Docebo Reports Second Quarter 2020 Results

Subscription revenue growth of 55.1% and Annual Recurring Revenue growth of 54.5%

TORONTO, ONTARIO - August 6, 2020 - Docebo Inc. (TSX:DCBO) ("**Docebo**" or the "**Company**"), a leading AI-powered learning platform, today announced financial results for the three and six months ended June 30, 2020. All amounts are expressed in US dollars unless otherwise stated.

"These are unprecedented times, but our growth momentum continued in the second quarter as we reported 55.1% year over year growth in subscription revenue and 54.5% year over year growth in ARR, with the strongest new logo and upsell performance in the Company's history," said Claudio Erba, CEO and Founder of Docebo. "Now, more than ever, enterprises are realizing the importance of the LMS and the strength of our technology platform and responsiveness of our sales and support teams is allowing us to capitalize on the opportunities in the market."

Second Quarter 2020 Financial Highlights

- Revenue of $14.5 million, an increase of 46.5% from the comparative period in the prior year
- Subscription revenue of $13.4 million, representing 92.2% of total revenue, and an increase of 55.1% from the comparative period in the prior year
- Annual Recurring Revenue[1,2,3] as at June 30, 2020 of $57.0 million, an increase of $20.1 million from $36.9 million at the end of the second quarter of 2019, or an increase of 54.5%
- Gross profit of $11.7 million, or 80.4% of revenue
- General and administrative expenses declined to $3.4 million, or 23.3% of revenue, compared to $3.5 million, or 35.5% of revenue for the comparative period in the prior year
- Net loss of $3.5 million, compared to net loss of $2.3 million for the comparative period in the prior year
- Improvement in Adjusted EBITDA[3] to ($0.9) million, or (6.0%) of revenue, compared to ($1.6) million, or (15.8%) of revenue, for the comparative period in the prior year
- Positive cash flow generated from operating activities of $0.2 million, compared to $0.9 million for the comparative period in the prior year
- Free cash flow[3] was near break-even at ($0.035) million compared to $0.812 million for the comparative period in the prior year
- Cash and cash equivalents of $43.0 million as at June 30, 2020

[1] Please refer to "Key Performance Indicators" section of this press release.
[2] As at June 30, 2020.
[3] Please refer to "Non-IFRS Measures and Reconciliation of Non-IFRS Measures" section of this press release.

Second Quarter 2020 Business Highlights

- Supported the Heart & Stroke Foundation with the tools to provide necessary resuscitation training for front line healthcare professionals in response to the COVID-19 pandemic
- Signed an OEM agreement with MHR International Group, a recognized leader in the UK human capital management sector, to bring together MHR's expertise in HR, payroll and analytics with Docebo's workforce learning and development technology
- Docebo is now used by 2,046 customers, an increase from 1,651 customers at the end of June 30, 2019 including an agreement with LEGO Education to expand their in-person training program to a virtual environment and financial services additions with TD Ameritrade and BPER Banca during the second quarter
- Strong growth in average contract value, calculated as total Annual Recurring Revenue divided by the number of active customers, increasing from $22,350 to $27,859
- Introduced new product integrations with the widely used GoTo suite of communication and collaboration tools from LogMeIn to bring virtual instructor led training to remote workforces

Second Quarter 2020 Results

Selected Financial Measures

	Three months ended June 30,				Six months ended June 30,			
	2020	2019	Change	Change	2020	2019	Change	Change
	$	$	$	%	$	$	$	%
Subscription Revenue	13,400	8,638	4,762	55.1 %	25,598	16,234	9,364	57.7 %
Professional Services	1,135	1,285	(150)	(11.7)%	2,467	2,325	142	6.1 %
Total Revenue	14,535	9,923	4,612	46.5 %	28,065	18,559	9,506	51.2 %
Gross Profit Margin	11,687	7,826	3,861	49.3 %	22,384	14,611	7,773	53.2 %
Percentage of Total Revenue	80.4 %	78.9 %			79.8 %	78.7 %		

Key Performance Indicators

	As at June 30,			
	2020	2019	Change	Change %
Annual Recurring Revenue (in millions of US dollars)	57.0	36.9	20.1	54.5 %
Average Contract Value (in thousands of US dollars)	27.9	22.4	5.5	24.6 %
Customers	2,046	1,651	395	23.9 %

Non-IFRS Metrics

	Three months ended June 30,				Six months ended June 30,			
	2020	2019	Change	Change	2020	2019	Change	Change
	$	$	$	%	$	$	$	%
Adjusted EBITDA	(867)	(1,569)	702	(45)	(3,237)	(3,125)	(112)	3.6 %
Free Cash Flow	(35)	812	(847)	(104.3)%	(2,742)	591	(3,333)	(564.0)%

Conference Call

Management will host a conference call on Thursday, August 6, 2020 at 8:00 am ET to discuss these second quarter results.

