

# THINKIFIC

Monetizing your Knowledge, Expertise, and Passion

Corporate Presentation



## Disclaimer

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This presentation is dated Jan 19, 2024, and has been prepared in connection with the earnings reporting for the period ending September 30, 2023 of Thinkific Labs Inc. ("the Company", "Thinkific", "us" or "we").

In this presentation, all references to "\$", "US\$", "dollars" and "U.S. dollars" are to United States dollars and all references to "C\$" are to Canadian dollars.

### NON-IFRS MEASURES

The information in this presentation includes "Adjusted EBITDA", which is not a recognized measure under International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), 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: "Monthly Recurring Revenue" or "MRR", "Annual Recurring Revenue" or "ARR", "Paying Customers", "Average Revenue per User" or "ARPU", "Gross Merchandise Volume" or "GMV", and "Gross Payments Volume" or "GPV". These industry metrics are unaudited and are not directly derived from our financial statements. Adjusted EBITDA 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 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 calculated as net income (loss) excluding taxes, interest, depreciation and amortization (or EBITDA), as adjusted for stock-based compensation, foreign exchange loss (gain), net finance (income) expense, 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.

### INDUSTRY METRICS

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", "Gross Payments Volume" or "GPV", and "Paying Customers". See the Appendix for the definitions of such industry metrics. Our key performance indicators may be calculated in a manner different than similar key performance indicators used by other companies.



**Greg Smith**  
CEO



**Corinne Hua**  
CFO

### FORWARD-LOOKING STATEMENTS

This presentation 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", "forecasts", "trajectory", "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 presentation 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; potential growth of our industry; our growth rates and growth strategies including product-led growth strategy through the introduction of additional features to support the success of our Creators; 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 2022 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; 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.

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, 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; our ability to retain key personnel; our ability to continue investing in infrastructure to support our growth and brand recognition; our ability to continue securing, maintaining and enhancing our technological infrastructure and functionality of our platform; our ability to maintain existing relationships with Course Creators and to continue to expand our Course Creators' use of our Platform; our ability to acquire new Course Creators; our ability to maintain existing material relationships on similar terms with service providers, suppliers, Partners and other third parties; the impact of changing conditions and increasing competition in the global e-learning market in which the Company operates; 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").

In addition, forward-looking financial information with respect to potential outlook and future financial results contained in this presentation 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 not be used for purposes other than for which it is disclosed.

# THNC (TSX)

## Profitable Growth



**\$55.3M**

Annual Recurring Revenue  
(+7% YoY)

**\$134M**

Gross Payments Volume  
(+100% YoY)

**\$445M**

Gross Merchandise Value<sup>(1)</sup>  
(9% YoY)

**\$87M cash**

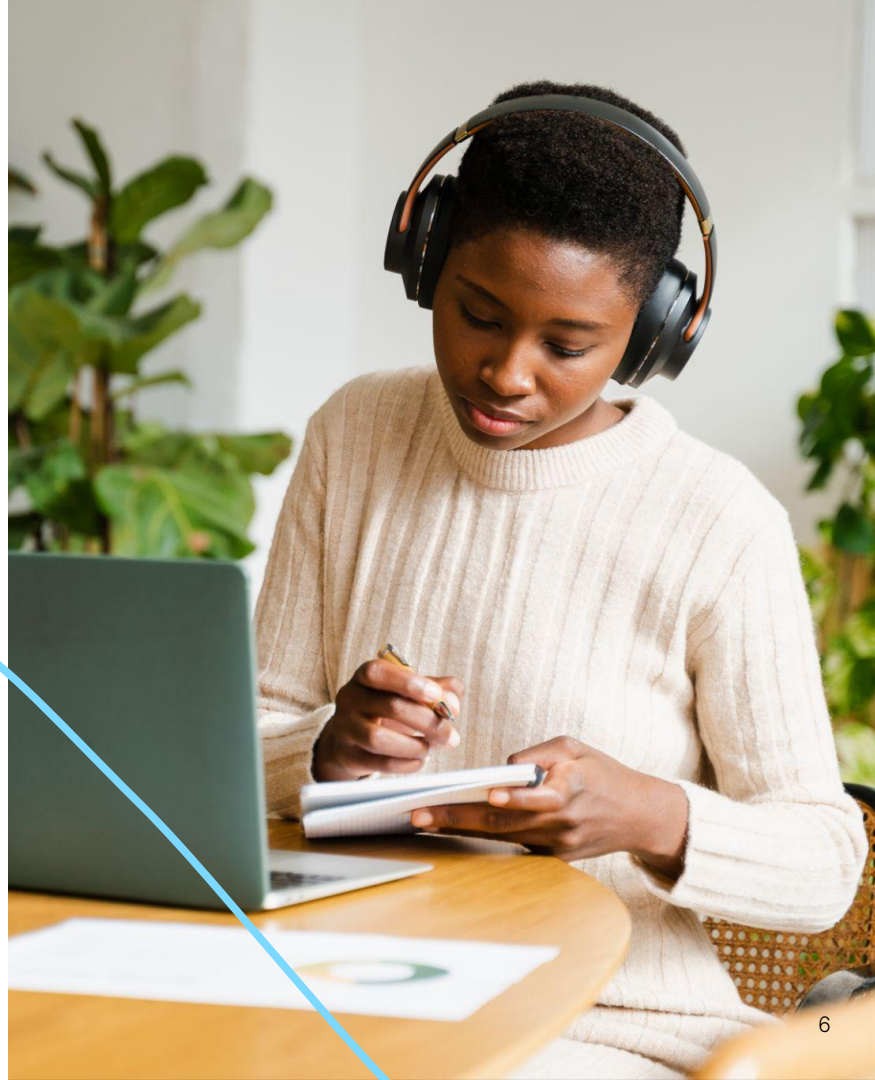
Cash on the balance sheet  
(no debt)

