

## Thinkific Announces Fourth Quarter and Year End 2021 Financial Results and Provides First Quarter 2022 Outlook

*Annual revenue up 81% to \$38.1 million, with ARR growth of 43% to \$43.8 million  
Thinkific Payments represents 6% of GMV for the quarter, having launched in early November*

Thinkific reports in U.S. dollars and in accordance with IFRS

VANCOUVER, BC, Feb. 23, 2022 /CNW/ - Thinkific Labs Inc. ("Thinkific" or "the Company") (TSX: THNC), a leading cloud-based software platform that enables entrepreneurs and established businesses of all sizes to create, market, and sell online learning products, today announced its financial results for the quarter and year ended December 31, 2021.

**THINKIFIC** "Thinkific continues to execute against its business strategy, including product-led growth and innovation," said Greg Smith, Co-Founder and CEO. "In 2021, we launched the Thinkific App Store, Thinkific Payments, as well as continued to deliver on our promise to Creators, helping them build the businesses of their dreams. This, coupled with growth across all of our key performance indicators, underscores the engagement and connectivity we have with our Creators throughout the knowledge economy.

"The opportunity in front of us is large and growing, and we are well positioned to distinguish ourselves through innovative solutions for our Creators, to maximize their business success," concluded Mr. Smith.

### Fourth Quarter Financial Highlights

US \$ (unless otherwise noted)	Fourth Quarter 2021	Fourth Quarter 2020	% Change
Paying Customers <sup>(1)</sup>	32.3 thousand	24.6 thousand	32%
Average Revenue Per User ("ARPU") <sup>(1)</sup>	\$ 114	\$ 105	9%
Annual Recurring Revenue ("ARR") <sup>(1)</sup>	\$ 43.8 million	\$ 30.7 million	43%
Gross Merchandise Volume ("GMV") <sup>(1)</sup>	\$ 104.7 million	\$ 85.6 million	22%
Revenue	\$ 10.8 million	\$ 7.2 million	49%
Gross margin	74%	79%	(5)%
Net loss	\$ (9.4) million	\$ (0.4) million	nm
Adjusted EBITDA <sup>(2)</sup>	\$ (8.7) million	\$ (0.0) million	nm

<sup>(1)</sup>Key Performance Indicators. See definition in "Key Performance Indicators".

<sup>(2)</sup>Non-IFRS measure. See "Non-IFRS Measures" and the reconciliation to the most directly comparable IFRS measure.

"The launch of Thinkific Payments was an important milestone in our business," said Corinne Hua, CFO of Thinkific. "Not only do we continue to support our Creators by enabling them to spend less time on administration to focus on teaching, our Thinkific Payments customers can also use Order Bumps to upsell and cross sell customers within Performance Checkout, aligning our success with that of our Creators.

"As we look forward, we expect launches of future products will improve Creator adoption, grow our ARPU, and solidify Thinkific as the Platform of choice for the Knowledge Economy," concluded Ms. Hua.

- Total Paying Customers grew 32% to 32.3 thousand in Q4'21.
- ARPU increased 9%, to \$114 compared with \$105 in Q4'20, driven by the movement of existing customers to higher paid plans, new Thinkific Plus customers, and adoption of Thinkific Payments.
- ARR grew 43% to \$43.8 million from \$30.7 million in Q4'20, as we continued to attract new Creators to our Platform, and existing Creators upgraded to higher tier plans.
- GMV grew by 22% compared to Q4'20, expanding to \$105 million, largely driven by the success of our customers selling learning products on our platform.
- The launch of Thinkific Payments in early November was well received. Gross Payments Value<sup>(1)</sup> ("GPV"), which is the total value of GMV processed using Thinkific Payments, for the quarter was \$6.4 million. This represented 6% of GMV processed during the quarter.

