advance Notice Provisions.

### **Forum Selection**

We intend to adopt a forum selection by-law that will provide that, unless we consent in writing to the selection of an alternative forum, the Superior Court of Justice of the Province of Ontario, Canada and the appellate courts therefrom, will be the sole and exclusive forum for (i) any derivative action or proceeding brought on our behalf; (ii) any action or proceeding asserting a claim of breach of a fiduciary duty owed by any of our directors, officers, or other employees to us; (iii) any action or proceeding asserting a claim arising pursuant to any provision of the OBCA or our Articles or by-laws; or (iv) any action or proceeding asserting a claim otherwise related to the relationships among us, our affiliates and their respective shareholders, directors and/or officers, but excluding claims related to our business or the business of such affiliates. Our forum selection by-law will also provide that our security holders are deemed to have consented to personal jurisdiction in the Province of Ontario and to service of process on their counsel in any foreign action initiated in violation of our by-law.

### **DIVIDEND POLICY**

We currently intend to retain any future earnings to fund the development and growth of our business and/or to pay down debt and do not currently anticipate paying dividends on the Shares. Any determination to pay dividends in the future will be at the discretion of the Board and will depend on many factors, including, among others, our financial condition, current and anticipated cash requirements, contractual restrictions and financing agreement covenants, solvency tests imposed by applicable corporate law and other factors that the Board may deem relevant.

### **PRINCIPAL SHAREHOLDERS**

The following table sets out certain information with respect to shareholders who, immediately following the Closing, will, to our knowledge, own, control or direct, directly or indirectly, Shares carrying 10% or more of the voting rights attached to the Shares.

<b>Name of Shareholder<sup>(1)(2)</sup></b>	<b>Number of Shares Owned Following the Pre-Closing Reorganization but Prior to Closing</b>	<b>Number of Shares Owned Immediately Following Closing</b>	<b>Percentage of Outstanding Shares Immediately Following Closing<sup>(3)</sup></b>
Intercap <sup>(4)</sup> .....	17,733,800	17,733,800	62.32%
Klass.com Subsidiary LLC <sup>(5)</sup> .....	3,188,500	3,188,500	11.21%

Notes:

- (1) To the knowledge of the Company, none of these Shares are or will be following the Closing subject to any voting trust or similar agreement.
- (2) The information set forth in the table and in the assumes that the Over-Allotment Option is not exercised, in whole or in part, and that the shareholders listed above do not acquire any Shares pursuant to the Offering.
- (3) Figure represents ownership on a non-diluted basis. On a fully-diluted basis (assuming the exercise of all options outstanding immediately following Closing), Intercap and Klass.com Subsidiary LLC will own 58.93% and 10.60% of the issued and outstanding Shares, respectively. If the Over-Allotment Option is exercised in full, Intercap and Klass.com Subsidiary LLC will, immediately following Closing, own 57.58%, and 10.35% of the issued and outstanding Shares, respectively, on a fully-diluted basis (assuming the exercise of all options outstanding immediately following Closing).
- (4) Includes 16,791,100 Shares registered in the name of Intercap Equity Inc., except for 942,700 Shares which are registered in the name of Intercap Financial Inc. Jason Chapnik beneficially owns, controls or directs, directly or indirectly, all of the equity interests of Intercap Equity Inc. and Intercap Financial Inc. Jason Chapnik, James Merkur and William Anderson are the director nominees of Intercap (as defined below). See “Directors and Executive Officers.”
- (5) Klass.com Subsidiary LLC is a wholly-owned subsidiary of Klass.com Holdings Inc., an entity that is beneficially owned, controlled or directed, directly or indirectly, by Daniel Klass and two other trustees of the Marisa Danielle Klass (2015) Family Trust. Daniel Klass is the director nominee of Klass (as defined below). See “Directors and Executive Officers.”

## **RETAINED INTEREST**

Following Closing, Intercap Equity Inc. and its subsidiaries (collectively, “**Intercap**”), Klass.com Subsidiary LLC (“**Klass**”), Claudio Erba, other members of the Board and their affiliates as well as current and former officers and employees of the Company (collectively, the “**Retained Interest Holders**”) will own in aggregate 23,766,700 Shares, together representing an approximate 83.53% ownership interest in the Company on a non-diluted basis and an aggregate approximate 81.51% ownership interest in the Company on a non-diluted basis if the Over-Allotment Option is exercised in full (the “**Retained Interest**”).

## **AGREEMENTS WITH PRINCIPAL SHAREHOLDERS**

### **Investor Rights Agreement**

Upon Closing, we will enter into an investor rights agreement (the “**Investor Rights Agreement**”) with Intercap and Klass (together, the “**Principal Shareholders**”) with respect to certain shareholder rights. The following is a summary of the material attributes and characteristics of the Investor Rights Agreement. This summary is qualified in its entirety by reference to the provisions of that agreement, which contains a complete statement of those attributes and characteristics. The Investor Rights Agreement will be filed with the Canadian securities regulatory authorities and available on the system for electronic document analysis and retrieval (“**SEDAR**”) at [www.sedar.com](http://www.sedar.com).

#### *Nomination Rights*

The Investor Rights Agreement will provide that Intercap shall be entitled to nominate directors commensurate with the ownership interests in the Company of the Principal Shareholders, as follows:

- Intercap can nominate a majority of the directors so long as Principal Shareholders together hold more than 50% of the issued and outstanding Shares on a non-diluted basis;
- Intercap can nominate 40% of the directors (rounding up to the nearest whole number) so long as Principal Shareholders together hold at least 40% of the issued and outstanding Shares on a non-diluted basis;

- Intercap can nominate 30% of the of the directors (rounding up to the nearest whole number) so long as Principal Shareholders together hold at least 30% of the issued and outstanding Shares on a non-diluted basis;
- Intercap can nominate 20% of the of the directors (rounding up to the nearest whole number) so long as Principal Shareholders together hold at least 20% of the issued and outstanding Shares on a non-diluted basis; and
- Intercap can nominate one director so long as Principal Shareholders together hold at least 10% of the issued and outstanding Shares on a non-diluted basis.

Additionally, so long as Klass holds at least 10% of the issued and outstanding Shares on a non-diluted basis, then Daniel Klass, or another individual designated by Klass, shall be one of Intercap's nominees to the board of directors. There is no voting agreement between Intercap and Klass.

So long as Intercap has the right to nominate at least one director to our board, Intercap shall be entitled to have one of their director nominees serve on a standing committee of our board, other than the Audit Committee, provided that their director nominee is not one of our officers. Additionally, as long as Intercap can nominate at least one-third of the directors, Intercap shall be entitled to have one of their director nominees serve as Chair of the Board.

The current nominees under the Investor Rights Agreement are Jason Chapnik, James Merkur, William Anderson and Daniel Klass.

#### *Registration Rights*

The Investor Rights Agreement will provide Intercap with the right (the “**Demand Registration Right**”), among others, to require the Company to use reasonable commercial efforts to file on one or more prospectuses with applicable Canadian securities regulatory authorities, all or a portion of the Shares held by Intercap for distribution to the public (a “**Demand Distribution**”), provided that the Company will not be obliged to effect (i) more than two Demand Distributions in any 12-month period or (ii) any Demand Distribution where the value of the Shares offered under such demand registration is less than \$10 million. The Company may also distribute Shares in connection with a Demand Distribution provided that if the Demand Distribution involves an underwriting and the lead underwriter determines that the total number of Shares to be included in such Demand Distribution should be limited for certain prescribed reasons, the Shares to be included in the Demand Distribution will first be allocated to Intercap.

The Investor Rights Agreement will also provide Intercap with the right (the “**Piggy-Back Registration Right**”) to require the Company to include its Shares in any future public offerings undertaken by the Company by way of prospectus that it may file with applicable Canadian securities regulatory authorities (a “**Piggy-Back Distribution**”). The Company will be required to use reasonable commercial efforts to cause to be included in the Piggy-Back Distribution all of the Shares that Intercap requests to be sold, provided that if the Piggy-Back Distribution involves an underwriting and the lead underwriter determines that the total number of Shares to be included in such Piggy-Back Distribution should be limited for certain prescribed reasons, the Shares to be included in the Piggy-Back Distribution will first be allocated to the Company.

As a result of the Lock-up Agreements described under “Plan of Distribution – Lock-up Arrangements”, each of the Demand Registration Right and Piggy-Back Registration Right will not be exercisable by Intercap during a period of at least 180 days after the date of Closing and provided that Intercap exercising such rights, together with its affiliates and joint actors, collectively own, in the aggregate, at least owns 10% of the issued and outstanding Shares at the time of exercise. The Demand Registration Right and Piggy-Back Registration Right will also be subject to various conditions and limitations, and the Company will be entitled to defer any Demand Distribution in certain circumstances for a period not exceeding 90 days. The expenses in respect of a Demand Distribution, subject to certain exceptions, will be borne by the Company and Intercap on a proportionate basis according to the number of Shares distributed by each. The expenses in respect of a Piggy-Back Distribution, subject to certain exceptions, will be borne by the Company, except that any underwriting fee on the sale of Shares by Intercap and the fees of their external legal counsel will be borne by Intercap.

Pursuant to the Investor Rights Agreement, the Company will indemnify InterCap for any misrepresentation in a prospectus under which InterCap's Shares are distributed (other than in respect of any prospectus disclosure provided by InterCap, in respect InterCap). InterCap will indemnify the Company for any prospectus disclosure provided by the InterCap in respect of InterCap.

#### *Pre-Emptive Rights*

In the event that the Company or any of its subsidiaries decides to issue Shares or any type of securities convertible into or exchangeable or redeemable for Shares or an option or other right to acquire such securities, each of the Principal Shareholders, for so long as they continue to own at least 10% of the issued and outstanding Shares on a non-diluted basis, shall have pre-emptive rights to purchase Shares or such other securities as are being contemplated for issuance to maintain their pro rata ownership interest. Notice of exercise of such rights is to be provided in advance of the commencement of any offering of securities of the Company or such other securities as are being contemplated for issuance and otherwise in accordance with the terms and conditions to set out in the Investor Rights Agreement.

Pursuant to the Investor Rights Agreement, the pre-emptive rights will not apply to issuances in the following circumstances:

- to participants in any distribution reinvestment plan or similar plan;
- in respect of the exercise of options, warrants, rights or other securities issued under equity based compensation arrangements of the Company, which for clarity shall include any employee share purchase plan adopted by the Company;
- to holders of Shares in lieu of cash dividends;
- exercise by a holder of a conversion, exchange or other similar right pursuant to the terms of a security in respect of which such Principal Shareholders did not exercise, failed to exercise, or waived its pre-emptive right or in respect of which the pre-emptive right did not apply;
- pursuant to a shareholders' rights plan of the Company;
- to the Company or any subsidiary of the Company;
- pursuant to a share split, stock dividend or any similar recapitalization;
- pursuant to any bona fide arm's length acquisition by the Company of the shares, assets, properties or business of any person; and
- pursuant to the exercise of the Over-Allotment Option, if any.

#### **DESCRIPTION OF MATERIAL INDEBTEDNESS**

The Company is party to a credit agreement dated July 25, 2019 (the "**Credit Agreement**") with The Toronto-Dominion Bank, as lender, providing for a committed revolving term credit facility (the "**Credit Facility**") in the aggregate principal amount of up to US\$15 million (the "**Commitment**").

As of the date of this prospectus, US\$7 million was outstanding under the Credit Facility, which was used to repay secured debentures previously issued to certain shareholders of the Company and certain of their affiliates, being Klass.com Subsidiary LLC; Klass Capital Corporation, an affiliate of Klass.com Subsidiary LLC; InterCap Income Inc., an affiliate of InterCap Equity Inc. and Gresilent Holding Srl, an entity that Claudio Erba beneficially owns and controls or directs, with the balance used for working capital purposes. The Company intends to use approximately C\$9 million (US\$7 million) of the proceeds of the Offering to reduce the amount owing under the Credit Facility. See "Use of Proceeds".

The proceeds of the Credit Facility may be used (i) to finance working capital and operational needs of our business; and (ii) for general corporate purposes. The Commitment is currently set at US\$10,000,000. Upon the earlier of (i)

Closing and (ii) the Company achieving not less than US\$46,000,000 in consolidated recurring revenue, the Commitment may be increased by an additional US\$5,000,000. The amount available to be drawn under the Credit Facility from time to time is equal to the lesser of (i) the Commitment and (ii) an amount equal to the trailing one-month consolidated recurring revenue of the Company (“**MRR**”) multiplied by six multiplied by the trailing 12-month gross retention rate percentage on MRR (which rate shall not exceed 100%), minus the amount of any statutory prior claims then in existence. The Credit Facility will mature on July 25, 2022 (the “**Maturity Date**”). The Maturity Date may be extended for an additional 364 days, at the discretion of the Lender, upon the Company providing written notice to the Lender requesting such an extension.

The Credit Facility is available to be drawn in U.S. dollars, by way of LIBOR based loans and U.S. base rate loans, and in Canadian dollars by way of bankers’ acceptances and prime rate loans, in each case, plus the applicable margin in effect from time to time.

The obligations of the Company under the Credit Agreement are guaranteed by Docebo NA, Inc., our American subsidiary (the “**Guarantor**”). The Company and the Guarantor provided the Lender with a first priority lien over all of their respective assets, subject to certain exclusions and permitted liens. The Company also pledged 100% of the equity interests it holds in the capital of each of its wholly-owned subsidiaries.

The Credit Agreement contains negative covenants customary for credit facilities of this nature, including, without limitation, restrictions on the Company and each of its subsidiaries, subject to certain exceptions, as to: (a) indebtedness; (b) liens; (c) investments; (d) non-ordinary course asset sales or other dispositions of property; (e) acquisitions; (f) distributions; (g) amalgamations, mergers, consolidations, business combinations; (h) material changes in corporate structure; (i) changes in business; and (j) transfers of intellectual property.

The Credit Agreement also contains customary representations and warranties, subject to certain exceptions, including, without limitation, as to: (a) corporate existence; (b) litigation and environmental matters; (c) material adverse changes; (d) compliance with laws; and (e) ownership of intellectual property.

## CONSOLIDATED CAPITALIZATION

The following table sets forth the Company’s share capitalization as at the financial period ended June 30, 2019, and its *pro forma* capitalization as at June 30, 2019, after giving effect to the Offering (assuming no exercise of the Over-Allotment Option). This table should be read in conjunction with the Company’s unaudited interim condensed consolidated financial statements and audited annual consolidated financial statements and the related notes included elsewhere in this prospectus and with the information set forth under “Management’s Discussion and Analysis of Financial Condition and Results of Operations”, “Use of Proceeds” and “Description of Share Capital – Pre-Closing Reorganization”.

	<b>as at June 30, 2019</b>	<b><i>Pro Forma</i> as at June 30, 2019 (after giving effect to the drawdown of Credit Facility to repay secured debenture)</b>	<b><i>Pro Forma</i> as at June 30, 2019 (after giving effect to the repayment of the Credit Facility, the Pre-Closing Reorganization and the Offering)</b>
	(amounts in US\$)		
<b>Cash and cash equivalents</b> .....	7,109,801	7,109,801	51,686,551 <sup>(1)</sup>
<b>Debt</b>			
Borrowings .....	7,032,084 <sup>(2)</sup>	46,856	46,856
Credit Facility .....	-	7,000,000	-
<b>Total Debt</b> .....	7,032,084	7,046,856	46,856
<b>Shareholders’ deficiency</b>			
Share capital .....	37,270,086	37,270,086	91,139,136
Contributed surplus .....	610,026	610,026	610,026
Foreign exchange translation reserve .....	(65,939)	(65,939)	(65,939)

	as at June 30, 2019	<i>Pro Forma</i> as at June 30, 2019 (after giving effect to the drawdown of Credit Facility to repay secured debenture)	<i>Pro Forma</i> as at June 30, 2019 (after giving effect to the repayment of the Credit Facility, the Pre-Closing Reorganization and the Offering)
		(amounts in US\$)	
Actuarial Loss.....	(93,164)	(93,164)	(93,164)
Deficit.....	(53,230,201)	(53,230,201)	(55,522,501)
<b>Total deficiency.....</b>	<b>(15,509,192)</b>	<b>(15,509,192)</b>	<b>36,067,558</b>
<b>Total capitalization.....</b>	<b>(8,477,108)</b>	<b>(8,462,336)</b>	<b>36,114,414</b>

Notes:

- (1) The amount included in the table includes the estimated net proceeds of the Offering of approximately US\$44.6 million after deducting the expenses of the Offering estimated at approximately US\$2.29, the Underwriters' Commission and repayment of the Credit Facility and assuming no exercise of the Over-Allotment Option.
- (2) This includes US\$6,985,228 (net of financing fees) recorded in connection with secured debentures previously issued to certain shareholders of the Company and certain of their affiliates, being Klass.com Subsidiary LLC; Klass Capital Corporation, an affiliate of Klass.com Subsidiary LLC; Intercap Income Inc., an affiliate of Intercap Equity Inc. and Gresilent Holding Srl, an entity that Claudio Erba beneficially owns and controls or directs and US\$46,856 representing a mortgage on the Company's property in Sovico, Italy.

## OPTIONS TO PURCHASE SECURITIES

We have previously granted options under the "Legacy Option Plan" (as defined herein). The following table sets forth the aggregate number of options to purchase Shares that are outstanding as at the date hereof after giving effect to the Pre-Closing Reorganization. See "Description of Share Capital – Pre-Closing Reorganization" and "Executive Compensation – Equity Incentive Plans – Legacy Option Plan".

Category of Holder	Number of Options	Exercise Price per Option (US\$) <sup>(1)</sup>	Expiration Date
All of our executive officers and past executive officers, as a group (4 in total) .....	1,135,200	1.172	September 22, 2026- January 14, 2031
All directors and past directors who are not also executive officers, as a group (1 in total) .....	45,000	0.234	March 20, 2031
All of our other employees and past employees, as a group (6 in total) .....	92,400	0.089	September 22, 2026- September 4, 2028
All of our consultants (2 in total) .....	11,600	0.060	March 17, 2031- March 20, 2031

Note:

- (1) Represents the weighted average exercise price of all outstanding options to purchase Shares, whether vested or unvested.

## PRIOR SALES

The following table summarizes the issuances of our Shares, or securities convertible into Shares, during the 12-month period preceding the date of this prospectus.

Date of Issuance	Type of Security	Number of Securities Issued	Issuance/Exercise Price per Security (US\$)	As Adjusted for Pre-Closing Reorganization	
				Number of Shares Issued	Issuance/Exercise Price per Share (US\$)
January 14, 2019	Options	1,250 <sup>(1)</sup>	668.00	125,000 <sup>(1)</sup>	6.68
March 20, 2019	Options	566 <sup>(1)</sup>	668.00	56,600 <sup>(1)</sup>	6.68

Date of Issuance	Type of Security	Number of Securities Issued	Issuance/Exercise Price per Security (US\$)	As Adjusted for Pre-Closing Reorganization	
				Number of Shares Issued	Issuance/Exercise Price per Share (US\$)
May 13, 2019	Common Shares	3,861 <sup>(2)</sup>	80.56	386,100 <sup>(2)</sup>	0.81
June 10, 2019	Common Shares	69 <sup>(2)</sup>	250.00	6,900 <sup>(2)</sup>	2.50
August 14, 2019	Common Shares	69 <sup>(2)</sup>	250.00	6,900 <sup>(2)</sup>	2.50

Notes:

- (1) Options issued pursuant to the Legacy Option Plan. See “Equity Incentive Plan – Legacy Option Plan”.
- (2) Shares issued upon exercise of options pursuant to the Legacy Option Plan. See “Equity Incentive Plan – Legacy Option Plan”.

## DIRECTORS AND EXECUTIVE OFFICERS

### Directors

The following table sets forth the name, age, municipality of residence, positions held with the Company, principal occupations, duration of service of the current directors of the Company. Additional biographical information for each individual is provided below.

Name and Municipality of Residence	Age	Position with the Company	Principal Occupation	Director Since
<b>Claudio Erba</b> ..... Macherio, Lombardy, Italy	46	Director, President and Chief Executive Officer	President and Chief Executive Officer, Docebo Inc.	April 21, 2016
<b>Jason Chapnik</b> <sup>(1) (2)</sup> ..... Toronto, Ontario, Canada	49	Director	Chairman and Chief Executive Officer, Intercap Inc.	April 21, 2016
<b>James Merkur</b> ..... Toronto, Ontario, Canada	49	Director	President, Intercap Inc.	July 5, 2019
<b>Daniel Klass</b> <sup>(1) (3)</sup> ..... Toronto, Ontario, Canada	46	Director	President, Klass Capital Corporation	April 21, 2016
<b>Kristin Halpin Perry</b> <sup>(1) (2)</sup> ..... Jericho, Vermont, USA	50	Director	Human Resources Leader and Executive Coach, Veraz Consulting	October 11, 2018
<b>Steven E. Spooner</b> <sup>(1) (2) (3)</sup> ..... Kanata, Ontario, Canada	61	Director	Corporate Director	July 5, 2019
<b>William Anderson</b> <sup>(1) (3)</sup> ..... Toronto, Ontario, Canada	41	Director	Chief Executive Officer, Resolver Inc.	May 31, 2017

Notes:

- (1) Independent director for the purposes of NI 58-101. See “Corporate Governance- Director Independence”.
- (2) Member of the CNG Committee.
- (3) Member of the Audit Committee.

### Executive Officers

The following table sets forth the name, age, municipality of residence, position held with the Company and duration of service with the Company of each current executive officer of the Company. Additional biographical information for each individual is provided below.

Name and Municipality of Residence	Age	Position with the Company	Years with Docebo (approx.)
<b>Claudio Erba</b> ..... Macherio, Lombardy, Italy	46	President and Chief Executive Officer	14

Name and Municipality of Residence	Age	Position with the Company	Years with Docebo (approx.)
<b>Ian Kidson</b> .....	60	Chief Financial Officer	1
Toronto, Ontario, Canada			
<b>Alessio Artuffo</b> .....	38	Chief Revenue Officer	7
Toronto, Ontario, Canada			
<b>Martino Bagini</b> .....	44	Chief Operating Officer	1.5
Milan, Lombardy, Italy			
<b>Fabio Pirovano</b> .....	36	Chief Technology Officer	13
Sovico, Lombardy, Italy			

As a group, our directors and executive officers will beneficially own, or control or direct, directly or indirectly, a total of 22,682,800 Shares, representing approximately 79.72% of the Shares (on a non-diluted basis) outstanding immediately following Closing (assuming no exercise of the Over-Allotment Option and without taking into account options to acquire Shares).

Name	Position with the Company	Number of Shares beneficially owned, or controlled or directed, directly or indirectly following the Pre-Closing Reorganization and without taking into account options to acquire Shares
<b>Claudio Erba</b> .....	Director, President and Chief Executive Officer	1,648,100 <sup>(1)</sup>
<b>Jason Chapnik</b> .....	Director	17,733,800 <sup>(2)</sup>
<b>James Merkur</b> .....	Director	15,000 <sup>(3)</sup>
<b>Daniel Klass</b> .....	Director	3,188,500 <sup>(4)</sup>
<b>Kristin Halpin Perry</b> .....	Director	15,000 <sup>(5)</sup>
<b>Steven E. Spooner</b> .....	Director	22,500
<b>William Anderson</b> .....	Director	22,500 <sup>(6)</sup>
<b>Ian Kidson</b> .....	Chief Financial Officer	37,400
<b>Alessio Artuffo</b> .....	Chief Revenue Officer	-
<b>Martino Bagini</b> .....	Chief Operating Officer	-
<b>Fabio Pirovano</b> .....	Chief Technology Officer	-

Notes:

- (1) Represents 1,572,100 Shares held directly by Claudio Erba and 76,000 Shares held by Gresilent Holding Srl of which Claudio Erba beneficially owns and controls or directs.
- (2) Represents 16,791,100 Shares held by Intercap Equity Inc. and 942,700 Shares held by Intercap Financial Inc., of which Jason Chapnik beneficially owns, or controls, or directs.
- (3) Represents Shares held by The Merkur Trust. Mr. Merkur is a trustee and beneficiary of The Merkur Trust.
- (4) Represents Shares held by Klass.com Subsidiary LLC, of which Daniel Klass beneficially owns, or controls, or directs.
- (5) Represents Shares held by Kristin Halpin Perry Revocable Trust. Ms. Halpin Perry is a trustee and beneficiary of Kristin Halpin Perry Revocable Trust.
- (6) Represents Shares held by The 2015 William Anderson Family Trust. Mr. Anderson is a trustee and beneficiary of The 2015 William Anderson Family Trust.

## Biographical Information Regarding the Directors and Executive Officers

### Non-Executive Directors

#### *Daniel Klass, Director*

Daniel Klass is the founder and President of Klass Capital Corporation (“**Klass Capital**”), a private equity firm focused on acquiring and providing growth equity to mission-critical SaaS businesses. Mr. Klass also serves on the board of four private SaaS companies. He is currently the chair of the board of Resolver Inc., an integrated risk management software company. He is also on the boards of Nulogy Corporation, a SaaS company that develops,

supports and sells software products in the field of supply chain management, contract packaging and contract manufacturing, Method Integration Inc., a SaaS company that provides a customizable customer relationship management solution that integrates with Quickbooks, an accounting software package, and Optimy SA, a SaaS company that helps organizations manage their grant, sponsorship and community investment activities. Mr. Klass is also on the board of Good Foot Delivery, a social enterprise providing a personalized point-to-point courier service that creates employment opportunities for people with disabilities. Prior to founding Klass Capital, Mr. Klass worked as a private equity investor at TD Bank and Edgestone Capital Partners. Mr. Klass holds a Bachelor of Science in mathematics and statistics from Western University in London, Ontario and a Master of Business Administration with a specialty in finance and accounting from the University of Toronto Rotman School of Management.

*Jason Chapnik, Chair*

Jason Chapnik is the founder, Chief Executive Officer and Chair of Intercap Inc. (“**Intercap**”) and has over 30 years of experience as an investor and entrepreneur. He is also on the board of Resolver Inc., a provider of governance, risk and compliance software solutions, Guestlogix Inc., a technology company that provides onboard and off-board retail technology and merchandising systems, StickerYou Inc., a platform for custom sticker creation, Brand Lab Partners, a company that develops, launches and runs product brands in partnership with high-profile digital influencers, ESquared, Inc., providing web solutions and online car auctions for automotive dealers and Kaboom Fireworks Inc., a Canadian fireworks superstore operating over 75 storefronts and a web-based store. He is also a board observer for the board of Plex Inc., a personal media server system and software suite. Previously, Mr. Chapnik served on several boards, including TouchTech Corporation (acquired by Move Inc.), The TV Corporation (acquired by Verisign Inc.), Dealer Dot Com, Inc. (“**Dealer.com**”), a digital marketing technology company, and then Dealertrack Inc. (“**Dealertrack**”), following its acquisition of Dealer.com. Mr. Chapnik holds a Bachelor of Commerce degree in Management Information Systems, Entrepreneurship and Real Estate Analysis from McGill University in Montreal, Quebec.

*Kristin Halpin Perry, Director*

Kristin Halpin Perry has over 25 years of experience as a human resources executive in a variety of different global business sectors, having worked in both large public companies and private high-growth technology companies. Ms. Halpin Perry is the founder and Human Resources Leader and Executive Coach of Veraz Consulting (“**Veraz**”), a human resources consulting firm. She is also currently on the board of Fluency Inc., an enterprise automation platform for advertising. Prior to founding Veraz and becoming a board member of Docebo, Ms. Halpin Perry was the Chief Talent Officer at Dealer.com, a digital marketing technology company. Dealer.com was acquired by Dealertrack, where Ms. Halpin Perry was Senior Vice President of Human Resources and Internal Communications until Dealertrack was acquired by Cox Automotive Inc., where she then became Senior Vice President of Human Resources (Software Group) from 2015 to 2016. Prior to these roles, she was Senior Director, Human Resources at Development Alternatives, Inc., an international social and economic development company from 2009 to 2010. Between 2006 and 2008, Ms. Halpin Perry was Senior Human Resources Manager of GE Healthcare, a leading provider of medical imaging, monitoring, biomanufacturing and cell and gene therapy technologies and during this time she spent one year working in London, United Kingdom at IDX Systems Corporation, a medical software company that was acquired by GE Healthcare in 2005. She was also the Head of Human Resources in Hong Kong, at Expedia APAC, a leading technology online travel agency. Ms. Halpin Perry holds an International Coach Federation License, an Associate of Arts degree in Business Administration from Champlain College in Vermont, a Bachelor of Science degree in Business Administration from Saint Michael’s College in Vermont and an Executive and Transitional Coaching Certification from the Hudson Institute of Coaching.

*William Anderson, Director*

William Anderson has over 10 years of experience leading software businesses. Mr. Anderson is currently the Chief Executive Officer at Resolver Inc., a provider of governance, risk and compliance software solutions. Previously, from 2010 to 2014, Mr. Anderson was Executive Vice President at Iron Data Solutions Inc., a leader in case management and regulatory software solutions. From 2003 to 2010, Mr. Anderson was an employee and then executive at Gary Jonas Computing Ltd. (“**Jonas Software**”), a division of Constellation Software, a leading software business publicly listed on the TSX (“**CSU.TO**”). During his tenure at Jonas Software, Mr. Anderson progressed through several roles in Canada and the United Kingdom before becoming Division President for Jonas Construction Management Software

Solutions in 2009. Mr. Anderson holds a Bachelor of Commerce degree in Finance from Queen's University in Kingston, Ontario.

*James Merkur, Director*

James Merkur has over 20 years of experience in the investment banking and private equity industry. He is the President at InterCap and the President and Chief Executive Officer at Logan Peak Capital Inc., a private equity and advisory business focused on investing in and advising growth oriented businesses. Mr. Merkur also currently sits on the board of Canaccord Genuity Growth II Corp., a special purpose acquisition corporation, CryptoStar Corp., a publicly listed cryptocurrency mining and data centre operator, and Guestlogix Inc. He is also the Vice Chairman of Brass Enterprises, a real estate investment company. Prior to these roles, Mr. Merkur was Managing Director at Canaccord and has held senior roles at leading investment banks including Genuity Capital Markets, CIBC World Markets and Goldman Sachs. Mr. Merkur's past board positions include NYX Gaming Group Ltd. (acquired by Scientific Games Corporation), a leading digital gaming provider and Canaccord Genuity Acquisition Corp. and Canaccord Genuity Growth Corp., both special purpose acquisition corporations. Mr. Merkur holds a Bachelor of Commerce degree from McGill University in Montreal, Quebec and a Juris Doctor and Master of Business Administration from the University of Toronto.

*Steven E. Spooner, Director*

Steven Spooner has over 34 years of experience in the technology and telecommunications sector. In 2019, Mr. Spooner retired from his role as the Chief Financial Officer (held since 2003) at Mitel Networks Corporation ("Mitel"), a US\$1.3 billion global telecommunications company providing unified communications solutions for businesses. As Mitel's Chief Financial Officer, he had global responsibility for finance, operations, legal, information technology, mergers and acquisitions and investor relations. Mitel was a publicly listed issuer on the TSX and NASDAQ stock exchanges until it was acquired by Searchlight Capital Partners, L.P. in 2018. He currently serves as a director of Jamieson Wellness Inc., a TSX-listed leading branded manufacturer, distributor and marketer of high quality natural health products in Canada and is a member of the Carleton University Sprott School of Business Advisory Board. Previously, Mr. Spooner was the Chief Operating Officer at Wysdom Inc., a privately held mobile software company, Chief Executive Officer and board member at Stream Intelligent Networks Corp., a private telecommunications company and Chief Financial Officer at CrossKeys Systems Corp., a network management software company formerly listed on the TSX and NASDAQ. From 2009 to 2015, Mr. Spooner served as a director and Audit Committee Chair of Magor Corporation, a visual collaboration software company that was publicly listed on the TSX Venture Exchange prior to its acquisition by Harris Computer Systems Corporation. Mr. Spooner was also a director and Finance and Audit Committee Chair of the Ottawa Hospital Foundation from 2007 to 2016. He has also sat on several strategic advisory boards for emerging tech companies. Steven has more than 35 years of U.S. GAAP reporting expertise and 8 years of IFRS reporting oversight. He has also led two cross-border IPOs, overseen numerous mergers and acquisitions and raised several billion dollars in debt and equity financings. Mr. Spooner holds an Honours Bachelor of Commerce from Carleton University in Ottawa, Ontario. He is also a Fellow Chartered Professional Accountant, a Fellow Chartered Accountant and holds a Director designation from the Institute of Corporate Directors. Mr. Spooner was also recognized in October 2018 as the inaugural Chief Financial Officer of the Year by the Ottawa Board of Trade and Ottawa Business Journal.

***Executive Officers Who Also Serve as Directors***

*Claudio Erba, President and Chief Executive Officer*

Claudio Erba has over 15 years of experience in the learning and development industry. He is the founder and has been the President and Chief Executive Officer at Docebo since 2005. Since January 2018, he has also been the President of Algoritmica s.r.l (formerly known as Deeploans s.r.l), a natural language processing AI platform. From 2013 to 2014, he was also an investor and board member of RYSTO srl, a catering and hospitality job search site. Prior to this, Mr. Erba was a guest lecturer on Content Management Systems at the University of Florence. Prior to that, he was a Project Leader at MHP, a multimedia home platform. Mr. Erba holds a degree in Economics and Marketing from the Catholic University of the Sacred Heart in Milan, Italy.

***Executive Officers Who do Not Serve as Directors***

*Ian Kidson, Chief Financial Officer*

Ian Kidson has been the Chief Financial Officer at Docebo since January 2019. Previously, Mr. Kidson was Chief Financial Officer and Chief Executive Officer at Apollo Health Corp. (“**Apollo**”) (previously Acasta Enterprises Inc.), a publicly listed company on the TSX. Prior to his role with Apollo, Mr. Kidson was Executive Vice President and Chief Financial Officer of Progressive Waste Solutions Ltd., a full-service publicly traded waste management company which merged with Waste Connections Inc. in 2016. Previous to these roles, Mr. Kidson was a Managing Director at CIBC Wood Gundy from 1984 to 2000 and then at TD Capital Mezzanine Partners from 2000 to 2011. Mr. Kidson holds a Bachelor of Science and Master of Business Administration in Accounting and Finance, both from McMaster University in Hamilton, Ontario.

*Alessio Artuffo, Chief Revenue Officer*

Alessio Artuffo has served as the Chief Revenue Officer at Docebo since 2012 and has several years of experience in the e-learning and knowledge management industry. Prior to this role, he was Docebo’s Director, International Business Operations from 2012 to 2013 and later, the Company’s Chief Operating Officer in North America. Beginning in 2013, Alessio played an integral role in establishing the operations of Docebo in North America and has led Docebo’s sales and revenue efforts to date. From 2009 to 2012, Mr. Artuffo was Country Manager for North America at eXact Learning Solutions S.r.l., (“**eXact**”) a software enterprise technology company providing software solutions for knowledge and learning content management. From 2007 to 2009, Mr. Artuffo was a Project Manager and later promoted to a Sales Engineer Manager at Giunti Labs, before it rebranded to eXact. Mr. Artuffo is also on the board of advisors to Athensmade, Inc., a non-profit organization based in Athens, Georgia that exists to educate, support and promote homegrown brands, entrepreneurs and creative professionals.

*Martino Bagini, Chief Operating Officer*

Martino Bagini has over 15 years of experience as an investor and entrepreneur and has been the Chief Operating Officer at Docebo since 2018. Mr. Bagini currently serves on the board of Astella Investments, Ltda., a venture capital firm in Brazil. From 2010 to 2015, he served on the board of the Latin American company NVG Participações S/A (Navegg), a leader in big data, data management platform and analytics solutions. Prior to this, he was Managing Director (Brazil) and then promoted to Chief Operating Officer at RealMedia Latin America Ltda., an internet marketing technology and media company. From January 2009 to December 2010, Mr. Bagini served as a member of the board of the Brazilian National Self-Regulatory Advertising Body (CONAR) and prior to that, served as Vice President of the IAB- Interactive Advertising Bureau (Brazil) from January 2008 to December 2008. Mr. Bagini holds a Bachelor of Business Administration from Universidade Paulista in Sao Paulo, Brazil.

*Fabio Pirovano, Chief Technology Officer*

Fabio Pirovano has over 15 years of experience in e-learning software development. Mr. Pirovano has been with Docebo, in various roles, since 2005. He has been the Company’s Chief Technology Officer since 2012. Prior to this role, he worked with Mr. Erba to develop Docebo’s e-learning platform before being promoted to Team Leader of the Docebo LMS team. Mr. Pirovano holds a Bachelor of Science degree in computer science from Politecnico di Milano in Milan, Italy and an Information Technology degree in computer science from Breda University in Sesto San Giovanni, Italy.

## **Penalties or Sanctions**

None of the directors or executive officers of the Company, and to the best of its knowledge, no shareholder holding a sufficient number of securities to affect materially the control of the Company, has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority or been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor making an investment decision.

## **Individual Bankruptcies**

None of the directors or executive officers of the Company, and to the best of its knowledge, no shareholder holding a sufficient number of securities to affect materially the control of the Company, has, within the 10 years prior to the date of this prospectus, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of that individual.

## **Corporate Cease Trade Orders and Bankruptcies**

None of the directors or executive officers of the Company, and to the best of our knowledge, no shareholder holding a sufficient number of securities to affect materially the control of the Company is, as at the date of this prospectus, or has been within the 10 years before the date of this prospectus: (a) a director, chief executive officer or chief financial officer of any company that was subject to an order that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer; (b) was subject to an order that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer; or (c) a director or executive officer of any company that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets. For the purposes of this paragraph, “order” means a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, in each case, that was in effect for a period of more than 30 consecutive days.

## **CORPORATE GOVERNANCE**

The Canadian Securities Administrators have issued corporate governance guidelines pursuant to NP 58-201 together with certain related disclosure requirements pursuant to NI 58-101. The corporate governance guidelines set forth in NP 58-201 are recommended as “best practices” for issuers to follow. We recognize that good corporate governance plays an important role in our overall success and in enhancing shareholder value and, accordingly, we will be adopting upon Closing, certain corporate governance policies and practices. The disclosure set out below describes our approach to corporate governance.

## **Composition of the Board and Board Committees**

Under our Articles, the Board is to consist of a minimum of one and a maximum of ten directors as determined from time to time by the directors. The Board currently consists of seven directors: Claudio Erba, Daniel Klass, Jason Chapnik, James Merkur, Steven Spooner, Kristin Halpin Perry and William Anderson. Under the OBCA, a director may be removed with or without cause by a resolution passed by a majority of the votes cast by shareholders present in person or by proxy at a meeting and who are entitled to vote. The directors are appointed at the annual general meeting of shareholders and the term of office for each of the directors will expire at the time of our next annual shareholders meeting. Under the OBCA, at least one quarter of our directors must be resident Canadians as defined in the OBCA. Our Articles provide that, between annual general meetings of shareholders, the directors may appoint one or more additional directors so appointed, but the number of additional directors may not at any time exceed one-third of the number of current directors who were elected or appointed other than as additional directors.

## **Nomination of Directors and Majority Voting Policy**

Our CNG Committee is responsible for, annually or as required, recruiting and identifying, and recommending to the Board for nomination, individuals qualified to become new Board members, as well as recommending individual directors to serve on the various Board committees. In making its recommendations, the CNG Committee shall consider the competencies that the Board considers to be necessary and desirable for the Board as a whole, and Board committees, to possess, the competencies and skills that the Board considers each existing director to possess, and the competencies and skills each new nominee will bring to the boardroom. The CNG Committee shall also consider the amount of time and resources that nominees have available to fulfill their duties as a Board member.

The CNG Committee is composed of independent directors within the meaning of NI 58-101. The chair of the CNG Committee will lead the nominating process in accordance with and pursuant to the criteria for Board membership as set forth in the Charter of the CNG Committee. See “Committees of the Board – Compensation, Nominating and Governance Committee”.

In accordance with the requirements of the TSX, the Board will adopt a “Majority Voting Policy” to the effect that a nominee for election as a director who does not receive a greater number of votes “for” than votes “withheld” with respect to the election of directors by shareholders shall tender his or her resignation to the Chair of the Board promptly following the meeting of shareholders at which the director was elected. The CNG Committee will consider such offer and make a recommendation to the Board whether to accept it or not. The Board will promptly accept the resignation unless it determines that there are exceptional circumstances that should delay the acceptance of the resignation or justify rejecting it. The Board will make its decision and announce it in a press release within 90 days following the meeting of shareholders. A director who tenders a resignation pursuant to the Majority Voting Policy will not participate in any meeting of the Board or the CNG Committee at which the resignation is considered.

## **Director Nomination Rights**

Under the Investor Rights Agreement, Intercap and Klass will be entitled to certain director nomination rights. See “Agreements with Principal Shareholders – Investor Rights Agreement”.

## **Chair of the Board**

Jason Chapnik, an independent director within the meaning of NI 58-101, is the Chair of the Board, and in such role, is principally responsible for overseeing the operations and affairs of the Board.

The Board has adopted a written position description for the Chair of the Board, which sets out the Chair of the Board’s key responsibilities, including, among others, duties relating to setting Board meeting agendas, chairing Board meetings and director development. The Board understands that, as a result of Intercap’s significant ownership interest, there could be future material transactions or situations that result in Mr. Chapnik and the Intercap nominees being in a position of conflict. If such situations arise, the Board will appoint an alternative (conflict-free) director to take leadership of the process relating to such material transactions or situations.

## **Director Independence**

Under NI 58-101, a director is considered to be independent if he or she is independent within the meaning of certain provisions of NI 52-110. Pursuant to NI 52-110, an independent director is a director who is free from any direct or indirect relationship which could, in the view of the Board, be reasonably expected to interfere with a director’s independent judgment. Based on information provided by each director concerning his or her background, employment and affiliations, the Board has determined that two directors on the Board, will not be considered independent as a result of his relationship with the Company. Claudio Erba will not be considered independent under NI 58-101 because he is the Chief Executive Officer of the Company. James Merkur will not initially be considered independent under NI 58-101 due to a pre-Offering arrangement with the Company pursuant to which he was granted options and will receive a supplemental fee upon Closing of the Offering, none of which are material in amount to the Company. Five of the seven members of the Board are independent for the purposes of NI 58-101. See “Directors and Executive Officers – Biographical Information Regarding the Directors and Executive Officers”.

