Thinkific 2023
Empowering Creators to Create, Market, and Sell Digital Learning Products

Q4 2022 Earnings Update
This presentation is dated February 23, 2023, and has been prepared in connection with the earnings reporting for the period ending December 31, 2022 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 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. Management believes that Adjusted EBITDA is a useful measure of operating performance and our ability to generate cash-based earnings, as it provides a more relevant picture of operating results by excluding the effects of financing and investing activities, which removes the effects of interest, depreciation and amortization expenses as non-cash items and other one-time or non-recurring expenses that are not reflective of our underlying business. See the Appendix 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 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.
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 press release include, but are not limited to statements regarding our financial position, management's ability to effectively invest; business strategy, budgets, operations, investments, financial results, plans and objectives around growth and profitability, increase business efficiencies necessary to build and maintain a sustainable cost structure, expected improvements to, and achieving breakeven Adjusted EBITDA, revenue growth; industry trends including the confidence we have in the long-term trajectory of our business, marketing efforts; our growth rates and growth strategies; addressable markets for our solutions; capturing market share; our competitive advantage; advances in and expansion of our offered platform service; the development, success and effectiveness of new products, features, and services; effectiveness of our marketing efforts; and expectations regarding our revenue and the revenue generation potential of our platform and other products.

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 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.
Greg Smith
CEO

Corinne Hua
CFO
Executing our plan to create the foundations for growth

$51.5M
Annual Recurring Revenue
(+18% YoY)

$138/month
Average Revenue per User
(+21% YoY)

33.6K
Paying Customers
(+4% YoY)

$106M
Gross Merchandise Value\(^{(1)}\)
(+1% YoY)

$13.8M
Revenue
(+28% YoY)

For the quarter ended December 31, 2022

(1) 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.
Operational Excellence

78%  
Gross Margin  
(+4% YoY)

-$4.4M  
Adjusted EBITDA  
(+50% YoY)

$94M  
Cash, with no Debt

Thinkific expects to exit 2023 with a profitable Adjusted EBITDA\(^{(1)}\) run rate

For the quarter ended December 31, 2022

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(1) “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 expense, and transaction-related expenses.

Thinkific 2023
“Thinkific Bundles have allowed me to get a lot more creative when I market and package something.”

“For example, I recently packaged together one of our live crash courses with our self-paced course, and then renamed it. Now, I’ll turn that into another evergreen funnel.” – Kalani Ho-Nikaido on the feature benefits of Thinkific
“Thinkific Communities have added a level of engagement and participation that has made a huge difference to my students’ experience. It’s easy for them to connect with each other, access support and feedback, and engage more deeply with the course material. It’s one of the standout features of Thinkific in my opinion and I can’t imagine running my courses without it.”
Helping Creators Reach Their Customers With

Your own Thinkific Mobile App

Creators can have their own mobile app with Thinkific

- Creators can extend their courses and communities into their own Thinkific mobile app
- Increase engagement by meeting students on their device
- Thinkific mobile is a revenue opportunity for both Creators and Thinkific

“Mobile is going to allow me to be more engaged and accessible for my clients.”

Kate Spada
Spada Strong Nutrition

Thinkific 2023
Entrepreneur-easy. Enterprise tough.
The power of a customizable learning platform
Customer-led growth: students learn faster, stay around longer, and require less support
Results
Q4 2022
Financial Performance

Revenue

Low touch, scalable, product led growth

Q3'21: $9.9M (65% YoY)
Q4'21: $10.8M (49% YoY)
Q1'22: $11.8M (42% YoY)
Q2'22: $12.6M (38% YoY)
Q3'22: $13.3M (34% YoY)
Q4'22: $13.8M (28% YoY)
Financial Performance

**ARPU (monthly)**

Creator upgrades to higher tier plans

Ramping Thinkific Payments

(1) "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.
### Financial Performance

#### ARR\(^{(1)}\)

<table>
<thead>
<tr>
<th>Quarter</th>
<th>ARR</th>
<th>YoY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q3'21</td>
<td>$41.0M</td>
<td>56%</td>
</tr>
<tr>
<td>Q4'21</td>
<td>$43.8M</td>
<td>43%</td>
</tr>
<tr>
<td>Q1'22</td>
<td>$46.4M</td>
<td>33%</td>
</tr>
<tr>
<td>Q2'22</td>
<td>$50.3M</td>
<td>32%</td>
</tr>
<tr>
<td>Q3'22</td>
<td>$50.9M</td>
<td>24%</td>
</tr>
<tr>
<td>Q4'22</td>
<td>$51.5M</td>
<td>18%</td>
</tr>
</tbody>
</table>

