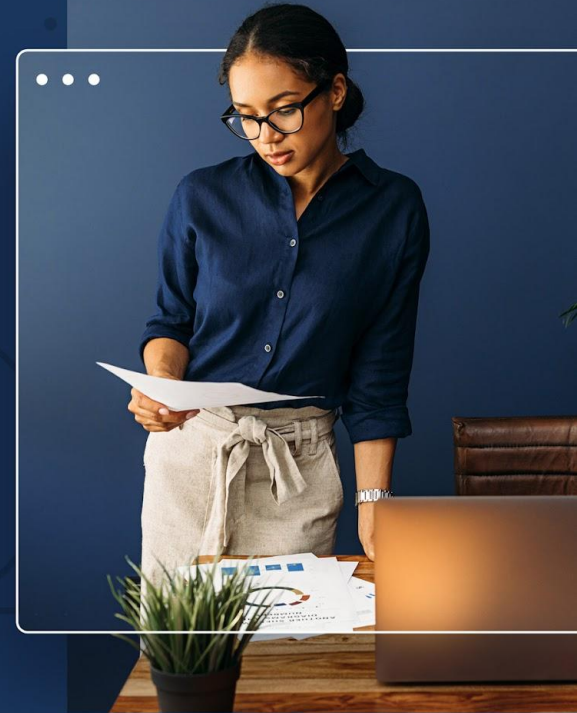




# THINKIFIC

Empowering Creators to  
Create, Market, and Sell  
Online Learning Products



This presentation is dated August 4, 2022, and has been prepared in connection with the earnings reporting for the period ending June 30, 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 presented within this presentation includes "Adjusted EBITDA" and certain industry metrics. The "Adjusted EBITDA" is not a recognized measure under International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS"), 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 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 presentation include statements regarding our financial position, business strategy, budgets, operations, financial results, plans and objective, key performance indicators, industry trends including the confidence we have in the long term trajectory of our business, marketing efforts and the anticipated benefits to customers from the Company's Think in Color 2022 event and the ongoing training and coaching via an 8-week accelerator program; our growth and growth strategies; growth levels as the pandemic abates; addressable markets for our solutions; capturing market share; our competitive advantage; our use of the proceeds from our initial public offering; the investment, development and success of advances in and expansion of our offered platform service; expectations regarding our ability to manage costs; expectations regarding ARPU on our revenue and the revenue generation potential of our Platform and other products and services; 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 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; our ability to build our market share and enter new markets and industry verticals; the successful development, rollout and integration of the our new features, services and products including, for example, the Thinkific App Store, TCommerce powered by Thinkific Payments and our Bulk Selling App; 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 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 be used for purposes other than for which it is disclosed.





# Executing our plan to create the foundations for future growth

**\$50.3M**    **\$126/**month

Annual Recurring Revenue  
(+32% YoY)

Average Revenue per User  
(+18% YoY)

**33.3K**

Paying Customers  
(+14% YoY)