Certain members of the Board are also members of the board of directors of other public companies. See “Directors and Executive Officers – Biographical Information Regarding the Directors and Executive Officers”. The Board has not adopted a director interlock policy, but is keeping informed of other public directorships held by its members.

### **Meetings of Independent Directors**

The Board will hold regularly-scheduled quarterly meetings as well as ad hoc meetings from time to time. In the course of meetings of the Board or of committees of the Board, the independent directors will from time to time hold meetings, or portions of such meetings, at which neither non-independent directors nor officers of the Company are in attendance.

If a director or officer holds an interest in a transaction or agreement under consideration at a Board meeting or a Board committee meeting, that director or officer shall not be present at the time the Board or Board committee deliberates such transaction or agreement and shall abstain from voting on the matter, subject to certain limited exceptions provided for in the OBCA.

### **Director Term Limits and Other Mechanisms of Board Renewal**

The Board has not adopted director term limits or other automatic mechanisms of board renewal. Rather than adopting formal term limits, mandatory age-related retirement policies and other mechanisms of board renewal, the CNG Committee will seek to maintain the composition of the Board in a way that provides, in the judgment of the Board, the best mix of skills and experience to provide for our overall stewardship. The CNG Committee also is expected to conduct an annual process for the assessment of the Board, each Board committee and each director regarding his, her or its effectiveness and performance, and to report evaluation results to the Board. See also “Directors and Executive Officers – Committees of the Board – Compensation, Nominating and Governance Committee”.

### **Charter of the Board**

The Board has adopted a written charter (the “**Board Charter**”) describing, *inter alia*, the Board’s role and overall responsibility to supervise the management of the business and affairs of the Company. The Board, directly and through its Board committees and the Chair of the Board, shall provide direction to the executive officers of the Company, generally through the Chief Executive Officer. The Board has overall responsibility for the Company’s strategic planning, compliance and risk management (including crisis preparedness, information system controls, business continuity, cybersecurity and disaster recovery), matters relating to the Chief Executive Officer and other executive officers, corporate governance, and communications with the Company’s shareholders and other stakeholders. The text of the Board Charter is reproduced in its entirety in Appendix A.

### **Orientation and Continuing Education**

Following Closing, we will implement an orientation program for new directors under which a new director will meet with the Chair of the Board and executive officers. It is anticipated that new directors will be provided with comprehensive orientation and education as to the nature and operation of the Company and our business, the role of the Board and Board committees, and the contribution that an individual director is expected to make. The CNG Committee will be responsible for overseeing director continuing education designed to maintain or enhance the skills and abilities of the directors and to ensure that their knowledge and understanding of our business remains current. The chair of each Board committee will be responsible for coordinating orientation and continuing director development programs relating to the committee’s mandate.

### **Code of Ethics**

We will adopt a written code of business conduct and ethics (the “**Code of Ethics**”) that applies to all of our directors, managers, officers and employees. The objective of the Code of Ethics is to provide guidelines for maintaining the integrity, reputation, honesty, objectivity and impartiality of the Company and its subsidiaries. The Code of Ethics will address conflicts of interest, protecting the Company’s assets, confidentiality, fair dealing with security holders, competitors and employees, insider trading, compliance with laws and reporting any illegal or unethical behaviours. As part of the Code of Ethics, any person subject to the Code of Ethics will be required to avoid or fully disclose interests or relationships that are harmful or detrimental to the Company’s best interests or that may give rise to real,

potential or the appearance of conflicts of interest. The Board will have the ultimate responsibility for the stewardship of the Code of Ethics. The Code of Ethics will also be filed with the Canadian securities regulatory authorities on the SEDAR website at [www.sedar.com](http://www.sedar.com).

## **Diversity**

We are committed to fostering an open and inclusive workplace culture. Our Code of Ethics will underscore a commitment to diversity and recognizes it as an important asset. The Code of Ethics explicitly states that Docebo and its affiliates are firmly committed to providing equal opportunity in all aspects of employment.

The CNG Committee values and considers diversity as part of its overall annual evaluation of Board nominees for election or re-election, as well as candidates for management positions. Gender is of particular importance to us in ensuring diversity within the Board and management. Recommendations concerning Board nominees are, foremost, based on merit and performance, but diversity is taken into consideration, as it is beneficial that a diversity of backgrounds, views and experiences be present at the Board and management levels.

In furtherance of our commitment to diversity at the Board level, following Closing, the Board will adopt a diversity policy (the “**Diversity Policy**”). In accordance with the Diversity Policy, the CNG Committee will consider a number of factors, including gender, ethnic and geographic diversity, as well as age, business experience, professional expertise, personal skills and perspectives, when seeking and considering new directors for nomination to the Board or evaluating Board nominees for re-election. The Board will ensure compliance with the Diversity Policy by requiring that the CNG Committee conduct annual assessments to consider the level of representation on the Board of the various attributes enumerated in the Diversity Policy, including the number of women on the Board.

The Diversity Policy will not specify a numerical target for women directors on the Board, nor will we maintain a specific numerical target in making executive officer appointments. However, as specified in the Diversity Policy, the level of representation of women will be considered by Docebo, the Board and the CNG Committee in the identification and nomination of directors.

The level of representation of women has been, and will continue to be, considered by us, the Board and the CNG Committee in the making of executive officer appointments. In searches for new executive officers, the CNG Committee will consider the level of female representation and diversity in management as one of several factors used in its search process. This will be achieved through continuously monitoring the level of female representation in senior management positions and, where appropriate, recruiting qualified female candidates as part of our overall recruitment and selection process to fill senior management positions, as the need arises, through vacancies, growth or otherwise.

Following completion of the Offering, none of our executive officers will be women and one woman will sit on the Board, representing approximately 14% of all directors.

## **Directors’ and Officers’ Liability Insurance**

Our directors and officers are covered under our directors’ and officers’ liability insurance. Under this insurance coverage, we will be reimbursed for insured claims where payments have been made under indemnity provisions on behalf of our and our subsidiaries’ directors and officers, subject to a deductible for each loss, which will be paid by us. Our individual directors and officers will also be reimbursed for insured claims arising during the performance of their duties for which they are not indemnified by us. Excluded from insurance coverage are illegal acts, acts which result in personal profit and certain other acts.

## **Committees of the Board**

The Board will have two standing committees: the Audit Committee, which is required by Canadian securities laws for all reporting issuers and the CNG Committee.

The Board will adopt a written position description for each of our committee chairs which sets out each of the committee chair’s key responsibilities, including, among others, duties relating to setting committee meeting agendas,

chairing committee meetings and working with the respective committee and management to ensure, to the greatest extent possible, the effective functioning of the committee.

### *Audit Committee*

The Audit Committee consists of a minimum of three directors, all of whom are persons determined by the Board to be both independent directors and financially literate within the meaning of NI 52-110. The Audit Committee is comprised of Steven E. Spooner, who acts as chair of this committee, Daniel Klass and William Anderson. Each of the Audit Committee members has an understanding of the accounting principles used to prepare financial statements and varied experience as to the general application of such accounting principles, as well as an understanding of the internal controls and procedures necessary for financial reporting. For additional details regarding the relevant education and experience of each member of the Audit Committee, see “Directors and Executive Officers – Biographical Information Regarding the Directors and Executive Officers”.

The Board will adopt a written charter, the text of which is reproduced in its entirety in Appendix B, setting forth the purpose, composition, authority and responsibility of the Audit Committee, consistent with NI 52-110. The Audit Committee will assist the Board in fulfilling its oversight of, among other things:

- the quality and integrity of the Company’s financial statements and related information;
- the qualifications, independence, appointment and performance of the external auditor;
- the accounting and financial reporting policies, practices and procedures of the Company and its subsidiaries and affiliates;
- the Company’s risk management practices and legal and regulatory compliance;
- management’s design, implementation and effective conduct of internal controls over financial reporting and disclosure controls and procedures;
- the performance of the Company’s internal audit function, if applicable; and
- preparation of disclosures and reports required to be prepared by the Audit Committee by any law, regulation, rule or listing standard.

It will be the responsibility of the Audit Committee to maintain free and open means of communication between the Audit Committee, the external auditor and management of the Company. The Audit Committee will be given full access to the Company’s management and records and external auditor as necessary to carry out these responsibilities. The Audit Committee will have the authority to carry out such special investigations as it sees fit in respect of any matters within its various roles and responsibilities. The Company shall provide appropriate funding, as determined by the Audit Committee, for the payment of compensation to the external auditor for the purpose of rendering or issuing an audit report and to any advisors employed by the Audit Committee.

### *External Auditor Service Fee*

Fees paid to our external auditor, PricewaterhouseCoopers LLP with respect to audit and audit related matters, tax advice and all other fees for Fiscal 2018 and Fiscal 2017 are as follows:

	<b>Fiscal 2018</b>	<b>Fiscal 2017</b>
Audit fees <sup>(1)</sup> .....	C\$254,000	C\$289,680
Audit related fees <sup>(2)</sup> .....	-	-
Tax fees <sup>(3)</sup> .....	C\$90,000	C\$65,000
All other fees <sup>(4)</sup> .....	-	-
<b>Total fees paid</b>	<b>C\$344,000</b>	<b>C\$354,000</b>

Notes:

- (1) Fees for audit service on a billed basis.
- (2) Fees for assurance and related services not included in audit service above.
- (3) Fees for tax compliance, tax advice and tax planning.
- (4) All other fees not included above.

### ***Compensation, Nominating and Governance Committee***

The CNG Committee consists of a minimum of three directors, a majority of whom are independent directors within the meaning of NI 58-101 and will be charged with overseeing executive compensation, management development and succession, director compensation and executive compensation disclosure. It shall also assist the Board in overseeing corporate governance, the composition of the Board and its committees, and the effectiveness of the Board, its committees and the directors themselves. The CNG Committee is comprised of Kristin Halpin Perry who chairs the CNG Committee, Jason Chapnik and Steven E. Spooner.

For additional details regarding the relevant education and experience of each member of the CNG Committee, including the direct experience that is relevant to each committee member's responsibilities in executive compensation, see "Directors and Executive Officers – Biographical Information Regarding the Directors and Executive Officers".

The Board will adopt a written charter setting forth the purpose, composition, authority and responsibility of the CNG Committee. The CNG Committee will be responsible for, among other things:

- assessing the effectiveness of the Board, each of its committees and individual directors;
- overseeing the recruitment and selection of director candidates to be nominated by the Company;
- organizing an orientation and education program for new directors;
- considering and approving proposals by the directors to engage outside advisors on behalf of the Board as a whole or on behalf of the independent directors;
- reviewing and making recommendations to the Board concerning the size, composition and structure of the Board and its committees;
- overseeing management succession;
- administering any securities-based compensation plans of the Company;
- assessing the performance of management of the Company;
- reviewing and approving the compensation paid by the Company, if any, to the officers of the Company; and
- reviewing and making recommendations to the Board concerning the level and nature of the compensation payable to directors and officers of the Company.

The CNG Committee will be responsible for reviewing and assessing at least annually the performance, effectiveness and contribution of the Board, Board committees and the directors themselves and reporting on such review and assessment to the Board. This shall include a review of the Board's mandate and the charters of each committee thereof. The CNG Committee will also be responsible for overseeing the onboarding of new directors and continuing education programs for our directors. See also "Orientation and Continuing Education".

Further particulars of the process by which compensation for our executive officers is determined is provided under "Executive Compensation".

## EXECUTIVE COMPENSATION

### Introduction

The following discussion describes the significant elements of the compensation of our President and Chief Executive Officer, Chief Financial Officer, Chief Operating Officer, Chief Revenue Officer and Chief Technology Officer (collectively, the “**named executive officers**” or “**NEOs**”), namely:

- Claudio Erba, *President and Chief Executive Officer*;
- Ian Kidson, *Chief Financial Officer*;
- Martino Bagini, *Chief Operating Officer*;
- Alessio Artuffo, *Chief Revenue Officer*; and
- Fabio Pirovano, *Chief Technology Officer*.

### Overview

We operate in a dynamic and rapidly evolving market. To succeed in this environment and to achieve our business and financial objectives, we need to attract, retain and motivate a highly talented team of executive officers. We expect our team to possess and demonstrate strong leadership and management capabilities, as well as foster our culture, which is at the foundation of our success and remains a pivotal part of our everyday operations.

We have designed our executive officer compensation program to achieve the following objectives:

- provide compensation opportunities in order to attract and retain talented, high-performing and experienced executive officers, whose knowledge, skills and performance are critical to our success;
- motivate our executive officers to achieve our business and financial objectives;
- align the interests of our executive officers with those of our shareholders by tying a meaningful portion of compensation directly to the long-term value and growth of our business; and
- provide incentives that encourage appropriate levels of risk-taking by our executive officers and provide a strong pay-for-performance relationship.

As we transition from being a privately-held company to a publicly-traded company, we will continue to evaluate our philosophy and compensation program as circumstances require and plan to continue to review compensation on an annual basis. As part of this review process, we expect to be guided by the philosophy and objectives outlined above, as well as other factors which may become relevant, such as the cost to us if we were required to find a replacement for a key employee.

### Compensation Discussion and Analysis

#### *Compensation Objectives and Philosophy*

Our compensation practices are designed to retain, motivate and reward our executive officers for their performance and contribution to our short- and long-term success. The Board seeks to compensate executive officers by combining short-term cash and long-term equity incentives. It also seeks to reward the achievement of corporate and individual performance objectives, and to align executive officers’ incentives with the Company’s performance. The Company’s philosophy is to pay fair, reasonable and competitive compensation with a significant equity-based component in order to align the interest of the Company’s executive officers with those of its shareholders.

## ***Compensation Governance***

### ***Hedging Prohibition***

The Company's insider trading policy will provide that all directors, officers and employees and their respective associates (including immediate family members who reside in the same home as that person) of Docebo are prohibited from (i) selling "short" any of the Company's securities; (ii) purchasing or selling puts, calls or other derivative securities, on an exchange or in any other organized market; (iii) engaging in hedging or monetization transactions that allow an individual to continue to own the covered securities, but without the full risks and rewards of ownership; or (iv) purchasing financial instruments, such as prepaid variable forward contracts, equity swaps, collars or common shares of exchange funds that are designed to hedge or offset a decrease in the market value of equity securities granted to such person as compensation or held directly or indirectly by such person.

### ***Clawback Policy***

Upon Closing, the Company will implement a formal clawback policy as an additional approach to mitigate compensation risk. The clawback policy will enable the Board to require reimbursement of all or a portion of compensation received by an executive officer pursuant to awards made under the Company's short-term and long-term incentive plans upon material financial restatements due to an executive officer engaging in prohibited conduct causing, in whole or in part, the need for the restatement.

### ***Equity Ownership Policy***

Upon Closing, the Company will establish equity ownership guidelines for the directors and executive officers of the Company to further align the interests of directors and executive officers with those of its shareholders. The ownership guidelines will establish minimum equity ownership levels for each director and executive officer over a specified time period. These levels will be determined by the CNG Committee following Closing. Each director and executive officer will be required to continue to hold such minimum ownership levels for as long as they serve as a director or executive officer of the Company. Awards granted under the Equity Incentive Plan will be included in determining an individual's equity ownership value.

## ***Compensation-Setting Process***

The CNG Committee will be responsible for assisting the Board in fulfilling its governance and supervisory responsibilities, and overseeing our human resources, succession planning and compensation policies, processes and practices. The CNG Committee will also ensure that compensation policies and practices provide an appropriate balance of risk and reward consistent with our risk profile. The Board will establish a written charter for the CNG Committee setting out its responsibilities for administering our compensation programs and reviewing and making recommendations to the Board concerning the level and nature of the compensation payable to our directors and executive officers. The CNG Committee's oversight will include setting objectives, evaluating performance and ensuring that total compensation paid to our NEOs and various other key executive officers and key managers is fair, reasonable and consistent with the objectives of our philosophy and compensation program. See also "Directors and Executive Officers – Committees of the Board – Compensation, Nomination and Governance Committee".

The compensation expected to be paid to our NEOs for Fiscal 2019, which will be our first year as a public company, is summarized below under "Summary Compensation Table".

## ***Compensation Consultant***

In early 2019, Pearl Meyer & Partners, LLC ("**Pearl Meyer**"), an independent consulting firm, was retained to provide services in connection with executive officer and director compensation matters in advance of the Offering, including, among other things, to:

- develop a compensation peer group for the purposes of benchmarking executive and director pay;

- benchmark executive and director pay levels to determine market pay levels, using both the compensation peer group (as listed below) and survey data for similarly-sized pre-IPO companies within the technology sector;
- provide initial commentary on the competitiveness of the executive and director compensation proposal; and
- determine the size of the initial equity pool and conduct research regarding alternative long-term incentive program structures.

The CNG Committee considered the information provided by Pearl Meyer and the recommendations it made in connection with the above. However the decisions made regarding final compensation and incentive plan design were made by, and are the responsibility of, the Board on recommendation of the CNG Committee.

As of July 31, 2019, the Company has been billed \$184,129 in aggregate fees for services related to determining compensation of directors and executive officers rendered by Pearl Meyer in Fiscal 2019.

Pearl Meyer does not provide any services to the Company other than directly to the CNG Committee or as approved and overseen by the CNG Committee. The current 2019 fiscal year is the first fiscal year a compensation consultant has been retained to provide services with respect to the Company's executive officer and director compensation.

As part of its engagement with Pearl Meyer, the Company identified a peer group of companies for the purpose of benchmarking executive and director compensation. The peer group included the following comparable public companies: Absolute Software Corporation; Amber Road, Inc. (acquired by E2open LLC on July 2, 2019); Asure Software, Inc.; CYREN Ltd.; eGain Corporation; MAM Software Group, Inc.; Mitek Systems, Inc.; NetSol Technologies, Inc.; Park City Group, Inc.; SharpSpring, Inc.; and ShotSpotter, Inc. In light of Docebo being a private company for the majority of the year, the CNG Committee also incorporated certain private company data into its considerations.

As a private company transitioning to a public company, the peer group was calibrated to the Company's size (in terms of revenue and market capitalization) prior to the Offering. It is the intention of the CNG Committee to continue to use both a compensation peer group and size- and industry- appropriate survey data to inform annual compensation decisions. In anticipation of the annual compensation review process for our NEOs, the peer group and survey data size ranges will be revisited annually to ensure alignment with our growth profile.

## **Principal Elements of Compensation**

Upon completion of the Offering, the compensation of our executive officers is expected to include three major elements: (i) base salary; (ii) short-term incentives, consisting of annual bonuses or, for certain employment categories, commission-based payments; and (iii) long-term equity incentives, consisting of option awards under our Omnibus Incentive Plan (as defined herein).

### ***Base Salaries***

Base salary is provided as a fixed source of compensation for our executive officers. Base salaries for executive officers are established based on the scope of their responsibilities, competencies and their prior relevant experience, taking into account compensation paid in the market for similar positions and the market demand for such executive officers. An executive officer's base salary is determined by taking into consideration the executive officer's total compensation package and the Company's overall compensation philosophy.

Adjustments to base salaries will be determined annually and may be increased based on factors such as the executive officer's success in meeting or exceeding individual objectives and an assessment of the competitiveness of the then current compensation. Additionally, base salaries can be adjusted as warranted throughout the year to reflect promotions or other changes in the scope or breadth of an executive officer's role or responsibilities, as well as to maintain market competitiveness.

### ***Short-Term Incentive Compensation***

Our NEOs and other executive officers are entitled to annual bonuses, depending on employee function. Annual bonuses are designed to motivate our executive officers to meet our business and financial objectives generally and our annual financial performance targets in particular.

### ***Long-Term Incentive Compensation***

Equity-based awards are a variable element of compensation that allows us to incentivize and retain our executive officers for their sustained contributions to the Company. Additionally, providing a significant portion of an executive's total compensation in the form of long-term equity is intended to ensure alignment with shareholder interests. We believe that options, restricted share units ("RSUs") and performance share units ("PSUs") provide executive officers with a strong link to long-term corporate performance and an increase in shareholder value. In connection with the grants of equity-based awards, the CNG Committee determines the grant size and terms to be recommended to the Board. As part of their ongoing review of the Company's compensation practices as we transition into a publicly-listed issuer, the CNG Committee and the Board will be determining the precise go-forward structure of long-term incentive compensation both in terms of quantum and instrument mix.

### **Equity Incentive Plans**

In August 2016, we established our option plan, which was subsequently amended in September 2016 and will be amended again in connection with the Offering (the "**Legacy Option Plan**").

In connection with the Offering, we will amend the Legacy Option Plan such that no further awards will be made under the Legacy Option Plan. In connection with the Offering, we will also adopt an omnibus incentive plan (the "**Omnibus Incentive Plan**") which will allow our Board to grant long-term equity-based awards, including RSUs and PSUs to eligible participants.

### ***Legacy Option Plan***

We have previously granted options to acquire Shares to certain executive officers, employees and consultants under the Legacy Option Plan. The Board is responsible for administering the Legacy Option Plan and may delegate its responsibility thereunder. The following discussion is qualified entirely by the full text of the Legacy Option Plan. No additional options will be granted under the Legacy Option Plan.

The Legacy Option Plan allows for the grant of options to any full time employee and consultant of the Company or any of its affiliates, including, but not limited to, the Chief Executive Officer, President, Chief Financial Officer, certain Vice Presidents and other employees as designated from time to time by the Board. Pursuant to the Legacy Option Plan, the Board has the authority to determine the individuals to whom options may be granted and to grant options in such amounts and, subject to the provisions of the Legacy Option Plans, on such terms and conditions as it determines including: (i) the time or times at which options may be granted, (ii) the exercise price, (iii) the time or times when each option becomes exercisable and the duration of the exercise period (provided however that the exercise period may not exceed seven years), (iv) whether restrictions or limitations are to be imposed on the shares underlying options and the nature of such restrictions or limitations and (v) any acceleration of exercisability or waiver of termination regarding any option.

Following the Pre-Closing Reorganization, there are 1,284,200 options outstanding under the Legacy Option Plan.

Unless otherwise specified by the Board, in its sole discretion, an option granted under the Legacy Option Plan expires and terminates on the earliest of (i) the date of expiration specified in the option grant letter or resolution of the Board granting such option, as applicable, being not more than seven years after the date of grant; (ii) immediately upon termination for cause of the option holder's employment with the Company or any of its affiliates, as applicable; and (iii) sixty days after the option holder is no longer eligible to participate in the Legacy Option Plan, including by reason of retirement, permanent disability or death. Unless otherwise determined by the Board, options granted under the Legacy Option Plan shall vest in equal instalments over five years: one-fifth on the date that is one year after the date of grant of the options and an additional one-fifth (calculated to the nearest full share) on each of the following four anniversaries of the date of the first anniversary of the grant date.

### *Triggering Events; Change of Control*

The Legacy Option Plan provides that certain events, including termination for cause, termination without cause, retirement, disability or death, may trigger forfeiture or reduce the vesting period, where applicable, of the option, subject to the terms of the participant's agreement. Our Board may, in its discretion, at any time prior to or following such events, permit the exercise of any or all options held by the participant in the manner and on the terms authorized by the Board. The Legacy Option Plan also provides that, in connection with a subdivision or consolidation of our shares or any other capital reorganization, our Board may make certain adjustments to outstanding options and authorize such steps to be taken as may be equitable and appropriate to that end. In the event of an amalgamation, combination, plan of arrangement, merger or other reorganization, including by sale or lease of assets or otherwise, our Board may also make certain adjustments to outstanding options and authorize such steps to be taken as may be equitable and appropriate to that end. In the event of certain change of control transactions, our Board may (i) accelerate the vesting of any or all outstanding options and provide that such options are fully vested and conditionally exercisable upon (or prior to) the completion of the transaction or some other time as the Board may so direct, (ii) terminate any outstanding vested options, or (iii) to the extent that a change of control would also result in a capital reorganization, arrangement, amalgamation, exchange of shares or reclassification of the share capital of the Company and the Board does not decide to accelerate the vesting of the options, take such steps as are necessary or desirable to cause or ensure that, upon completion of the proposed transaction, the number and kind of shares subject to outstanding options and/or the exercise price per share of options shall be appropriately adjusted in such a manner as the Board, in its sole discretion, considers equitable to prevent substantial dilution or enlargement of the rights granted to the participants.

### *Amendments and Termination*

Subject to the approval of any regulatory authorities having jurisdiction over the affairs of the Company, our Board may, without notice, at any time from time to time, amend, revise or terminate the Legacy Option Plan or any provisions hereof in such respects as it, in its sole discretion, determines appropriate, except that it may not without the consent of the participants (or the representatives of his or her estate) materially adversely affect a participant's rights and obligations under any option granted under the Legacy Option Plan.

### *Omnibus Incentive Plan*

#### *Purpose*

The purpose of the Omnibus Incentive Plan is to, among other things: (a) provide the Company with a mechanism to attract, retain and motivate qualified directors, officers, employees and consultants of the Company, including its subsidiaries, (b) reward directors, officers, employees and consultants that have been granted awards under the Omnibus Incentive Plan for their contributions toward the long-term goals and success of the Company, and (c) enable and encourage such directors, officers, employees and consultants to acquire Shares of the Company as long-term investments and proprietary interests in the Company.

The Omnibus Incentive Plan provides flexibility to the Company to grant equity-based incentive awards in the form of options, RSUs, PSUs and deferred share units ("DSUs"), as described in further detail below. The following is a summary of the Omnibus Incentive Plan, which is qualified in its entirety by the full text of the Omnibus Incentive Plan.

#### *Shares Subject to the Omnibus Incentive Plan*

The Omnibus Incentive Plan is a "fixed" plan in that, subject to the adjustment provisions provided for therein (including a subdivision or consolidation of Shares), it provides that the aggregate maximum number of Shares that may be issued upon the settlement of awards granted under the Omnibus Incentive Plan shall not exceed 2,845,420 Shares, representing approximately 10% of the Company's issued and outstanding Shares as at the date of Closing (the "**Reserved Shares**"), assuming no exercise of the Over-Allotment Option.

As of the date of Closing, there are expected to be 355,413 options and 36,250 DSUs outstanding under the Omnibus Incentive Plan and 1,284,200 options outstanding under the Legacy Option Plan, each of which could be exercised or settled for one Share, which represents 1.25%, 0.13% and 4.51%, respectively, of the Company's issued and

outstanding Shares as at the date of Closing, assuming no exercise of the Over-Allotment Option. The 355,413 options outstanding under the Omnibus Incentive Plan have an exercise price equal to the Offering Price, vest in equal tranches over five years and have a term of 10 years. The 1,284,200 options outstanding under the Legacy Option Plan have exercise prices ranging from US\$0.01 to US\$6.68, vest between September 22, 2019 and March 20, 2024 and expire between September 22, 2026 and March 20, 2031. As a result, there remains 2,453,757 Shares (plus any awards forfeited or cancelled) available for issuance under the Omnibus Incentive Plan, representing approximately 8.62% of the Company's issued and outstanding Shares as at the date of Closing assuming no exercise of the Over-Allotment Option. Following the Closing, all future awards will be issued pursuant to and governed by the Omnibus Incentive Plan and no future awards will be issued pursuant to or governed by the terms of the Legacy Option Plan.

To the extent any awards under the Omnibus Incentive Plan or the Legacy Option Plan are terminated or cancelled for any reason prior to exercise in full, the Shares subject to such awards (or any portion(s) thereof) shall be added back to the number of Shares reserved for issuance under the Omnibus Incentive Plan.

#### *Insider Participation Limit*

The Omnibus Incentive Plan also provides that the aggregate number of Shares (a) issuable to insiders at any time (under all of the Company's security-based compensation arrangements, including the Legacy Option Plan) cannot exceed 10% of the Company's issued and outstanding Shares and (b) issued to insiders within any one-year period (under all of the Company's security-based compensation arrangements) cannot exceed 10% of the Company's issued and outstanding Shares.

Furthermore, the Omnibus Incentive Plan provides that (a) the Company shall not make grants of awards to non-employee directors if, after giving effect to such grants of awards, the aggregate number of Shares issuable to non-employee directors, at the time of such grant under all of the Company's security-based compensation arrangements, would exceed 1% of the issued and outstanding Shares on a non-diluted basis, and (b) within any one financial year of the Company, the aggregate fair market value on the date of grant of all awards granted to any one non-employee director under all of the Company's security-based compensation arrangements shall not exceed C\$150,000, provided that such limits shall not apply to (i) awards taken in lieu of any cash retainer or other director fees, (ii) a one-time initial grant to a non-employee director upon such director joining the Board, and (iii) options granted on or in connection with Closing.

Any Shares issued by the Company through the assumption or substitution of outstanding stock options or other equity-based awards from an acquired company shall not reduce the number of Shares available for issuance pursuant to the exercise of awards granted under the Omnibus Incentive Plan.

#### *Administration of the Omnibus Incentive Plan*

The Plan Administrator (as defined in the Omnibus Incentive Plan) is determined by the Board, and is initially the CNG Committee. The Omnibus Incentive Plan may in the future be administered by the Board itself or delegated to a committee of the Board. The Plan Administrator determines which directors, officers, consultants and employees are eligible to receive awards under the Omnibus Incentive Plan, the time or times at which awards may be granted, the conditions under which awards may be granted or forfeited to the Company, the number of Shares to be covered by any award, the exercise price of any award, whether restrictions or limitations are to be imposed on the Shares issuable pursuant to grants of any award, and the nature of any such restrictions or limitations, any acceleration of exercisability or vesting, or waiver of termination regarding any award, based on such factors as the Plan Administrator may determine.

In addition, the Plan Administrator interprets the Omnibus Incentive Plan and may adopt administrative rules, regulations, procedures and guidelines governing the Omnibus Incentive Plan or any awards granted under the Omnibus Incentive Plan as it deems appropriate.

### *Eligibility*

All directors, officers, consultants and employees are eligible to participate in the Omnibus Incentive Plan. The extent to which any such individual is entitled to receive a grant of an award pursuant to the Omnibus Incentive Plan will be determined in the discretion of the Plan Administrator.

### *Types of Awards*

Awards of options, RSUs, PSUs and DSUs may be made under the Omnibus Incentive Plan. All of the awards described below are subject to the conditions, limitations, restrictions, exercise price, vesting, settlement and forfeiture provisions determined by the Plan Administrator, in its sole discretion, subject to such limitations provided in the Omnibus Incentive Plan, and will generally be evidenced by an award agreement. In addition, subject to the limitations provided in the Omnibus Incentive Plan and in accordance with applicable law, the Plan Administrator may accelerate or defer the vesting or payment of awards, cancel or modify outstanding awards, and waive any condition imposed with respect to awards or Shares issued pursuant to awards.

### Options

An option entitles a holder thereof to purchase a prescribed number of treasury Shares at an exercise price set at the time of the grant. The Plan Administrator will establish the exercise price at the time each option is granted, which exercise price must in all cases be not less than the volume weighted average closing price of the Shares on the TSX for the five trading days immediately preceding the date of grant (the “**Market Price**”) on the date of grant. Subject to any accelerated termination as set forth in the Omnibus Incentive Plan, each option expires on its respective expiry date. The Plan Administrator will have the authority to determine the vesting terms applicable to grants of options. Once an option becomes vested, it shall remain vested and shall be exercisable until expiration or termination of the option, unless otherwise specified by the Plan Administrator, or as otherwise set forth in any written employment agreement, award agreement or other written agreement between the Company or a subsidiary of the Company and the participant. The Plan Administrator has the right to accelerate the date upon which any option becomes exercisable. The Plan Administrator may provide at the time of granting an option that the exercise of that option is subject to restrictions, in addition to those specified in the Omnibus Incentive Plan, such as vesting conditions relating to the attainment of specified performance goals.

Unless otherwise specified by the Plan Administrator at the time of granting an option and set forth in the particular award agreement, an exercise notice must be accompanied by payment of the exercise price. A participant may, in lieu of exercising an option pursuant to an exercise notice, elect to surrender such option to the Company (a “**Cashless Exercise**”) in consideration for an amount from the Company equal to (i) the Market Price of the Shares issuable on the exercise of such option (or portion thereof) as of the date such option (or portion thereof) is exercised, less (ii) the aggregate exercise price of the option (or portion thereof) surrendered relating to such Shares (the “**In-the-Money Amount**”) by written notice to the Company indicating the number of options such participant wishes to exercise using the Cashless Exercise, and such other information that the Company may require. Subject to the provisions of the Omnibus Incentive Plan, the Company will satisfy payment of the In-the-Money Amount by delivering to the participant such number of Shares having a fair market value equal to the In-the-Money Amount. Any options surrendered in connection with a Cashless Exercise will not be added back to the number of Shares reserved for issuance under the Omnibus Incentive Plan.

### Restricted Share Units

A RSU is a unit equivalent in value to a Share credited by means of a bookkeeping entry in the books of the Company which entitles the holder to receive one Share (or the value thereof) for each RSU after a specified vesting period. The Plan Administrator may, from time to time, subject to the provisions of the Omnibus Incentive Plan and such other terms and conditions as the Plan Administrator may prescribe, grant RSUs to any participant in respect of a bonus or similar payment in respect of services rendered by the applicable participant in a taxation year (the “**RSU Service Year**”).

The number of RSUs (including fractional RSUs) granted at any particular time under the Omnibus Incentive Plan will be calculated by dividing (a) the amount of any bonus or similar payment that is to be paid in RSUs (including the elected amount, as applicable), as determined by the Plan Administrator, by (b) the greater of (i) the Market Price

of a Share on the date of grant and (ii) such amount as determined by the Plan Administrator in its sole discretion. The Plan Administrator shall have the authority to determine any vesting terms applicable to the grant of RSUs, provided that the terms comply with Section 409A of the U.S. *Internal Revenue Code of 1986*, to the extent applicable.

Upon settlement, holders will receive (a) one fully paid and non-assessable Share in respect of each vested RSU, (b) a cash payment or (c) a combination of Shares and cash, in each case as determined by the Plan Administrator. Any such cash payments made by the Company shall be calculated by multiplying the number of RSUs to be redeemed for cash by the Market Price per Share as at the settlement date. Subject to the provisions of the Omnibus Incentive Plan and except as otherwise provided in an award agreement, no settlement date for any RSU shall occur, and no Share shall be issued or cash payment shall be made in respect of any RSU any later than the final business day of the third calendar year following the applicable RSU Service Year.

#### Performance Share Units

A PSU is a unit equivalent in value to a Share credited by means of a bookkeeping entry in the books of the Company which entitles the holder to receive one Share (or the value thereof) for each PSU after specific performance-based vesting criteria determined by the Plan Administrator, in its sole discretion, have been satisfied. The performance goals to be achieved during any performance period, the length of any performance period, the amount of any PSUs granted, the termination of a participant's employment and the amount of any payment or transfer to be made pursuant to any PSU will be determined by the Plan Administrator and by the other terms and conditions of any PSU, all as set forth in the applicable award agreement. The Plan Administrator may, from time to time, subject to the provisions of the Omnibus Incentive Plan and such other terms and conditions as the Plan Administrator may prescribe, grant PSUs to any participant in respect of a bonus or similar payment in respect of services rendered by the applicable participant in a taxation year (the "**PSU Service Year**").

The Plan Administrator shall have the authority to determine any vesting terms applicable to the grant of PSUs. Upon settlement, holders will receive (a) one fully paid and non-assessable Share in respect of each vested PSU, (b) a cash payment, or (c) a combination of Shares and cash, in each case as determined by the Plan Administrator. Any such cash payments made by the Company to a participant shall be calculated by multiplying the number of PSUs to be redeemed for cash by the Market Price per Share as at the settlement date. Subject to the provisions of the Omnibus Incentive Plan and except as otherwise provided in an award agreement, no settlement date for any PSU shall occur, and no Share shall be issued or cash payment shall be made in respect of any PSU any later than the final business day of the third calendar year following the applicable PSU Service Year.

#### Deferred Share Units

A DSU is a unit equivalent in value to a Share credited by means of a bookkeeping entry in the books of the Company which entitles the holder to receive one Share (or, at the election of the holder and subject to the approval of the Plan Administrator, the cash value thereof) for each DSU on a future date. The Board may fix from time to time a portion of the total compensation (including annual retainer) paid by the Company to a director in a calendar year for service on the Board (the "**Director Fees**") that are to be payable in the form of DSUs. In addition, each director is given, subject to the provisions of the Omnibus Incentive Plan, the right to elect to receive a portion of the cash Director Fees owing to them in the form of DSUs.

Except as otherwise determined by the Plan Administrator, DSUs shall vest immediately upon grant or be subject to a one-year vesting. The number of DSUs (including fractional DSUs) granted at any particular time will be calculated by dividing (a) the amount of any bonus or similar payment that is to be paid in DSUs, as determined by the Plan Administrator, by (b) the Market Price of a Share on the date of grant. Upon settlement, holders will receive (a) one fully paid and non-assessable common share in respect of each vested DSU, or (b) at the election of the holder and subject to the approval of the Plan Administrator, a cash payment on the date of settlement. Any cash payments made under the Omnibus Incentive Plan by the Company to a participant in respect of DSUs to be redeemed for cash shall

be calculated by multiplying the number of DSUs to be redeemed for cash by the Market Price per Share as at the settlement date.

#### *Dividend Equivalents*

RSUs, PSUs and DSUs shall be credited with dividend equivalents in the form of additional RSUs, PSUs and DSUs, as applicable. Dividend equivalents shall vest in proportion to, and settle in the same manner as, the awards to which they relate. Such dividend equivalents shall be computed by dividing: (a) the amount obtained by multiplying the amount of the dividend declared and paid per Share by the number of RSUs, PSUs and DSUs, as applicable, held by the participant on the record date for the payment of such dividend, by (b) the Market Value at the close of the first business day immediately following the dividend record date, with fractions computed to three decimal places.

#### *Black-out Periods*

If an award expires during, or within five business days after, a routine or special trading black-out period imposed by the Company to restrict trades in the Company's securities, then, notwithstanding any other provision of the Omnibus Incentive Plan, unless the delayed expiration would result in negative tax consequences to the holder of the award, the award shall expire ten business days after the trading black-out period is lifted by the Company.

#### *Term*

While the Omnibus Incentive Plan does not stipulate a specific term for awards granted thereunder, as discussed below, shareholder approval is required to permit an award to be exercisable beyond 10 years from its date of grant, except where an expiry date would have fallen within a blackout period of the Company. All awards must vest and settle in accordance with the provisions of the Omnibus Incentive Plan and any applicable award agreement, which award agreement may include an expiry date for a specific award.

#### *Termination of Employment or Services*

The following table describes the impact of certain events upon the participants under the Omnibus Incentive Plan, including termination for cause, resignation, termination without cause, disability, death or retirement, subject, in each case, to the terms of a participant's applicable employment agreement, award agreement or other written agreement:

<b>Event</b>	<b>Provisions</b>
<b>Termination for Cause</b>	<ul style="list-style-type: none"> <li>Any unvested awards held that have not been exercised, settled or surrendered as of the Termination Date (as defined in the Omnibus Incentive Plan) shall be immediately forfeited and cancelled.</li> <li>Any vested awards may be exercised, settled or surrendered to the Company by the participant at any time during the period that terminates on the earlier of: (a) the expiry date of such award, and (b) the date that is 90 days after the Termination Date, with any award that has not been exercised, settled or surrendered at the end of such period being immediately forfeited and cancelled.</li> </ul>
<b>Resignation</b>	
<b>Termination without Cause</b>	
<b>Disability</b>	<ul style="list-style-type: none"> <li>Any award held by the participant that has not vested as of the date of the Disability (as defined in the Omnibus Incentive Plan) of such participant but is scheduled to vest within the next year shall vest on such date and may be exercised or surrendered to the Company by the participant at any time until the expiry date of such award. All other unvested awards shall be immediately forfeited and cancelled.</li> </ul>
<b>Death</b>	<ul style="list-style-type: none"> <li>Any award held by the participant that has not vested as of the date of the death of such participant but is scheduled to vest within the next year shall vest on such date and may be exercised, settled or surrendered to the Company by the participant at any time during the period that terminates on the earlier of: (a) the expiry date of such award, and (b) the first anniversary of the date of the death of such participant, with any award that has not been exercised, settled or surrendered at the end of such period being immediately forfeited and cancelled. All other unvested awards shall be immediately forfeited and cancelled.</li> </ul>

### *Change in Control*

Under the Omnibus Incentive Plan, except as may be set forth in an employment agreement, award agreement or other written agreement between the Company or a subsidiary of the Company and a participant:

- (a) If within 12 months following the completion of a transaction resulting in a Change in Control (as defined below), a participant's employment is terminated without Cause (as defined in the Omnibus Incentive Plan), without any action by the Plan Administrator:
  - (i) any unvested awards held by the participant that have not been exercised, settled or surrendered as of the Termination Date shall immediately vest; and
  - (ii) any vested awards may be exercised, settled or surrendered to the Company by the participant at any time during the period that terminates on the earlier of: (A) the expiry date of such award; and (B) the date that is 90 days after the Termination Date, with any award that has not been exercised, settled or surrendered at the end of such period being immediately forfeited and cancelled.
- (b) Unless otherwise determined by the Plan Administrator, if, as a result of a Change in Control, the Shares of the Company will cease trading on the TSX, the Company may terminate all of the awards, other than an option held by a participant that is a resident of Canada for the purposes of the *Income Tax Act* (Canada), granted under the Omnibus Incentive Plan at the time of, and subject to the completion of, the Change in Control transaction by paying to each holder an amount equal to the fair market value of his or her respective award (as determined by the Plan Administrator, acting reasonably) at or within a reasonable period of time following completion of such Change in Control transaction.

