DOCEBO INC.

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

As at	September 30, 2019	December 31, 2018
	$	$
Assets		
Current assets:		
Cash and cash equivalents	**5,006**	3,756
Trade and other receivables (Note 4)	**8,458**	6,138
Prepaids and deposits	**1,691**	1,502
Net investment in finance lease (Note 5)	**89**	-
Contract acquisition costs, net	**478**	243
	15,722	11,639
Non-current assets:		
Contract acquisition costs, net	**562**	375
Net investment in finance lease (Note 5)	**332**	-
Right-of-use asset (Note 6)	**2,339**	-
Property and equipment, net (Note 7)	**1,381**	1,286
	20,336	13,300
Liabilities		
Current liabilities:		
Trade and other payables	**10,401**	6,784
Deferred revenue	**17,345**	12,687
Deferred lease incentives	**-**	55
Lease obligations	**902**	-
Borrowings (Note 8)	**19**	5,363
	28,667	24,889
Non-current liabilities:		
Deferred lease incentives	**-**	243
Lease obligations	**2,293**	-
Employee benefit obligations	**1,134**	929
Borrowings (Note 8)	**6,887**	4,015
	38,981	30,076
Shareholders' deficiency		
Share capital (Note 10)	**37,331**	30,716
Contributed surplus (Note 11)	**694**	564
Foreign exchange translation reserve	**405**	336
Actuarial loss	**(103)**	(73)
Deficit	**(56,972)**	(48,319)
Total deficiency	**(18,645)**	(16,776)
	20,336	13,300

Subsequent events (Note 19)

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 thousands of United States dollars, except per share amounts)

	Three months ended September 30,		Nine months ended September 30,	
	2019	**2018**	**2019**	**2018**
	$	$	**$**	$
Revenue (Note 13)	**10,587**	6,892	**29,145**	19,025
Cost of revenue (Note 14)	**2,090**	1,414	**5,975**	4,127
Gross profit	**8,497**	5,478	**23,170**	14,898
Operating expenses				
General and administrative (Note 15 and 16)	**4,010**	2,578	**11,449**	7,367
Sales and marketing (Note 15)	**5,154**	2,752	**11,711**	8,563
Research and development (Note 15)	**1,962**	1,539	**5,803**	4,632
Share based compensation (Note 11)	**100**	69	**251**	207
Foreign exchange (gain) loss	**147**	(81)	**102**	491
Depreciation and amortization (Note 6 and 7)	**208**	48	**594**	120
	11,581	6,905	**29,910**	21,380
Operating loss	**(3,084)**	(1,427)	**(6,740)**	(6,482)
Finance expense (income), net (Note 8)	**228**	175	**707**	464
Loss on change in fair value of convertible promissory notes (Note 8)	**-**	525	**776**	1,558
Other income	**(19)**	(13)	**(57)**	(13)
Loss before income taxes	**(3,293)**	(2,114)	**(8,166)**	(8,491)
Income tax expense	**449**	-	**449**	-
Net loss	**(3,742)**	(2,114)	**(8,615)**	(8,491)
Other comprehensive loss				
Item that may be reclassified subsequently to income:				
Exchange loss (gain) on translation of foreign operations	**(471)**	(42)	**(69)**	(408)
Items not subsequently reclassified to income:				
Actuarial loss	**10**	10	**30**	31
	(461)	(32)	**(39)**	(377)
Comprehensive loss	**(3,281)**	(2,082)	**(8,576)**	(8,114)
Net loss attributable to:				
Equity owners of the Company	**(3,742)**	(2,114)	**(8,615)**	(8,112)
Non-controlling interests (Note 9)	**-**	-	**-**	(379)
	(3,742)	(2,114)	**(8,615)**	(8,491)
Loss per share - basic and diluted	**(0.16)**	(0.09)	**(0.37)**	(0.38)
Weighted average number of common shares outstanding - basic and diluted (Note 12)	**23,760,149**	22,532,000	23,122,698	**21,209,802**

DOCEBO INC.