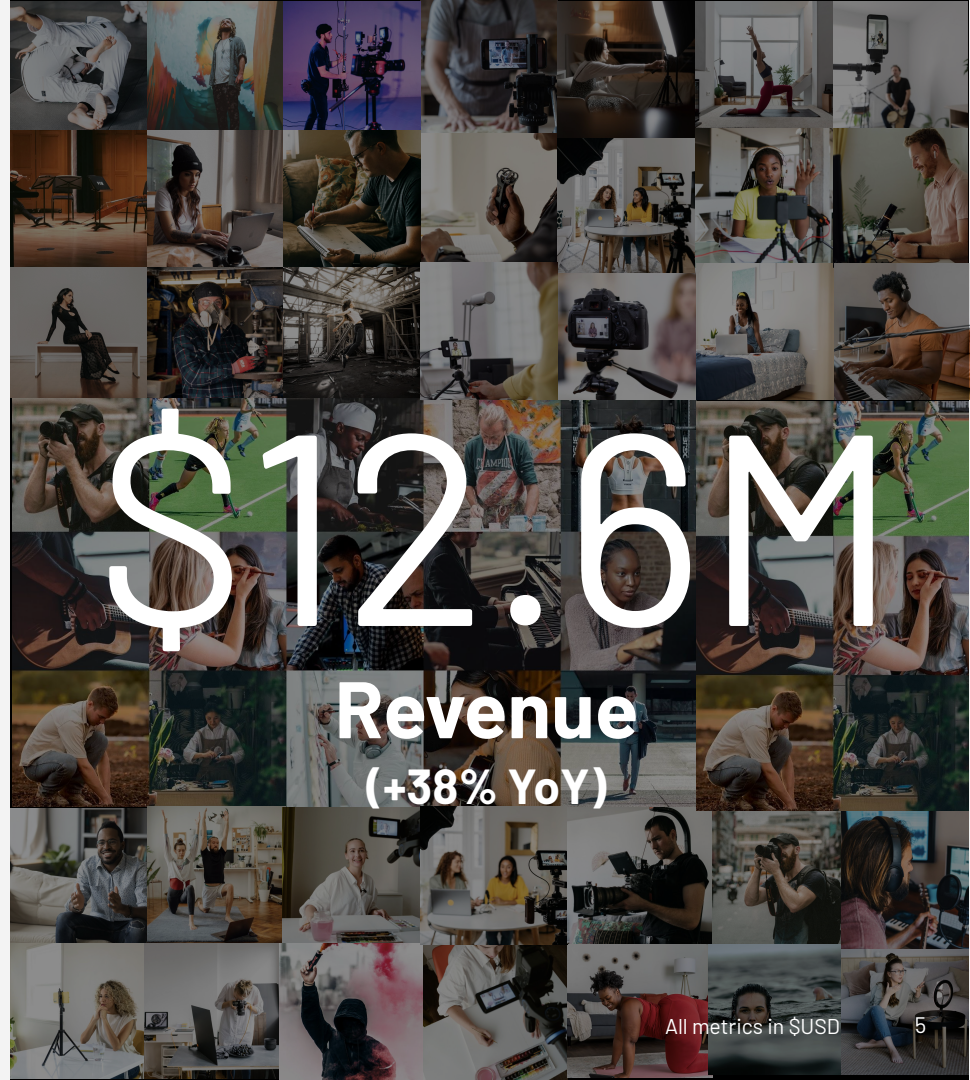
**\$98M**

Gross Merchandise Volume<sup>(1)</sup>  
(-4% YoY)

For the quarter ended June 30, 2022

## THINKIFIC

(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.



All metrics in \$USD

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# About us

We are the core  
operating system for  
your knowledge business



As a horizontal solution,  
we already serve course  
creators **from virtually  
every industry and  
vertical**



