

Thinkific Announces Fourth Quarter and Full Year 2023 Financial Results

Fourth Quarter Revenue up 13% to \$15.6 million, Ahead of Issued Guidance

Full Year 2023 Revenue of \$59.1 million Grows 15% Versus 2022

Second Consecutive Quarter of Positive Cash Flow from Operations and Adjusted EBITDA

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

VANCOUVER, BC, March 4, 2024 /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 December 31, 2023.

"Thinkific delivered a solid Q4 to end what was truly a milestone year for the company," said Greg Smith, CEO of Thinkific. "In 2023 we achieved our cost efficiency and productivity targets, while continuing to grow the top line in double digits. We also released more new and innovative products and features in the past twelve months than in any other time in our history. The Thinkific Platform has never been easier for our customers to start a business, sell their digital products, and grow their businesses to new heights. We are seeing evidence of this success of our customers in key performance metrics in the business."

"This sets the stage for 2024 where we intend to incrementally invest in those areas of the business we have already seen significant momentum. Thinkific is in a good position to accelerate top line growth while maintaining our commitment to remain profitable. Our primary focus continues to be on the success of our customers and providing them with the tools they need to grow their businesses."

Fourth Quarter Financial Highlights

The below results include enhanced disclosure with revenue split between Subscription and Thinkific Commerce (Commerce) streams, with an additional separation at the customer level between Self Service and Thinkific Plus (Plus) customers.

- Total revenue increased 13% year-over-year to \$15.6 million compared with the fourth quarter of 2022, above our guided range of \$15.2 - \$15.4 million.
- Commerce revenue increased 96% year-over-year to \$1.8 million, building on the success of Thinkific Payments and other recently launched commerce tools.
- Subscription revenue increased 7% to \$13.8 million.
- On a customer group basis (inclusive of both subscription and commerce revenue), Self Service revenue grew 9% to \$12.2 million and Plus increased 31% to \$3.4 million.
- Gross margin decreased from 78% recorded for the fourth quarter last year to 75% due to an increasing mix of Thinkific Commerce.
- Net income for the fourth quarter of 2023 was \$0.3 million, compared to a net loss of \$3.7 million in the fourth quarter of 2022.
- Adjusted EBITDA⁽¹⁾ of \$0.6 million remained positive for the second consecutive quarter, and is an improvement of \$4.9 million over the prior year.
- Total Paying Customers⁽²⁾ grew 4% to 34.8 thousand in the fourth quarter of 2023 compared to the prior year.
- ARPU⁽²⁾ increased 9% to \$150 per month compared with \$138 per month in the fourth quarter of 2022.

- ARR⁽²⁾ grew 7% to \$55.3 million from \$51.5 million, primarily driven by strong growth in our Plus business.
- GPV⁽²⁾ processed through Thinkific Payments was \$38.8 million compared to \$22.8 million in the prior year, a 70% increase. GPV represented 34% of GMV.
- GMV⁽²⁾ in the fourth quarter was \$115 million, up 9% compared to the fourth quarter of 2022. This is the fifth consecutive quarter of year over year growth.
- Cash and cash equivalents were \$87 million at December 31, 2023. Cash flow from operations in the fourth quarter of 2023 totaled \$1.0 million.
- Thinkific repurchased and cancelled 393,336 shares for a total of \$0.9 million under our NCIB.

"Our commitment to a strategy of profitable growth resulted in our second consecutive quarter of positive Adjusted EBITDA and cash flow from operations while still maintaining double digit growth", said Corinne Hua, CFO of Thinkific. "In 2024, we plan to take advantage of our strong financial position and make targeted investments in areas we believe will result in an acceleration of revenue growth."

(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".

