



Docebo Reports Third Quarter 2019 Results

Revenue growth of 54% and Annual Recurring Revenue growth of 51%

TORONTO, ONTARIO – November 13, 2019 – Docebo Inc. (TSX:DCBO) ("Docebo" or the "Company"), the world's leading learning platform powered by artificial intelligence, today announced financial results for the three and nine months ended September 30, 2019.

"We are excited to be reporting our first financial quarter as a public company. We are very pleased to report revenue growth of 54% in the third quarter reflecting the continuation of the positive momentum we have seen in our business over the past several years" said Claudio Erba, CEO and Founder of Docebo. "This is a special time for Docebo. As a result of our successful public offering, we have a stronger balance sheet than ever, putting us in a great position to expand and take advantage of the many opportunities in front of us to enhance the way enterprises approach learning."

Third Quarter Financial Highlights

(All figures are in US dollars and comparisons are relative to the period ended September 30, 2018 unless otherwise stated):

- Revenue of \$10.6 million, an increase of 54%
- Subscription revenue of \$9.8 million, representing 93% of total revenue, and an increase of 55% from the prior year
- Annual Recurring Revenue^{1,2} of \$40.2 million, an increase of 51% from the prior year
- Gross profit of \$8.5 million, or 80.3% of revenue
- Net loss of \$3.7 million, compared to \$2.1 million for the prior year period
- Adjusted EBITDA¹ of (\$1.5) million, compared to (\$1.3) million for the prior year period
- Cash flow used in operating activities of \$1.9 million, compared to \$1.1 million for the prior year period
- Free cash flow¹ of (\$2.0) million compared to (\$1.1) million for the prior year period

¹ Please refer to "Non-IFRS Measures" in this press release.

² As at September 30, 2019

Third Quarter Business Highlights

- Earned 10 awards including 5 Golds in partnership with customers at the 2019 Brandon Hall Group HCM (Human Capital Management) Excellence Awards
- Launched Docebo Content, providing an extensive library of curated, off-the-shelf and mobile-ready e-learning content, accessible directly within the Docebo Learning Platform
- Completed an IPO on October 8, 2019 with the shares now trading on the Toronto Stock Exchange under the symbol "DCBO".

Third Quarter 2019 Results

(In thousands of US dollars)	Three months ended September 30				Nine months ended September 30,			
	2019	2018	\$ Change	% Change	2019	2018	\$ Change	% Change
	\$	\$	\$	%	\$	\$	\$	%
Subscription Revenues	9,802	6,341	3,461	55%	26,036	16,517	9,519	58%
Professional Services	785	551	234	42%	3,109	2,508	601	24%
Total Revenue	10,587	6,892	3,695	54%	29,145	19,025	10,120	53%

Revenue increased from \$6.9 million to \$10.6 million or 54% for the three months ended September 30, 2019 as compared to the equivalent period in the prior year. The significant revenue increase was primarily attributable to revenue from new customers, as the number of customers rose from 1,468 as at September 30, 2018 to 1,638 as at September 30, 2019 and the average contract value per customer increased from approximately \$18,000 as at

September 30, 2018 to approximately \$24,000 as at September 30, 2019. Average contract value is calculated as total ARR divided by the number of active customers.

Subscription revenue increased from \$6.3 million to \$9.8 million or 55% in the third quarter of 2019 as compared to the same quarter in 2018. Revenues from professional services increased by \$0.2 million or 42% in the third quarter of 2019 as compared to the same quarter in 2018. Increase in revenue attributed to professional services is primarily associated with sales of new subscriptions.

Gross profit, being revenue less cost of revenue, increased from \$5.5 million to \$8.5 million and improved from 79.5% of revenue to 80.3% of revenue for the three months ended September 30, 2019 as compared to the three months ended September 30, 2018. This improvement is primarily due to the realization of some benefits 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.

Net loss increased from \$2.1 million to \$3.7 million for the three months ended September 30, 2019. The increase was primarily due to higher sales and marketing expense to support our sales expansion in new markets, as well as servicing a growing customer base. In addition, we invested incrementally in advertising and marketing events including our annual “Docebo Inspire” conference held in September 2019. We also experienced higher general and administrative expenses to support the Company’s growing operations and the costs associated with the IPO. As a result, Adjusted EBITDA declined from (\$1.3) million to (\$1.5) million for the three months ended September 30, 2019.

Cash flows used in operating activities for the three months ended September 30, 2019 were \$1.9 million compared to \$1.1 million for the three months ended September 30, 2018. The decrease in cash flows from operating activities was primarily the result of the increase in net loss. As a result, free cash flow for the three months ended September 30, 2019 were (\$2.0) million, an increase from (\$1.1) million for the three months ended September 30, 2018.