Health & Fitness

Business & Marketing

Personal Development

Arts & Entertainment

Career Development

Fashion & Beauty

Software & Technology

Transportation

Education

Finance

Sales

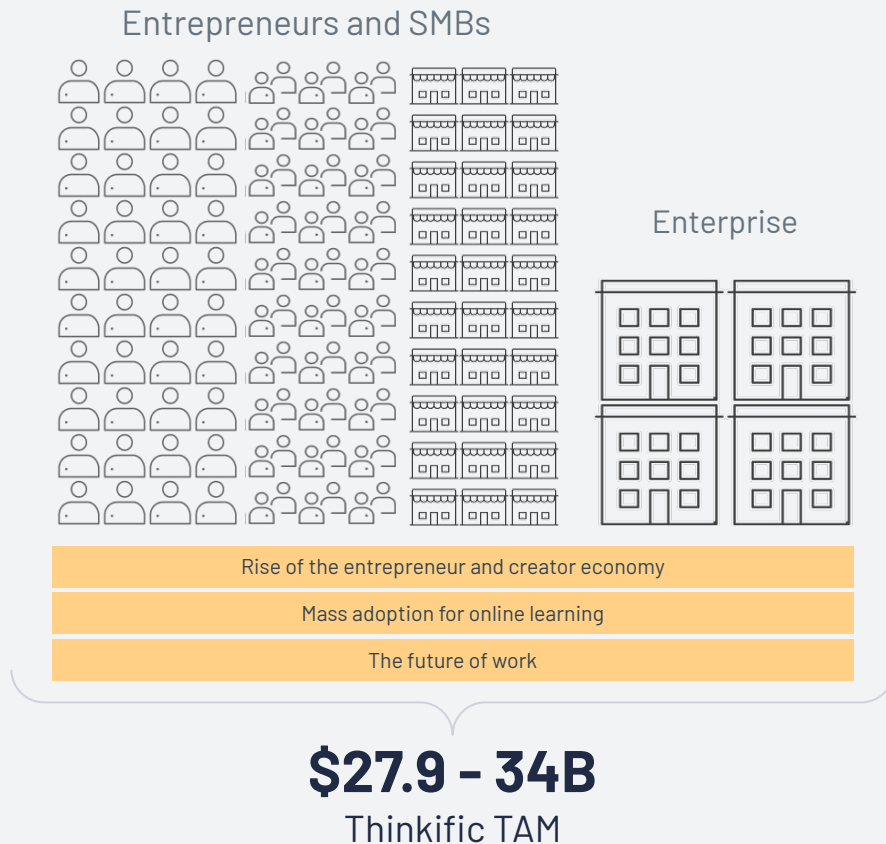
Project Management

Corporate Training

Real Estate

Legal

Any entrepreneur or established business can use education as a tool for growth



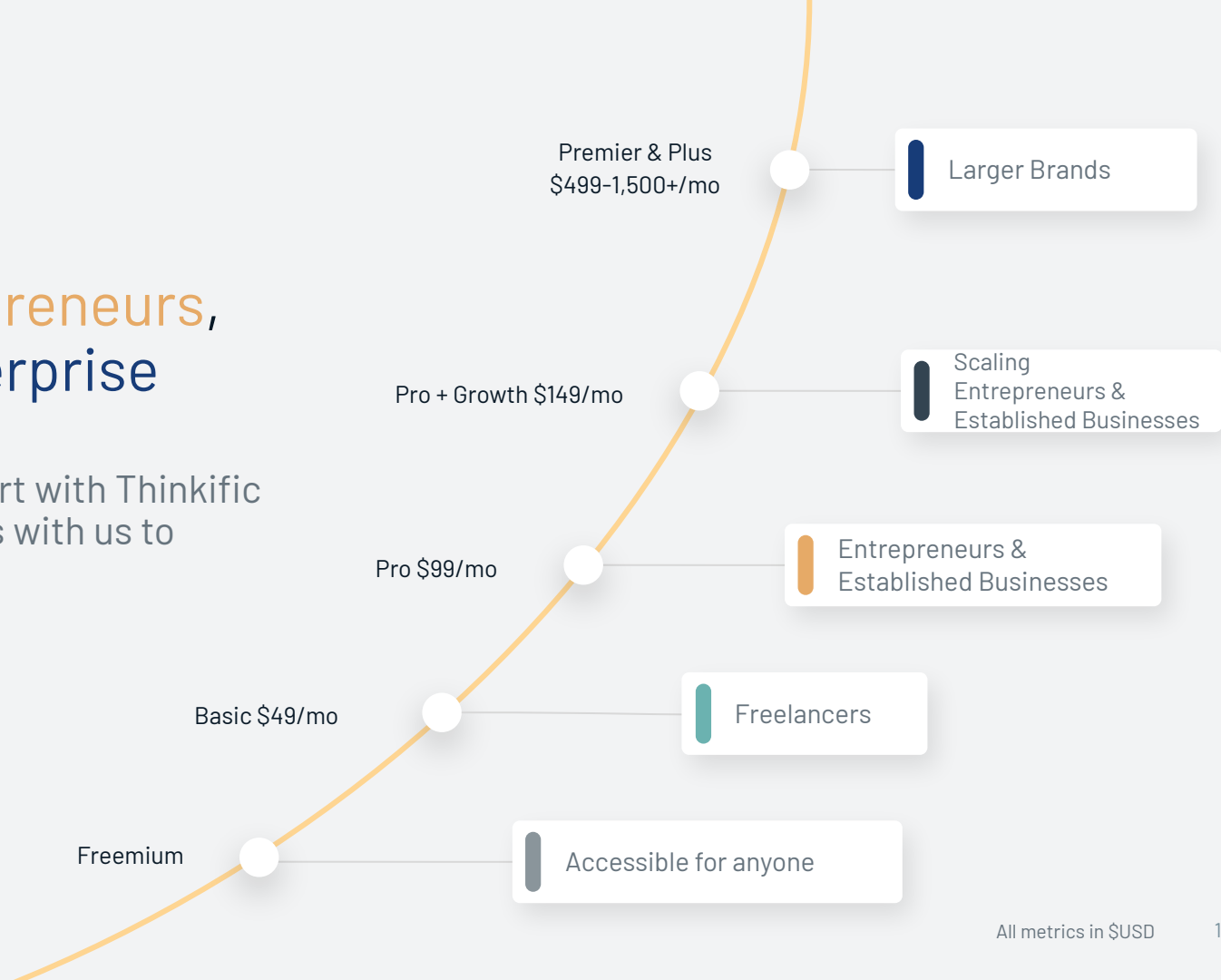
(1) For businesses, we identified the propensity to develop learning content by organization size from research conducted by Emerald Works. For content creators, we applied filters based on audience size and content type based on management expertise and existing Thinkific data to determine the addressable population of content creators. We also removed the entire number of content creators from small businesses to avoid double counting. Finally, these market sizes were multiplied by the estimated average monthly revenue per Course Creator, which varies from \$76 to \$1,175 according to organization size or audience size and the platform on which that audience is hosted.

