

No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. This prospectus constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities.

The securities qualified by this prospectus have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the “**U.S. Securities Act**”), or any state securities laws. Accordingly, these securities may not be offered or sold in the United States unless registered under the U.S. Securities Act and applicable state securities laws or an exemption from such registration requirements is available. This prospectus does not constitute an offer to sell or a solicitation of an offer to buy any of these securities within the United States. See “Plan of Distribution”.

PROSPECTUS

Initial Public Offering

April 22, 2021

THINKIFIC

THINKIFIC LABS INC.

CDN\$160,030,000

12,310,000 Subordinate Voting Shares

This prospectus qualifies the distribution (the “**Offering**”) of an aggregate of 12,310,000 subordinate voting shares (the “**Offered Shares**”) in the capital of Thinkific Labs Inc. (the “**Company**” or “**Thinkific**”) by the Company at a price of CDN\$13.00 per Offered Share (the “**Offering Price**”). The Company understands that Rhino Co-Invest 2 Limited Partnership, a member of the Rhino Group (as defined herein), intends to purchase CDN\$24,960,000 of Subordinate Voting Shares in this Offering. See “Plan of Distribution”.

Thinkific offers a cloud-based, multi-tenant platform that enables business-building. Thinkific’s software provides entrepreneurs and established businesses with the functionality needed to launch, grow, and diversify their businesses by creating and selling online courses and other learning products. Thinkific aims to make it simple for these course creators to build and deliver fully customized learning products for their audiences under their own brands, with no specialized technical expertise required. Thinkific’s platform enables course creators to build, market, sell and deliver their products with enterprise-grade functionality and extensibility for growth. This allows course creators to join Thinkific’s platform and grow to nearly any size.

The Toronto Stock Exchange (the “**TSX**”) has conditionally approved the listing of the Company’s subordinate voting shares (the “**Subordinate Voting Shares**”) under the symbol “THNC”. Listing of the Subordinate Voting Shares is subject to the Company fulfilling all of the requirements and conditions of the TSX on or before July 20, 2021, including distribution of the Subordinate Voting Shares to a minimum number of public shareholders. See “Plan of Distribution”.

	Price: CDN\$13.00 Per Offered Share		
	Price to the public⁽¹⁾	Underwriters’ Fee⁽²⁾	Net Proceeds to the Company⁽³⁾
Per Offered Share	CDN\$13.00	CDN\$0.78	CDN\$12.22
Total Offering ⁽⁴⁾	CDN\$160,030,000	CDN\$8,104,200	CDN\$151,925,800

Notes:

(1) The Offering Price has been determined by negotiation between the Company and the Underwriters (as defined herein).

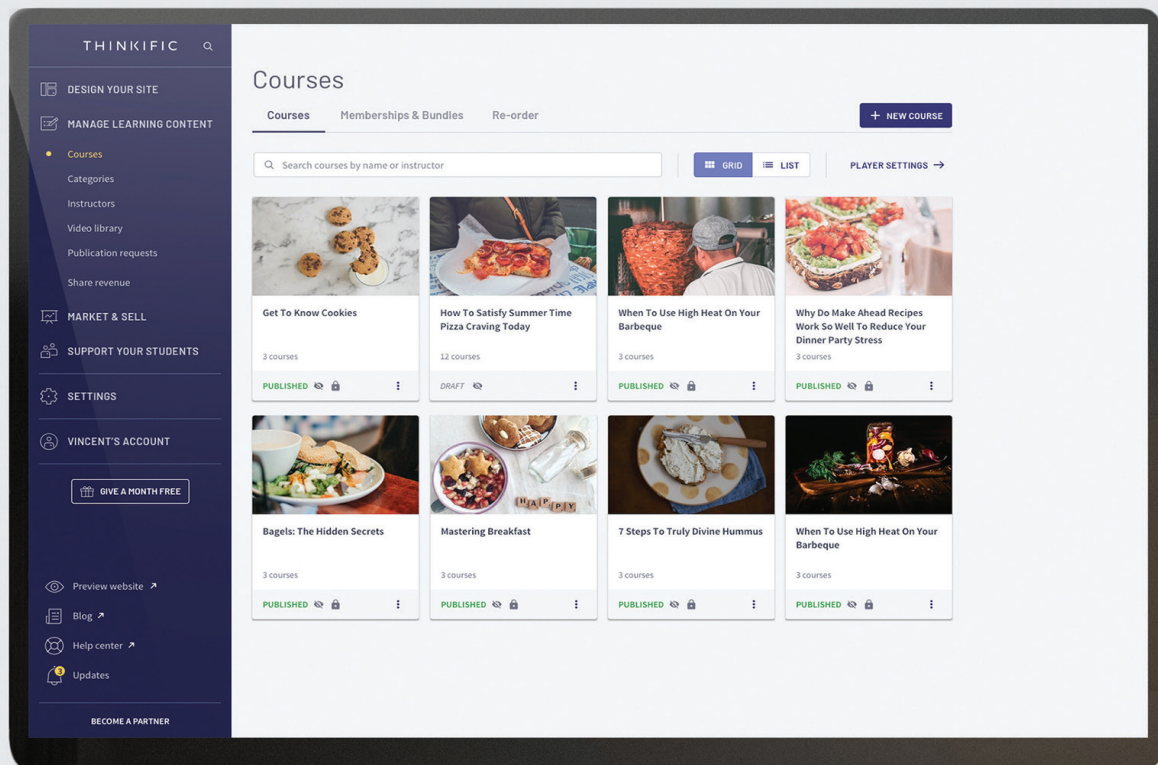
THINKIFIC

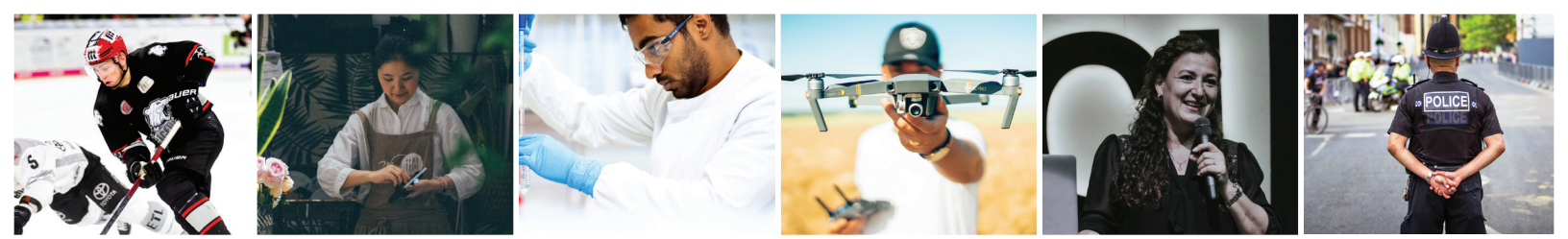
Any business can use education as a tool for growth

Thinkific exists at the intersection of business and education. With Thinkific you can create a new business or extend an established one. Our platform gives entrepreneurs and established businesses alike everything they need to build, market and sell courses and other learning products, and to run their business seamlessly, under their own brand, on their own site.



Together, business and education
create an unstoppable force for
positive change





JM Fortier
Course Creator



Creating Success for Course Creators



Jessica McMurdie
Course Creator

50,000

Active Course Creators

As at Dec 31, 2020



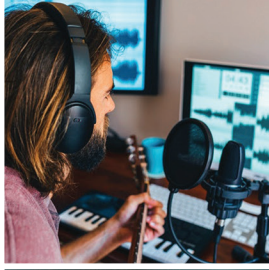


Rob Galvin
Thinkific Partner



\$276 million

2020 Gross Merchandise Volume
(USD)

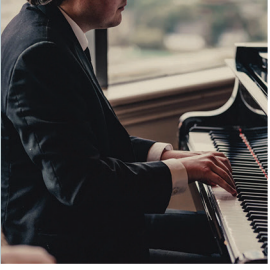


XayLi Barclay
Course Creator



66 million

Courses Taken in 2020 by
21 Million Students
(Averaging over 3 each)



Thinkific has a track record of consistent growth

+150% YoY

\$30.7M

Annual Recurring Revenue

+11% YoY

\$105/month

Average Revenue per User

+126% YoY

25K

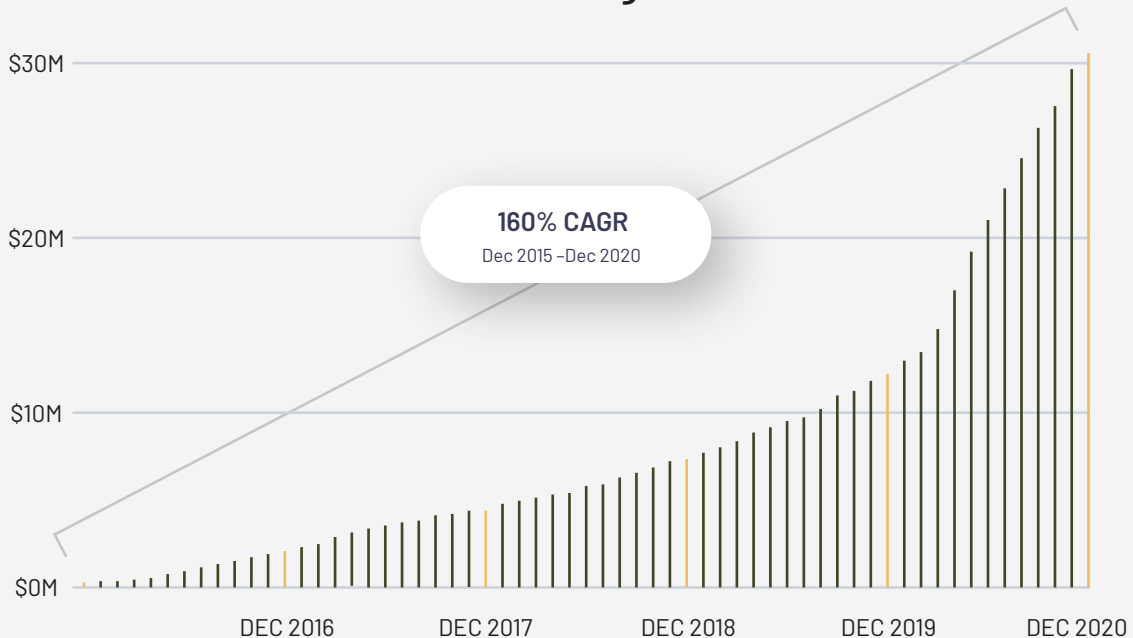
Paying Customers

+115% YoY

\$21.1M

Revenue

Annual Recurring Revenue



223

Team members and counting

91

Employee net promoter score



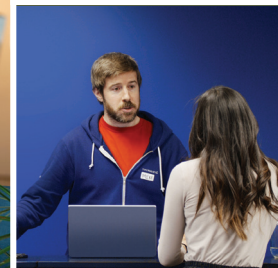
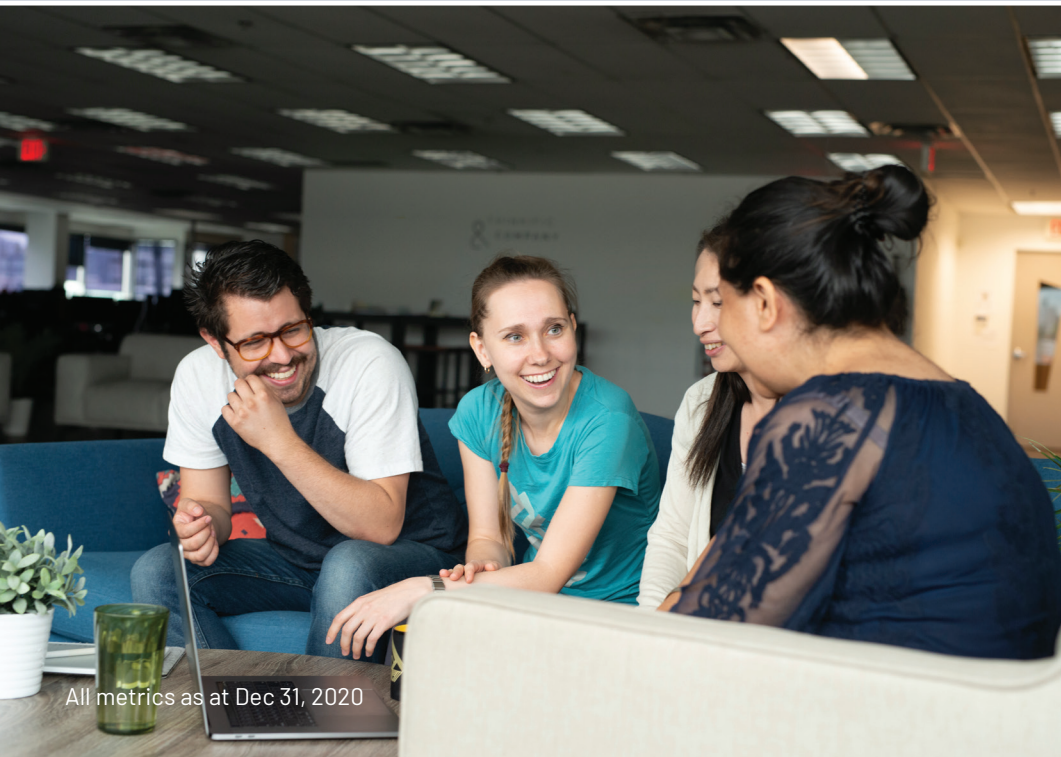
48%
Women



The Thinkific team is at the heart of our company, supporting our customers to reach their goals

9.6/10

Would recommend Thinkific as a great place to work



97%

CEO approval on Glassdoor

All metrics as at Dec 31, 2020

- (2) The Company has agreed to pay the Underwriters a cash commission (the **"Underwriters' Fee"**) equal to 6.0% of the aggregate gross proceeds received by the Company from the Offering, other than the gross proceeds from the purchase of Offered Shares by Rhino Co-Invest 2 Limited Partnership. See *"Plan of Distribution"*.
- (3) The Company will pay the Underwriters' Fee in respect of the Offered Shares sold by each of them. No fee will be payable by the Company to the Underwriters in respect of the sales of Subordinate Voting Shares to Rhino Co-Invest 2 Limited Partnership. It is estimated that the total expenses of the Offering, not including the Underwriters' Fee, will be approximately CDN\$1,753,220. All such expenses of the Offering will be paid by the Company. The Company has also agreed to reimburse the Underwriters for their reasonable expenses in connection with the Offering.
- (4) The Company has granted the Underwriters an option (the **"Over-Allotment Option"**), exercisable, in whole or in part, at any time for a period of 30 days after the Closing Date (as defined herein), to purchase from the Company up to an additional 15% of the aggregate number of Offered Shares issued under the Offering on the same terms as set forth above solely to cover over-allotments, if any, and for market stabilization purposes. If the Over-Allotment Option is exercised in full, the total "Price to the Public", "Underwriters' Fee" and "Net Proceeds to the Company" will be CDN\$184,034,500, CDN\$9,544,470 and CDN\$174,490,030, respectively. This prospectus also qualifies the grant of the Over-Allotment Option and distribution of the Offered Shares issuable upon exercise of the Over-Allotment Option. A purchaser who acquires Offered Shares forming part of the Underwriters' over-allocation position acquires such Offered Shares under this prospectus, regardless of whether the Underwriters' over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases. See *"Plan of Distribution"*.

