

Thinkific Announces Fourth Quarter and Full Year 2024 Financial Results

*Q4 2024 Revenue Increases to \$17.6 Million, up 13% Y/Y
Cash Flow from Operations in 2024 Grows to \$7 million versus a Loss of \$5.4 million in 2023*

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

VANCOUVER, BC, March 5, 2025 /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 and year ended December 31, 2024.

"2024 was a pivotal year for Thinkific," said Greg Smith, CEO and founder of Thinkific. "We transitioned from cost-cutting to investing in profitable growth, driving strong growth in Commerce and Plus. Our investments in product innovation and exceptional service have been recognized by the industry earning a place in G2's 2025 Best Software Awards, where we placed among the world's top software companies for Education Software and Customer Service Software. Looking at 2025, I recognize there is still a lot of hard work to be done; and, with a strengthened senior management team, I have strong conviction in our ability to execute on our mission to help our customers grow their businesses and as they succeed, we'll see Thinkific grow alongside them."

Fourth Quarter Financial Highlights

- Total revenue for the fourth quarter of 2024 increased 13% year-over-year to \$17.6 million, compared to the guided range of \$17.6 - \$17.9 million.
 - Commerce revenue increased 73% to \$3.1 million, compared to the fourth quarter of 2023, as customers increasingly choose Thinkific Commerce to power their sales.
 - Thinkific Commerce penetration, measured as GPV as a percent of GMV, increased to 52%, up from 34% in the same period in the prior year.
 - Subscription revenue increased 5% to \$14.5 million, compared to the fourth quarter of 2023.
 - On a customer group basis (inclusive of both subscription and commerce revenue), Thinkific Plus grew 27% to \$4.3 million and Self Serve revenue increased 9% to \$13.3 million, compared to the fourth quarter of 2023.
- Gross margin remained consistent at 75% year-over-year.
- Net loss was \$0.7 million compared to net income of \$0.3 million for the fourth quarter of 2023, representing a decrease of \$1.0 million.
- Adjusted EBITDA⁽¹⁾ of \$0.9 million or 5% of revenue in the fourth quarter of 2024 compared to \$0.6 million in the fourth quarter of 2023 represents an improvement of \$0.3 million or 63%.
- ARR⁽²⁾ grew 6% to \$58.4 million from \$55.3 million in the fourth quarter of 2023. ARR would have been \$58.7 million, up \$0.7 million on a constant currency basis⁽³⁾.
- ARPU⁽²⁾ increased 11% to \$167 per month compared with \$150 per month in the fourth quarter of 2023 due to continued strength in Thinkific Plus and Commerce.
- GMV⁽²⁾ in the fourth quarter of 2024 was \$114.7 million, flat compared to the fourth quarter of 2023. GPV⁽²⁾ processed through Thinkific Commerce increased 54% to \$59.6 million in the fourth quarter of 2024 compared to \$38.8 million in the same period of the prior year.
- Cash and cash equivalents were \$49.5 million at December 31, 2024.
- During the fourth quarter of 2024, the company generated \$1.25 million of cash from operating activities, compared to \$1.01 million during the fourth quarter of 2023.

"In Q4, we continued to execute our strategy of profitable growth. Thinkific Plus grew 27% demonstrating strength upmarket and we continued to expand the adoption of Thinkific Commerce which resulted in a 73% increase in Commerce revenue. We also generated solid Adjusted EBITDA and positive cash flow from operations," said Corinne Hua, CFO of Thinkific. "Although we are experiencing headwinds to GMV growth that is limiting Commerce revenue, we are entering 2025 with a more focused strategy and confidence that we are well positioned to deliver strong long-term results."

(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".

(3) Constant currency shows current period ARR as if the foreign exchange rates were the same as those in Q3 2024.

Fiscal Year 2024 Financial Highlights

- Total revenue for 2024 increased 13% to \$66.9 million compared to 2023.

- Commerce revenue increased 77% to \$10.2 million compared to 2023.
- Subscription revenue increased 6% to \$56.7 million compared to 2023.
- On a customer group basis (inclusive of both subscription and commerce revenue), Thinkific Plus grew 29% to \$15.7 million and Self Serve revenue grew 9% to \$51.2 million compared to 2023.
- Gross margin was consistent at 75% for 2024 and 2023.
- Net loss for 2024 was \$0.2 million compared to a net loss of \$9.8 million in 2023.
- Adjusted EBITDA⁽¹⁾ of \$2.9 million in 2024 compared to an adjusted EBITDA⁽¹⁾ loss of \$3.0 million in 2023.
- GMV⁽²⁾ in 2024 was \$459.1 million, up 3% compared to 2023. GPV⁽²⁾ processed through Thinkific Commerce increased 49% to \$200.6 million in 2024 compared to \$134.5 million in 2023.
- The company generated \$7.0 million of cash from operating activities compared to cash used in operating activities of \$5.4 million in 2023.