2) Customer segment illustrations are not proportionate to the underlying data.



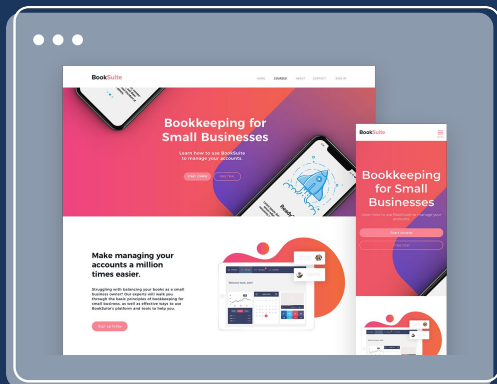
# Built for entrepreneurs, trusted by enterprise

Creators are able to start with Thinkific and grow their business with us to nearly any size



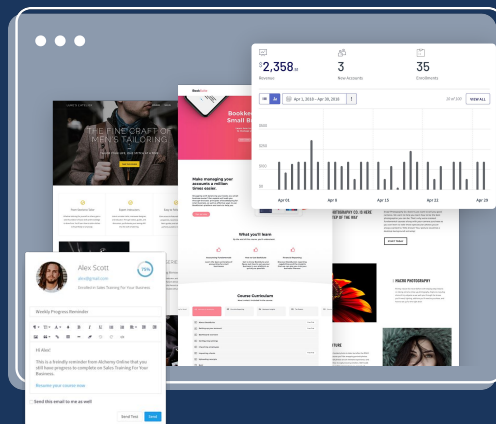
# Thinkific succeeds when Creators succeed

Core Operating System  
Monthly Subscription

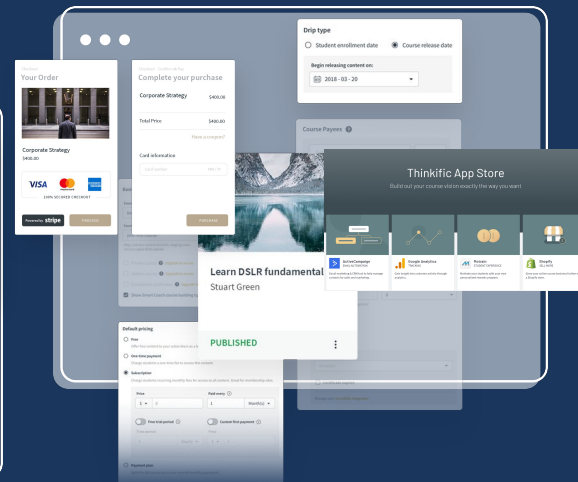


Freemium

Creator Success  
Plan Upgrades



Product & Platform Expansion  
Thinkific App Store & Thinkific Payments



ARPU increases as  
customers succeed



# Executing against our strategy

Investing in our  
differentiated market position



Strengthening our  
customer base



Continued innovation to  
enhance success for our  
Creators



Expansion of  
selling tools



Continued expansion of  
our partner ecosystem



Disciplined and  
focused investments

# THINK IN COLOR 2022

PRESENTED BY THINKIFIC + XAYLI BARCLAY

Delivering resources and inspiration to a powerful,  
yet underrepresented, Community in the Creator Economy