Fiscal Year 2023 Financial Highlights

- FY 2023 total revenue increased 15% to \$59.1 million compared with full year fiscal 2022.
- Commerce revenue increased 92% to \$5.8 million on solid new customer adoption and incremental product introductions that have increased take rates.
- Subscription revenue increased 10% to \$53.3 million.
- On a customer group basis (inclusive of both Subscription and Commerce revenue), Self Service revenue grew 10% to \$46.8 million and Plus revenue grew 36% to \$12.2 million.
- Gross margin for 2023 was 75%, a slight decrease from 76% recorded in 2022. The decrease reflects a mix-shift resulting from the strong growth of lower margin commerce revenue.
- Net loss for full year 2023 was \$9.8 million, compared to a net loss of \$36.4 million in 2022.
- Full year 2023 Adjusted EBITDA⁽¹⁾ of \$(3.0) million improved by \$23.4 million versus 2022.
- GPV⁽²⁾ processed through Thinkific Payments was \$134 million compared to \$67 million in the prior year, a 100% increase. GPV represented 30% of GMV.
- GMV⁽²⁾ for 2023 was \$445 million, up 9% from the prior year - evidence of the increasing success our Creators are having in monetizing their learning products on Thinkific.

Fourth Quarter Operational Highlights

- Launched a Normal Course Issuer Bid ("NCIB") on November 10, 2023. The authorization allows Thinkific to purchase for cancellation, an aggregate of 2,444,358 Subordinate Voting Shares, being approximately 10% of the public float of the Subordinate Voting Shares as of October 30, 2023.
- Launched The Leap by Thinkific, a powerful AI tool for content creators and influencers that makes it easy to build, promote and sell exceptional digital products in minutes. To date, The Leap has seen approximately 13,000 new accounts being created and we are observing strong activation rates.
- Introduced new features on Commerce including Gifting and improved analytics reporting and dashboards. Gifting allows customers to increase sales by offering their learning products as unique and specialized gifts.
- Recognized for our strong culture and commitment to building an exceptional team. Thinkific was recognized as a Certified Great Place to Work® for the third year, after a thorough, independent analysis conducted by Great Place to Work Institute® Canada. The certification is

based on direct feedback from Thinkific employees, provided as part of an extensive and anonymous survey about our workplace experience and culture.

- Announced a suite of new features to support business customers on its fast-growth Plus platform, the most significant of which are the new learnings paths feature and advanced analytics. Plus provides enterprises with a robust, highly-secure and scalable learning management solution to educate, engage, and retain customers.
- Thinkific Payments reached a major milestone by surpassing \$200 million in total payments volume processed since it launched in November 2021.

(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".

Subsequent to Quarter End

- On February 20, 2024, the Company attained the Service Organization Control Type 2 (SOC2 Type II) level of assurance with no audit findings. The certification affirms that the Company's information security practices, policies, procedures, and operations meet the stringent SOC 2 standards for security.

Full Year 2023 Operational Highlights

- In partnership with Stripe, Thinkific announced it would be the world's first platform to distribute Stripe's apps with the intention of helping customers automate their administration and increase their sales.
- Added AI powered features that help our customers sell more such as AI sales funnels and generative AI learning product building tools. The launch of an AI service layer built into the Thinkific platform will empower the continued innovation of AI tools for our customers.
- In Q1 2023, Thinkific Payments reached a major milestone by surpassing \$100 million in total payments volume processed, six quarters after launch. Thinkific doubled the total payment volume processed in half that time, exceeding the \$200 million mark in Q4.
- Thinkific obtained SOC 2 Type 1 cybersecurity compliance certification through the successful completion of the Service Organization Control (SOC) 2 Type 1 audit with no findings. The certification affirms that the Company's information security practices, policies, procedures, and operations meet the stringent SOC 2 standards for security.
- Launched an automated sales tax solution, powered by Stripe, which removes the complexity and confusion associated with sales taxes for our Thinkific Payments customers, allowing them to focus on growing their business rather than tracking and remitting taxes.
- Provided Buy Now, Pay Later (BNPL) credit options through providers Affirm, Klarna and Afterpay, Thinkific's BNPL functionality allows customers to more easily sell higher-priced products, and provide their students with more flexible payment options. The latest functionality enables Thinkific's customers to offer credit at checkout options thereby increasing accessibility of their products to wider audiences and driving increased sales.
- Added advanced analytics capabilities that provide Thinkific customers with deeper insights into their enrollments, orders, student and course engagement, revenue and bottom line business performance, so they and their teams can track ROI and make smart, informed decisions to grow and scale their businesses quickly and effectively.