Subject to certain exceptions (including with respect to transactions with affiliates and Intercap Equity Inc.), a “**Change in Control**” includes (a) any transaction pursuant to which a person or group acquires more than 50% of the outstanding Shares, (b) the sale of all or substantially all of the Company's assets, (c) the dissolution or liquidation of the Company, (d) the acquisition of the Company via consolidation, merger, exchange of securities, purchase of assets, amalgamation, statutory arrangement or otherwise, or (e) individuals who comprise the Board at the last annual meeting of shareholders (the “**Incumbent Board**”) cease to constitute at least a majority of the Board, unless the election, or nomination for election by the shareholders, of any new director was approved by a vote of at least a majority of the Incumbent Board, in which case such new director shall be considered as a member of the Incumbent Board.

### *Non-Transferability of Awards*

Unless otherwise provided by the Plan Administrator, and except to the extent that certain rights may pass to a beneficiary or legal representative upon the death of a participant by will or as required by law, no assignment or transfer of awards granted under the Omnibus Incentive Plan, whether voluntary, involuntary, by operation of law or otherwise, is permitted.

### *Amendments to the Omnibus Incentive Plan*

The Plan Administrator may also from time to time, without notice and without approval of the holders of voting shares, amend, modify, change, suspend or terminate the Omnibus Incentive Plan or any awards granted pursuant thereto as it, in its discretion, determines appropriate, provided that (a) no such amendment, modification, change, suspension or termination of the Omnibus Incentive Plan or any award granted pursuant thereto may materially impair any rights of a participant or materially increase any obligations of a participant under the Omnibus Incentive Plan without the consent of such participant, unless the Plan Administrator determines such adjustment is required or desirable in order to comply with any applicable securities laws or stock exchange requirements, and (b) any amendment that would cause an award held by a U.S. Taxpayer (as such term is defined in the Omnibus Incentive Plan) to be subject to the additional tax penalty under Section 409A(1)(b)(i)(II) of the *United States Internal Revenue Code of 1986*, as amended, shall be null and void *ab initio*.

Notwithstanding the above, and subject to the rules of the TSX (which requires approval of disinterested shareholders), the approval of shareholders is required to effect any of the following amendments to the Omnibus Incentive Plan:

- (a) increasing the number of Shares reserved for issuance under the Omnibus Incentive Plan, except pursuant to the provisions in the Omnibus Incentive Plan which permit the Plan Administrator to make equitable adjustments in the event of transactions affecting the Company or its capital;
- (b) increasing or removing the 10% limits on Shares issuable or issued to insiders;
- (c) reducing the exercise price of an option award (for this purpose, a cancellation or termination of an award of a participant prior to its expiry date for the purpose of reissuing an award to the same participant with a lower exercise price shall be treated as an amendment to reduce the exercise price of an award) except pursuant to the provisions in the Omnibus Incentive Plan which permit the Plan Administrator to make equitable adjustments in the event of transactions affecting the Company or its capital;
- (d) extending the term of an option award beyond the original expiry date (except where an expiry date would have fallen within a blackout period applicable to the participant or within five business days following the expiry of such a blackout period);
- (e) permitting an option award to be exercisable beyond 10 years from its date of grant (except where an expiry date would have fallen within a blackout period);
- (f) increasing or removing the limits on the participation of non-employee directors;
- (g) permitting awards to be transferred to a person;
- (h) changing the eligible participants; and
- (d) deleting or otherwise limiting the amendments which require approval of the shareholders.

Except for the items listed above, amendments to the Omnibus Incentive Plan will not require shareholder approval. Such amendments include (but are not limited to): (a) amending the general vesting provisions of an award, (b) amending the provisions for early termination of awards in connection with a termination of employment or service, (c) adding covenants of the Company for the protection of the participants, (d) amendments that are desirable as a result of changes in law in any jurisdiction where a participant resides, and (e) curing or correcting any ambiguity or defect or inconsistent provision or clerical omission or mistake or manifest error.

#### *Anti-Hedging Policy*

Participants are restricted from purchasing financial instruments such as prepaid variable forward contracts, equity swaps, collars, or units of exchange funds that are designed to hedge or offset a decrease in market value of awards granted to them.

#### *Employee Share Purchase Plan*

Following Closing, the Company intends to establish an employee share purchase plan (the “**ESPP**”) to provide an incentive to qualified individuals to increase their proprietary interest in the Company and thereby encourage their continuing association with the Company. The ESPP will be administered by the directors of the Company. The ESPP will provide for the issuance of Shares to employees of the Company or a subsidiary of the Company pursuant to its terms.

## Summary Compensation Table

The following table sets out information concerning the expected Fiscal 2019 compensation to be earned by, paid to, or awarded to the NEOs:

Name and Principal Position	Fiscal year	Salary (US\$) <sup>(1)</sup>	Share-based awards (US\$)	Option-based awards (US\$) <sup>(2)</sup>	Non-equity incentive plan compensation (US\$)		Pension value (US\$)	All other compensation (US\$) <sup>(4)</sup>	Total compensation (US\$)
					Annual incentive plan (US\$) <sup>(3)</sup>	Long-term incentive plans (US\$)			
Claudio Erba, ..... <i>President and Chief Executive Officer</i>	2019	267,430 <sup>(5)</sup>	—	384,487	173,830	—	—	—	825,746
Ian Kidson, ..... <i>Chief Financial Officer</i>	2019	191,025 <sup>(6)</sup>	—	502,171	76,410	—	—	—	769,606
Martino Bagini, ..... <i>Chief Operating Officer</i>	2019	210,530 <sup>(7)</sup>	—	242,149	84,212	—	—	—	536,891
Alessio Artuffo, ..... <i>Chief Revenue Officer</i>	2019	200,194 <sup>(8)</sup>	—	300,497	110,107	—	—	55,932	666,730
Fabio Pirovano, ..... <i>Chief Technology Officer</i>	2019	126,318 <sup>(9)</sup>	—	120,618	37,895	—	—	—	284,831

### Notes:

- (1) Represents the annualized base salary expected to be paid in Fiscal 2019.
- (2) Represents grants of options made under the Legacy Option Plan and the Omnibus Incentive Plan. Amounts shown in this column represent the grant date fair value of options, which has been calculated using the Black-Scholes method. The grant date fair value for these options is the same as the fair value determined for accounting purposes. For a description of the terms of the options granted under our Legacy Option Plan, see "Equity Incentive Plan – Legacy Option Plan".
- (3) Represents target bonuses payable under the NEO employment agreement as follows: Claudio Erba - 65% of base salary; Ian Kidson - 40% of base salary; Martino Bagini - 40% of base salary; Alessio Artuffo - 55% of base salary; and Fabio Pirovano - 30% of base salary.
- (4) None of the NEOs are entitled to perquisites or other personal benefits which, in the aggregate, are worth over C\$50,000 or over 10% of their base salary, other than Mr. Artuffo, who is entitled to receive certain expatriation benefits to the end of December 2020 to compensate him for the inconveniences involved in relocating from Italy to the United States and then to Canada over a short period of time. These benefits include a C\$6,100 monthly housing allowance, plus reimbursement of certain travel, meal and vehicle expenses, converted into U.S. dollars using an exchange rate of 0.7641, being the daily rate of exchange posted by the Bank of Canada for conversion of Canadian dollars into U.S. dollars on June 28, 2019.
- (5) Represents an annualized base salary of €235,000 converted into U.S. dollars using an exchange rate of 1.1380, being the daily rate of exchange posted by the European Central Bank for conversion of Euros into U.S. dollars on June 28, 2019.
- (6) Represents an annualized base salary of C\$250,000 converted into U.S. dollars using an exchange rate of 0.7641, being the daily rate of exchange posted by the Bank of Canada for conversion of Canadian dollars into U.S. dollars on June 28, 2019.
- (7) Represents an annualized base salary of €185,000 converted into U.S. dollars an exchange rate of 1.1380, being the daily rate of exchange posted by the European Central Bank for conversion of Euros into U.S. dollars on June 28, 2019.
- (8) Represents an annualized base salary of C\$262,000 converted into U.S. dollars using an exchange rate of 0.7641, being the daily rate of exchange posted by the Bank of Canada for conversion of Canadian dollars into U.S. dollars on June 28, 2019.
- (9) Represents an annualized base salary of €11,000 converted into U.S. dollars using an exchange rate of 1.1380, being the daily rate of exchange posted by the European Central Bank for conversion of Euros into U.S. dollars on June 28, 2019.

## Employment Agreements, Termination and Change of Control Benefits

In connection with this Offering, we will be entering into new written employment agreements with each of our NEOs. Under such agreements, each of our NEOs will be entitled to receive compensation established by us, as well as other benefits.

Under their employment agreements, Claudio Erba, Alessio Artuffo and Ian Kidson, will each also become entitled to certain contractual benefits in connection with a termination of their employment in certain circumstances. For example, if Claudio Erba is terminated without cause or if he resigns for good reason (each term as defined in his employee contract), he will be entitled to a severance payment in an amount equal to (i) his then annual base salary,

plus (ii) his target annual short term incentive bonus for the year in which the termination or resignation, as applicable, occurred, plus (iii) a pro rated portion of his annual short term incentive bonus (based on actual achievement) for the year in which the termination occurred. In addition, Mr. Erba would continue to receive his employee benefits for a period of 12-months. If Mr. Artuffo or Mr. Kidson is terminated without cause, such NEO will be entitled to a severance payment in an amount equal to (i) his then annual base salary, plus (ii) a pro rated portion of his annual short term incentive bonus (based on actual achievement) for the year in which the termination occurred. In addition, such NEO would continue to receive his employee benefits for a period of 12-months. In the case of Martino Bagini and Fabio Pirovano, in the event of their termination or resignation, they will each be entitled to receive severance entitlements provided by local Italian laws.

If Mr. Erba is terminated without cause or resigns for good reason within 12 months following a change of control of the Company, he will be entitled to a severance payment in an amount equal to (i) 1.5 times his then annual base salary, plus (ii) 1.5 times his target annual short term incentive bonus for the year in which the termination or resignation, as applicable, occurred, plus (iii) a pro rated portion of his annual short term incentive bonus (based on actual achievement) for the year in which the termination occurred. In addition, Mr. Erba would continue to receive his employee benefits for a period of 18-months and pursuant to the Omnibus Incentive Plan, any unvested awards held by Mr. Erba that have not been exercised, settled or surrendered will vest. If Mr. Artuffo or Mr. Kidson are terminated without cause or resigns for good reason within 12 months following a change of control of the Company, such NEO will be entitled to a severance payment in an amount equal to (i) his then annual base salary, plus (ii) a pro rated portion of his annual short term incentive bonus (based on actual achievement) for the year in which the termination or resignation, as applicable, occurred. In addition, such NEO would continue to receive his employee benefits for a period of 12-months and pursuant to the Omnibus Incentive Plan, any unvested awards held by such NEO that have not been exercised, settled or surrendered will vest.

The table below shows the estimated incremental payments that would be made to the following NEOs upon the occurrence of certain events, assuming completion of the Offering.

<b>Name and Principal Position</b>	<b>Event</b>	<b>Severance (US\$)<sup>(1)</sup></b>	<b>Acceleration of Unvested Options (US\$)<sup>(2)(3)</sup></b>	<b>Total (US\$)</b>
Claudio Erba..... <i>President and Chief Executive Officer</i>	Termination without cause or resignation for good reason.....	615,089	—	615,089
	Termination without cause or resignation for good reason following a change of control.....	835,719	777,817	1,613,536
Ian Kidson..... <i>Chief Financial Officer</i>	Termination without cause or resignation for good reason.....	267,435	—	267,435
	Termination without cause or resignation for good reason following a change of control.....	267,435	2,506,096	2,773,531
Alessio Artuffo..... <i>Chief Revenue Officer</i>	Termination without cause or resignation for good reason.....	310,301	—	310,301
	Termination without cause or resignation for good reason following a change of control.....	310,301	607,906	918,207

Notes:

- (1) Severance payments are calculated based on the base salary and annual incentive compensation we expect to pay to the NEO and assumes achievement of target annual short term incentive bonus for the year in which the termination or resignation, as applicable.
- (2) Based on an Offering Price of C\$16.00 per Share converted to US\$12.23 using an exchange rate of 0.7641, being the daily rate of exchange posted by the Bank of Canada for conversion of Canadian dollars into U.S. dollars on June 28, 2019.
- (3) In the case of Mr. Bagini, Chief Operating Officer, and Mr. Pirovano, Chief Technology Officer, upon the termination without cause or resignation for good reason following a change of control, all of their unvested options (currently valued at US\$506,090 and US\$244,011,

respectively) will vest immediately. As noted above, each of Messrs Bagini and Pirovano will also be entitled to receive severance entitlements provided by local Italian laws. Such entitlements cannot be determined at this time.

The termination benefits described will be subject to applicable laws, including any minimum entitlements required by local Italian laws for certain NEOs.

### Outstanding Option-Based Awards and Share-Based Awards

The following table sets out information concerning the option-based and share-based awards granted to our NEOs that we expect to be outstanding upon completion of the Offering:

Name and Principal Position	Option-based Awards				Share-based Awards		
	Number of Shares underlying unexercised options <sup>(1)</sup>	Option exercise price	Option expiration date	Value of unexercised in-the-money options <sup>(2)</sup>	Number of Shares that have not vested	Market or payout value of share-based awards that have not vested	Market or payout value of vested share-based awards not paid out or distributed
Claudio Erba..... <i>President and Chief Executive Officer</i>	63,622	C\$16.00	October 8, 2029	—	—	—	—
Ian Kidson..... <i>Chief Financial Officer</i>	125,000	C\$8.72 <sup>(3)</sup>	January 14, 2031	C\$907,211	—	—	—
	31,631	C\$16.00	October 8, 2029				
Martino Bagini..... <i>Chief Operating Officer</i>	57,900	C\$1.054 <sup>(4)</sup>	December 23, 2028	C\$865,355	—	—	—
	180,000	C\$0.01	November 1, 2029	C\$2,878,200			
	40,069	C\$16.00	October 8, 2029	—			
Alessio Artuffo..... <i>Chief Revenue Officer</i>	464,100	C\$1.054 <sup>(4)</sup>	September 22, 2026	C\$6,936,294 <sup>(3)</sup>	—	—	—
	49,724	C\$16.00	October 8, 2029	—			
Fabio Pirovano..... <i>Chief Technology Officer</i>	308,200	C\$1.054 <sup>(4)</sup>	September 22, 2026	C\$4,606,261 <sup>(3)</sup>	—	—	—
	19,959	C\$16.00	October 8, 2029	—			

Notes:

- (1) Represents options granted under our Legacy Option Plan and options anticipated to be granted under the Omnibus Incentive Plan on Closing.
- (2) Based on an Offering Price of C\$16.00 per Share.
- (3) Represents an exercise price of US\$6.68 converted into Canadian dollars using an exchange rate of 1.3089, being the daily rate of exchange posted by the Bank of Canada for conversion of U.S. dollars into Canadian dollars on June 28, 2019.
- (4) Represents an exercise price of US\$0.8056 converted into Canadian dollars using an exchange rate of 1.3089, being the daily rate of exchange posted by the Bank of Canada for conversion of U.S. dollars into Canadian dollars on June 28, 2019.

### Incentive Plan Awards – Value Vested or Earned During the Year

The following table indicates, for each of our NEOs, a summary of the value of the option-based and share-based awards expected to be vested in accordance with their terms during Fiscal 2019 (assuming the continued employment of each NEO):

<b>Name and Principal Position</b>	<b>Option-Based Awards – Value Expected to be Vested During the Year<sup>(1)</sup></b>	<b>Share-Based Awards – Value Expected to be Vested During the Year</b>	<b>Non-Equity Incentive Plan Compensation – Value Expected to be Earned During the Year</b>
Claudio Erba..... <i>President and Chief Executive Officer</i>	—	—	—
Ian Kidson..... <i>Chief Financial Officer</i>	—	—	—
Martino Bagini..... <i>Chief Operating Officer</i>	\$572,799	—	—
Alessio Artuffo..... <i>Chief Revenue Officer</i>	\$1,591,419	—	—
Fabio Pirovano..... <i>Chief Technology Officer</i>	\$1,056,757	—	—

Note:

- (1) Based on an Offering Price of C\$16.00 per Share converted to US\$12.23 using an exchange rate of 0.7641, being the daily rate of exchange posted by the Bank of Canada for conversion of Canadian dollars into U.S. dollars on June 28, 2019.

## DIRECTOR COMPENSATION

### Director Compensation

Our directors' compensation program is designed to attract and retain the most qualified individuals to serve on the Board. The Board, through the CNG Committee, will be responsible for reviewing and approving any changes to the directors' compensation arrangements. In consideration for serving on the Board, each director that is not an employee will be paid an annual cash retainer and an annual equity retainer, and will be reimbursed for their reasonable out-of-pocket expenses incurred while serving as directors.

Following Closing, it is expected that the non-employee directors of the Company will be entitled to be paid as members of the Board, and, if applicable, as members of any committee of the Board, the following annual retainers:

<b>Position</b>	<b>Type of Fee</b>	<b>Amount Per Year</b>
Chair of the Board.....	Cash Retainer	US\$30,564 <sup>(1)</sup>
	Equity Retainer <sup>(2)</sup>	US\$84,051 <sup>(3)</sup>
Member of the Board (other than Chair of the Board).....	Cash Retainer	US\$30,564 <sup>(1)</sup>
	Equity Retainer <sup>(2)</sup>	US\$61,128 <sup>(4)</sup>
Audit Committee Chair.....	Cash Retainer	US\$13,372 <sup>(5)</sup>
CNG Committee Chair.....	Cash Retainer	US\$11,461 <sup>(6)</sup>

Notes:

- (1) Represents a retainer of C\$40,000 converted into U.S. dollars using an exchange rate of 0.7641, being the daily rate of exchange posted by the Bank of Canada for conversion of Canadian dollars into U.S. dollars on June 28, 2019.
- (2) Equity Retainers are expected to be paid in DSUs.
- (3) Represents a retainer of C\$110,000 converted into U.S. dollars using an exchange rate of 0.7641, being the daily rate of exchange posted by the Bank of Canada for conversion of Canadian dollars into U.S. dollars on June 28, 2019.
- (4) Represents a retainer of C\$80,000 converted into U.S. dollars using an exchange rate of 0.7641, being the daily rate of exchange posted by the Bank of Canada for conversion of Canadian dollars into U.S. dollars on June 28, 2019.
- (5) Represents a retainer of C\$17,500 converted into U.S. dollars using an exchange rate of 0.7641, being the daily rate of exchange posted by the Bank of Canada for conversion of Canadian dollars into U.S. dollars on June 28, 2019.
- (6) Represents a retainer of C\$15,000 converted into U.S. dollars using an exchange rate of 0.7641, being the daily rate of exchange posted by the Bank of Canada for conversion of Canadian dollars into U.S. dollars on June 28, 2019.

In addition to the foregoing, Steven E. Spooner will receive an additional retainer of C\$7,500 per year for serving as both chair of the Audit Committee and a member of the CNG Committee.

The Company will not provide a meeting fee for Board members. The total retainer is deemed to be full payment for the role of Director. An exception to this approach would be made in the event of a special transaction or other special circumstance that would require more meetings than are typically required.

The equity retainers will be paid in DSUs on an annual basis and will either be paid in advance and are expected to be paid with a one-year vesting. The cash retainers will be paid on a quarterly basis. The number of DSUs to be issued as the equity retainer or upon a director electing to receive their cash retainers in DSUs will be based on the volume weighted average trading price on the TSX for the five trading days prior to such issuance.

### Outstanding Option-Based Awards and Share-Based Awards

The following table sets out information concerning the option-based and share-based awards granted to our non-employee directors that we expect to be outstanding upon completion of the Offering:

Name and Principal Position	Option-based Awards				Share-based Awards		
	Number of Shares underlying unexercised options	Option exercise price	Option expiration date	Value of unexercised in-the-money options <sup>(1)</sup>	Number of Shares that have not vested	Market or payout value of share-based awards that have not vested <sup>(1)</sup>	Market or payout value of vested share-based awards not paid out or distributed
James Merkur	45,000 <sup>(2)</sup>	C\$8.72 <sup>(3)</sup>	March 20, 2031	C\$327,600	5,000	C\$80,000	—
Jason Chapnik	—	—	—	—	5,000	C\$80,000	—
Daniel Klass	—	—	—	—	5,000	C\$80,000	—
William Anderson	—	—	—	—	5,000	C\$80,000	—
Kristin Halpin Perry	—	—	—	—	11,250	C\$180,000	—
Steven E. Spooner	—	—	—	—	5,000	C\$80,000	—

Notes:

- (1) Based on an Offering Price of C\$16.00 per Share.
- (2) The options reflected in this column represent grants of options under our Legacy Option Plan. For a description of the terms of the options granted under our Legacy Option Plan see “Equity Incentive Plan - Legacy Option Plan”.
- (3) Represents an exercise price of US\$6.68 converted into Canadian dollars using an exchange rate of 1.3089, being the daily rate of exchange posted by the Bank of Canada for conversion of U.S. dollars into Canadian dollars on June 28, 2019.

### INDEBTEDNESS OF DIRECTORS AND OFFICERS

None of our directors, executive officers, employees, former directors, former executive officers or former employees or any of our subsidiaries, and none of their respective associates, is or has within 30 days before the date of this prospectus or at any time since the beginning of the most recently completed financial year been indebted to us or any of our subsidiaries or another entity whose indebtedness is the subject of a guarantee, support agreement, letter of credit or other similar agreement or understanding provided to us or any of our subsidiaries.

### PLAN OF DISTRIBUTION

#### General

Pursuant to the Underwriting Agreement, the Company has agreed to sell and the Underwriters have severally agreed to purchase on Closing an aggregate of 4,687,500 Shares at a price of C\$16.00 per Share for aggregate gross proceeds of C\$75,000,000 against delivery of the Shares on the Closing Date or such later date as the Company and the Underwriters agree, but no later than November 19, 2019, subject to and in compliance with all of the necessary legal requirements and conditions contained in the Underwriting Agreement.

In consideration for their services in connection with the Offering, the Company has agreed to pay the Underwriters a fee equal to C\$0.96 per Share (being 6% of the Offering Price), including any Shares forming part of the Over-

Allotment Option. It is estimated that the total expenses of the Offering, not including the Underwriters' Commissions, will be approximately C\$3,000,000. All such expenses of the Offering will be paid by the Company.

The Offering Price of C\$16.00 per Share was determined by negotiation among the Company and the Underwriters, and the Underwriters propose to offer the Shares initially at the Offering Price. After the Underwriters have made a reasonable effort to sell all of the Shares at the price specified on the cover page of this prospectus, the Offering Price may be decreased and may be further changed from time to time to an amount not greater than that set out on the cover page of this prospectus, and the compensation realized by the Underwriters will be decreased by the amount that the aggregate price paid by the purchasers for the Shares is less than the price paid by the Underwriters to us. Any such reduction will not affect the net proceeds received by us. The Underwriters may form a selling group including other qualified investment dealers and determine the fee payable to the members of such group, which fee will be paid by the Underwriters out of their fees. The obligation to pay the sub-underwriting fee is an obligation of the Underwriters and we shall not be responsible for ensuring that any dealer receives this payment from the Underwriters.

Pursuant to the Underwriting Agreement, we have granted to the Underwriters the Over-Allotment Option, which is exercisable, in whole or in part, at any time for a period of 30 days after Closing to purchase up to an additional 703,125 Shares (representing 15% of the aggregate number of Shares sold in the base Offering) on the same terms as set forth above for the purpose of covering the Underwriters' over-allocation position, if any, and for market stabilization purposes. This prospectus also qualifies the grant of the Over-Allotment Option and the distribution of the Shares to be delivered upon the exercise of the Over-Allotment Option. A purchaser who acquires Shares forming part of the Underwriters' over-allocation position acquires such Shares under this prospectus, regardless of whether the Underwriters' over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases.

Under the terms of the Underwriting Agreement, the Underwriters may terminate the Underwriting Agreement upon the occurrence of certain events, including "material change out", "disaster out", "proceedings to restrict distribution out" and "market out" clauses. The Underwriters are, however, severally obligated to take up and pay for all of the Shares that they have agreed to purchase if any of the Shares are purchased under the Underwriting Agreement.

Under applicable securities laws in Canada, certain persons and individuals, including us and the Underwriters, have statutory liability for any misrepresentation in this prospectus, subject to available defences. We have agreed to indemnify the Underwriters and their directors, officers, employees and agents against certain liabilities, including, without restriction, civil liabilities under securities legislation in Canada, and to contribute to any payments that the Underwriters may be required to make in respect thereof.

There is currently no market through which the Shares may be sold. This may affect the pricing of the Shares in the secondary market, the transparency and availability of trading prices, the liquidity of the Shares and the extent of issuer regulation. See "Risk Factors".

Subscriptions for Shares will be received subject to rejection or allocation in whole or in part and the right is reserved to close the subscription books at any time without notice.

The Closing is expected to occur on October 8, 2019 or such other date as we and the Underwriters may agree, but in any event not later than November 19, 2019.

The Company has applied to have its Shares listed on the TSX. Listing is subject to the approval of the TSX in accordance with its original listing requirements. The TSX has not conditionally approved the Company's listing application and there is no assurance that the TSX will approve the listing application.

The Shares have not been, and will not be, registered under the U.S. Securities Act or the securities laws of any state of the United States and may not be offered, sold or delivered, directly or indirectly, in the United States, except pursuant to an exemption from the registration requirements of the U.S. Securities Act and applicable state securities laws. Each Underwriter has agreed that it will not offer or sell Shares within the United States, except in transactions exempt from the registration requirements of the U.S. Securities Act and applicable state securities laws. The Underwriting Agreement provides that the Underwriters may re-offer and re-sell the Shares that they have acquired pursuant to the Underwriting Agreement in the United States to "qualified institutional buyers" (as defined in Rule 144A under the U.S. Securities Act) in accordance with Rule 144A under the U.S. Securities Act. The Underwriting

Agreement also provides that the Underwriters may offer and sell the Shares outside the United States in accordance with Rule 903 of Regulation S under the U.S. Securities Act. In addition, until 40 days after the commencement of the Offering, an offer or sale of the Shares within the United States by any dealer (whether or not participating in the Offering) may violate the registration requirements of the U.S. Securities Act if such offer or sale is made otherwise than in accordance with an exemption from registration under the U.S. Securities Act.

### **Price Stabilization, Short Positions and Passive Market Making**

In connection with the Offering, the Underwriters may, subject to applicable law, over-allocate or effect transactions which stabilize or maintain the market price of the Shares at levels other than those which otherwise might prevail on the open market, including stabilizing transactions, short sales, purchases to cover positions created by short sales, imposition of penalty bids, and syndicate covering transactions.

Stabilizing transactions consist of bids or purchases made for the purpose of preventing or retarding a decline in the market price of the Shares while the Offering is in progress. These transactions may also include over-allocating or making short sales of the Shares, which involves the sale by the Underwriters of a greater number of Shares than they are required to purchase in the Offering. Short sales may be “covered short sales”, which are short positions in an amount not greater than the Over-Allotment Option, or may be “naked short sales”, which are short positions in excess of that amount.

The Underwriters may close out any covered short position either by exercising the Over-Allotment Option, in whole or in part, or by purchasing Shares in the open market. In making this determination, the Underwriters will consider, among other things, the price of Shares available for purchase in the open market compared with the Offering Price at which they may purchase Shares through the Over-Allotment Option.

The Underwriters must close out any naked short position by purchasing Shares in the open market. A naked short position is more likely to be created if the Underwriters are concerned that there may be downward pressure on the price of the Shares in the open market. Any naked short sales will form part of the Underwriters’ over-allocation position. A purchaser who acquires Shares forming part of the Underwriters’ over-allocation position resulting from any covered short sales or naked short sales will, in each case, acquire such Shares under this prospectus, regardless of whether the Underwriters’ over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases.

In addition, in accordance with rules and policy statements of certain Canadian securities regulatory authorities and the Universal Market Integrity Rules for Canadian Marketplaces (“**UMIR**”), the Underwriters may not, at any time during the period of distribution, bid for or purchase Shares. The foregoing restriction is, however, subject to exceptions where the bid or purchase is not made for the purpose of creating actual or apparent active trading in, or raising the price of, the Shares. These exceptions include a bid or purchase permitted under the by-laws and rules of applicable regulatory authorities and the TSX, including UMIR, relating to market stabilization and passive market making activities and a bid or purchase made for and on behalf of a customer where the order was not solicited during the period of distribution.

As a result of these activities, the price of the Shares may be higher than the price that otherwise might exist in the open market. If these activities are commenced, they may be discontinued by the Underwriters at any time. The Underwriters may carry out these transactions on any stock exchange on which the Shares are listed, in the over-the-counter market, or otherwise.

### **European Economic Area and United Kingdom Selling Restrictions**

#### European Economic Area

The expression “**Prospectus Regulation**” means Regulation (EU) 2017/1129.

In relation to each Member State of the European Economic Area (“**Member State**”), with effect from and including the date on which the Prospectus Regulation is directly effective in all Member States, the Shares may not be offered or sold to the public in that Member State prior to the publication of a prospectus in relation to the Shares which has been approved by the competent authority in that Member State or, where appropriate, approved in another Member

State and notified to the applicable competent authority in that Member State, all in accordance with the Prospectus Regulation, except that the Shares may be offered to the public in that Member State at any time:

- to persons or entities that are “qualified investors” as defined in the Prospectus Regulation;
- to fewer than 150 natural or legal persons (other than “qualified investors”), as permitted under the Prospectus Regulation, in each case subject to obtaining the prior consent of the Underwriters for any such offer; or
- in any circumstances falling within Article 1(4) of the Prospectus Regulation,

provided that no such offering of Shares shall result in a requirement for the publication of a prospectus by the Company or the Underwriters pursuant to Article 3 of the Prospectus Regulation or to supplement a prospectus pursuant to Article 23 of the Prospectus Regulation.

In the case of any Shares being offered to a financial intermediary, as that term is used in Article 5(1) of the Prospectus Regulation, such financial intermediary will also be deemed to have represented, acknowledged and agreed that the Shares acquired by it in the Offering have not been acquired on a non-discretionary basis on behalf of, nor have they been acquired with a view to their offer or resale to, persons in circumstances which may give rise to an offer of any Shares to the public other than their offer or resale in a Member State to “qualified investors” within the meaning of Article 2(e) of the Prospectus Regulation or in circumstances in which the prior consent of the Underwriters has been obtained to each such proposed offer or resale. The Company, the Underwriters and their respective affiliates will rely upon the truth and accuracy of the foregoing representation, acknowledgement and agreement.

For the purposes of this provision, the expression an “offer of Shares to the public” in relation to any Shares in any Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Shares to be offered so as to enable an investor to decide to purchase or subscribe for the Shares.

### **United Kingdom**

In the United Kingdom, this prospectus is being directed only at persons who are qualified investors who are: (i) investment professionals falling within Article 19(5) of the *Financial Services and Markets Act 2000 (Financial Promotion) Order 2005*, as amended (the “**Order**”); (ii) high net worth companies and other persons falling within Article 49(2)(a) to (d) of the Order; or (iii) persons to whom it may otherwise be lawfully distributed (all such persons together being referred to as “**relevant persons**”). Any investment or investment activity to which this prospectus relates is available only to relevant persons and will only be engaged with relevant persons. Any person in the United Kingdom who is not a relevant person should not act or rely on this prospectus or any of its contents.

### **Relationships Between the Company and TD**

TD, which is a wholly owned subsidiary of The Toronto-Dominion Bank, a Canadian chartered bank, is a lender to the Company under the Credit Facility. Additionally, TD and their respective affiliates may from time to time, provide commercial banking, investment and financial advisory services to the Company and its affiliates in the ordinary course of business for which they have received and may continue to receive customary fees and commissions. See “Description of Material Indebtedness”. Accordingly, we may be considered a “connected issuer”, as such term is defined in National Instrument 33-105 – *Underwriting Conflicts*, of TD.

As of the date of this prospectus, we had approximately US\$7 million of aggregate indebtedness outstanding under the Credit Facility.

The decision to distribute the Shares pursuant to the Offering was made by the Company alone and the determination of the terms of the Offering was made through negotiations between the Company and the Underwriters. The Offering was not required, suggested or consented to by TD in its capacity as lender. The Underwriters will not receive any benefit in connection with the Offering other than the applicable Underwriters’ Commissions payable to the Underwriters pursuant to the Underwriting Agreement.

The Company also intends to use approximately C\$9 million (US\$7 million) of the net proceeds to reduce outstanding indebtedness under the Company's Credit Facility. For a description of the principal purposes for which indebtedness under the Credit Facility has been used, see "Description of Material Indebtedness".

### **Lock-up Arrangements**

Pursuant to the Underwriting Agreement, each of the Company, the Retained Interest Holders, as well as our directors and executive officers have agreed that he, she or it will not, directly or indirectly, without the prior written consent of each of (a) the Lead Underwriters, on behalf of the Underwriters, such consent not to be unreasonably withheld, (b) the board of directors of the Company (with any interested members abstaining), and (c) in the case of Claudio Erba, Intercap Equity Inc., issue, offer or sell or grant any option, warrant or other right to purchase or agree to issue or sell or otherwise lend, transfer, assign or dispose of any of our equity securities (in the case of the Retained Interest Holders, held on Closing) or other securities convertible or exchangeable into or otherwise exercisable into our equity securities or enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of our equity securities, or agree or publicly announce any intention to do any of the foregoing for a period commencing on the Closing Date and ending (i) in the case of the Company 180 days after the Closing Date and (ii) in the case of certain of the Retained Interest Holders and our directors and executive officers, 18 months after the Closing Date (subject to the release mechanism described in the following paragraph), in both cases, subject to certain limited exceptions, including the sale of our securities pursuant to the exercise of the Over-Allotment Option, the issuance of our securities pursuant to or in connection with our equity incentive compensation plans, the issuance of our securities as consideration or partial consideration in connection with acquisitions by us, or the transfer or assignment of our securities by a Retained Interest Holder to one of their affiliates.

Pursuant to the terms and conditions of their Lock-up Agreements, the Retained Interest Holders will have the right to sell, grant, secure, pledge or otherwise transfer, dispose of or monetize, in any manner contemplated above (i) up to one third of their shares or other equity securities of the Company as of 180 days after the Closing Date, (ii) up to two thirds of their shares or other equity securities of the Company as of 12 months after the Closing Date, and (iii) any and all of their shares or other equity securities of the Company as of 18 months after the Closing Date, except for in the case of Claudio Erba, who will have 10% of his Shares subject to the foregoing arrangements, with the remaining 90% of his Shares subject to a 36 month hold period.

### **Non-Certificated Inventory System**

No certificates representing the Shares to be sold in the Offering will be issued to purchasers under this prospectus. Registration will be made in the depository service of CDS, or to its nominee, and electronically deposited with CDS on the Closing Date. Each purchaser of Shares will typically only receive a customer confirmation of purchase from the participants in the CDS depository service ("**CDS Participants**") from or through which such Shares are purchased, in accordance with the practices and procedures of such CDS Participant. Transfers of ownership of Shares will be effected through records maintained by the CDS Participants, which include securities brokers and dealers, banks and trust companies. Indirect access to the CDS book-entry system is also available to other institutions that maintain custodial relationships with a CDS Participant, either directly or indirectly.

The terms of the Offering, including the Offering Price, were determined by negotiation between the Underwriters, on their own behalf and on behalf of each of the other Underwriters and the Company. None of the banks of which any of the Underwriters are affiliates were involved in the determination of the terms of the Offering. As a consequence of the Offering, each of such Underwriters will receive its proportionate share of the Underwriters' Commissions.

### **CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS**

In the opinion of Goodmans LLP, counsel to the Company, and Stikeman Elliott LLP, counsel to the Underwriters, the following is a general summary, as of the date hereof, of the principal Canadian federal income tax considerations under the Tax Act generally applicable to a purchaser who acquires, as beneficial owner, Shares pursuant to this Offering and who at all relevant times, for purposes of the Tax Act, (a) is resident or is deemed to be resident in Canada, (b) holds the Shares as capital property, and (c) deals at arm's length and is not affiliated with the Company and the Underwriters (a "**Holder**"). Generally, the Shares will be considered to be capital property to a Holder unless they are held or acquired in the course of carrying on a business of trading or dealing in securities or as part of an adventure or concern in the nature of trade. Certain Holders whose Shares do not otherwise qualify as capital property

may, in certain circumstances, make an irrevocable election pursuant to subsection 39(4) of the Tax Act to have their Shares, and every other “Canadian security”, as defined in the Tax Act, owned by such Holder in the taxation year of the election and in all subsequent taxation years deemed to be capital property. Holders whose Shares might not otherwise be considered to be capital property should consult with their own tax advisors for advice as to whether this election is available and advisable in their circumstances.

This summary is not applicable to a Holder: (a) that is a “financial institution”, as defined in the Tax Act for purposes of the “mark-to-market rules” contained in the Tax Act; (b) an interest in which would be a “tax shelter investment” as defined in the Tax Act; (c) that is a “specified financial institution” as defined in the Tax Act; (d) that has elected to report its “Canadian tax results”, as defined in the Tax Act, in a currency other than the Canadian currency, (e) that has entered into a “derivative forward agreement”, “synthetic disposition arrangement” or “dividend rental arrangement” (each as defined under the Tax Act) with respect to the Shares, or (f) that is a corporation that is or becomes, or does not deal at arm’s length for purposes of the Tax Act with a corporation resident in Canada that is or becomes, as part of a transaction or event or series of transactions or events that includes the acquisition of the Shares, controlled by a non-resident person, or, if no single non-resident person has control, by a group of non-resident persons that do not deal with each other at arm’s length for purposes of the “foreign affiliate dumping” rules in section 212.3 of the Tax Act. Any such Holder to which this summary does not apply should consult with its own tax advisor.

This summary is based upon the current provisions of the Tax Act and counsel’s understanding of the current published administrative and assessing policies and practices of the Canada Revenue Agency. The summary also takes into account all specific proposals to amend the Tax Act that have been publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the “**Tax Proposals**”), and assumes that all such Tax Proposals will be enacted in the form proposed. No assurance can be given that the Tax Proposals will be enacted in the form proposed or at all. This summary does not otherwise take into account or anticipate any changes in law, whether by way of legislative, judicial or administrative action or interpretation, nor does it address any provincial, territorial or foreign tax considerations.

**This summary is of a general nature only and is not intended to be, nor should it be construed to be, legal or tax advice to any particular Holder, and no representations concerning the income tax consequences to any particular Holder or prospective Holder are made. Accordingly, prospective Holders should consult with their own tax advisors about the specific tax consequences to them of acquiring, holding and disposing of Shares. Purchasers of Shares who are non-residents, or deemed to be non-residents, of Canada for purposes of the Tax Act should consult with their own tax advisors regarding their particular circumstances.**

### *Dividends on Shares*

Dividends received on a Share by a Holder who is an individual (other than certain trusts) will be included in computing such Holder’s income and will be subject to the gross-up and dividend tax credit rules normally applicable under the Tax Act to taxable dividends received from taxable Canadian corporations, including the enhanced gross-up and dividend tax credit in respect of dividends designated by the Company as “eligible dividends”. There may be limitations on the ability of the Company to designate dividends as “eligible dividends”.

Dividends received on a Share by a Holder that is a corporation will be included in computing such Holder’s income for the taxation year and generally will be deductible in computing its taxable income for that taxation year. In certain circumstances a dividend received by a Holder that is a corporation may be deemed to be proceeds of or disposition or a capital gain pursuant to subsection 55(2) of the Tax Act. Holders should consult with their own tax advisors regarding their particular circumstances.

A Holder that is a “private corporation” or a “subject corporation”, each as defined in the Tax Act, generally will be liable to pay an additional tax under Part IV of the Tax Act on dividends received on a Share to the extent such dividends are deductible in computing the Holder’s taxable income. Such additional tax may be refundable in certain circumstances.

Dividends received by a Holder who is an individual (excluding certain trusts) may result in such Holder being liable for minimum tax under the Tax Act. Holders who are individuals should consult with their own tax advisors in this regard.

### ***Dispositions of a Share***

Upon a disposition or a deemed disposition of a Share, a Holder will realize a capital gain (or a capital loss) equal to the amount by which the proceeds of disposition of the Share, net of any reasonable costs of disposition, exceed (or are less than) the adjusted cost base of the Share to the Holder immediately before the disposition or deemed disposition. The adjusted cost base to a Holder of a Share will be determined by averaging the cost of such share with the adjusted cost base of all other Shares held by the Holder as capital property at that time. The Holder's cost for the purposes of the Tax Act of Shares generally will include all amounts paid or payable by the Holder for the Shares, subject to certain adjustments under the Tax Act.

### ***Taxation of Capital Gains and Capital Losses***

Generally, one-half of any capital gain (a “**taxable capital gain**”) realized by a Holder for a taxation year must be included in computing the Holder's income for the year. Subject to and in accordance with the provisions of the Tax Act, a Holder must deduct one-half of any capital loss (an “**allowable capital loss**”) realized in a taxation year from taxable capital gains realized in that taxation year. Allowable capital losses in excess of taxable capital gains for the taxation year of disposition may be carried back and deducted in any of the three preceding taxation years or in any subsequent year (against net taxable capital gains realized in such years) to the extent and under the circumstances described in the Tax Act. If the Holder is a corporation, any such capital loss realized on the sale of a Share may be reduced by the amount of any dividends which have been received by the Holder on such Share to the extent and in circumstances prescribed by the Tax Act. Similar rules may apply where a Share is owned by a partnership or trust of which a corporation, trust or partnership is a member or a beneficiary.

Taxable capital gains realized by a Holder who is an individual may give rise to alternative minimum tax depending on the Holder's circumstances. A Holder that is throughout the year a “Canadian-controlled private corporation” (as defined in the Tax Act) may be liable to pay a refundable tax on certain investment income, including taxable capital gains.