Fourth Quarter Operational Highlights

- On October 1, 2024, we introduced our value added tax solution to our customers to the UK and Europe.
- On November 6, 2024, we released Guided Onboarding, a new experience leveraging the power of AI to help customers get up and running quickly on the Thinkific platform.
- On November 12, 2024, the Company renewed its normal course issuer bid.
- On December 17, 2024, Thinkific deployed a host of new AI features including a single-prompt AI Course Landing Page Generator and an AI-powered Email Marketing Tool.

Fiscal Year 2024 Operational Highlights

- Throughout the year, Thinkific continued to introduce new products and features to the Thinkific Platform.
 - On June 5, 2024, the Company announced multiple platform updates and feature enhancements for our business customers on Thinkific Plus.
 - On July 1, 2024 Thinkific launched SCORM (Sharable Content Object Reference Model) functionality, a set of elearning technical standard that ensures content can be seamlessly integrated across various LMSs, making it easier to migrate to Thinkific from other platforms and provides access to content editing tools to enhance learning experiences.
- On January 10, 2024, the Company released its 2024 Online Learning Trends Report revealing the significant demand for educational content over pure entertainment, and how customers are evolving to meet the demand of learners.
- On March 25, 2024, in a partnership with Spotify, Thinkific announced a new test program launched by Spotify in the UK, aimed at giving users access to trial and purchase video learning content, from their Spotify app home screen.
- On May 14, 2024, the Company launched a substantial issuer bid to purchase for cancellation up to C\$47,831,000 subordinate voting shares at a price of C\$3.72 per subordinate Subordinate Voting Share. On June 24, 2024, the Company took up and purchased for cancellation 12,857,795 Subordinate Voting Shares (including the multiple voting shares converted into Subordinate Voting Shares) at the Purchase Price, for aggregate consideration of C\$47,831,000.
- On June 26, 2024, the Company announced appointments of Amanda Malko as the Company's Chief Revenue Officer and Ryan Donovan as the Company's Chief Product & Technology Officer.
- On September 16, 2024, Thinkific announced the appointments of Paula Boggs, Lori Ell, and Russ Mann to the board of directors..

(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".

(3) Constant currency shows current period ARR as if the foreign exchange rates were the same as those in Q3 2024.

Outlook

For the first quarter of 2025, the Company expects revenue of \$17.5 - \$17.8 million, which represents 10% - 12% growth compared to the first quarter of 2024. We plan to continue growth-focused investments, in line with revenue growth, and expect Adjusted EBITDA⁽¹⁾ margin to be consistent with prior quarters.

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.

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

Quarterly Conference Call and Webcast Information

A conference call will be held at 5:00 PM ET (2:00 PM PT) on March 5, 2025 to discuss Thinkific's fourth quarter and full year 2024 financial and operational results. To participate in the call, please dial 1.888.510.2154 (US/Canada toll-free) or 1.437.900.0527 (International/Toronto). For those unable to participate, a replay will be available an hour after the event by dialing 1.888.660.6345 (US/Canada toll-free) or 1.289.819.1450 (International/Toronto). The passcode is 72150#. The replay will expire at midnight ET on March 12, 2025. 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.

Thinkific's audited consolidated financial statements and accompanying notes, and Management's Discussion and Analysis for the year ended December 31, 2024 are available on the Company's website at www.thinkific.com and on SEDAR+ at www.sedarplus.ca.

About Thinkific

Thinkific (TSX:THNC) makes it simple for customers 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.

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) income excluding taxes, interest, depreciation and amortization (or EBITDA), as adjusted for stock-based compensation, foreign exchange loss (gain), finance income, restructuring costs, and 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 application programming interfaces 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. Penetration rate is the percentage of GMV processed through Thinkific Payments, it is calculated by dividing GPV by GMV for the respective period. We believe that growth in GPV and penetration 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 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; the expectations regarding our revenue and the revenue generation potential of Our Platform and other products including the Spotify pilot; 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 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 2024 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 AIF, which is available under our profile on SEDAR+ at 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.

	December 31, 2024	December 31, 2023
	\$	\$
Assets		
Current assets		
Cash and cash equivalents	49,492	86,611
Trade and other receivables	4,585	4,262
Prepaid expenses and other assets	3,288	3,174
Contract acquisition assets	640	528
Derivative asset	—	570
Total current assets	58,005	95,145
Property and equipment	580	853
Lease right-of-use assets	1,738	812
Contract acquisition assets	909	875
Intangible assets	136	110
Total assets	61,368	97,795
Liabilities and shareholders' equity		
Current liabilities		
Accounts payable and accrued liabilities	7,598	5,294
Lease liabilities	368	555
Deferred revenue	9,869	9,529
Derivative liability	538	—
Total current liabilities	18,373	15,378
Lease liabilities	1,401	477
Total liabilities	19,774	15,855
Shareholders' equity		
Share capital	109,460	147,739
Contributed surplus	7,945	8,667
Accumulated other comprehensive (loss) income	(576)	532
Accumulated deficit	(75,235)	(74,998)
Total shareholders' equity	41,594	81,940
Total liabilities and shareholders' equity	61,368	97,795

