

Thinkific Announces First Quarter 2025 Financial Results

Q1 2025 Revenue Increases to \$17.8 Million, up 12% Y/Y

Q1 2025 ARR Grew by \$1.8 Million to \$60.1 Million

Delivers Cash Flow from Operations of \$3.2 Million and Maintains Adjusted EBITDA of 5% of Revenue

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

VANCOUVER, BC, May 6, 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 ended March 31, 2025.

"I am happy to announce Q1 results where our revenue of \$17.84 million slightly exceeded the top end of our revenue guidance range," said Greg Smith, CEO and Founder of Thinkific. "Upside was driven by improved subscription revenue performance, particularly in Self-Service which benefited from improvements we made to our customer onboarding process. Looking ahead, we are working hard on executing the focused strategy we outlined last quarter and are gearing up for important product launches and marketing and brand campaigns this summer. I am confident in our ability to provide our customers with the tools and resources they need to achieve their business goals – and as they succeed and grow, so will Thinkific."

First Quarter Financial Highlights

- Total revenue increased 12% year-over-year to \$17.8 million, compared to the guided range of \$17.5 - \$17.8 million.
 - Commerce revenue increased 52% to \$3.3 million, compared to \$2.1 million in the first quarter of 2024.
 - Thinkific Commerce penetration rate, measured as GPV as a percent of GMV, increased to 56%, up from 37% in the prior year as customers increasingly choose Thinkific Commerce to power their sales.
 - Subscription revenue increased 6% to \$14.6 million, compared to the first quarter of 2024.
 - On a customer group basis (inclusive of both subscription and commerce revenue), Thinkific Plus grew 27% to \$4.5 million and Self Serve revenue increased 7% to \$13.3 million, compared to the first quarter of 2024.
- Gross margin remained consistent at 74% year-over-year.
- Net income was \$0.4 million compared to net loss of \$1.1 million in the first quarter of 2024, representing an increase of \$1.5 million.
- Adjusted EBITDA⁽¹⁾ of \$0.9 million or 5% of revenue in the first quarter of 2025 compared to \$0.2 million in the first quarter of 2024 represents an improvement of \$0.7 million.
- ARR⁽²⁾ grew 6% to \$60.1 million from \$56.7 million in the first quarter of 2024.
- ARPU⁽²⁾ increased 10% to \$168 per month compared to \$152 per month in the first quarter of 2024 due to continued strength in Thinkific Plus and Thinkific Commerce.
- GPV⁽²⁾ processed through Thinkific Commerce increased 46% to \$65 million in the first quarter of 2025 compared to \$45 million in the same period of the prior year. GMV⁽²⁾ was \$117 million, representing a decrease of 5% compared to the first quarter of 2024.
- Cash and cash equivalents were \$51.4 million at March 31, 2025.
- During the first quarter of 2025, the company generated \$3.2 million of cash from operating activities, consistent with the same period of the prior year.

"I am pleased with our start to the year as changes we made in our go-to-market led to improved productivity and ARR growth", said Corinne Hua, CFO of Thinkific. "We maintained our Adjusted EBITDA⁽¹⁾ margin and continued to generate cash flow from operations, further underscoring the power and resilience of our financial model. We are now executing on our focused strategy, which we believe will drive long-term financial performance and increased shareholder value."

(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".

First Quarter Operational Highlights

- On February 19, 2025, Thinkific announced it had been recognized in G2's 2025 Best Software Awards, placing among the world's top software companies for 'Best Customer Service Software Products', and 'Best Education Software Products', — two categories with over 3,000 products. Thinkific was also recognized as one of the 'Best Software Companies in Canada'.
- On Feb 5, 2025, Thinkific launched an integration with HubSpot, adding to our library of essential enterprise-grade solutions that allow larger businesses to consider and choose Thinkific as their learning solution.

- On March 25, 2025, Thinkific was recognized by Waterstone Human Capital as one of the "Most Admired Corporate Cultures of 2024" in their Growth Category for building and enhancing cultures that drive performance.
- Throughout the quarter Thinkific released continuous improvements to our platform - including enhancing our AI content generation tools and advances in our communities memberships functionality. Improvements to our sign up and onboarding flow led to improved customer activation metrics, and our advanced analytics now enable building custom dashboards, scheduling automated reports, and sharing insights with peers.

Subsequent to Quarter-End

- On April 8, 2025, Thinkific released Private Spaces in Communities, a highly anticipated feature that will help enhance customer retention by allowing them to create dedicated spaces to connect and engage with learners.
- On April 24, 2025, Thinkific converted all multiple voting shares to single voting shares. Simplifying the capital structure improves corporate governance and is a first step in enhancing shareholder value. This strategic change demonstrates management's confidence in Thinkific's growth trajectory and their dedication to maximizing long-term value for every shareholder.

Outlook

For the second quarter of 2025, the Company expects revenue of \$17.7 - \$18.0 million which represents 9-11% growth compared to the second 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.

