

THINKIFIC

THINKIFIC REPORTS STRONG FIRST QUARTER 2021 FINANCIAL RESULTS

Significant momentum across all metrics drives annual recurring revenue growth of 134%

Raised total gross proceeds of CAD\$184 million in successful IPO, providing the capital that will fuel continued R&D, market expansion and brand awareness

Thinkific reports in US dollars and in accordance with IFRS

May 11, 2021 – Vancouver, BC – Thinkific Labs Inc. (“Thinkific” or “the Company”)[TSX:THNC], a leading cloud-based software platform that enables entrepreneurs and established businesses of all sizes to create, market, and sell online courses, today announced its financial results for the three-month period ended March 31, 2021 (“the first quarter”).

“Thinkific was founded with the goal of empowering entrepreneurs and businesses of all sizes to create and sell online courses. The Company’s strong financial results this quarter are a testament to the success of our customers and our focus on building a robust platform that continues to expand to meet the needs of course creators,” said Greg Smith, Co-Founder and CEO of Thinkific. “The opportunity facing any entrepreneur or business entering the online course industry is exceptional and new businesses are succeeding every day on our platform. Our continued focus will be to empower their success through innovation and enhancement of the Thinkific platform.

“We believe that Thinkific is just getting started. Any entrepreneur or business has the opportunity to incorporate learning products as a tool for growth,” continued Mr. Smith. “We continue to focus on building for the success of our customers, while nurturing a great team culture, being a responsible member of our communities, and delivering value to shareholders.

“Our recent IPO, raising CAD\$184 million in total, will serve to accelerate our growth, by allowing us to invest in our people, products and brand. Over the course of our history, we have taken a data-driven, calibrated approach to design and enhance our business. While this will not change, we firmly believe that this additional capital will enable us to capitalize on the sizable market opportunity in front of us, and deepen our competitive advantage,” concluded Mr. Smith.

US\$ (unless otherwise noted)	First Quarter 2021	First Quarter 2020	% Change
Paying Customers ¹	27,500	12,800	115%
Average Revenue per User ("ARPU") ²	\$106	\$93	15%
Annual Recurring Revenue ("ARR") ³	\$34.8 million	\$14.9 million	134%
Gross Merchandise Volume ⁴	\$107.1 million	\$41.8 million	156%
Revenue	\$8.3 million	\$3.3 million	152%
Gross Profit	80%	79%	1%
Adjusted EBITDA ⁵	(\$0.5) million	(\$0.1) million	(380%)
Net loss	(\$1.0) million	(\$0.4) million	(135%)

First Quarter Financial and Operational Highlights

- Paying Customers improved by 115% to 27,500 which reflects the strength of the Thinkific platform and user experience, growing awareness of Thinkific through targeted marketing and Course Creators' success, as well as expansion of online learning generally.
- ARPU improved by 15% to \$106, primarily due to subscription plan upgrades from existing Paying Customers and new Paying Customers choosing to subscribe to our highest tier plans.
- ARR increased by 134% to \$34.8 million. This improvement was driven by increases in both the number of Paying Customers and ARPU.
- Gross Merchandise Volume improved by 156% to \$107.1 million, driven by an increase in both Course Creators and their ability to monetize their courses.
- Revenue of \$8.3 million improved 152% compared to the first quarter of 2020, primarily due to an increase in the number of new Paying Customers as well as subscription plan upgrades of existing Paying Customers.
- Gross Profit of 80% remained relatively stable compared to the same quarter last year.

¹ "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.

² "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.

³ "Annual Recurring Revenue" or "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.

⁴ "Gross Merchandise Volume" or "GMV" is the total dollar value of all transactions of course sales, membership subscriptions, or other products or services by Course Creators, facilitated through our Platform during the period, net of refunds. GMV does not include transactions for course sales, membership subscriptions, or other products or services processed by APIs or certain apps where the Company does not record the transaction value.

⁵ Non-IFRS measure. See "Non-IFRS Measures" and the reconciliation to the most directly comparable IFRS measure.

- Adjusted EBITDA loss of \$0.5 million and Net Loss of \$1.0 million, decreased due to the investment in the growth of the Company.
- 20,000 entrepreneurs registered for Amplify, our free online conference focused on supporting the success of Thinkific's current and future Course Creators. Amplify brought real life expertise, strategies and learnings to our Course Creator community globally.
- Thinkific was awarded an AdWeek award for Campaign of the Year, Lead Generation, for the 2020 Think in Color virtual summit, which supports and celebrates underrepresented women entrepreneurs and online business owners.