For the year ended Dec 31, 2023

(1) Gross Merchandise Value 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.

# Monetize your Knowledge, Expertise, and Passion

Create, market, and sell digital learning products, build vibrant communities, and monetize memberships and courses — all under your brand and site.



# Market & Competitive Landscape

Your Site.

Your Brand.

Your Content.

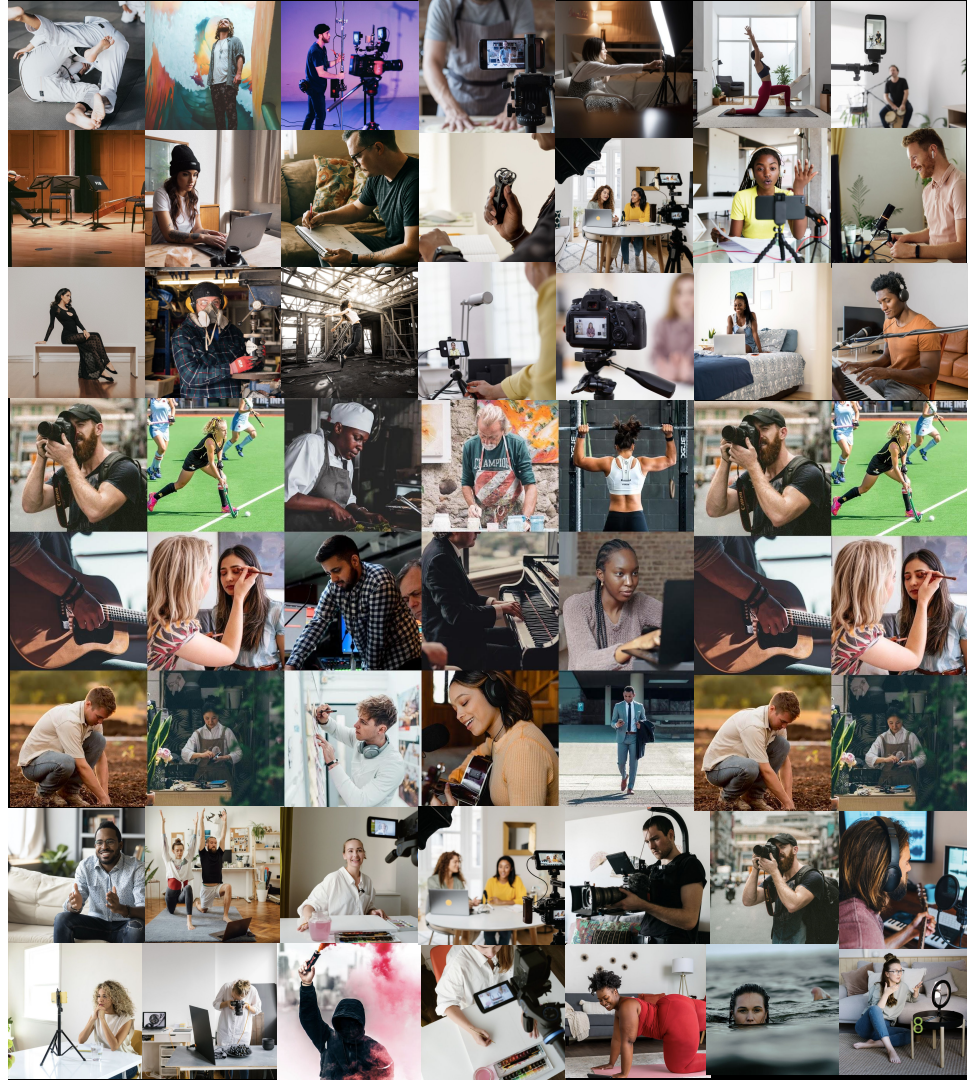
Your Students.

Your Business.

All on Thinkific.