Upon completion of the Offering, the Company will have two classes of issued and outstanding shares: Subordinate Voting Shares and multiple voting shares (the **"Multiple Voting Shares"**). Subordinate Voting Shares are "restricted securities" under applicable Canadian securities laws. Subordinate Voting Shares and Multiple Voting Shares are substantially identical with the exception of the multiple voting rights and conversion rights attached to the Multiple Voting Shares. Each Subordinate Voting Share is entitled to one vote and each Multiple Voting Share is entitled to ten votes on all matters upon which the holders of shares are entitled to vote, and the holders of Subordinate Voting Shares and Multiple Voting Shares will vote together on all matters subject to a vote of holders of both those classes of shares as if they were one class of shares, except to the extent that a separate vote of holders as a separate class is required by law or provided by our Articles (as defined herein). The Multiple Voting Shares are convertible into Subordinate Voting Shares on a one-for-one basis at any time at the option of the holder thereof and automatically in certain other circumstances. See *"Description of Share Capital"*. The holders of Subordinate Voting Shares benefit from contractual provisions that give them certain rights in the event of a take-over bid for the Multiple Voting Shares. See *"Description of Share Capital – Authorized Share Capital at Closing – Take-Over Bid Protection"*. Upon completion of the Offering, assuming no exercise of the Over-Allotment Option, the Company's issued and outstanding share capital will consist of 17,843,812 Subordinate Voting Shares and 56,993,752 Multiple Voting Shares. See *"Description of Share Capital"*.

Upon completion of the Offering, and assuming no exercise of the Over-Allotment Option, the Rhino Group, Greg Smith and Matthew Smith (together with the Rhino Group, the **"Principal Shareholders"**), will, directly or indirectly, own or control 100% of the Multiple Voting Shares of the Company. After giving effect to the Offering, assuming the purchase of CDN\$24,960,000 of Subordinate Voting Shares by Rhino Co-Invest 2 Limited Partnership and no exercise of the Over-Allotment Option, the Principal Shareholders will hold approximately 78.7% of the Company's issued and outstanding shares and approximately 97.3% of the voting power attached to all of the Company's issued and outstanding shares (approximately 76.8% and 97.0%, respectively, if the Over-Allotment Option is exercised in full). As a result, Permitted Holders (as defined herein) will control a significant portion of the voting power attached to all of our outstanding shares and will have significant influence over us and our affairs. In addition, the Principal Shareholders will be party to an Investor Rights Agreement (as defined herein) that, among other things, provides for certain governance and registration rights. See *"Principal Shareholders"*, *"Agreements with Principal Shareholders"* and *"Risk Factors"*.

There is currently no market through which the Offered Shares may be sold and purchasers may not be able to resell the Offered Shares purchased under this prospectus. This may affect the pricing of the Offered Shares in the secondary market, the transparency and availability of trading prices, the liquidity of the Offered Shares and the extent of issuer regulation. See "Risk Factors".

An investment in the Offered Shares is subject to a number of risks that should be considered by a prospective purchaser. Prospective investors should carefully consider the risk factors described under "Risk Factors" before purchasing the Offered Shares.

A syndicate of underwriters led by BMO Nesbitt Burns Inc. and CIBC World Markets Inc. (the **"Joint Bookrunners"**) and National Bank Financial Inc., TD Securities Inc., Canaccord Genuity Corp., Cormark Securities Inc., and Stifel Nicolaus Canada Inc. (together with the Joint Bookrunners, the **"Underwriters"**), as principals, conditionally offer the Offered Shares qualified under this prospectus, subject to prior sale, if, as and when issued by the Company and accepted by

the Underwriters in accordance with the conditions contained in the Underwriting Agreement (as defined herein) among the Company and the Underwriters referred to under “Plan of Distribution” and subject to the approval of certain legal matters on our behalf by Blake, Cassels & Graydon LLP and on behalf of the Underwriters by Osler, Hoskin & Harcourt LLP.

In connection with the Offering, the Underwriters have been granted the Over-Allotment Option and may, subject to applicable law, over-allocate or effect transactions which stabilize or maintain the market price of the Offered Shares at levels other than those which otherwise might prevail on the open market. **The Underwriters may offer the Offered Shares at a price lower than that stated above. See “Plan of Distribution”.**

The following table sets out the number of Offered Shares that may be sold by the Company to the Underwriters pursuant to the Over-Allotment Option:

<u>Underwriters’ Position</u>	<u>Maximum Number of Securities Available</u>	<u>Exercise Period or Acquisition Date</u>	<u>Exercise Price or Acquisition Price</u>
Over-Allotment Option	1,846,500 Offered Shares	Up to 30 days following the Closing Date (defined herein)	CDN\$13.00 per Offered Share

Subscriptions will be received subject to rejection or allocation in whole or in part by the Underwriters and the Underwriters reserve the right to close the subscription books at any time without notice. The closing of the Offering (the “Closing”) is expected to occur on or about April 27, 2021 or such other date as the Company and the Underwriters may agree, but in any event no later than May 11, 2021 (the “Closing Date”). The Offered Shares offered under this prospectus are to be taken up by the Underwriters, if at all, on or before June 3, 2021. The Offered Shares will be deposited with CDS Clearing and Depository Services Inc. (“CDS”) in electronic form on the Closing Date through the non-certificated inventory system administered by CDS. A purchaser of Offered Shares will receive only a customer confirmation from the registered dealer from or through which the Offered Shares are purchased. See “Plan of Distribution”.

Certain legal matters in connection with the Offering are being reviewed on behalf of the Company by Blake, Cassels & Graydon LLP and on behalf of the Underwriters by Osler, Hoskin & Harcourt LLP.

The Company is neither a “connected issuer” nor a “related issuer” of the Underwriters as defined in National Instrument 33-105 – *Underwriting Conflicts*.

Katie May, a director of the Company, resides outside of Canada and has appointed Blakes Vancouver Services Inc. as agent for service of process at 595 Burrard Street, Suite 2600, Three Bentall Centre, Vancouver, British Columbia, Canada, V7X 1L3. Purchasers are advised that it may not be possible for investors to enforce judgments obtained in Canada against any person or company that is incorporated, continued or otherwise organized under the laws of a foreign jurisdiction or resides outside of Canada, even if the party has appointed an agent for service of process.

Prospective investors are advised to consult their own tax advisors regarding the application of Canadian federal income tax laws to their particular circumstances, as well as any other provincial, territorial, local, foreign and other tax consequences of acquiring, holding or disposing of the Offered Shares, including the Canadian federal income tax consequences applicable to a foreign controlled Canadian corporation that acquires the Offered Shares. See “Certain Canadian Federal Income Tax Considerations”.

Prospective investors should rely only on the information contained in this prospectus. Neither the Underwriters nor the Company has authorized anyone to provide you with different information. Readers should assume that the information appearing in this prospectus is accurate only as of its date, regardless of its time of delivery. The Company’s business, financial condition, results of operations and prospects may have changed since that date.

The Company’s head office is located at #400 – 369 Terminal Avenue, Vancouver, British Columbia, Canada V6A 4C4 and records office is located at Suite 2600, 595 Burrard Street, Vancouver, British Columbia, Canada, V7X 1L3.

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ABOUT THIS PROSPECTUS

An investor should rely only on the information contained in this prospectus. Neither we nor any of the Underwriters have authorized anyone to provide investors with additional or different information. The information contained on the Company's website (www.Thinkific.com) is not intended to be included in or incorporated by reference into this prospectus and prospective investors should not rely on such information when deciding whether or not to invest in the Offered Shares. Any graphs, tables or other information demonstrating our historical performance or of any other entity contained in this prospectus are intended only to illustrate past performance and are not necessarily indicative of our future performance or such entities'. The information contained in this prospectus is accurate only as of the date of this prospectus or the date indicated, regardless of the time of delivery of this prospectus or of any sale of the Offered Shares.

The Underwriters are not offering to sell the Offered Shares in any jurisdiction where the offer or sale of such securities is not permitted. For investors outside Canada, neither we, nor any of the Underwriters, have done anything that would permit the Offering or possession or distribution of this prospectus in any jurisdiction where action for that purpose is required, other than in Canada. Investors are required to inform themselves about, and to observe any restrictions relating to, the Offering and the possession or distribution of this prospectus.

MEANING OF CERTAIN REFERENCES

Unless otherwise noted or the context otherwise requires, all references in this prospectus to the "Company", "we", "us" or "our" refer to Thinkific Labs Inc. Furthermore, as used in this prospectus, unless the context indicates or requires otherwise, the following terms have the following meanings:

"Active Course Creators" are the Course Creators who have interacted with the Platform or have had Student activity in one of their Learning Products in the previous 30 days.

"Course Creators" are the customers of Thinkific (on any plan, including free or trial) who create and deliver customized courses and other Learning Products through the Thinkific Platform.

"Employee Net Promoter Score" or **"eNPS"** is an index, calculated by Thinkific using surveys conducted by Thinkific, ranging from -100 to 100 that measures the willingness of employees at Thinkific to recommend Thinkific as a place to work.

"Enrollments" is the sum of all course registrations by Students in the stated time frame.

"Learners" or **"Students"** are the customers of our Course Creators. The terms **"Learners"** and **"Students"** both refer to the unique count of all registered users who have signed up for at least one course on the Platform during the stated time frame.

"Learning Products" are the customized courses, communities, membership sites, and other experiences that Course Creators create, sell, and deliver using the Thinkific Platform.

"Monetizing Course Creators" refers to Course Creators who are selling their courses or other Learning Products. Specifically, those that have collected payment or monetized one or more courses or other Learning Products and have facilitated this payment through the Thinkific Platform in any given period. The sum of these payments is captured as Gross Merchandise Volume.

"Net Promoter Score" or **"NPS"** is an index, calculated by Thinkific using surveys conducted by Thinkific, ranging from -100 to 100 that measures the willingness of Course Creators to recommend Thinkific's products or services to others.

“Partner” is an individual or other entity with whom we have a formal or informal arrangement including agencies, influencers, affiliates, app developers, integration partners and similar third parties.

“Platform”, “Thinkific Platform” or “Our Platform” are used to define Thinkific’s offered platform service as a whole and are generally interchangeable with “our software”.

“Thinkific API” is the set of definitions and protocols (the application program interface) that third party software developers can use to write applications to interact with the Thinkific Platform.

“Thinkific App Store” is a marketplace, which is currently in beta testing, that is intended to allow Course Creators to extend and add to the functionality of the Thinkific Platform through apps developed for the Thinkific Platform and by connecting it to other software applications.

“Thinkific Payments” is an embedded payment processing service, which is currently in beta testing, that is intended to allow our Course Creators to accept payments without reliance on third party payment gateways or acquirers.

CURRENCY

We present our financial statements in United States dollars and disclose certain financial information in this prospectus in United States dollars. In this prospectus, references to “\$” or “U.S. dollars” are to United States dollars and references to “CDN\$” are to Canadian dollars. Amounts are stated in United States dollars unless otherwise indicated. Certain totals, subtotals and percentages throughout this prospectus may not reconcile due to rounding.

EXCHANGE RATE DATA

The following table sets forth (i) the rate of exchange for the U.S. dollar, expressed in Canadian dollars, in effect at the end of the periods indicated; (ii) the average exchange rates for the U.S. dollar, expressed in Canadian dollars, during such periods; and (iii) the high and low exchange rates for the U.S. dollar, expressed in Canadian dollars, during such periods, each based on the daily average exchange rate as reported by the Bank of Canada for conversion of U.S. dollars into Canadian dollars:

	\$ to CDN\$		
	Year Ended December 31,		
	2020	2019	2018
	CDN\$	CDN\$	CDN\$
Closing	1.2732	1.2988	1.3642
High	1.4496	1.3600	1.3642
Low	1.2718	1.2988	1.2288
Average	1.3415	1.3269	1.2957

On April 21, 2021 the daily average rate of exchange posted by the Bank of Canada for conversion of United States dollars into Canadian dollars was \$1.00 equals CDN\$1.2523.

NON-IFRS MEASURE AND INDUSTRY METRICS

This prospectus makes reference to a non-IFRS measure and certain industry metrics. The non-IFRS measure is not a recognized measure under International Financial Reporting Standards as issued by the International Accounting Standards Board (“**IFRS**”) and does not have a standardized meaning prescribed by IFRS and is therefore unlikely to be comparable to similar measures presented by other companies. Rather, the non-IFRS 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, the non-IFRS

measure should not be considered in isolation nor as a substitute for analysis of our financial information reported under IFRS. We use a non-IFRS measure: "Adjusted EBITDA". We also use certain industry metrics: "Monthly Recurring Revenue" or "MRR", "Annual Recurring Revenue" or "ARR", "Paying Customers", "Average Revenue per User" or "ARPU", and "Gross Merchandise Volume" or "GMV". 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.