UNAUDITED CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' DEFICIENCY

(expressed in thousands of United States dollars, except number of shares)

	Common shares		Contributed surplus	Non-controlling interests	Foreign exchange transaction reserve	Actuarial loss	Deficit	Total
	#	$	$	$	$	$	$	$
Balance, December 31, 2017	**18,020,000**	**9,961**	**311**	**(1,055)**	**(483)**	**(32)**	**(14,858)**	**(6,156)**
Share based compensation (Note 11)	-	-	207	-	-	-	-	207
Purchase of non-controlling interest with common shares (Note 9)	4,512,000	20,755	-	1,434	-	-	(22,189)	-
Net loss and comprehensive loss	-	-	-	(379)	408	(31)	(8,111)	(8,113)
Balance, September 30, 2018	**22,532,000**	**30,716**	**518**	**-**	**(75)**	**(63)**	**(45,158)**	**(14,062)**
Balance, December 31, 2018	**22,532,000**	**30,716**	**564**	**-**	**336**	**(73)**	**(48,319)**	**(16,776)**
IFRS 16 transition effect (Note 3)	-	-	-	-	-	-	(38)	(38)
Share based compensation (Note 11)	-	-	251	-	-	-	-	251
Conversion of promissory note	800,000	6,120	-	-	-	-	-	6,120
Exercise of stock options	434,700	495	(121)	-	-	-	-	374
Net loss and comprehensive loss	-	-	-	-	69	(30)	(8,615)	(8,576)
Balance, September 30, 2019	**23,766,700**	**37,331**	**694**	**-**	**405**	**(103)**	**(56,972)**	**(18,645)**

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 thousands of United States dollars)

	Three months ended September 30,		Nine months ended September 30,	
	2019	**2018**	**2019**	**2018**
	$	$	**$**	$
Cash flows used in operating activities				
Net loss	**(3,742)**	(2,114)	**(8,615)**	(8,491)
Adjustments to reconcile net loss to net cash used in operating activities:				
Depreciation and amortization	**208**	48	**594**	120
Share based compensation	**100**	69	**251**	207
Unrealized foreign exchange loss	**46**	(188)	**44**	202
Amortization of deferred lease incentive	**-**	-	**-**	3
Finance expense	**24**	5	**32**	12
Loss on change in fair value of convertible promissory notes	**-**	525	**776**	1,558
Changes in non-cash working capital items				
Trade and other receivables	**(1,379)**	1,354	**(2,447)**	(1,215)
Prepaids and deposits	**(587)**	(111)	**(252)**	(437)
Contract acquisition costs	**(119)**	(157)	**(422)**	(443)
Trade and other payables	**2,271**	242	**3,879**	1,785
Employee benefit obligations	**82**	84	**229**	222
Deferred revenue	**1,204**	(905)	**4,842**	4,154
Cash used in operating activities	**(1,892)**	(1,148)	**(1,089)**	(2,323)
Cash flows from investing activities				
Purchase of property and equipment	**(93)**	-	**(306)**	(410)
Cash used in investing activities	**(93)**	-	**(306)**	(410)
Cash flows from financing activities				
Payments received on net investment in finance lease	**22**	-	**65**	-
Repayment of lease obligation	**(237)**	-	**(647)**	-
Proceeds from exercise of stock options	**46**	-	**374**	-
Proceeds from issuance of secured debentures, net	**-**	-	**3,000**	3,960
Proceeds from drawdown on secured credit facility, net	**6,858**	-	**6,858**	-
Repayment of borrowings	**(7,006)**	(5)	**(7,016)**	(16)
Cash from financing activities	**(317)**	(5)	**2,634**	3,944
Net change in cash and cash equivalents during the period	**(2,302)**	(1,153)	**1,239**	1,211
Effect of foreign exchange on cash and cash equivalents	**198**	(61)	**11**	(11)
Cash and cash equivalents, beginning of the period	**7,110**	5,775	**3,756**	3,361
Cash and cash equivalents, end of the period	**5,006**	4,561	**5,006**	4,561

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

(expressed in thousands of 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." 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.

On October 8, 2019, the Company completed an initial public offering ("IPO") and its shares began trading on the Toronto Stock Exchange under the symbol "DCBO".

The Company has the following subsidiaries:

Entity name	**Country**	**Ownership percentage September 30, 2019**	**Ownership percentage December 31, 2018**
		%	%
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 3. 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 November 12, 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 ROU 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 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 to exercise that option. In addition, the ROU 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. The Company used an incremental borrowing rate to measure the lease liabilities in the opening balance sheet at January 1, 2019 of 10%.

(expressed in thousands of 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 ROU asset unless it has been reduced to zero. Any further reduction in the lease liability is then recognized in profit or loss.

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.

A lease modification will be accounted for as a separate lease if the modification increases the scope of the lease and if the consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope. For a modification that is not a separate lease or where the increase in consideration is not commensurate, at the effective date of the lease modification, the Company will remeasure the lease liability using the Company's incremental borrowing rate, when the rate implicit to the lease is not readily available, with a corresponding adjustment to the ROU asset.