A world where  
everyone is  
empowered to  
share their  
**knowledge and  
passion**



# Our customers are diversified across topics and verticals



Health & Fitness

Business & Marketing

Personal Development

Arts & Entertainment

Career Development

Fashion & Beauty

Software & Technology

Transportation

Education

Finance

Sales

Project Management

Corporate Training

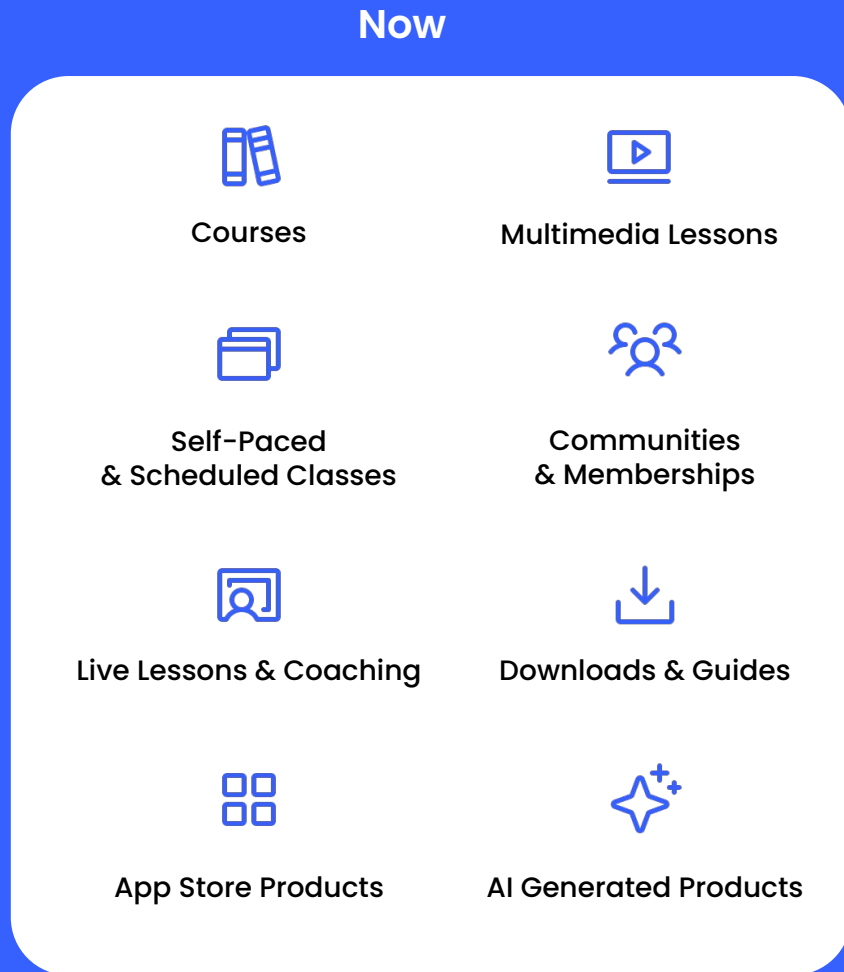
Real Estate

Legal



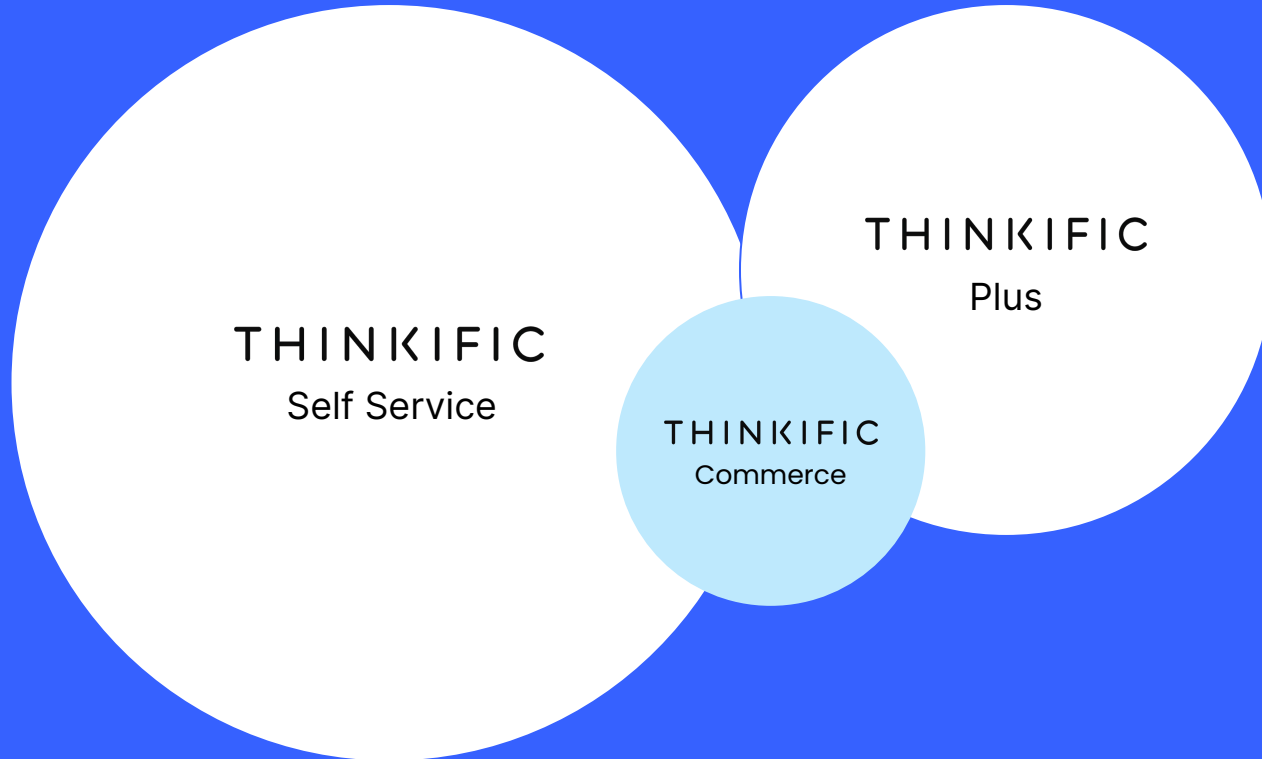
# More than courses

We've expanded into digital learning products