NON-IFRS MEASURE

"Adjusted EBITDA" is calculated as net income (loss) excluding interest, taxes, depreciation and amortization, or EBITDA, as adjusted for stock-based compensation expenses, foreign exchange gain (loss), finance income (expense), and transaction-related expenses.

See *"Our Financial Performance"* and *"Management's Discussion and Analysis of Financial Condition and Results of Operations"* for a reconciliation of the foregoing non-IFRS measure to its most directly comparable measures calculated in accordance with IFRS.

INDUSTRY METRICS

"Annual Recurring Revenue" or **"ARR"** is equal to Monthly Recurring Revenue multiplied by 12.

"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. When stated as an annual number, the ARPU calculation utilizes the average Paying Customers and average monthly Revenue from the last quarter of the year.

"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 we do not record the transaction value.

"Monthly Recurring Revenue" or **"MRR"** is 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. Annual or other subscription durations are included as a prorated amount.

"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.

FORWARD-LOOKING INFORMATION

This prospectus contains "forward-looking information" within the meaning of applicable securities laws in Canada. Forward-looking 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, 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", "expects" or "does not

expect", "is expected", "an opportunity exists", "budget", "scheduled", "estimates", "outlook", "forecasts", "projection", "prospects", "strategy", "intends", "anticipates", "does not anticipate", "believes" or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", "might", "will", "will be taken", "occur" or "be achieved". 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.

This forward-looking information includes, among other things, statements relating to: the Offering Price; the completion, size and expenses of the Offering; the timing of Closing; our future financial outlook and anticipated events or results; our understanding that Rhino Co-Invest 2 Limited Partnership intends to purchase Subordinate Voting Shares in the Offering; our preliminary estimated results for the three month period ended March 31, 2021; the intent, belief or current expectations of the Company or its management with respect to the consolidated results of operations and financial condition, financial position, financial outlook, revenue, the revenue generation potential of our payment related and other solutions, business strategy, growth strategies, overall market growth rates, addressable markets for our solutions, budgets, operations, future events, plans and objectives of the Company, industry trends, and our growth rates and growth strategies; our competitive position in our industry; Course Creator retention and acquisition; the successful rollout and integration of Thinkific Payments and the Thinkific App Store; the execution of agreements entered into by the Principal Shareholders in connection with the Offering; the Pre-Closing Capital Changes; expectations regarding the long-term ownership equity position of our Chief Executive Officer; the proposed use of proceeds of this Offering; and the market price for the Offered Shares.

This forward-looking information and other forward-looking information is 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. Despite a careful process to prepare and review the forward-looking information, there can be no assurance that the underlying opinions, estimates and assumptions will prove to be correct. Certain 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 Thinkific Payments and 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; 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 are material factors made in preparing forward-looking information and management's expectations.

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 were 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 risk factors described in greater detail under the heading herein entitled "Risk Factors":

- Our growth may not be sustainable and depends on our ability to attract new customers, retain revenue from existing customers and increase revenue from existing high-volume customers.

- We have incurred operating losses and negative cash flows in the past and may incur operating losses in the future. We believe our long-term value as a company will be greater if we focus on growth, which may negatively impact our profitability in the near- and medium-term.
- Our business could be harmed if we fail to manage our growth effectively.
- Our limited operating history in new and developing markets and new geographic regions makes it difficult to evaluate our current business and future prospects and may increase the risk that we will not be successful.
- If we are unable to keep pace with technological and marketplace change and trends, including our ability to improve and enhance the functionality, performance, reliability, design, security and scalability of our Platform in a manner that responds to our customers' evolving needs, our business, operating results and financial condition may be adversely affected.
- The estimates of market opportunity and growth forecasts included in this prospectus may prove to be inaccurate and may not be indicative of our future growth. Even if the market in which we compete achieves the estimated growth, our business could fail to grow at similar rates, if at all.
- If our software or hardware contain serious errors or defects, we may lose revenue and market acceptance and may incur costs to defend or settle claims with our customers or other claimants.
- Security breaches, denial of service attacks, or other hacking and phishing attacks on our systems or other security breaches could delay or interrupt service to our Course Creators, their Students, and others who use our services, harm our reputation or subject us to significant liability, and adversely affect our business and financial results.
- System failures, interruptions, delays in service, catastrophic events, inadequate infrastructure and resulting interruptions in the availability or functionality of our Platform could harm our reputation or subject us to significant liability, and adversely affect our business and financial results.
- Our success depends on the ability of our Course Creators to achieve commercial success, to market or sell their Learning Products and to grow or sustain their businesses.
- Our growth depends in part on the success of our strategic relationships with third parties.
- We may be unable to achieve or maintain data transmission capacity.
- We use a single cloud service provider to deliver our services and there may not be a suitable alternative cloud service provider. Any disruption of services from our cloud service provider could harm our business.
- We derive, and expect to continue to derive, substantially all of our revenues from a single cloud-based online course Platform solution.
- We rely primarily on a single supplier to provide the technology we offer for video delivery.
- We store personal information including that of our Course Creators and their Students. If the security of this information is compromised or is otherwise accessed without authorization, our reputation may be harmed and we may be exposed to liability and loss of business.
- The impact of worldwide economic conditions, including the resulting effect on spending by small to medium sized businesses ("**SMBs**") and entrepreneurs or their Students, may adversely affect our business, operating results and financial condition.

- If we are unable to increase sales of subscriptions to our Platform to Course Creators while mitigating the risks associated with serving such customers, our business, financial condition, and results of operations would suffer.
- Our risk management efforts in connection with the processing of payments may not be effective, which could expose us to losses and liability and otherwise harm our business.
- Our results may fluctuate significantly and may not meet our expectations or those of investors or securities analysts, which could cause our share price to decline.
- Our growth strategy involves the rollout of our payment processing solution, Thinkific Payments, which may present risks and challenges that we have not yet experienced.
- We rely on a single supplier to provide the technology we offer through Thinkific Payments.
- The introduction of Thinkific Payments subjects us to regulatory requirements, payment card network rules, payment card transactions underwriting and other risks that could be costly and difficult to comply with or that could harm our business.
- Our brand is integral to our success. If we fail to effectively maintain, promote and enhance our brand or if we fail to maintain a consistently high level of customer support, our brand, business, financial results and competitive advantage may be harmed.
- If we are unable to hire, retain and motivate qualified personnel, our business will suffer.
- Competition for top talent may lead to rising salaries and declining margins or limit our ability to achieve profitability.
- We rely on search engines and social networking sites to attract a meaningful portion of our customers. If we are not able to generate traffic to our website through search engines and social networking sites, our ability to attract new customers may be impaired and if our Course Creators are not able to generate traffic to their Learning Products through search engines and social networking sites, their ability to attract Students may be impaired. In addition, if the price of marketing our solutions over search engines or social networking sites increases, we may incur additional marketing expenses.
- We rely on computer hardware purchased or leased from, software licensed from and services rendered by third parties (or, in some instances, a single third party) in order to provide our solutions and run our business, and interruptions or performance problems with these technologies may adversely affect our business and results of operations.
- Exchange rate fluctuations may negatively affect our results of operations.
- We do not have the history with our solutions or pricing models necessary to accurately predict optimal pricing necessary to attract new customers and retain existing customers which may adversely affect our ability to attract new customers and retain existing customers.
- Our business is highly competitive. We may not be able to compete successfully against current and future competitors.
- Our business is susceptible to risks associated with international sales and the use of our Platform in various countries.

- Market adoption of cloud-based online course platform solutions is relatively new and unproven and may not grow as we expect, which may harm our business and results of operations and even if market demand increases, the demand for our Platform may not increase.
- An assertion by a third-party that we are infringing its intellectual property could subject us to costly and time-consuming litigation which could harm our business.
- Activities of customers or Partners or the content of our customers' Learning Products could damage our brand, subject us to liability, and harm our business and financial results.
- If we are unable to successfully refresh or update our source code or other aspects of our Platform or detect and adequately address technological deficiencies in a timely and adequate manner, our competitive position could be negatively affected.
- We may not receive significant revenue as a result of our current research and development efforts.
- If we are unable to ensure that our Platform inter-operates with a variety of software applications that are developed by others, including our integration Partners, we may become less competitive and our results of operations may be harmed.
- Changes in accounting standards and interpretations, and our adoption thereof, as well as subjective assumptions, estimates and judgments by management related to complex accounting matters could significantly affect our reported financial results or financial condition.
- We are dependent on the continued services and performance of our senior management and other key employees, the loss of any of whom could adversely affect our business, operating results and financial condition.
- Thinkific may have new product offerings from time to time that are nascent, unproven and subject to material legal, regulatory, operational, reputational, tax and other risks in every jurisdiction and are not assured to be profitable.
- Mobile devices are increasingly being used for online course delivery, and if our solutions do not operate as effectively when accessed through these devices, our Course Creators and their Students may not be satisfied with our services, which could harm our business.
- Our business could be adversely impacted by changes in internet access for our Course Creators or their Students or laws specifically governing the internet.
- We may need to raise additional funds to pursue our growth strategy or continue our operations, and we may be unable to raise capital when needed or on acceptable terms.
- Our use of open-source software could negatively affect our ability to sell our solutions and subject us to possible litigation.
- We may be unable to obtain, maintain and protect our intellectual property rights and proprietary information or prevent third parties from making unauthorized use of our technology.
- We are dependent upon customers' willingness to use the internet for commerce and for offering Learning Products, as well as Students' willingness to use the internet for commerce and learning.
- We may in the future make acquisitions and investments, which could divert management's attention, result in operating difficulties and dilution to our shareholders and otherwise disrupt our operations and adversely affect our business, operating results, or financial position.

- One of our marketing strategies is to offer free and trial subscription plans, and we may not be able to continue to realize the benefits of this strategy.
- Issues in the use of artificial intelligence in our Platform may result in reputational harm or liability.
- Our Articles provide that any derivative actions, actions relating to breach of fiduciary duties and other actions asserting a claim relating to relationships among us, our affiliates and their respective shareholders, directors and/or officers are required to be litigated in British Columbia, which could limit your ability to obtain a favourable judicial forum for disputes with us.
- From time to time, we may become defendants in legal proceedings as to which we are unable to assess our exposure and which could become significant liabilities in the event of an adverse judgment.
- Unanticipated changes in effective tax rates or adverse outcomes resulting from examination of our income or other tax returns could adversely affect our operating results and financial condition.
- New tax laws could be enacted or existing laws could be applied to us or our customers, which could increase the costs of our solutions and adversely impact our business.
- U.S. federal, state and local, Canadian federal and provincial, and other foreign tax authorities may seek to assess state, provincial or local business taxes, sales and use taxes or other indirect taxes. If we are required to collect indirect taxes in additional jurisdictions, we might be subject to tax liability for past subscriptions.
- It may be difficult or impossible for investors to enforce judgements against the foreign subsidiary and the U.S. resident director of the Company.
- We may not be able to utilize non-capital loss carryforwards, net operating loss carryforwards and other tax credits, which could adversely affect our profitability.
- The nature of our business requires the application of complex revenue and expense recognition rules, and any significant changes in current rules could affect our financial statements and results of operations.
- The dual class structure that will be contained in our Articles has the effect of concentrating voting control and the ability to influence corporate matters with Greg Smith, our co-founder and Chief Executive Officer, and others, which may have a negative impact on the trading price of the Subordinate Voting Shares.
- The market price of our Subordinate Voting Shares may be volatile and your investment could suffer or decline in value.
- A public market for our Subordinate Voting Shares may not develop subsequent to the Offering.
- We do not currently anticipate paying dividends on the Subordinate Voting Shares, and, consequently, purchasers in the Offering may never receive a return on their investment.
- Future sales of Subordinate Voting Shares by existing shareholders or by us, or future dilutive issuances of Subordinate Voting Shares by us, could adversely affect prevailing market prices for the Subordinate Voting Shares.
- If securities or industry analysts do not publish research or publish inaccurate or unfavorable research about us or our business, our trading price and volume could decline.

- We will incur increased expenses as a result of being a public company.
- Our senior management team has limited experience managing a public company, and regulatory compliance may divert its attention from the day-to-day management of our business.
- As a public company, we will be required to develop and maintain proper and effective internal controls over financial reporting. We may not complete our analysis of our internal controls over financial reporting in a timely manner, or these internal controls may not be effective, which could adversely affect investor confidence in us and, as a result, negatively impact the value of our Subordinate Voting Shares.
- Our management will have broad discretion in the application of the net proceeds of the Offering.
- Any issuance of preferred shares could make it difficult for another company to acquire us or could otherwise adversely affect holders of our Subordinate Voting Shares, which could depress the price of our Subordinate Voting Shares.
- Our constating documents permit us to issue an unlimited number of Subordinate Voting Shares and Multiple Voting Shares without additional shareholder approval.
- The COVID-19 pandemic could materially adversely affect our business, financial condition and results of operations.
- Shifting our operations to be “digital-by-default” may adversely affect our business, including our culture, and may adversely affect our financial position and operating results.

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. The opinions, estimates or assumptions referred to above and described in greater detail under the heading herein entitled “*Risk Factors*” should be considered carefully by readers.

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, readers should not place undue reliance on forward-looking information, which speaks only as of the date made. The forward-looking information contained in this prospectus represents our expectations as of the date of this prospectus (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 prospectus is expressly qualified by the foregoing cautionary statements. Investors should read this entire prospectus and consult their own professional advisors to ascertain and assess the income tax, legal, risk factors and other aspects of their investment in the Offered Shares.