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 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.

Adjustments recognized 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	4,181
Less: Recognition exemption for low-value leases	246
Less: Recognition exemption for short-term leases	1
Adjusted lease commitments	3,934
Less: Impact of present value	751
Opening IFRS 16 lease liability as at January 1, 2019	3,183

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
	$	$	$
Assets			
Current assets:			
Net investment in finance lease	—	85	**85**
Non-current assets:			
Right-of-use-assets, net	—	2,406	**2,406**
Net investment in finance lease	—	357	**357**
Liabilities			
Current liabilities:			
Deferred lease incentives	55	(55)	**—**
Lease obligations	—	822	**822**
Non-current liabilities:			
Deferred lease incentives	243	(243)	**—**
Lease obligations	—	2,361	**2,361**
Equity			
Deficit	(48,319)	(38)	**(48,357)**

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

4 Trade and other receivables

The Company's trade and other receivables as at September 30, 2019 and December 31, 2018 include the following:

	2019	2018
	$	$
Trade receivables	**7,701**	5,711
Unbilled trade receivables	**505**	372
Tax credits receivable	**191**	44
Other receivables	**61**	11
	8,458	6,138

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	85
One to two years	88
Two to three years	92
Three to four years	92
Four to five years	92
Thereafter	146
Total undiscounted lease payments receivable	595
Less: Impact of present value	(153)
Balance – January 1, 2019	442
Finance income on lease	31
Lease payments received	(65)
Effects of foreign exchange	13
Balance – September 30, 2019	421
Current	89
Non-current	332
	421

6 Right-of-use asset

	$
Balance – January 1, 2019	2,406
Lease modification	160
Additions	239
Amortization	(432)
Effects of foreign exchange	(34)
Balance – September 30, 2019	2,339

7 Property and equipment

	Furniture and office equipment	Leasehold improvements	Land and Building	Total
	$	$	$	$
Cost				
Balance, December 31, 2017	375	634	384	1,393
Additions	109	301	—	410
Effects of foreign exchange	(18)	(27)	(17)	(62)
Balance, December 31, 2018	466	908	367	1,741
Additions	66	240	—	306
Effects of foreign exchange	(14)	(27)	(18)	(59)
Balance, September 30, 2019	518	1,121	349	1,988

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

	Furniture and office equipment	Leasehold improvements	Land and Building	Total
	$	$	$	$
Accumulated depreciation				
Balance, December 31, 2017	183	84	31	298
Depreciation	57	97	15	169
Effects of foreign exchange	(7)	(3)	(2)	(12)
Balance, December 31, 2018	233	178	44	455
Depreciation	53	99	11	163
Effects of foreign exchange	(4)	(4)	(3)	(11)
Balance, September 30, 2019	282	273	52	607
Carrying value				
Balance, December 31, 2018	233	730	323	1,286
Balance, September 30, 2019	**236**	**848**	**297**	**1,381**

8 Borrowings

The following table presents the borrowings for the Company:

	September 30, 2019	December 31, 2018
	$	$
Mortgage payable	39	57
Secured debentures	—	3,977
Convertible promissory notes	—	5,344
Revolving term credit facility	6,867	—
Balance – End of period	6,906	9,378
Current	19	5,363
Non-current	6,887	4,015
	6,906	9,378

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 and is secured by the Sovico property and carries an interest rate of 5% per annum.

Credit Facility

On July 25, 2019, the Company secured a committed revolving term credit facility (the "Credit Facility") from a Canadian Bank. The commitment as at September 30, 2019 was currently set at $10,000. Upon the closing of initial public offering on October 8, 2019, the commitment was increased by an additional $5,000. 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. Interest on the drawn facility is set at LIBOR plus 2.75%. The standby fee on the undrawn balance is 0.50%.

The Company immediately drew down $7,000 to repay the existing $7,000 of secured debentures previously issued to the shareholders of the Company.

The Company incurred cash transaction costs of $142 which are being amortized as accretion expense over the term of the facility.

Balance outstanding under the Credit Facility is classified as amortized cost and accounted for using the effective interest rate method. The carrying value as at September 30, 2019 was $6,867 (December 31, 2018 – nil).

	$
Principal balance	7,000
Upfront financing fees	(142)
Accretion expense	9
Balance as at September 30, 2019	**6,867**

On October 16, 2019, the Company repaid the full balance of the Credit Facility outstanding of $7,000 from net proceeds from IPO.