To access the conference call, please dial 416-764-8688 or 1-888-390-0546. The audited financial statements for the three and six months ended June 30, 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 August 13, 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 680566.

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 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;*
- *the extent of the impact of COVID-19 and measures taken to contain the virus on our results of operations and overall financial performance;*
- *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 and six months ended June 30, 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 is redefining the way enterprises learn by applying new technologies to the traditional corporate learning management system market. Docebo provides an easy-to-use, highly configurable learning platform with the end-to-end capabilities designed to make customers, partners, and employees love their learning experience.

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 following periods:

(In thousands of US dollars, except per share data)	Three months ended June 30, 2020	Three months ended June 30, 2019	Six months ended June 30, 2020	Six months ended June 30, 2019
	$	$	$	$
Revenue	14,535	9,923	28,065	18,559
Cost of revenue	2,848	2,097	5,681	3,948
Gross profit	11,687	7,826	22,384	14,611
Operating expenses				
General and administrative	3,392	3,520	7,685	6,123
Sales and marketing	5,878	3,702	11,763	7,393
Research and development	3,303	2,193	6,211	4,259
Share-based compensation	435	85	805	152
Foreign exchange (gain) loss	1,667	(76)	(2,047)	(46)
Depreciation and amortization	254	200	492	387
	14,929	9,624	24,909	18,268
Operating loss	(3,242)	(1,798)	(2,525)	(3,657)
Finance (income) expense, net	42	253	(41)	479
Loss on change in fair value of convertible promissory notes	—	304	—	776
Other income	(19)	(20)	(38)	(39)
Loss before income taxes	(3,265)	(2,335)	(2,446)	(4,873)
Income tax expense	233	—	309	—
Net loss for the year	(3,498)	(2,335)	(2,755)	(4,873)
Other comprehensive loss				
Item that may be reclassified subsequently to income:				
Exchange (gain) loss on translation of foreign operations	(1,424)	217	1,918	402
Item not subsequently reclassified to income:				
Actuarial loss	—	10	—	20
	(1,424)	227	1,918	422
Comprehensive loss	(2,074)	(2,562)	(4,673)	(5,295)
Loss per share - basic and diluted	(0.12)	(0.10)	(0.10)	(0.21)
Weighted average number of common shares outstanding - basic and diluted	28,474,696	23,062,448	28,466,588	22,798,690

Key Statement of Financial Position Information

(In thousands of US dollars, except percentages)	June 30, 2020	December 31, 2019	Change	Change
	$	$	$	%
Cash and cash equivalents	43,041	46,278	(3,237)	(7.0)%
Total assets	66,512	63,860	2,652	4.2 %
Total liabilities	38,930	32,479	6,451	19.9 %
Total long-term liabilities	4,388	3,938	450	11.4 %

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 "Annual Recurring Revenue", "Adjusted EBITDA" and "Free Cash Flow".

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 which 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 may be 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 as at June 30:

	2020	**2019**	**Change**	**Change %**
Annual Recurring Revenue (in millions of US dollars)	57.0	36.9	20.1	54.5%

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:

	Three months ended June 30,		**Six months ended June 30,**	
(In thousands of US dollars)	2020	2019	2020	2019

	$	$	$	$
Net loss	(3,498)	(2,335)	(2,755)	(4,873)
Finance (income) expense, net(1)	42	253	(41)	479
Depreciation and amortization(2)	254	200	492	387
Income tax expense	233	—	309	—
Loss on change in fair value of convertible promissory notes(3)	—	304	—	776
Share-based compensation(4)	435	85	805	152
Foreign exchange (gain) loss(5)	1,667	(76)	(2,047)	(46)
Adjusted EBITDA	(867)	(1,569)	(3,237)	(3,125)

Notes:

(1) Finance expense for the three and six months ended June 30, 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 and six months ended June 30, 2020. In fiscal 2020 interest income was earned on the net proceeds from the IPO as the funds are held within short-term investments in highly liquid marketable securities which is offset by interest expenses incurred on lease obligations.

(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 and six months ended June 30, 2020 includes amortization expense on ROU assets of $183 and $333, respectively (2019 - $145 and $282).

(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:

	Three months ended June 30,		**Six months ended June 30,**	
(In thousands of US dollars)	2020	2019	2020	2019
	$	$	$	$
Cash flow used in operating activities	198	891	(2,346)	804
Additions to property and equipment	(233)	(79)	(396)	(213)
Free Cash Flow	(35)	812	(2,742)	591