## **RISK FACTORS**

*Investing in our Shares involves a high degree of risk. You should carefully consider the risks and uncertainties described below, together with all of the other information in this prospectus, including in the section titled “Management's Discussion and Analysis of Financial Condition and Results of Operations” and our consolidated financial statements and related notes, before making a decision to invest in our Shares. If any of the risks actually occur, our business, financial condition, results of operations and prospects could be materially and adversely affected. In that event, the market price of our Shares could decline, and you could lose part or all of your investment.*

### **Risks Related to Our Business and Our Industry**

***Market adoption of cloud-based learning solutions is relatively new and unproven and may not grow as we expect, which may harm our business and results of operations and even if market demand increases, the demand for our platform may not increase.***

We believe our future success will depend in part on the growth, if any, in the demand for cloud-based learning management solutions, particularly enterprise-grade solutions. The widespread adoption of our platform depends not only on strong demand for new forms of learning management, but also for solutions delivered via a Software-as-a-Service, or SaaS, business model in particular. The market for cloud-based learning solutions is less mature than the market for in-person learning solutions, which many businesses currently use, and these businesses may be slow or unwilling to migrate from these legacy approaches. As such, it is difficult to predict customer demand for our platform, customer adoption and renewal, the rate at which existing customers expand their engagement with our platform, the size and growth rate of the market for our platform, the entry of competitive products into the market, or the success of existing competitive products. Furthermore, even if businesses want to adopt a cloud-based technology learning solution, it may take them a long time to fully transition to this type of learning solution or they could be delayed due to budget constraints, weakening economic conditions, or other factors. Some businesses may also have long-term contracts with existing vendors and cannot switch in the short term. Even if market demand for cloud-based technology learning solutions generally increases, we cannot assure you that adoption of our platform will also increase. If the market for cloud-based technology learning solutions does not grow as we expect or our platform does not achieve

widespread adoption it could result in reduced customer spending, customer attrition, and decreased revenue, any of which would adversely affect our business and results of operations.

***If we are not able to develop new platform features that respond to the needs of our customers, our business and results of operations would be adversely affected.***

We pride ourselves on the quality and functionality of our platform. However, we cannot assure you that any future features or enhancements that we develop will be successful. The success of any enhancement or new feature depends on several factors, including our understanding of market demand, timely execution, successful introduction, and market acceptance. We may not successfully develop new features or enhance our existing platform to meet customer needs or our new features and enhancements may not achieve adequate acceptance in the market. Additionally, we may not sufficiently increase our revenue to offset the upfront technology, sales and marketing, and other expenses we incur in connection with the development of platform features and enhancements. Any of the foregoing may adversely affect our business and results of operations.

***The market in which we participate is competitive, and if we do not compete effectively, our results of operations could be harmed.***

The market for professional skill development is highly competitive, rapidly evolving, and fragmented, and we expect competition to continue to increase in the future. A significant number of companies have developed, or are developing, products and services that currently, or in the future may, compete with our offerings and be superior. This competition could result in decreased revenue, increased pricing pressure, increased sales and marketing expenses, and loss of market share, any of which could adversely affect our business, results of operations, and financial condition.

We face competition from traditional enterprise SaaS solutions, consumer-centric SaaS solutions, and free solutions. We compete directly or indirectly with:

- legacy corporate e-learning service providers such as Cornerstone On Demand, Saba Software, Kademi, SAP SuccessFactors and SumTotal Systems (owned by Skillsoft);
- corporate e-learning service providers such as SAP Litmos, Absorb LMS, Instructure and SkillJar which offer solutions at comparable prices to our products;
- lower priced solutions such as 360Learning, TalentLMS, Totara and LearnUpon;
- instructor-led training vendors such as Global Knowledge, General Assembly and New Horizons;
- individual-focused e-learning services such as LinkedIn Learning, Udemy, Udacity and Pluralsight;
- local consulting firms that customize open source solutions such as Moodle; and
- free solutions such as YouTube and Google.

Many of our competitors and potential competitors are larger and have greater brand name recognition, longer operating histories, larger marketing budgets and established customer relationships, access to larger customer bases, and significantly greater resources for the development of their solutions. In addition, we face potential competition from participants in adjacent markets that may enter our markets by leveraging related technologies and partnering with or acquiring other companies, or providing alternative approaches to provide similar results. We may also face competition from companies entering our market, including large technology companies that could expand their offerings or acquire one of our competitors. While these companies may not currently focus on our market, they may have significantly greater financial resources and longer operating histories than we do. As a result, our competitors and potential competitors may be able to respond more quickly and effectively than we can to new or changing opportunities, technologies, or customer requirements. Further, some potential customers, particularly large enterprises, may elect to develop their own internal solutions that address their learning management needs.

Our ability to compete is also subject to the risk of future disruptive technologies. If new technologies emerge that are able to deliver skill development solutions at lower prices, with greater feature sets, more efficiently, or more conveniently, such technologies could adversely impact our ability to compete. With the introduction of new technologies and market entrants, we expect competition to intensify in the future.

Some of our principal competitors offer their solutions at a lower price or for free, which may result in pricing pressures on us. Many of our competitors that offer free solutions are also integrating features found previously only with paid solutions, which puts additional pressure on our pricing and feature development. If we are unable to maintain our pricing levels and competitive differentiation in the market, our results of operations would be negatively impacted.

***If for any reason we are not able to develop enhanced and new features, keep pace with technological developments or respond to future disruptive technologies, our business will be harmed.***

Our future success will depend on our ability to adapt and innovate. To attract new customers and increase revenue from existing customers, we will need to continually enhance and improve our platform and introduce new features. The success of any enhancement or new feature depends on several factors, including timely completion, introduction and market acceptance. If we are unable to successfully develop or acquire new features or enhance our existing platform to meet customer needs, our business and operating results could be adversely affected. In addition, because our products are designed to operate on a variety of network, hardware and software platforms using Internet tools and protocols, we will need to continuously modify and enhance our products to keep pace with changes in internet-related hardware, software, communication, browser and database technologies. If we are unable to respond in a timely and cost-effective manner to these rapid technological developments, our platform may become less marketable and less competitive or obsolete and our operating results may be negatively impacted. Finally, our ability to grow is subject to the risk of future disruptive technologies. If new technologies emerge that are able to deliver LMS products and services at lower prices, more efficiently or more conveniently, such technologies could adversely impact our ability to compete.

***If our customers do not expand their use of our platform beyond their current organizational engagements or renew their existing contracts with us, our ability to grow our business and improve our results of operations may be adversely affected.***

Our future success depends, in part, on our ability to increase the adoption of our platform by our existing customers and future customers. Many of our customers initially use our platform in specific groups or departments within their organization. In addition, our customers may initially use our platform for a specific use case. Our ability to grow our business depends in part on our ability to persuade customers to expand their use of our platform to address additional use cases. Further, to continue to grow our business, it is important that our customers renew their subscriptions when existing contracts expire and that we expand our relationships with our existing customers. Our customers have no obligation to renew their subscriptions, and our customers may decide not to renew their subscriptions with a similar contract period, at the same prices and terms, with the same or a greater number of learners, or at all. In the past, some of our customers have elected not to renew their agreements with us, and it is difficult to accurately predict whether we will have future success in retaining customers or expanding our relationships with them. We have experienced significant growth in the number of learners of our platform, but we do not know whether we will continue to achieve similar learner growth in the future. Our ability to retain our customers and expand our deployments with them may decline or fluctuate as a result of a number of factors, including our customers' satisfaction with our platform, our customer support, our prices, the prices and features of competing solutions, reductions in our customers' spending levels, insufficient learner adoption of our platform, and new feature releases. If our customers do not purchase additional subscriptions or renew their existing subscriptions, renew on less favorable terms, or fail to continue to expand their engagement with our platform, our revenue may decline or grow less quickly than anticipated, which would harm our results of operations.

***If we are unable to increase sales of subscriptions to our platform to customers while mitigating the risks associated with serving such customers, our business, financial condition, and results of operations would suffer.***

Our growth strategy is largely dependent upon increasing sales of subscriptions to our platform to our customers. As we seek to increase our sales to our customers, we face upfront sales costs and longer sales cycles, higher customer acquisition costs, more complex customer requirements and volume discount requirements.

We may enter into customized contractual arrangements with our customers in which we offer more favorable pricing terms in exchange for larger total contract values that accompany large deployments. As we drive a greater portion of our revenue through our deployments with customers, we expect that our revenue will continue to grow significantly but the price we charge customers per learner may decline. This may result in reduced margins in the future if our cost of revenue increases. For example, customers may request that we integrate our platform with their existing technologies, and these customization efforts could create additional costs and delays in utilization. In addition, customers often begin to use our platform on a limited basis, but nevertheless require education and interactions with our sales team, which increases our upfront investment in the sales effort with no guarantee that these customers will use our platform widely enough across their organization to justify our upfront investment. As we continue to expand our sales efforts to customers, we will need to continue to increase the investments we make in sales and marketing, and there is no guarantee that our investments will succeed and contribute to additional customer acquisition and revenue growth. If we are unable to increase sales to customers while mitigating the risks associated with serving such customers, our business, financial condition, and results of operations will suffer.

***Failure to effectively expand our sales and marketing capabilities or to select appropriate marketing channels could harm our ability to increase our customer base and achieve broader market acceptance of our platform.***

Our ability to broaden our customer base and achieve broader market acceptance of our platform will depend to a significant extent on the ability of our sales and marketing organizations to work together to drive our sales pipeline and cultivate customer and partner relationships to drive revenue growth. We have invested in and plan to continue expanding our sales and marketing organizations, both domestically and internationally. Identifying, recruiting, and training sales personnel will require significant time, expense, and attention. We also plan to dedicate significant resources to sales and marketing programs, including lead generation activities and brand awareness campaigns, such as search engine and email marketing, online banner and video advertising, learner events, and webinars. If we are unable to hire, develop, and retain talented sales or marketing personnel, if our new sales or marketing personnel are unable to achieve desired productivity levels in a reasonable period of time, or if we fail to select appropriate marketing channels and our sales and marketing programs are not effective, our ability to broaden our customer base and achieve broader market acceptance of our platform could be harmed. In addition, the investments we make in our sales and marketing organization will occur in advance of experiencing benefits from such investments, making it difficult to determine in a timely manner if we are efficiently allocating our resources in these areas.

***If we fail to effectively manage our growth, our business and results of operations could be harmed.***

We have experienced, and may continue to experience, rapid growth and organizational change, which has placed, and may continue to place, significant demands on our management and our administrative, operational and financial resources. In addition, we operate globally, and have employees in Canada, the United States, Europe, the United Kingdom and Dubai. We plan to continue to expand our operations into other countries in the future, which will place additional demands on our resources and operations. Additionally, we continue to increase the breadth and scope of our platform and our operations. To support this growth, and to manage any future growth effectively, we must continue to improve our IT and financial infrastructures, our operating and administrative systems, and our ability to manage headcount, capital, and internal processes in an efficient manner. As we continue to grow, so does the size of our customers. The increased resources required to service these relatively large customers may cause us to divert resources away from our existing customers, which may have an adverse impact on our ability to maintain existing customers and our results of operations. Our organizational structure is also becoming more complex as we grow our operational, financial, and management infrastructure and we must continue to improve our internal controls as well as our reporting systems and procedures. We intend to continue to invest to expand our business, including investing in technology and sales and marketing operations, hiring additional personnel, improving our internal controls, reporting systems and procedures, and upgrading our infrastructure. These investments will require significant capital expenditures and the allocation of management resources, and any investments we make will occur in advance of experiencing the benefits from such investments, making it difficult to determine in a timely manner if we are efficiently allocating our resources. If we do not achieve the benefits anticipated from these investments, or if the achievement of these benefits is delayed, our results of operations may be adversely affected.

***Our recent rapid growth makes it difficult to evaluate our future prospects and may increase the risk that we will not continue to grow at or near historical rates.***

We have grown rapidly over the last several years, and as a result, our ability to forecast our future results of operations is subject to a number of uncertainties, including our ability to effectively plan for and model future growth. Any predictions about our future revenue and expenses may not be as accurate as they would be if we had a longer history of high sales or operated in a more predictable market. We have encountered in the past, and will encounter in the future, risks and uncertainties frequently experienced by growing companies in rapidly changing industries. If our assumptions regarding these risks and uncertainties, which we use to plan and operate our business, are incorrect or change, or if we do not address these risks successfully, our results of operations could differ materially from our expectations, our growth rates may slow, and our business would suffer.

***Our growth could be adversely affected if we fail to execute our “land and expand” strategy.***

Our revenue and growth are dependent, in part, on our ability to retain customers and sell them additional products and services. While not a focus for us historically, we have invested considerably over the last 12 months in upselling efforts. Our ability to execute this aspect of our growth strategy will depend on a variety of factors, including:

- customer willingness to accept any price increases;
- the quality and perceived value of our product and service offerings by existing customers;
- effective sales and marketing efforts with respect to existing customers;
- our speed to market and avoidance of difficulties or delays in development of new products and services;
- the successful implementation of products and services; and
- the regulatory needs and requirements facing us and our existing customers.

Our inability to retain existing customers, sell those customers additional products and services, or successfully develop and implement new and enhanced products and services and, accordingly, increase our revenues, could adversely affect our future results of operations.

***If we cannot maintain our Company’s culture as we grow, we could lose the innovation, teamwork, passion, and focus on execution that we believe contribute to our success and our business may be harmed.***

We believe that a critical component to our success has been our Company’s culture. Our Company is aligned behind our culture and key values and we have invested substantial time and resources in building our team within this culture. Additionally, as we grow and develop the infrastructure of a public company, we may find it difficult to maintain these important aspects of our Company’s culture. If we fail to preserve our culture, our ability to retain and recruit personnel, our ability to effectively focus on and pursue our corporate objectives, and our business could be harmed.

***Our quarterly and annual results of operations may vary significantly and may be difficult to predict. If we fail to meet the expectations of investors or securities analysts, our stock price and the value of your investment could decline.***

Our quarterly and annual billings, revenue and results of operations have fluctuated significantly in the past and may vary significantly in the future due to a variety of factors, many of which are outside of our control. Our financial results in any one quarter should not be relied upon as indicative of future performance. We may not be able to accurately predict our future billings, revenue or results of operations. Factors that may cause fluctuations in our quarterly results of operations include, but are not limited to, those listed below:

- fluctuations in the demand for our platform, and the timing of sales, particularly larger subscriptions;

- our ability to attract new customers or retain existing customers;
- changes in customer renewal rates and our ability to increase sales to our existing customers;
- the seasonal buying patterns of our customers;
- the budgeting cycles and internal purchasing priorities of our customers;
- the payment terms and subscription term length associated with our platform sales and their effect on our billings and free cash flow;
- our ability to anticipate or respond to changes in the competitive landscape, including consolidation among competitors;
- the timing of expenses and recognition of revenue;
- the amount and timing of operating expenses related to the maintenance and expansion of our business, operations, and infrastructure;
- the timing and success of new product feature and service introductions by us or our competitors;
- network outages or actual or perceived security breaches;
- changes in laws and regulations that impact our business; and
- general economic and market conditions.

If our billings, revenue or results of operations fall below the expectations of investors or securities analysts in a particular quarter, or below any guidance that we may provide, the price of our Shares could decline.

***If our security measures are breached or unauthorized access to customer data is otherwise obtained, our platform may be perceived as insecure, we may lose existing customers or fail to attract new customers, our reputation may be harmed, and we may incur significant liabilities.***

Unauthorized access to, or other security breaches of (including malware attacks), our platform or the other systems or networks used in our business, including those of our vendors, contractors, or those with which we have strategic relationships, could result in the loss, compromise or corruption of data, loss of business, reputational damage adversely affecting customer or investor confidence, regulatory investigations and orders, litigation, indemnity obligations, damages for contract breach, penalties for violation of applicable laws or regulations, significant costs for remediation, and other liabilities. We have insurance coverage, but this coverage may be insufficient to compensate us for all liabilities that we may incur. Further, an actual or perceived security breach affecting one of our competitors or any other company that provides hosting services or delivers applications under a SaaS model, even if no confidential information of our customers is compromised, may adversely affect the market perception of our security measures and we could lose potential sales and existing customers.

Our platform and the other systems or networks used in our business are also at risk for breaches as a result of third-party action, or employee, vendor, or contractor error or malfeasance. We have incurred and expect to continue to incur significant expenses to prevent security breaches, including deploying additional personnel and protection technologies, training employees, and engaging third-party experts and consultants. However, since the techniques used to obtain unauthorized access or to sabotage systems change frequently and generally are not identified until after they are launched against a target, we may be unable to anticipate these techniques or to implement adequate preventative measures. We may also experience security breaches that may remain undetected for an extended period and, therefore, have a greater impact on our platform, the proprietary and other confidential data contained therein or otherwise stored or processed in our operations, and ultimately on our business.

***Privacy, data protection, and information security concerns, and data collection and transfer restrictions and related domestic or foreign regulations, may limit the use and adoption of our platform and adversely affect our business.***

Use of our platform involves the storage, transmission, and processing of data from our customers and their employees or other personnel, including certain personal or individually identifying information. Personal privacy, information security, and data protection are significant issues in North America, Europe, and many other jurisdictions where we offer our platform. The regulatory framework governing the collection, processing, storage, and use of business information, particularly information that includes personal data, is rapidly evolving and any failure or perceived failure to comply with applicable privacy, security, or data protection laws, regulations and/or contractual obligations may adversely affect our business.

The Canadian federal and various provincial and territorial and foreign governments have adopted or proposed requirements regarding the collection, distribution, use, security, and storage of personally identifiable information and other data relating to individuals including the *Personal Information Protection and Electronic Documents Act* (Canada), and federal and provincial and territorial consumer protection laws are being applied to enforce regulations related to the online collection, use, and dissemination of data. Some of these requirements include obligations of companies to notify individuals of security breaches involving particular personal information, which could result from breaches experienced by us or by our vendors, contractors, or organizations with which we have formed strategic relationships. Even though we may have contractual protections with such vendors, contractors, or other organizations, notifications and follow-up actions related to a security breach could impact our reputation, cause us to incur significant costs, including legal expenses, harm customer confidence, hurt our expansion into new markets, cause us to incur remediation costs, or cause us to lose existing customers.

Further, many foreign countries and governmental bodies, including the United States and European Union, or EU, where we conduct business, have laws and regulations concerning the collection and use of personal data obtained from their residents or by businesses operating within their jurisdictions. These laws and regulations can be more restrictive than those in Canada. Laws and regulations in these jurisdictions apply broadly to the collection, use, storage, disclosure, and security of data that identifies or may be used to identify or locate an individual, such as names, email addresses and, in some jurisdictions, Internet Protocol, or IP, addresses. The policies and frameworks we use to comply with these laws may be subject to legal challenge by data protection authorities, and we may experience reluctance or refusal by European customers to use our platform due to potential risk exposure created by transferring personal data from Europe. We and our customers face a risk of enforcement actions taken by European data protection authorities regarding data transfers from Europe.

The European *General Data Protection Regulations* 2016/679 (“**GDPR**”) took effect on May 25, 2018. The GDPR applies to any company established in the EU as well as to those outside the EU if they collect and use personal data through the provision of goods or services to individuals in the EU or monitor their behavior. The GDPR enhances data protection obligations of businesses and provides direct legal obligations for service providers processing personal data on behalf of customers, including with respect to cooperation with European data protection authorities, implementation of security measures and keeping records of personal data processing activities. Noncompliance with the GDPR can trigger fines of up to €20 million or 4% of global annual revenues, whichever is higher. Separate EU laws and regulations (and member states’ implementations thereof) govern the protection of consumers and of electronic communications.

We also expect that there will continue to be new proposed laws, regulations, and industry standards concerning privacy, data protection, and information security in the United States, the EU, and other jurisdictions. We cannot determine the impact such future laws, regulations, and standards may have on our business. Such laws and regulations are often subject to differing interpretations and may be inconsistent among jurisdictions. These and other requirements could reduce demand for our platform, increase our costs, impair our ability to grow our business, or restrict our ability to store and process data or, in some cases, impact our ability to offer our platform in some locations and may subject us to liability. Further, in view of new or modified federal, state, or foreign laws and regulations, industry standards, contractual obligations, and other legal obligations, or any changes in their interpretation, we may find it necessary or desirable to fundamentally change our business activities and practices or to expend significant resources to modify our platform and otherwise adapt to these changes. We may be unable to make such changes and modifications in a commercially reasonable manner, or at all, and our ability to develop new features could be limited.

The costs of compliance with and other burdens imposed by laws, regulations, and standards may limit the use and adoption of and reduce overall demand for our platform, or lead to significant fines, penalties, or liabilities for any noncompliance. Privacy, information security, and data protection concerns, actual and perceived, may inhibit market adoption of our platform, particularly in certain industries and foreign countries.

***Regulatory requirements placed on our software and services could impose increased costs on us, delay or prevent our introduction of new products and services, and impair the function or value of our existing products and services.***

Our products and services are currently subject to various regulatory requirements. For example, we are or may be subject to laws, regulations and policies that govern discriminatory and harassing conduct particularly, in light of our use of AI technologies, the content of our platform or recommendations for content consumption may run afoul of local laws, regulations and policies that govern discrimination and harassment. Additionally, we are subject to laws, regulations and policies that govern the amount and type of taxes we are required to collect and remit, including with respect to internet transactions with customers in jurisdictions in which we do not have a physical presence. New income, sales, use or other tax laws, statutes, rules, regulations or ordinances applicable to solutions provided over the internet could be enacted at any time by any local, regional or national governmental authority, possibly with retroactive effect. Recent jurisprudence of the U.S. Supreme Court requires that online retailers collect sales and use taxes imposed by various U.S. states, even if the retailer has no physical presence in that state. We may also be subject to anti-spam laws, regulations and policies. In Canada, the regulatory authority responsible for enforcement of Canada's Anti-Spam Legislation ("CASL") has issued a bulletin that signals broad potential liability for electronic intermediaries (such as hosting providers and SaaS providers) for failing to take sufficient steps to stop third parties from using intermediary services and facilities to violate CASL, including prohibitions on sending electronic marketing messages or installing computer programs without consent.

Our business may become subject to increasing regulatory requirements, and as these requirements proliferate, we may be required to change or adapt our products and services to comply. Changing regulatory requirements might render our products and services obsolete or might block us from developing new products and services. This might in turn impose additional costs upon us to comply or to further develop our products and services. It might also make introduction of new products and services more costly or more time-consuming than we currently anticipate and could even prevent introduction by us of new products or services or cause the continuation of our existing products or services to become more costly. Accordingly, such regulatory requirements could have a material adverse effect on our business, financial condition, and results of operations.

***If we fail to retain key employees or to recruit qualified technical and sales personnel, our business could be harmed.***

We believe that our success depends on the continued employment of our senior management and other key employees, particularly our senior management team including Claudio Erba, Martino Bagini, and Alessio Artuffo. In addition, because our future success is dependent on our ability to continue to enhance and introduce new platform features, we are heavily dependent on our ability to attract and retain qualified personnel with the requisite education, background, and industry experience. As we expand our business, our continued success will also depend, in part, on our ability to attract and retain qualified sales, marketing, and operational personnel capable of supporting a larger and more diverse customer base. The loss of the services of a significant number of our technology or sales personnel could be disruptive to our development efforts or customer relationships. In addition, if any of our key employees joins a competitor or decides to otherwise compete with us, we may experience a material disruption of our operations and business strategy, which may cause us to lose customers or increase operating expenses and may divert our attention as we seek to recruit replacements for the departed employees.

***We recognize revenue from subscriptions over the term of our customer contracts, and as such our reported revenue and billings may differ significantly in a given period, and our revenue in any period may not be indicative of our financial health and future performance.***

We recognize revenue from subscriptions rateably over the subscription term of the underlying customer contract. Our billings are recorded upon invoicing for access to our platform, and thus a significant portion of the billings we report in each quarter, are generated from customer agreements entered and invoiced during the period. As a result, much of the revenue we report each quarter is derived from contracts that we entered into with customers in prior periods. Consequently, a decline in new or renewed subscriptions in any quarter will not be fully reflected in revenue or other results of operations in that quarter but will negatively affect our revenue and other results of operations across future quarters. It is difficult for us to rapidly increase our revenue from additional billings in a given period. Any increases in the average term of subscriptions would result in revenue for those contracts being recognized over longer periods of time with less positive impact on our results of operations in the near term. Accordingly, our revenue in any given period may not be an accurate indicator of our financial health and future performance.

***Our sales cycles can be unpredictable, and our sales efforts require considerable time and expense. As a result, the timing of our billings and revenue are difficult to predict and may vary substantially from period to period, which may cause our results of operations to fluctuate significantly.***

Our results of operations may fluctuate, in part, because of the resource intensive nature of our sales efforts, the length and variability of our sales cycle, and difficulty in adjusting our operating expenses in the short term. The length of our sales cycle, from identification of the opportunity to delivery of access to our platform, can vary from customer to customer, with sales to larger businesses typically taking longer to complete. In addition, as we increase our sales to larger businesses, we face longer more complex customer requirements, and substantial upfront sales costs. With larger businesses, the decision to subscribe to our platform frequently requires the approvals of multiple management personnel and more technical personnel than would be typical of a smaller organization and, accordingly, sales to larger businesses may require us to invest more time educating these potential customers. Purchases by larger businesses are also frequently subject to budget constraints and unplanned administrative, processing, and other delays, which means we may not be able to come to agreement on the terms of the sale to larger businesses.

To the extent our competitors develop products that our prospective customers view as equivalent or superior to our platform, our average sales cycle may increase. Additionally, if a key sales member leaves our employment or if our primary point of contact at a customer or potential customers leaves his or her employment, our sales cycle may be further extended or customer opportunities may be lost. As a result of the buying behavior of enterprises and the efforts of our sales force and partners to meet or exceed their sales objectives by the end of each fiscal quarter, we may generate a substantial portion of billings towards the end of each fiscal quarter. These transactions may not close as expected or may be delayed in closing. The unpredictability of the timing of customer purchases, particularly large purchases, could cause our billings and revenue to vary from period to period or to fall below expected levels for a given period, which will adversely affect our business, results of operations, and financial condition.

***We may not receive significant revenue as a result of our current research and development efforts.***

We reinvest a large percentage of our revenue in research and development, including AI. Our investment in our current research and development efforts may not provide a sufficient, timely return. We make and will continue to make significant investments in software research and development and related product opportunities. Investments in new technology and processes are inherently speculative. Commercial success depends on many factors including the degree of innovation of the products developed through our research and development efforts, sufficient support from our strategic partners, and effective distribution and marketing. Accelerated product introductions and short product life cycles require high levels of expenditures for research and development. These expenditures may materially adversely affect our operating results if they are not offset by revenue increases. We believe that we must continue to dedicate a significant amount of resources to our research and development efforts in order to maintain our competitive position. However, significant revenue from new product and service investments may not be achieved for a number of years, if at all. Moreover, new products and services may not be profitable.

***We believe our long-term success depends in part on continuing to expand our international sales and operations and we are therefore subject to a number of risks associated with international sales and operations.***

We intend to continue expanding our international operations. In order to maintain and expand our sales internationally, we need to hire and train experienced personnel to staff and manage our foreign operations. To the extent that we experience difficulties in recruiting, training, managing, and retaining international staff, and specifically sales and marketing personnel, we may experience difficulties in growing our international sales.

Additionally, our international sales are subject to a number of risks, including, but not limited to, the following:

- unexpected costs and errors in tailoring our products for individual markets, including translation into foreign languages and adaptation for local practices;
- difficulties in adapting to customer desires due to language and cultural differences;
- new and different sources of competition;
- increased financial accounting and reporting burdens and complexities;
- increased expenses associated with international sales and operations, including establishing and maintaining office space and equipment for our international operations;
- lack of familiarity and burdens of complying with foreign laws, legal standards, privacy standards, regulatory requirements, tariffs, and other barriers;
- greater difficulty in enforcing contracts and accounts receivable collection and longer collection periods;
- practical difficulties of enforcing intellectual property rights in countries with fluctuating laws and standards and reduced or varied protection for intellectual property rights in some countries;
- unexpected changes in regulatory requirements, taxes, trade laws, tariffs, export quotas, custom duties, or other trade restrictions;
- limitations on technology infrastructure, which could limit our ability to migrate international operations to our existing systems, which could result in increased costs;
- difficulties in managing and staffing international operations and differing employer/employee relationships and local employment laws;
- fluctuations in exchange rates that may increase the volatility of our foreign-based revenue; and
- potentially adverse tax consequences, including the complexities of foreign value added tax (or other tax) systems and restrictions on the repatriation of earnings.

Additionally, operating in international markets also requires significant management attention and financial resources. We plan to continue investing substantial time and resources to expand our international operations, but we cannot be certain that these investments will produce desired levels of revenue or profitability. These factors and other factors could harm our ability to gain future international revenue and, consequently, materially affect our business, results of operations, and financial condition.

***We may face exposure to foreign currency exchange rate fluctuations.***

Revenues and operating expenses outside of Canada are often denominated in local currencies. Additionally, as we expand our international operations, we restate our financial results in Canadian dollars. Therefore, fluctuations in the value of the Canadian dollar and foreign currencies may affect our results of operations when translated into Canadian

dollars. We do not currently engage in currency hedging activities to limit the risk of exchange rate fluctuations. In the future, we may use derivative instruments, such as foreign currency forward and option contracts, to hedge certain exposures to fluctuations in foreign currency exchange rates. The use of such hedging activities may not offset any or more than a portion of the adverse financial effects of unfavorable movements in foreign exchange rates over the limited time the hedges are in place. Moreover, the use of hedging instruments may introduce additional risks if we are unable to structure effective hedges with such instruments.

***If we fail to manage our hosting network infrastructure capacity, our existing customers may experience service outages and our new customers may experience delays in accessing our platform.***

We host our platform on data centers provided by AWS, a provider of cloud infrastructure services. Our operations depend on the virtual cloud infrastructure hosted in AWS as well as the information stored in these virtual data centers and which third-party internet service providers transmit. Although we have disaster recovery plans that utilize multiple AWS locations, any incident affecting their infrastructure that may be caused by fire, flood, severe storm, earthquake, power loss, telecommunications failures, unauthorized intrusion, computer viruses, disabling devices, natural disasters, war, criminal act, military actions, terrorist attacks, and other similar events beyond our control could negatively affect the availability and reliability of our platform. A prolonged AWS service disruption affecting our platform for any of the foregoing reasons or the termination of our relationship with AWS could damage our reputation with current and potential customers, expose us to liability, cause us to lose customers, or otherwise harm our business. We may also incur significant costs for using alternative equipment or taking other actions in preparation for, or in reaction to, events that damage the AWS services we use.

AWS enables us to order and reserve server capacity in varying amounts and sizes distributed across multiple regions, and provides us with computing and storage capacity pursuant to an agreement that continues until terminated by either party. AWS may terminate the agreement by providing 30 days prior written notice and may, in some cases, terminate the agreement immediately for cause upon notice. Any disruption of our use of, or interference with, AWS would adversely affect our operations and business.

We have experienced significant growth in the number of learners, transactions, and data that our hosting infrastructure supports. We seek to maintain sufficient excess capacity in our hosting network infrastructure to meet the needs of all of our customers. However, the provision of new hosting infrastructure may require significant lead time and resources. If we do not accurately predict our infrastructure capacity requirements, our existing clients may experience service outages that may adversely impact our results of operations and lead to customer losses. If our hosting infrastructure capacity fails to keep pace with increased sales, customers may experience delays as we seek to obtain additional capacity, which could harm our reputation and adversely affect our revenue growth.

***We rely upon SaaS technologies from third parties to operate our business, and interruptions or performance problems with these technologies may adversely affect our business and results of operations.***

We rely on hosted SaaS applications from third parties in order to operate critical functions of our business, including platform delivery, enterprise resource planning, customer relationship management, billing, project management, and accounting and financial reporting. If these services become unavailable due to extended outages, interruptions, or because they are no longer available on commercially reasonable terms, our expenses could increase, our ability to manage finances could be interrupted, and our processes for managing sales of our platform and supporting our customers could be impaired until equivalent services, if available, are identified, obtained, and implemented, all of which could adversely affect our business.

***Our growth depends in part on the success of our relationships with third party vendors and suppliers.***

We anticipate that the growth of our business will continue to depend on third-party relationships, including relationships with our suppliers, app developers, theme designers and referral sources.

Identifying, negotiating and documenting relationships with third party vendors and suppliers requires significant time and resources as does integrating third-party technology. Our agreements with providers of cloud hosting, technology, and consulting services are typically non-exclusive and do not prohibit such service providers from working with our competitors or from offering competing services. These third-party providers may choose to terminate their

relationship with us or to make material changes to their businesses, products or services in a manner that is adverse to us.

The success of our platform depends, in part, on our ability to integrate third-party applications, themes and other offerings into our third-party ecosystem. Third-party developers may also change the features of their offering of applications and themes or alter the terms governing the use of their offerings in a manner that is adverse to us. If third-party applications and themes change such that we do not or cannot maintain the compatibility of our platform with these applications and themes, or if we fail to provide third-party applications and themes that our customers desire to add to their businesses, demand for our platform could decline. If we are unable to maintain technical interoperability, our customers may not be able to effectively integrate our platform with other systems and services they use. We may also be unable to maintain our relationships with certain third-party vendors if we are unable to integrate our platform with their offerings. In addition, third-party developers may refuse to partner with us or limit or restrict our access to their offerings. Such changes could functionally limit or terminate our ability to use these third-party offerings with our platform, which could negatively impact our solution offerings and harm our business. If we fail to integrate our platform with new third-party offerings that our customers need for their businesses, or to adapt to the data transfer requirements of such third-party offerings, we may not be able to offer the functionality that our customers and their clients expect, which would negatively impact our offerings and, as a result, harm our business.

Further, our competitors may effectively incentivize third-party developers to favor our competitors' products or services, which could diminish our prospects for collaborations with third-parties and reduce subscriptions to our platform. In addition, providers of third-party offerings may not perform as expected under our agreements and we may in the future have disagreements or disputes with such providers. If any such disagreements or disputes cause us to lose access to products or services from a particular supplier, or lead us to experience a significant disruption in the supply of products or services from a current supplier, especially a single-source supplier, they could have an adverse effect on our business and operating results.

***Our growth depends in part on the success of our strategic relationships with OEMs.***

In addition to growing our direct sales channels, we intend to pursue additional relationships with other third party OEMs. Identifying the proper OEMs to partner with will be essential to this growth strategy. Negotiating and documenting relationships with appropriate third party OEMs will require significant time and resources, as will integrating third-party content and technology. Our agreements with OEMs may not prohibit them from working with our competitors or from offering competing services. Our competitors may be effective in providing incentives to third party OEMs to favour their products or services or to prevent or reduce subscriptions to our solution. In addition, these distributors and providers may not perform as expected under our agreements, and we have had, and may in the future have, disagreements or disputes with such distributors and providers, which could negatively affect our brand and reputation. A global economic slowdown and other factors could also adversely affect the businesses of our OEMs, and it is possible that they may not be able to devote the resources we expect to the relationship. If we are unsuccessful in establishing or maintaining our relationships with these third parties, our ability to compete in the marketplace or to grow our revenue could be impaired and our operating results could suffer. Even if we are successful, there can be no assurance that these relationships will result in improved operating results.

***We have incurred operating losses and negative cash flows in the past and may incur operating losses and negative cash flows in the future.***

Throughout most of our history, we have experienced net losses and negative cash flows from operations. As of December 31, 2018, we had an accumulated deficit of approximately US\$16.8 million. We expect our operating expenses to increase in the future as we expand our operations. Furthermore, as a public company, we will incur legal, accounting and other expenses that we did not incur as a private company. If our revenue does not grow to offset these increased expenses, we will not be profitable. We cannot assure you that we will be able to achieve or maintain profitability. You should not consider recent revenue growth as indicative of our future performance.

***If we do not maintain the compatibility of our solutions with third-party applications that our customers use in their business processes, demand for our solutions could decline.***

Our solutions can be used alongside a wide range of other systems, such as enterprise software systems and business software applications used by our customers in their businesses. If we do not support the continued integration of

our solutions with third-party applications, including through the provision of application programming interfaces that enable data to be transferred readily between our solutions and third-party applications, demand for our solutions could decline, and we could lose sales. We will also be required to make our solutions compatible with new or additional third-party applications that are introduced into the markets that we serve. We may not be successful in making our solutions compatible with these third-party applications, which could reduce demand for our solutions. In addition, prospective customers, especially large enterprise customers, may require heavily customized features and functions unique to their business processes. If prospective customers require customized features or functions that we do not offer, then the market for our solutions will be adversely affected.

***If we are not able to keep pace with technological developments or new versions or updates of operating systems and internet browsers adversely impact the process by which our customers interface with our platform, our business will be harmed.***

As our platform is designed to operate on a variety of network, hardware, and software platforms using internet tools and protocols, we will need to continuously modify and enhance our platform to keep pace with changes in internet-related hardware, software, communication, browser, and database technologies. If we are unable to respond in a timely and cost-effective manner to these rapid technological developments, our platform may become obsolete, which would adversely impact our results of operations.

In addition, the industry in which we compete is characterized by rapid technological change, frequent introductions of new products and evolving industry standards. Our ability to attract new customers and increase revenue from customers will depend in significant part on our ability to anticipate industry standards and to continue to enhance existing solutions or introduce or acquire new solutions on a timely basis to keep pace with technological developments. The success of any enhancement or new solution depends on several factors, including the timely completion and market acceptance of the enhancement or new solution. Any new solution we develop or acquire might not be introduced in a timely or cost-effective manner and might not achieve the broad market acceptance necessary to generate significant revenue. If any of our competitors implements new technologies before we are able to implement them, those competitors may be able to provide more effective solutions than ours at lower prices.

***If we fail to develop, maintain, and enhance our brand and reputation cost-effectively, our business and financial condition may be adversely affected.***

We believe that developing, maintaining, and enhancing awareness and integrity of our brand and reputation in a cost-effective manner are important to achieving widespread acceptance of our platform and are important elements in maintaining existing customers and attracting new customers. We believe that the importance of our brand and reputation will increase as competition in our market further intensifies. Successful promotion of our brand will depend on the effectiveness of our marketing efforts, our ability to provide a reliable and useful platform at competitive prices, the perceived value of our platform, and our ability to provide quality customer support. Brand promotion activities may not yield increased revenue, and even if they do, the increased revenue may not offset the expenses we incur in building and maintaining our brand and reputation. If we fail to promote and maintain our brand successfully or to maintain loyalty among our customers, or if we incur substantial expenses in an unsuccessful attempt to promote and maintain our brand, we may fail to retain our existing customers and partners or attract new customers and partners and our business and financial condition may be adversely affected. Any negative publicity relating to our employees, partners, or other parties associated with us or them, may also tarnish our own reputation simply by association and may reduce the value of our brand. Damage to our brand and reputation may result in reduced demand for our platform and increased risk of losing market share to our competitors. Any efforts to restore the value of our brand and rebuild our reputation may be costly and may not be successful.

***Mergers or other strategic transactions involving our competitors or customers could weaken our competitive position, which could harm our results of operations.***

Some of our competitors may enter into new alliances with each other or may establish or strengthen cooperative relationships with systems integrators, third-party consulting firms or other parties, thereby limiting our ability to promote our products. Any such consolidation, acquisition, alliance or cooperative relationship could lead to pricing pressure and our loss of market share and could result in a competitor with greater financial, technical, marketing,

service and other resources, all of which could have a material adverse effect on our business, results of operations and financial condition.

Consolidation within our existing and target markets as a result of mergers or other strategic transactions may also create uncertainty among customers as they realign their businesses and impact new sales and renewal rates. For example, mergers or strategic transactions by potential or existing customers may delay orders for our products and services or cause the use of our products to be discontinued, which could have a material adverse effect on our business, results of operations and financial condition.

***If we fail to adequately protect our proprietary rights, our competitive position could be impaired and we may lose valuable assets, generate reduced revenue or experience slower growth rates, and incur costly litigation to protect our rights.***

The learning management system industry is characterized by a large number of copyrights, trademarks, trade secrets, and other intellectual property rights. Our success is dependent, in part, upon protecting our proprietary information and technology. We rely on a combination of trademarks, copyrights, trade secrets, intellectual property assignment agreements, license agreements, confidentiality procedures, non-disclosure agreements, and employee non-disclosure and invention assignment agreements to establish and protect our proprietary rights. However, the steps we take to protect our intellectual property may be inadequate. We will not be able to protect our intellectual property if we are unable to enforce our rights or if we do not detect and mitigate unauthorized use of our intellectual property. Despite our precautions, it may be possible for unauthorized third parties to copy our platform and use information that we regard as proprietary to create solutions that compete with ours. Policing unauthorized use of our platform is difficult and the steps we take to combat such actions may prove ineffective. Some license provisions protecting against unauthorized use, copying, transfer, and disclosure of our platform may be unenforceable under the laws of certain jurisdictions and foreign countries. Further, the laws of some countries do not protect proprietary rights to the same extent as the laws of Canada, and mechanisms for enforcement of intellectual property rights in some foreign countries may be inadequate. To the extent we expand our international activities, our exposure to unauthorized copying and use of our platform and proprietary information may increase. Accordingly, despite our efforts, we may be unable to prevent third parties from infringing upon or misappropriating our technology and intellectual property.

We rely in part on trade secrets, proprietary know-how, and other confidential information to maintain our competitive position. Although we enter into intellectual property assignment agreements or license agreements with our employees and contractors, confidentiality and invention assignment agreements with our employees and consultants, and confidentiality agreements with the parties with whom we have strategic relationships and business alliances, no assurance can be given that these agreements will be effective in controlling access to, and distribution of, our platform and proprietary information. Further, these agreements do not prevent our competitors from independently developing technologies that are substantially equivalent or superior to our platform.