# Meeting our customer needs to help them succeed

## Three major opportunities for growth



# Thinkific Platform: Turning knowledge into vibrant digital products to sell

## Create



Courses



AI



Website Builder



Digital Products



Mobile Apps

## Market & Sell



Payments



Funnels



Commerce Tools



Email & Marketing



Tax



Gifting

## Engage



Membership sites



Communities



Live lessons & coaching



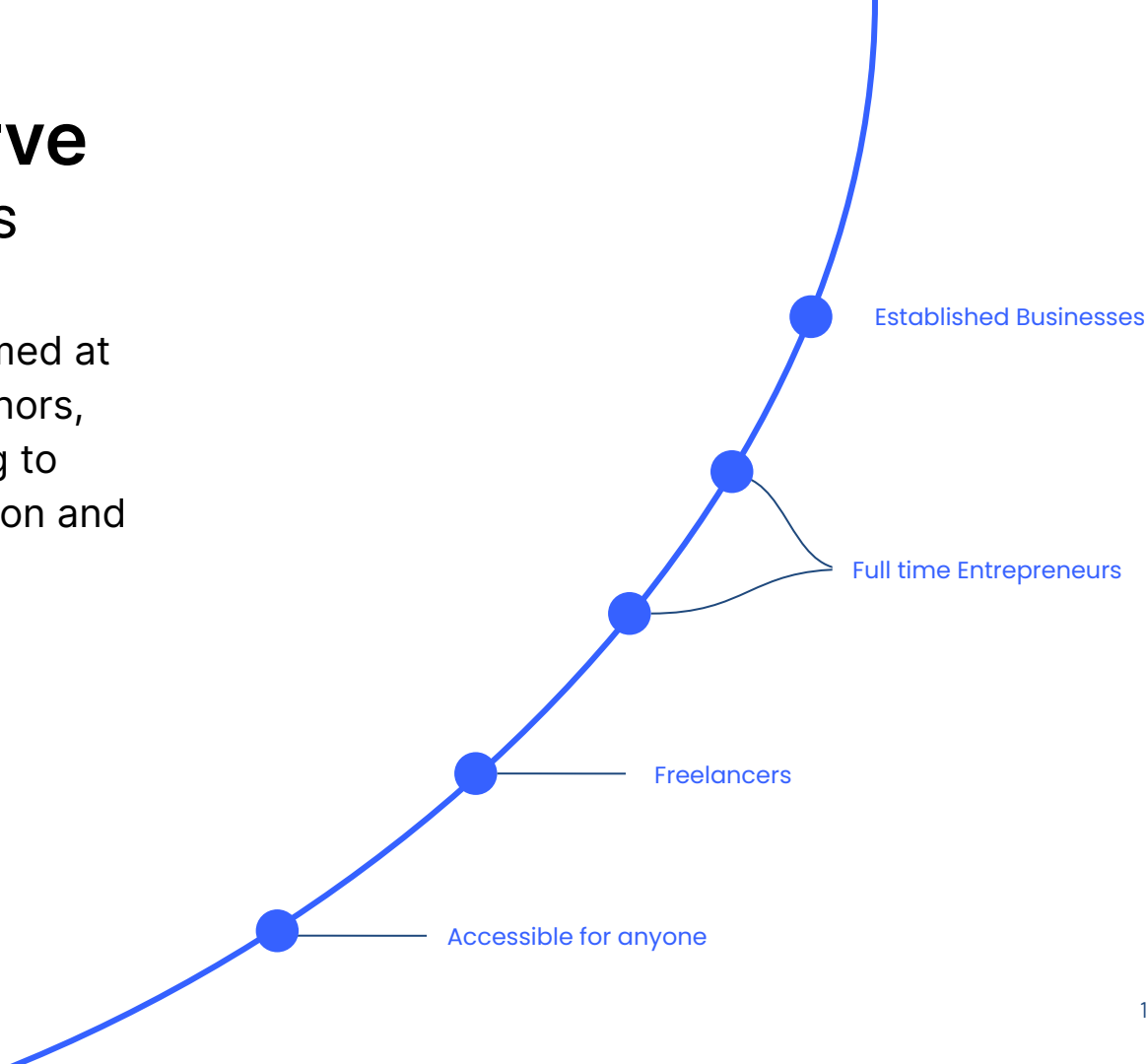
Analytics



Student Support

# Thinkific Self Serve for Creator Educators

Our largest revenue segment aimed at creator educators: coaches, authors, experts, social creators - looking to monetize their knowledge, passion and expertise.