Quarterly Conference Call and Webcast Information

A conference call will be held at 5:00 PM ET (2:00 PM PT) on May 6, 2025 to discuss Thinkific's first quarter 2025 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 97196#. The replay will expire at midnight ET on May 13, 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 quarter ended March 31, 2025, 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.

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

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 income (loss) excluding taxes, interest, depreciation and amortization (or EBITDA), as adjusted for stock-based compensation, foreign exchange loss, and finance income. 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", 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.

"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.

THINKIFIC LABS INC.

Condensed Interim Consolidated Statements of Financial Position (unaudited)

Amounts expressed in thousands of U.S. dollars

		As at March 31		As at December 31
		2025		2024
Assets				
Current assets				
Cash and cash equivalents	\$	51,373	\$	49,492
Trade and other receivables		4,001		4,585
Prepaid expenses and other assets		2,486		3,288
Contract acquisition assets		674		640
Total current assets		58,534		58,005
Property and equipment		524		580
Lease right-of-use assets		1,652		1,738
Contract acquisition assets		1,003		909
Intangible assets		184		136
Total assets	\$	61,897	\$	61,368

Liabilities and shareholders' equity**Current liabilities**

Accounts payable and accrued liabilities	\$	7,125	\$	7,598
Lease liabilities		314		368
Deferred revenue		10,808		9,869
Derivative liability		341		538
Total current liabilities		18,588		18,373

Lease liabilities		1,345		1,401
Total liabilities		19,933		19,774

Shareholders' equity

Share capital		109,102		109,460
Contributed surplus		8,075		7,945
Accumulated other comprehensive loss		(379)		(576)
Accumulated deficit		(74,834)		(75,235)
Total shareholders' equity		41,964		41,594

Total liabilities and shareholders' equity	\$	61,897	\$	61,368
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THINKIFIC LABS INC.**Condensed Interim Consolidated Statements of Income (Loss) and Comprehensive Income (Loss) (unaudited)**

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

Three months ended March 31				
		2025		2024
	\$			
Revenue		17,844	\$	15,964
Cost of revenue		4,672		4,088
Gross profit		13,172		11,876
Operating expenses				
Sales and marketing		5,026		4,988
Research and development		4,898		4,644
General and administrative		3,441		3,781
Total operating expenses		13,365		13,413
Operating loss		(193)		(1,537)
Other income (expenses)				
Finance income		601		904
Foreign exchange loss		(7)		(436)
Total other income		594		468
Net income (loss)		401		(1,069)
Other comprehensive income (loss)				
Unrealized gain (loss) on derivatives		197		(497)
Total comprehensive income (loss)	\$	598	\$	(1,566)
Weighted average number of common shares outstanding - basic		68,178,844		81,067,077
Weighted average number of common shares outstanding - diluted		69,176,300		81,067,077
Earnings (loss) per share				
Basic	\$	0.01	\$	(0.01)
Diluted	\$	0.01	\$	(0.01)

THINKIFIC LABS INC.**Condensed Interim Consolidated Statements of Cash Flows (unaudited)***Amounts expressed in thousands of U.S. dollars*

	Three months ended March 31	
	2025	2024
Operating activities		
Net income (loss)	\$ 401	\$ (1,069)
Items not affecting cash and cash equivalents:		
Depreciation and amortization	351	332
Stock-based compensation	764	1,445
Unrealized foreign exchange loss	14	434
Finance income	(601)	(904)
Interest received	79	1,336
Changes in non-cash working capital:		
Trade and other receivables	995	(355)
Prepaid expenses and other assets	800	999
Contract acquisition assets	(304)	(120)
Accounts payable and accrued liabilities	(263)	411
Deferred revenue	939	570
Cash from operating activities	\$ 3,175	\$ 3,079
Investing activities		
Proceeds on disposal of property and equipment	—	77
Investment in property and equipment and intangible assets	(82)	(193)
	\$ (82)	\$ (116)
Financing activities		
Operating lease payments	(106)	(111)
Exercise of stock options	35	47
Tax remittances on stock based compensation	(204)	—
Shares repurchased for cancellation under normal course issuer bid	(685)	(1,764)
	\$ (960)	\$ (1,828)
Effect of exchange rate fluctuations on cash and cash equivalents held	(252)	(432)
Increase in cash and cash equivalents	1,881	703
Cash and cash equivalents, beginning of period	49,492	86,611
Cash and cash equivalents, end of period	\$ 51,373	\$ 87,314

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

	Three months ended March 31	
(in thousands of U.S. dollars)	2025	2024
	\$	
Net income (loss)	401	\$ (1,069)
Stock-based compensation	764	1,445
Depreciation and amortization	351	332
Foreign exchange loss	7	436
Finance income	(601)	(904)
	\$ 922	\$ 240
Adjusted EBITDA		

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

<https://investors.thinkific.com/2025-05-06-Thinkific-Announces-First-Quarter-2025-Financial-Results>