To protect our intellectual property rights, we may be required to spend significant resources to monitor and protect these rights. Litigation may be necessary in the future to enforce our intellectual property rights and to protect our trade secrets. Such litigation could be costly, time-consuming, and distracting to management and could result in the impairment or loss of portions of our intellectual property. Furthermore, our efforts to enforce our intellectual property rights may be met with defenses, counterclaims, and countersuits attacking the validity and enforceability of our intellectual property rights. Our inability to protect our proprietary technology against unauthorized copying or use, as well as any costly litigation or diversion of our management's attention and resources, could delay further sales or the implementation of our platform, impair the functionality of our platform, delay introductions of new platform features, result in our substituting inferior or more costly technologies into our platform, or injure our reputation. In addition, we may be required to license additional technology from third parties to develop and market new platform features or services, and we cannot guarantee that we will be able to license that technology on commercially reasonable terms or at all, and our inability to license this technology could harm our ability to compete.

***An assertion by a third-party that we are infringing its intellectual property could subject us to costly and time-consuming litigation which could harm our business***

Our success depends in part upon our not infringing the intellectual property rights of others. However, our competitors, as well as a number of other entities and individuals, may own or claim to own intellectual property relating to our industry or, in some cases, our technology.

In the past, third parties have claimed that we were infringing their intellectual property rights. Such claims may reoccur in the future, and we may actually be found to be infringing on such rights. Any claims or litigation could cause us to incur significant expenses, and if successfully asserted against us, could require that we pay substantial damages or ongoing revenue share payments, indemnify our customers or distributors, obtain licenses, modify products, or refund fees, any of which would deplete our resources and adversely impact our business.

***The use of open source software in our products may expose us to additional risks and harm our intellectual property.***

We have in the past and may in the future leverage open source software components in our development processes. These components are developed by third parties over whom we have no control. We have no assurances that those components do not infringe upon the intellectual property rights of others. We could be exposed to infringement claims, security vulnerabilities and liability in connection with the use of those open source software components, and we may be forced to replace those components with internally developed software or software obtained from another supplier, which may increase our expenses. The developers of open source software are usually under no obligation to maintain or update that software and we may be forced to maintain or update such software ourselves or replace such software with internally developed software or software obtained from another supplier, which may increase our expenses. Making such replacements could also delay enhancements to our products. Certain open source software licenses provide that the licensed software may be freely used, modified and distributed to others provided that any modifications made to such software including the source code to such modifications, are also made available under the same terms and conditions. As a result, any modifications we make to such software will be available to all downstream learners of the software, including our competitors.

Certain open source licenses (“**Reciprocal Licenses**”) provide that if we wish to combine the licensed software, in whole or in part, with our proprietary software, and distribute copies of the resulting combined work, we may only do so if such copies are distributed under the same terms and conditions as the open source software component of the work that was licensed to us, including the requirement to make the source code to the entire work available to recipients of such copies. The types of combinations of open source software and proprietary code that are covered by the requirement to release the source code to the entire combined work are uncertain and much debated by learners of open source software. There is little or no legal precedent governing the interpretation of many of the terms of these licenses. An incorrect determination as to whether a combination is governed by such provisions will result in non-compliance with the terms of the open source license. Such non-compliance could result in the termination of our license to use, modify and distribute copies of the affected open source software and we may be forced to replace such open source software with internally developed software or software obtained from another supplier, which may increase our expenses. In addition to terminating the affected open source license, the licensor of such open source software may seek to have a court order that the proprietary software that was combined with the open source software be made available to others, including our competitors, under the terms and conditions of the applicable open source license. For those reasons, we have instituted policies and practices which are intended to govern and limit the use of open source software that is distributed under the terms of a Reciprocal License.

In addition to risks related to license requirements, usage of open source software can lead to greater risks than the use of third-party commercial software, as open source licensors generally do not provide warranties, controls on the origin or development of the software, or remedies against the licensors. Many of the risks associated with usage of open source software cannot be eliminated and could adversely affect our business.

***Issues in the use of artificial intelligence in our platform may result in reputational harm or liability***

Our platform uses AI, and we expect to continue building AI into our platform in the future. We envision a future in which AI operates within our cloud-based platform to offer an efficient and effective e-learning solution for our customers. As with many disruptive innovations, AI presents risks and challenges that could affect its adoption, and therefore our business. AI algorithms may be flawed. Datasets may be insufficient or contain biased information. Inappropriate or controversial data practices by us or others could impair the acceptance, utility and effectiveness of AI solutions. These deficiencies could undermine the decisions, predictions, or analysis AI applications produce, subjecting us to competitive harm, legal liability, and brand or reputational harm. Some AI scenarios present ethical issues. If we enable or offer AI solutions that are controversial because of their impact on human rights, privacy, employment, equity, accessibility or other social issues, we may experience brand or reputational harm.

***Real or perceived errors, failures, vulnerabilities, or bugs in our platform could harm our business and results of operations.***

Errors, failures, vulnerabilities, or bugs may occur in our platform, especially when updates are deployed or new features are rolled out. In addition, utilization of our platform in complicated, large-scale customer environments may expose errors, failures, vulnerabilities, or bugs in our platform. Any such errors, failures, vulnerabilities, or bugs may not be found until after they are deployed to our customers. As a provider of learning management solutions, our brand and reputation is particularly sensitive to such errors, failures, vulnerabilities, or bugs. Real or perceived errors, failures, vulnerabilities, or bugs in our platform could result in negative publicity, loss of competitive position, loss of customer data, loss of or delay in market acceptance of our products, or claims by customers for losses sustained by them, all of which could harm our business and results of operations.

***If we are unable to successfully refresh or update our source code or other aspects of our platform or detect and adequately address technological deficiencies in a timely and adequate manner, our competitive position could be negatively affected.***

Our competitiveness depends, in part, on our ability to deliver an up to date learner interface and to promptly address technical deficiencies in a timely and efficient manner. Updates to our source code and other aspects of our platform require significant investment and we may not have the resources to make such investment. We may not be able to expand and upgrade our personnel, technology systems and infrastructure to accommodate increases in our business activity in a timely manner, which could lead to operational breakdowns and delays, loss of customers, a reduction in the growth of our customer base, increased operating expenses or financial losses.

Our products and services are complex and sophisticated and may contain design defects or errors that are difficult to detect and correct. Errors or defects may be found in new products or services after launch and, even if discovered, we may not be able to successfully correct such errors or defects in a timely manner or at all, which could adversely impact our business.

***From time to time, we may become defendants in legal proceedings for which we are unable to assess our exposure and which could become significant liabilities in the event of an adverse judgment.***

From time to time in the ordinary course of our business, we may become involved in various legal proceedings, including commercial, product liability, employment, class action and other litigation and claims, as well as governmental and other regulatory investigations and proceedings. Such matters can be time-consuming, divert management's attention and resources and cause us to incur significant expenses. Furthermore, because litigation is inherently unpredictable, the results of any such actions may have a material adverse effect on our business, operating results or financial condition.

***Any failure to offer high-quality customer support may harm our relationships with our customers and our results of operations.***

Our customers depend on our customer support teams to resolve technical and operational issues if and when they arise. We may be unable to respond quickly enough to accommodate short-term increases in customer demand for customer support. Customer demand for support may also increase as we expand the features available on our platform. Increased customer demand for customer support, without corresponding revenue, could increase costs and harm our results of operations. In addition, as we continue to expand our customer base, we need to be able to provide efficient and effective customer support that meets our customers' needs and expectations globally at scale. The number of our customers has grown significantly, which puts additional pressure on our support organization. In order to meet these needs, we have relied in the past and will continue to rely on self-service customer support to resolve common or frequently asked questions, which supplement our customer support teams. If we are unable to provide efficient and effective customer support globally at scale including through the use of self-service support, our ability to grow our operations may be harmed and we may need to hire additional support personnel, which could harm our margins and results of operations. Our sales are highly dependent on our business reputation and on positive recommendations from our existing customers. Any failure to maintain high-quality customer support, or a market perception that we do not maintain high-quality customer support, could harm our reputation, our ability to sell our platform to existing and prospective customers, our business, results of operations, and financial condition.

***Adverse economic and market conditions and reductions in IT spending may adversely impact our business and results of operations.***

Unfavorable general economic conditions, such as a recession or economic slowdown in one or more of our major markets, could adversely affect demand for our platform. Changing macroeconomic conditions may affect our business in a number of ways. For example, spending patterns of businesses are sensitive to the general economic climate. Subscriptions for our platform may be considered discretionary by many of our current and potential customers. As a result, businesses considering whether to purchase or renew subscriptions to our products may be influenced by macroeconomic factors.

In addition, recent events in the financial markets have demonstrated that businesses and industries throughout the world are very tightly connected to each other. Thus, financial developments seemingly unrelated to us or to our industry may materially adversely affect us over the course of time. Volatility in the market price of our Shares due to seemingly unrelated financial developments could hurt our ability to raise capital for the financing of acquisitions or other reasons. Potential price inflation caused by an excess of liquidity in countries where we conduct business may increase the cost we incur to provide our solutions and may reduce profit margins on agreements that govern our provision of products or services to customers over a multi-year period. A reduction in credit, combined with reduced economic activity, may materially adversely affect businesses and industries that collectively constitute a significant portion of our customer base. As a result, these customers may need to reduce their purchases of our products or services, or we may experience greater difficulty in receiving payment for the products or services that these customers purchase from us. Any of these events, or any other events caused by turmoil in world financial markets, may have a material adverse effect on our business, operating results, and financial conditions.

***We may acquire other companies or technologies which could divert our management's attention, result in additional dilution to our shareholders, and otherwise disrupt our operations and harm our results of operations.***

We may in the future seek to acquire or invest in businesses, people, or technologies that we believe could complement or expand our platform or otherwise offer growth opportunities. The pursuit of potential acquisitions may divert the attention of management and cause us to incur various expenses in identifying, investigating, and pursuing suitable acquisitions, whether or not they are ultimately consummated.

Any integration process may result in unforeseen operating difficulties and require significant time and resources and, although we have been successful in the past, we may not be able to integrate the acquired personnel, operations, and technologies successfully or effectively manage the combined business in connection with any future acquisition. We may also not achieve the anticipated benefits from the acquired business due to a number of factors, including, among others:

- costs or liabilities associated with the acquisition;
- diversion of management's attention from other business concerns;
- inability to integrate or benefit from acquired content, technologies, or services in a profitable manner;
- harm to our existing relationships with authors and customers as a result of the acquisition;
- difficulty integrating the accounting systems, operations, and personnel of the acquired business;
- difficulty converting the customers of the acquired business onto our platform and contract terms;
- the potential loss of key employees;
- use of resources that are needed in other parts of our business; and
- the use of substantial portions of our available cash or equity to consummate the acquisition.

In the future, if our acquisitions do not yield expected returns, we may be required to take charges for the write-down or impairment of amounts related to goodwill and intangible assets which could negatively impact our results of operations. We may issue additional equity securities in connection with any future acquisitions, that would dilute our existing shareholders, use cash that we may need in the future to operate our business, incur debt on terms unfavorable to us or that we are unable to pay, incur large charges or substantial liabilities, and become subject to adverse tax consequences, substantial depreciation, or deferred compensation charges. These challenges could adversely affect our business, financial conditions, results of operations, and prospects.

***We might require additional capital to support our growth, and this capital might not be available on acceptable terms, if at all.***

We intend to continue making investments to support our growth and may require additional funds to respond to business challenges, including the need to develop new features or enhance our existing platform or acquire complementary businesses and technologies. Accordingly, we may need to engage in equity or debt financings to secure additional funds. If we raise additional funds through further issuances of equity or convertible debt securities, our existing shareholders could suffer significant dilution, and any new equity securities we issue could have rights, preferences, and privileges superior to those of holders of our Shares. Any debt financing secured by us in the future could involve restrictive covenants relating to our capital-raising activities and other financial and operational matters, which may make it more difficult for us to obtain additional capital and to pursue business opportunities, including potential acquisitions. In addition, we may not be able to obtain additional financing on terms favorable to us, if at all. If we are unable to obtain adequate financing or financing on terms satisfactory to us when we require it, our ability to continue to support our growth and to respond to business challenges could be significantly impaired.

***We may not be able to generate sufficient cash to service our indebtedness.***

As of the date of this prospectus, we had US\$7 million of aggregate indebtedness outstanding under our Credit Facility. We intend to use a portion of the proceeds from the Offering to repay US\$7 million (approximately C\$9 million) of this indebtedness.

Our Credit Facility contains financial covenants, including the requirement to maintain a minimum amount of recurring revenue, minimum liquidity, and a minimum amount of revenue required to be generated by the Company and guarantors. Our ability to make additional borrowings under the Credit Facility depends upon compliance with these and other covenants. Our ability to comply with these covenants and requirements may be affected by events beyond our control. Our failure to comply with obligations under the Credit Facility could result in an event of default under the facilities. A default, if not cured or waived, would prohibit us from obtaining further loans under our Credit Facility and permit the lenders thereunder to accelerate payment of their loans. In addition, the lenders would have the right to proceed against the collateral securing the Credit Facility, which consists of substantially all of our assets. If our debt is accelerated, we cannot be certain that we will have funds available to pay the accelerated debt or that we will have the ability to refinance the accelerated debt on terms favorable to us, or at all. If we could not repay or refinance the accelerated debt, we could be insolvent and could seek to file for bankruptcy protection. Any such default, acceleration, or insolvency would likely have a material and adverse effect on our business.

***Our management team has limited experience managing a public company.***

Most members of our management team have limited or no experience managing a publicly-traded company, interacting with public company investors, and complying with the increasingly complex laws pertaining to public companies. Our management team may not successfully or efficiently manage our transition to being a public company that is subject to significant regulatory oversight and reporting obligations under applicable securities laws and the continuous scrutiny of securities analysts and investors. These new obligations and constituents will require significant attention from our senior management and could divert their attention away from the day-to-day management of our business, which could harm our business, financial condition, and results of operations.

***Our business is subject to a variety of international laws, including export and import controls and anti-corruption laws and regulations, that could subject us to claims, increase the cost of operations, impair our ability to compete in international markets, or otherwise harm our business due to changes in the laws, changes in the interpretations of the laws, greater enforcement of the laws, or investigations into compliance with the laws.***

Our business is subject to regulation by various federal, provincial and territorial, local and foreign governmental agencies, including agencies responsible for monitoring and enforcing copyright laws, employment and labor laws, workplace safety, consumer protection laws, privacy and data protection laws, anti-bribery laws, import and export controls, federal securities laws, and tax laws and regulations. In certain foreign jurisdictions, these regulatory requirements may be more stringent than those in Canada. The U.S. export control laws and U.S. economic sanctions laws may include restrictions or prohibitions on the sale or supply of certain products and services to embargoed or sanctioned countries, governments, persons and entities. In addition, various countries regulate the import of certain encryption and other technology, including import and export permitting and licensing requirements, and have enacted or could enact laws that could limit our ability to distribute our platform, provide our customers access to our platform or could limit our customers' ability to access or use our services in those countries. Changes in our platform, or future changes in export and import regulations may prevent our learners with international operations from utilizing our platform globally or, in some cases, prevent the export or import of our platform to certain countries, governments, or persons altogether. Any change in export or import regulations, economic sanctions, or related legislation, or change in the countries, governments, persons, or technologies targeted by such regulations, could result in decreased use of our platform by, or in our decreased ability to export or sell subscriptions to our platform to, existing or potential learners with international operations. Any decreased use of our platform or limitation on our ability to export or sell our platform would likely adversely affect our business, results of operations, and financial results.

We are also subject to various domestic and international anti-corruption laws, such as the *Corruption of Foreign Public Officials Act* (Canada), U.S. Foreign Corrupt Practices Act and the U.K. Bribery Act, as well as other similar anti-bribery and anti-kickback laws and regulations. These laws and regulations generally prohibit companies and their employees and intermediaries from authorizing, offering, providing, and accepting improper payments or benefits for improper purposes. These laws also require that we keep accurate books and records and maintain compliance procedures designed to prevent any such actions. Although we take precautions to prevent violations of these laws, our exposure for violating these laws increases as our international presence expands and as we increase sales and operations in foreign jurisdictions.

We are also subject to consumer protection laws that may impact our sales and marketing efforts, including laws related to subscriptions, billing, and auto-renewal. These laws, as well as any changes in these laws, could make it more difficult for us to retain existing customers and attract new ones.

These laws and regulations are subject to change over time and thus we must continue to monitor and dedicate resources to ensure continued compliance. Although we take precautions to prevent our platform from being provided in violation of such laws, our platform could be provided inadvertently in violation of such laws, despite the precautions we take. Non-compliance with applicable regulations or requirements could subject us to investigations, sanctions, enforcement actions, disgorgement of profits, fines, damages, civil and criminal penalties, or injunctions. If any governmental sanctions are imposed, or if we do not prevail in any possible civil or criminal litigation, our business, operating results, and financial condition could be materially adversely affected. We may also be adversely affected through penalties, reputational harm, loss of access to certain markets, or otherwise. In addition, responding to any action will likely result in a significant diversion of management's attention and resources and an increase in professional fees. Enforcement actions and sanctions could harm our business, operating results and financial condition.

***Trade wars and changes in international trade law and policies may have a material adverse effect on our business, financial condition and results of operations.***

As a global company, our success depends on our ability to sell across borders. Trade wars and changes in laws and policy relating to trade or taxes may have an adverse effect on our business, financial condition and results of operations. More specifically, the geopolitical environment of the markets where we operate may influence customer demand for our products and may have an impact on input costs. For instance, any potential changes in the economic and political climate in the U.S., such as the potential changes to, or the termination of, trade agreements between the

U.S. and the European Union, or among Canada, the U.S. and Mexico, or the increased geopolitical uncertainty in Europe, could impact our business and our sales and profitability.

***Our business could be adversely impacted by changes in internet access for our learners or laws specifically governing the internet.***

Our platform depends on the quality of our learners' access to the internet. Certain features of our platform require significant bandwidth and fidelity to work effectively. Internet access is frequently provided by companies that have significant market power that could take actions that degrade, disrupt, or increase the cost of learner access to our platform, which would negatively impact our business. We could incur greater operating expenses and our ability to acquire and retain customers could be negatively impacted if network operators:

- implement usage-based pricing;
- discount pricing for competitive products;
- otherwise materially change their pricing rates or schemes;
- charge us to deliver our traffic at certain levels or at all;
- throttle traffic based on its source or type;
- implement bandwidth caps or other usage restrictions; or
- otherwise try to monetize or control access to their networks.

As the internet continues to experience growth in the number of learners, frequency of use, and amount of data transmitted, the internet infrastructure that we and our learners rely on may be unable to support the demands placed upon it. The failure of the internet infrastructure that we or our learners rely on, even for a short period of time, could undermine our operations and harm our results of operations.

In the future, providers of internet browsers could introduce new features that would make it difficult for customers to use our platform. In addition, internet browsers for desktop, tablets or mobile devices could introduce new features, change existing browser specifications such that they would be incompatible with our platform. Any changes to technologies used in our platform, to existing features that we rely on, or to operating systems or internet browsers that make it difficult for customers to access our platform may make it more difficult for us to maintain or increase our revenues and could adversely impact our business and prospects.

In addition, there are various laws and regulations that could impede the growth of the internet or other online services, and new laws and regulations may be adopted in the future. These laws and regulations could, in addition to limiting internet neutrality, involve taxation, tariffs, privacy, data protection, information security, content, copyrights, distribution, electronic contracts and other communications, consumer protection, and the characteristics and quality of services, any of which could decrease the demand for, or the usage of, our platform. Legislators and regulators may make legal and regulatory changes, or interpret and apply existing laws, in ways that require us to incur substantial costs, expose us to unanticipated civil or criminal liability, or cause us to change our business practices. These changes or increased costs could materially harm our business, results of operations, and financial condition.

***It may be difficult or impossible for investors to enforce judgements against foreign subsidiaries and resident directors or officers of the Company***

Certain of the Company's wholly-owned subsidiaries are organized under the laws of foreign jurisdictions and certain of the directors and officers of the Company, including our President and Chief Executive Officer, Claudio Erba, are residents of countries other than Canada. As a result, it may be difficult or impossible for investors to effect service within Canada upon such persons, or to realize against them in Canada upon judgments of courts of Canada predicated upon the civil liability provisions of applicable Canadian provincial securities laws. There is some doubt as to the

enforceability in the United States or other foreign courts by a court in original actions, or in actions to enforce judgments of Canadian courts, of civil liabilities predicated upon such applicable Canadian provincial securities laws.

***Our international operations subject us to potentially adverse tax consequences.***

We are subject to income taxes as well as non-income-based taxes, such as payroll, sales, use, value-added, property and goods and services taxes, in Canada and various foreign jurisdictions. Our domestic and international tax liabilities are subject to various jurisdictional rules regarding the timing and allocation of revenue and expenses. Additionally, the amount of income taxes paid is subject to our interpretation of applicable tax laws in the jurisdictions in which we file and to changes in tax laws. Significant judgment is required in determining our worldwide provision for income taxes and other tax liabilities. From time to time, we may be subject to income and non-income tax audits. While we believe we have complied with all applicable income tax laws, there can be no assurance that a governing tax authority will not have a different interpretation of the law and assess us with additional taxes. Should we be assessed with additional taxes, there could be a material adverse effect on our business, results of operations, and financial condition.

Our future effective tax rate may be affected by such factors as changes in tax laws, regulations, or rates, changing interpretation of existing laws or regulations, the impact of accounting for equity-based compensation, the impact of accounting for business combinations, changes in our international organization, and changes in overall levels of income before tax. In addition, in the ordinary course of our global business, there are many intercompany transactions and calculations where the ultimate tax determination is uncertain. Although we believe that our tax estimates are reasonable, we cannot ensure that the final determination of tax audits or tax disputes will not be different from what is reflected in our historical income tax provisions and accruals.

***We may have exposure to greater than anticipated tax liabilities and may be affected by changes in tax laws or interpretations, any of which could adversely impact our results of operations.***

We are subject to income taxes in Canada and various jurisdictions outside of Canada. Our effective tax rate could fluctuate due to changes in the mix of earnings and losses in countries with differing statutory tax rates. Our tax expense could also be impacted by changes in non-deductible expenses, changes in excess tax benefits of equity-based compensation, changes in the valuation of deferred tax assets and liabilities and our ability to utilize them, the applicability of withholding taxes, effects from acquisitions, and the evaluation of new information that results in a change to a tax position taken in a prior period.

Our tax position could also be impacted by changes in accounting principles, changes in Canadian federal, provincial or territorial tax laws, or other international tax laws applicable to corporate multinationals, other fundamental law changes currently being considered by many countries, including Canada and the United States, and changes in taxing jurisdictions' administrative interpretations, decisions, policies, and positions. Any of the foregoing changes could have an adverse impact on our results of operations, cash flows, and financial condition.

***Our results of operations may be harmed if we are required to collect sales or other related taxes for our subscription services in jurisdictions where we have not historically done so.***

We collect sales and value-added tax as part of our subscription agreements in a number of provinces. Sales and use, value-added, and similar tax laws and rates vary greatly by jurisdiction. One or more states or countries may seek to impose additional sales, use, or other tax collection obligations on us, including for past sales by us. A successful assertion by a province, state, country, or other jurisdiction that we should have been or should be collecting additional sales, use, or other taxes on our platform could, among other things, result in substantial tax liabilities for past sales, create significant administrative burdens for us, discourage customers from purchasing our platform, or otherwise harm our business, results of operations, and financial condition.

***We may not be able to utilize a significant portion of our net operating loss, which could adversely affect our potential profitability.***

We have net operating loss carryforwards, or NOLs, due to prior period losses. These NOLs, and NOLs of companies we may acquire, could expire unused and be unavailable to offset future income tax liabilities, which could adversely affect our potential profitability.

***The nature of our business requires the application of complex revenue and expense recognition rules, and any significant changes in current rules could affect our financial statements and results of operations.***

The accounting rules and regulations that we must comply with are complex and subject to interpretation by the Canada Accounting Standards Board, or the AcSB, the Canadian Securities Administrators, or the CSA, and various bodies formed to promulgate and interpret appropriate accounting principles. Recent actions and public comments from the AcSB and the CSA have focused on the integrity of financial reporting and internal controls over financial reporting. In addition, many companies' accounting policies and practices are being subject to heightened scrutiny by regulators and the public. Further, the accounting rules and regulations are continually changing in ways that could materially impact our financial statements. We cannot predict the impact of future changes to accounting principles or our accounting policies on our financial statements going forward, which could have a significant effect on our reported financial results, and could affect the reporting of transactions completed before the announcement of the change. In addition, if we were to change our critical accounting estimates, including those related to the recognition of license revenue and other revenue sources, our results of operations could be significantly affected.

***If our judgments or estimates relating to our critical accounting policies are based on assumptions that change or prove to be incorrect, our results of operations could fall below expectations of securities analysts and investors, resulting in a decline in our Share price.***

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates, and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances, as provided in the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations," the results of which form the basis for making judgments about the carrying values of assets, liabilities, and equity, and the amount of revenue and expenses that are not readily apparent from other sources. Our results of operations may be adversely affected if our assumptions change or if actual circumstances differ from those in our assumptions, which could cause our results of operations to fall below the expectations of securities analysts and investors, resulting in a decline in the trading price of our Shares. Significant judgments, estimates, and assumptions used in preparing our consolidated financial statements include, or may in the future include, those related to revenue recognition, equity-based compensation expense, sales commissions costs, long-lived assets, and accounting for income taxes including deferred tax assets and liabilities.

***If we fail to maintain an effective system of internal controls, our ability to produce timely and accurate financial statements or comply with applicable regulations could be impaired.***

As a public company, we will be subject to the reporting requirements of the CSA and the rules and regulations of the listing standards of the TSX. We expect that the requirements of these rules and regulations will continue to increase our legal, accounting, and financial compliance costs, make some activities more difficult, time-consuming, and costly, and place significant strain on our personnel, systems, and resources. We are continuing to develop and refine our disclosure controls and other procedures that are designed to ensure that information required to be disclosed by us in the reports that we will file with the CSA is recorded, processed, summarized, and reported within the time periods specified in CSA rules and forms and that information required to be disclosed in reports under applicable securities laws is accumulated and communicated to our principal executive and financial officers. We are also continuing to improve our internal control over financial reporting. In order to maintain and improve the effectiveness of our disclosure controls and procedures and internal control over financial reporting, we have expended, and anticipate that we will continue to expend, significant resources, including accounting-related costs and significant management oversight.

Our current controls and any new controls that we develop may become inadequate because of changes in conditions in our business. Further, weaknesses in our disclosure controls and internal control over financial reporting may be discovered in the future. Any failure to develop or maintain effective controls or any difficulties encountered in their implementation or improvement could harm our results of operations or cause us to fail to meet our reporting obligations and may result in a restatement of our financial statements for prior periods. Any failure to implement and maintain effective internal control over financial reporting also could adversely affect the results of periodic management evaluations and annual independent registered public accounting firm attestation reports regarding the effectiveness of our internal control over financial reporting that we will eventually be required to include in our periodic reports that will be filed with the CSA. Ineffective disclosure controls and procedures and internal control

over financial reporting could also cause investors to lose confidence in our reported financial and other information, which could have a negative effect on the trading price of our Shares. In addition, if we are unable to continue to meet these requirements, we may not be able to remain listed on the TSX.

***Our Articles provide that any derivative actions, actions relating to breach of fiduciary duties and other actions asserting a claim relating to relationships among us, our affiliates and their respective shareholders, directors and/or officers are required to be litigated in Canada, which could limit your ability to obtain a favourable judicial forum for disputes with us.***

We have included a forum selection provision in our Articles that provides that, unless we consent in writing to the selection of an alternative forum, the Superior Court of Justice of the Province of Ontario, Canada and appellate courts therefrom (or, failing such court, any other “court” as defined in the OBCA having jurisdiction, and the appellate courts therefrom), will be the sole and exclusive forum for (i) any derivative action or proceeding brought on our behalf; (ii) any action or proceeding asserting a breach of fiduciary duty owed by any of our directors, officers or other employees to us; (iii) any action or proceeding asserting a claim arising pursuant to any provision of the OBCA or our by-laws; or (iv) any action or proceeding asserting a claim otherwise related to the relationships among us, our affiliates and their respective shareholders, directors and/or officers, but excluding claims related to our business or such affiliates. Our forum selection provision also provides that our security holders are deemed to have consented to personal jurisdiction in the Province of Ontario and to service of process on their counsel in any foreign action initiated in violation of the foregoing provisions. Therefore, it may not be possible for our shareholders to litigate any action relating to the foregoing matters outside of the Province of Ontario. Our forum selection provision seeks to reduce litigation costs and increase outcome predictability by requiring derivative actions and other matters relating to our affairs to be litigated in a single forum. While forum selection clauses in corporate charters and by-laws are becoming more commonplace for public companies in the U.S. and have been upheld by courts in certain states, they are untested in Canada. It is possible that the validity of our forum selection provision could be challenged and that a court could rule that such provision is inapplicable or unenforceable. If a court were to find our forum selection provision inapplicable to, or unenforceable in respect of, one or more of the specified types of actions or proceedings, we may incur additional costs associated with resolving such matters in other jurisdictions and we may not obtain the benefits of limiting jurisdiction to the courts selected.

***We will incur increased costs and demands upon management as a result of complying with the laws and regulations affecting public companies, which could adversely affect our business, financial condition, and results of operations.***

As a public company, we will incur greater legal, accounting, and other expenses than we incurred as a private company. We are subject to the reporting requirements of the CSA and the rules and regulations of the TSX. These requirements have increased and will continue to increase our legal, accounting, and financial compliance costs and have made, and will continue to make, some activities more time-consuming and costly. For example, we expect these rules and regulations to make it more expensive for us to obtain director and officer liability insurance, and we may be required to accept reduced policy limits and coverage or incur substantially higher costs to maintain the same or similar coverage. As a result, it may be more difficult for us to attract and retain qualified individuals to serve on our board of directors or as our executive officers. Further, we will require additional accounting and financial staff with appropriate public company experience and technical accounting knowledge.

***Our results of operations could be adversely affected by natural disasters, public health crises, political crises, or other catastrophic events.***

Natural disasters, such as earthquakes, hurricanes, tornadoes, floods, and other adverse weather and climate conditions; unforeseen public health crises, such as pandemics and epidemics; political crises, such as terrorist attacks, war, and other political instability; or other catastrophic events, could disrupt our operations in any of our offices or the operations of one or more of our third-party providers and vendors. To the extent any of these events occur, our business and results of operations could be adversely affected.

***Our financial condition may be adversely affected by geopolitical events in regions where the Company operates or has offices.***

War, terrorism, threats of terrorist acts and related geopolitical risks have led, and may in the future lead, to increased market volatility and may have adverse long-term effects on particular markets, the global economy and securities markets generally. In particular, Docebo has offices in the United Arab Emirates (UAE) and conducts business in other areas in the Middle East. Accordingly, political, economic and military conditions in and surrounding the UAE, and the Middle East generally, may directly affect our business. There can be no assurance that attacks will not reach, or come within close proximity of, our offices, which could result in a significant disruption to our business. In addition, there are significant ongoing hostilities in the Middle East, particularly in Syria and Iraq, which may impact the UAE, in the future. Any hostilities involving the UAE, a significant increase in terrorism or the interruption or curtailment of trade between the UAE and its present trading partners, or a significant downturn in the economic or financial condition of the UAE, could materially adversely affect our operations. Ongoing and revived hostilities or other UAE political or economic factors could have an adverse impact on our business, operating results and financial condition. Further, restrictive laws, policies or practices directed towards the UAE or UAE businesses could have an adverse impact on the expansion of our business.

Recent uprisings and armed conflicts in various countries in the Middle East are affecting the political stability of that region. This instability may lead to deterioration of the political and trade relationships that exist between the UAE and these countries. As a result, our business operations could be harmed.

***We have broad discretion in the use of the net proceeds that we receive in the Offering.***

We intend to use the net proceeds from the Offering to invest in our sales and marketing platform to expand our customer base and channel partner networks, invest in product development and AI technology and to fund our working capital. The Company also intends to use approximately C\$9 million (US\$7 million) of the net proceeds to reduce outstanding indebtedness under the Company's Credit Facility.

Accordingly, our management will have broad discretion over the specific use of proceeds that we receive in the Offering and might not be able to obtain a significant return, if any, on investment of these proceeds. Investors in the Offering will need to rely upon the judgment of our management with respect to the use of proceeds. If we do not use the net proceeds that we receive in the Offering effectively, our business, financial condition, and results of operations could be harmed.

## **Risks Related to Our Shares**

***There has been no prior public trading market for our Shares, and an active trading market may not develop or be sustained following the Offering.***

We applied to list our Shares on the TSX. Listing is subject to the approval of the TSX in accordance with its original listing requirements. The TSX has not conditionally approved our listing application and there is no assurance that the TSX will approve the listing application.

There is currently no public market for the Shares and, after the Offering, there can be no guarantee that an active trading market will develop. The Offering Price offered hereunder was determined by negotiation between us and the Underwriters. We cannot predict at what price the Shares will trade and there can be no assurance that an active trading market will develop after the Offering or, if developed, that such a market will be sustained at the price level of the Offering. We cannot assure investors that the market price of our Shares will trade at or above the price level of the Offering. Accordingly, an investment in our Shares is suitable solely for investors able bear risk.

***The price of our Shares may be volatile and may decline regardless of our operating performance.***

The price of our Shares is likely to be volatile. The trading prices of technology companies' securities have been, and we expect them to continue to be, highly volatile. As a result of this volatility, investors may not be able to sell their Shares at or above the initial public offering price. The market price of our Shares may fluctuate significantly in response to numerous factors, many of which are beyond our control, including, among others:

- actual or anticipated fluctuations in our revenue and other results of operations, including as a result of the addition or loss of any number of customers;
- announcements by us or our competitors of significant technical innovations, acquisitions, strategic partnerships, joint ventures, or capital commitments;
- the financial projections we may provide to the public, any changes in these projections, or our failure to meet these projections;
- failure of securities analysts to initiate or maintain coverage of us, changes in ratings and financial estimates and the publication of other news by any securities analysts who follow our company, or our failure to meet these estimates or the expectations of investors;
- changes in operating performance and stock market valuations of SaaS-based software or other technology companies, or those in our industry in particular;
- the size of our public float;
- price and volume fluctuations in the trading of our Shares and in the overall stock market, including as a result of trends in the economy as a whole;
- new laws or regulations or new interpretations of existing laws or regulations applicable to our business or industry, including data privacy, data protection, and information security;
- lawsuits threatened or filed against us for claims relating to intellectual property, employment issues, or otherwise;
- changes in our board of directors or management;
- short sales, hedging, and other derivative transactions involving our Shares;
- sales of large blocks of our Shares including sales by our executive officers, directors, and significant shareholders; and
- other events or factors, including changes in general economic, industry, and market conditions, and trends, as well as any natural disasters, which may affect our operations.

In addition, the stock markets have experienced price and volume fluctuations that have affected and continue to affect the market prices of equity securities of many technology companies. Share prices of many technology companies have fluctuated in a manner unrelated or disproportionate to the operating performance of those companies. In the past, shareholders have instituted securities class action litigation following periods of market volatility. If we were to become involved in securities litigation, it could subject us to substantial costs, divert resources and the attention of management, and harm our business.

***Future sales of Shares by existing shareholders could cause the price of our Shares to decline.***

Sales of a substantial number of our Shares by our existing shareholders in the public market could occur at any time following the expiry of the lock-up periods described under “Plan of Distribution – Lock-up Arrangements”. If our shareholders sell, or the market perceives that our shareholders intend to sell, substantial amounts of our Shares in the public market following the Offering, the market price of our Shares could decline. The magnitude of this risk will be inversely proportional to the size of the public float.

***If securities or industry analysts do not publish research or reports about our business, or if they downgrade our Shares, the price of our Shares could decline.***

The trading market for our Shares depends, in part, on the research and reports that securities or industry analysts publish about us or our business. We do not have any control over these analysts. If one or more of the analysts who cover us downgrade our stock or publish inaccurate or unfavorable research about our business, the price of our Shares would likely decline. In addition, if our results of operations fail to meet the forecast of analysts, the price of our Shares would likely decline. If one or more of these analysts cease coverage of our company or fail to publish reports on us regularly, demand for our Shares could decrease, which might cause the price and trading volume of our Shares to decline.

***Our issuance of additional Shares in connection with financings, acquisitions, investments, our equity incentive plans, or otherwise will dilute all other shareholders.***

We expect to issue additional Shares in the future that will result in dilution to all other shareholders. We expect to grant equity awards to employees, directors, and consultants under our equity incentive plans. As part of our business strategy, we may acquire or make investments in complementary companies, products, or technologies, and issue equity securities to pay for any such acquisition or investment. Any such issuances of additional Shares may cause shareholders to experience significant dilution of their ownership interests and the per share value of our Shares to decline.

We may also raise capital through equity financings in the future. Any additional capital raised through the sale of equity may dilute existing shareholders' percentage ownership of our Shares and shareholders could be asked in the future to approve the creation of new equity securities which could have rights, preferences and privileges superior to those of holders of our Shares. Capital raised through debt financing would require us to make periodic interest payments and may impose restrictive covenants on the conduct of our business. Furthermore, additional financings may not be available on terms favourable to us, or at all. A failure to obtain additional funding could prevent us from making expenditures that may be required to implement our growth strategy and grow or maintain our operations.

***We generally do not intend to pay dividends following the completion of the Offering.***

We generally do not intend to pay dividends to the holders of our Shares following the completion of the Offering for the foreseeable future. Our ability to pay dividends on our Shares is limited by our existing indebtedness, and may be further restricted by the terms of any future debt incurred or preferred securities issued by us or our subsidiaries or law. Payments of future dividends, if any, will be at the discretion of our board of directors after taking into account various factors, including our business, financial condition, and results of operations, current and anticipated cash needs, plans for expansion and any legal or contractual limitation on our ability to pay dividends. As a result, any capital appreciation in the price of our Shares may be your only source of gain on your investment in our Shares.

***Shareholders will have limited control over our Company's operations.***

Holders of Shares will have limited control over changes in our policies and operations, which increases the uncertainty and risks of an investment in our Company. The Board will determine major policies, including policies regarding financing, growth, debt capitalization and any future dividends to shareholders. Generally, the Board may amend or revise these and other policies without a vote of the holders of Shares. Holders of Shares will only have a right to vote in the circumstances described under "Description of Share Capital – Common Shares". The Board's broad discretion in setting policies and the limited ability of holders of Shares to exert control over those policies increases the uncertainty and risks of an investment in our Company.

The Principal Shareholders will beneficially own and control 73.53% of the voting power attached to our outstanding voting shares following the Offering (assuming no exercise of the Over-Allotment Option) and InterCap and Klass will be entitled to certain director nomination rights under the Investor Rights Agreement. See "Principal Shareholders" and "Agreements with Principal Shareholders". The Principal Shareholders will retain significant influence with respect to all matters submitted to the Company's shareholders for approval, including without limitation the election and removal of directors, amendments to the constating documents of the Company and the approval of certain material transactions.

## **LEGAL PROCEEDINGS**

We are, from time to time, involved in legal proceedings of a nature considered normal to our business. We believe that none of the litigation in which we are currently involved, or have been involved since the beginning of our most recently completed financial year, individually or in the aggregate, is material to our consolidated financial condition, cash flows or results of operations.

## **LEGAL MATTERS**

The matters referred to under “Eligibility for Investment” and “Certain Canadian Federal Income Tax Considerations”, as well as certain other legal matters relating to the offering and sale of the Shares, will be passed upon on our behalf by Goodmans LLP and on behalf of the Underwriters by Stikeman Elliott LLP with respect to Canadian legal matters. As at the date of this prospectus, the partners and associates of each of Goodmans LLP and Stikeman Elliott LLP beneficially own, directly and indirectly, less than 1% of our outstanding securities or other property, or that of our affiliates.

## **INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS**

Other than as described elsewhere in this prospectus, there are no material interests, direct or indirect, of any of our directors or executive officers, any shareholder that beneficially owns, or controls or directs (directly or indirectly), more than 10% of any class or series of our outstanding voting securities, or any associate or affiliate of any of the foregoing persons, in any transaction within the three years before the date hereof that has materially affected or is reasonably expected to materially affect us or any of our subsidiaries. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations – Related Party Transactions”.

## **AUDITOR, TRANSFER AGENT AND REGISTRAR**

PricewaterhouseCoopers LLP, 18 York Street, Suite 2600, Toronto, Ontario, M5J 0B2, is our independent auditor and has confirmed that it is independent of the Company within the meaning of the *Chartered Professional Accountants Code of Professional Conduct (Ontario)*.

The transfer agent and registrar for our Shares is TMX Trust Company at its principal office in Toronto, Ontario.

## **ENFORCEMENT OF JUDGMENTS AGAINST FOREIGN PERSONS**

Certain of our operations and assets are located outside of Canada, and certain of our officers, directors and shareholders, including Claudio Erba, Kristin Halpin Perry, Martino Bagini and Fabio Pirovano, reside outside of Canada. Although our current directors and officers who reside outside of Canada have appointed GODA Incorporators Inc., located at 333 Bay Street, Suite 3400, Toronto, Ontario, M5H 2S7 as their agent for service of process in Canada, it may not be possible for purchasers to enforce against such persons judgments obtained in Canadian courts predicated on the civil liability provisions of applicable securities laws in Canada. Purchasers are advised that it may not be possible for investors to enforce judgments obtained in Canada against any person or company that is incorporated, continued or otherwise organized under the laws of a foreign jurisdiction or resides outside of Canada, even if the party has appointed an agent for service of process.

## **MATERIAL CONTRACTS**

This prospectus includes a summary description of certain of our material agreements. The summary description discloses all attributes material to an investor in the Shares but is not complete and is qualified by reference to the terms of the material agreements, which will be filed with the Canadian securities regulatory authorities and available on SEDAR at [www.sedar.com](http://www.sedar.com), under our profile. Investors are encouraged to read the full text of such material agreements.

The following are our only material agreements that will be in effect on Closing (other than certain agreements entered into in the ordinary course of business):

- the Investor Rights Agreement; and

- the Underwriting Agreement.