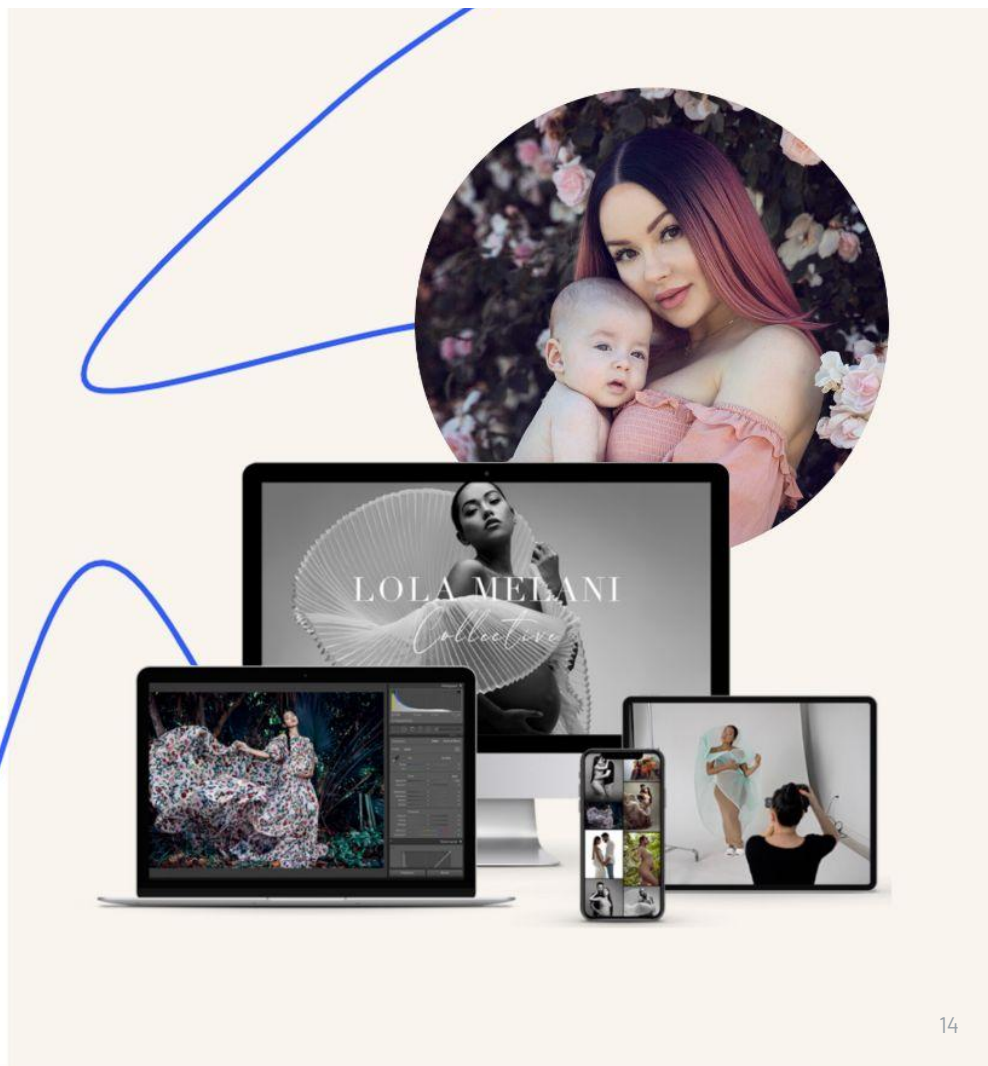


## Customer Success Story

# Lola Melani Academy

"It's never been easier to build your own course with all of the amazing tools that are offered nowadays to content creators. I could do it in my living room on my laptop and make \$1.3M in sales, you can do it too."