- Revenue increased 49% to \$10.8 million compared with Q4'20, driven by the continued growth in total Paying Customers, and increasing ARPU.
- Gross Margin of 74% was down from 79% in Q4'20, primarily due to additional employee-related support costs to enhance the success of our customers, and to support the Q1'22 expansion of live chat to all Freemium customers in their first 30 days.
- Net loss for the quarter was \$9.4 million, compared to a net loss of \$0.4 million in Q4'20. The increase in net loss reflects an increase in expenditures across the Company to support our growth strategy.
- Adjusted EBITDA loss of \$8.7 million was driven primarily by the competitive hiring market, and investments in Sales & Marketing (S&M) and Research & Development (R&D), as we continued to invest in building our platform, increasing awareness in the market, and building the team to deliver on our growth objectives.

#### Fourth Quarter Operational Highlights

- Completed rollout of Thinkific Payments to all Creators across the U.S. and Canada. Thinkific Payments, which was built to help our Creators sell more, and spend less time on administration, saw a strong adoption rate among new Creators. We saw 6% of GMV being processed through Thinkific Payments in the fourth quarter and expect this number to reach 10% in Q1 2021.
- Delivered significant advancements to support Thinkific Payments customers' efforts to sell more with the launch of Performance Checkout and Order Bumps.
- Saw strong gains by Creators as they embraced Black Friday and Cyber Monday to drive unprecedented enrollments. Creators saw the number of people who enrolled in their courses and learning products nearly double compared to the same period last year.

#### Fiscal Year 2021 Financial Highlights

US \$ (unless otherwise noted)	Fiscal Year 2021	Fiscal Year 2020	% Change
Paying Customers <sup>(1)</sup>	32.3 thousand	24.6 thousand	32%
Average Revenue Per User ("ARPU") <sup>(1)</sup>	\$ 114	\$ 105	9%
Annual Recurring Revenue ("ARR") <sup>(1)</sup>	\$ 43.8 million	\$ 30.7 million	43%
Gross Merchandise Volume ("GMV") <sup>(1)</sup>	\$ 414.8 million	\$ 276.4 million	50%
Revenue	\$ 38.1 million	\$ 21.1 million	81%
Gross margin	77%	79%	(2)%
Net loss	\$ (26.4) million	\$ (1.3) million	nm
Adjusted EBITDA <sup>(2)</sup>	\$ (19.5) million	\$ (0.4) million	nm

(1) Key Performance Indicators. See definition in "Key Performance Indicators".

(2) Non-IFRS measure. See "Non-IFRS Measures" and the reconciliation to the most directly comparable IFRS measure.

- Total Paying Customers grew by 32% to 32.3 thousand. Growth was driven by the strength of the Thinkific Platform and user experience, growing brand awareness and increasing awareness of the Knowledge Economy as a way to build and extend existing businesses.
- ARPU grew by 9% to \$114, driven by movement of existing customers to higher paid plans and new Thinkific Plus customers.
- ARR grew by 43% to \$43.8 million, driven by growth in Paying Customers and higher ARPU.
- GMV grew 50% year over year, largely driven by the success of our customers selling learning products on our platform in 2021.
- Revenue increased 81% to \$38.1 million, driven by growth in total Paying Customers and an expansion in ARPU.
- Gross margin of 77% was down from 79%, primarily on increased employee-related costs to support our growing customer base, including the roll out of live chat to all Paying Customers, and the expansion of our support offering to drive customer success.
- Net loss of \$26.4 million compared to prior year loss of \$1.3 million reflects rising expenses as we execute the Company's growth strategy.
- Adjusted EBITDA loss of \$19.5 million compared to prior year loss of \$0.4 million was driven primarily by increased investments in R&D, S&M and headcount increases across the organization, as we executed the business' growth plan.