MARKET AND INDUSTRY DATA

Market and industry data presented throughout this prospectus was obtained from third party sources, industry reports and publications, websites and other publicly available information including the McKinsey 2016 Study, the McKinsey 2017 Study, the McKinsey 2020 Report, the Pew Research Report, the Tyton Partners’

Market Scan, the Emerald Works Report, the KPMG 2020 Survey and World Economic Forum's Future of Jobs Report as well as industry and other data prepared by us or on our behalf on the basis of our knowledge of the e-commerce market and economy (including our estimates and assumptions relating to the e-commerce market and economy based on that knowledge) or to validate industry assumptions, management studies and estimates. We believe that the market and economic data presented throughout this prospectus is accurate and, with respect to data prepared by us or on our behalf, that our estimates and assumptions are currently appropriate and reasonable, but there can be no assurance as to the accuracy or completeness thereof. The accuracy and completeness of the market and economic data presented throughout this prospectus are not guaranteed and neither we nor any of the Underwriters make any representation as to the accuracy of such data. Actual outcomes may vary materially from those forecast in such reports or publications, and the prospect for material variation can be expected to increase as the length of the forecast period increases. Although we believe it to be reliable, neither we nor any of the Underwriters have independently verified any of the data from third party sources referred to in this prospectus, analyzed or verified the underlying studies or surveys relied upon or referred to by such sources, or ascertained the underlying market, economic and other assumptions relied upon by such sources. Market and economic data are subject to variations and cannot be verified due to limits on the availability and reliability of data inputs, the voluntary nature of the data gathering process and other limitations and uncertainties inherent in any statistical survey.

TRADEMARKS AND TRADE NAMES

This prospectus includes certain trademarks, such as "Thinkific", which is protected under applicable intellectual property laws and are our property. Solely for convenience, our trademarks and trade names referred to in this prospectus may appear without the ® or ™ symbol, but such references are not intended to indicate, in any way, that we will not assert, to the fullest extent under applicable law, our rights to these trademarks and trade names.

MARKETING MATERIALS

A "template version" of the following "marketing materials" (each such term as defined in National Instrument 41-101 – General Prospectus Requirements) for this Offering filed with the securities commission or similar regulatory authority in each of the provinces and territories of Canada are specifically incorporated by reference into this prospectus:

1. the investor presentation filed on SEDAR on April 12, 2021; and
2. the term sheet filed on SEDAR on April 22, 2021.

The term sheet and investor presentation referred to above are available under our profile on SEDAR at www.sedar.com.

In addition, any template version of any other marketing materials filed with the securities commission or similar regulatory authority in each of the provinces and territories of Canada in connection with this Offering, after the date hereof, but prior to the termination of the distribution of the Offered Shares under this prospectus (including any amendments to, or an amended version of, any template version of any marketing materials), is deemed to be incorporated by reference herein. Any template version of any marketing materials utilized in connection with this Offering are not part of this prospectus to the extent that the contents of the template version of the marketing materials have been modified or superseded by a statement contained in this prospectus.

ELIGIBILITY FOR INVESTMENT

In the opinion of Blake, Cassels & Graydon LLP, our counsel, and Osler, Hoskin & Harcourt LLP, counsel to the Underwriters, based on the current provisions of the *Income Tax Act* (Canada) and the regulations thereunder (the "**Tax Act**"), on the date of this Offering, provided that on the Closing Date the Offered Shares are listed on

a “designated stock exchange” as defined in the Tax Act (which currently includes the TSX), the Offered Shares acquired pursuant to the Offering on the Closing Date will be, at that time, qualified investments under the Tax Act for a trust governed by a registered retirement savings plan (“RRSP”), deferred profit sharing plan, registered retirement income fund (“RRIF”), registered education savings plan (“RESP”), registered disability savings plan (“RDSP”) and a tax-free savings account (“TFSA”, and together with RRSP, RRIF, RESP and RDSP, “Registered Plans”), each as defined in the Tax Act.

The Offered Shares are not currently listed on a “designated stock exchange” and the Company is not currently a “public corporation”, as those terms are defined in the Tax Act. It is counsel’s understanding that the Company has applied to list the Offered Shares on the TSX as of the day before the Closing Date, followed by an immediate halt in trading of the Offered Shares in order to allow the Company to satisfy the conditions of the TSX and to have the Offered Shares listed prior to the issuance of the Offered Shares on the Closing Date. If the Offered Shares are not listed on a “designated stock exchange” (which currently includes the TSX) at the time of their issuance on the Closing Date and the Company is not otherwise a “public corporation” at that time, the Offered Shares will not be “qualified investments” for Registered Plans and deferred profit-sharing plans at that time.

Notwithstanding that an Offered Share may be a qualified investment for a Registered Plan, the holder, subscriber or annuitant of the Registered Plan, as the case may be, will be subject to a penalty tax as set out in the Tax Act in respect of the Offered Shares if such Offered Shares are a “prohibited investment” for the Registered Plan for the purposes of the Tax Act. The Offered Shares will not be a “prohibited investment” for a Registered Plan if the holder, subscriber or annuitant, as the case may be, deals at arm’s length with the Company for the purposes of the Tax Act and does not have a “significant interest” (as defined in the Tax Act) in the Company. In addition, the Offered Shares generally will not be a prohibited investment if the Offered Shares are “excluded property” within the meaning of the Tax Act for the Registered Plan.

Individuals who intend to hold Offered Shares in a Registered Plan should consult their own tax advisors as to whether such securities will be a “prohibited investment” in their particular circumstances, including with respect to whether the Offered Shares would be “excluded property” in their particular circumstances.

LETTER FROM GREG SMITH

Our Why

We are in the midst of a monumental power shift from institutions to entrepreneurs. Driving this shift are tools that dramatically reduce the barriers and cost of experimentation for entrepreneurs to iterate on ideas and scale successful businesses. We believe deeply in the power of the entrepreneur to drive the next generation of digital commerce. Thinkers, as our team has named themselves, are united by a common motivation; when you combine business and education, you create an unstoppable force for positive change. We are fanatical about driving success for those nurturing this force.

At Thinkific, we empower any entrepreneur or established business to take their unique abilities, skills, knowledge, or passion, and share it with others around the world, and to build a business doing it.

We set out with a simple idea: to make it easy for anyone to create and sell their own online course on their own website. Today, we are exhilarated and humbled by how much farther our Course Creators have taken us. Every day we see examples of our Course Creators changing their own lives, and the lives of those they teach all while building their own businesses. Over 50,000 Active Course Creators use the Thinkific Platform. Last year alone, our Course Creators taught over 21 million people and generated hundreds of millions in course sales.

As we help our Courses Creators succeed, Thinkific grows alongside them, and we've proven we can do just that. Course Creators who sell their courses average 66% year over year compounded growth in revenues over their first 5 years on our Platform.

Course Creators from virtually every industry and vertical use our Platform to teach topics from farming to hula hooping, or manufacturing to corporate finance. The only thing more varied than the topics is the Course Creators themselves, each bringing their own unique perspectives, backgrounds, cultures and experiences to bear on their subjects of expertise. They create new role models from all backgrounds for their Students, and show us that there is no one way to teach a subject and no one ideal expert to teach it. We are proud to support such a diverse group of entrepreneurs, each one building their own business while teaching others.

To further the success of our customers, we are building a platform business. To us, that means a business that is built on lasting partnerships with aligned businesses where the value realized by Thinkific is dwarfed by that of the Course Creators and Partners. It is one of the most important elements of our business model and value creation ethos; when our customers succeed, we succeed.

As our community of Course Creators grows, we've seen another community of entrepreneurs spring up around them: the Partners that help our Course Creators. Each Partner is its own independent business, offering services and products to extend and improve our Platform. This network of Partners is helping to accelerate our flywheel, while allowing us to better serve our Course Creators. Partners are seeing success in their own right, and now number more than our own employees. We relentlessly innovate to support them and our Course Creators in building their own businesses.

Our Own Entrepreneurial Beginning

We got our start like many of our Course Creators, with a passion to share with others. While tutoring and teaching students in person, I wanted to help more people and build a business while doing it. We set out to build an online course. We wanted an easy-to-use, yet comprehensive, software solution that gave us complete control of our own business. We tried learning management systems (LMS) and found them difficult to use, expensive, and built without the entrepreneur in mind. We explored course marketplaces but that would mean giving up control; they would own the customers, the data, the branding, and authority over pricing. With no suitable software solution, we built our own. Other creators quickly came knocking. They wanted to do the same thing that we did: create their own courses on their own websites, under their own

brands to build their own businesses. We saw the opportunity to help and launched Thinkific as a single tool for any entrepreneur or established business to create, market, sell and deliver their own online courses and other Learning Products.

Our Stakeholders

Course Creators - At Thinkific, we are fanatical about the success of our Course Creators. We support them, cheer for them, and innovate to provide them with the tools to make their lives easier and their businesses more successful. In turn, they impact their own businesses, their own lives, and the lives of those they teach.

Team - Behind every financial metric achieved or product initiative delivered is one driving force: our exceptional team. The Thinkific team is at the heart of our company, supporting our customers to reach their goals. They are the source of our success and I am lucky to be part of such an exceptional team. We innovate on our culture and processes as much as our software in order to constantly improve how we grow and support our amazing team. Our unique culture is a major factor in our success. It is underpinned by kindness, the celebration of diversity, innovation and entrepreneurship, the desire to learn and grow, ethics, and integrity.

Community - We endeavour to positively impact the communities around us, both through the education we empower and in our own right. Our team strives to participate in, support and set examples in the celebration of diversity and to level the playing field for entrepreneurs of all cultures, genders, backgrounds, and underrepresented groups including LGBTQ2S+.

Shareholders - Every Thinker participates in the equity in Thinkific. We believe that investments in our team, our communities and the success of our Course Creators will bring long-term returns for all shareholders in Thinkific. Our desire is to build an enduring, great company with a long-term positive impact. We plan for, and invest in, the long-term success of our business.

Pace of innovation is incredibly important to Thinkific. It allows us to set the standard of expectations for Course Creators. Setting the standard of expectations means to invent and create on behalf of Course Creators with a relentless focus on simplicity and solving the next problem they will encounter - we take this stewardship very seriously. Because of this focus, our approach to resource allocation is rooted in choosing long-term strategic benefits over short-term monetization or profit opportunities. In the long-term, we believe this is the right strategy for all stakeholders.

Our Mission

We drive to one north star at Thinkific - the success of our Course Creators.

We are passionate about helping others to change lives for the better. At Thinkific, we get to help entrepreneurs start businesses, help businesses grow and reach more customers, help businesses share their special skills, passions, and knowledge, empower every business to incorporate education into their business model, and help them teach others to create a positive impact on the world.

We get to watch a single entrepreneur take their special talents and change thousands or hundreds of thousands of lives teaching what they know, all while building their own business. We get to do this for thousands of entrepreneurs and businesses, cheering them on and providing them with the tools to make the job easier at every step of the way. We live at this wonderful intersection of commerce and education. We believe education is the most powerful force for positive change in the world and commerce is the rocket fuel that powers education to far greater reach and impact. This is why we come to work at Thinkific.

We hope you'll share in our passion and join us on this journey.

We are just getting started.

A handwritten signature in black ink, appearing to read 'Greg Smith', with a long horizontal flourish extending to the right.

Greg Smith,
Co-Founder and Chief Executive Officer, Thinkific

PROSPECTUS SUMMARY

This summary highlights principal features of the Offering and certain information contained elsewhere in this prospectus. This summary does not contain all of the information you should consider before investing in our Offered Shares. You should read this entire prospectus carefully, especially the "Risk Factors" section of this prospectus and our consolidated financial statements and related notes appearing elsewhere in this prospectus, before making an investment decision.

BUSINESS OF THINKIFIC

We believe any business can use education as a tool for growth. Our mission is to make it simple for entrepreneurs and established businesses – our Course Creators – to scale and generate revenue by teaching what they know.

Thinkific offers a cloud-based, multi-tenant platform that enables business-building. Our Platform provides Course Creators with the functionality needed to launch, grow, and diversify their businesses by creating and selling online courses and other Learning Products. We aim to make it simple for these Course Creators to build and deliver fully customized learning products for their audiences under their own brands, with no specialized technical expertise required. Our Platform enables Course Creators to build, market, sell and deliver their products with enterprise-grade functionality and extensibility for growth. This allows Course Creators to join our Platform and grow to nearly any size.

Our Platform supports a wide range of use cases. Our Course Creators identify as entrepreneurs, business owners, consultants, authors, speakers, coaches, professionals, trainers, and social media influencers as well as larger businesses. Our Course Creators span nearly every industry vertical and are located in more than 165 countries around the world. The majority of Course Creators were already in business or earning an income with their expertise when they joined our Platform, and many are adding an education component to their business for the first time with our Platform.

Course Creators join our Platform with the objective of starting or growing a business. This common goal of business growth can be accomplished in a variety of ways. Sixty-five percent of our surveyed Course Creators identify direct revenue generation as their primary goal. Beyond direct revenue, Course Creators can use our Platform to generate value by teaching others about their product, service, or area of expertise, supplementing other paid products and services, and generating leads as part of their marketing plans.

Thinkific was founded to solve problems for entrepreneurs and businesses seeking to use online education for growth. As a complete business solution for Course Creators, our Platform provides both the e-commerce and management functionality they need. Additionally, the Learning Products they create on our Platform serve as the end product that our Course Creators are selling. By focusing on creating business success for Course Creators, Thinkific acts as a partner in supporting their ongoing growth. We do this with features and tools built around four core functions:

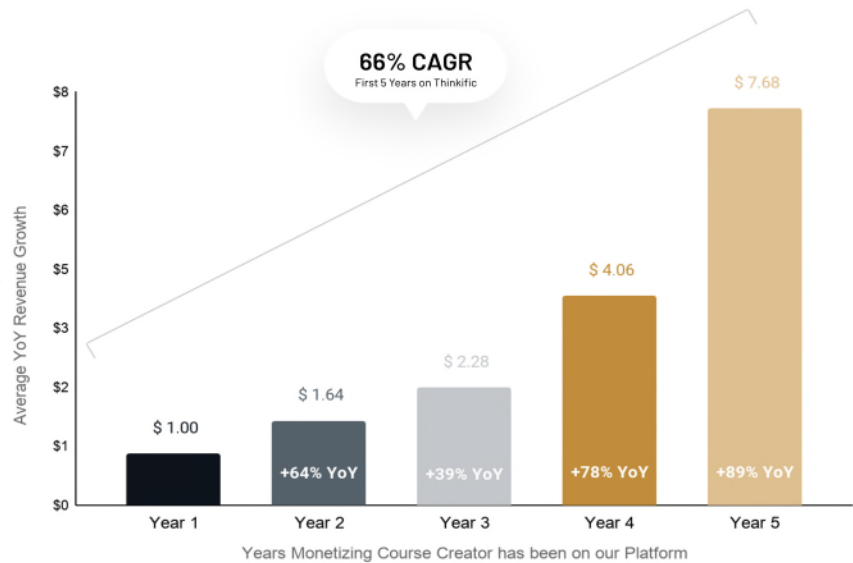
- First, we make it easy for anyone to create and deliver the customized Learning Products that they envision. Courses, communities, and memberships represent a selection of our Learning Products.
- Second, we help Course Creators market and sell with full e-commerce functionality. This includes customized websites and landing pages, checkout pages, payment processing and flexible pricing models tailored for selling online courses and other Learning Products.
- Third, the Thinkific App Store and our Partner network enable Course Creators to both integrate with their existing business systems and tools, as well as expand their businesses with point solutions that serve diverse use cases.