100%  
women of color  
speaker lineup

29K+  
registrants

60+  
countries



Kaelin  
Britt

"I learned so much about  
resources, financial tips, and  
branding options"



Adonia  
Dickson

"This summit should be a  
requirement for every  
entrepreneur beginning a  
business, or growing a business  
who is in need of inspiration"



Allie  
Curtis

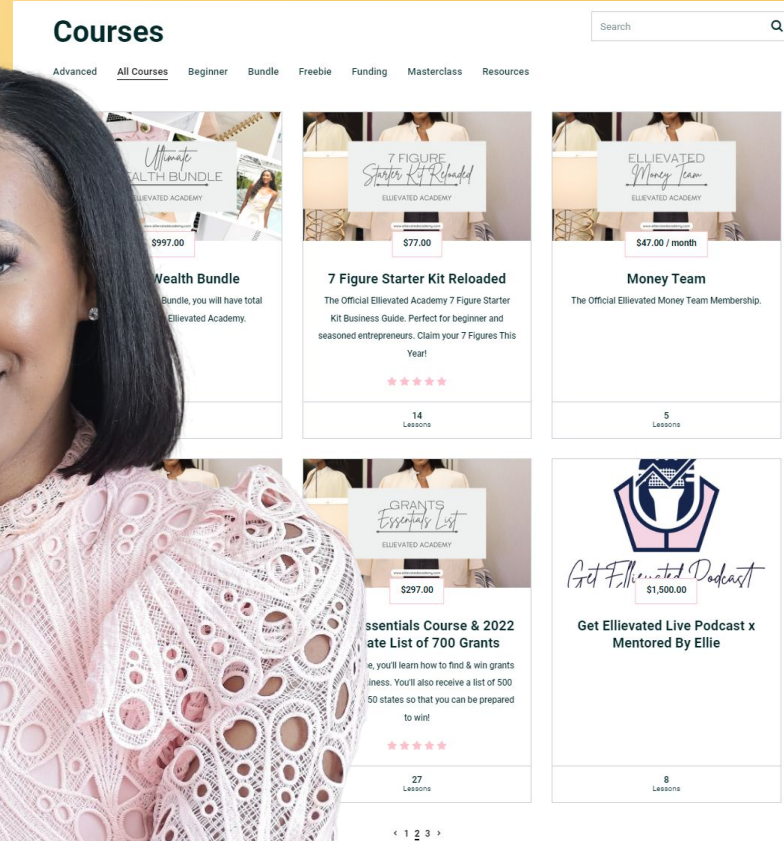
"I am so thankful I chose to  
attend. The energy and  
genuine connections was like  
nothing I've experienced"

The right solution for  
Creators **ready to scale**  
their business to new  
heights

"Thinkific's platform  
best reflected the  
experience I wanted  
my audience to have."

*Ellie Diop*

Founder, Ellie Talks Money & Ellievated Academy





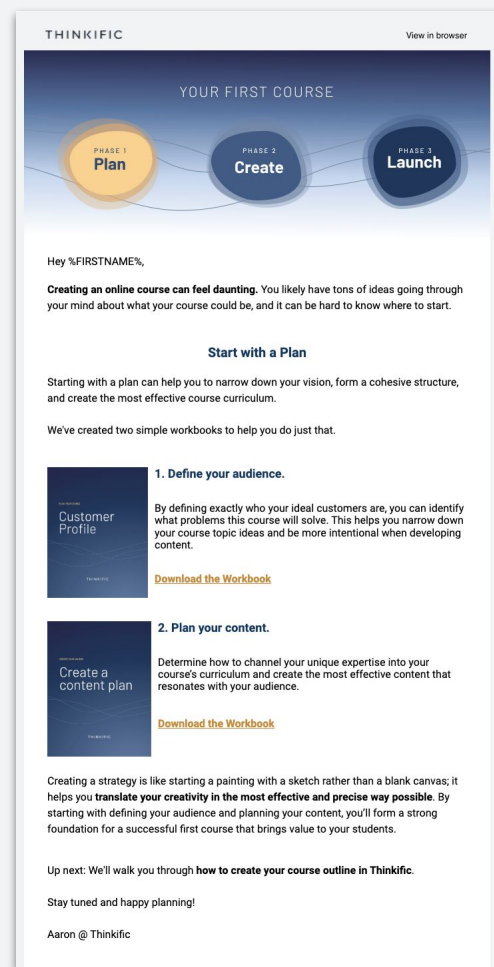
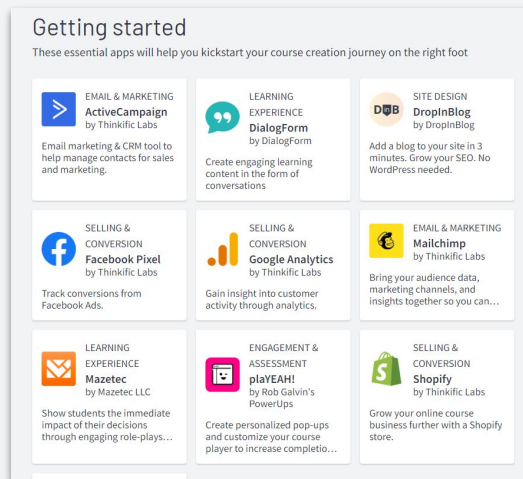
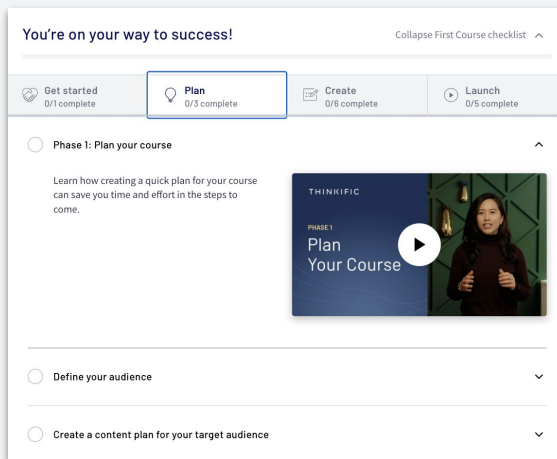
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# Product Updates