#### Full Year 2021 Operational Highlights

- Executed on our strategy to be the platform of choice for Creators by broadening our feature set and product offerings, including:
  - Completed rollout of Thinkific Payments to all Creators across the U.S. and Canada. Thinkific Payments, built to help our Creators sell more and spend less time on administration, saw a growing adoption rate among new Creators.
  - Delivered significant advancements to help Thinkific Payments customers sell more with the launch of Performance Checkout and Order Bumps.
  - Launched the Thinkific Plus Portal, which enables Plus Customers to manage multiple sites in one dashboard; provides a new site page interface to make it easier for Creators to manage pages in their Thinkific websites; and upgraded core technologies.
- Strengthened our partner ecosystem through major initiatives including:
  - The Thinkific App Store launched in May 2021, and includes apps that solve tangible course creator needs, particularly in the Learning Experience and Selling & Conversion categories, as well as apps from well-known brands such as Zoom, Google Analytics, Mailchimp and ActiveCampaign. The Thinkific App Store allows Partners, such as agencies and developers, to create apps that extend our Platform's capabilities, increasing the value and functionality for our Creators, and attracting new Creators to Thinkific.
- Continued to grow our brand awareness and attract new customers through our sales and marketing investments, which included:
  - 20,000 entrepreneurs registered for Amplify 2021, our free online conference focused on supporting the success of Thinkific's Creators.
  - Third Annual 'Think in Color' Summit, held in July, attracted thousands of entrepreneurs and small and medium business participants. A speaker lineup of 100% people of color delivered personal insights on all aspects of creating, marketing, and scaling online courses and digital product-based businesses.
  - Saw strong gains by Creators as they embraced Black Friday and Cyber Monday to drive unprecedented enrollments. Creators saw the number of people who enrolled in their courses and learning products nearly double compared to the same period last year.
- Increased the strength and depth of the executive team and were recognized for our strong culture and commitment to building an exceptional team at Thinkific:
  - Strategic appointments of Henk Campher as Chief Marketing Officer, and Chris McGuire as Chief Technology Officer.
  - Ranked #2 on the 2021 List of Best Workplaces™ (100-999 employees) by the Great Place to Work® Institute, recognizing Thinkific's commitment to its people, who have seen them show incredible resilience and innovation while demonstrating core values like 'Succeed Together', 'Learn and Grow', and 'Strive for Equality'.
- Successfully completed the initial public offering on the Toronto Stock Exchange in April 2021. Becoming a public company marked a new level of growth for Thinkific, expanding brand awareness and access to capital needed to accelerate product innovation to help businesses build, grow and thrive in knowledge commerce.

### Highlights Subsequent to Year End

- Continue to strengthen the Board with the appointment of Steve Krenzer to the Board of Directors.
- Enhancements designed to help our Thinkific Payments customers sell more were introduced to all Thinkific Payments customers in the first quarter and include Order Bumps, Subscription and Installment Options, and a Coupons feature. Following the successful launch of Thinkific Payments in North America, we introduced a private release to customers in the UK, Australia and New Zealand.
- Amplify 2022, Thinkific's annual virtual event that brings together top creator minds in knowledge commerce, was held in January. This year's event generated significant buzz across the knowledge commerce industry, with over 25,000 digital creators registered. The event drove considerable engagement with the Thinkific platform, with double the uptake of Amplify 2022's core promotional offer compared to 2021.

### Outlook

Thinkific is at the centre of the knowledge economy, and gives businesses everything they need to build, market, and sell online courses and other learning products, and to run their business seamlessly under their own brand, on their own site.

In 2021, Thinkific achieved growth across all our KPIs, driven by the continued adoption of its platform, and customers finding success with their learning products.

Our expectations for the first quarter of 2022 are:

- revenue of \$11.6 - \$11.8 million, representing year-over-year growth of 40% - 42%
- adjusted EBITDA loss in the range of \$10.2 million to \$10.8 million.

In 2022 and beyond, Thinkific believes its growth will also be fueled by:

- our large and growing TAM,
- broadening and deepening our ecosystem,
- the launch of new products,
- increasing adoption of Thinkific Payments, as well as
- increased effectiveness in sales and marketing.