- Lola Melani



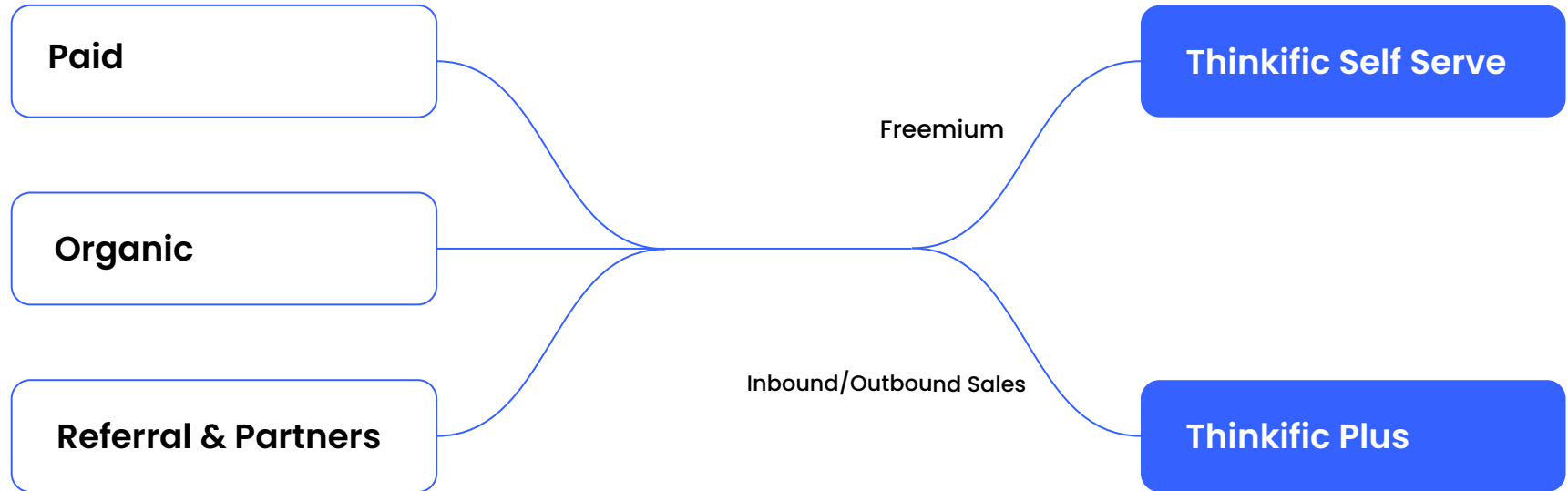
# Plus is Thinkific's Business Solution

Business offering that is simple to use yet offers a full featured course solution that enables customized learning products



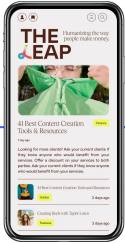
# Go To Market Motions

Hybrid Product- and Marketing-Led Approach



## 2024 Priorities

We have clear strategic priorities to help Customers succeed and drive top line growth



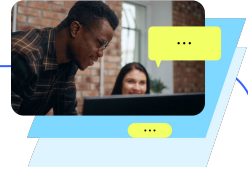
**Easy  
to start**



**Easy  
to sell**



**Excited  
to stay**



**Grow  
Upmarket**

# Mission Driven

We believe in the incredible power of education and have seen first hand that when you unite business and education, you create an unstoppable force for positive change

## Strong Culture

- Succeed Together
- Learn and Grow
- Fanatical about Customer Success
- Strive for Equality
- Be Helpful
- Give a Shit
- Choose Ethics and Integrity
- Passionately Debate



THINKIFIC

# Financial Overview



# Steady Execution & Building on Momentum

<b>\$55.3M</b> Annual Recurring Revenue (+7% YoY)	<b>\$134M</b> Gross Payments Volume (+100% YoY)
<b>\$150</b> ARPU (+9% YoY)	<b>75%</b> Gross Margin
<b>\$445M</b> LTM Gross Merchandise Value <sup>(1)</sup> (+9% YoY)	<b>\$87M</b> Cash (positive cash from operations, no debt)