### **PURCHASERS' STATUTORY RIGHTS**

Securities legislation in certain of the provinces and territories of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. In several of the provinces and territories, the securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, revisions of the price or damages if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission, revisions of the price or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for the particulars of these rights or consult with a legal adviser.

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**DOCEBO INC.**

**UNAUDITED CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION**

(expressed in United States dollars)

<u>As at</u>	<u>June 30, 2019</u>	<u>Dec 31, 2018</u>
	\$	\$
<b>Assets</b>		
Current assets:		
Cash and cash equivalents . . . . .	7,109,801	3,756,031
Trade and other receivables (note 4) . . . . .	7,225,486	6,138,310
Prepays and deposits . . . . .	1,151,546	1,501,912
Net investment in finance lease (note 5) . . . . .	88,416	—
Contract acquisition costs . . . . .	408,186	242,956
	<u>15,983,435</u>	<u>11,639,209</u>
Non-current assets:		
Contract acquisition costs . . . . .	512,806	375,208
Net investment in finance lease (note 5) . . . . .	348,940	—
Right of use asset (note 6) . . . . .	2,310,321	—
Property and equipment, net (note 7) . . . . .	1,390,892	1,286,317
	<u>20,546,394</u>	<u>13,300,734</u>
<b>Liabilities</b>		
Current liabilities:		
Trade and other payables . . . . .	8,430,664	6,783,945
Deferred revenue . . . . .	16,382,806	12,687,490
Deferred lease incentives . . . . .	—	54,713
Lease obligations . . . . .	893,844	—
Borrowings (note 8) . . . . .	20,305	5,363,436
	<u>25,727,619</u>	<u>24,889,584</u>
Non-current liabilities:		
Deferred lease incentives . . . . .	—	243,009
Lease obligations . . . . .	2,217,028	—
Employee benefit obligations . . . . .	1,099,160	928,800
Borrowings (note 8) . . . . .	7,011,779	4,015,202
	<u>36,055,586</u>	<u>30,076,595</u>
<b>Shareholders' deficiency</b>		
Share capital (note 10) . . . . .	37,270,086	30,716,466
Contributed surplus (note 11) . . . . .	610,026	563,921
Foreign exchange translation reserve . . . . .	(65,939)	335,772
Actuarial loss . . . . .	(93,164)	(73,207)
Deficit . . . . .	(53,230,201)	(48,318,813)
Total deficiency . . . . .	<u>(15,509,192)</u>	<u>(16,775,861)</u>
	<u>20,546,394</u>	<u>13,300,734</u>

Subsequent events (note 17)

On behalf of the Board:

“Signed” Steven Spooner  
Director

“Signed” Jason Chapnik  
Director

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

## DOCEBO INC.

**UNAUDITED CONDENSED CONSOLIDATED INTERIM STATEMENTS OF LOSS AND  
COMPREHENSIVE LOSS**

(expressed in United States dollars)

	Three months ended June 30,		Six months ended June 30,	
	2019	2018	2019	2018
	\$	\$	\$	\$
Revenue (note 15) . . . . .	<b>9,922,557</b>	6,436,173	<b>18,558,351</b>	12,132,872
Cost of revenue (note 13) . . . . .	<b>2,068,081</b>	1,508,187	<b>3,884,546</b>	2,713,394
<b>Gross profit</b> . . . . .	<b>7,854,476</b>	4,927,986	<b>14,673,805</b>	9,419,478
<b>Operating expenses</b>				
General and administrative (note 13) . . . . .	<b>4,133,215</b>	2,462,847	<b>7,439,311</b>	4,789,371
Sales and marketing (note 13) . . . . .	<b>3,330,680</b>	3,089,377	<b>6,556,790</b>	5,811,296
Research and development (note 13) . . . . .	<b>1,980,142</b>	1,622,134	<b>3,841,285</b>	3,092,564
Share based compensation (note 11) . . . . .	<b>84,775</b>	69,270	<b>151,433</b>	138,439
Foreign exchange (gain) loss . . . . .	<b>(75,860)</b>	418,905	<b>(45,391)</b>	571,770
Depreciation (note 6 and 7) . . . . .	<b>199,639</b>	29,245	<b>386,448</b>	72,173
	<b>9,652,591</b>	7,691,778	<b>18,329,876</b>	14,475,613
<b>Operating loss</b> . . . . .	<b>(1,798,115)</b>	(2,763,792)	<b>(3,656,071)</b>	(5,056,135)
Finance expense (income), net (note 8) . . . . .	<b>253,442</b>	164,543	<b>479,260</b>	289,094
Loss on change in fair value of convertible promissory notes (note 6) . . . . .	<b>304,000</b>	519,286	<b>776,000</b>	1,032,874
Other income . . . . .	<b>(19,781)</b>	(1)	<b>(38,391)</b>	(2)
<b>Net loss</b> . . . . .	<b>(2,335,776)</b>	(3,447,620)	<b>(4,872,940)</b>	(6,378,101)
<b>Other comprehensive loss</b>				
Item that may be reclassified subsequently to income:				
Exchange loss (gain) on translation of foreign operations . . . .	<b>216,642</b>	(298,956)	<b>401,711</b>	(365,999)
Items not subsequently reclassified to income:				
Actuarial loss . . . . .	<b>9,948</b>	10,371	<b>19,957</b>	21,065
	<b>226,590</b>	(288,585)	<b>421,668</b>	(344,934)
<b>Comprehensive loss</b> . . . . .	<b>(2,562,366)</b>	(3,159,035)	<b>(5,294,608)</b>	(6,033,167)
<b>Net loss attributable to:</b>				
Equity owners of the Company . . . . .	<b>(2,335,776)</b>	(3,447,620)	<b>(4,872,940)</b>	(5,999,277)
Non-controlling interests (note 9) . . . . .	<b>—</b>	—	<b>—</b>	(378,824)
	<b>(2,335,776)</b>	(3,447,620)	<b>(4,872,940)</b>	(6,378,101)
Loss per share – basic and diluted . . . . .	<b>(0.10)</b>	(0.15)	<b>(0.21)</b>	(0.29)
Weighted average number of common shares outstanding – basic and diluted (note 12) . . . . .	<b>23,062,400</b>	22,532,000	<b>22,798,700</b>	20,537,700

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

## DOCEBO INC.

UNAUDITED CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN  
SHAREHOLDERS' DEFICIENCY

(expressed in United States dollars)

	Common shares		Contributed surplus	Non-controlling interests	Foreign exchange transaction reserve	Actuarial loss	Deficit	Total
	#	\$	\$	\$	\$	\$	\$	\$
<b>Balance, December 31, 2017</b> . . . . .	<b>18,020,000</b>	<b>9,961,266</b>	<b>310,670</b>	<b>(1,054,524)</b>	<b>(482,669)</b>	<b>(32,127)</b>	<b>(14,858,289)</b>	<b>(6,155,673)</b>
Share based compensation								
<i>(note 11)</i> . . . . .	—	—	138,439	—	—	—	—	138,439
Purchase of Non-controlling interest								
with common shares <i>(note 9)</i> . . . .	4,512,000	20,755,200	—	1,433,348	—	—	(22,188,548)	—
Net loss and comprehensive loss . . . .	—	—	—	(378,824)	365,999	(21,065)	(5,999,277)	(6,033,167)
<b>Balance, June 30, 2018</b> . . . . .	<b>22,532,000</b>	<b>30,716,466</b>	<b>449,109</b>	<b>—</b>	<b>(116,670)</b>	<b>(53,192)</b>	<b>(43,046,114)</b>	<b>(12,050,401)</b>
<b>Balance, December 31, 2018</b> . . . . .	<b>22,532,000</b>	<b>30,716,466</b>	<b>563,921</b>	<b>—</b>	<b>335,772</b>	<b>(73,207)</b>	<b>(48,318,813)</b>	<b>(16,775,861)</b>
IFRS 16 transition effect <i>(note 3)</i> . . . .	—	—	—	—	—	—	(38,448)	(38,448)
Share based compensation								
<i>(note 11)</i> . . . . .	—	—	151,433	—	—	—	—	151,433
Conversion of promissory note . . . . .	800,000	6,120,000	—	—	—	—	—	6,120,000
Exercise of stock options . . . . .	393,000	433,620	(105,328)	—	—	—	—	328,292
Net loss and comprehensive loss . . . .	—	—	—	—	(401,711)	(19,957)	(4,872,940)	(5,294,608)
<b>Balance, June 30, 2019</b> . . . . .	<b>23,725,000</b>	<b>37,270,086</b>	<b>610,026</b>	<b>—</b>	<b>(65,939)</b>	<b>(93,164)</b>	<b>(53,230,201)</b>	<b>(15,509,192)</b>

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

## DOCEBO INC.

## UNAUDITED CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS

(expressed in United States dollars)

For the six months ended June 30,	2019	2018
	\$	\$
<b>Cash flows from operating activities</b>		
Net loss	(4,872,940)	(6,378,101)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	386,448	72,173
Share based compensation	151,433	138,439
Unrealized foreign exchange loss (gain)	(2,343)	391,340
Amortization of deferred lease incentive	—	3,222
Finance expense	8,338	7,082
Loss on change in fair value of convertible promissory notes	776,000	1,032,874
Changes in non-cash working capital items		
Trade and other receivables	(1,067,829)	(910,781)
Prepays and deposits	334,854	(325,742)
Contract acquisition costs	(302,828)	(286,255)
Trade and other payables	1,608,001	1,542,813
Employee benefit obligations	146,602	138,441
Deferred revenue	3,638,075	3,400,651
<b>Cash from (used in) operating activities</b>	<b>803,811</b>	<b>(1,173,844)</b>
<b>Cash flows from investing activities</b>		
Purchase of property and equipment	(212,823)	(410,393)
<b>Cash used in investing activities</b>	<b>(212,823)</b>	<b>(410,393)</b>
<b>Cash flows from financing activities</b>		
Payments received on net investment in finance lease	43,405	—
Repayment of lease obligation	(409,992)	—
Proceeds from exercise of stock options	328,293	—
Proceeds from issuance of secured debentures, net	3,000,000	3,960,000
Repayment of mortgage liability and borrowings	(10,462)	(10,665)
<b>Cash from financing activities</b>	<b>2,951,244</b>	<b>3,949,335</b>
<b>Net change in cash and cash equivalents during the period</b>	<b>3,542,232</b>	<b>2,365,098</b>
Effect of foreign exchange on cash and cash equivalents	(188,462)	49,249
Cash and cash equivalents, beginning of the period	3,756,031	3,360,902
<b>Cash and cash equivalents, end of the period</b>	<b>7,109,801</b>	<b>5,775,249</b>

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

## DOCEBO INC.

### NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

June 30, 2019

(expressed in US dollars, except share amounts)

#### 1 Nature of business

Docebo Inc. (the Company or Docebo) is a provider of cloud based learning management systems. The Company was incorporated on April 21, 2016 under the laws of the Province of Ontario. The Company's head office is located at Suite 701, 366 Adelaide Street West, Toronto, M5V 1R9, Canada. On October 1, 2019, the Company filed articles of amendment to effect the change of the Company's name from "Docebo Canada Inc." to "Docebo Inc."

The Company has the following subsidiaries:

<u>Entity name</u>	<u>Country</u>	<u>Ownership percentage June 30, 2019</u>	<u>Ownership percentage December 31, 2018</u>
		%	%
Docebo S.p.A . . . . .	Italy	100	100
Docebo NA Inc . . . . .	United States	100	100
Docebo EMEA FZ-LLC . . . . .	Dubai	100	100
Docebo UK . . . . .	England	100	100

#### 2 Basis of preparation

##### *Statement of compliance*

These unaudited interim condensed consolidated financial statements ("financial statements") were prepared using the same accounting policies and methods as those used in the Company's consolidated financial statements for the year ended December 31, 2018, except for the adoption of IFRS 16 – Leases, as set out in Note 2. These interim condensed consolidated financial statements have been prepared in compliance with IAS 34 – Interim Financial Reporting. Accordingly, certain disclosures normally included in annual financial statements prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS") have been omitted or condensed. These interim condensed consolidated financial statements should be read in conjunction with the Company's consolidated financial statements for the year ended December 31, 2018.

These financial statements were approved and authorized for issuance by the Board of Directors of the Company on October 1, 2019.

#### 3 New standards, amendments and interpretations adopted by the Company

##### *IFRS 16 – Leases ("IFRS 16")*

The Company has adopted IFRS 16 retrospectively from January 1, 2019, but has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in the standard. The reclassifications and adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on January 1, 2019. The comparative period continues to account for leases under IAS 17.

At inception of a contract, the Company assesses whether a contract is, or contains, a lease based on whether the contract conveys the right of control for the use of an identified asset for a period of time in exchange for consideration. From January 1, 2019, the Company recognizes a right-of-use asset ("ROU asset") and a lease liability at the lease commencement date, which is the date the leased asset is available for use. The right-of-use asset primarily related to office leases and is initially measured based on the initial amount of the lease liability. The lease liabilities include the net present value of the following lease payments:

- Fixed payments (including any in-substance fixed payments, less any lease incentives receivable)
- Variable lease payments that are based on an index or a rate
- Amounts expected to be payable by the lessee under residual value guarantees
- Exercise price of any purchase option if the company is reasonably certain to exercise that option, and
- Payments for penalties for terminating the lease, if the lease term reflects the company exercising that option.

The ROU assets are depreciated to the earlier of the end of useful life of the right-of-use asset or the lease term using the straight-line method as this most closely reflects the expected pattern of the consumption of the future economic benefits.

The lease term includes periods covered by an option to extend if they Company is reasonably certain to exercise that option. In addition, the right-of-use asset can be periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

Lease payments are discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate, which is the rate the company would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions. Company used an incremental borrowing rate to the lease liabilities in the opening balance sheet at January 1, 2019 of 10%.

**DOCEBO INC.**

**NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

June 30, 2019

(expressed in US dollars, except share amounts)

ROU assets are measured at cost comprising the amount of the initial measurement of the lease liability, any lease payments made at or before the commencement date less any lease incentives received, any initial direct costs, and restoration costs.

The lease liability is classified and accounted for at the amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use has been reduced to zero.

The Company has elected to apply the practical expedient not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and for leases of low value assets. The lease payments associated with those leases is recognized as an expense on a straight-line basis over the lease term.

When the Company acts as an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. The Company assesses the lease classification of a sub-lease with reference to the ROU asset arising from the head lease, not with reference to the underlying asset. To classify each lease, the Company makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the ROU asset. If this is the case, then the lease is accounted for as a net investment in lease. If not, then it is an operating lease. As part of this assessment the Company considers certain indicators such as whether the lease is for the major part of the economic life of the ROU asset.

***Adjustments recognised on adoption of IFRS 16***

The following table reconciles the Company's operating lease obligations as at December 31, 2018, as previously disclosed in the Company's consolidated financial statements, to the lease obligations recognized on initial application of IFRS 16 at January 1, 2019.

Aggregate lease commitments as disclosed at December 31, 2018	4,180,975
Less: Recognition exemption for low-value leases	246,402
Less: Recognition exemption for short-term leases	628
Adjusted lease commitments	<u>3,933,945</u>
Less: Impact of present value	750,559
Opening IFRS 16 lease liability as at January 1, 2019	<u>3,183,186</u>

The cumulative effect of the changes made to the January 1, 2019 consolidated statement of financial position for the adoption of IFRS 16 is as follows:

	<b>Balance as at December 31, 2018</b>	<b>IFRS 16 adjustments</b>	<b>Balance as at January 1, 2019</b>
<b>Assets</b>			
Current assets:			
Net investment in finance lease	—	84,838	<b>84,838</b>
Non-current assets:			
Right-of-use-assets, net	—	2,405,635	<b>2,405,635</b>
Net investment in finance lease	—	356,769	<b>356,769</b>
<b>Liabilities</b>			
Current liabilities:			
Deferred lease incentives	54,713	(54,713)	—
Lease obligations	—	822,094	<b>822,094</b>
Non-current liabilities:			
Deferred lease incentives	243,009	(243,009)	—
Lease obligations	—	2,361,318	<b>2,361,318</b>
<b>Equity</b>			
Deficit	(48,318,813)	38,448	<b>(48,280,365)</b>

**DOCEBO INC.**

**NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

June 30, 2019

(expressed in US dollars, except share amounts)

**4 Trade and other receivables**

The Company's trade and other receivables as at June 30, 2019 and December 31, 2018 include the following:

	<u>2019</u>	<u>2018</u>
	\$	\$
Trade receivables .....	6,814,776	5,711,300
Unbilled trade receivables .....	360,095	372,020
Tax credits receivable .....	36,543	44,398
Other receivables .....	14,072	10,592
	<u>7,225,486</u>	<u>6,138,310</u>

**5 Net investment in finance lease**

The following table sets out a maturity analysis of the lease payments receivable, showing the undiscounted lease payments to be received on an annual basis, reconciliation to the net investment in lease.

	\$
Less than one year .....	84,838
One to two years .....	87,885
Two to three years .....	92,151
Three to four years .....	92,151
Four to five years .....	92,151
Thereafter .....	145,906
Total undiscounted lease payments receivable .....	595,082
Less: Impact of present value .....	(153,475)
Balance – January 1, 2019 .....	441,607
Finance income on lease .....	20,933
Lease payments received .....	(43,405)
Effects of foreign exchange .....	18,221
Balance – June 30, 2019 .....	<u>437,356</u>
Current .....	88,416
Non-current .....	<u>348,940</u>
	<u>437,356</u>

**6 Right-of-use asset**

	\$
Balance – January 1, 2019 .....	2,405,635
Depreciation .....	(282,343)
Effects of foreign exchange .....	187,029
Balance – June 30, 2019 .....	<u>2,310,321</u>

**DOCEBO INC.**

**NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

June 30, 2019

(expressed in US dollars, except share amounts)

**7 Property and equipment**

	<b>Furniture and office equipment</b>	<b>Leasehold improvements</b>	<b>Land and building</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Cost</b>				
Balance, December 31, 2017 .....	375,384	633,553	383,617	1,392,554
Additions .....	109,401	300,992	—	410,393
Effects of foreign exchange .....	(18,446)	(26,296)	(17,222)	(61,964)
Balance, December 31, 2018 .....	466,339	908,249	366,395	1,740,983
Additions .....	60,704	152,118	—	212,822
Effects of foreign exchange .....	944	673	(2,235)	(618)
Balance, June, 30, 2019 .....	<u>527,987</u>	<u>1,061,040</u>	<u>364,160</u>	<u>1,953,187</u>
<b>Accumulated depreciation</b>				
Balance, December 31, 2017 .....	182,725	84,508	30,689	297,922
Depreciation .....	57,059	96,876	15,108	169,043
Effects of foreign exchange .....	(7,007)	(3,462)	(1,830)	(12,299)
Balance, December 31, 2018 .....	<u>232,777</u>	<u>177,922</u>	<u>43,967</u>	<u>454,666</u>
Depreciation .....	33,107	63,764	7,234	104,105
Effects of foreign exchange .....	3,301	442	(219)	3,524
Balance, June, 30, 2019 .....	<u>269,185</u>	<u>242,128</u>	<u>50,982</u>	<u>562,295</u>
<b>Carrying value</b>				
Balance, December 31, 2018 .....	<u>233,562</u>	<u>730,327</u>	<u>322,428</u>	<u>1,286,317</u>
<b>Balance, June 30, 2019 .....</b>	<b><u>258,802</u></b>	<b><u>818,912</u></b>	<b><u>313,178</u></b>	<b><u>1,390,892</u></b>

**8 Borrowings**

The following table presents the borrowings for the Company:

	<b>June 30, 2019</b>	<b>December 31, 2018</b>
	<b>\$</b>	<b>\$</b>
Mortgage payable .....	46,856	57,746
Secured debentures .....	6,985,228	3,976,892
Convertible promissory notes .....	—	5,344,000
Balance – End of period .....	<u>7,032,084</u>	<u>9,378,638</u>
Current .....	20,305	5,363,436
Non-current .....	<u>7,011,779</u>	<u>4,015,202</u>
	<u>7,032,084</u>	<u>9,378,638</u>

***Mortgage payable***

Mortgage payable represents the mortgage on the Sovico property with Banca Intesa San Paolo and expires in July 2021. The original amount of the mortgage was €185,000 and is secured by the Sovico property and carries an interest rate of 5% per annum.

***Convertible promissory notes***

On May 24, 2017, the Company issued \$2,000,000 convertible promissory notes to shareholders and directors of the Company with a maturity date of May 24, 2019. The convertible promissory notes bear an interest rate of 10% payable monthly and are convertible into common shares of the Company at an exercise price of US\$2.50 per share.

The Company determined that the convertible promissory notes do not qualify as a compound instrument and therefore no equity component to the instrument. This is due to the fact that the conversion price is denominated in a currency that is not the functional currency of the Company,

# DOCEBO INC.

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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resulting in variability of the conversion price. Accordingly, the convertible promissory notes are classified and accounted for entirely as a financial liability, which the Company has elected under IFRS 9 to measure at fair value through profit or loss. The fair value of the convertible promissory notes were classified as Level 3 in the fair value hierarchy. On May 24, 2019, the convertible promissory notes were converted into 800,000 common shares of the Company. Immediately prior to conversion, the fair value of the convertible promissory notes was \$6,120,000 resulting in recognition of loss on change in fair value of \$776,000. The fair value of the convertible promissory notes as at June 30, 2019 was nil (December 31, 2018 – \$5,344,000).

### Secured debentures

In February 2018, the Company issued secured debentures to the shareholders of the Company for total gross cash proceeds of \$4,000,000. The Company incurred financing fees of \$40,000 to the lenders. These secured debentures bear an interest rate of 10% per annum, payable monthly and mature on January 31, 2020. The debentures are collateralized by all present and future assets of the Company.

In May 2019, the Company issued additional secured debentures to the same shareholders for total gross cash proceeds of \$3,000,000 bearing interest rate of 10% per annum. As part of the additional secured debentures issued, the maturity date of all outstanding secured debentures was amended to December 31, 2020.

These secured debentures are classified at amortized cost and accounted for using the effective interest rate method and the carrying value as at June 30, 2019 is as follows:

	\$
Principal balance .....	7,000,000
Upfront financing fees .....	(40,000)
Interest and accretion expense .....	578,420
Interest paid .....	(553,192)
<b>Balance as at June 30, 2019 .....</b>	<b><u>6,985,228</u></b>

On July 26, 2019, these secured debentures were repaid in full. See note 17.

Finance expense for the three and six month period ended June 30, 2019 and 2018 is comprised of:

	Three months ended June 30,		Six months ended June 30,	
	2019	2018	2019	2018
	\$	\$	\$	\$
Interest and accretion expense on secured debentures .....	143,654	104,714	240,320	158,272
Interest expense on convertible promissory notes .....	24,017	50,000	74,017	100,000
Interest on lease obligations .....	63,715	—	127,059	—
Bank fees and other .....	22,056	9,829	37,864	30,822
	<u>253,442</u>	<u>164,543</u>	<u>479,260</u>	<u>289,094</u>

### 9 Non-controlling interests

As at December 31, 2018, the Company had 100% ownership interest in Docebo S.p.A. (2017 – 69.9%) resulting in 0% (2017 – 30.1%) ownership interest held by non-controlling shareholders.

In March 2018, the Company acquired the remaining 30.1% interest in Docebo S.p.A. in exchange for 4,512,000 common shares. The fair value of the common shares issued was \$20,775,200 and the carrying value of the non-controlling interest acquired was a deficit of \$1,433,348 resulting in recognition of \$22,188,548 as a debit to shareholders' deficit of the Company. No gain or loss was recorded as part of the acquisition of the remaining ownership interests.

In April 2017, the Company had acquired a further 8.9% interest in Docebo S.p.A. resulting in total ownership interest of 69.9% as at December 31, 2017. The Company issued 1,338,500 common shares as consideration for the 8.9% interest. The fair value of the common shares issued was \$3,346,250 and the book value of non-controlling interest acquired was a deficit of \$12,551 as at the date of acquisition resulting in recognition of \$3,358,801 as a debit to shareholders' deficit of the Company. No gain or loss through the consolidated statement of loss and comprehensive loss was recorded.

# DOCEBO INC.

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

June 30, 2019

(expressed in US dollars, except share amounts)

Reconciliation of non-controlling interest is as follows:

	\$
Balance – January 1, 2018 .....	(1,054,524)
Share of net loss to date of acquisition .....	(378,824)
Purchase of non-controlling interest .....	1,433,348
<b>Balance – December 31, 2018 and June 30, 2019 .....</b>	<b>—</b>

### 10 Share capital

Authorized

Unlimited common shares with no par value

Issued and outstanding:

	Number of shares <sup>(iv)</sup>	Amount
		\$
Balance – December 31, 2017 .....	18,020,000	9,961,266
Purchase of non-controlling interest <sup>(i)</sup> .....	4,512,000	20,755,200
Balance – December 31, 2018 .....	22,532,000	30,716,466
Stock option exercise <sup>(ii)</sup> .....	393,000	433,620
Conversion of promissory notes <sup>(iii)</sup> .....	800,000	6,120,000
Balance – June 30, 2019 .....	23,725,000	37,270,086

- i) On March 15, 2018, the shareholders of the Company acquired the remaining 30.1% non-controlling interest in Docebo S.p.A. from the non-controlling interest holders in exchange for the issuance of 4,512,000 common shares. The transaction was measured at the fair value of the common shares issued of \$20,755,200. The fair value of the common shares on date of issuance was US\$4.60 per share.
- ii) On May 13, 2019, 386,100 stock options were exercised resulting in issuance of 386,100 common shares of the Company for total cash proceeds of \$311,043. On June 10, 2019, 6,900 stock options were exercised resulting in issuance of 6,900 common shares of the Company for total cash proceeds of \$17,250.
- iii) On May 24, 2019, the convertible promissory notes were converted into 800,000 common shares of the Company. The fair value of the convertible promissory notes on the date of conversion was \$6,120,000.
- iv) On October 1, 2019, the Company filed articles of amendment to split all of its issued and outstanding common shares on the basis of 100 common shares for every one common share outstanding. All share and per share amounts for all periods presented in these financial statements have been adjusted retrospectively to reflect the share split.

### 11 Share-based compensation

The Company has established a stock option plan (the Option Plan) for directors, officers, employees and consultants of the Company. The Company's Board of Directors determines, among other things, the eligibility of individuals to participate in the Option Plan and the term, vesting periods and the exercise price of options granted to individuals under the Option Plan.

Each share option converts into one common share of the Company on exercise. No amounts are paid or payable by the individual on receipt of the option. The options carry neither rights to dividends nor voting rights. Options may be exercised at any time from the date of vesting to the date of their expiry.

The Company's Option Plan provides that the number of common shares reserved for issuance may not exceed 2,106,100 unless the Board increases this limit by a Board resolution. If any options terminate, expire or are cancelled as contemplated by the Option Plan, the number of options terminated, expired or cancelled will be available under the Option Plan.

**DOCEBO INC.**

**NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

June 30, 2019

(expressed in US dollars, except share amounts)

The changes in the number of stock options during the six-month periods ended June 30, 2019 and 2018 were as follows:

	2019		2018	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
	#	\$	#	\$
Options outstanding as at January 1	1,546,700	0.75	1,546,700	0.75
Options granted	181,600	6.68	—	—
Options forfeited	(16,300)	1.29	—	—
Options exercised	(393,000)	0.84	—	—
Options outstanding as at June 30	1,319,000	1.53	1,546,700	0.75
Options exercisable as at June 30	680,300	0.79	768,700	0.83

**Measurement of fair values**

The fair value of share options granted during the six month period ended June 30, 2019 was estimated at the date of grant using the Black-Scholes option pricing model using the following inputs:

	2019
Grant date share price	US\$6.68
Exercise price	US\$6.68
Expected dividend yield	nil%
Risk free interest rate	1.67% – 1.96%
Expected option life	12 years
Expected volatility	21%

Expected volatility was estimated by using the historical volatility of technology index. The expected option life represents the period of time that options granted are expected to be outstanding. The risk-free interest rate is based on government bonds with a remaining term equal to the expected life of the options.

The following table is a summary of the Company's share options outstanding as at June 30, 2019:

Options outstanding			Options exercisable	
Exercise price range	Number outstanding	Weighted average remaining contractual life (years)	Weighted average exercise price	Number exercisable
\$	#	#	\$	#
0.0001	180,000	10.35	0.0001	36,000
0.8056	934,200	7.15	0.8056	632,800
2.50	23,200	9.02	2.50	11,500
6.68	181,600	11.61	6.68	—
1.53	1,319,000	8.23	0.79	680,300

The following table is a summary of the Company's share options outstanding as at June 30, 2018:

Options outstanding			Options exercisable	
Exercise price range	Number outstanding	Weighted average remaining contractual life (years)	Weighted average exercise price	Number exercisable
\$	#	#	\$	#
0.0001	180,000	11.35	0.0001	—
0.8056	1,331,900	8.19	0.8056	757,200
2.50	34,800	9.96	2.50	11,500
0.75	1,546,700	8.60	0.83	768,700

**DOCEBO INC.**

**NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

June 30, 2019

(expressed in US dollars, except share amounts)

***Share-based compensation expense***

The Company recognized \$84,775 and \$151,433 of share-based compensation expenses during the three and six-month periods ended June 30, 2019 (2018 – \$69,270 and \$138,439) respectively, with a corresponding amount recognized as a contributed surplus.

**12 Loss per share**

For all the periods presented, diluted loss per share equals basic loss per share due to the anti-dilutive effect of convertible promissory notes and share options. The outstanding number and type of securities that could potentially dilute basic net loss per share in the future but would have decreased the loss per share (anti-dilutive) for the three and six month period ended June 30 presented are as follows:

	<b>Three months ended June 30,</b>		<b>Six months ended June 30,</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	\$	\$	\$	\$
Convertible promissory notes . . . . .	—	80.00	—	80.00
Share options . . . . .	131.90	154.67	131.90	154.67
	<u>131.90</u>	<u>234.67</u>	<u>131.90</u>	<u>234.67</u>

**13 Nature of expenses**

Cost of revenue is comprised of:

	<b>Three months ended June 30,</b>		<b>Six months ended June 30,</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	\$	\$	\$	\$
Employee wages and benefits . . . . .	1,365,321	1,036,813	2,622,996	1,792,751
Web hosting fees . . . . .	446,651	367,808	801,868	738,746
Partner fees . . . . .	132,850	74,365	266,670	141,036
Other . . . . .	123,259	29,201	193,012	40,861
	<u>2,068,081</u>	<u>1,508,187</u>	<u>3,884,546</u>	<u>2,713,394</u>

General and administrative expenses are comprised of:

	<b>Three months ended June 30,</b>		<b>Six months ended June 30,</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	\$	\$	\$	\$
Employee salaries and benefits . . . . .	1,077,752	808,893	2,096,602	1,602,190
Rent, travel and general office and administrative . . . . .	1,559,370	1,159,297	2,908,794	2,020,754
Consulting and professional fees . . . . .	883,037	434,933	1,583,125	750,032
Credit impairment losses . . . . .	340,175	66,034	494,651	380,848
Other . . . . .	272,881	(6,310)	356,139	35,547
	<u>4,133,215</u>	<u>2,462,847</u>	<u>7,439,311</u>	<u>4,789,371</u>

Sales and marketing expenses are comprised of:

	<b>Three months ended June 30,</b>		<b>Six months ended June 30,</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	\$	\$	\$	\$
Employee salaries and benefits . . . . .	2,593,544	2,359,531	5,009,152	4,329,040
Advertising and marketing events . . . . .	596,954	729,846	1,407,456	1,482,256
Other . . . . .	140,182	—	140,182	—
	<u>3,330,680</u>	<u>3,089,377</u>	<u>6,556,790</u>	<u>5,811,296</u>

**DOCEBO INC.**

**NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

June 30, 2019

(expressed in US dollars, except share amounts)

Research and development expenses are comprised of:

	<b>Three months ended June 30,</b>		<b>Six months ended June 30,</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Employee salaries and benefits .....	1,533,835	1,256,158	2,983,615	2,405,434
Consulting and professional fees .....	382,475	378,490	761,038	733,359
Web hosting fees .....	148,116	102,112	266,091	186,599
	<u>2,064,426</u>	<u>1,736,760</u>	<u>4,010,744</u>	<u>3,325,392</u>
Less: research and development tax credits .....	84,284	114,626	169,459	232,828
	<u>1,980,142</u>	<u>1,622,134</u>	<u>3,841,285</u>	<u>3,092,564</u>

**14 Segmented information**

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

The following table presents details on revenues derived and details on property and equipment domiciled in the following geographical locations as at and for the periods ended June 30, 2019 and 2018.

Revenue for six-month periods ended June 30, 2019 and 2018:

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
North America .....	12,812,426	8,005,728
EMEA .....	5,745,925	4,127,144
Total .....	<u>18,558,351</u>	<u>12,132,872</u>

Property and equipment as at June 30, 2019 and December 31, 2018:

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
North America .....	368,419	194,528
EMEA .....	1,022,473	1,091,789
Total .....	<u>1,390,892</u>	<u>1,286,317</u>

**15 Disaggregated Revenue**

The Company derives its revenues from two main sources: software as-a-service application ("SaaS"); and professional services revenue, which includes services such as initial project management and training, integration and custom development. Subscription revenue related to the provision of SaaS is recognized rateably over the contract term as the service is delivered. Professional services revenue is recognized as services are rendered.

The following table represents disaggregation of revenue for the three and six-month periods ended June 30, 2019 and 2018:

	<b>Three months ended June 30,</b>		<b>Six months ended June 30,</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Subscription Revenues .....	8,637,921	5,431,304	16,234,217	10,176,196
Professional Services .....	1,284,636	1,004,869	2,324,134	1,956,676
Total .....	<u>9,922,557</u>	<u>6,436,173</u>	<u>18,558,351</u>	<u>12,132,872</u>

**16 Related party transactions**

In May 2019, the Company issued \$3,000,000 of additional secured debentures to the shareholders of the Company as described in note 8. On July 26, 2019, these secured debentures were repaid in full. See note 17.

## **DOCEBO INC.**

### **NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

June 30, 2019

(expressed in US dollars, except share amounts)

#### **17 Subsequent events**

On July 26, 2019, the Company secured a committed revolving term credit facility from a Canadian Bank. The commitment is currently set at \$10,000,000. Upon the earlier of (i) closing of initial public offering and (ii) the Company achieving certain revenue targets, the commitment may be increased by an additional \$5,000,000. The credit facility will mature on July 25, 2022 (the "Maturity Date"). The Maturity Date may be extended for an additional 364 days, at the discretion of the lender, upon the Company providing written notice to the lender requesting such an extension.

The Company immediately drew down \$7,000,000 to repay the existing \$7,000,000 of secured debentures previously issued to the shareholders of the Company. The secured debentures were repaid in full.

On October 1, 2019, the Company filed articles of amendment to effect the change of the Company's name from "Docebo Canada Inc." to "Docebo Inc." and to split all of its issued and outstanding common shares on the basis of 100 common shares for every one common share outstanding. All share and per share amounts for all periods presented in these financial statements have been adjusted retrospectively to reflect the share split.

**DOCEBO INC.**

**CONSOLIDATED FINANCIAL STATEMENTS**

As at December 31, 2018 and 2017 and for the years ended December 31, 2018, 2017 and 2016  
(expressed in US dollars)



## INDEPENDENT AUDITOR'S REPORT

To the Shareholders  
of Docebo Inc.

### *Our opinion*

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Docebo Inc. and its subsidiaries (together, the Company) as at December 31, 2018 and 2017, and its financial performance and its cash flows for the years ended December 31, 2018, 2017 and 2016 in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS).

### **What we have audited**

The Company's consolidated financial statements comprise:

- the consolidated statements of financial position as at December 31, 2018 and 2017;
- the consolidated statements of loss and comprehensive loss for the years ended December 31, 2018, 2017 and 2016;
- the consolidated statements of changes in shareholders' deficiency for the years ended December 31, 2018, 2017 and 2016;
- the consolidated statements of cash flows for the years ended December 31, 2018, 2017 and 2016; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

### *Basis for opinion*

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Independence**

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

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*PricewaterhouseCoopers LLP*  
*PwC Tower, 18 York Street, Suite 2600, Toronto, Ontario, Canada M5J 0B2*  
*T: +1 416 863 1133, F: +1 416 365 8215*

"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.



#### *Other information*

Management is responsible for the other information. The other information comprises the Management's Discussion and Analysis of Financial Condition and Results of Operations.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### *Responsibilities of management and those charged with governance for the consolidated financial statements*

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

#### *Auditor's responsibilities for the audit of the consolidated financial statements*

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.



- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

*PricewaterhouseCoopers LLP*

Chartered Professional Accountants, Licensed Public Accountants

Toronto, Ontario

October 1, 2019

**DOCEBO INC.**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
As at December 31, 2018 and December 31, 2017  
(expressed in US dollars)

	<u>2018</u>	<u>2017</u>
	\$	\$
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents .....	3,756,031	3,360,902
Trade and other receivables (note 4) .....	6,138,310	4,408,115
Prepaid expenses and deposits .....	1,501,912	638,770
Contract acquisition costs (note 12) .....	242,956	—
	<u>11,639,209</u>	<u>8,407,787</u>
<b>Non-current assets</b>		
Contract acquisition costs (note 12) .....	375,208	—
Property and equipment – net (note 5) .....	1,286,317	1,094,632
	<u>13,300,734</u>	<u>9,502,419</u>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Trade and other payables .....	6,783,945	3,827,642
Deferred revenue (note 12) .....	12,687,490	7,580,681
Deferred lease incentives .....	54,713	35,070
Borrowings (note 6) .....	5,363,436	20,350
	<u>24,889,584</u>	<u>11,463,743</u>
<b>Non-current liabilities</b>		
Deferred lease incentives .....	243,009	200,184
Employee benefit obligations (note 7) .....	928,800	671,530
Borrowings (note 6) .....	4,015,202	3,322,635
	<u>30,076,595</u>	<u>15,658,092</u>
<b>Shareholders' Deficiency</b>		
<b>Share capital</b> (note 9) .....	30,716,466	9,961,266
<b>Contributed surplus</b> (note 10) .....	563,921	310,670
<b>Foreign exchange translation reserve</b> .....	335,772	(482,669)
<b>Actuarial loss</b> .....	(73,207)	(32,127)
<b>Deficit</b> .....	<u>(48,318,813)</u>	<u>(14,858,289)</u>
<b>Deficiency attributable to shareholders of the Company</b> .....	(16,775,861)	(5,101,149)
<b>Non-controlling interest</b> (note 8) .....	—	(1,054,524)
	<u>(16,775,861)</u>	<u>(6,155,673)</u>
	<u>13,300,734</u>	<u>9,502,419</u>
<b>Commitments and contingencies</b> (note 15)		
<b>Subsequent events</b> (note 20)		

**On Behalf of the Board**

\_\_\_\_\_ Director \_\_\_\_\_ Director

*The accompanying notes are an integral part of these consolidated financial statements.*

**DOCEBO INC.**

**CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS**

For the years ended December 31, 2018 and December 31, 2017 and December 31, 2016

(expressed in US dollars)

	<u>2018</u>	<u>2017</u>	<u>2016</u>
	\$	\$	\$
<b>Revenue</b> (note 12) .....	27,074,586	17,126,141	9,852,188
<b>Cost of revenue</b> (note 13) .....	<u>5,650,394</u>	<u>4,353,487</u>	<u>2,633,083</u>
<b>Gross profit</b> .....	<u>21,424,192</u>	<u>12,772,654</u>	<u>7,219,105</u>
<b>Operating expenses</b>			
General and administrative (note 13) .....	10,940,510	7,274,587	3,469,849
Sales and marketing (note 13) .....	11,629,872	7,828,365	4,478,855
Research and development – net (note 13) .....	6,611,529	3,906,327	2,005,016
Share-based compensation (note 10) .....	253,251	152,767	157,903
Unrealized foreign exchange loss (gain) .....	774,980	237,478	(6,056)
Loss on disposal of assets .....	—	69,745	—
Depreciation (note 5) .....	<u>169,043</u>	<u>184,232</u>	<u>62,507</u>
	<u>30,379,185</u>	<u>19,653,501</u>	<u>10,168,074</u>
<b>Operating loss</b> .....	(8,954,993)	(6,880,847)	(2,948,969)
<b>Finance expense (income) – net</b> (note 6) .....	666,082	231,068	(53,725)
<b>Loss on change in fair value of convertible promissory notes</b> (note 6) ....	2,082,867	1,261,133	—
<b>Other income</b> .....	<u>(53,142)</u>	<u>(133,164)</u>	<u>—</u>
<b>Net loss for the year</b> .....	<u>(11,650,800)</u>	<u>(8,239,884)</u>	<u>(2,895,244)</u>
<b>Other comprehensive loss</b>			
Item that may be reclassified subsequently to income			
Exchange (gain) loss on translation of foreign operations .....	(818,441)	272,806	122,615
Item not subsequently reclassified to income			
Actuarial loss .....	<u>41,080</u>	<u>32,127</u>	<u>—</u>
	<u>(777,361)</u>	<u>304,933</u>	<u>122,615</u>
<b>Comprehensive loss</b> .....	<u>(10,873,439)</u>	<u>(8,544,817)</u>	<u>(3,017,859)</u>
<b>Net loss attributable to</b>			
Equity owners of the Company .....	(11,271,976)	(7,313,530)	(2,754,523)
Non-controlling interest (note 8) .....	<u>(378,824)</u>	<u>(926,354)</u>	<u>(140,721)</u>
	<u>(11,650,800)</u>	<u>(8,239,884)</u>	<u>(2,895,244)</u>
<b>Loss per share</b> – basic and diluted .....	(0.52)	(0.43)	(0.18)
<b>Weighted average number of common shares outstanding</b> – basic and diluted (note 11) .....	21,543,100	17,177,700	15,210,500

*The accompanying notes are an integral part of these consolidated financial statements.*

## DOCEBO INC.

## CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' DEFICIENCY

For the years ended December 31, 2018 and December 31, 2017 and December 31, 2016

(expressed in US dollars)

	Common shares		Contributed surplus	Non-controlling interest	Foreign exchange translation reserve	Actuarial loss	Deficit	Total
	#	\$	\$	\$	\$	\$	\$	\$
<b>Balance – December 31, 2015</b>								
(Unaudited) .....	15,210,500	2,937,551	—	—	(87,248)	—	(1,431,435)	1,418,868
Share-based compensation (note 10) ....	—	—	157,903	—	—	—	—	157,903
Net loss and comprehensive loss .....	—	—	—	(140,721)	(122,615)	—	(2,754,523)	(3,017,859)
<b>Balance – December 31, 2016</b> .....	15,210,500	2,937,551	157,903	(140,721)	(209,863)	—	(4,185,958)	(1,441,088)
Issuance of common shares for cash								
(note 9) .....	1,471,000	3,677,465	—	—	—	—	—	3,677,465
Share-based compensation (note 10) ....	—	—	152,767	—	—	—	—	152,767
Purchase of non-controlling interest								
(note 9) .....	1,338,500	3,346,250	—	12,551	—	—	(3,358,801)	—
Net loss and comprehensive loss .....	—	—	—	(926,354)	(272,806)	(32,127)	(7,313,530)	(8,544,817)
<b>Balance – December 31, 2017</b> .....	18,020,000	9,961,266	310,670	(1,054,524)	(482,669)	(32,127)	(14,858,289)	(6,155,673)
Share-based compensation (note 10) ....	—	—	253,251	—	—	—	—	253,251
Purchase of non-controlling interest								
(note 9) .....	4,512,000	20,755,200	—	1,433,348	—	—	(22,188,548)	—
Net loss and comprehensive loss .....	—	—	—	(378,824)	818,441	(41,080)	(11,271,976)	(10,873,439)
<b>Balance – December 31, 2018</b> .....	22,532,000	30,716,466	563,921	—	335,772	(73,207)	(48,318,813)	(16,775,861)

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

**DOCEBO INC.**

**CONSOLIDATED STATEMENTS OF CASH FLOWS**

For the years ended December 31, 2018 and December 31, 2017 and December 31, 2016  
(expressed in US dollars)

	<u>2018</u>	<u>2017</u>	<u>2016</u>
	\$	\$	\$
<b>Cash provided by (used in)</b>			
<b>Operating activities</b>			
Net loss for the year	(11,650,800)	(8,239,884)	(2,895,244)
Adjustments to reconcile net loss to net cash used in operating activities			
Depreciation and amortization	169,043	184,232	62,507
Share-based compensation	253,251	152,767	157,903
Unrealized foreign exchange loss (gain)	604,856	237,478	(6,056)
Amortization of deferred lease incentive	2,684	—	—
Loss on disposal of assets	—	69,745	—
Finance expense	16,891	—	—
Loss on change in fair value of convertible promissory notes	2,082,867	1,261,133	—
Changes in non-cash working capital items			
Trade and other receivables	(1,742,096)	(2,122,172)	(87,515)
Prepaid expenses and deposits	(927,290)	(352,948)	259,369
Contract acquisition costs	(618,164)	—	—
Trade and other payables	3,281,585	1,759,813	592,549
Employee benefit obligations	247,022	165,259	—
Deferred revenue	5,331,492	3,901,777	879,576
	<u>(2,948,660)</u>	<u>(2,982,800)</u>	<u>(1,036,911)</u>
<b>Investing activities</b>			
Purchase of property and equipment	<u>(410,393)</u>	<u>(688,973)</u>	<u>(257,891)</u>
<b>Financing activities</b>			
Proceeds from issuance of common shares	—	3,677,465	—
Proceeds from issuance of convertible promissory notes	—	2,000,000	—
Proceeds from issuance of secured debentures – net	3,960,000	—	—
Repayment of mortgage liability and borrowings	<u>(21,061)</u>	<u>(24,845)</u>	<u>(40,261)</u>
	<u>3,938,939</u>	<u>5,652,620</u>	<u>(40,261)</u>
<b>Change in cash and cash equivalents during the year</b>	579,886	1,980,847	(1,335,063)
<b>Effect of foreign exchange on cash and cash equivalents</b>	(184,757)	73,700	262,516
<b>Cash and cash equivalents – Beginning of the year</b>	<u>3,360,902</u>	<u>1,306,355</u>	<u>2,378,902</u>
<b>Cash and cash equivalents – End of year</b>	<u><u>3,756,031</u></u>	<u><u>3,360,902</u></u>	<u><u>1,306,355</u></u>

*The accompanying notes are an integral part of these consolidated financial statements.*

# DOCEBO INC.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2018 and December 31, 2017  
(expressed in US dollars, except share amounts)

### 1 Nature of business

Docebo Inc. (the Company or Docebo) is a provider of cloud based learning management systems. The Company was incorporated on April 21, 2016 under the laws of the Province of Ontario. The Company's head office is located at Suite 701, 366 Adelaide Street West, Toronto, M5V 1R9, Canada. On October 1, 2019, the Company filed articles of amendment to effect the change of the Company's name from "Docebo Canada Inc." to "Docebo Inc."

