



Docebo Reports First Quarter 2020 Results

Revenue growth of 57% and Annual Recurring Revenue growth of 56%

TORONTO, ONTARIO - May 12, 2020 - Docebo Inc. (TSX:DCBO) (“Docebo” or the “Company”), a leading AI-powered learning platform, today announced financial results for the three months ended March 31, 2020. All amounts are expressed in US dollars unless otherwise stated.

“Since our IPO last fall, this is our third consecutive quarter reporting year over year revenue and annual recurring revenue growth in excess of 50%, reflecting higher average contract values and continued momentum with our core mid sized enterprise market and divisions of larger global companies,” said Claudio Erba, CEO and Founder of Docebo. “As the COVID-19 situation has unfolded we have seen higher utilization and interest in our platform. Although we must be pragmatic and appropriately cautious in the current environment, as economies recover from this pandemic we believe there will be lasting changes in remote working behaviour that further underscores importance of LMS for every enterprise. Our focus is to continue executing our strategy to advance the platform, remain responsive to our customers' needs, and manage growth in a capital efficient manner.”

First Quarter 2020 Financial Highlights

- Revenue of \$13.5 million, an increase of 56.7% from the comparative period in the prior year
- Subscription revenue of \$12.2 million, representing 90.2% of total revenue, and an increase of 60.6% from the comparative period in the prior year
- Annual Recurring Revenue^{1,2} as at March 31, 2020 of \$52.1 million, an increase of \$18.6 million from \$33.5 million at the end of the first quarter of 2019, or an increase of 55.5%
- Gross profit of \$10.7 million, or 79.1% of revenue
- Net income of \$0.7 million, compared to net loss of \$2.5 million for the comparative period in the prior year (net income for the quarter reflected an unrealized gain on FX of \$3.7)
- Adjusted EBITDA³ of (\$2.4) million, compared to (\$1.6) million for the comparative period in the prior year
- Cash flow used in operating activities of \$2.5 million, compared to \$0.1 million for the comparative period in the prior year
- Free cash flow³ of (\$2.7) million compared to (\$0.2) million for the comparative period in the prior year
- Cash and cash equivalents of \$43.2 million as at March 31, 2020

¹ Please refer to “Key Performance Indicators” section of this press release.

² As at March 31, 2020.

³ Please refer to “Non-IFRS Measures and Reconciliation of Non-IFRS Measures” section of this press release.

First Quarter 2020 Business Highlights

- Added new members to the senior leadership team, including additions to global sales operations with two new Vice Presidents for North America and EMEA respectively, a new SVP of Products and Services and a new Global Head of Learning and Support
- Recognized as a Core Leader by the 2020 Fosway 9-Grid™ for Learning Systems for the second consecutive year
- Achieved the Learning & Performance Institute's accreditation as a top learning technology provider
- Signed an OEM agreement with Phenom People to accelerate employee learning and development over their career path, by leveraging and integrating Docebo's and Phenom's respective AI platforms to identify and fill skill gaps
- Partnered with Bluewater, a recognized consulting services leader for learning, talent, and human capital management systems
- Supported organizations needing to respond quickly to COVID-19 including Newcross Healthcare and ASM Assembly Systems
- Docebo is now used by 1,938 customers, an increase from 1,596 customers at the end of March 31, 2019 and includes the additions of Walmart and Barilla during the first quarter

- Strong growth in average contract value, calculated as total Annual Recurring Revenue divided by the number of active customers, increasing from approximately \$21,000 to \$26,900

First Quarter 2020 Results

Selected Financial Measures

	Three months ended March 31,			
	2020	2019	Change	Change
	\$	\$	\$	%
Subscription Revenue	12,198	7,596	4,602	60.6 %
Professional Services	1,332	1,040	292	28.1 %
Total Revenue	13,530	8,636	4,894	56.7 %
Gross Profit Margin	10,697	6,785	3,912	57.7 %
Percentage of Total Revenue	79.1 %	78.6 %		

Key Business Indicators

	Three months ended March 31,			
	2020	2019	Change	Change %
Annual Recurring Revenue (in millions of US dollars)	52.1	33.5	18.6	55.5 %
Average Contract Value (in thousands of US dollars)	26.9	21.0	5.9	28.1 %
Customers	1,938	1,596	342	21.4 %

Non-IFRS Metrics

	Three months ended March 31,			
	2020	2019	Change	Change
	\$	\$	\$	%
Adjusted EBITDA	(2,370)	(1,556)	(814)	52.3 %
Free Cash Flow	(2,707)	(221)	(2,486)	1,124.9 %

Conference Call

Management will host a conference call on Tuesday, May 12, 2020 at 8:00 am ET to discuss these first quarter results.