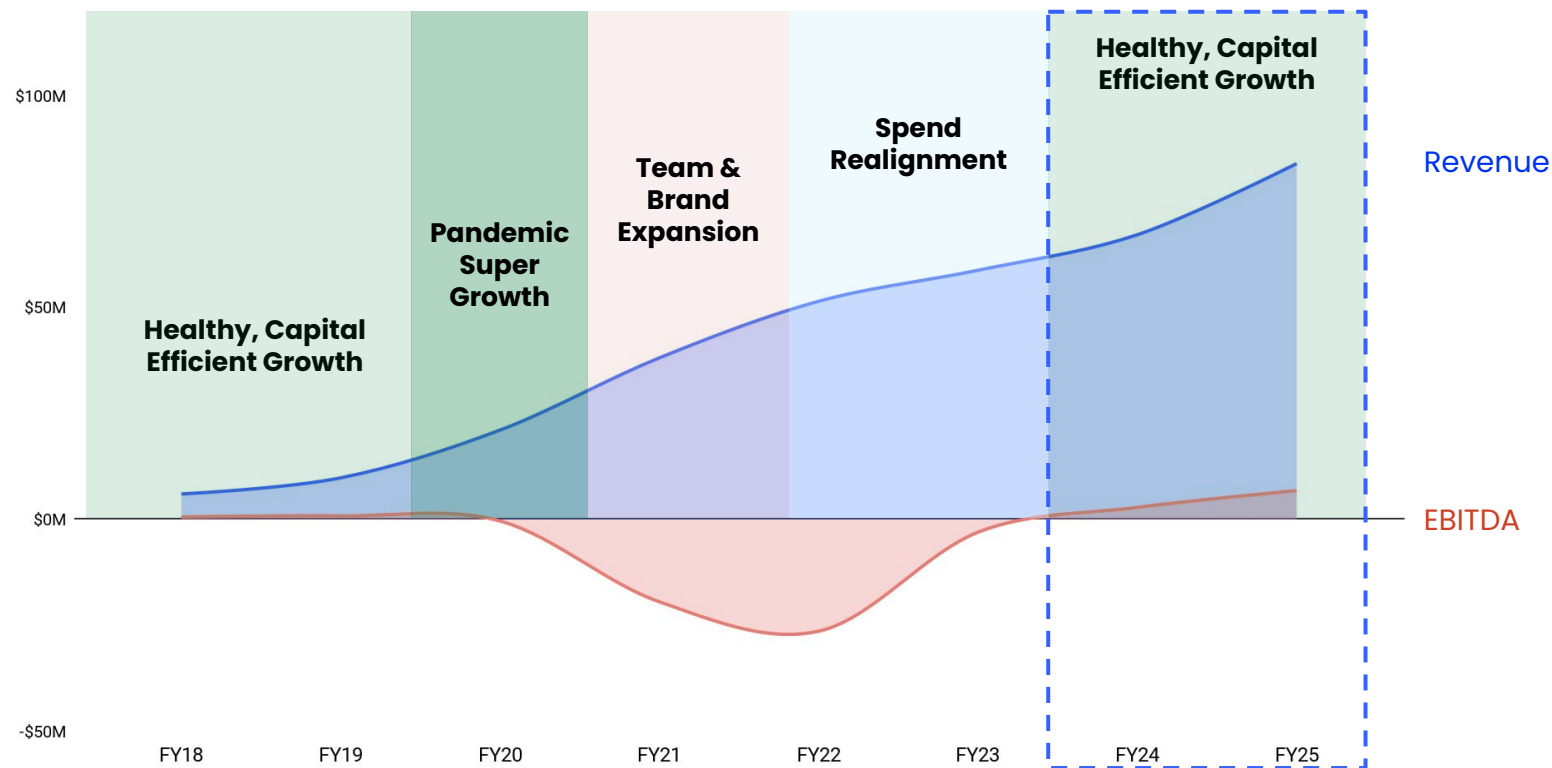
**\$59.1M**  
2023 Revenue  
(+15% YoY)

For the year ended December 31, 2023 unless otherwise noted

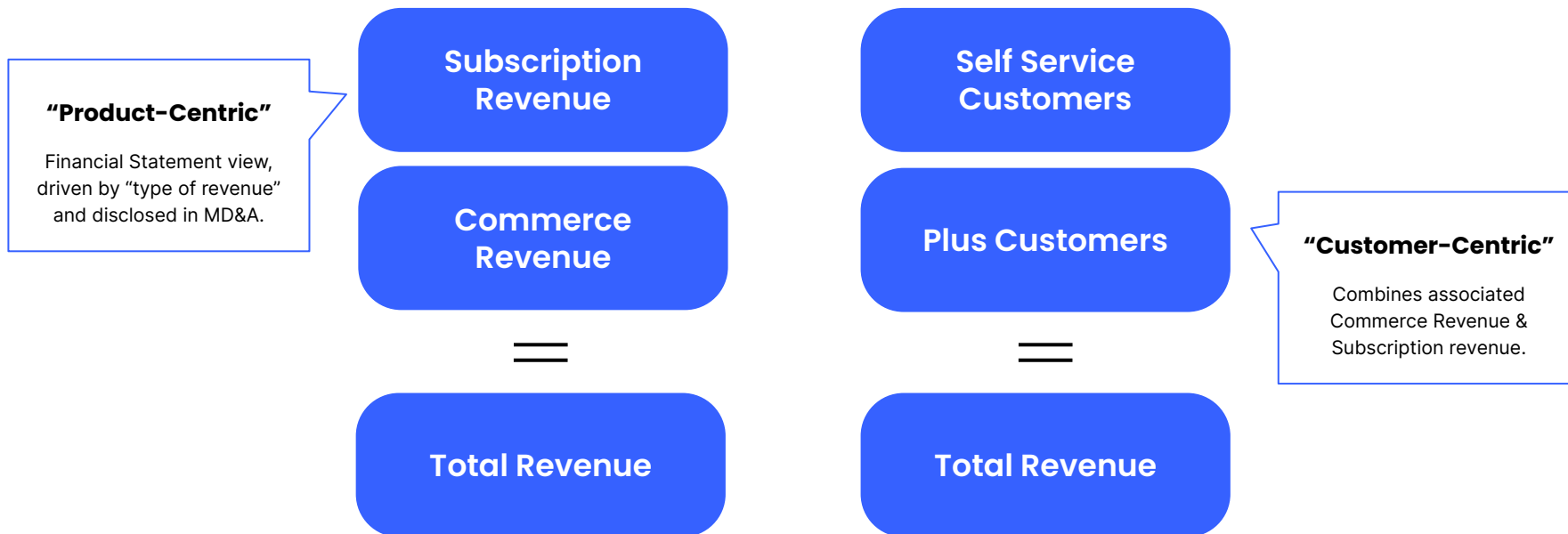
All metrics in \$USD

(1) Gross Merchandise Value 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.