## 2022

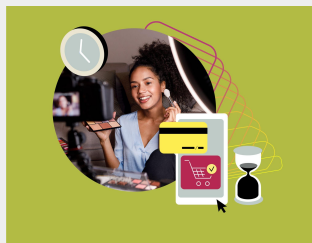
# Making it easier for Creators to **start and launch** a learning business

- ➔ New Creator welcome flow
- ➔ Customized app recommendations
- ➔ Improved technical performance

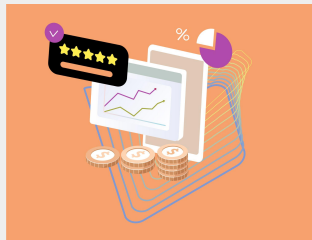


# TCommerce brings together Thinkific's **selling and business management tools** under one brand

powered by THINKIFIC PAYMENTS



Build **sustainable income opportunities** with subscription selling tools



**Sell more** with Order Bumps, Performance Checkout and new payment options



**Manage and understand finances** through reporting features, including integrated bookkeeping

# Bulk Selling feature allows seamless B2B sales for Creators

- Sell Volume Licenses
- Unlock B2B Sales
- Tier Pricing
- Customize Checkout
- Reduce Admin Time

The screenshot displays the 'Manage Products' interface in Thinkific. On the left is a dark blue sidebar with navigation links: 'MANAGE PRODUCTS' (active), 'CUSTOMIZE CHECKOUT', 'ORDERS', and 'PAYMENT SETTINGS'. A light blue notification box in the sidebar states '10/15 Group Analyst roles used' with an 'Upgrade Plan' button. A green status bar at the bottom of the sidebar indicates 'Products have been successfully synced'. The main content area is titled 'Manage Products' and features a table of products. A 'PURCHASE OPTIONS' modal is open, showing three checkout options: 'Single seat purchase only', 'Bulk purchase only', and 'Single and bulk purchase:'. Each option includes a description and a 'Product Page Headline' with a corresponding button ('SINGLE PURCHASE' or 'BULK PURCHASE'). A 'GOT IT' button is at the bottom right of the modal. A green progress bar at the bottom of the modal shows steps 1, 2, 3, and 4, with step 2 being the current step.

**PURCHASE OPTIONS**

**Purchase Options**  
Bulk Sell allows you to include the following 3 checkout options: 1/3

**Single seat purchase only:**  
If you select "skip, do this later," customers will still be shown a single purchase call to action and will not be shown tier options.

**Bulk purchase only:**  
Customers will only be shown a bulk purchase option on the product page. They must buy multiple seats.

**Single and bulk purchase:**  
Customers will be shown 2 buttons on the product page. One for single purchase, and another to buy multiple seats.

Select your products and choose which buttons you would like your website visitors to see.

**GOT IT**

**Product Page Headline**  
SINGLE PURCHASE

**Product Page Headline**  
BULK PURCHASE

**Product Page Headline**  
SINGLE PURCHASE BULK PURCHASE

Products have been successfully synced

---

# Results

## Q2 2022



# Revenue

Low touch, scalable, product led growth

**+67%** Q2'20-Q2'22 CAGR



## ARPU (monthly)<sup>(1)</sup>

Creator upgrades to higher tier plans

Ramping Thinkific Payments

Revised pricing strategies

**+12%** Q2'20-Q2'22 CAGR



(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.

# ARR

New Creators on platform

Upgrades to higher tier plans

**+55%** Q2'20-Q2'22 CAGR



(1) "Annual Recurring Revenue" or "ARR" "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.