	Three months ended December 31,		Years ended December 31,	
	2024	2023	2024	2023
	\$	\$	\$	\$
Revenue	17,568	15,574	66,942	59,054
Cost of revenue	4,391	3,906	16,630	14,493
Gross profit	13,177	11,668	50,312	44,561
Operating expenses				
Sales and marketing	5,419	4,847	20,631	20,767
Research and development	5,083	4,803	19,049	19,471
General and administrative	3,103	3,188	13,076	14,924

Restructuring	—	(61)	—	2,941
Total operating expenses	13,605	12,777	52,756	58,103
Operating loss	(428)	(1,109)	(2,444)	(13,542)
Other income (expenses)				
Finance income	506	897	3,413	3,478
Foreign exchange (loss) gain	(755)	513	(1,206)	434
Loss on disposal of property and equipment	—	—	—	(150)
Total other (expenses) income	(249)	1,410	2,207	3,762
Net (loss) income	(677)	301	(237)	(9,780)
Other comprehensive (loss) income				
Unrealized (loss) gain on derivatives	(544)	570	(1,108)	570
Total comprehensive (loss) income	(1,221)	871	(1,345)	(9,210)
Weighted average number of common shares outstanding - basic	68,271,538	81,366,415	74,260,651	80,775,745
Weighted average number of common shares outstanding - diluted	68,271,538	84,644,590	74,260,651	80,775,745
(Loss) earnings per share				
Basic and diluted	\$ (0.01)	\$ 0.00	\$ (0.00)	\$ (0.12)

	Years ended December 31,	
	2024	2023
	\$	\$
Cash from (used in):		
Operating activities		
Net loss	(237)	(9,780)
Items not affecting cash and cash equivalents:		
Depreciation and amortization	1,386	1,342
Loss on disposal of property and equipment	—	150
Stock-based compensation	3,996	5,751
Unrealized foreign exchange loss (gain)	1,216	(448)
Finance income	(3,413)	(3,478)
Interest received	3,805	3,149
Changes in non-cash working capital:		
Trade and other receivables	(894)	(605)
Prepaid expenses and other assets	(152)	(1,467)
Contract acquisition assets	(732)	(820)
Accounts payable and accrued liabilities	1,677	(510)
Deferred revenue	340	1,290
Cash from (used in) operating activities	6,992	(5,426)
Investing activities		
Proceeds on disposal of property and equipment	77	71
Investment in property and equipment	(202)	(18)
Investment in intangible assets	(41)	—
Cash (used in) from investing activities	(166)	53
Financing activities		
Operating lease payments	(565)	(532)
Payments received on net investment in finance lease	132	73
Exercise of stock options	192	231
Tax remittances on stock based compensation	(2,696)	(1,286)
Shares repurchased for cancellation under normal course issuer bid	(3,799)	(900)
Shares repurchased for cancellation under substantial issuer bid	(35,363)	—

Directors compensation and DSU settlements	(497)	—
Cash used in financing activities	(42,596)	(2,414)

Effect of exchange rate fluctuations on cash and cash equivalents held	(1,349)	552
Decrease in cash and cash equivalents	(37,119)	(7,235)
Cash and cash equivalents, beginning of period	86,611	93,846
Cash and cash equivalents, end of period	49,492	86,611

Non-cash transactions:

Taxes accrued on share repurchases included in accounts payable and accrued liabilities	775	—
Increase in right-of-use assets and lease liabilities	1,308	—

Reconciliation from IFRS to Non-IFRS Measures (unaudited)

(expressed in thousands of U.S. dollars)

	Three months ended		Years ended	
	December 31,		December 31,	
	2024	2023	2024	2023
Net (loss) income	(677)	301	(237)	(9,780)
Stock-based compensation	964	1,401	3,996	5,751
Depreciation and amortization	359	319	1,386	1,342
Foreign exchange gain (loss)	755	(513)	1,206	(434)
Finance income	(506)	(897)	(3,413)	(3,478)
Restructuring costs ⁽¹⁾	—	(61)	—	3,435
Loss on disposal of property and equipment	—	—	—	150
Adjusted EBITDA	895	550	2,938	(3,014)

(1) Represents employee compensation for severance amounts for Company wide restructuring in the first quarter of 2023. Credit relates to accrual reversal due to employees with termination dates in the fourth quarter of 2023 being retained by the Company

SOURCE Thinkific Labs Inc.

For further information: For further information: Media: press@thinkific.com, IR: IR@thinkific.com

<https://investors.thinkific.com/2025-03-05-Thinkific-Announces-Fourth-Quarter-and-Full-Year-2024-Financial-Results>