



Docebo Reports Fourth Quarter and Fiscal Year 2019 Financial Results

Fiscal year revenue growth of 53% and Annual Recurring Revenue growth of 58%

TORONTO, ONTARIO - March 12, 2020 - Docebo Inc. (TSX:DCBO) ("Docebo" or the "Company"), a global leader in artificial intelligence-powered learning technology, today announced financial results for the three months and fiscal year ended December 31, 2019. All amounts are expressed in US dollars unless otherwise stated.

“Growth in 2019 was led by the strength of our North American business, as we continue to gain traction with mid market enterprises and divisions of large global companies and now have over 1,800 customers,” said Claudio Erba, CEO and Founder of Docebo. “This resulted in strong year over year revenue growth of 53% in the fourth quarter, a 34% increase in average contract values and we have added \$17.3 million in annual recurring revenue since the beginning of the year to reach \$47.2 million at year end. The investments we are making to be the innovation leader, expand our sales reach and better service our customers are laying the foundation for our expanding global presence.”

Fourth Quarter Financial Highlights

- Revenue of \$12.3 million, an increase of 52.8% from the comparable prior year period
- Subscription revenue of \$11.2 million, representing 91.5% of total revenue, and an increase of 52.7% from the prior year period
- Gross profit of \$10.0 million, or 81.4% of revenue
- Net loss of \$3.3 million, compared to \$3.2 million for the prior year period
- Adjusted EBITDA¹ of (\$1.1) million, compared to (\$1.9) million for the prior year period
- Cash flow used in operating activities of \$3.5 million, compared to nil for the prior year period
- Free cash flow¹ of (\$3.6) million, compared to nil for the prior year period

¹ Please refer to "Non-IFRS Measures and Reconciliation of Non-IFRS Measures" section of this press release.

Fiscal Year Financial Highlights

- Revenue of \$41.4 million, an increase of 53.1% from the prior year period
- Subscription revenue of \$37.3 million, representing 90.0% of total revenue, and an increase of 56.1% from the prior year period
- Annual Recurring Revenue^{1,2} of \$47.2 million, an increase of \$17.3 million from \$29.9 million at the end of 2018, or an increase of 57.9%
- Net Dollar Retention Rate¹ greater than 100%
- Gross profit of \$33.2 million, or 80.1% of revenue
- Net loss of \$11.9 million, compared to \$11.7 million for the prior year period
- Adjusted EBITDA³ of (\$6.1) million, compared to (\$7.9) million for the prior year period
- Cash flow used in operating activities of \$4.6 million, compared to \$2.3 million for the prior year period
- Free cash flow³ of (\$4.9) million compared to (\$2.7) million for the prior year period
- Cash and cash equivalents of \$46.3 million as at December 31, 2019

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

² As at December 31, 2019.

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

Fiscal Year Business Highlights

- Awarded both Supreme Software 2019 and Experts Choice by FinancesOnline.
- Awarded two golds for Best Advance in Learning Management Technology and Best Advance in Mobile Learning Technology in the Fall Program of the Brandon Hall Excellence in Learning Technology 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.

- Launched Docebo 7.8 which included the addition of the Docebo Virtual Coach, an AI-powered assistant that helps learners stay on top of their learning deadlines and find relevant and needed information in the flow of work; and Docebo Discover, which allows learners to identify areas of improvement or skills they would like to focus on.
- Completed an initial public offering ("IPO") and issued 4,687,500 common shares for a total gross consideration of \$56.3 million (C\$75 million). Share issuance costs amounted to \$3.9 million resulting in net proceeds of \$52.4 million.
- Through the use of the net proceeds of the IPO, repaid in full the committed revolving term credit facility from Toronto-Dominion Bank.
- Docebo is now used by 1,808 customers, an increase from 1,540 customers at the end of the fiscal year ended December 31, 2018.
- Strong growth in average contract value, calculated as total Annual Recurring Revenue divided by the number of active customers, increasing from approximately \$19,000 to \$26,000.