- Fourth, our business management and scaling suite adds the back-office tools and workflows required for Course Creators to administer websites, to manage content and Students, and to monitor reporting and analytics, with enterprise-grade performance, security, and scalability. This ensures Course Creators are able to join our Platform and grow to nearly any size.

Together, these core functions combine to make the Thinkific Platform a core business operating system for many of our Course Creators, encompassing not just e-commerce but the entire back office and the end products themselves.

Online courses and other Learning Products are, generally, more scalable, have less overhead and generate higher margins for Course Creators as compared to other business models. Since these digital products have low marginal costs and can be created once and sold many times, our Course Creators with revenue goals are typically more profitable than peers with equivalent revenue that require inventory, supply chains, and distribution networks. Further, the course creation model extends the direct relationship between Course Creators and Students by enhancing interactions and building community, creating the opportunity for either recurring revenue in the form of a membership or cross-selling potential new products and increasing Student loyalty to our Platform. This results in compounding economies of scale as Course Creators build differentiated, scalable, and high margin businesses on the Thinkific Platform. Our Course Creators' continued success is evidenced by the growing Gross Merchandise Value and the average year over year revenue growth per Course Creator using the Thinkific Platform. Course Creators have historically earned more revenue on an annual basis the longer they are with Thinkific. Over their first five years on our Platform, the average compounded annual revenue growth for all Course Creators since the inception of Thinkific has been 66%.

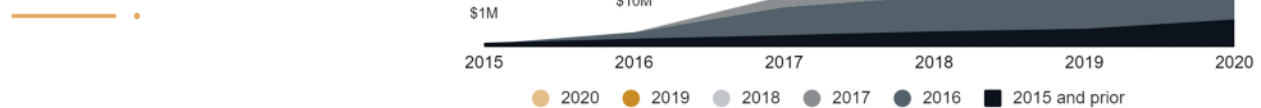
Average YoY Revenue Growth per Monetizing Course Creator in Each Year Since Joining our Platform



Note: This chart shows the average year-over-year revenue growth experience of Monetizing Course Creators (since the inception of our Platform) in their first five years on our Platform to date. For every dollar earned in year one (months 1 - 12) on our Platform, Course Creators who earn revenue in one or more subsequent years earned an average of \$1.64 in year two (months 13 - 24 since signing up), \$2.28 in year 3, \$4.06 in year 4, and \$7.68 in year 5. The percentages reflect the change in average revenue as compared to the previous year. More than half of Course Creators are still in their first year with Thinkific.

Sum of Annual Revenue Earned by Course Creators (GMV) directly through our Platform, by Signup Cohort Year

Total 2020 GMV \$276M



Note: "Signup Cohort" refers to all Course Creators that joined the Platform in the calendar year indicated above. The first year a customer joins Thinkific may not be 12 full months and therefore is not fully comparable to the subsequent 12 month periods. GMV does not include transactions processed by APIs or certain apps where we do not record the transaction value.

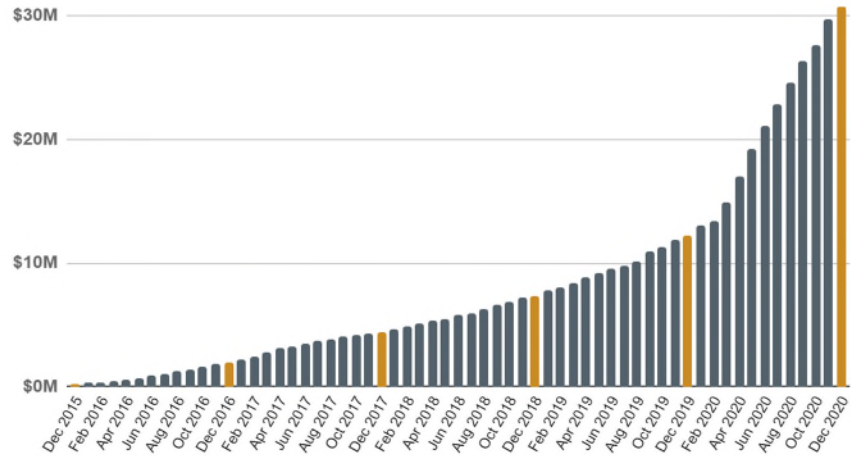
Our Platform enables app developers, web designers and other Partners to build in connection with Thinkific, accelerating innovation to meet the ever-expanding needs of our broad range of Course Creators. The value of our Partner ecosystem supports more businesses being built in connection with the Thinkific Platform, creating compounding advantages of platform scale.

The Thinkific team is at the heart of our company, supporting our Course Creators to reach their goals. We believe the strength of our culture is unique and is a major factor in our success. Our entrepreneurial team is closely aligned around core values promoting a culture of customer success, learning and growth, shared achievement, and empathy. As a result, the team is highly supportive of our mission - Chief Executive Officer approval on Glassdoor is at 97% - and we believe we are well positioned in the competitive tech sector for talent, with low attrition and a strong applicant pipeline to support our continued growth.

We believe that the combination of strong market forces, solid foundations, an exceptional team, and innovative product strategies combine to position Thinkific for future success. We have a track record of consistent revenue growth. At the end of Fiscal 2020, our Platform generated \$30.7 million in ARR across 24,600 Paying Customers. We were able to grow ARR by 150% in 2020 by increasing both the number of Paying Customers and ARPU.

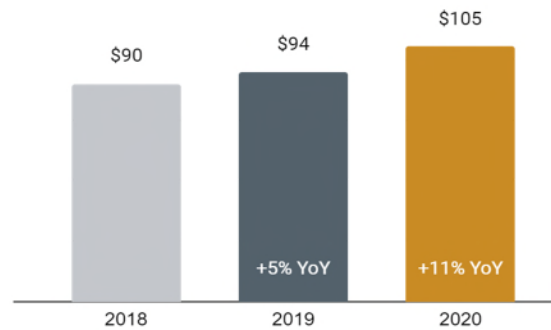
Annualized Recurring Revenue Growth

160% CAGR from Dec 2015 to Dec 2020



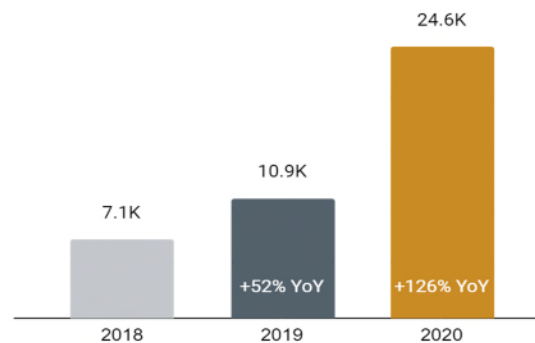
Average Revenue per User (Monthly)

As of Year-End



Ending Paying Customers

As of Year-End



INDUSTRY OVERVIEW AND MARKET OPPORTUNITY

We operate at the intersection of business and education. Our industry is rapidly evolving and is 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.

As the shift to a digital economy continues to accelerate and evolve, Course Creators' needs and the existing solutions on the market - including e-commerce tools and website builders, learning management systems ("LMS"), marketing technology ("MarTech") platforms, and course marketplaces - continue to diverge. E-commerce tools and website builders are tailored to online stores or blogs. LMS are difficult to use, expensive, and oriented toward internal training programs for large enterprises. MarTech platforms offer limited or no

course creation functionality required by Course Creators. Marketplaces for online courses take ownership over the brand, the customers, and the revenue, leaving little room to build your own business. Additionally, any combination of existing solutions requires the management of cumbersome and fragmented technology, diverting attention away from creating optimal experiences for customers.

Course Creators today require:

- **Comprehensive solutions.** Success goes beyond quality content creation; it requires a comprehensive end-to-end platform that enables Course Creators to build and market sophisticated Learning Products, deliver their content, control their branding, and ultimately run their businesses.
- **Simple user experiences.** Course Creators require simplicity in the ongoing process of building and growing their business. They require a clean, intuitive platform that offers a consumer-like experience where self-onboarding is straightforward and ongoing management of their content, the experience of their Students, and their business is easy.
- **Support through the full experience.** Serious Course Creators require a solution that they can use with ease entirely on their own, but with dedicated support to assist them when they need a helping hand. They also need access to a pool of skilled third-party professionals, including marketers, designers, and programmers, that can help them take their business to the next level. Similarly, many Course Creators require niche features that are often only met by third-party developers and, as a result, value a platform that can provide a strong network of developers creating third-party applications on top of the platform.
- **Brand ownership and control.** Course Creators want full control over their business. By nature, knowledge shared via an online course and other Learning Products is inherently unique. To build a sustainable business, Course Creators want control over their course content, intellectual property, brand, product pricing, business model, and relationships with their Students, from email addresses to analytics and community interactions.
- **Trusted technology.** As Course Creators launch and grow their businesses online, they require a secure, reliable, and fast experience for their Students.
- **Platform connectivity.** Course Creators today rely on an array of tools and technologies to operate their businesses, from tax and accounting software to email and marketing plugins. No single tool can handle all these tasks well, so Course Creators seek best-in-class alternatives in each area and expect all these tools to connect seamlessly. Software without application programming interfaces (“**APIs**”) and simple built-in integrations cost businesses valuable time and resources attempting connections between various tools that are fragile and often fail over time. This leads businesses to reject tools that are not open and easy to connect and integrate.

Our Platform is built for entrepreneurs and established businesses alike – it is easy to use with its enterprise-grade functionality, enabling us to target and service the full breadth of our horizontal market. Additionally, the customizability of our Platform allows us to enable our Course Creators, regardless of their vertical, to succeed.

We believe that our ability to access total addressable market (“**TAM**”) will continue to expand as we execute on various initiatives to build awareness of our Platform, continue to enhance the functionality available to Course Creators, offer additional features, expand our ecosystem, and grow with our Course Creators. We believe that these initiatives will enable us to increase our ARPU, open up adjacent industries, and capture an increasing share of our TAM over time.

COMPETITIVE STRENGTHS

Thinkific has several competitive strengths which we believe make us well-positioned to meet the opportunity we've identified:

- **All-in-one comprehensive Platform.** Our business-in-a-box software offers a breadth of features and functionality that Course Creators need to start and scale their businesses, with deep integrations and extensibility to connect with existing systems and scale with growth. Our Platform empowers entrepreneurs and companies of all sizes seeking to grow their businesses by offering end-to-end capabilities and an easy-to-use application that enables them to create, market, sell and deliver online courses and other Learning Products while building their brands. We serve Course Creators in any vertical and offer a compelling economic proposition for Course Creators to monetize their content. Many Course Creators have successfully grown their small online course business into significant businesses entirely on Thinkific's Platform.
- **Simple user experience.** We offer an easy-to-use and intuitive interface. Our software enables Course Creators to set up their businesses quickly. Once set up, the Thinkific Platform becomes a core business operating system for many of our Course Creators.
- **Passionate base of Course Creators.** We believe our Platform is a comprehensive solution for Course Creators, which allows for a natural attraction of discerning users that are serious about building and growing their businesses online. Our Platform offers optionality for Course Creators to continually innovate and customize their Learning Products to realize their vision and optimize Student success, allowing for the creation of commercially successful and durable businesses that meet Students' desires for authenticity, community, and experience in an online learning platform. High levels of customer satisfaction - as evidenced by an NPS of 56 for Q4, 2020 - drive additional customer acquisition through word-of-mouth marketing, contributing to an ecosystem for those with passionate interests.
- **Ecosystem creates a differentiated approach.** Thinkific allows Partners such as agencies and developers to create apps that increase our Platform's capabilities. Partners also offer services such as marketing and content creation to further accelerate Course Creators' businesses. This creates a robust ecosystem with a self-reinforcing network effect. Partners add functionality and services which bring new customers to Thinkific, increasing the size of our economy and which in turn attracts more Partners to work with us. Approximately 27% of new paid customers in 2020 were attributed to a Partner acquisition channel.
- **Scalable Platform.** Our Course Creators range from freelancers and new businesses to large, globally recognized enterprises. Course Creators of all sizes benefit from our Platform's enterprise-grade standards and functionality, including security, scalability, and reliability, with the ability to process significant spikes in demand and traffic. Thinkific's pricing plans allow Course Creators to start at a level that fits their then-current size and graduate to higher tiers as their businesses grow with the value derived from Thinkific.
- **Corporate culture.** We believe our corporate culture, values and high-quality team are key drivers of our success. We are committed to a work environment that fosters respect, integrity, teamwork, and growth. Our culture has been critical to our success in attracting and retaining high calibre team members in a competitive market for talent. Our employee turnover has been low and our applicant to hiring ratio in 2020 was just 1.2%, indicating a strong candidate pipeline. We have an eNPS score of 91 and 9.6 / 10 employees recommend Thinkific as a great place to work. We have won awards for our corporate culture and workplace, including "Canada's most admired corporate cultures" in 2019 by Waterstone Human Capital, and we are "Great place to work" certified by greatplacetowork.ca.