To access the conference call, please dial 416-764-8688 or 1-888-390-0546. The audited financial statements for the three months ended March 31, 2020 and Management's Discussion & Analysis for the same period have been filed on SEDAR at www.sedar.com. Alternatively, these documents along with a presentation in connection with the conference call can be accessed online at <https://investors.docebo.com>.

An archived recording of the conference call will be available until May 19, 2020 and for 90 days on our website. To listen to the recording, call 416-764-8677 or 1-888-390-0541 and enter passcode 245525.

Reliance on Ontario Instrument 51-104

Docebo will rely on the relief granted by the Canadian Securities Administrators and Ontario Securities Commission under Ontario Instrument 51-504 – Temporary Exemptions from Certain Requirements to File or Send Securityholder Materials in respect of the filing of its executive compensation disclosure for the fiscal year 2019, which it intends to include in the information circular for its 2020 annual meeting of shareholders. The relief provides an extension for executive compensation disclosure normally required to be filed within 140 days of a reporting issuer's financial year-end.

Forward-looking Information

This press release 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 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”, “is expected”, “an opportunity exists”, “budget”, “scheduled”, “estimates”, “outlook”, “forecasts”, “projection”, “prospects”, “strategy”, “intends”, “anticipates”, “believes”, or variations of such words and phrases or statements that certain actions, events or results “may”, “could”, “would”, “might” or “will”, “occur” or “be achieved”, and similar words or the negative of these terms and similar terminology. In addition, any statements that refer to expectations, intentions, projections or other characterizations of future events or circumstances contain forward-looking information. Statements containing forward-looking information are not historical facts but instead represent management’s expectations, estimates and projections regarding future events or circumstances.

This forward-looking information includes, but is not limited to, statements regarding industry trends; our growth rates and growth strategies; addressable markets for our solutions; the achievement of advances in and expansion of our platform; expectations regarding our revenue and the revenue generation potential of our platform and other products; our business plans and strategies; the impact of COVID-19 and the potential changes to remote working behaviour; and our competitive position in our industry.

This forward-looking information is based on our opinions, estimates and assumptions that, while considered by the Company to be appropriate and reasonable as of the date of this press release, are subject to known and unknown risks, uncertainties, assumptions and other factors that may cause the actual results, level of activity, performance or achievements to be materially different from those expressed or implied by such forward-looking information, including but not limited to:

- the Company’s ability to execute on 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 the “Risk Factors” section of our Annual Information Form.

If any of these risks or uncertainties materialize, or if the opinions, estimates or assumptions underlying the forward-looking information prove incorrect, actual results or future events might vary materially from those anticipated in the forward-looking information. The opinions, estimates or assumptions referred to above and described in greater detail in the “Summary of Factors Affecting our Performance” section of our MD&A for the three months ended March 31, 2020 and in the “Risk Factors” section of our Annual Information Form dated March 11, 2020, which is available under our profile on SEDAR at www.sedar.com, should be considered carefully by prospective investors.

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

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

statements.

Additional information relating to Docebo, including our Annual Information Form, can be found on SEDAR at www.sedar.com.

About Docebo

Docebo's mission is to redefine the way enterprises learn by applying new technologies to the traditional corporate learning management system market. Docebo provides 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. This allows customers to take control of their desired training strategies and retain institutional knowledge, while providing efficient course delivery, tracking of learning progress, advanced social learning opportunities and in-depth reporting tools and analytics. Docebo's robust platform helps its customers centralize a broad range of learning materials from peer enterprises and learners into one artificial intelligence powered Learning Platform to expedite and enrich the learning process, increase productivity and grow teams uniformly.