Actual results may differ materially from Thinkific's financial outlook as a result of, among other things, the factors described under "Forward-Looking Statements" below.

### **Quarterly Conference Call and Webcast Information**

A conference call will be held at 2:00 PM PT (5:00 PM ET) on February 23, 2022 to discuss Thinkific's fourth quarter and full fiscal year 2021 financial and operational results. To participate in the call, please dial 1.888.664.6383 (US/Canada toll-free) or 1.416.764.8650 (International). For those unable to participate, a replay will be available commencing at 4:00 PM PT (7:00 PM ET) on February 23, 2022 by dialing 1.888.390.0541 (US/Canada toll-free) or 1.416.764.8677 (International). The passcode is 320714#. The replay will expire at 8:59 pm PT (11:59 pm ET) on March 2, 2022. The conference call will also be available via webcast on the Investor Relations section of Thinkific's website at [investors.thinkific.com/events-and-presentations](https://investors.thinkific.com/events-and-presentations).

Thinkific's audited consolidated financial statements and accompanying notes, and Management's Discussion and Analysis for the year ended December 31, 2021 are available on the Company's website at [www.thinkific.com](http://www.thinkific.com) and on SEDAR at [www.sedar.com](http://www.sedar.com).

### **About Thinkific**

Thinkific (TSX:THNC) makes it simple for entrepreneurs and established businesses of any size to scale and generate revenue by teaching what they know. Our platform gives businesses everything they need to build, market, and sell online courses and other learning products, and to run their business seamlessly under their own brand, on their own site. Thinkific's 50,000+ active creators earned hundreds of millions of dollars in direct course sales while teaching tens of millions of students. Thinkific is headquartered in Vancouver, Canada, with a distributed and growing team.

For more information, please visit [www.thinkific.com](http://www.thinkific.com).

### **Non-IFRS Measures**

The information presented within this press release includes "Adjusted EBITDA" and certain industry metrics. The "Adjusted EBITDA" is not a recognized measure under International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board, does not have a standardized meaning prescribed by IFRS, and is therefore unlikely to be comparable to similar measures presented by other companies. Rather, this measure is provided as additional information to complement those IFRS measures by providing further understanding of our results of operations from management's perspective. Accordingly, it should not be considered in isolation nor as a substitute for analysis of our financial information reported under IFRS. We also use certain industry metrics: "Annual Recurring Revenue", "Paying Customers", "Average Revenue per User", "Gross Merchandise Volume" and "Gross Payments Value". These industry metrics are unaudited and are not directly derived from our financial statements. The non-IFRS measure and industry metrics are used to provide investors with supplemental measures of our operating performance and thus highlight trends in our core 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 and industry metrics in the evaluation of issuers. Our management also uses the non-IFRS measure and industry metrics in order to facilitate operating performance comparisons from period to period, to prepare annual operating budgets and forecasts and to determine components of management compensation.

"Adjusted EBITDA" is defined as net income (loss) excluding taxes, interest, depreciation and amortization (or EBITDA), as adjusted for stock-based compensation, foreign exchange gain (loss), net finance expense, and transaction-related expenses. 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.

Please refer to "Reconciliation to IFRS from Non-IFRS measures" in this press release for more information.

### **Key Performance Indicators**

We monitor the following industry metrics to help us evaluate our business, measure our performance, identify trends affecting our business, formulate business plans and make strategic decisions: "Annual Recurring Revenue" or "ARR", "Average Revenue per User" or "ARPU", "Gross Merchandise Volume" or "GMV", "Paying Customers" and "Gross Payments Value" or "GPV". Our key performance indicators may be calculated in a manner different than similar key performance indicators used by other companies.

**"Paying Customers"** is the count of unique Thinkific subscribers on paid plans as of period end, excluding all trial and free customers, and including both monthly and annual subscribers.