The Company has the following subsidiaries:

Entity name	Country	Ownership percentage December 31, 2018	Ownership percentage December 31, 2017	Ownership percentage December 31, 2016
		%	%	%
Docebo S.p.A. ....	Italy	100	70	61
Docebo NA Inc. ....	United States	100	100	100
Docebo EMEA FZ-LLC ....	Dubai	100	100	100
Docebo UK ....	England	100	100	n/a

### 2 Basis of preparation

#### Statement of compliance

These consolidated financial statements (the financial statements) have been prepared by management on a going concern basis in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). The policies set out below have been consistently applied to all periods presented unless otherwise noted.

These financial statements were approved and authorized for issuance by the Board of Directors of the Company on October 1, 2019.

#### Basis of measurement

These financial statements have been prepared on a historical cost basis except for convertible promissory notes that are measured at fair value. Historical costs are generally based on the fair value of the consideration given in exchange for goods and services received.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2, Share-based Payments, and measurements that have some similarities to fair value but are not fair value, such as value in use in International Accounting Standard (IAS) 36, Impairment of Assets.

#### Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries, Docebo S.p.A., Docebo NA Inc., Docebo EMEA FZ-LLC and Docebo UK Ltd.

Subsidiaries are fully consolidated from the date of acquisition, which is the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases. Control is achieved when the Company has power over the investee, is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to use its power to affect its returns. The Company reassesses whether or not it controls an investee if facts and circumstances indicate there are changes to one or more of the three elements of control listed above. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. All intercompany balances, transactions, unrealized gains and losses resulting from intercompany transactions and dividends are eliminated on consolidation.

#### Functional currency and presentation currency

These financial statements are presented in United States dollars. Docebo's functional currency is Canadian dollars and the functional currencies of the Company's wholly owned subsidiaries are as follows:

- Docebo NA Inc. United States dollars
- Docebo EMEA FZ-LLC United Arab Emirates dirham
- Docebo S.p.A. Euros
- Docebo UK British pounds

The presentation currency is different than the functional currency of the Company for industry and market comparability reasons.

## DOCEBO INC.

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2018 and December 31, 2017  
(expressed in US dollars, except share amounts)

#### *Use of estimates and judgments*

The preparation of these financial statements in conformity with IFRS requires management to make estimates, judgments and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

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

The following are the critical judgments, apart from those involving estimations, that management has made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognized in the financial statements:

- Revenue recognition

The Company derives its revenues from two main sources: software as-a-service application ("SaaS"); and professional services revenue, which includes services such as initial project management and training, integration and custom development.

Multi-element or bundled contracts require an estimate of the stand-alone selling price of separate elements. These assessments require judgment by management to determine if there are separately identifiable performance obligations as well as how to allocate the total price among the performance obligations. Deliverables are accounted for as separately identifiable performance obligations if they can be understood without reference to the series of transactions as a whole. In concluding whether performance obligations are separately identifiable, management considers the transaction from the customer's perspective. Among other factors, management assesses whether the service or product is sold separately by the Company in the normal course of business or whether the customer could purchase the service or product separately.

- Convertible promissory notes

Convertible promissory notes are classified as fair value through profit or loss. The fair value of convertible promissory notes is based on the underlying value of the equity instruments the convertible promissory notes are convertible into, which in turn requires estimates of the inherent value of the Company, considering value indicators including recent rounds of financing and market comparable valuation metrics.

- Depreciation of property and equipment

Depreciation of property and equipment is dependent on estimates of useful lives and residual values, which are determined through the exercise of judgment. The assessment of any impairment of these assets is dependent on estimates of recoverable amounts that take into account factors such as economic and market conditions and the useful lives of assets.

- Trade and other receivables

The recognition of trade and other receivables and loss allowances requires the Company to assess credit risk and collectability. The Company considers historical trends and any available information indicating a customer could be experiencing liquidity or going concern problems and the status of any contractual or legal disputes with customers in performing this assessment.

- Share-based payments

The Company uses the Black-Scholes valuation model to determine the fair value of equity settled stock options. Estimates are required for inputs to this model including the fair value of the underlying shares, the expected life of the option, volatility, expected dividend yield and the risk-free interest rate. Variation in actual results for any of these inputs will result in a different value of the stock option realized from the original estimate. The assumptions and estimates used are further outlined in the stock options note.

- Income taxes

The Company computes an income tax provision in each of the tax jurisdictions in which it operates. Actual amounts of income tax expense only become final upon filing and acceptance of the tax return by the relevant tax authorities, which occurs subsequent to the issuance of the consolidated financial statements. Additionally, estimation of income taxes includes evaluating the recoverability of deferred tax assets against future taxable income based on an assessment of the ability to use the underlying future tax deductions before they expire. To the extent that estimates of future taxable income differ from the tax return, earnings would be affected in a subsequent period.

### 3 Summary of significant accounting policies

#### *Foreign currency translation*

Foreign currency transactions are translated into functional currencies at exchange rates in effect on the date of the transactions. At the end of each reporting period, monetary assets and liabilities denominated in foreign currencies are translated into functional currencies at the foreign exchange rate applicable at that period-end date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Expenses are translated at the exchange rates that approximate those in effect on the date of the transaction. Realized and unrealized exchange gains and losses are recognized in the consolidated statement of loss and comprehensive loss.

## DOCEBO INC.

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2018 and December 31, 2017  
(expressed in US dollars, except share amounts)

On consolidation, assets and liabilities of operations with functional currency other than US dollars are translated into US dollars at period-end foreign currency rates. Revenues and expenses of such operations are translated into US dollars at average rates for the period. Foreign currency translation gains and losses are recognized in other comprehensive income. The relevant amount in cumulative foreign currency translation adjustment is reclassified into earnings upon disposition of a foreign operation.

#### *Revenue recognition*

The Company recognizes revenue to depict the transfer of promised services to customers in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those services by applying the following steps:

- Identify the contract with a customer;
- Identify the performance obligations in the contract;
- Determine the transaction price;
- Allocate the transaction price; and
- Recognize revenue when, or as, the Company satisfies a performance obligation.

Revenue represents the amount the Company expects to receive for products and services in its contracts with customers, net of discounts and sales taxes. The Company derives revenue from subscription of its product (subscription revenue) comprised of its hosted SaaS and from the provision of professional services including implementation services, technical services and training. Professional services do not include significant customization to, or development of, the software.

The Company recognizes revenue upon transfer of control of products or services to customers at an amount that reflects the consideration the Company expects to receive in exchange for the products or services transferred. The Company's contracts with customers often include multiple products and services. The Company evaluates these arrangements to determine the appropriate unit of accounting (performance obligation) for revenue recognition purposes based on whether the product or service is distinct from some or all of the other products or services in the arrangement. A product or service is distinct if the customer can benefit from it on its own or together with other readily available resources and the Company's promise to transfer the good or service is separately identifiable from other promises in the contractual arrangement with the customer. Non-distinct products and services are combined with other goods or services until they are distinct as a bundle and therefore form a single performance obligation. Subscription revenue and professional services are generally capable of being distinct for the Company and are accounted for as separate performance obligations.

The total consideration for the arrangement is allocated to the separate performance obligations based on their relative fair value and the revenue is recognized for each performance obligation when the requirements for revenue recognition have been met. The Company determines the fair value of each performance obligation based on the average selling price when they are sold separately.

Subscription revenue related to the provision of SaaS is recognized rateably over the contract term as the service is delivered. The contract term begins when the service is made available to the customer. The Company applies the time elapsed method to measure progress towards complete satisfaction of subscription revenue performance obligations. The time elapsed provides a faithful depiction of the Company's performance towards complete satisfaction of its performance obligations as a customer simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs on a daily basis.

Professional services revenue is recognized over time as services are performed based on the proportion performed to date relative to the total expected services to be performed, which is normally over the first few months of a contract with progress being measured over the implementation and training period. The Company applies labour hours expended which is an input method to measure progress towards complete satisfaction of professional services revenue performance obligations. Labour hours expended relative to the total expected labour hours to be expended provides a faithful depiction of the Company's performance towards complete satisfaction of the professional services performance obligations as it closely reflects the completion of activities based on budgeted labour hours and the value of the services transferred cannot be measured directly.

The Company records contract assets for selling commissions paid at the inception of a contract that are incremental costs of obtaining the contract, if the Company expects to recover those costs. Contract assets are subsequently amortized on a straight-line basis over a period consistent with the pattern of transfer of the products and services to which the asset relate. Incremental selling commissions to obtain a renewal of a contract are capitalized and amortized on a straight-line basis over the renewal period of the contract. The Company applies the IFRS 15 practical expedient and does not recognize incremental costs of obtaining a contract if the amortization period is one year or less.

The timing of revenue recognition and the contractual payment schedules often differ, resulting in contractual payments being billed before contractual products or services are delivered. Generally, the payment terms are between 30 to 60 days from the date of invoice. These amounts that are billed, but not earned, are recognized as deferred revenue. When products or services have been transferred to customers and revenue has been recognized, but not billed, the Company recognizes and includes these amounts as unbilled trade receivables.

## DOCEBO INC.

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2018 and December 31, 2017  
(expressed in US dollars, except share amounts)

The Company has elected to apply the practical expedient to not adjust the total consideration over the contract term for the effect of a financing component if the period between the transfer of services to the customer and the customer's payment for these services is expected to be one year or less.

#### *Deferred revenue*

Deferred revenue primarily relates to subscription agreements and professional services agreements, which have been paid for by customers prior to the performance of those services. Generally, the services will be provided in the next 12 months and are classified as current based on the length of the arrangement.

#### *Cash and cash equivalents*

Cash and cash equivalents include deposits held with major financial institutions. There are no cash equivalents held as at December 31, 2018 and 2017.

#### *Property and equipment*

The Company's property and equipment are measured at cost less accumulated depreciation and impairment losses.

The cost of an item of property and equipment includes expenditures that are directly attributable to the acquisition or construction of the asset.

Depreciation is recorded over the estimated useful lives as outlined below:

Office equipment	30% declining balance
Furniture	20% declining balance
Building	25 years
Leasehold improvements	straight-line over term of the lease

The Company assesses an asset's residual value, useful life and depreciation method on an annual basis and if any events have indicated a change, and makes adjustments if appropriate.

Gains and losses on disposal of property and equipment are determined by comparing the proceeds from disposal with the carrying amount of the property and equipment and are recognized in the consolidated statement of loss and comprehensive loss.

#### *Impairment of non-financial assets*

The carrying amounts of the Company's non-financial assets are reviewed for impairment at each consolidated statement of financial position date or whenever events or changes in circumstances indicate that the carrying amount of an asset exceeds its recoverable amount. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets. The recoverable amount of an asset or a cash generating unit is the higher of its fair value, less cost to sell, and its value in use. If the carrying amount of an asset exceeds its recoverable amount, an impairment charge is recognized immediately in profit or loss by the amount by which the carrying amount of the asset exceeds the recoverable amount. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the lesser of the revised estimate of recoverable amount and the carrying amount that would have been recorded had no impairment loss been recognized previously.

#### *Leases*

Leases are classified as either capital or operating leases. Leases which transfer substantially all the benefits and risks incidental to the ownership of an asset are accounted for as if an asset had been acquired and an obligation incurred at the inception of the lease. All current leases are accounted for as operating leases wherein rental payments are expensed on a straight-line basis over the term of the leases. Lease inducements are amortized as a reduction of expenses on a straight-line basis over the term of the related lease.

#### *Government assistance*

Government assistance, which mainly includes research and development and other tax credits, is recognized when there is reasonable assurance it will be received and all related conditions will be complied with. When the government assistance relates to an expense item, it is recognized as a reduction of expense over the period necessary to match the government assistance on a systematic basis to the costs it is intended to subsidize.

#### *Research and development*

Research and development costs are expensed as incurred, net of Italian tax credits, unless they meet the criteria under IFRS for deferral and amortization, which indicate that technical, market and financial feasibility has been established. No development costs have been capitalized to date. The Company's research and development costs consist primarily of salaries and related personnel expenses.

## DOCEBO INC.

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2018 and December 31, 2017  
(expressed in US dollars, except share amounts)

#### *Provisions*

Provisions are recognized when the Company has a present obligation (legal or constructive) (a) as a result of a past event; (b) when it is more probable than not an outflow of resources embodying economic benefits will be required to settle the obligation; and (c) when a reliable estimate can be made of the amount of the obligation.

#### *Deferred compensation*

The Company provides an employee severance indemnity, which is mandatory pursuant to the Italian Civil Code. Under this arrangement, the Company is obligated to pay deferred compensation based on the employees' years of service and the compensation earned by the employee during the service period. The expected costs of these benefits are accrued over the period of employment using the same accounting methodology as used for a defined benefit plan. These benefits are unfunded. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise, and are not reclassified to profit or loss in subsequent periods. These obligations are valued annually.

Past service costs are recognized in profit or loss on the earlier of:

- The date of the plan amendment or curtailment; and
- The date that the Company recognizes related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognizes the following changes in the net defined benefit obligation:

- Service costs comprising current service costs, past service costs, gains and losses on curtailments and non-routine settlements
- Net interest expense or income

#### *Income taxes*

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from "profit before tax" as reported in the consolidated statement of loss and comprehensive loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the year.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent it is probable taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each year and reduced to the extent it is not probable sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the year in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the year.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the year, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive loss or directly in equity, in which case the current and deferred taxes are also recognized in other comprehensive loss or directly in equity, respectively.

The Company has not recognized deferred income tax assets as at December 31, 2018 and 2017 as it is not considered probable at this time that the assets can be recovered.

#### *Share-based payments*

The Company measures equity-settled share-based payments based on their fair value at the grant date and recognizes compensation expense over the period in which the service and, where applicable, the performance conditions are fulfilled (the vesting period) with a corresponding increase in equity (contributed surplus). Fair value is measured using the Black-Scholes option pricing model. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired

## DOCEBO INC.

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2018 and December 31, 2017  
(expressed in US dollars, except share amounts)

and the Company's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in the consolidated statements of loss and comprehensive loss for a period represents the movement in cumulative expense recognized as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Company's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

No expense is recognized for awards that do not ultimately vest because non-market performance and/or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

When the terms of an equity-settled award are modified, the minimum expense recognized is the grant date fair value of the unmodified award, provided the original terms of the award are met. An additional expense, measured as at the date of modification, is recognized for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee. Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through the consolidated statements of loss and comprehensive loss.

#### *Loss per share*

The Company presents basic and diluted loss per share data for its common shares. Basic loss per share is calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the year. Diluted loss per share is determined by adjusting the loss attributable to common shareholders and the weighted average number of common shares outstanding, adjusted for the effects of all dilutive potential common shares, which are comprised of additional shares from the assumed exercise or conversion of share options and conversion of convertible promissory notes. Options that have a dilutive impact are assumed to have been exercised or converted on the later of the beginning of the period or the date granted.

#### *Financial instruments*

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

- **Financial assets**

On initial recognition, a financial asset is classified as measured at amortized cost, fair value through other comprehensive income ("FVOCI"), or fair value through profit and loss ("FVTPL"). The classification of financial assets is based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset (unless it is a trade receivable without a significant financing component that is initially measured at the transaction price) is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

The following accounting policies apply to the subsequent measurement of financial assets.

Financial assets at FVTPL	Subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.
Financial assets at amortized cost	Subsequently measured at amortized cost using the effective interest method, less any impairment losses. Interest income, foreign exchange gains and losses and impairment losses are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

- **Financial liabilities**

The Company initially recognizes financial liabilities at fair value on the date at which the Company becomes a party to the contractual provisions of the instrument.

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The Company classifies its financial liabilities as either financial liabilities at fair value through profit and loss (FVTPL) or amortized cost.

Subsequent to initial recognition, other liabilities are measured at amortized cost using the effective interest method. Financial liabilities at FVTPL are stated at fair value with changes being recognized in profit or loss.

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire.

- Financial liabilities and equity instruments

- Classification as debt or equity

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

- Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a group entity are recognized at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognized and deducted directly in equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

- Classification of financial instruments

The Company classifies its financial assets and liabilities depending on the purpose for which the financial instruments were acquired, their characteristics and management intent as outlined below:

#### Classification

Cash and cash equivalents	Amortized cost
Trade and other receivables	Amortized cost
Trade and other payables	Amortized cost
Convertible promissory notes	Fair value through profit or loss
Secured debentures	Amortized cost
Mortgage payable	Amortized cost

- Impairment of financial assets

An expected credit loss ("ECL") model applies to financial assets measured at amortized cost. The Company's financial assets measured at amortized cost and subject to the ECL model consist primarily of trade receivables. The Company adopted the simplified approach to impairment for trade and other receivables by recognizing lifetime expected losses on initial recognition.

#### *Convertible promissory notes*

Convertible promissory notes are convertible into common shares of the Company at a conversion price of US\$250 per share. The Company determined that the convertible promissory notes did not meet the IFRS definition of equity due to the variability of the conversion ratio, which is based on the foreign exchange rates at the time of conversion. Changes in the fair value of convertible promissory notes are recognized through income in the period in which they occur except in cases where they result from changes in credit risk, in which case the fair value changes are recorded in other comprehensive income.

#### *New standards, amendments and interpretations recently adopted by the Company*

The Company has adopted and applied the following new and revised IFRS that have been issued and are effective:

- IFRS 9, Financial Instruments (IFRS 9)

IFRS 9, which replaces IAS 39, Financial Instruments Recognition and Measurement, establishes principles for the financial reporting of financial assets and financial liabilities that present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cash flows. IFRS 9 includes revised guidance on the classification and measurement of financial instruments and new guidance for measuring impairment on financial assets. The Company followed the modified retrospective approach.

#### *Classification and measurement*

Under IFRS 9, financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows including whether they represent solely payments of principal and interest (SPPI criterion). IFRS 9 contains three primary measurement categories for financial assets: measured at amortized cost, fair value through other comprehensive income (FVTOCI) and fair value through profit and loss (FVTPL).

<u>Financial asset</u>	<u>Classification under IFRS 9</u>	<u>Classification under IAS 39</u>
Cash and cash equivalents	Amortized cost	Loans and receivables
Trade and other receivables	Amortized cost	Loans and receivables

There was no change to the classification of financial liabilities.

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#### *Impairment of financial assets*

Under IFRS 9, impairment losses for financial assets are calculated with a forward-looking expected credit loss (ECL) approach. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows expected to be received. The shortfall is then discounted at an approximation to the asset's original effective interest rate. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The Company adopted the simplified approach to impairment for trade and other receivables by recognizing lifetime expected losses through both the analysis of historical defaults and an assessment of counterparty credit risk in revenue contracts on initial recognition and on adoption of IFRS 9. The adoption of the ECL impairment model did not have a material impact on the Company's consolidated financial statements as there have been no customer defaults historically and the counterparty credit risk expectation for the outstanding contracts at December 31, 2018 was not significant.

The adoption of IFRS 9 did not have a material impact on the Company's consolidation financial statements.

- IFRS 15, Revenue from Contracts with Customers (IFRS 15)

IFRS 15 supersedes previous accounting standards for revenue, including IAS 11, Construction Contracts, and IAS 18, Revenue, and all existing IFRS revenue interpretations. IFRS 15 introduced a single model for recognizing revenue from contracts with customers. This standard applies to all contracts with customers (with limited exceptions), regardless of the type of revenue transaction or the industry. The standard requires revenue to be recognized in a manner that depicts the transfer of promised goods or services to a customer and at an amount that reflects the consideration expected to be received in exchange for transferring those goods or services. This is achieved by applying the following five steps:

- 1) Identify the contract with a customer;
- 2) Identify the performance obligations in the contract;
- 3) Determine the transaction price;
- 4) Allocate the transaction price to the performance obligations in the contract; and
- 5) Recognize revenue when (or as) the entity satisfies a performance obligation.

The standard's requirements also apply to the recognition and measurement of gains and losses on the sale of some non-financial assets that are not an output of the entity's ordinary activities (e.g., sales of property and equipment or intangible assets).

Effective January 1, 2018, the Company adopted IFRS 15 using the modified retrospective method. Adoption of IFRS 15 has not materially impact the timing and amount of revenue recognised for the Company's SaaS and professional services arrangements.

The Company incurs costs for acquisition of customer contracts. Therefore, the Company is required to capitalize these costs and amortize them in accordance with the revenue recognition policy discussed in the significant accounting policies note.

The adoption of IFRS 15 did not have a material impact on the Company's consolidated financial statements.

- IFRIC 22, Foreign Currency Transactions and Advance Consideration

In December 2016, the IASB released IFRIC 22, which requires that when a foreign currency transaction where consideration is received or paid in advance of the recognition of the related asset, expense or income, the exchange rate used should be based on the exchange rate as at the date when the pre-payment asset or deferred liability is recognized. The adoption of IFRIC 22 did not have any impact on the Company's consolidated financial statements.

#### *New standards, amendments and interpretations not yet adopted by the Company*

The Company has not applied the following new and revised IFRS that have been issued but are not yet effective:

- IFRS 16, Leases (IFRS 16)

In January 2016, the IASB issued IFRS 16, which specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17. IFRS 16 is effective for annual reporting periods beginning on or after January 1, 2019, and a lessee shall either apply IFRS 16 with full retrospective effect or alternatively not restate comparative information but recognize the cumulative effect of initially applying IFRS 16 as an adjustment to opening equity at the date of initial application. Early adoption is permitted if IFRS 15 has also been adopted. The Company is in the process of evaluating the impact of IFRS 16 on the Company's consolidated financial statements. The Company will be adopting IFRS 16 using the modified retrospective method and, based on the work performed to date expects that there will be an increase to assets of \$2.9 million and a corresponding increase in liabilities of \$2.9 million to record a right-of-use asset and a corresponding lease liability on its consolidated statements of financial position. Post adoption, we expect a decrease to operating costs and an increase to finance costs associated with the interest accretion on the lease liability and depreciation expense related to the right-of-use asset.

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- IFRIC 23, Uncertainty over Income Tax Treatment (IFRIC 23)

In June 2016, the IASB issued International Financial Reporting Interpretations Committee (IFRIC) 23, which clarifies the accounting for uncertainties in income taxes. IFRIC 23 is effective for annual periods beginning on or after January 1, 2019. The requirements are applied by recognizing the cumulative effect of initially applying them in retained earnings, or in other appropriate components of equity, at the start of the reporting period in which the Company first applies them, without adjusting comparative information. Full retrospective application is permitted, if the Company can do so without using hindsight. The adoption of IFRIC 23 is not expected to have material impact on the consolidated financial statements of the Company.

### 4 Trade and other receivables

The Company's trade and other receivables include the following:

	2018	2017
	\$	\$
Trade receivables	5,711,300	3,418,070
Unbilled trade receivables	372,020	265,805
Tax credits receivable	44,398	476,255
Other receivables	10,592	247,985
	<u>6,138,310</u>	<u>4,408,115</u>

### 5 Property and equipment

	Furniture and office equipment	Leasehold improvements	Land and building	Total
	\$	\$	\$	\$
<b>Cost</b>				
Balance – December 31, 2016	160,717	179,549	337,684	677,950
Additions	190,210	499,763	—	689,973
Disposition	—	(73,126)	—	(73,126)
Effects of foreign exchange	24,457	27,367	45,933	97,757
Balance – December 31, 2017	375,384	633,553	383,617	1,392,554
Additions	109,401	300,992	—	410,393
Effects of foreign exchange	(18,446)	(26,296)	(17,222)	(61,964)
Balance – December 31, 2018	<u>466,339</u>	<u>908,249</u>	<u>366,395</u>	<u>1,740,983</u>
<b>Accumulated depreciation</b>				
Balance – December 31, 2016	63,494	25,243	13,507	102,244
Depreciation	110,070	59,735	14,427	184,232
Disposals	—	(3,381)	—	(3,381)
Effects of foreign exchange	9,161	2,911	2,755	14,827
Balance – December 31, 2017	182,725	84,508	30,689	297,922
Depreciation	57,059	96,876	15,108	169,043
Effects of foreign exchange	(7,007)	(3,462)	(1,830)	(12,299)
Balance – December 31, 2018	<u>232,777</u>	<u>177,922</u>	<u>43,967</u>	<u>454,666</u>
<b>Carrying value</b>				
Balance – December 31, 2017	<u>192,659</u>	<u>549,045</u>	<u>352,928</u>	<u>1,094,632</u>
<b>Balance – December 31, 2018</b>	<u>233,562</u>	<u>730,327</u>	<u>322,428</u>	<u>1,286,317</u>

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### 6. Borrowings

The following table presents the borrowings for the Company:

	2018	2017
	\$	\$
Mortgage payable .....	57,746	81,852
Secured debentures .....	3,976,892	—
Convertible promissory notes .....	5,344,000	3,261,133
Balance as at December 31 .....	9,378,638	3,342,985
Current .....	5,363,436	20,350
Non-current .....	4,015,202	3,322,635

#### *Mortgage payable*

Mortgage payable represents the mortgage on the Sovico property with Banca Intesa San Paolo and expires in July 2021. The original amount of the mortgage was €185,000 and is secured by the Sovico property and carries an interest rate of 5% per annum.

#### *Convertible promissory notes*

On May 24, 2017, the Company issued \$2,000,000 convertible promissory notes to shareholders and directors of the Company with a maturity date of May 24, 2019. The convertible promissory notes bear an interest rate of 10% payable monthly and are convertible into common shares of the Company at an exercise price of US\$2.50 per share.

The Company determined that the convertible promissory notes do not qualify as a compound instrument and therefore no equity component to the instrument. This is due to the fact that the conversion price is denominated in a currency that is not the functional currency of the Company, resulting in variability of the conversion price. Accordingly, the convertible promissory notes are classified and accounted for entirely as a financial liability, which the Company has elected to measure at fair value through profit or loss. The fair value of the convertible promissory notes is classified as Level 3 in the fair value hierarchy. The fair value of the convertible promissory notes as at December 31, 2018 was \$5,344,000 (December 31, 2017 – \$3,261,133), using a market approach based on underlying share price of US\$6.68 per share (December 31, 2017 – US\$4.08 per share) resulting in a loss on change in fair value of \$2,082,867 (2017 – \$1,261,133) and unrealized foreign exchange loss of \$380,838 (2017 – unrealized foreign exchange gain of \$107,266).

Subsequent to December 31, 2018, on May 24, 2019, the convertible promissory notes were converted into 800,000 common shares of the Company.

#### *Secured debentures*

In February 2018, the Company issued secured debentures to the shareholders of the Company for total gross cash proceeds of \$4,000,000. The Company incurred financing fees of \$40,000 to the lenders. These secured debentures bear an interest rate of 10% per annum, payable monthly and mature on January 31, 2020. The debentures are collateralized by all present and future assets of the Company.

These secured debentures are accounted for using the effective interest rate method and the carrying value as at December 31, 2018 is as follows:

	\$
Principal balance .....	4,000,000
Upfront financing fees .....	(40,000)
Interest and accretion expense .....	368,082
Interest paid .....	(351,190)
<b>Balance as at December 31, 2018</b>	<b>3,976,892</b>

On July 26, 2019, these secured debentures were repaid in full. See note 20.

Finance expense for the years ended December 31, 2018, 2017 and 2016 is comprised of:

	2018	2017	2016
	\$	\$	\$
Interest and accretion expense on secured debentures .....	368,082	—	—
Interest expense on convertible promissory notes .....	200,000	172,831	—
Bank fees and other .....	98,000	58,237	(53,725)
	<u>666,082</u>	<u>231,068</u>	<u>(53,725)</u>

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### 7 Employee benefit obligation

The Company's employee benefit obligation relates to an employee severance indemnity, which is mandatory pursuant to the Italian Civil Code and obligates the employer to pay deferred compensation based on the employees' years of service and the compensation earned by the employee during the service period. From January 1, 2007, Italian Law gives an employee the choice of directing his or her entitlement either to a supplementary pension fund or to leave the severance indemnity as an obligation to the Company. The liability is calculated by an external actuary using the projected unit credit method.

The carrying value of the benefit obligation as at December 31, 2018 and 2017 is:

	<u>2018</u>	<u>2017</u>
	\$	\$
<b>Opening balance</b> .....	671,530	401,173
Increases		
Provisions for the year .....	309,766	183,714
Actuarial losses .....	41,080	32,127
Interest expense .....	8,188	5,492
Reductions		
Payments .....	(62,744)	(18,455)
Foreign exchange translation .....	(39,020)	67,478
<b>Ending balance</b> .....	<u>928,800</u>	<u>671,530</u>

The change in liability was recognized in statement of loss and comprehensive loss as follows:

	<u>2018</u>	<u>2017</u>
	\$	\$
<b>Cost recognized in profit or loss</b>		
Current period cost .....	309,766	183,714
Interest cost on DBO .....	8,188	5,492
Settlement (gain) loss .....	—	—
Past service costs .....	—	—
<b>Remeasurement (gain) loss recognized in OCI</b> .....	41,080	32,127
<b>Annual weighted average assumptions</b>		
Discount rate .....	1.57%	1.30%
Price inflation .....	1.50%	1.00%

A decrease of 50 basis points in the discount rate would result in an increase of the liability by \$76,825; a corresponding increase in basis points would result in a reduction of liability by \$68,141.

A decrease of 50 basis points of price inflation would result in reduction of the liability by \$27,095; a corresponding increase in basis points would result in an increase of liability by \$25,651.

### 8 Non-controlling interests

As at December 31, 2018, the Company has 100% ownership interest in Docebo S.p.A. (2017 – 69.9%) resulting in 0% (2017 – 30.1%) ownership interest held by non-controlling shareholders.

In March 2018, the Company acquired the remaining 30.1% interest in Docebo S.p.A. in exchange for 4,512,000 common shares. The fair value of the common shares issued was \$20,775,200 and the book value of the non-controlling interest acquired was a deficit of \$1,433,348 resulting in recognition of \$22,188,548 as a debit to shareholders' deficit of the Company. No gain or loss was recorded as part of the acquisition of the remaining ownership interests.

In April 2017, the Company had acquired a further 8.9% interest in Docebo S.p.A. resulting in total ownership interest of 69.9% as at December 31, 2017. The Company issued 1,338,500 common shares as consideration for the 8.9% interest. The fair value of the common shares issued was \$3,346,250 and the book value of non-controlling interest acquired was a deficit of \$12,551 as at the date of acquisition resulting in recognition of \$3,358,801 as a debit to shareholders' deficit of the Company. No gain or loss through the consolidated statement of loss and comprehensive loss was recorded.

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Reconciliation of non-controlling interest is as follows:

	\$
Balance – December 31, 2015 .....	—
Share of December 31, 2016 net loss .....	(140,721)
Balance – December 31, 2016 .....	(140,721)
Purchase of non-controlling interest .....	12,551
Share of December 31, 2017 net loss .....	(926,354)
Balance – December 31, 2017 .....	(1,054,524)
Share of net loss to date of acquisition .....	(378,824)
Purchase of non-controlling interest .....	1,433,348
<b>Balance – December 31, 2018 .....</b>	<b>—</b>

#### 9 Share capital

Authorized

Unlimited common shares with no par value

Issued and outstanding

	Common shares (iv)	
	#	\$
Balance – December 31, 2016 and 2015 .....	15,210,500	2,937,551
Issuance of common shares for cash (i) .....	1,471,000	3,677,465
Purchase of non-controlling interest (ii) .....	1,338,500	3,346,250
Balance – December 31, 2017 .....	18,020,000	9,961,266
Purchase of non-controlling interest (ii) .....	4,512,000	20,755,200
<b>Balance – December 31, 2018 .....</b>	<b>22,532,000</b>	<b>30,716,466</b>

- i) On April 18, 2017, the Company issued 1,471,000 common shares for total proceeds of \$3,677,465. There were no transaction costs with this issuance.
- ii) On April 21, 2017, the shareholders of the Company acquired an additional 8.9% interest in Docebo S.p.A. from the non-controlling interest shareholders by issuing 1,338,500 common shares. The transaction was measured at the fair value of the common shares issued of \$3,346,250. The fair value of the common shares was determined based on the most recent equity financing at \$2.50 per common share, which was transacted on April 18, 2017.
- iii) On March 15, 2018, the shareholders of the Company acquired the remaining 30.1% non-controlling interest in Docebo S.p.A. from the non-controlling interest holders in exchange for the issuance of 4,512,000 common shares. The transaction was measured at the fair value of the common shares issued of \$20,755,200. The fair value of the common shares on date of issuance was US\$4.60 per share.
- iv) On October 1, 2019, the Company filed articles of amendment to split all of its issued and outstanding common shares on the basis of 100 common shares for every one common share outstanding. All share and per share amounts for all periods presented in these financial statements have been adjusted retrospectively to reflect the share split.

#### 10 Share-based compensation

The Company has established a stock option plan (the Option Plan) for directors, officers, employees and consultants of the Company. The Company's Board of Directors determines, among other things, the eligibility of individuals to participate in the Option Plan and the term, vesting periods and the exercise price of options granted to individuals under the Option Plan.

Each share option converts into one common share of the Company on exercise. No amounts are paid or payable by the individual on receipt of the option. The options carry neither rights to dividends nor voting rights. Options may be exercised at any time from the date of vesting to the date of their expiry.

The Company's Option Plan provides that the number of common shares reserved for issuance may not exceed 2,106,100 unless the Board shall have increased such limit by a Board resolution. If any options terminate, expire or are cancelled as contemplated by the Option Plan, the number of options so terminated, expired or cancelled shall again be available under the Option Plan.

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The changes in the number of stock options during the years were as follows:

	<u>Number of options</u>	<u>Weighted average exercise price</u>
		\$
Outstanding as at December 31, 2015	—	—
Granted	1,331,900	0.81
Outstanding as at December 31, 2016	1,331,900	0.81
Granted	214,800	0.41
Outstanding as at December 31, 2017	1,546,700	0.75
Granted	—	—
Exercised	—	—
Outstanding as at December 31, 2018	<u>1,546,700</u>	<u>0.75</u>

**Measurement of fair values**

The fair value of share options granted during the years ended December 31, 2017 and 2016 was estimated at the date of grant using the Black-Scholes option pricing model using the following inputs:

	<u>2017</u>	<u>2016</u>
Grant date share price	US\$2.50	US\$0.81
Exercise price	US\$0.0001 – US\$2.50	US\$0.81
Expected dividend yield	nil%	nil%
Risk-free interest rate	1.96% – 2.23%	1.10% – 2.29%
Expected option life	11 years – 12 years	7 years – 12 years
Expected volatility	22%	17% – 23%
Grant date fair value per option	US\$0.91 – US\$2.50	US\$0.18 – US\$0.32

Expected volatility was estimated by using the historical volatility of technology index. The expected option life represents the period of time that options granted are expected to be outstanding. The risk-free interest rate is based on government bonds with a remaining term equal to the expected life of the options.

The following table is a summary of the Company's share options outstanding as at December 31, 2018:

<u>Exercise price range</u>	<u>Options outstanding</u>		<u>Options exercisable</u>	
	<u>Number outstanding</u>	<u>Weighted average remaining contractual life (years)</u>	<u>Weighted average exercise price</u>	<u>Number exercisable</u>
\$			\$	
0.0001	180,000	10.84	0.0001	36,000
0.8056	1,331,900	7.69	0.8056	1,023,500
2.50	34,800	9.46	2.50	13,800
<u>0.75</u>	<u>1,546,700</u>	<u>8.10</u>	<u>0.80</u>	<u>1,073,300</u>

The following table is a summary of the Company's share options outstanding as at December 31, 2017:

<u>Exercise price range</u>	<u>Options outstanding</u>		<u>Options exercisable</u>	
	<u>Number outstanding</u>	<u>Weighted average remaining contractual life (years)</u>	<u>Weighted average exercise price</u>	<u>Number exercisable</u>
\$			\$	
0.0001	180,000	11.84	0.0001	—
0.8056	1,331,900	8.69	0.8056	757,300
2.50	34,800	10.46	2.50	6,900
<u>0.75</u>	<u>1,546,700</u>	<u>9.10</u>	<u>0.82</u>	<u>764,200</u>

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The following table is a summary of the Company's share options outstanding as at December 31, 2016:

<u>Exercise price range</u>	<u>Options outstanding</u>		<u>Options exercisable</u>	
	<u>Number outstanding</u>	<u>Weighted average remaining contractual life (years)</u>	<u>Weighted average exercise price</u>	<u>Number exercisable</u>
\$			\$	
0.8056	1,331,900	9.69	0.8056	491,100

**Share-based compensation expense**

The Company recognized \$253,251 of share-based compensation expense to employees during the year ended December 31, 2018 (2017 – \$152,767 and 2016 – \$157,903), with a corresponding amount recognized as a contributed surplus.