For further information, please contact:

Dennis Fong, Investor Relations
(416) 283-9930
investors@docebo.com

Results of Operations

The following table outlines our consolidated statements of loss and comprehensive loss for the following periods:

(In thousands of US dollars, except per share data)	Three months ended March 31,	
	2020	2019
	\$	\$
Revenue	13,530	8,636
Cost of revenue	2,833	1,851
Gross profit	10,697	6,785
Operating expenses		
General and administrative	4,293	2,603
Sales and marketing	5,885	3,691
Research and development	2,908	2,066
Share-based compensation	370	67
Foreign exchange (gain) loss	(3,714)	30
Depreciation and amortization	238	187
	9,980	8,644
Operating income (loss)	717	(1,859)
Finance (income) expense, net	(83)	226
Loss on change in fair value of convertible promissory notes	—	472
Other income	(19)	(19)
Income (loss) before income taxes	819	(2,538)
Income tax expense	76	—
Net income (loss) for the year	743	(2,538)
Other comprehensive loss		
Item that may be reclassified subsequently to income:		
Exchange loss on translation of foreign operations	3,342	185
Item not subsequently reclassified to income:		
Actuarial loss	—	10
	3,342	195
Comprehensive loss	(2,599)	(2,733)

Income (loss) per share - basic	0.03	(0.11)
Income (loss) per share - diluted	0.02	(0.11)
Weighted average number of common shares outstanding - basic (Note 9)	28,458,300	22,532,000
Weighted average number of common shares outstanding - diluted (Note 9)	30,172,630	22,532,000

Key Statement of Financial Position Information

(In thousands of US dollars, except percentages)	March 31, 2020	March 31, 2019	Change	Change
	\$	\$	\$	%
Cash and cash equivalents	43,171	46,278	(3,107)	(6.7)%
Total assets	65,496	63,860	1,636	2.6 %
Total liabilities	36,315	32,479	3,836	11.8 %
Total long-term liabilities	4,371	3,938	433	11.0 %

Key Performance Indicators

We recognize subscription revenues ratably over the term of the subscription period under the provisions of our agreements with customers. The terms of our agreements, combined with high customer retention rates, provides us with a significant 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 (including Original Equipment Manufacturer ("OEM") 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-cancellable or cancellable with penalty. All the customer contracts, including those for one-year terms, automatically renew unless cancelled by our customers. Accordingly, 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.

Annual Recurring Revenue was as follows for the quarter ended March 31:

	2020	2019	Change	Change %
Annual Recurring Revenue (in millions of US dollars)	52.1	33.5	18.6	55.5%

Non-IFRS Measures and Reconciliation of Non-IFRS Measures

This press release makes reference to certain non-IFRS measures including key performance indicators used by management and typically used by our competitors in the software-as-a-service ("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 press release 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, in conjunction with the financial statements, provides a more comprehensive picture 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 useful view 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 and amortization, loss on change in fair value of convertible promissory notes, loss on disposal of assets (if applicable), share based compensation, transaction related expenses and foreign exchange gains and losses. 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:

(In thousands of US dollars)	Three months ended March 31,	
	2020	2019
	\$	\$
Net income (loss)	743	(2,538)
Finance (income) expense, net(1)	(83)	226
Depreciation and amortization(2)	238	187
Income tax expense	76	—
Loss on change in fair value of convertible promissory notes(3)	—	472
Share-based compensation(4)	370	67
Foreign exchange (gain) loss(5)	(3,714)	30
Adjusted EBITDA	(2,370)	(1,556)

Notes:

- (1) Finance expense for the three months ended March 31, 2019 is primarily related to interest and accretion expense on the secured debentures and convertible promissory notes. As these were repaid in October 2019 with the net proceeds from the IPO, no further interest expenses on debt have been incurred during the three months ended March 31, 2020. Rather, interest income was earned during the first quarter of 2020 on the net proceeds from the IPO as the funds are held within short-term investments in highly liquid marketable securities.
- (2) Depreciation and amortization expense is primarily related to depreciation expense on right-of-use assets (“ROU assets”) and property and equipment. As a result of the adoption of IFRS 16 – *Leases* effective January 1, 2019 depreciation and amortization expense for the three months ended March 31, 2020 and 2019 includes amortization expense on ROU assets of \$150 and \$137, respectively.
- (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 expenses represent non-cash expenditures recognized in connection with the issuance of share-based compensation to our employees and directors.
- (5) These non-cash losses relate to foreign exchange (gain) loss.

Free Cash Flow

Free Cash Flow is defined as cash used in operating activities less additions to property and equipment. The following table

reconciles our cash flow used in operating activities to Free Cash Flow:

(In thousands of US dollars)

Cash flow used in operating activities

Purchase of property and equipment

Free Cash Flow

Three months ended March 31,	
2020	2019
\$	\$
(2,544)	(87)
(163)	(134)
(2,707)	(221)