**"ARPU"** is the average monthly Revenue per Paying Customer in the quarter. ARPU is calculated by taking the average Revenue for each month in the quarter and dividing this by the average number of Paying Customers for the same quarter.

**"ARR"** is the annual value of all current Paying Customer subscriptions at the end of the period, with the number of Paying Customers multiplied by 12 times the average monthly subscription plan fee in effect on the last day of that period.

**"GMV"** is the total dollar value of all transactions of course sales, membership subscriptions, or other products or services by our Creators, facilitated through our platform during the period, net of refunds. GMV does not include transactions for course sales, membership subscriptions, or other products or services processed by APIs or certain apps where the Company does not record the transaction value.

**"GPV"** is the total dollar value of GMV processed through Thinkific Payments.

## Forward Looking Statements

This press release includes forward-looking statements and forward-looking information within the meaning of Canadian securities laws. Often, but not always, forward-looking information can be identified by the use of words such as "plans", "is expected", "expects", "scheduled", "intends", "contemplates", "anticipates", "adoption rates", "believes", "proposes" or variations (including negative and grammatical variations) of such words and phrases, or state that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved. Forward-looking statements in this press release include statements regarding our financial position, business strategy, budgets, operations, financial results, plans and objective, industry trends; growth in our industry; our growth and growth strategies; addressable markets for our solutions; capturing market share; our competitive advantage; advances in and expansion of our offered platform service; the development and success of new products, features, and services; expectations regarding our revenue and the revenue generation potential of our platform and other products, including Thinkific Payments and the Thinkific App Store; the potential impact of new members of our growing team, including the executive leadership team; revenue; and adjusted EBITDA.

Such statements and information are based on the current expectations of Thinkific's management and are based on our opinions, estimates and assumptions in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors that we currently believe are appropriate and reasonable in the circumstances and are subject to risks and uncertainties. Although Thinkific's management believes that the assumptions underlying these statements and information are reasonable, there can be no assurance that the underlying opinions, estimates and assumptions will prove to be correct. Such assumptions include assumptions in respect of the impact of the COVID-19 pandemic; our ability to continue investing in infrastructure to support our growth and brand recognition; our ability to continue maintaining and enhancing our technological infrastructure and functionality of our platform; our ability to maintain existing relationships with Creators and to continue to expand our Creators' use of our platform; our ability to acquire new Creators; our ability to maintain existing material relationships on similar terms with service providers, suppliers, Partners and other third parties; our ability to build our market share and enter new markets and industry verticals; the successful development, rollout, integration and customer adoption of new features, services and products, including Thinkific Payments and the Thinkific App Store; our ability to attract and retain key personnel; our ability to maintain and expand geographic scope; our ability to execute on our expansion and growth plans; 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 material factors made in preparing forward-looking information and management's expectations.

In addition, forward-looking financial information with respect to potential outlook and future financial results contained in this press release are based on assumptions about future events including economic conditions, the assumptions noted above and proposed courses of action, based on management's reasonable assessment of the relevant information available as at the date of such forward-looking information. Readers are cautioned that any such forward-looking financial information should be used for purposes other than for which it is disclosed.

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 following: the sustainability of our growth and our ability to attract new customers, retain revenue from existing customers and increase revenue from existing high-volume customers; our history of operating losses and negative cash flows; managing our growth effectively; our limited operating history; our ability to keep pace with technological and marketplace change and trends; the accuracy of our estimates of market opportunity and growth forecasts; the consistency, security and functionality of our technological infrastructure; our dependence on the ability of our Creators to achieve commercial success; our strategic relationships with third parties; our reliance on a single cloud service provider; our reliance on a single supplier for video delivery; the impact of worldwide economic conditions; our ability to increase sales of subscriptions to our platform to Creators; our ability to promote our brand; our ability to hire, retain and motivate qualified personnel; competition for top talent; our reliance on third-party hardware and licensed software; exchange rates; our ability to set optimal pricing; competition; risks relating to international sales and use of our platform in various countries; market adoption of cloud-based online course platform solutions and internet commerce; maintaining and protecting our intellectual property and systems; litigation and regulatory compliance; the activities of customers or Partners; changes to technologies on which our platform is reliant; the success of our current research and development efforts; compatibility of our solutions with third-party applications and systems; our dependence on the continued services and performance of our senior management and other key employees; our liquidity and capital resources; our use of open-source software; changes in tax laws and their application; our ability to realize benefits from offering free and trial subscription plans; shifting our operations to "digital-by-default". The purpose of the forward-looking information is to provide the reader with a description of management's expectations regarding our financial performance and may not be appropriate for other purposes.