**11 Loss per share**

For all the years presented, diluted loss per share equals basic loss per share due to the anti-dilutive effect of convertible promissory notes and share options. The outstanding number and type of securities that could potentially dilute basic net loss per share in the future but would have decreased the loss per share (anti-dilutive) for the years presented are as follows:

	<u>2018</u>	<u>2017</u>
	<u>#</u>	<u>#</u>
Convertible promissory notes	800,000	800,000
Share options	1,546,700	1,546,700
	<u>2,346,700</u>	<u>2,346,700</u>

**12 Revenue and deferred revenue**

The following table represents disaggregation of revenue for the years ended December 31, 2018, 2017 and 2016:

	<u>2018</u>	<u>2017</u>	<u>2016</u>
	<u>\$</u>	<u>\$</u>	<u>\$</u>
Subscription revenues	23,881,450	14,209,551	7,691,040
Professional services	3,193,136	2,916,590	2,161,148
	<u>27,074,586</u>	<u>17,126,141</u>	<u>9,852,188</u>

The following table presents revenue expected to be recognized in future years related to performance obligations that are unsatisfied as at December 31, 2018:

	<u>2019</u>	<u>2020</u>	<u>2021 and thereafter</u>	<u>Total</u>
	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
Subscription revenues	18,436,387	9,255,293	4,508,011	32,199,690
Professional services	613,945	—	—	613,945
	<u>19,050,332</u>	<u>9,255,293</u>	<u>4,508,011</u>	<u>32,813,635</u>

The Company recognizes a contract asset for incremental costs of obtaining a contract with a customer. An asset is only recognized when the Company expects to fully recover those costs. Incremental costs of obtaining a contract include sales commissions that otherwise would not have been incurred had the contract not been obtained. The asset recognized is amortized on a straight-line basis over the non-cancellable period of the related service that is provided.

	<u>2018</u>
	<u>\$</u>
Beginning of period	—
Contract acquisition costs recognized in the year	761,980
Amortization expense	(143,816)
	<u>618,164</u>

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The following tables provide information about unbilled accounts receivable (contract asset) and deferred revenue (contract liability):

	<u>2018</u>	<u>2017</u>
	\$	\$
<b>Unbilled accounts receivable</b>		
Beginning balance	265,805	71,528
Decrease from transfers to trade receivables	(265,805)	(71,528)
Increase from revenue recognized	372,020	265,805
<b>Ending balance</b>	<u><u>372,020</u></u>	<u><u>265,805</u></u>

	<u>2018</u>	<u>2017</u>
	\$	\$
<b>Deferred revenue</b>		
Beginning balance	7,580,681	3,506,420
Decrease from revenue recognized	(26,702,566)	(16,860,336)
Increase due to amounts invoiced	30,712,500	20,175,357
Foreign exchange and other movements	1,096,876	759,240
<b>Ending balance</b>	<u><u>12,687,490</u></u>	<u><u>7,580,681</u></u>

**13 Nature of expenses**

Cost of revenue is comprised of:

	<u>2018</u>	<u>2017</u>	<u>2016</u>
	\$	\$	\$
Employee wages and benefits	3,867,756	2,399,000	1,466,312
Web hosting fees	1,411,529	1,562,601	662,006
Partner fees	332,768	278,651	286,778
Other	38,341	113,235	217,987
	<u><u>5,650,394</u></u>	<u><u>4,353,487</u></u>	<u><u>2,633,083</u></u>

General and administrative expenses are comprised of:

	<u>2018</u>	<u>2017</u>	<u>2016</u>
	\$	\$	\$
Employee salaries and benefits	3,399,091	2,029,334	1,321,694
Rent, travel and general office and administrative	4,777,749	3,006,446	1,290,976
Consulting and professional fees	1,870,722	1,478,100	602,785
Credit impairment losses	241,133	168,016	59,152
Other	651,815	592,691	195,242
	<u><u>10,940,510</u></u>	<u><u>7,274,587</u></u>	<u><u>3,469,849</u></u>

Sales and marketing expenses are comprised of:

	<u>2018</u>	<u>2017</u>	<u>2016</u>
	\$	\$	\$
Employee salaries and benefits	8,459,798	4,655,253	2,472,507
Advertising and marketing events	3,170,074	3,132,492	1,526,083
Other	—	40,620	480,265
	<u><u>11,629,872</u></u>	<u><u>7,828,365</u></u>	<u><u>4,478,855</u></u>

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Research and development expenses are comprised of:

	<u>2018</u>	<u>2017</u>	<u>2016</u>
	\$	\$	\$
Employee salaries and benefits .....	4,781,517	2,533,484	754,372
Consulting and professional fees .....	1,479,376	1,568,814	1,104,186
Web hosting fees .....	908,347	264,116	146,458
	<u>7,169,240</u>	<u>4,366,414</u>	<u>2,005,016</u>
Less: research and development tax credits .....	557,711	460,087	—
	<u><u>6,611,529</u></u>	<u><u>3,906,327</u></u>	<u><u>2,005,016</u></u>

**14 Income taxes**

***Rate reconciliation***

A reconciliation of income tax expense (recovery) and the product of accounting income before income tax multiplied by the combined Canadian federal and provincial statutory income tax rate is as follows:

	<u>2018</u>	<u>2017</u>
	\$	\$
Income before income taxes .....	<u>(11,650,800)</u>	<u>(8,239,884)</u>
Statutory tax rate .....	26.50%	26.50%
Tax at statutory rate .....	(3,087,462)	(2,183,569)
Foreign tax rate differential .....	(65,327)	5,446
Effect of permanent differences .....	747,627	598,920
Rate differential – future rate .....	—	(30,921)
Change in unrecognized deferred tax asset .....	2,479,262	1,635,968
Other .....	<u>(74,100)</u>	<u>(25,844)</u>
<b>Income tax expense</b> .....	<u><u>—</u></u>	<u><u>—</u></u>

**DOCEBO INC.**

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***Unrecognized deferred income tax***

As at December 31, 2018 and December 31, 2017, deferred income tax assets have only been recognized to the extent of deferred income tax liabilities. Deferred income tax assets in excess of deferred income tax liabilities have not been recognized in respect of the following attributes because it is not probable that future taxable profit will be available against which the Company can use the benefits.

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
<b>Deferred income tax assets</b>		
Non-capital loss carry-forwards .....	3,159,661	1,828,900
Intangible assets .....	2,002,452	1,466,356
Unrealized foreign exchange losses .....	78,178	16,255
Non-deductible reserves .....	231,280	155,751
Excess tax over accounting basis in property, plant and equipment and other assets .....	26,228	18,667
Research and development tax credits .....	122,856	—
	<u><b>5,620,655</b></u>	<u><b>3,485,929</b></u>
<b>Deferred income tax liabilities</b>		
Unrealized foreign exchange gains .....	—	(36,695)
Research and development tax credits .....	—	(132,875)
Contract asset .....	(122,140)	—
Excess accounting over tax basis in property, plant and equipment and other assets .....	(27,319)	(29,680)
Deferred revenue .....	—	(28,923)
Other .....	(64,250)	55,693
	<u>(213,709)</u>	<u>(172,480)</u>
<b>Net unrecognized deferred income tax assets .....</b>	<u><b>5,406,946</b></u>	<u><b>3,313,449</b></u>

***Unrecognized tax losses***

As at December 31, 2018, deferred income tax assets have not been recognized in respect of the following tax losses in each jurisdiction because it is not probable that future taxable profit will be available against which the Company can use the benefits:

	<b>Canada</b>	<b>Italy</b>	<b>UK</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
2036 .....	113,353	—	—	113,353
2037 .....	2,661,190	—	—	2,661,190
2038 .....	4,738,175	—	—	4,738,175
Indefinite .....	—	4,767,034	123,513	4,890,547
<b>Total unrecognized tax losses .....</b>	<u><b>7,512,718</b></u>	<u><b>4,767,034</b></u>	<u><b>123,513</b></u>	<u><b>12,403,265</b></u>

**15 Commitments and contingencies**

***Commitments***

As at December 31, 2018, the Company is committed under operating leases, primarily relating to office space and equipment leases, for the following minimum annual rentals:

	<b>\$</b>
2019 .....	997,557
2020 .....	951,240
2021 .....	801,847
2022 .....	733,345
2023 .....	559,317
Thereafter .....	137,669
	<u><b>4,180,975</b></u>

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### Contingencies

In the ordinary course of business, from time to time, the Company is involved in various claims related to operations, rights, commercial, employment or other claims. Although such matters cannot be predicted with certainty, management does not consider the Company's exposure to these claims to be material to these consolidated financial statements.

### 16 Related party transactions

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling activities of the entity, directly or indirectly including the Chief Executive Officer, Chief Financial Officer, Chief Operating Officer, Chief Technology Officer and equivalent and Directors.

Compensation expense for the Company's key management personnel for the years ended December 31, 2018, 2017 and 2016 is as follows:

	2018	2017	2016
	\$	\$	\$
Salaries and benefits	1,831,989	1,103,894	788,354
Share-based compensation	241,055	130,595	148,842
	<u>2,073,039</u>	<u>1,234,489</u>	<u>937,196</u>

During 2018 and 2017, the Company issued secured debentures and convertible debentures to the shareholders of the Company as described in note 6. On July 26, 2019, these secured debentures were repaid in full. See note 20.

### 17 Capital management

The Company's capital management objectives are to maintain financial flexibility in order to pursue its strategy of organic and acquisition growth and to provide returns to its shareholders. The Company defines capital as the aggregate of its capital stock and borrowings.

Total managed capital is as follows:

	2018	2017	2016
	\$	\$	\$
Borrowings	9,378,638	3,342,985	89,963
Capital stock	30,716,466	9,961,266	2,937,551
	<u>40,095,105</u>	<u>13,304,251</u>	<u>3,027,514</u>

The Company manages its capital structure in accordance with changes in economic conditions. In order to maintain or adjust its capital structure, the Company may elect to issue or repay financial liabilities, issue shares, repurchase shares, pay dividends or undertake any other activities as deemed appropriate under the specific circumstances. The Company is not subject to any externally imposed capital requirements.

### 18 Financial instruments and risk management

#### Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from deposits with banks and outstanding receivables. The Company trades only with recognized, creditworthy third parties. The Company performs credit checks for all customers who wish to trade on credit terms. As at December 31, 2018 and 2017, no customer represented greater than 10% of the outstanding receivable balance.

The Company does not hold any collateral as security but mitigates this risk by dealing only with what management believes to be financially sound counterparties and, accordingly, does not anticipate significant loss for non-performance.

The aging of trade receivables is as follows:

	2018	2017
	\$	\$
Not past due	3,843,518	2,141,479
1 – 30 days past due	270,659	361,109
31 – 60 days past due	932,509	533,324
61 – 90 days past due	239,576	187,198
91 – 120 days past due	240,365	70,503
Greater than 120 days past due	631,505	360,843
	<u>6,158,132</u>	<u>3,654,456</u>
Less: credit loss impairment	446,832	236,386
	<u>5,711,300</u>	<u>3,418,070</u>

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The credit loss impairment was determined as follows:

	<u>Expected loss rate</u>	<u>Loss allowance</u>
	%	\$
Not past due .....	2.0	78,405
1 – 30 days past due .....	0.5	1,265
31 – 60 days past due .....	6.5	60,282
61 – 90 days past due .....	11.1	26,543
91 – 120 days past due .....	26.0	62,432
Greater than 120 days past due .....	34.5	217,905
		<u><b>446,832</b></u>

Changes in credit loss impairment were as follows:

	<u>2018</u>	<u>2017</u>
	\$	\$
Beginning balance .....	236,386	58,561
Impairment loss recognized .....	210,446	177,825
Ending balance .....	<u>446,832</u>	<u>236,386</u>

***Liquidity risk***

Liquidity risk is the risk the Company will not be able to meet its financial obligations as they come due. The Company's exposure to liquidity risk is dependent on the Company's ability to raise additional financing to meet its commitments and sustain operations. The Company mitigates liquidity risk by management of working capital, cash flows, the issuance of share capital and the issuance of debt.

The Company is obligated to the following contractual maturities of undiscounted cash flows:

	<u>Carrying amount</u>	<u>Total</u>	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>
	\$	\$	\$	\$	\$	\$
Trade and other payables .....	6,783,945	6,783,945	6,783,945	—	—	—
Borrowings .....	9,378,639	6,570,624	2,499,334	4,054,403	16,887	—
	<u>16,162,584</u>	<u>13,354,569</u>	<u>9,283,279</u>	<u>4,054,403</u>	<u>16,887</u>	<u>—</u>

If unanticipated events occur that impact the Company's ability to meet its forecast and continue to fund customer acquisition cost, infrastructure improvement, maintenance and administrative requirements, the Company may need to take additional measures to increase its liquidity and capital resources, including obtaining additional debt or equity financing or strategically altering the business forecast and plan. In this case, there is no guarantee that the Company will obtain satisfactory financing terms or adequate financing. Failure to obtain adequate financing on satisfactory terms could have a material adverse effect on the Company's results of operations or financial condition.

***Market risk***

Market risk is the risk the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: foreign currency risk, interest rate risk and other price risk.

- Foreign currency risk

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Foreign currency risk arises on financial instruments that are denominated in a currency other than the functional currency in which they are measured. The Company's primary exposure with respect to foreign currencies is from US dollar denominated cash, trade and other receivables, trade and other payables and borrowings in entities whose functional currency is other than US dollars. The net carrying value of these US denominated balances held in entities with euro and Canadian dollars as their functional currency as at December 31, 2018 and 2017 presented in US dollars is as follows:

	2018		2017	
	Euro	CA	Euro	CA
	€	\$	€	\$
Cash and cash equivalents	155,127	104,657	366,723	1,436,003
Trade and other receivables	258,859	1,412,110	152,092	—
Trade and other payables	(356,512)	(104,328)	(317,923)	—
Borrowings	—	(9,344,000)	—	(3,261,133)
	<u>57,474</u>	<u>(7,931,561)</u>	<u>200,892</u>	<u>(1,825,130)</u>

If there was a 1% strengthening of the US dollar against the Canadian dollar or the euro, there would be a corresponding increase (decrease) in net loss of:

	2018		2017	
	Euro	CA	Euro	CA
	€	\$	€	\$
Cash and cash equivalents	1,776	768	4,396	11,447
Trade and other receivables	2,964	10,361	1,823	—
Trade and other payables	(4,082)	(765)	(3,811)	—
Borrowings	—	(68,560)	—	(25,995)
	<u>658</u>	<u>(58,196)</u>	<u>2,408</u>	<u>(14,548)</u>

There would be an equal and opposite impact if there was a 1% weakening of the Canadian dollar or the euro against the US dollar.

- Interest rate risk

Interest rate risk is the risk the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to interest rate risk as at December 31, 2018 as the interest rate on the convertible promissory notes and debt is fixed at 10% per annum.

- Other price risk

Other price risk is the risk the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or foreign currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Company is not exposed to other price risk as at December 31, 2018 other than the value of its convertible promissory notes liability, which is influenced by the value of the Company's underlying equity.

### Fair values

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

Financial instruments recorded at fair value on the consolidated statement of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The Company categorizes its fair value measurements according to a three-level hierarchy. The hierarchy prioritizes the inputs used by the Company's valuation techniques. A level is assigned to each fair value measurement based on the lowest-level input significant to the fair value measurement in its entirety. The three levels of the fair value hierarchy are defined as follows:

- Level 1 – Unadjusted quoted prices as at the measurement date for identical assets or liabilities in active markets.
- Level 2 – Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.
- Level 3 – Significant unobservable inputs that are supported by little or no market activity. The fair value hierarchy also requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

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The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value.

Convertible promissory notes are classified as Level 3 financial instruments. The valuation method and significant assumptions used to determine the fair value of convertible promissory notes have been disclosed in the borrowings note. During the year, there were no transfers of amounts between levels.

### 19 Segmented information

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

The following table presents details on revenues derived and details on property and equipment domiciled in the following geographical locations for the year ended and as at December 31, 2018, 2017 and 2016.

As at and for the year ended December 31, 2018:

	<u>North America</u>	<u>EMEA</u>	<u>Total</u>
	\$	\$	\$
Revenue .....	17,931,311	9,143,275	27,074,586
Property and equipment .....	194,528	1,091,789	1,286,317

As at and for the year ended December 31, 2017:

	<u>North America</u>	<u>EMEA</u>	<u>Total</u>
	\$	\$	\$
Revenue .....	10,574,889	6,551,252	17,126,141
Property and equipment .....	300,899	793,733	1,094,632

As at and for the year ended December 31, 2016:

	<u>North America</u>	<u>EMEA</u>	<u>Total</u>
	\$	\$	\$
Revenue .....	5,060,975	4,791,213	9,852,188
Property and equipment .....	89,390	486,316	575,706

### 20 Subsequent events

The Company issued 125,000 stock options in January 2019 and 56,600 stock options in March 2019 to employees of the Company at an exercise price of \$6.68 per share.

In May 2019, 386,100 stock options were exercised resulting in issuance of 386,100 common shares of the Company for total cash proceeds of \$311,042.

In June 2019, the holders of the convertible promissory notes exercised their conversion rights and converted the outstanding principal balance of \$2,000,000 into 800,000 common shares of the Company.

In May 2019, the Company issued additional secured debentures to the same shareholders for total gross cash proceeds of \$3,000,000 bearing interest rate of 10% per annum. As part of the additional secured debentures issued, the maturity date of all outstanding secured debentures was amended to December 31, 2020.

On July 26, 2019, the Company secured a committed revolving term credit facility from a Canadian Bank. The commitment is currently set at \$10,000,000. Upon the earlier of (i) closing of initial public offering and (ii) the Company achieving certain revenue targets, the commitment may be increased by an additional \$5,000,000. The credit facility will mature on July 25, 2022 (the "Maturity Date"). The Maturity Date may be extended for an additional 364 days, at the discretion of the lender, upon the Company providing written notice to the lender requesting such an extension.

The Company immediately drew down \$7,000,000 to repay the existing \$7,000,000 of secured debentures previously issued to the shareholders of the Company. The secured debentures were repaid in full.

On October 1, 2019, the Company filed articles of amendment to effect the change of the Company's name from "Docebo Canada Inc." to "Docebo Inc." and to split all of its issued and outstanding common shares on the basis of 100 common shares for every one common share outstanding. All share and per share amounts for all periods presented in these financial statements have been adjusted retrospectively to reflect the share split.

## APPENDIX A

### CHARTER OF THE BOARD OF DIRECTORS

#### 1. Purpose

The purpose of this Charter is to set out the mandate and responsibilities of the board of directors (the “**Board**”) of Docebo Inc. (the “**Company**”). By approving this Charter, the Board confirms its responsibility for the stewardship of the Company and its affairs. This stewardship function includes responsibility for the matters set out in this Charter. The responsibilities of the Board described herein are pursuant to, and subject to, the provisions of applicable statutes and the constating documents of the Company and do not impose any additional responsibilities or liabilities on the directors at law or otherwise.

#### 2. Composition

The Board shall be constituted with a majority of individuals who qualify as “independent” as defined in National Instrument 58-101 – *Disclosure of Corporate Governance Practices* (“**NI 58-101**”), provided, however, that if at any time a majority of the directors are not independent because of the death, resignation, bankruptcy, adjudicated incompetence, removal or change in circumstance of any director who was an independent director within the meaning of NI 58-101, this requirement shall not be applicable for a period of 60 days thereafter, during which time the remaining directors shall appoint a sufficient number of directors who qualify as “independent” to comply with this requirement.

Pursuant to NI 58-101, an independent director is one who is free from any direct or indirect relationship which could, in the view of the Board, be reasonably expected to interfere with a director’s independent judgment.

#### 3. Responsibilities of the Board of directors

The Board is responsible for the stewardship and oversight of the Company and in that regard shall be specifically responsible for:

- (a) participating in the development of and approving a strategic plan for the Company;
- (b) supervising the activities and managing the investments and affairs of the Company;
- (c) approving major decisions regarding the Company;
- (d) defining the roles and responsibilities of management;
- (e) reviewing and approving the business and investment objectives to be met by management;
- (f) assessing the performance of and overseeing management;
- (g) issuing securities of the Company for such consideration as the Board may deem appropriate, subject to applicable law;
- (h) reviewing the Company’s debt strategy;
- (i) identifying and managing risk exposure;
- (j) ensuring the integrity and adequacy of the Company’s internal controls and management information systems;
- (k) succession planning;
- (l) establishing committees of the Board, where required or prudent, and defining their mandate;

- (m) establishing and maintaining procedures and policies to ascertain director independence;
- (n) maintaining records and providing reports to shareholders;
- (o) ensuring effective and adequate communication with shareholders, other stakeholders and the public; and
- (p) determining the amount and timing of dividends to shareholders, if any.

It is recognized that every director in exercising powers and discharging duties must act honestly and in good faith with a view to the best interest of the Company. Directors must exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. In this regard, they will comply with their duties of honesty, loyalty, care, diligence, skill and prudence.

In addition, directors are expected to carry out their duties in accordance with policies and regulations adopted by the Board from time to time.

It is expected that management will co-operate in all ways to facilitate compliance by the Board with its legal duties by causing the Company and its subsidiaries to take such actions as may be necessary in that regard and by promptly reporting any data or information to the Board that may affect such compliance.

#### **4. Expectations of Directors**

The Board has developed a number of specific expectations of directors to promote the discharge by the directors of their responsibilities and to promote the proper conduct of the Board.

- (a) ***Commitment and Attendance.*** All directors are expected to maintain a high attendance record at meetings of the Board and the committees of which they are members. Attendance by telephone or video conference may be used to facilitate a director's attendance.
- (b) ***Preparation for Meetings.*** All directors are expected to review the materials circulated in advance of meetings of the Board and its committees and should arrive prepared to discuss the issues presented. Directors are encouraged to contact the Chair of the Board (the "**Chair**"), the Chief Executive Officer and any other appropriate executive officer(s) of the Company to ask questions and discuss agenda items prior to meetings.
- (c) ***Participation in Meetings.*** Each director is expected to be sufficiently knowledgeable of the business of the Company, including its financial statements, and the risks it faces, to ensure active and effective, and candid and forthright participation in the deliberations of the Board and of each committee on which he or she serves.
- (d) ***Loyalty and Ethics.*** In their roles as directors, all members of the Board owe a duty of loyalty to the Company. This duty of loyalty mandates that the best interests of the Company take precedence over any other interest possessed by a director. Directors are expected to conduct themselves in accordance with the Company's Code of Business Conduct and Ethics.
- (e) ***Other Board Memberships and Significant Activities.*** The Company values the experience directors bring from other boards on which they serve and other activities in which they participate, but recognizes that those boards and activities also may present demands on a director's time and availability and may present conflicts or legal issues, including independence issues. Each member of the Board should, when considering membership on another board or committee, make every effort to ensure that such membership will not impair the member's time and availability for his or her commitment to the Company. Directors should advise the Chair and the Chief Executive Officer before accepting membership on other public company boards or any audit committee or other significant committee assignment on any other board, or establishing other significant relationships with businesses, institutions, governmental units or regulatory entities, particularly those that may result in significant time commitments or a change in the member's relationship to the Company.

- (f) ***Personal Conduct.*** Directors are expected to: (i) exhibit high standards of personal integrity, honesty and loyalty to the Company; (ii) project a positive image of the Company to news media, the financial community, governments and their agencies, shareholders and employees; (iii) be willing to contribute extra efforts, from time to time, as may be necessary including, among other things, being willing to serve on committees of the Board; and (iv) disclose any potential conflict of interest that may arise with the affairs or business of the Company and, generally, avoid entering into situations where such conflicts could arise or could reasonably be perceived to arise.
- (g) ***Confidentiality.*** The proceedings and deliberations of the Board and its committees are confidential. Each member of the Board will maintain the confidentiality of information received in connection with his or her service as a director.

## **5. Meetings**

The Board will meet not less than four times per year: three meetings to review quarterly results and one meeting prior to the issuance of the annual financial results of the Company. The Board shall meet periodically without management present to ensure that the Board functions independently of management. At each Board meeting, unless otherwise determined by the Board, an in-camera meeting of independent directors will take place, which session will be chaired by the Chair of the Board. In discharging its mandate, the Board and any committee of the Board will have the authority to retain and receive advice from outside financial, legal or other advisors (at the cost of the Company) as the Board or any such committee determines to be necessary to permit it to carry out its duties.

The Board appreciates having certain members of senior management attend each Board meeting to provide information and opinion to assist the directors in their deliberations. Management attendees who are not Board members will be excused for any agenda items which are reserved for discussion among directors only.

## **6. Board Meeting Agendas and Information**

The Chair, in consultation with management, will develop the agenda for each Board meeting. Agendas will be distributed to the directors before each meeting, and all directors shall be free to suggest additions to the agenda in advance of the meeting.

Whenever practicable, information and reports pertaining to Board meeting agenda items will be circulated to the directors in advance of the meeting. Reports may be presented during the meeting by members of the Board, management and/or staff, or by invited outside advisors. It is recognized that under some circumstances, due to the confidential nature of matters to be discussed at a meeting, it will not be prudent or appropriate to distribute written materials in advance.

## **7. Measures for Receiving Shareholder Feedback**

All publicly disseminated materials of the Company shall provide for a mechanism for feedback of shareholders.

## **8. Telephone Board Meetings**

A director may participate in a meeting of the directors or in a committee meeting by means of telephone, electronic or such other communications facilities as permit all persons participating in the meeting to communicate with each other and a director participating in such a meeting by such means is deemed to be present at the meeting.

While it is the intent of the Board to follow an agreed meeting schedule as closely as possible, it is felt that, from time to time, with respect to time sensitive matters telephone board meetings may be required to be called in order for directors to be in a position to better fulfill their legal obligations. Alternatively, management may request the directors to approve certain matters by unanimous written consent.

## **9. Expectations of and Access to Management**

Management shall be required to report to the Board at the request of the Board on the performance of the Company, new and proposed initiatives, the Company's business and investments, management concerns and any other matter

the Board or its Chair may deem appropriate. In addition, the Board expects management to promptly report to the Chair any significant developments, changes, transactions or proposals respecting the Company or its subsidiaries. All members of the Board should be free to contact management at any time to discuss any aspect of the Company's business. Directors should use their judgement to ensure that any such contact is not disruptive to the operations of the Company. The Board expects that there will be frequent opportunities for members of the Board to meet with management in meetings of the Board and committees, or in other formal or informal settings.

**10. Access to Outside Advisors.**

The Board may, in its sole discretion, retain and obtain the advice and assistance of such advisors as it deems necessary to fulfil its duties and responsibilities under this Charter. The Board may set the compensation and oversee the work of such advisors to be paid by the Company.

**11. Communications Policy**

The Board shall approve the content of the Company's major communications to shareholders and the investing public including any annual report, management information circular, annual information form and any prospectuses which may be issued. The Audit Committee shall review and recommend to the Board the approval of the quarterly and annual financial statements (including the management discussion and analysis) and press releases relating to financial matters. The Board also has responsibility for monitoring all of the Company's external communications. However, the Board believes that it is generally the function of management to speak for the Company in its communications with the investment community, the media, customers, suppliers, employees, governments and the general public. The Board will appoint an independent, non-executive director to be available to shareholders with concerns should communications with management fail to resolve the issue or such contact is inappropriate.

The Board shall have responsibility for reviewing the Company's policies and practices with respect to disclosure of financial and other information including insider reporting and trading. The Board shall approve and monitor the disclosure policies designed to assist the Company in meeting its objective of providing timely, consistent and credible dissemination of information, consistent with disclosure requirements under applicable securities law. The Board shall review the Company's policies relating to communication and disclosure on an annual basis.

**12. Internal Control and Management Information Systems**

The Board has responsibility for the integrity of the Company's internal control and management information systems. All material matters relating to the Company and its business require the prior approval of the Board, subject to the Board's ability to delegate such matters to, among others, the Company's Audit Committee, Investment Committee, Compensation, Governance and Nominating Committee, Disclosure Committee and management. Management is authorized to act, without Board approval, on all ordinary course matters relating to the Company's business subject to any management authority guidelines adopted by the Board.

The Audit Committee has responsibility for ensuring internal controls are appropriately designed, implemented and monitored and for ensuring that management's financial reporting is complete and accurate, even though management may be charged with developing and implementing the necessary procedures.

**13. Delegation of Powers**

The directors may establish one or more committees and may delegate to such committees any of the powers of the Board. The directors may also delegate powers to manage the business and affairs of the Company to such of the officers of the Company as they, in their sole and absolute discretion, may deem necessary or desirable to appoint, and define the scope of and manner in which such powers will be exercised by such persons as they may deem appropriate.

The Board retains responsibility for oversight of any matters delegated to any director(s) or any committee of the Board, to management or to other persons.

**14. Board Effectiveness**

The Board shall review and, if determined appropriate, approve the recommendations of the applicable committee of the Board, if any, concerning formal position descriptions for the Chair, and for each committee of the Board, and for the Chief Executive Officer, provided that in approving a position description for the Chief Executive Officer, the Board shall consider the input of the Chief Executive Officer and shall develop and approve corporate goals and objectives that the Chief Executive Officer is responsible for meeting (which may include goals and objectives relevant to the Chief Executive Officer's compensation, as recommended by the applicable committee of the Board, if any).

The Board shall review and, if determined appropriate, adopt a process recommended by the applicable committee of the Board, if any, for reviewing the performance and effectiveness of the Board as a whole, the committees of the Board and the contributions of individual directors on an annual basis.

**15. Education and Training**

The Board will provide newly elected directors with an orientation program to educate them on the Company, their roles and responsibilities on the Board or Committees, as well as the Company's internal controls, financial reporting and accounting practices. In addition, directors will, from time to time, as required, receive: (a) training to increase their skills and abilities, as it relates to their duties and their responsibilities on the Board; and (b) continuing education about the Company to maintain a current understanding of the Company's business, including its operations, internal controls, financial reporting and accounting practices.

**16. No Rights Created**

This Charter is a broad policy statement and is intended to be part of the Board's flexible governance framework. While this Charter should comply with all applicable law and the Company's constituting documents, this Charter does not create any legally binding obligations on the Board, any Committee, any director or the Company.

## APPENDIX B

### CHARTER OF THE AUDIT COMMITTEE

#### 1. General

##### A. Purpose

The Audit Committee (the “**Committee**”) is a committee of the Board of Directors (the “**Board**”) of Docebo Inc. (the “**Company**”). The members of the Committee and the chair of the Committee (the “**Chair**”) are appointed by the Board on an annual basis (or until their successors are duly appointed) for the purpose of overseeing the Company’s financial controls and reporting and monitoring whether the Company complies with financial covenants and legal and regulatory requirements governing financial disclosure matters and financial risk management.

#### 2. Composition

- (1) The Committee should be comprised of a minimum of three directors and a maximum of five directors.
- (2) The Committee must be constituted as required under National Instrument 52-110 – *Audit Committees*, as it may be amended or replaced from time to time (“**NI 52-110**”).
- (3) All members of the Committee must (except to the extent permitted by NI 52-110) be independent (as defined by NI 52-110), and free from any relationship that, in the view of the Board, could be reasonably expected to interfere with the exercise of his or her independent judgment as a member of the Committee.
- (4) No members of the Committee shall receive, other than for service on the Board or the Committee or other committees of the Board, any consulting, advisory, or other compensatory fee from the Company or any of its related parties or subsidiaries.
- (5) All members of the Committee must (except to the extent permitted by NI 52-110) be financially literate (which is defined as the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company’s financial statements).
- (6) Any member of the Committee may be removed or replaced at any time by the Board and shall cease to be a member of the Committee on ceasing to be a director. The Board may fill vacancies on the Committee by election from among the Board. If and whenever a vacancy shall exist on the Committee, the remaining members may exercise all powers of the Committee so long as a quorum remains.

#### 3. Limitations on Committee’s Duties

In contributing to the Committee’s discharge of its duties under this Charter, each member of the Committee shall be obliged only to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. Nothing in this Charter is intended or may be construed as imposing on any member of the Committee a standard of care or diligence that is in any way more onerous or extensive than the standard to which any member of the Board may be otherwise subject.

Members of the Committee are entitled to rely, absent actual knowledge to the contrary, on (i) the integrity of the persons and organizations from whom they receive information, (ii) the accuracy and completeness of the information provided, (iii) representations made by management of the Company as to the non-audit services provided to the Company by the external auditor, (iv) financial statements of the Company represented to them by a member of management or in a written report of the external auditors to present fairly the financial position of the Company in

accordance with applicable generally accepted accounting principles, and (v) any report of a lawyer, accountant, engineer, appraiser or other person whose profession lends credibility to a statement made by any such person.

#### **4. Meetings**

The Committee should meet not less than four times annually. The Committee should meet within 45 days following the end of the first three financial quarters of the Company and shall meet within 90 days following the end of the fiscal year of the Company. A quorum for the transaction of business at any meeting of the Committee shall be a majority of the members of the Committee or such greater number as the Committee shall by resolution determine. The Committee shall keep minutes of each meeting of the Committee. A copy of the minutes shall be provided to each member of the Committee.

Meetings of the Committee shall be held from time to time and at such place as any member of the Committee shall determine upon two days' prior notice to each of the other Committee members. The members of the Committee may waive the requirement for notice. In addition, each of the Chief Executive Officer, the Chief Financial Officer and the external auditor shall be entitled to request that the Chair call a meeting.

The Committee may ask members of management and employees of the Company (including, for greater certainty, its affiliates and subsidiaries) or others (including the external auditor) to attend meetings and provide such information as the Committee requests. Members of the Committee shall have full access to information of the Company (including, for greater certainty, its affiliates, subsidiaries and their respective operations) and shall be permitted to discuss such information and any other matters relating to the results of operations and financial position of the Company with management, employees, the external auditor and others as they consider appropriate.

The Committee or its Chair should meet at least once per year with management and the external auditor in separate sessions to discuss any matters that the Committee or either of these groups desires to discuss privately. In addition, the Committee or its Chair should meet with management quarterly in connection with the review and approval of the Company's interim financial statements.

The Committee shall determine any desired agenda items.

#### **5. Committee Activities**

As part of its function in assisting the Board in fulfilling its oversight responsibilities (and without limiting the generality of the Committee's role), the Committee will have the power and authority to:

##### **A. Disclosure**

- (1) Review, approve and recommend for Board approval the Company's interim financial statements, including any certification, report, opinion or review rendered by the external auditor and the related management's discussion and analysis and press release.
- (2) Review, approve and recommend for Board approval the Company's annual financial statements, including any certification, report, opinion or review rendered by the external auditor, the annual information form, and the related management's discussion and analysis and press release.
- (3) Review and approve any other press releases that contain material financial information and such other financial information of the Company provided to the public or any governmental body as the Committee requires.
- (4) Satisfy itself that adequate procedures have been put in place by management for the review of the Company's public disclosure of financial information extracted or derived from the Company's financial statements and the related management's discussion and analysis.
- (5) Review any litigation, claim or other contingency and any regulatory or accounting initiatives that could have a material effect upon the financial position or operating results of the Company and the appropriateness of the disclosure thereof in the documents reviewed by the Committee.

- (6) Receive periodically management reports assessing the adequacy and effectiveness of the Company's disclosure controls and procedures.
- (7) Review and approve the mandate of the Company's disclosure committee.
- (8) Review the Company's disclosure committee's quarterly reports to the Committee pertaining to the disclosure committee's activities for the previous quarter.

**B. Internal Control**

- (1) Review management's process to identify and manage the significant risks associated with the activities of the Company.
- (2) Review the effectiveness of the internal control systems for monitoring compliance with laws and regulations.
- (3) Have the authority to communicate directly with the internal auditor, if applicable.
- (4) Receive periodical management reports assessing the adequacy and effectiveness of the Company's internal control systems.
- (5) Assess the overall effectiveness of the internal control and risk management frameworks through discussions with management and the external auditors and assess whether recommendations made by the external auditors have been implemented by management.

**C. Relationship with the External Auditor**

- (1) Recommend to the Board the selection of the external auditor and the fees and other compensation to be paid to the external auditor.
- (2) Have the authority to communicate directly with the external auditor and arrange for the external auditor to be available to the Committee and the Board as needed.
- (3) Advise the external auditor that it is required to report to the Committee, and not to management.
- (4) Monitor the relationship between management and the external auditor, including reviewing any management letters or other reports of the external auditor, discussing any material differences of opinion between management and the external auditor and resolving disagreements between the external auditor and management.
- (5) Review and discuss with the external auditor all critical accounting policies and practices to be used in the Company's financial statements, all alternative treatments of financial information within generally accepted accounting principles that have been discussed with management, the ramifications of the use of such alternative treatments and the treatment preferred by the external auditor.
- (6) Review any major issues regarding accounting principles and financial statement presentation with the external auditor and management, including any significant changes in the Company's selection or application of accounting principles and any significant financial reporting issues and judgments made in connection with the preparation of the Company's financial statements.
- (7) If considered appropriate, establish separate systems of reporting to the Committee by each of management and the external auditor.
- (8) Review and discuss on an annual basis with the external auditor all significant relationships they have with the Company, management or employees that might interfere with the independence of the external auditor.

- (9) Pre-approve all non-audit services to be provided by the external auditor, or delegate such pre-approval of non-audit services to the Chair of the Committee; provided that the Chair shall notify the Committee at each Committee meeting of the non-audit services they approved since the last Committee meeting.
- (10) Review the performance of the external auditor and recommend any discharge of the external auditor when the Committee determines that circumstances warrant.
- (11) Periodically consult with the external auditor out of the presence of management about (a) any significant risks or exposures facing the Company, (b) internal controls and other steps that management has taken to control such risks, and (c) the fullness and accuracy of the financial statements of the Company, including the adequacy of internal controls to expose any payments, transactions or procedures that might be deemed illegal or otherwise improper.
- (12) Review and approve any proposed hiring of current or former partners or employees of the current (and any former) external auditor of the Company.

**D. Audit Process**

- (1) Review the scope, plan and results of the external auditor's audit and reviews, including the auditor's engagement letter, the post-audit management letter, if any, and the form of the audit report. The Committee may authorize the external auditor to perform supplemental reviews, audits or other work as deemed desirable.
- (2) Following completion of the annual audit and quarterly reviews, review separately with each of management and the external auditor any significant changes to planned procedures, any difficulties encountered during the course of the audit and, if applicable, reviews, including any restrictions on the scope of work or access to required information and the cooperation that the external auditor received during the course of the audit and, if applicable, reviews.
- (3) Review any significant disagreements among management and the external auditor in connection with the preparation of the financial statements.
- (4) Where there are significant unsettled issues between management and the external auditor that do not affect the audited financial statements, the Committee shall seek to ensure that there is an agreed course of action leading to the resolution of such matters.
- (5) Review with the external auditor and management significant findings and the extent to which changes or improvements in financial or accounting practices, as approved by the Committee, have been implemented.
- (6) Review the system in place to seek to ensure that the financial statements, management's discussion and analysis and other financial information disseminated to regulatory authorities and the public satisfy applicable requirements.

**E. Financial Reporting Process**

- (1) Review the integrity of the Company's financial reporting processes, both internal and external, in consultation with the external auditor.
- (2) Monitor and review the effectiveness of the Company's internal audit function, including ensuring that any internal auditors have adequate monetary and other resources to complete their work and appropriate standing within the Company and, if the Company has no internal auditors, consider, on an annual basis, whether the Company requires internal auditors, report to the Board on the internal auditors' performance and make related recommendations to the Board.

- (3) Review all material balance sheet issues, material contingent obligations and material related party transactions.
- (4) Review with management and the external auditor the Company's accounting policies and any changes that are proposed to be made thereto, including all critical accounting policies and practices used, any alternative treatments of financial information that have been discussed with management, the ramification of their use and the external auditor's preferred treatment and any other material communications with management with respect thereto. Review the disclosure and impact of contingencies and the reasonableness of the provisions, reserves and estimates that may have a material impact on financial reporting.

**F. Other**

- (1) Inform the Board of matters that may significantly impact on the financial condition or affairs of the business.
- (2) Review the public disclosure regarding the Committee required from time to time by NI 52-110.
- (3) Review in advance, and approve, the hiring and appointment of the Company's Chief Financial Officer.
- (4) Establish and oversee the effectiveness of procedures for the receipt, retention and treatment of complaints regarding accounting, internal accounting controls or auditing under the Company's whistleblower policy.
- (5) Perform any other activities as the Committee or the Board deems necessary or appropriate.

**6. Independent Advice**

In discharging its mandate, the Committee shall have the authority to retain, at the expense of the Company, special advisors as the Committee determines to be necessary to permit it to carry out its duties.

**7. Annual Evaluation**

At least annually, the Committee shall, in a manner it determines to be appropriate:

- (1) Perform a review and evaluation of the performance of the Committee and its members, including the compliance of the Committee with this Charter.
- (2) Review and assess the adequacy of this Charter and recommend to the Board any improvements to this Charter that the Committee believes to be appropriate.

**8. No Rights Created**

This Charter is a broad policy statement and is intended to be part of the Committee's flexible governance framework. While this Charter should comply with all applicable law and the Company's constituting documents, this Charter does not create any legally binding obligations on the Committee, the Board, any director or the Company.

## **CERTIFICATE OF THE ISSUER**

Dated: October 1, 2019

This prospectus constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by the securities legislation of each of the provinces and territories of Canada.

(Signed) “Claudio Erba”  
President & Chief Executive Officer

(Signed) “Ian Kidson”  
Chief Financial Officer

On behalf of the Board of Directors  
of Docebo Inc.

(Signed) “Jason Chapnik”  
Director

(Signed) “James Merkur”  
Director

## **CERTIFICATE OF THE UNDERWRITERS**

Dated: October 1, 2019

To the best of our knowledge, information and belief, this prospectus constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required under the securities legislation of each of the provinces and territories of Canada.

**CANACCORD GENUITY CORP.**

(Signed) “Mike Lauzon”

**TD SECURITIES INC.**

(Signed) “Scott Penner”

**BMO NESBITT BURNS INC.**

(Signed) “David Wismer”

**SCOTIA CAPITAL INC.**

(Signed) “John Medland”

**CIBC WORLD MARKETS INC.**

(Signed) “Brent Layton”

**NATIONAL BANK FINANCIAL INC.**

(Signed) “Colin Ryan”

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