Highlights Subsequent to the First Quarter

- Completed a successful initial public offering in late April, with total gross proceeds of CAD \$184 million. Thinkific issued 14,156,500 Subordinate Voting Shares at a price of CAD \$13.00 per share, including the exercise of the over-allotment by the underwriters of the Offering.
- Launched the Thinkific app store on May 4th as a marketplace to support its Course Creators -- enabling powerful features and greater customization. The Thinkific app store connects developers who can create and sell custom applications, to Course Creators who are eager to further optimize functionality, beyond Thinkific's core platform.
- Ranked #2 on the 2021 list of Best Workplaces™ in Canada (100-999 employees). The annual list is compiled by the Great Place to Work® Institute, a global authority on workplace culture. The selection process is employee driven with two-thirds of the total score coming from confidential employee survey results and the remaining one-third from an in-depth review of the organization's culture.

Outlook

Thinkific's business performance accelerated materially over the last two years, partly due to the industry's rapid evolution and driven by changes in demographics, working ideologies, and technology. These changes are propelling the shift towards digital consumption, including online learning, and have only been accelerated by the COVID-19 pandemic. However, due to near-term uncertainty related to the pandemic, we are providing second quarter 2021 guidance only at this time.

We believe we are just getting started, and will continue to invest in our product, our people, and our platform, with the long term in mind.

For the second quarter of 2021, Thinkific expects the following:

- Revenue in the range of \$8.7 - \$8.9 million, representing year-over-year growth of 91 - 96%.
- Adjusted EBITDA loss in the range of (\$3.4) - (\$4.0) million.

Quarterly Conference Call and Webcast Information

A conference call will be held at 2:00 pm PT (5:00 pm ET) on May 11, 2021 to discuss Thinkific first quarter financial results. To participate in the call, please dial 1.888.664.6383 (US/Canada toll-free) or 1.416.764.8650 (International). For those unable to participate, playback will be available commencing at 4:00 pm PT (7:00 pm ET) on May 11, 2021 by dialing 416.764.8677 or toll free 1.888.390.0541. The passcode is 953518#. The replay will expire at 8:59 pm PT (11:59 pm ET) on May 18, 2021.

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 unaudited condensed interim consolidated financial statements and accompanying notes, and Management's Discussion and Analysis for the three months ended March 31, 2021 are available on the Company's website at www.thinkific.com and on SEDAR at www.sedar.com.

About Thinkific

Thinkific (TSX:THNC) makes it simple for entrepreneurs and established businesses of any size to scale and generate revenue by teaching what they know. Our platform gives businesses everything they need to build, market, and sell online courses and other learning products, and to run their business seamlessly under their own brand, on their own site. In 2020 alone, Thinkific's 50,000 active course creators earned hundreds of millions of dollars in direct course sales while teaching tens of millions of students. Thinkific is headquartered in Vancouver, Canada, with a distributed and growing team.

For more information, please visit www.thinkific.com.

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", and "Gross Merchandise 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 gain (loss), net finance expense, and transaction-related expenses. Adjusted EBITDA does not have a standardized meaning under IFRS and is not a measure of operating income, operating performance or liquidity presented in accordance with IFRS and is subject to important limitations.

See the financial table below for a reconciliation of Adjusted EBITDA.

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" and "Paying Customers". See the footnotes in table above 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.

Forward Looking Statements

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

Such statements and information are based on the current expectations of Thinkific's management and are based on our opinions, estimates and assumptions in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors that we currently believe are appropriate and reasonable in the circumstances and are subject to risks and uncertainties. Although Thinkific's management believes that the assumptions underlying these statements and information are reasonable, there can be no assurance that the underlying opinions, estimates and assumptions will prove to be correct. Such assumptions include assumptions in respect of the impact of the

COVID-19 pandemic; our ability to continue investing in infrastructure to support our growth and brand recognition; our ability to continue maintaining and enhancing our technological infrastructure and functionality of our platform; our ability to maintain existing relationships with 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; our ability to build our market share and enter new markets and industry verticals; the successful rollout and integration of the Thinkific App Store; our ability to retain key personnel; our ability to maintain and expand geographic scope; our ability to execute on our expansion and growth plans; currency exchange and interest rates; the impact of competition; the changes and trends in our industry or the global economy; and the changes in laws, rules, regulations, and global standards are material factors made in preparing forward-looking information and management's expectations.

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

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

These risks are described in additional detail under "Risk Factors" in our Final Long Form Prospectus, which is available under our profile on SEDAR at www.sedar.com. If any of these risks or uncertainties materialize, or if the opinions, estimates or assumptions underlying the forward-looking information prove incorrect, actual results or future events might vary materially from those anticipated in the forward-looking information. Although we have attempted to identify important risk factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other risk factors not presently known to us or that we presently believe are not material that could also cause actual results or future events to differ materially from those expressed in such forward-looking information. There can be no assurance that such information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. Accordingly, you should not place undue reliance on forward-looking information, which speaks only as of the date made. The forward-looking information contained in this press release represents our expectations as of the date of this press release (or as the date they are otherwise stated to be made), and are subject to change after such date. However, we disclaim any intention or obligation or undertaking to update or revise any forward-looking information whether as a result of new information, future events or otherwise, except as required under applicable securities laws in Canada. All of the forward-looking information contained in this press release is expressly qualified by the foregoing cautionary statements.