# Paying Customers <sup>(1)</sup>

Large & growing market

Innovative & attractive platform

**+38%** Q2'20-Q2'22 CAGR

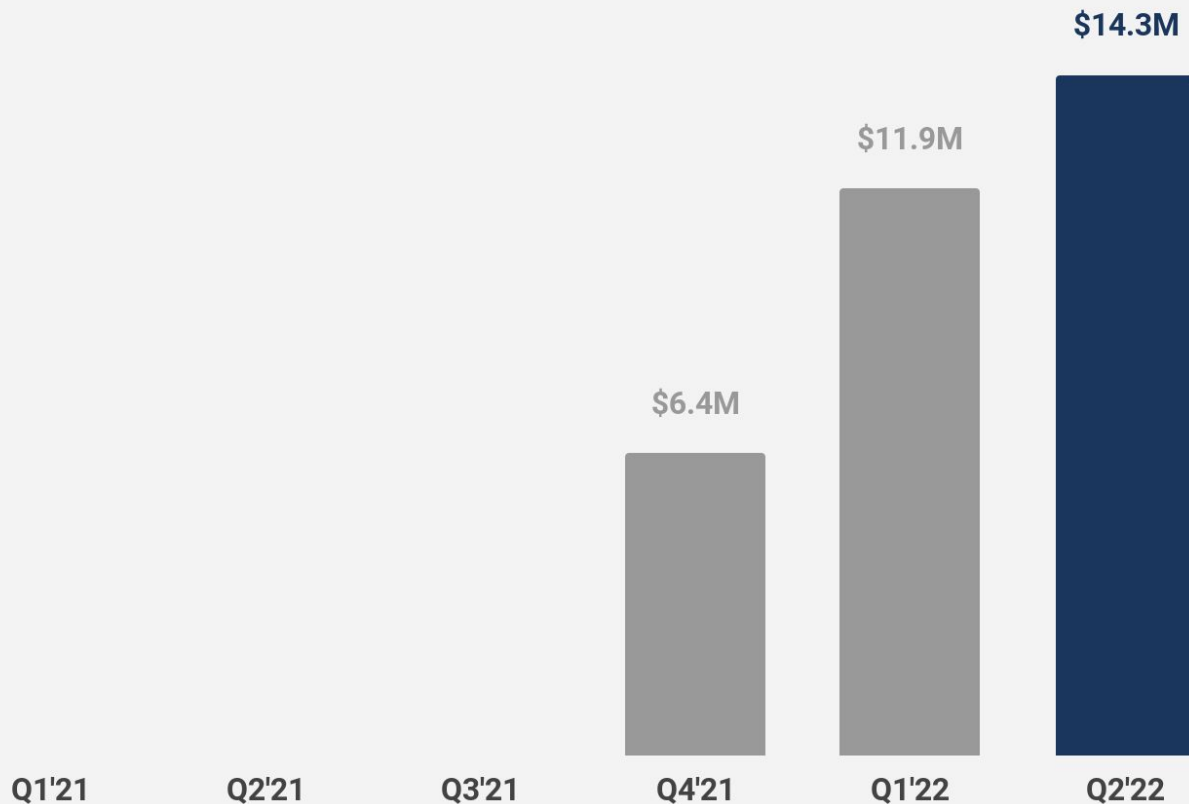


(1) "Paying Customers" is the count of unique Thinkific subscribers on paid plans as of period end, excluding all trial and free customers, and including both monthly and annual subscribers.

## GPV (1)

Release of Thinkific Payments  
November 2021

Increasing penetration from  
11% in Q1'22 to 15% in Q2'22



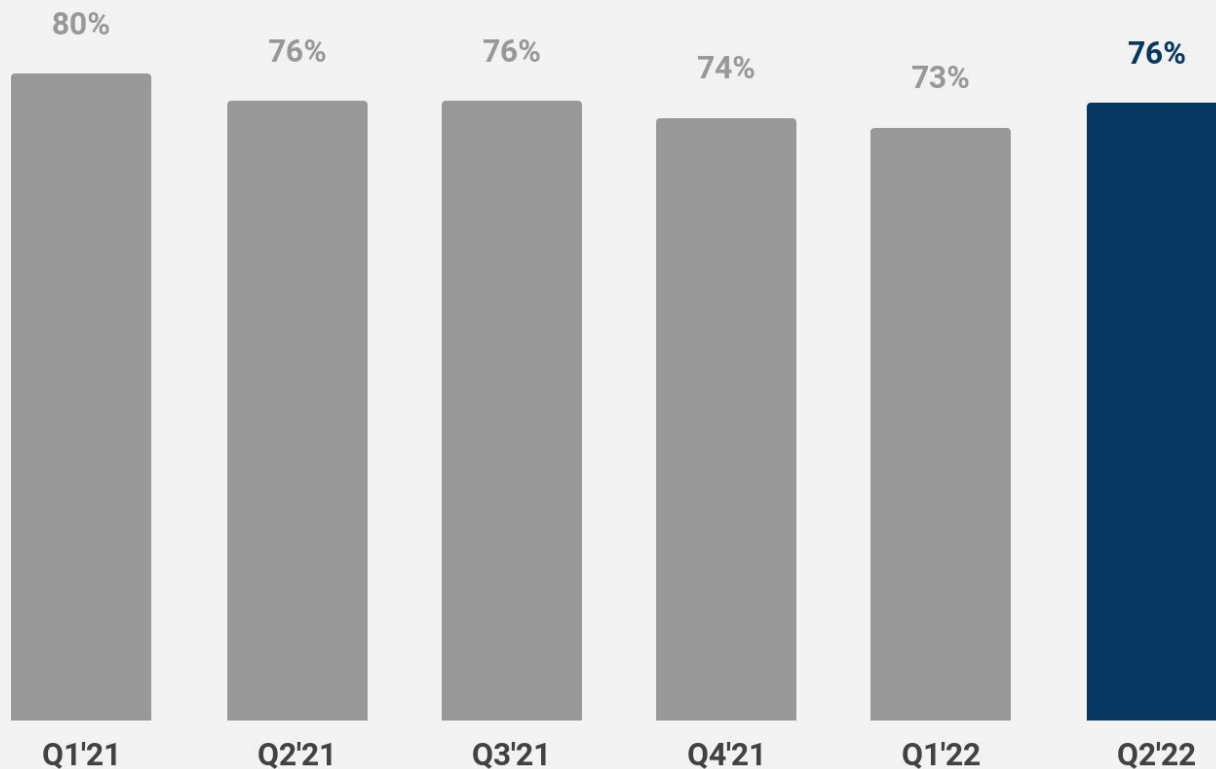
(1) "Gross Payments Volume" or "GPV" is the total dollar value of GMV processed through Thinkific Payments.