These risks are described in additional detail under "Risk Factors" in our 2021 Annual Information Form, which is available under our profile on SEDAR at [www.sedar.com](http://www.sedar.com). 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. 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. 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 this press release (or as 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 in Canada. All of the forward-looking information contained in this press release is expressly qualified by the foregoing cautionary statements.

## THINKIFIC LABS INC.

### Consolidated Statements of Financial Position (expressed in U.S. dollars)

	December 31,	December 31,
	2021	2020
	\$	\$
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	126,054,833	9,066,016
Trade and other receivables	1,392,391	806,687
Prepaid expenses and other assets	2,769,924	572,684
Investment tax credits	—	915,413
Contract acquisition assets	159,326	—
Total current assets	130,376,474	11,360,800
Property and equipment	766,568	407,268
Lease right-of-use assets	754,320	1,167,969
Contract acquisition assets	407,659	—
Intangible assets	98,985	—
<b>Total assets</b>	<b>132,404,006</b>	<b>12,936,037</b>
<b>Liabilities and Shareholders' Equity</b>		

<b>Current liabilities</b>		
Accounts payable and accrued liabilities	3,286,321	1,498,163
Lease liabilities	515,348	492,611
Deferred revenue	6,628,749	4,767,614
Total current liabilities	10,430,418	6,758,388
Lease liabilities	359,917	868,473
<b>Total liabilities</b>	<b>10,790,335</b>	<b>7,626,861</b>
<b>Shareholders' equity</b>		
Share capital	145,583,011	6,702,059
Contributed surplus	4,865,646	1,067,037
Accumulated other comprehensive loss	(38,113)	(38,113)
Accumulated deficit	(28,796,873)	(2,421,807)
<b>Total shareholders' equity</b>	<b>121,613,671</b>	<b>5,309,176</b>
<b>Total liabilities and shareholders' equity</b>	<b>132,404,006</b>	<b>12,936,037</b>

**THINKIFIC LABS INC.**  
**Consolidated Statements of Loss and Comprehensive Loss**  
(expressed in U.S. dollars)

	Three months ended		Years ended	
	December 31,		December 31,	
	2021	2020	2021	2020
	\$	\$	\$	\$
Revenue	10,769,926	7,223,847	38,116,836	21,069,587
Cost of revenue	2,752,755	1,506,718	8,902,802	4,452,507
<b>Gross profit</b>	<b>8,017,171</b>	<b>5,717,129</b>	<b>29,214,034</b>	<b>16,617,080</b>
<b>Operating expenses</b>				
Sales and marketing	6,624,732	2,281,050	20,130,308	7,498,233
Research and development	6,799,596	2,115,855	19,451,221	6,344,691
General and administrative	4,966,126	1,673,587	13,939,903	4,246,164
Total operating expenses	18,390,454	6,070,492	53,521,432	18,089,088
<b>Operating loss</b>	<b>(10,373,283)</b>	<b>(353,363)</b>	<b>(24,307,398)</b>	<b>(1,472,008)</b>
<b>Other income (expenses)</b>				
Foreign exchange gain (loss)	878,208	(12,322)	(2,312,563)	205,997
Finance income (expense)	94,115	(9,663)	244,895	(27,076)
Total other income (expenses)	972,323	(21,985)	(2,067,668)	178,921
<b>Net loss and comprehensive loss</b>	<b>(9,400,960)</b>	<b>(375,348)</b>	<b>(26,375,066)</b>	<b>(1,293,087)</b>
<b>Loss per share</b>				
Basic and diluted	\$ (0.12)	\$ (0.01)	\$ (0.41)	\$ (0.03)