For further information:

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Condensed Interim Consolidated Statements of Loss and Comprehensive Loss (unaudited)
(expressed in U.S. dollars)

	Three months ended	
	March 31,	
	2021	2020
	\$	\$
Revenue	8,303,274	3,298,193
Cost of revenue	1,668,787	685,700
Gross profit	6,634,487	2,612,493
Operating expenses		
Sales and marketing	3,099,154	1,149,047
Research and development	2,535,357	1,072,455
General and administrative	1,978,171	663,638
Total operating expenses	7,612,682	2,885,140
Operating loss	(978,195)	(272,647)
Other income (expenses)		
Foreign exchange gain (loss)	2,947	(145,778)
Finance expense	(10,405)	(918)
Total other expenses	(7,458)	(146,696)
Net loss and comprehensive loss	(985,653)	(419,343)
Loss per share		
Basic and diluted	(0.02)	(0.01)

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

	March 31, 2021	December 31, 2020
	\$	\$
Assets		
Current assets		
Cash and cash equivalents	7,515,596	9,066,016
Trade and other receivables	794,177	806,687
Prepaid expenses	852,958	476,526
Investment tax credits	1,286,751	915,413
Contract acquisition assets	37,655	-
Total current assets	10,487,1377	11,264,642
Property and equipment	388,265	407,268
Lease right-of-use assets	1,064,556	1,167,969
Contract acquisition assets	120,352	-
Deferred share issuance costs	1,008,590	96,158
Intangible assets	79,626	-
Total assets	13,148,526	12,936,037
Liabilities and Shareholders' Equity		
Current liabilities		
Accounts payable and accrued liabilities	2,167,685	1,498,163
Lease liabilities	504,613	492,611
Deferred revenue	5,143,286	4,767,614
Total current liabilities	7,815,584	6,758,388
Lease liabilities	750,075	868,473
Total liabilities	8,565,659	7,626,861
Shareholder's equity		
Share capital	6,702,059	6,702,059
Contributed surplus	1,326,381	1,067,037
Accumulated other comprehensive loss	(38,113)	(38,113)
Accumulated deficit	(3,407,460)	(2,421,807)
Total shareholders' equity	4,582,867	5,309,176
Total liabilities and shareholders' equity	13,148,526	12,936,037

Condensed Interim Consolidated Statements of Cash Flows (unaudited)
(expressed in U.S. dollars)

	Three months ended	
	March 31,	
	2021	2020
	\$	\$
Cash from (used in):		
Operating activities		
Net loss	(985,653)	(419,343)
Items not affecting cash and cash equivalents:		
Depreciation	140,682	91,290
Stock-based compensation	259,344	81,100
Unrealized foreign exchange loss (gain)	22,991	(382,149)
Finance expense	10,704	9,218
Changes in non-cash working capital:		
Trade and other receivables	12,510	(43,233)
Prepaid expenses	(376,432)	(24,346)
Investment tax credits, net	(371,338)	(119,705)
Contract acquisition assets	(158,007)	-
Accounts payable and accrued liabilities	(11,971)	151,963
Deferred revenue	375,672	276,520
Cash used in operating activities	(1,081,498)	(378,685)
Investing activities		
Investment in property and equipment	(18,266)	(61,145)
Investment in intangible assets	(79,626)	-
Cash used in investing activities	(97,892)	(61,145)
Financing activities		
Share issuance costs	(230,939)	-
Operating lease payments	(130,896)	(94,578)
Cash used in financing activities	(361,835)	(94,578)
Effect of foreign exchange on cash and cash equivalents	(9,195)	255,851
Decrease in cash and cash equivalents	(1,550,420)	(278,557)
Cash and cash equivalents, beginning of period	9,066,016	3,691,875
Cash and cash equivalents, end of period	7,515,596	3,413,318

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

	Three months ended	
	March 31,	
	2021	2020
	\$	\$
Net loss	(986)	(420)
Stock-based compensation ⁽¹⁾	259	81
Depreciation	141	91
Foreign exchange (gain) loss ⁽²⁾	(3)	146
Finance expense ⁽³⁾	10	1
Transaction-related costs ⁽⁴⁾	94	-
Adjusted EBITDA	(485)	(101)

⁽¹⁾ Represents non-cash expenditures recognized in connection with stock options granted to our officers, employees, and consultants.

⁽²⁾ Represents unrealized gains and losses due to foreign exchange translation.

⁽³⁾ Represents finance expense on lease obligations.

⁽⁴⁾ Represents costs related to our Initial Public Offering, and consists of professional, legal, consulting, and accounting fees that are non-recurring, would otherwise not have been incurred, and are not indicative of continuing operations.