Fourth Quarter and Fiscal Year 2019 Results

Selected Financial Measures

	Three months ended December 31,				Fiscal year ended December 31,			
	2019	2018	Change	Change	2019	2018	Change	Change
	\$	\$	\$	%	\$	\$	\$	%
Subscription Revenue	11,247	7,365	3,882	52.7 %	37,283	23,881	13,402	56.1 %
Professional Services	1,051	684	367	53.7 %	4,160	3,193	967	30.3 %
Total Revenue	12,298	8,049	4,249	52.8 %	41,443	27,074	14,369	53.1 %
Gross Profit Margin	10,012	6,526	3,486	53.4 %	33,182	21,424	11,758	54.9 %
Percentage of Total Revenue	81.4 %	81.1 %			80.1 %	79.1 %		

Key Business Indicators

	Fiscal year ended December 31,			
	2019	2018	Change	Change %
Annual Recurring Revenue (in millions of US dollars)	47.2	29.9	17.3	57.9 %
Average Contract Value (in thousands of US dollars)	26.1	19.4	6.7	34.5 %
Customers	1,808	1,540	268	17.4 %

Non-IFRS Metrics

	Three months ended December 31,				Fiscal year ended December 31,			
	2019	2018	Change	Change	2019	2018	Change	Change
	\$	\$	\$	%	\$	\$	\$	%
Adjusted EBITDA	(1,120)	(1,935)	815	(42.1)%	(6,122)	(7,875)	1,753	(22.3)%
Free Cash Flow	(3,553)	23	(3,576)	(15,547.8)%	(4,948)	(2,710)	(2,238)	82.6 %

Conference Call

Management will host a conference call on Thursday, March 12, 2020 at 8:00 am ET to discuss these fourth quarter and fiscal year results.

To access the conference call, please dial 416-764-8659 or 1-888-664-6392. The audited financial statements for the three months and fiscal year ended December 31, 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 March 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 323048.

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; 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 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 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 and fiscal year ended December 31, 2019 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 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. 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 months and fiscal years ended December 31, 2019 and 2018:

(In thousands of US dollars, except per share data)	Three months ended December 31,		Fiscal year ended December 31,	
	2019	2018	2019	2018
	\$	\$	\$	\$
Revenue	12,298	8,049	41,443	27,074
Cost of revenue	2,286	1,523	8,261	5,650
Gross profit	10,012	6,526	33,182	21,424
Operating expenses				
General and administrative	4,423	3,573	15,872	10,940
Sales and marketing	4,555	3,067	16,266	11,630
Research and development	2,776	1,980	8,579	6,612
Share-based compensation	408	46	659	253
Foreign exchange loss	820	284	922	775
Depreciation and amortization	99	49	693	169
	13,081	8,999	42,991	30,379
Operating loss	(3,069)	(2,473)	(9,809)	(8,955)
Finance expense, net	89	202	796	666
Loss on change in fair value of convertible promissory notes	—	525	776	2,083
Other income	(19)	(40)	(76)	(53)
Loss before income taxes	(3,139)	(3,160)	(11,305)	(11,651)
Income tax expense	160	—	609	—
Net loss for the year	(3,299)	(3,160)	(11,914)	(11,651)
Other comprehensive loss				
Item that may be reclassified subsequently to income:				
Exchange gain on translation of foreign operations	(583)	(411)	(652)	(819)
Item not subsequently reclassified to income:				
Actuarial loss	80	10	110	41
	(503)	(401)	(542)	(778)
Comprehensive loss	(2,796)	(2,759)	(11,372)	(10,873)
Net loss attributable to:				
Equity owners of the Company	(3,299)	(3,160)	(11,914)	(11,272)
Non-controlling interests (Note 10)	—	—	—	(379)