- Launched mobile app solutions "Thinkific Mobile", and "Branded Mobile". that enable creators to reach their audience anywhere, anytime. "Thinkific Mobile" is a dedicated Thinkific app that makes course content and communities more easily available to students on the device they use the most. "Branded Mobile", is a fully customizable mobile app development solution for creators who want their own brand, on their own app, and enables creators to deliver incredible educational and community experiences that meet their students exactly where and when they want to learn.
- Introduced "Thinkific Analytics": New dashboards that provide valuable insights to creators helping them earn more, and provide more impactful learning experiences. The analytics tool offers superior performance and usability, including data on enrollments, orders, revenue, and course engagement.
- Completed the localization of pricing across the United Kingdom and European Union which removes a barrier to new creators getting started in these territories.

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

Outlook

For the first quarter of 2024, the Company expects Revenue of \$15.8 million - \$16.0 million. We will continue to invest in the business to accelerate topline growth; however, we are committed to maintaining positive Adjusted EBITDA

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 March 4, 2024 to discuss Thinkific's fourth quarter financial and operational results. To participate in the call, please dial 1.888.664.6383 (US/Canada toll-free) or 1.416.764.8650 (International/Toronto). For those unable to participate, a replay will be available an hour after the event by dialing 1.888.390.0541 (US/Canada toll-free) or 1.416.764.8677 (International/Toronto). The passcode is 823394 #. The replay will expire at midnight ET on March 11, 2024. 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 consolidated financial statements and accompanying notes, and Management's Discussion and Analysis for the three months and year ended December 31, 2023 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 Creator Educators 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.

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 (gain) loss, finance income, 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.

Please refer to "Reconciliation to IFRS from Non-IFRS measures" in this press release for more information.

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

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", "Paying Customers" 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.

"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.

"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 APIs 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. We believe that growth in GPV 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 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; growth in our industry; our growth rates and growth strategies including our product-led growth strategy through the introduction of additional features to support the success of our customers; 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; and 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.

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 the ethical, legal and regulatory implications in the advancement and potential use of artificial intelligence; 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").

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 2023 Annual Information Form, 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.

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

	December 31, 2023	December 31, 2022
	\$	\$
Assets		
Current assets		
Cash and cash equivalents	86,610,721	93,846,091
Trade and other receivables	4,097,321	2,712,671
Prepaid expenses and other assets	3,173,932	1,797,108
Contract acquisition assets	527,738	322,643

Lease receivable	159,748	—
Derivative asset	569,803	—
Total current assets	95,139,263	98,678,513

Property and equipment	853,245	1,507,600
Lease right-of-use assets	812,367	2,005,835
Contract acquisition assets	874,709	660,185
Intangible assets	109,530	118,275
Lease receivable	5,540	—
Total assets	97,794,654	102,970,408

Liabilities and shareholders' equity

Current liabilities

Accounts payable and accrued liabilities	5,294,145	4,927,349
Lease liabilities	555,024	443,928
Deferred revenue	9,528,815	8,238,516
Total current liabilities	15,377,984	13,609,793

Lease liabilities	476,595	1,512,180
Total liabilities	15,854,579	15,121,973

Shareholders' equity

Share capital	147,739,303	146,179,189
Contributed surplus	8,667,182	6,925,869
Accumulated other comprehensive income (loss)	531,690	(38,113)
Accumulated deficit	(74,998,100)	(65,218,510)
Total shareholders' equity	81,940,075	87,848,435
Total liabilities and shareholders' equity	97,794,654	102,970,408

THINKIFIC LABS INC.

Consolidated Statements of Net Income (Loss) and Comprehensive Income (Loss) (expressed in U.S. dollars)