GROWTH STRATEGIES

We are in the beginning of our growth phase and we see an accumulating advantage at scale. Innovation forms the backbone of our growth by optimizing the Course Creator and Student experience, which in turn attracts more Course Creators and Partners. As our Platform and ecosystem grow, we believe our position in our industry will be differentiated and our Platform will become recognized as the preferred way for our Course Creators to build and monetize a network. Our growth model drives our significant ability to scale.

- **Growing our customer base.** We believe there is an opportunity to increase our customer base by accelerating investment in marketing and branding in order to bolster the existing strong word-of-mouth acquisition, as Course Creators continue to recognize our Platform as a solution to build an online course business. To maintain our leadership as a desired destination for Course Creators, we intend to strategically invest in research and development initiatives to continue increasing the quality and functionality of our Platform.
- **Continued innovation to enhance success for our Course Creators.** Our goals are aligned with our Course Creators'. We continue to accelerate research & development spending to deliver enhanced features in order to create more success for them. We help our Course Creators add more users, create new Learning Products and generate more transaction volume by offering them additional solutions and resources, including program upgrades such as the Thinkific App Store. As our Course Creators leverage these solutions to grow their businesses, we will grow with them.
- **Deployment of Thinkific Payments.** We are developing Thinkific Payments as a complementary feature to our Platform, to allow us to better serve our Course Creators and to monetize a greater portion of our GMV. Thinkific Payments is expected to reduce complexity and further simplify our Platform for our Course Creators by making it easier to get started with and use our Platform and reduce reliance on third-party payments providers.
- **Continued expansion of our Partner ecosystem.** Our open ecosystem allows for Platform-specific app development and the participation of third-party Partners such as agencies. As our ecosystem grows, our Platform becomes even more attractive to new Course Creators, allowing for greater revenue opportunities for all participants, including Thinkific.
- **Building for the long term.** We believe our long-term growth opportunity is significant and that we are still in the early stages. We will continue to strategically make enhancements to our products and services, target international expansion and localisation, and may selectively pursue strategic partnerships and acquisitions.

OUR SOLUTION

Thinkific offers a software Platform used to build businesses. Our software enables entrepreneurs and established businesses with specialized skills and knowledge to launch, grow, and diversify their businesses by creating and selling online courses and other Learning Products. We aim to make it easy for Course Creators to build and deliver fully customized Learning Products for their audiences, under their own brands, with no specialized technical skills required. Our Platform is designed to give Course Creators what they need to market, sell and deliver their products with enterprise-grade functionality and extensibility for growth. This allows Course Creators to join our Platform and grow to nearly any size. The Thinkific App Store, Thinkific API and Partner ecosystem allow our Course Creators to customize our Platform to their unique needs and make it their own, as well as integrate additional functionality.

Thinkific makes it possible for any business to use education as a tool for growth by offering:

- **Comprehensive, end-to-end Platform.** We offer a comprehensive, end-to-end platform that enables Course Creators to successfully market, monetize, and deliver their digital content, and build their brands. Our Platform is built for entrepreneurs and established businesses and is designed to be easy for anyone to use, with enterprise-grade functionality for future growth, making it suitable for Course Creators of any size. Additionally, the customizability of our horizontal Platform allows creators in any vertical to succeed.
- **Easy user experience.** We make it easy not just to build courses and other Learning Products but to manage and improve them. Quizzes, presentations, surveys, assignments, and other interactive components can be easily created, and modified within our Platform. Content can all be repositioned within courses with our drag and drop course builder. None of these functions requires specialized technical skills and day-to-day updates and improvements can often be accomplished in minutes. Our bulk importer makes it easy for Course Creators to create or add to courses by simply dragging and dropping in all their content at once with the course curriculum then being built out automatically.
- **Course Creator support.** One of our core values is to be “fanatical about customer success”. Many of our employees have created their own courses on our Platform and spend time interacting with and helping Course Creators directly. Our support team is dedicated to assisting Course Creators along their journey and our customer education team provides a suite of online training courses and other resources to help businesses launch and grow on Thinkific. In addition, we have a broad network of Partners to help fill knowledge gaps and to create niche functionality for our Course Creators.
- **Control.** Our Course Creators use our Platform to create and deliver Learning Products on their own websites with full control over their brand and Student experience. Course Creators own and control their own content and teaching intellectual property, the direct relationship with their customers, and the data and analytics on their business. This allows Course Creators to showcase their uniqueness, differentiate themselves from competitors and build customer loyalty and word of mouth referrals.
- **Dependable technology.** Our Platform is built to enterprise-grade standards and functionality, ensuring security, reliability, and speed even when Course Creators’ businesses rapidly scale. Course Creators of all sizes can trust Thinkific to deliver a consistent experience for themselves and their Students so that they can focus their time on what matters - creating quality content, engaging with their Students, and growing their business.
- **Connected and integrated Platform.** Thinkific’s open Platform enables integration with a wide range of applications that Course Creators require to operate their businesses, including analytics, email, and marketing plugins. Additionally, our open Platform enables Partners to create applications on the Thinkific Platform to provide value-added functionality for the specific needs of Course Creators.

BENEFITS OF OUR SOLUTION

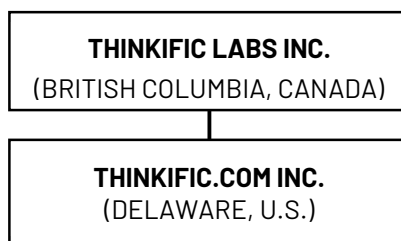
Our Platform provides the following benefits for our Course Creators:

- **High margins and scalability.** Course Creators use our Platform to sell digital products that they create once and can sell many times. This typically means they have high profit margins, as compared to many other business models such as the selling of physical goods. This profit provides them with more resources to reinvest in their businesses, allowing them to scale their reach. Digital products can be delivered globally with low marginal costs and no need to manage inventory, supply chains, and distribution networks.
- **Save time.** Ease of use is a core principle of our product design philosophy. Building a business is hard; we believe using software should not be. Course Creators are able to set up and launch online courses and other Learning Products quickly with no specialized technical skills required.

- **Earn revenues.** At Thinkific, we believe any business can use education as a tool for growth. Our mission is to make it easy for entrepreneurs and established businesses to scale and generate revenue by teaching what they know. While Thinkific supports a range of different use-cases, the majority of our Course Creators generate revenue from their Learning Products on our Platform.
- **Make an impact.** Although revenue is a primary goal for many of our Course Creators, they also value the impact they can deliver in the world by using our Platform. Each Course Creator gets to create their own Learning Products by taking their special skills, knowledge, and passion and sharing them with others. This allows them to positively impact people and communities that access their content globally.

CORPORATE STRUCTURE

As at the date of this prospectus the Company has one wholly owned subsidiary, Thinkific.com Inc., which was incorporated on September 3, 2020 in Delaware, U.S. The chart below illustrates the Company's inter-corporate relationship to its material subsidiary as at the date hereof.



OUR OFFERING

Issuer:	Thinkific Labs Inc.
Offering:	12,310,000 Offered Shares (14,156,500 Offered Shares if the Over-Allotment Option is exercised in full).
Offering Price:	CDN\$13.00 per Offered Share.
Offering Size:	CDN \$160,000,000 (CDN \$184,000,000 if the Over-Allotment Option is exercised in full)
Use of Proceeds:	We estimate that the net proceeds to be received by us from the Offering will be approximately CDN\$151,925,800. If the Over-Allotment Option is exercised in full it will be approximately CDN\$174,490,030. No fee will be payable by the Company to the Underwriters in respect of the sales of Subordinate Voting Shares to Rhino Co-Invest 2 Limited Partnership.

The principal reasons for the Offering are to improve brand awareness, increase our financial flexibility, create a public market for our Subordinate Voting Shares, and facilitate future access to public capital markets.

We intend to use the net proceeds of the Offering as follows:

- approximately CDN\$81 million to CDN\$93 million to strengthen our financial position and to allow us to pursue future opportunities;
- approximately CDN\$29 million to CDN\$34 million to pursue our growth strategies by investing in sales and marketing; and
- approximately CDN\$30 million to CDN\$36 million to continue our investment in our Platform.

While we currently anticipate that we will use the net proceeds of the Offering as set forth above, we may reallocate the net proceeds, having consideration to our strategy relative to market and other conditions, and other factors described under “*Risk Factors*”.

The Company plans to continue to improve and iterate on Thinkific Payments and the Thinkific App Store throughout 2021 and into 2022 as we do with all areas of our Platform. Other than continuing to hire software developers, designers, and product managers onto our product team to support and improve all aspects of the Platform there is no specific use of proceeds currently assigned to Thinkific Payments or the Thinkific App Store. See “*Risk Factors*”.

Listing:

The TSX has conditionally approved the listing of the Subordinate Voting Shares under the symbol “THNC”. Listing of the Subordinate Voting Shares is subject to the Company fulfilling all of the requirements and conditions of the TSX on or before July 20, 2021, including distribution of the Subordinate Voting Shares to a minimum number of public shareholders.

Underwriters’ Fee:

The Underwriters will receive an Underwriters’ Fee equal to 6% of the aggregate gross proceeds realized from the sale of Offered Shares, other than the gross proceeds from the purchase of Offered Shares by Rhino Co-Invest 2 Limited Partnership. See “*Plan of Distribution*”.

Major Shareholder Purchase

The Company understands that Rhino Co-Invest 2 Limited Partnership intends to purchase CDN\$24,960,000 of Subordinate Voting Shares in the Offering. See “*Plan of Distribution*”.

Over-Allotment Option:

The Company has granted to the Underwriters an option, exercisable in whole or in part, at any time for a period of 30 days after the Closing Date, to purchase from the Company up to an additional 15% of the aggregate number of Offered Shares issued under the Offering at the Offering Price solely to cover over-allotments, if any, and for market stabilization purposes. See “*Plan of Distribution*”.

Subordinate Voting Shares and Multiple Voting Shares Outstanding:

Upon completion of the Offering, assuming no exercise of the Over-Allotment Option, 17,843,812 Subordinate Voting Shares will be issued and outstanding on a non-diluted basis (24,592,768 on a fully-diluted basis), and, if the Over-Allotment Option is exercised in full, 19,690,312 Subordinate Voting Shares will be issued and outstanding on a non-diluted basis (26,439,268 on a fully-diluted basis).

Upon completion of the Offering, 56,993,752 Multiple Voting Shares will be issued and outstanding on a non-diluted basis and on a fully-diluted basis.

Upon completion of the Offering, no preferred shares will be issued and outstanding.

See "Description of Share Capital" and "Options to Purchase Securities".

Voting Rights:

The Subordinate Voting Shares will have one vote per share and the Multiple Voting Shares will have ten votes per share.

After giving effect to the Offering, assuming no exercise of the Over-Allotment Option, the Subordinate Voting Shares will collectively represent approximately 23.8% of our issued and outstanding shares and approximately 3.0% of the voting power attached to all of our issued and outstanding shares (approximately 25.7% and 3.3%, respectively, if the Over-Allotment Option is exercised in full) and the Multiple Voting Shares will collectively represent approximately 76.2% of our issued and outstanding shares and approximately 97.0% of the voting power attached to all of our issued and outstanding shares (approximately 74.3% and 96.7%, respectively, if the Over-Allotment Option is exercised in full).

Conversion Rights:

The Subordinate Voting Shares are not convertible into any other class of shares. The Multiple Voting Shares are convertible into Subordinate Voting Shares on a one-for-one basis at the option of the holder. In addition, our Articles will provide that Multiple Voting Shares will automatically convert into Subordinate Voting Shares in certain other circumstances. See "*Description of Share Capital - Authorized Share Capital at Closing - Conversion*".

Take-Over Bid Protection:

In accordance with applicable regulatory requirements designed to ensure that, in the event of a take-over bid, the holders of Subordinate Voting Shares will be entitled to participate on equal footing with holders of Multiple Voting Shares, we will enter into a Coattail Agreement (as defined herein) with the holders of Multiple Voting Shares. The Coattail Agreement will contain provisions customary for dual class TSX-listed issuers designed to prevent transactions that otherwise would deprive the holders of Subordinate Voting Shares of rights under applicable take-over bid legislation in Canada to which they would have been entitled if the Multiple Voting Shares had been Subordinate Voting Shares. "*Description of Share Capital - Authorized Share Capital at Closing - Take-Over Bid Protection*".

Description of Share Capital:

Upon completion of the Pre-Closing Capital Changes and the Offering, our authorized share capital will consist of: (i) an unlimited number of Subordinate Voting Shares; (ii) an unlimited number of Multiple Voting Shares; and (iii) an unlimited number of preferred shares, issuable in series. See "*Description of Share Capital - Authorized Share Capital at Closing*".

Dividend Policy:

The Company does not intend to declare or pay cash dividends on its Multiple Voting Shares or Subordinate Voting Shares within the

foreseeable future. Any determination to pay dividends in the future will be at the discretion of the board of directors of the Company (the "**Board**") and will depend on many factors, including, among others, our financial condition, current and anticipated cash requirements, contractual restrictions and financing agreement covenants, solvency tests imposed by applicable corporate law and other factors that the Board may deem relevant. See "*Dividend Policy*".

Lock-up Arrangements:

Pursuant to the Underwriting Agreement, each of us, our management, directors and all of our current shareholders, have agreed that he, she or it will not, directly or indirectly, without the prior written consent of the Underwriters issue, offer, sell, secure, pledge or grant any option, warrant or other right to purchase or agree to issue or sell or otherwise lend, transfer, assign or dispose of any of our equity securities, financial instruments or other securities convertible or exchangeable into or otherwise exercisable into our equity securities or make any short sale, engage in any hedging transaction, enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of our equity securities, or agree or publicly announce any intention to do any of the foregoing for a period commencing on the date hereof and ending 180 days after the Closing Date, subject to certain limited exceptions. The Subordinate Voting Shares purchased by Rhino Co-Invest 2 Limited Partnership pursuant to the Offering will not be subject to the lock-up arrangements. See "*Plan of Distribution – Lock Up Agreements*".

