

## Thinkific Announces First Quarter, 2024 Financial Results

*Q1 2024 Revenue of \$16.0 million Grows 13% Versus Q1 2023  
Generated \$2.9 Million in Positive Free Cash Flow  
Thinkific Commerce and Thinkific Plus Growth Remain Strong at 80% and 28% Respectively*

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

VANCOUVER, BC, May 7, 2024 /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 digital learning products, today announced its financial results for the quarter ended March 31, 2024.

**THINKIFIC** We continue to execute against our strategy of profitable growth as evidenced by our solid Q1 results, and we saw strong growth in GMV representing the sales our customers are earning. We continue to see that customers who adopt Thinkific Commerce sell more. We're proud to deliver this suite of features to help them grow their businesses." said Greg Smith, CEO of Thinkific. We also signed a partnership with Spotify to test a program in the United Kingdom that offers courses alongside music, podcasts and audiobooks in the Spotify app. Spotify's pursuit of this opportunity validates the size of the market we see ahead of us. It's also an extension of our unwavering commitment to the success of our customers and part of our strategy to deliver the best tools and partnerships to help them grow their businesses. When our customers succeed so does Thinkific".

### First Quarter Financial Highlights

- Total revenue increased 13% to \$16.0 million, compared with the first quarter of 2023, at the top end of our guided range of \$15.8 million - \$16.0 million.
- Commerce revenue increased 80% to \$2.1 million, compared with the first quarter of 2023, building on the success of Thinkific Payments and other recently launched commerce tools.
- Subscription revenue increased 7% to \$13.8 million, compared to the first quarter of 2023.
- On a customer group basis (inclusive of both subscription and commerce revenue), Self Service revenue grew 10% to \$12.4 million and Thinkific Plus increased 28% to \$3.6 million.
- Gross margin declined slightly to 74% for the first quarter of 2024 from 75% for the first quarter of 2023, as we saw an increasing mix of Thinkific Commerce to our overall revenue.
- Net loss for the first quarter of 2024 was \$1.1 million compared to a net loss of \$7.0 million for the first quarter of 2023.
- Adjusted EBITDA<sup>(1)</sup> of \$0.2 million remained positive for the third consecutive quarter, and is an improvement of \$3.3 million over the first quarter of 2023.
- Total Paying Customers<sup>(2)</sup> grew 3% to 35.1 thousand in the first quarter of 2024 compared to the same period of the prior year.
- ARPU<sup>(2)</sup> increased 10% to \$152 per month compared with \$139 per month in the first quarter of 2023 due to strong growth in Thinkific Plus, and higher adoption of Thinkific's own Commerce Solutions versus third-party payment vendors.
- ARR<sup>(2)</sup> grew 8% to \$56.6 million in the first quarter of 2024 from \$52.3 million in the first quarter of 2023, primarily driven by strong growth in our Thinkific Plus business.
- GPV<sup>(2)</sup> processed through Thinkific Commerce increased 54% to \$44.7 million in the first quarter of 2024 compared to \$29.0 million in the first quarter of the prior year. GPV represented 37% of GMV.
- GMV<sup>(2)</sup> in the first quarter of 2024 was \$122.1 million, up 8% compared to the first quarter of 2023 reflecting customer success in growing their businesses and increasing adoption of the Thinkific Platform.
- Cash and cash equivalents were \$87.3 million at March 31, 2024. Cash flow from operations in the first quarter of 2024 totaled \$3.1 million.
- During the first quarter of 2024, Thinkific repurchased and cancelled 697,004 shares for a total of \$1.8 million under our NCIB.

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

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

"Our third consecutive quarter of double digit growth, positive cash flow from operations and adjusted EBITDA shows we are executing well against our strategy toward sustainable, profitable growth," said Corinne Hua, CFO of Thinkific. "We expect Thinkific Commerce and Thinkific Plus growth to remain strong, which along with our strategic investments into

product innovation and go-to-market execution, puts us in a good position to accelerate growth in the second half of the year.

### **First Quarter Operational Highlights**

- Signed a partnership with Spotify to test a program in the United Kingdom that offers Thinkific courses alongside music, podcasts and audiobooks in the Spotify app.
- Added Group Buying to our Commerce Solutions, a buying option that allows a business to derive additional value through bulk purchases of courses that can then be shared with their learners for self-enrollment.
- The LEAP, a powerful AI tool for content creators and influencers that makes it easy to build, promote, and sell exceptional digital products in minutes has now seen new accounts grow to 20,000.

### **Subsequent to Quarter End**

- Announced the availability of "Digital Downloads", a feature that makes it easier for Creators to start their business. This is part of our continued strategy to allow Creators to offer a multitude of digital learning products to suit their needs. It also makes it easier to get started with simpler to create products such as eBooks, PDFs, and spreadsheets.

### **Outlook**

For the second quarter of 2024, the Company expects Revenue of \$16.1 - 16.4 million. We will continue to invest in the business to accelerate topline growth; however, we are committed to maintaining positive Adjusted EBITDA.