	Three months ended December 31,		Twelve months ended December 31,	
	2023	2022	2023	2022
	\$	\$	\$	\$
Revenue	15,573,536	13,807,930	59,054,073	51,476,010
Cost of revenue	3,905,354	3,044,670	14,492,581	12,362,462
Gross profit	11,668,182	10,763,260	44,561,492	39,113,548
Operating expenses				
Sales and marketing	4,847,098	6,135,512	20,767,447	25,670,240
Research and development	4,802,726	5,937,660	19,470,932	27,450,046
General and administrative	3,187,609	4,064,652	14,924,054	16,936,764
Restructuring	(60,698)	—	2,940,734	2,287,885
Total operating expenses	12,776,735	16,137,824	58,103,167	72,344,935
Operating loss	(1,108,553)	(5,374,564)	(13,541,675)	(33,231,387)
Other income (expenses)				
Finance income (expense)	897,026	702,604	3,477,412	1,427,801
Foreign exchange gain (loss)	512,710	1,005,702	434,299	(4,618,051)
Loss on disposal of property and equipment	—	—	(149,626)	—
Total other income (expenses)	1,409,736	1,708,306	3,762,085	(3,190,250)
Net income (loss)	301,183	(3,666,258)	(9,779,590)	(36,421,637)
Other comprehensive income				
Unrealized gain/loss on derivatives	569,803	—	569,803	—
Total comprehensive income (loss)	870,986	(3,666,258)	(9,209,787)	(36,421,637)
Weighted average number of common shares outstanding - basic	81,366,415	79,586,034	80,775,745	78,701,528
Weighted average number of common shares outstanding - diluted	84,644,590	79,586,034	80,775,745	78,701,528

Net Income (loss) per share

Basic	\$	—	\$	(0.05)	\$	(0.12)	\$	(0.46)
Diluted	\$	—	\$	(0.05)	\$	(0.12)	\$	(0.46)

THINKIFIC LABS INC.**Consolidated Statements of Cash Flows**

(expressed in U.S. dollars)

	Years ended December 31,	
	2023	2022
	\$	\$
Cash from (used in):		
Operating activities		
Net loss	(9,779,590)	(36,421,637)
Items not affecting cash and cash equivalents:		
Depreciation and amortization	1,341,555	1,195,702
Loss on disposal of property and equipment	149,626	—
Stock-based compensation	5,751,065	2,786,162
Unrealized foreign exchange (gain) loss	(447,572)	4,652,441
Finance expense	(3,477,412)	(1,427,801)
Changes in non-cash working capital:		
Trade and other receivables	(605,103)	(1,041,275)
Prepaid expenses and other assets	(1,467,310)	938,071
Contract acquisition assets	(820,379)	(652,784)
Accounts payable and accrued liabilities	(510,094)	1,260,932
Deferred revenue	1,290,299	1,609,767
Cash used in operating activities	(5,426,133)	(25,853,392)
Investing activities		
Proceeds on disposal of property and equipment	70,974	—
Investment in property and equipment	(17,604)	(1,232,537)
Investment in intangible assets	—	(26,984)
Cash from (used in) investing activities	53,370	(1,259,521)
Financing activities		
Operating lease payments	(531,705)	(521,952)
Payments received on net investment in finance lease	73,289	—
Exercise of stock options	230,554	280,768
Tax remittances on stock based compensation	(1,286,394)	—
Shares repurchased for cancellation under normal course issuer bid	(900,158)	—
Cash used in financing activities	(2,414,414)	(241,184)
Effect of foreign exchange on cash and cash equivalents	551,807	(4,854,645)
Decrease in cash and cash equivalents	(7,235,370)	(32,208,742)
Cash and cash equivalents, beginning of year	93,846,091	126,054,833
Cash and cash equivalents, end of year	86,610,721	93,846,091

Reconciliation from IFRS to Non-IFRS Measures (unaudited)

(expressed in thousands of U.S. dollars)

	Three months ended December 31,		Years ended December 31,	
	2023	2022	2023	2022
	\$	\$	\$	\$
	(In thousands of U.S. dollars)			
Net income (loss)	301	(3,666)	(9,780)	(36,422)
Stock-based compensation	1,401	663	5,751	2,786

Depreciation and amortization	318	328	1,342	1,196
Foreign exchange (gain) loss	(513)	(1,006)	(434)	4,618
Finance income	(897)	(703)	(3,477)	(1,428)
Restructuring costs ⁽¹⁾	(61)	—	3,435	2,875
Loss on disposal of property and equipment	—	—	150	—
Adjusted EBITDA	550	(4,383)	(3,014)	(26,374)

(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 quarter of 2023 being retained by the Company.

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