# Gross Margin

Customer support efficiencies

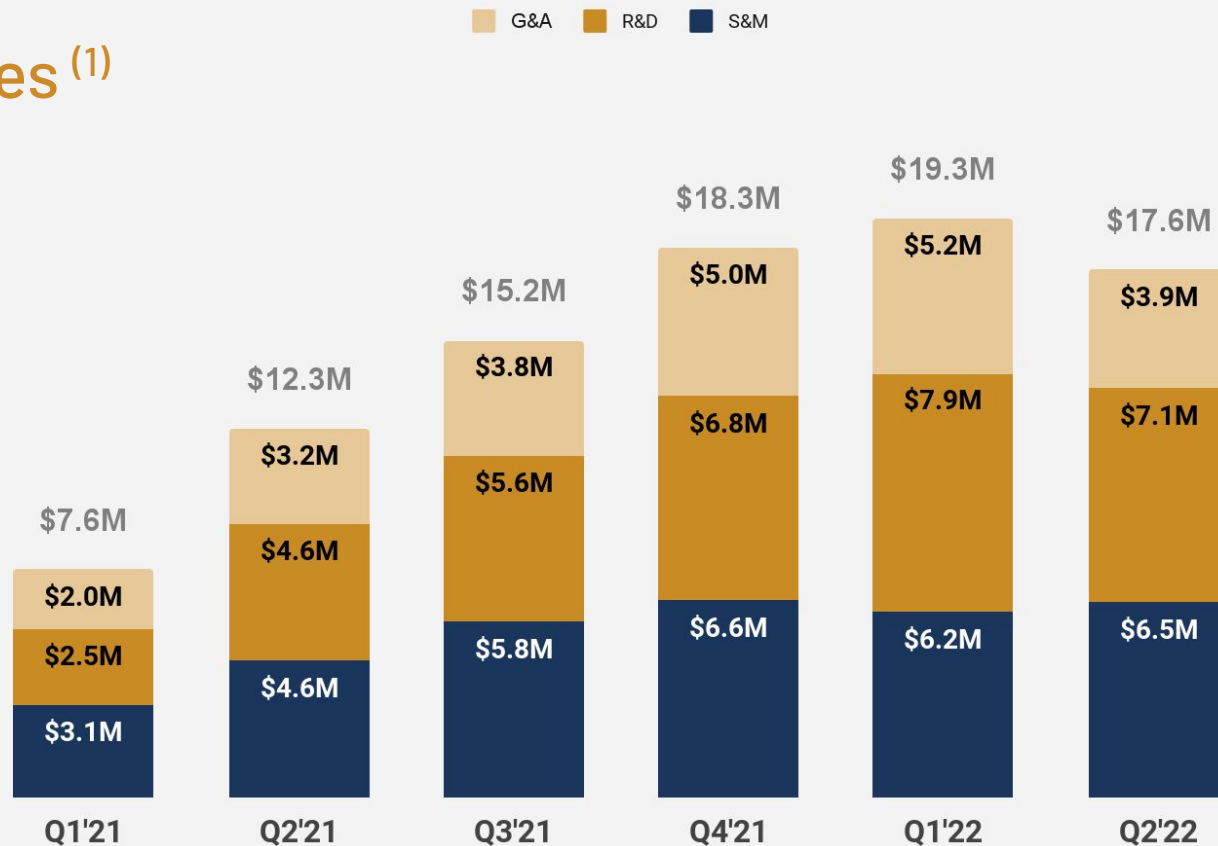
Delivering best-in-class support



# Operating Expenses <sup>(1)</sup>

Disciplined and focused investment

Prudent cost structure

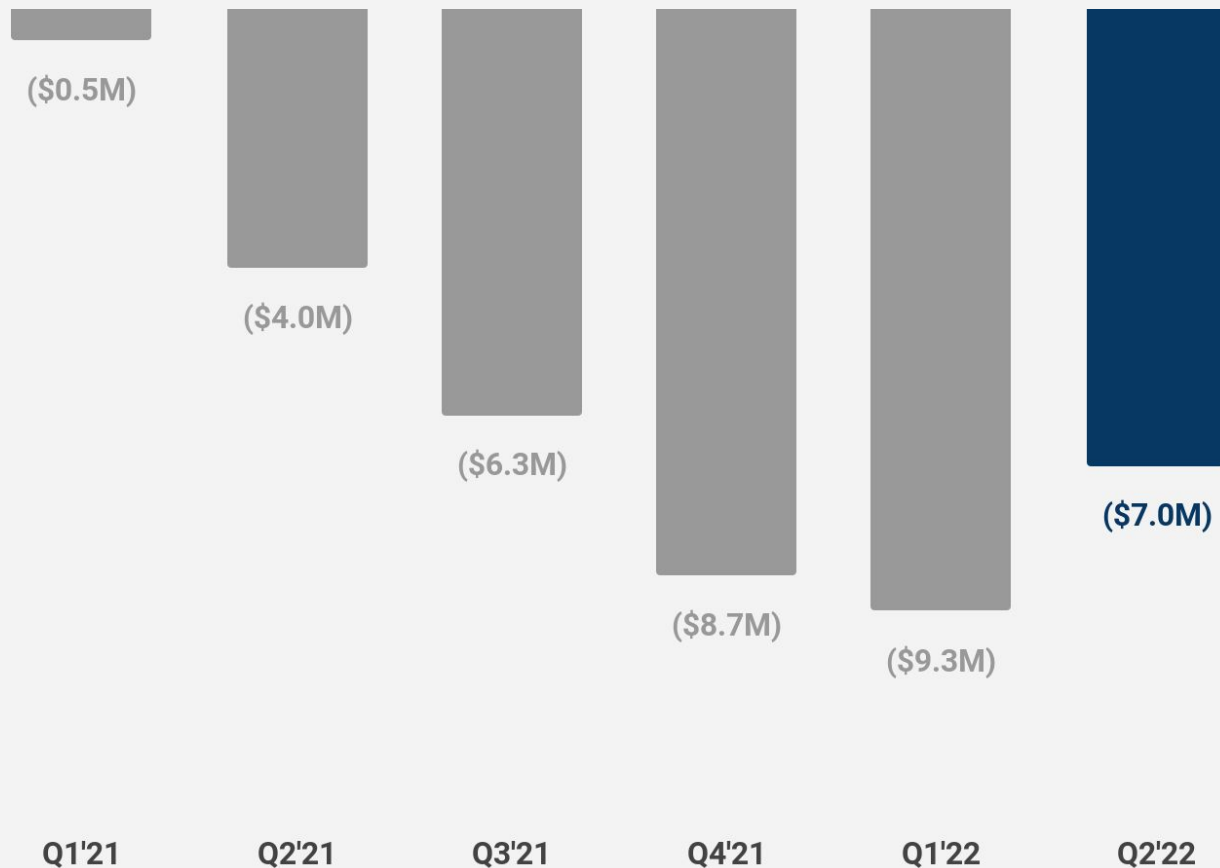


(1) Operating expenses for Q1'22 excludes \$2.3 M of restructuring costs

# Adjusted EBITDA <sup>(1)</sup>

Disciplined investment

Prudent cost management



(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

# Continue to execute on plan



Delivered growth  
across KPIs

*Revenue +38% YoY  
ARR +32% YoY  
Paying Customers +14% YoY  
ARPU +18% YoY*



Continued product  
innovation

*TCommerce  
Bulk Sell Feature  
Making it easier to get  
started with Thinkific*



Positioning for  
future growth

*Refocused organization  
Pricing updates to reflect value  
Executing on  
go-to-market strategy*

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 is at the centre of the knowledge economy, and 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.

Thinkific expects continued growth in revenue in the third quarter of 2022, driven largely by ARPU expansion, as well as new Paying Customers. Customer upgrades to higher priced plans, new Thinkific Plus customers, higher penetration of Thinkific Payments, and our revised pricing strategies all contribute to ARPU growth.

Our expectations for the third quarter of 2022 are:

- Revenue of **\$13.1 – \$13.3 million**, representing year-over-year growth of 32% – 34%
- Adjusted EBITDA<sup>(1)</sup> loss in the range of **\$6.4 million to \$7.0 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 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.

**“Gross Payments Volume” or “GPV”** is the total dollar value of GMV processed through Thinkific Payments.

**“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 ended June 30, 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:

Quarter Summary	Q1'21	Q2'21	Q3'21	Q4'21	Q1'22	Q2'22
<b>Net loss</b>	<b>(\$986K)</b>	<b>(\$5,313K)</b>	<b>(\$10,675K)</b>	<b>(\$9,401K)</b>	<b>(\$11,987K)</b>	<b>(\$10,111K)</b>
Stock-based compensation	\$259K	\$1,146K	\$1,248K	\$1,470K	\$522K	\$645K
Depreciation and amortization	\$141K	\$144K	\$146K	\$180K	\$275K	\$277K
Foreign exchange (gain) loss	(\$3K)	\$59K	\$3,135K	(\$878K)	(\$892K)	\$2,408K
Finance expense	\$10K	(\$50K)	(\$111K)	(\$94K)	(\$74K)	(\$253K)
Restructuring costs <sup>(1)</sup>	-	-	-	-	\$2,875K	-
Transaction-related costs <sup>(2)</sup>	\$94K	\$21K	-	-	-	-
<b>Adjusted EBITDA</b>	<b>(\$485K)</b>	<b>(\$3,994K)</b>	<b>(\$6,258K)</b>	<b>(\$8,723K)</b>	<b>(\$9,281K)</b>	<b>(\$7,034K)</b>

(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.



# THINKIFIC

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