Eligibility for Investment

In the opinion of Blake, Cassels & Graydon LLP, counsel to the Company, and Osler, Hoskin & Harcourt LLP, counsel to the Underwriters, on the date of issue, provided that the Offered Shares are listed on a "designated stock exchange" (which currently includes the TSX), the Offered Shares will on that date be qualified investments under the Tax Act for trusts governed by Registered Plans and deferred profit-sharing plans. Notwithstanding the foregoing, if Offered Shares are a "prohibited investment" for a Registered Plan that acquires such Offered Shares, the holder, subscriber, or annuitant of the Registered Plan, as the case may be, will be subject to a penalty tax as set out in the Tax Act in respect of the Offered Shares.

Risk Factors:

An investment in Offered Shares is subject to a number of risk factors that should be carefully considered by prospective investors. These risks include those discussed under the "*Risk Factors*" heading herein. **Investors should read this entire prospectus and consult with their professional advisors to assess an investment in the Offered Shares. See "*Risk Factors*".**

OUR FINANCIAL PERFORMANCE

The following tables present summary consolidated financial information for the periods and as at the dates indicated therein. The summary consolidated financial information set out below for each of Fiscal 2020, Fiscal 2019 and Fiscal 2018 (each as defined herein) and as at December 31, 2020 and 2019 has been derived from the Company's audited consolidated financial statements included elsewhere in this prospectus.

Prospective investors should review this information in conjunction with the audited consolidated financial statements, including the notes thereto, as well as "About this Prospectus", "Non-IFRS Measure and Industry Metrics", "Management's Discussion and Analysis of Financial Condition and Results of Operations", "Use of Proceeds", "Consolidated Capitalization" and "Description of Share Capital" included elsewhere in this prospectus.

CONSOLIDATED RESULTS AND EARNINGS

	Fiscal Year Ended December 31,		
	2020	2019	2018
	\$	\$	\$
	(In thousands of U.S. dollars, except share and per share data)		
Revenue	21,070	9,796	5,996
Cost of revenue	4,453	2,043	1,168
Gross profit	16,617	7,753	4,828
Operating expenses			
Sales and marketing	7,498	2,710	1,636
Research and development	6,345	2,617	1,786
General and administrative	4,246	2,119	1,083
Total operating expenses	18,089	7,446	4,505
(Loss) income from operations	(1,472)	307	323
Other income (expenses)	179	(16)	(87)
Net (loss) income and comprehensive (loss) income	(1,293)	291	236
(Loss) income per share - basic	\$(0.13)	\$ 0.02	\$ 0.02
(Loss) income per share - diluted	\$(0.11)	\$0.02	\$0.02
Weighted average number of common shares outstanding - basic	10,344,472	13,279,451	13,450,968
Weighted average number of common shares outstanding - diluted	11,436,352	14,308,748	14,560,892

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	As at Fiscal Year Ended December 31,	
	2020	2019
	\$	\$
	(In thousands of U.S. dollars)	
Cash and cash equivalents	9,066	3,692
Working capital ⁽¹⁾	4,603	2,170
Total assets	12,936	5,712
Total current liabilities	6,758	2,522
Total liabilities	7,627	4,082
Total shareholders' equity	5,309	1,630

Notes:

(1) Working capital is defined as current assets less current liabilities.

RECONCILIATION OF NON-IFRS MEASURE

Adjusted EBITDA is not a recognized measure under IFRS and does not have a standardized meaning prescribed by IFRS. See "Non-IFRS Measure and Industry Metrics".

	Fiscal Year Ended December 31,		
	2020	2019	2018
	\$	\$	\$
	(In thousands of U.S. dollars)		
Reconciliation of Net (loss) income to Adjusted EBITDA			
Net (loss) income	(1,293)	291	236
Fair value loss on convertible debentures ⁽¹⁾	-	58	45
Stock-based compensation ⁽²⁾	601	245	96
Depreciation	483	253	156
Foreign exchange gain ⁽³⁾	(206)	(51)	(53)
Finance expense, net ⁽⁴⁾	27	9	96
Adjusted EBITDA	(388)	805	576

Notes:

- (1) This loss is with respect to the change in the fair value of the embedded derivatives of our convertible debentures from period to period, which is a non-cash item. Our convertible debentures were converted during Fiscal 2019 and the liability was reduced to nil with a corresponding increase in share capital. There will be no further impact on our results of operations from these convertible debentures.
- (2) These expenses represent non-cash expenditures recognized in connection with issued stock options under the Legacy Option Plan to our employees, are estimates and therefore subject to change.
- (3) These non-cash gains relate to foreign exchange translation.
- (4) Finance expense is related to finance expense on lease obligations. For Fiscal 2018 and Fiscal 2019, finance expense also includes interest and accretion expense on convertible debentures.

PRELIMINARY ESTIMATED RESULTS FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2021

The preliminary estimated results presented below have been prepared by, and are the responsibility of, management. Neither our independent auditor, nor any other independent accountants or auditors, have compiled, examined, or performed any procedures with respect to the preliminary estimated results presented below, nor have they expressed any opinion or any other form of assurance on such information or its achievability, and assume no responsibility for, and disclaim any association with, such preliminary estimated results.

For the three month period ended March 31, 2021, we expect to report revenue in the range of \$8.1 million to \$8.3 million, which represents an increase of 146% to 152% when compared to \$3.3 million for the three month period ended March 31, 2020. The primary driver of the growth was an increase in Paying Customers. Additionally, we expect to report ARR as at March 31, 2021 in the range of \$34.6 million to \$34.8 million, representing an increase of 133% to 134% when compared to \$14.9 million for March 31, 2020.

The preliminary estimated results presented above for the period ending March 31, 2021, are based on currently available information, are not a comprehensive statement of our financial results and are subject to completion of our financial closing procedures which will not occur until after the Offering is complete. Our actual results may change as a result of such financial closing procedures, final adjustments, management's review of results, and other developments that may arise between the date hereof and the time the financial results are finalized, and actual results could be outside of the ranges set forth above. Further, our preliminary estimated results constitute a financial outlook and forward-looking information within the meaning of applicable securities laws and are not necessarily indicative of the results to be expected for any future period as a result of various factors, including, but not limited to, those assumptions, risks and uncertainties discussed in the sections titled "*Risk Factors*" and "*Forward-Looking Statements*". The preliminary estimated results should be read in conjunction with, and should not be viewed as a substitute for, our consolidated audited financial statements and the related notes and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" for prior periods included elsewhere in this prospectus.

THE BUSINESS OF THE COMPANY

MISSION & COMPANY OVERVIEW

We believe any business can use education as a tool for growth. Our mission is to make it simple for entrepreneurs and established businesses – our Course Creators – to scale and generate revenue by teaching what they know.

Thinkific offers a cloud-based, multi-tenant platform that enables business-building. Our Platform provides Course Creators with the functionality needed to launch, grow, and diversify their businesses by creating and selling online courses and other Learning Products. We make it simple for these Course Creators to build and deliver fully customized learning products for their audiences under their own brands, with no specialized technical expertise required. Our Platform enables Course Creators to build, market, sell and deliver their products with enterprise-grade functionality and extensibility for growth. This allows Course Creators to join our Platform and grow to nearly any size.

Our Platform supports a wide range of use cases. Our Course Creators identify as entrepreneurs, business owners, consultants, authors, speakers, coaches, professionals, trainers, and social media influencers as well as larger businesses. Our Course Creators span nearly every industry vertical and are located in more than 165 countries around the world. The majority of Course Creators were already in business or earning an income with their expertise when they joined our Platform, and many are adding an education component to their business for the first time with our Platform.

Course Creators join our Platform with the objective of starting or growing a business. This common goal of business growth can be accomplished in a variety of ways. Sixty-five percent of our surveyed Course Creators identify direct revenue generation as their primary goal. Beyond direct revenue, Course Creators can use our Platform to generate value by teaching others about their product, service, or area of expertise, supplementing other paid products and services, and generating leads as part of their marketing plans.

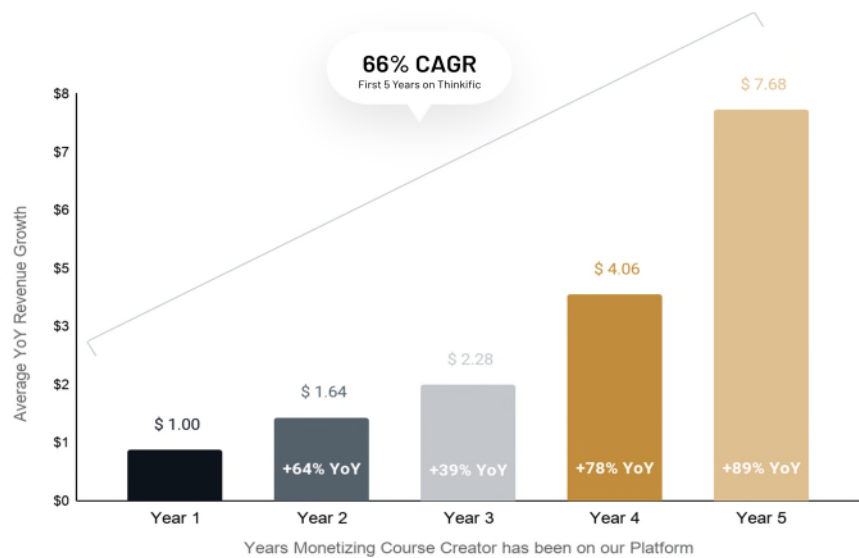
Thinkific was founded to solve problems for entrepreneurs and businesses seeking to use online education for growth. As a complete business solution for Course Creators, our Platform provides both the e-commerce and management functionality they need. Additionally, the Learning Products they create on our Platform serve as the end product that our Course Creators are selling. By focusing on creating business success for Course Creators, Thinkific acts as a partner in supporting their ongoing growth. We do this with features and tools built around four core functions:

- First, we make it easy for anyone to create and deliver the customized Learning Products that they envision. Courses, communities, and memberships represent a selection of our Learning Products.
- Second, we help Course Creators market and sell with full e-commerce functionality. This includes customized websites and landing pages, checkout pages, payment processing and flexible pricing models tailored for selling online courses and other Learning Products.
- Third, the Thinkific App Store and our Partner network enable Course Creators to both integrate with their existing business systems and tools, as well as expand their businesses with point solutions that serve diverse use cases.
- Fourth, our business management and scaling suite adds the back-office tools and workflows required for Course Creators to administer websites, to manage content and Students, and to monitor reporting and analytics, with enterprise-grade performance, security, and scalability. This ensures Course Creators are able to join our Platform and grow to nearly any size.

Together, these core functions combine to make the Thinkific Platform a core business operating system for many of our Course Creators, encompassing not just e-commerce but the entire back office and the end products themselves.

Online courses and other Learning Products are, generally, more scalable, have less overhead and generate higher margins for Course Creators as compared to other business models. Since these digital products have low marginal costs and can be created once and sold many times, our Course Creators with revenue goals are typically more profitable than peers with equivalent revenue that require inventory, supply chains, and distribution networks. Further, the course creation model extends the direct relationship between Course Creators and Students by enhancing interactions and building community, creating the opportunity for either recurring revenue in the form of a membership or cross-selling potential new products and increasing Student loyalty to our Platform. This results in compounding economies of scale as Course Creators build differentiated, scalable, and high margin businesses on the Thinkific Platform. Our Course Creators' continued success is evidenced by the growing Gross Merchandise Value and the average year over year revenue growth per Course Creator using the Thinkific Platform. Course Creators have historically earned more revenue on an annual basis the longer they are with Thinkific. Over their first five years on our Platform, the average compounded annual revenue growth for all Course Creators since the inception of Thinkific has been 66%.

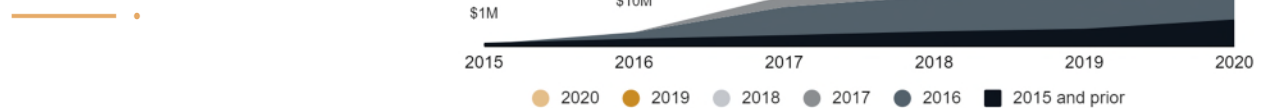
Average YoY Revenue Growth per Monetizing Course Creator in Each Year Since Joining our Platform



Note: This chart shows the average year-over-year revenue growth experience of Monetizing Course Creators (since the inception of our Platform) in their first five years on our Platform to date. For every dollar earned in year one (months 1 - 12) on our Platform, Course Creators who earn revenue in one or more subsequent years earned an average of \$1.64 in year two (months 13 - 24 since signing up), \$2.28 in year 3, \$4.06 in year 4, and \$7.68 in year 5. The percentages reflect the change in average revenue as compared to the previous year. More than half of Course Creators are still in their first year with Thinkific.

Sum of Annual Revenue Earned by Course Creators (GMV) directly through our Platform, by Signup Cohort Year

Total 2020 GMV \$276M



Note: "Signup Cohort" refers to all Course Creators that joined the Platform in the calendar year indicated above. The first year a customer joins Thinkific may not be 12 full months and therefore is not fully comparable to the subsequent 12 month periods. GMV does not include transactions processed by APIs or certain apps where we do not record the transaction value.

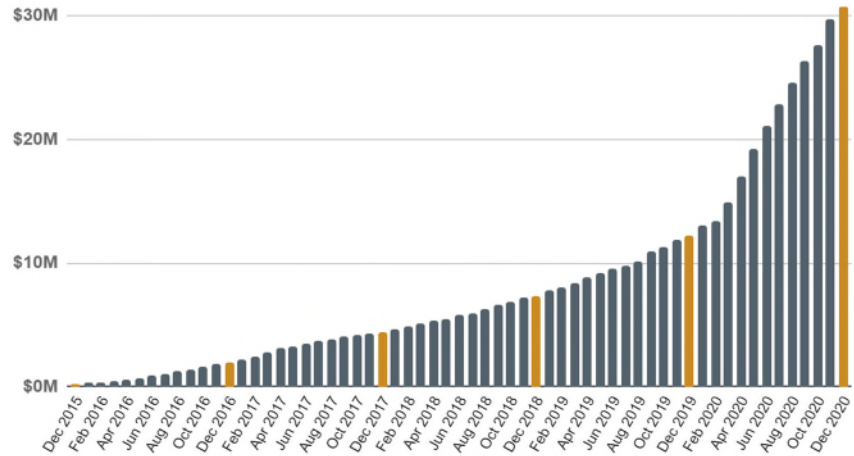
Our Platform enables app developers, web designers and other Partners to build in connection with Thinkific, accelerating innovation to meet the ever-expanding needs of our broad range of Course Creators. The value of our Partner ecosystem supports more businesses being built in connection with the Thinkific Platform, creating compounding advantages of platform scale.