\(^{(1)}\) "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.
Financial Performance

Paying Customers

Large & growing market
Innovative & attractive platform

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Count</th>
<th>YoY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q3'21</td>
<td>30.7K</td>
<td>44%</td>
</tr>
<tr>
<td>Q4'21</td>
<td>32.3K</td>
<td>32%</td>
</tr>
<tr>
<td>Q1'22</td>
<td>33.3K</td>
<td>21%</td>
</tr>
<tr>
<td>Q2'22</td>
<td>33.3K</td>
<td>14%</td>
</tr>
<tr>
<td>Q3'22</td>
<td>33.3K</td>
<td>9%</td>
</tr>
<tr>
<td>Q4'22</td>
<td>33.6K</td>
<td>4%</td>
</tr>
</tbody>
</table>

(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.

All metrics in $USD
Financial Performance

**GPV** (1)

Release of Thinkific Payments
November 2021

Increasing penetration from 18% in Q3'22 to 22% in Q4'22

(1) "Gross Payments Volume" or "GPV" is the total dollar value of GMV processed through Thinkific Payments.
Gross Margin

Business model delivers strong structural Gross Margins

Delivering best-in-class support
Operating Expenses \(^{(1)}\)

Disciplined and focused investment
Prudent cost structure

(1) Operating expenses for Q1'22 excludes $2.3M of restructuring costs

All metrics in $USD
Adjusted EBITDA (1)

- 50% improvement YoY
- Disciplined investment
- Improving trend

(1) "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 expense, transaction-related expenses, and restructuring costs. Please refer to the Appendix for a reconciliation to Net Loss.
Our **market is large and growing**, and we are positioned for long-term success.

- Continued product innovation
- Disciplined investments for growth
- Strong balance sheet
- The right team, mindset, and workplace
Thinkific expects to exit 2023 with a profitable Adjusted EBITDA\(^{(1)}\) run rate, benefiting from both top-line growth, and a reduction in its cost structure.

For the first quarter of 2023, the Company expects:

- **Revenue of $13.8 million - $14.0 million; and**
- **Adjusted EBITDA\(^{(1)}\) loss in the range of $3.3 million to $3.9 million**

*Please see commentary and disclaimers in future looking information in the MD&A and press release.*

\(^{(1)}\) "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 expense, and transaction-related expenses.
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 months and year ended December 31, 2022.
“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, restructuring costs and transaction-related expenses. The following table reconciles Adjusted EBITDA to net (loss) income for the periods indicated:

<table>
<thead>
<tr>
<th>Quarter Summary</th>
<th>Q3'21</th>
<th>Q4'21</th>
<th>Q1'22</th>
<th>Q2'22</th>
<th>Q3'22</th>
<th>Q4'22</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net loss</td>
<td>($10,675K)</td>
<td>($9,401K)</td>
<td>($11,987K)</td>
<td>($10,111K)</td>
<td>($10,658K)</td>
<td>($3,666K)</td>
</tr>
<tr>
<td>Stock-based compensation</td>
<td>$1,248K</td>
<td>$1,470K</td>
<td>$522K</td>
<td>$645K</td>
<td>$956K</td>
<td>$663K</td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>$146K</td>
<td>$180K</td>
<td>$275K</td>
<td>$277K</td>
<td>$317K</td>
<td>$328K</td>
</tr>
<tr>
<td>Foreign exchange (gain) loss</td>
<td>$3,135K</td>
<td>($878K)</td>
<td>($892K)</td>
<td>$2,408K</td>
<td>$4,108K</td>
<td>($1,006K)</td>
</tr>
<tr>
<td>Finance expense</td>
<td>($111K)</td>
<td>($94K)</td>
<td>($74K)</td>
<td>($253K)</td>
<td>($398K)</td>
<td>($703K)</td>
</tr>
<tr>
<td>Restructuring costs⁽¹⁾</td>
<td>-</td>
<td>-</td>
<td>$2,875K</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Transaction-related costs⁽²⁾</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Adjusted EBITDA</td>
<td>($6,258K)</td>
<td>($8,723K)</td>
<td>($9,281K)</td>
<td>($7,034K)</td>
<td>($5,676K)</td>
<td>($4,383K)</td>
</tr>
</tbody>
</table>

⁽¹⁾ Represents restructuring costs in the first quarter of 2022, primarily relating to employee compensation.
⁽²⁾ Represents costs related to our IPO, 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.
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