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 5:00 PM ET (2:00 PM PT) on May 7 to discuss Thinkific's first quarter 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/Toronto). For those unable to participate, a replay will be available an hour after the event by dialing 1.888.390.0541 (US/Canada toll-free) or 1.416.764.8677 (International/Toronto). The passcode is 409502 #. The replay will expire at midnight ET on May 14, 2024. 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, 2023 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 Creator Educators 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 digital learning products - from courses to communities - and to run their business seamlessly under their own brand, on their own site. Thinkific's 50,000+ active customers earn hundreds of millions of dollars in direct course, membership and community sales while teaching tens of millions of students. Thinkific is headquartered in Vancouver, Canada, with a distributed 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 Volume". 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 loss excluding taxes, interest, depreciation and amortization (or EBITDA), as adjusted for stock-based compensation, foreign exchange (gain) loss, finance income, restructuring costs, and (gain) loss on disposal of property and equipment. 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 Volume" 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 customers, 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 transactions processed using Thinkific Payments in the period, net of refunds and inclusive of sales taxes where applicable. GPV does not represent revenue earned by us. We believe that growth in GPV is an indicator of success of our customers in monetizing their learning products and of our Thinkific Payments offering. It is also a positive growth driver of revenue, which is derived from payment processing fees. Revenue earned from Thinkific Payments is included in our commerce revenue.

## Forward-Looking Statements

This press release includes forward-looking statements and forward-looking information within the meaning of applicable securities laws in Canada. Forward-looking statements and information may relate to our future 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", "trends", "directional indicator", "indicator", "future success", "expects", "is expected", "opportunity", "budget", "scheduled", "estimates", "outlook", "forecasts", "projection", "scalability", "trajectory", "prospects", "strategy", "intends", "anticipates", "adoption", "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. Forward-looking statements in this press release include, but are not limited to statements regarding our financial position, management's ability to effectively invest, increase business efficiencies necessary to build and maintain a sustainable cost structure; business strategy, budgets, operations, investments, financial results, our ability to retain a profitable Adjusted EBITDA run rate, plans and objectives around growth and profitability; industry trends; growth in our industry; our growth rates and growth strategies including our product-led growth strategy through the introduction of additional features to support the success of our customers; addressable markets for our solutions; customer acquisition improvements; the achievement of advances in and expansion of our offered platform service (defined as "Thinkific Platform" and "Our Platform" in the 2023 Annual Information Form); the roll-out, development and success of new products, features, and services; the expectations regarding our revenue and the revenue generation

potential of Our Platform and other products including the Spotify pilot; and Thinkific's commitment towards strong corporate governance, the expected benefits from the collective experience of the company's board directors, their experience and skill set as a member of the board of directors and the expected benefits that board directors may bring to position the Company for greater success and value creation in the future; and our competitive position in our industry.

Forward-looking statements and information are 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, 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 and increasing competition in the global e-learning market in which the Company operates; the Company's ability to keep pace with technological and marketplace changes including, but not limited to the ethical, legal and regulatory implications in the advancement and potential use of artificial intelligence; fluctuations in currency exchange rates and volatility in financial markets; changes in 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 ("AIF").

Forward-looking statements and information are necessarily based upon estimates and assumptions, which are inherently subject to significant business, economic and competitive uncertainties and contingencies, many of which are beyond the Company's control and many of which, regarding future business decisions, are subject to change. Assumptions or factors underlying the Company's expectations regarding forward-looking statements or information contained in this press release include, among others: our ability to continue investing in infrastructure to support our growth and brand recognition; our ability to continue maintaining, innovating, improving and enhancing our technological infrastructure and functionality, performance, reliability, design, security and scalability of our Platform (as defined in our AIF); our ability to maintain existing relationships with customers (as defined in our AIF) and to continue to expand our customers' use of our platform; our ability to acquire new customers; 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 continued development, rollout, integration and success of new products, features, and services; our ability to retain key personnel; our ability to maintain and expand geographic scope; our ability to execute on our expansion and growth plans; 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. The foregoing list of assumptions cannot be considered exhaustive.

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 provided herein. The opinions, estimates or assumptions referred to above are described in greater detail in "Summary of Factors Affecting our Performance" and in the "Risk Factors" section of our 2023 Annual Information Form, which is available under our profile on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca), 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. Readers are cautioned that any such forward-looking information should not be used for purposes other than for which it is disclosed.