	(3,299)	(3,160)	(11,914)	(11,651)
Loss per share - basic and diluted	(0.12)	(0.14)	(0.49)	(0.52)
Weighted average number of common shares outstanding - basic and diluted	28,046,591	21,543,068	24,363,789	21,543,100

Key Statement of Financial Position Information

(In thousands of US dollars, except percentages)

	December 31, 2019	December 31, 2018	Change	Change
	\$	\$	\$	%
Cash and cash equivalents	46,278	3,756	42,522	1,132.1 %
Total assets	63,860	13,300	50,560	380.2 %
Total liabilities	32,479	30,076	2,403	8.0 %
Total long-term liabilities	3,938	5,187	(1,249)	(24.1)%

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-cancelable 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.
- Net Dollar Retention Rate:** We believe that our ability to retain and expand a customer relationship is an indicator of the stability of our revenue base and long-term value of our customers. We assess our performance in this area using a metric we refer to as Net Dollar Retention Rate. We compare the aggregate subscription fees contractually committed for a full month under all customer agreements (the "Total Contractual Monthly Subscription Revenue") of our total customer base (excluding OEM partners) as of the beginning of each month to the Total Contractual Monthly Subscription Revenue of the same group at the end of the month. Net Dollar Retention Rate is calculated on a weighted average annual basis by first dividing the Total Contractual Monthly Subscription Revenue at the end of the month by the Total Contractual Monthly Subscription Revenue at the start of the month for the same group of customers.

Net Dollar Retention Rate and Annual Recurring Revenue for the fiscal years ended at December 31, 2019 and 2018 was as follows:

	2019	2018
Net Dollar Retention Rate	Greater than 100%	Greater than 100%
Annual Recurring Revenue (in millions of US dollars) ⁽¹⁾	47.2	29.9

Note:

- Historically, subscription revenue from OEM contracts ("OEM Subscription Revenue") was excluded from our calculation of Annual Recurring Revenue. For the fourth quarter of the fiscal year ended December 31, 2019 and going forward, OEM Subscription Revenue will be included in Annual Recurring Revenue to provide a more comprehensive representation of our subscription revenue. The following table outlines our Annual Recurring Revenue for the last four quarters including OEM Subscription Revenue:

	2019			
	Q1	Q2	Q3	Q4
Annual Recurring Revenue (in millions of US dollars)	33.5	36.9	41.7	47.2

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 December 31,		Fiscal year ended December 31,	
	2019	2018	2019	2018
	\$	\$	\$	\$
Net loss	(3,299)	(3,160)	(11,914)	(11,651)
Finance expense, net ⁽¹⁾	89	202	796	666
Depreciation and amortization ⁽²⁾	99	49	693	169
Loss on change in fair value of convertible promissory notes ⁽³⁾	—	525	776	2,083
IPO issuance costs ⁽⁴⁾	705	—	1,946	—
Share based compensation ⁽⁵⁾	408	46	659	253
Foreign exchange loss ⁽⁶⁾	878	403	922	605
Adjusted EBITDA	(1,120)	(1,935)	(6,122)	(7,875)

Notes:

- (1) Finance expense is primarily related to interest and accretion expense on the revolving credit facility, secured debentures and convertible promissory notes. In addition, finance expense for the three months and fiscal year ended December 31, 2019 also includes net finance expense of \$71 and \$278, 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 right-of-use 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 and fiscal year ended December 31, 2019 includes amortization expense on right-of-use assets of \$138 and \$570, 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 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.
- (5) These expenses represent non-cash expenditures recognized in connection with the issuance of share-based compensation to our employees and directors.
- (6) These non-cash losses relate to foreign exchange translation.

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:

	Three months ended December 31,		Fiscal year ended December 31,	
	2019	2018	2019	2018
(In thousands of US dollars)	\$	\$	\$	\$
Cash flow used in operating activities	(3,493)	23	(4,582)	(2,300)
Purchase of property and equipment	(60)	—	(366)	(410)
Free Cash Flow	(3,553)	23	(4,948)	(2,710)