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

Convertible promissory notes

On May 24, 2017, the Company issued $2,000 convertible promissory notes to shareholders and directors of the Company with a maturity date of May 24, 2019. The convertible promissory notes bore an interest rate of 10% payable monthly and were 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 did not qualify as a compound instrument and therefore no equity component to the instrument. This was due to the fact that the conversion price was 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 were classified and accounted for entirely as a financial liability, which the Company had 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 resulting in recognition of loss on change in fair value of $776. The fair value of the convertible promissory notes as at September 30, 2019 was nil (December 31, 2018 – $5,344).

Secured debentures

In February 2018, the Company issued secured debentures to the shareholders of the Company for total gross cash proceeds of $4,000. The Company incurred financing fees of $40 to the lenders. These secured debentures bore an interest rate of 10% per annum, payable monthly with maturity on January 31, 2020. The debentures were 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 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, these secured debentures were repaid in full.

These secured debentures were classified at amortized cost and accounted for using the effective interest rate method. The carrying value as at September 30, 2019 was nil (December 31, 2018 – $3,977).

	$
Principal balance	7,000
Upfront financing fees	(40)
Interest and accretion expense	615
Interest paid	(575)
Repayment of principal	(7,000)
Balance as at September 30, 2019	—

Finance expense for the three and nine month period ended September 30, 2019 and 2018 is comprised of:

	2019	2018	2019	2018
Interest and accretion expense on secured debentures	72	105	312	263
Interest expense on convertible promissory notes	—	50	74	150
Interest expense on lease obligations and interest income on net investment in finance lease	80	—	207	—
Interest and accretion on revolving credit facility	76	—	76	—
Bank fees and other	—	20	38	51
	228	**175**	**707**	**464**

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 nil% (2017 – 30.1%) ownership interest held by non-controlling shareholders.

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 and the book value of non-controlling interest acquired was a deficit of $13 as at the date of acquisition resulting in recognition of $3,359 as a debit to shareholders' deficit of the Company. No gain or loss through the consolidated statement of loss and comprehensive loss was recorded.

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 and the carrying value of the non-controlling interest acquired was a deficit of $1,434 resulting in recognition of $22,189 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.

Reconciliation of non-controlling interest is as follows:

	$
Balance – January 1, 2018	(1,055)
Share of net loss to date of acquisition	(379)
Purchase of non-controlling interest	1,434
Balance – December 31, 2018 and September 30, 2019	—

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

10 Share capital

Authorized

Unlimited common shares with no par value

Issued and outstanding:

	Number of shares[iv]	Amount
Balance – December 31, 2017	18,020,000	9,961
Purchase of non-controlling interest[i]	4,512,000	20,755
Balance – December 31, 2018	22,532,000	30,716
Stock options exercised[ii]	434,700	495
Conversion of promissory notes[iii]	800,000	6,120
Balance – September 30, 2019	23,766,700	37,331

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. 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. 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. On July 8, 2019, 34,800 stock options were exercised resulting in issuance of 34,800 common shares of the Company for total cash proceeds of $28. On August 14, 2019, 6,900 stock options were exercised resulting in issuance of 6,900 common shares of the Company for total cash proceeds of $18.

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.

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

In 2016, the Company established a stock option plan (the "Legacy Option Plan") for directors, officers, employees and consultants of the Company. The Company's Board of Directors determined, among other things, the eligibility of individuals to participate in the Legacy Option Plan and the term, vesting periods and the exercise price of options granted to individuals under the Legacy Option Plan. Each share option converts into one common share of the Company on exercise. No amounts were 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 number of common shares reserved for issuance under the Legacy Option Plan is 2,845,420.

The changes in the number of stock options during the nine month periods ended September 30, 2019 and 2018 were as follows:

	2019		**2018**	
	Number of options #	**Weighted average exercise price US$**	**Number of options #**	**Weighted average exercise price US$**
Options outstanding as at January 1	**1,546,700**	**0.75**	1,546,700	0.75
Options granted	**193,200**	**6.43**	—	—
Options forfeited	**(21,000)**	**1.56**	—	—
Options exercised	**(434,700)**	**0.86**	—	—
Options outstanding as at September 30	**1,284,200**	**1.55**	1,546,700	0.75
Options exercisable as at September 30	**893,400**	**0.79**	1,016,500	0.83

Measurement of fair values

The fair value of share options granted during the nine month period ended September 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%**

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

	2019
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 September 30, 2019:

Options outstanding			Options exercisable	
Exercise price range	**Number outstanding**	**Weighted average remaining contractual life (years)**	**Weighted average exercise price**	**Number exercisable**
US$	**#**	**#**	**US$**	**#**
0.0001	180,000	10.10	0.0001	36,000
0.81	899,400	6.89	0.81	848,200
2.50	23,200	9.81	2.50	9,200
6.68	181,600	11.35	6.68	—
1.55	1,284,200	8.03	0.79	893,400

The following table is a summary of the Company's share options outstanding as at September 30, 2018:

Options outstanding			Options exercisable	
Exercise price range	**Number outstanding**	**Weighted average remaining contractual life (years)**	**Weighted average exercise price**	**Number exercisable**
US$	**#**	**#**	**US$**	**#**
0.0001	180,000	11.10	0.0001	—
0.81	1,331,900	7.94	0.81	1,002,700
2.50	34,800	9.71	2.50	13,800
0.75	1,546,700	8.35	0.83	1,016,500

Share-based compensation expense

The Company recognized $100 and $251 of share-based compensation expenses during the three and nine month periods ended September 30, 2019 (2018 – $69 and $207) 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 nine month period ended September 30 presented are as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2019	**2018**	**2019**	**2018**
	$	**$**	**$**	**$**
Convertible promissory notes	—	800,000	—	800,000
Share options	1,284,200	1,546,700	1,284,200	1,546,700
	1,284,200	2,346,700	1,284,200	2,346,700

13 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 ratably 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 nine month periods ended September 30, 2019 and 2018:

	Three months ended September 30,		Nine months ended September 30,	
	2019	**2018**	**2019**	**2018**
	$	**$**	**$**	**$**
Subscription revenues..	9,802	6,341	26,036	16,517
Professional services	785	551	3,109	2,508
Total	10,587	6,892	29,145	19,025

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

14 Cost of revenue

	Three months ended September 30,		Nine months ended September 30,	
	2019	2018	2019	2018
	$	$	$	$
Employee wages and benefits	1,580	986	4,203	2,779
Web hosting fees	442	332	1,245	1,071
Partner fees	24	85	290	226
Other	44	11	237	51
	2,090	1,414	5,975	4,127

15 Employee compensation

The total employee compensation comprising salaries and benefits for the three and nine month periods ended September 30, 2019 was $7,898 and $20,610, respectively (2018 – $4,730 and $14,859).

Employee compensation costs were included in the following expenses:

	Three months ended September 30,		Nine months ended September 30,	
	2019	2018	2019	2018
	$	$	$	$
Cost of revenue	1,580	986	4,203	2,779
General and administrative	1,268	711	3,365	2,313
Sales and marketing	3,379	1,895	8,388	6,224
Research and development	1,671	1,138	4,654	3,543
	7,898	4,730	20,610	14,859

16 General and administrative

General and administrative expenses included salaries and benefits for the three and nine month periods ended September 30, 2019 of $1,268 and $3,365, respectively (2018 - $711 and $2,313). In addition, the Company recognized reversal of a provision of $1,200 and $905 for the three and nine month periods ended September 30, 2019, respectively (2018 – recognition of provision expense of $124 and $347).

17 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 September 30, 2019 and 2018.

Revenue for the nine month periods ended September 30, 2019 and 2018:

	2019	2018
	$	$
North America	20,062	12,664
EMEA	9,083	6,361
Total	29,145	19,025

Property and equipment as at September 30, 2019 and December 31, 2018:

	2019	2018
	$	$
North America	426	194
EMEA	955	1,092
Total	1,381	1,286

18 Related party transactions

In May 2019, the Company issued $3,000 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 8.

19 Subsequent events

On October 8, 2019, the Company completed an IPO and issued 4,687,500 common shares for a total gross consideration of CAD $75,000. The Company granted an over-allotment option to the underwriters, exercisable, in whole or in part, at the sole discretion of the underwriters, for a period of 30 days from IPO, to purchase up to an additional 703,125 common shares for a total gross consideration of CAD $11,250. Share issuance costs amounted to CAD $7,500.

In connection with the IPO on October 8, 2019, the Legacy Option Plan was amended such that no further awards can be made under the Legacy Option Plan. In connection with the IPO, an omnibus incentive plan (the “Omnibus Incentive Plan”) was adopted which allows the Board of Directors to grant long-term equity-based awards to eligible participants.

On October 16, 2019, the Company repaid the full balance of the Credit Facility outstanding of $7,000 from net proceeds from IPO.