## **THINKIFIC LABS INC.**

Condensed Interim Consolidated Statements of Financial Position (unaudited)  
(expressed in thousands of U.S. dollars)

<b>March</b>	<b>December</b>
<b>31,</b>	<b>31,</b>
<b>2024</b>	<b>2023</b>
<b>\$</b>	<b>\$</b>

**Assets**  
**Current assets**

Cash and cash equivalents	87,314	86,611
Trade and other receivables	4,285	4,097
Prepaid expenses and other assets	2,165	3,174
Contract acquisition assets	555	528
Lease receivable	119	165
Derivative asset	73	570
<b>Total current assets</b>	<b>94,511</b>	<b>95,145</b>

Property and equipment	866	853
Lease right-of-use assets	715	812
Contract acquisition assets	841	875
Intangible assets	107	110
<b>Total assets</b>	<b>97,040</b>	<b>97,795</b>

#### Liabilities and shareholders' equity

##### Current liabilities

Accounts payable and accrued liabilities	7,226	5,294
Lease liabilities	535	555
Deferred revenue	10,099	9,529
<b>Total current liabilities</b>	<b>17,860</b>	<b>15,378</b>

Lease liabilities	340	477
<b>Total liabilities</b>	<b>18,200</b>	<b>15,855</b>

##### Shareholders' equity

Share capital	146,439	147,739
Contributed surplus	8,433	8,667
Accumulated other comprehensive income	35	532
Accumulated deficit	(76,067)	(74,998)
<b>Total shareholders' equity</b>	<b>78,840</b>	<b>81,940</b>
<b>Total liabilities and shareholders' equity</b>	<b>97,040</b>	<b>97,795</b>

#### THINKIFIC LABS INC.

##### Consolidated Statements of Net Income (Loss) and Comprehensive Income (Loss)

(expressed in thousands of U.S. dollars, except share and per share amounts)

	Three months ended	
	March 31,	
	2024	2023
	\$	\$
Revenue	15,964	14,093
Cost of revenue	4,088	3,488
<b>Gross profit</b>	<b>11,876</b>	<b>10,605</b>
<b>Operating expenses</b>		
Sales and marketing	4,988	5,525
Research and development	4,644	5,252
General and administrative	3,781	4,454
Restructuring	—	3,186
<b>Total operating expenses</b>	<b>13,413</b>	<b>18,417</b>
<b>Operating loss</b>	<b>(1,537)</b>	<b>(7,812)</b>
<b>Other income</b>		
Finance income	904	690

Foreign exchange gain (loss)	(436)	115
Total other income	468	805
<b>Net loss</b>	<b>(1,069)</b>	<b>(7,007)</b>
<b>Other comprehensive income</b>		
Unrealized loss on derivatives	(497)	—
<b>Total comprehensive loss</b>	<b>(1,566)</b>	<b>(7,007)</b>
Weighted average number of common shares outstanding - basic and diluted	81,067,077	79,157,399
<b>Net loss per share</b>		
Basic and diluted	\$ (0.01)	\$ (0.09)

### THINKIFIC LABS INC.

#### Condensed Interim Consolidated Statements of Cash Flows (unaudited)

(expressed in thousands of U.S. dollars)

	<b>Three months ended</b>	
	<b>March 31,</b>	
	<b>2024</b>	<b>2023</b>
	<b>\$</b>	<b>\$</b>
<b>Cash from (used in):</b>		
<b>Operating activities</b>		
Net loss	(1,069)	(7,007)
Items not affecting cash and cash equivalents:		
Depreciation and amortization	332	343
Stock-based compensation	1,445	704
Unrealized foreign exchange (gain) loss	434	(119)
Finance income	(904)	(690)
Interest received	1,336	656
Changes in non-cash working capital:		
Trade and other receivables	(355)	(69)
Prepaid expenses and other assets	999	64
Contract acquisition assets	(120)	(205)
Accounts payable and accrued liabilities	411	345
Deferred revenue	570	634
<b>Cash from (used in) operating activities</b>	<b>3,079</b>	<b>(5,344)</b>
<b>Investing activities</b>		
Proceeds on disposal of property and equipment	77	—
Investment in property and equipment	(193)	(3)
<b>Cash used in investing activities</b>	<b>(116)</b>	<b>(3)</b>
<b>Financing activities</b>		
Operating lease payments	(144)	(102)
Payments received on net investment in finance lease	33	—
Exercise of stock options	47	200
Shares repurchased for cancellation under normal course issuer bid	(1,764)	—

<b>Cash (used in) from financing activities</b>	<b>(1,828)</b>	<b>98</b>
Effect of exchange rate fluctuations on cash and cash equivalents held	(432)	168
Increase (decrease) in cash and cash equivalents	703	(5,080)
Cash and cash equivalents, beginning of period	86,611	93,846
<b>Cash and cash equivalents, end of period</b>	<b>87,314</b>	<b>88,766</b>

**Reconciliation from IFRS to Non-IFRS Measures (unaudited)**  
(expressed in thousands of U.S. dollars)

	<b>Three months ended</b>	
	<b>March 31, 2024</b>	<b>2023</b>
	<b>\$</b>	<b>\$</b>
	<b>(In thousands of U.S. dollars)</b>	
Net loss	(1,069)	(7,007)
Stock-based compensation	1,445	704
Depreciation and amortization	332	343
Foreign exchange (gain) loss	436	(115)
Finance income	(904)	(690)
Restructuring costs <sup>(1)</sup>	—	3,681
<b>Adjusted EBITDA</b>	<b>240</b>	<b>(3,085)</b>

(1) Represents employee compensation for severance amounts for Company wide restructuring in the first quarter of 2023.

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<https://investors.thinkific.com/2024-05-07-Thinkific-Announces-First-Quarter-2024-Financial-Results>