**THINKIFIC LABS INC.**  
**Consolidated Statements of Cash Flows**  
(expressed in U.S. dollars)

	Years ended	
	December 31,	
	2021	2020

	\$	\$
<b>Cash from (used in):</b>		
<b>Operating activities</b>		
Net loss	(26,375,066)	(1,293,087)
Items not affecting cash and cash equivalents:		
Depreciation and amortization	681,330	483,050
Stock-based compensation	4,123,669	601,454
Unrealized foreign exchange loss	2,308,276	103,666
Finance expense	37,307	44,444
Changes in non-cash working capital:		
Trade and other receivables	(585,704)	(567,060)
Prepaid expenses and other assets	(2,197,240)	(429,762)
Investment tax credits, net	936,057	(298,236)
Contract acquisition assets	(637,789)	—
Accounts payable and accrued liabilities	1,592,710	1,117,433
Deferred revenue	1,861,135	2,871,487
<b>Cash from (used in) operating activities</b>	<b>(18,255,315)</b>	<b>2,633,389</b>
<b>Investing activities</b>		
Investment in property and equipment	(550,502)	(289,795)
Investment in intangible assets	(104,660)	—
<b>Cash used in investing activities</b>	<b>(655,162)</b>	<b>(289,795)</b>
<b>Financing activities</b>		
Proceeds from issuance of shares upon IPO	148,616,696	—
Proceeds from issuance of shares	—	3,634,617
Share issuance costs	(9,891,051)	(66,168)
Operating lease payments	(538,826)	(447,630)
Exercise of stock options	68,503	27,081
<b>Cash from financing activities</b>	<b>138,255,322</b>	<b>3,147,900</b>
Effect of foreign exchange on cash and cash equivalents	(2,356,028)	(117,353)
Increase in cash and cash equivalents	116,988,817	5,374,141
Cash and cash equivalents, beginning of year	9,066,016	3,691,875
<b>Cash and cash equivalents, end of year</b>	<b>126,054,833</b>	<b>9,066,016</b>

**THINKIFIC LABS INC.**

**Consolidated Statements of Cash Flows**  
(expressed in U.S. dollars)

**Reconciliation from IFRS to Non-IFRS Measures (unaudited)**

(expressed in thousands of U.S. dollars)

	Three months ended		Years ended	
	December 31,		December 31,	
	2021	2020	2021	2020
	\$	\$	\$	\$
Net loss and comprehensive loss	(9,401)	(375)	(26,375)	(1,293)
Stock-based compensation	1,470	213	4,124	601
Depreciation	180	140	611	483
Foreign exchange (gain) loss	(878)	12	2,313	(206)
Finance (income) expense	(94)	10	(245)	27

Transaction-related costs <sup>(1)</sup>	—	—	115	—
<b>Adjusted EBITDA</b>	<b>(8,723)</b>	—	<b>(19,458)</b>	<b>(388)</b>

Represents costs related to our IPO, and consists of professional, legal, consulting, and accounting fees that are non-recurring, would otherwise not have been incurred, and are not indicative of continuing operations.

View original content to download multimedia: <https://www.prnewswire.com/news-releases/thinkific-announces-fourth-quarter-and-year-end-2021-financial-results-and-provides-first-quarter-2022-outlook-301488991.html>

SOURCE Thinkific Labs Inc.

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<https://investors.thinkific.com/2022-02-23-Thinkific-Announces-Fourth-Quarter-and-Year-End-2021-Financial-Results-and-Provides-First-Quarter-2022-Outlook>