# Financial History and Outlook: Continued Profitable Growth



# Increasing Transparency with Revenue & Margin breakdowns



# One Business, Many Levers for Growth

**\$53.3M**

Subscription Revenue

↑ 10% vs 2022

**\$5.8M**

Commerce Revenue

↑ 92% vs 2022

**\$59.1**

Total Revenue

↑ 15% vs 2022

**\$46.8M**

Self Service Customer Revenue

↑ 10% vs 2022

**\$12.2M**

Plus Customer Revenue

↑ 36% vs 2022

Self Service & Plus revenue breakdowns are a non-IFRS grouping of all sources of revenue (subscription & commerce) by the type of customer, as internally defined. Totals may not sum due to rounding.

# Thinkific Commerce

## Helping more customers earn more

**Thinkific Commerce Revenue**  
\$5.8M +92% YoY, 3.8% take rate

### Total Customer Sales

Processed on & off-platform

**~\$718M\***  
+14% YoY

\*Total Customer Sales is an estimate of the value of all transactions across the Thinkific platform, including those processed via external API. Value based on a proxy of enrollment transactions.

See MD&A for more definitions. Size of circles is for illustrative purposes only.

All metrics in \$USD

### GMV

Customer Sales  
processed on-platform

**\$445M**  
+9% YoY

### GPV

Customer Sales on  
Thinkific Commerce

**\$134M (30% of GMV)**  
+100% YoY

**Differentiated feature set  
driving adoption, including:**

- Multi-currency
- Sales tax management
- Buy now, pay later
- Order bumps

# Growth Drivers

## Commerce

Increase GPV by moving customers over to Thinkific Payments

Increase take rate from 3.8% to 5% range in mid-term & 10% in long run

Can more than double Commerce revenue

## Self Serve

Leverage Generative AI to help Creators generate more digital content faster!

Easy to Start:  
Reducing the time to their first dollar should help increase paying customer count

## Thinkific Plus

New features to differentiate

Invest in go-to-market capabilities

High LTV/CAC driving ROI on investments, believe we can maintain 30%+ growth



## Contact

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[IR@thinkific.com](mailto:IR@thinkific.com)

# Thank you!

A decorative graphic on the left side of the slide. It features a large blue circle, partially cut off by the left edge. A wavy line, colored in a lighter shade of blue, starts from the circle and extends horizontally across the slide, ending on the right edge. The word "Appendix" is positioned to the right of the circle, above the wavy line.

# Appendix

# Definitions

**“Annual Recurring Revenue” or “ARR”** is twelve times the monthly value of all current Paying Customer subscriptions at the end of the period, with the number of Paying Customers multiplied by the average monthly subscription plan fee in effect on the last day of that period.

**“Average Revenue Per User” or “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 (calculated in accordance with IFRS) and dividing this by the average number of Paying Customers for the same quarter.

**“Gross Merchandise Volume” or “GMV”** is the total dollar value of all transactions of learning products made by our Creators, facilitated through our Platform, including Thinkific Payments, 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. GMV does not represent earned by us.

**“Gross Payments Volume” or “GPV”** is the total dollar value of transactions processed using Thinkific Payments in the period, net of refunds and inclusive of sales tax where applicable. GPV does not represent revenue earned by us.

**“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.

## **DATES OF PRESENTED METRICS**

Unless otherwise indicated, financial metrics contained in this presentation are for the three and twelve months ended December 31, 2023.

**"Adjusted EBITDA"** is a Non-GAAP measure 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 (income) expense, and restructuring costs. The following table reconciles Adjusted EBITDA to net (loss) income for the periods indicated:

Quarter Summary	Q3'22	Q4'22	Q1'23	Q2'23	Q3'23	Q4'23
<b>Net loss</b>	<b>(\$10,658K)</b>	<b>(\$3,666K)</b>	<b>(\$7,007K)</b>	<b>(\$2,142K)</b>	<b>(\$932K)</b>	<b>\$301K</b>
Stock-based compensation	\$956K	\$663K	\$704K	\$2,021K	\$1,624K	\$1,401K
Depreciation and amortization	\$317K	\$328K	\$343K	\$354K	\$326K	\$318K
Foreign exchange (gain) loss	\$4,108K	(\$1,006K)	(\$115K)	(\$505K)	\$699K	(\$513K)
Finance expense	(\$398K)	(\$703K)	(\$690K)	(\$947K)	(\$913K)	(\$897K)
Restructuring costs <sup>(1)</sup>	-	-	\$3,681K	\$0K	(\$185K)	(\$61K)
Loss on disposal of property and equipment	-	-	-	-	\$120K	-
<b>Adjusted EBITDA</b>	<b>(\$5,676K)</b>	<b>(\$4,383K)</b>	<b>(\$3,085K)</b>	<b>(\$1,219K)</b>	<b>\$740K</b>	<b>\$550K</b>

(1) Represents employee compensation for severance amounts for Company wide restructurings in the first quarters of 2023 and 2022. Credit in the fourth quarter relates to accrual reversal due to employees with termination dates in the fourth quarters of 2023 being retained by the Company.