Cash and cash equivalents as of September 30, 2019 was \$5.0 million. On October 8, 2019, the Company completed its IPO receiving proceeds, net of underwriting commissions, of \$52.9 million and has a credit facility (“Credit Facility”) under which up to \$15 million is available to be drawn to meet ongoing working capital requirements. Given our existing cash and cash equivalents and Credit Facility, along with net proceeds obtained from our IPO, we believe there is sufficient liquidity to meet our current and short-term growth requirements in addition to our long-term strategic objectives.

Conference Call

Management will host a conference call on Wednesday, November 13, 2019, at 8:00 am ET to discuss these third quarter results.

To access the conference call, please dial 416-764-8659 or 1-888-664-6392. The unaudited financial statements for the three and nine months ended September 30, 2019 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 November 20, 2019 and for 90 days on our website. To listen to the recording, call 416-764-8677 or 1-888-390-0541 and enter passcode 298244.

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” 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”, 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.

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 factors described in the “Summary of Factors Affecting our Performance” section of our MD&A for the three and nine months ended September 30, 2019 and in the “Risk Factors” section of our Final Prospectus dated October 1, 2019, which is available under our profile on SEDAR at www.sedar.com. Certain assumptions in respect of, among other things, 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 made in preparing forward-looking information and management’s expectations.

If any of the foregoing 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 and nine months ended September 30, 2019 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 of hereof (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 press release is expressly qualified by the foregoing cautionary statements.

Additional information relating to Docebo, including our Final Prospectus, 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. Founded in 2005, 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:

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Results of Operations

The following table outlines our consolidated statements of loss and comprehensive loss for the three and nine months ended September 30, 2019 and 2018:

(In thousands of US dollars, except per share data)	Three months ended September 30,		Nine months ended September 30,	
	2019	2018	2019	2018
	\$	\$	\$	\$
Revenue	10,587	6,892	29,145	19,025
Cost of revenue	2,090	1,414	5,975	4,127
Gross profit	8,497	5,478	23,170	14,898
Operating expenses				
General and administrative	4,010	2,578	11,449	7,367
Sales and marketing	5,154	2,752	11,711	8,563
Research and development	1,962	1,539	5,803	4,632
Share based compensation	100	69	251	207
Foreign exchange loss (gain)	147	(81)	102	491
Depreciation	208	48	594	120
	11,581	6,905	29,910	21,380
Operating loss	(3,084)	(1,427)	(6,740)	(6,482)
Finance expense, net	228	175	707	464
Loss on change in fair value of convertible promissory notes	-	525	776	1,558
Other income	(19)	(13)	(57)	(13)
Net 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 (gain) loss 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	-	-	-	(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	23,760,149	22,532,000	23,122,698	21,209,802

Key Statement of Financial Position Information

(In thousands of US dollars, except percentages)	September 30, 2019	December 31, 2018	Change	Change
	\$	\$	\$	%
Cash and cash equivalents	5,006	3,756	1,250	33%
Total assets	20,336	13,300	7,036	53%
Total liabilities	38,981	30,076	8,905	30%
Total long-term liabilities	10,314	5,187	5,127	99%

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 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 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 and amortization, loss on change in fair value of convertible promissory notes, loss on disposal of assets (if applicable), 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:

(In thousands of US dollars)	Three months ended September 30,		Nine months ended September 30,	
	2019	2018	2019	2018
	\$	\$	\$	\$
Net loss	(3,742)	(2,114)	(8,615)	(8,491)
Finance expense, net ⁽¹⁾	228	175	707	464
Income tax expense	449	-	449	-
Depreciation and amortization ⁽²⁾	208	48	594	120
Loss on change in fair value of convertible promissory notes ⁽³⁾	-	525	776	1,558
Share based compensation ⁽⁴⁾	100	69	251	207
Transaction related expenses ⁽⁵⁾	1,241	-	1,241	-
Adjusted EBITDA	(1,516)	(1,297)	(4,597)	(6,142)

Notes:

- (1) Finance expense is primarily related to interest and accretion expense on revolving credit facility, secured debentures and convertible promissory notes. In addition, finance expense for the three and nine months ended September 30, 2019 also includes net finance expense of \$80 and \$207, respectively, on lease obligations as a result of the adoption of IFRS 16 – *Leases* effective January 1, 2019.
- (2) Depreciation and amortization expense is primarily related to depreciation expense on property and equipment. In addition, depreciation and amortization expense for the three and nine months ended September 30, 2019 also includes amortization expense on right-of-use assets of \$150 and \$432, 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 expenses represent non-cash expenditures recognized in connection with the issuance of stock options to our employees and directors.

- (5) These expenses are related to our IPO and include professional, legal, consulting and accounting fees that are non-recurring and would otherwise not have been incurred and are not considered an expense indicative of continuing operations.

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:

(In thousands of US dollars)	Three months ended September 30,		Nine months ended September 30,	
	2019	2018	2019	2018
	\$	\$	\$	\$
Cash flow used in operating activities	(1,892)	(1,148)	(1,089)	(2,323)
Purchase of property and equipment	(93)	-	(306)	(410)
Free Cash Flow	(1,985)	(1,148)	(1,395)	(2,733)