The Thinkific team is at the heart of our company, supporting our Course Creators to reach their goals. We believe the strength of our culture is unique and is a major factor in our success. Our entrepreneurial team is closely aligned around core values promoting a culture of customer success, learning and growth, shared achievement, and empathy. As a result, the team is highly supportive of our mission - Chief Executive Officer approval on Glassdoor is at 97% - and we believe we are well positioned in the competitive tech sector for talent, with low attrition and a strong applicant pipeline to support our continued growth.

We believe that the combination of strong market forces, solid foundations, an exceptional team, and innovative product strategies combine to position Thinkific for future success. We have a track record of consistent revenue growth. At the end of Fiscal 2020, our Platform generated \$30.7 million in ARR across 24,600 Paying Customers. We were able to grow ARR by 150% in 2020 by increasing both the number of Paying Customers and ARPU.

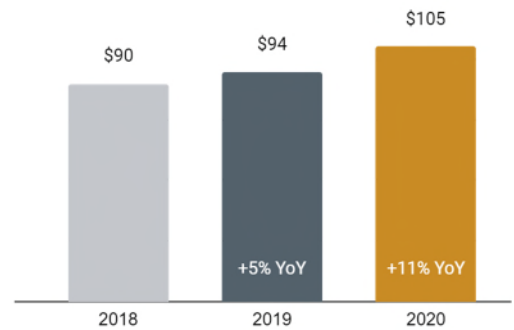
Annualized Recurring Revenue Growth

160% CAGR from Dec 2015 to Dec 2020



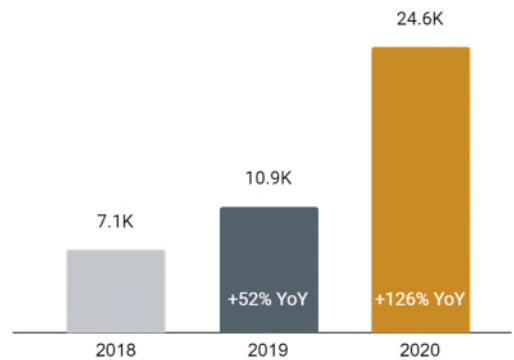
Average Revenue per User (Monthly)

As of Year-End



Ending Paying Customers

As of Year-End



INDUSTRY OVERVIEW AND TRENDS

We operate at the intersection of business and education. Our industry is rapidly evolving and is 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.

Rise of the Creator Economy

We believe there is a power shift from institutions to individuals occurring. The growing number of tools and platforms available to creators is empowering individuals and tilting the scale away from institutions. Individuals are increasingly turning their passions into professions, with an estimated 20% to 30% of

American workers now engaging in independent work according to the McKinsey Global Institute's 2016 study "Independent Work: Choice, Necessity and The Gig Economy" (the "**McKinsey 2016 Study**").

Digital content is providing an entirely new source of revenue for entrepreneurs and SMBs, while also acting as a critical marketing tool in lieu of traditional advertising. Nearly every business can educate and engage with its customers through online content, from a local bakery teaching simple recipes to a large technology company teaching the latest features of its new product. By providing engaging content online, businesses are able to demonstrate the value of their products, gain the trust of their target consumers and promote their brands.

Future of Work

Artificial intelligence, automation and other advancements in technology are transforming the nature of work, accelerating the obsolescence of an increasing range of skillsets and necessitating an ever more frequent cycle of training and education. According to the McKinsey 2017 Study, up to 14% of all workers globally will need to change occupations by 2030 as a result of automation¹. The idea that education is a fixed, one-time event is one of the past; it is, instead, a dynamic, life-long process, with 73% of American adults identifying as lifelong learners according to the Pew Research Report². The long-tenured career in a single vertical at a single company is becoming increasingly rare. According to the Tyton Partners' Market Scan, the average American worker has 12 jobs during their working life and approximately 22% of the workforce finds a new job every year³. With continuously evolving job requirements, individuals are relying on online learning to improve on or expand existing skillsets to position themselves more competitively.

Mass Adoption of and Demand for Online Learning

The proliferation of technology in recent decades has shifted the world online. Searching online is now the natural way to answer a question or find information on a new subject, as people increasingly turn to convenient online content to develop new skills. With the popularity of subscription-based content today, the willingness to pay for online offerings is greater than ever before. As consumers increasingly pursue their passions, online consumption will represent a meaningful, and growing, part of their spending. While Thinkific itself does not provide courses or education to students, our Course Creators sell these products. This trend towards increased online learning is a strong driver of demand for our Course Creators' products on our Platform.

COVID-19 Pandemic Accelerated the Shift to Digital Consumption

The COVID-19 pandemic has accelerated the trend towards digital consumption. According to the McKinsey 2020 Report, the trend among businesses to adopt digital products and services has been accelerated by seven years⁴. This shift has been in response to significant changes in consumer habits. In a different analysis, McKinsey estimates that US e-commerce penetration accelerated by 10 years in just 3 months at the start of the pandemic, doubling to over 30% of the US market⁵. These trends are likely to continue, as according to the KPMG 2020 Survey, 45% of customers predict digital channels will be their main way of contacting brands in the future⁶. Just as consumer behaviours have shifted, so too have those of industry. With the World Economic Forum's Future of Jobs Report stating that 84% of employers report that the pandemic has

¹ McKinsey Global Institute. (Dec 2017). *Jobs lost, jobs gained: workforce transitions in a time of automation* (the "McKinsey 2017 Study") p. 8.

² Pew Research Center. (March 2016). *Lifelong Learners and Technology* (the "Pew Research Report").

³ Tyton Partners & JFF Labs. (2020). *2020 Career Navigation Technology: A technology market poised for innovation and impact* (the "Tyton Partners' Market Scan"). P 2.

⁴ McKinsey & Company. (Oct 2020). *How COVID-19 has pushed companies over the technology tipping point -- and transformed business forever* (the "McKinsey 2020 Report").

⁵ McKinsey & Company. *Fifty-Five: The Quickening*.

⁶ KPMG. (Nov 2020). *Responding to consumer trends in the new reality* (the "KPMG 2020 Survey").

increased their intent to rapidly digitize work processes and 42% have accelerated the digitization of upskilling and reskilling programs⁷.

EXISTING SOLUTIONS ARE INSUFFICIENT

As the shift to a digital economy continues to accelerate and evolve, Course Creators' needs and the existing solutions on the market, including e-commerce tools and website builders, LMS, MarTech platforms, and course marketplaces, continue to diverge. E-commerce tools and website builders are tailored to online stores or blogs. LMS are difficult to use, expensive, and oriented toward internal training programs for large enterprises. MarTech platforms offer limited or no course creation functionality required by Course Creators. Marketplaces for online courses take ownership over the brand, the customers, and the revenue, leaving little room to build your own business. Additionally, any combination of existing solutions requires the management of cumbersome and fragmented technology, diverting attention away from creating optimal experiences for customers.

Course Creators today require:

- **Comprehensive solutions.** Success goes beyond quality content creation; it requires a comprehensive end-to-end platform that enables Course Creators to build and market sophisticated Learning Products, deliver their content, control their branding, and ultimately run their businesses.
- **Simple User experiences.** Course Creators require simplicity in the ongoing process of building and growing their business. They require a clean, intuitive platform that offers a consumer-like experience where self-onboarding is straightforward and ongoing management of their content, the experience of their Students, and their business is easy.
- **Support through the full experience.** Advanced Course Creators require a solution that they can use with ease entirely on their own, but with dedicated support to assist them when they need a helping hand. They also need access to a pool of skilled third-party professionals, including marketers, designers, and programmers, that can help them take their business to the next level. Similarly, many Course Creators require niche features that are often only met by third-party developers and, as a result, value a platform that can provide a strong network of developers creating third-party applications on top of the platform.
- **Brand ownership and control.** Course Creators want full control over their business. By nature, knowledge shared via an online course and other Learning Products is inherently unique. To build a sustainable business, Course Creators want control over their course content, intellectual property, brand, product pricing, business model, and relationships with their Students, from email addresses to analytics and community interactions.
- **Trusted technology.** As Course Creators launch and grow their businesses online, they require a secure, reliable, and fast experience for their Students.
- **Platform connectivity.** Course Creators today rely on an array of tools and technologies to operate their businesses, from tax and accounting software to email and marketing plugins. No single tool can handle all these tasks well, so Course Creators seek best-in-class alternatives in each area and expect all these tools to connect seamlessly. Software without APIs and simple built-in integrations cost businesses valuable time and resources attempting connections between various tools that are fragile and often fail over time. This leads businesses to reject tools that are not open and easy to connect and integrate.

⁷ World Economic Forum. (Oct 2020). *Future of Jobs Report 2020* (the "World Economic Forum's Future of Jobs Report").

THE OPPORTUNITY

Our Platform is built for entrepreneurs and established businesses alike – it is easy to use with its enterprise-grade functionality, enabling us to target and service the full breadth of our horizontal market. Additionally, the customizability of our Platform allows us to enable our Course Creators, regardless of their vertical, to succeed.

The market we address is large and rapidly growing. We believe we have the opportunity to address over 5.7 million content creators, over 14.1 million small businesses and over 448,000 medium and large businesses located in the countries that form the Organization for Economic Co-operation and Development (OECD) as estimated by us using: (i) publicly available information, including official government estimates for Canada, the United States, the United Kingdom and Australia and OECD estimates for the remaining OECD countries with respect to the number of businesses; and (ii) estimates by industry media with respect to the number of content creators (of number per platform, by audience size and content type).

We believe this market represents a TAM of approximately \$27.9 to \$34.0 billion per year for our Platform. This is calculated with penetration rates derived by using multiple filters for each of the two segments, businesses and content creators. For businesses, we identified the propensity to develop learning content by organization size from research conducted by Emerald Works⁸. 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.

We already have customers in over 165 countries worldwide (including in all OECD countries), however, in order to increase our access in many of these markets, we will need to continue to make improvements to our Platform and sales and marketing activities. These improvements include translating our Platform to support new languages in new markets, adding or improving support for local payment processing in new markets and hiring to better support local customers in their own languages and time zones. We may also face new competition as we expand our access into countries included in our TAM.

We believe that our ability to access this TAM will continue to increase as we execute on various initiatives to build awareness of our Platform, continue to enhance the functionality available to Course Creators, offer additional features, expand our ecosystem, expand support and sales services globally, and develop new functionality to both help Course Creators succeed and to become an ever more central part of their business. We believe that these initiatives will enable us to increase our ARPU, open up adjacent industries, and capture an increasing share of TAM over time.

COMPETITIVE STRENGTHS

Thinkific has several competitive strengths which we believe make us well-positioned to meet the opportunity we've identified:

- **All-in-one comprehensive Platform.** Our business-in-a-box software offers a breadth of features and functionality that Course Creators need to start and scale their businesses, with deep integrations and extensibility to connect with existing systems and scale with growth. Our Platform empowers entrepreneurs and companies of all sizes seeking to grow their businesses by offering end-to-end capabilities and an easy-to-use application that enables them to create, market, sell and deliver online courses and other Learning Products while building their brands. We serve Course Creators in

⁸ Emerald Works. (Feb 2020). *Back to the future: Why Tomorrow's workforce needs a learning culture* (the "Emerald Works Report").

any vertical and offer a compelling economic proposition for Course Creators to monetize their content. Many Course Creators have successfully grown their small online course business into significant businesses entirely on Thinkific's Platform.

- **Simple user experience.** We offer an easy-to-use and intuitive interface. Our software enables Course Creators to set up their businesses. Once set up, the Thinkific Platform becomes a core business operating system for many of our Course Creators.
- **Passionate base of Course Creators.** We believe our Platform is a comprehensive solution for Course Creators, which allows for a natural attraction of discerning users that are serious about building and growing their businesses online. Our Platform offers optionality for Course Creators to continually innovate and customize their Learning Products to realize their vision and optimize Student success, allowing for the creation of commercially successful and durable businesses that meet Students' desires for authenticity, community, and experience in an online learning platform. High levels of customer satisfaction - as evidenced by an NPS of 56 for Q4, 2020 - drive additional customer acquisition through word-of-mouth marketing, contributing to an ecosystem for those with passionate interests.
- **Ecosystem creates a differentiated approach.** Thinkific allows Partners such as agencies and developers to create apps that increase our Platform's capabilities. Partners also offer services such as marketing and content creation to further accelerate Course Creators' businesses. This creates an ecosystem with a self-reinforcing network effect. Partners add functionality and services which bring new customers to Thinkific, increasing the size of our economy and which in turn attracts more Partners to work with us. Approximately 27% of new paid customers in 2020 were attributed to a Partner acquisition channel.
- **Highly scalable Platform.** Our Course Creators range from freelancers and new businesses to large, globally recognized enterprises. Course Creators of all sizes benefit from our Platform's enterprise-grade standards and functionality, including security, scalability, and reliability, with the ability to process significant spikes in demand and traffic. Thinkific's pricing plans allow Course Creators to start at a level that fits their then-current size and graduate to higher tiers as their businesses grow with the value derived from Thinkific.
- **Corporate culture.** We believe our corporate culture, values and high-quality team are key drivers of our success. We are committed to a work environment that fosters respect, integrity, teamwork, and growth. Our culture has been critical to our success in attracting and retaining high calibre team members in a competitive market for talent. Our employee turnover has been low and our applicant to hiring ratio in 2020 was just 1.2%, indicating a strong candidate pipeline. We have an eNPS score of 91 and 9.6 / 10 employees recommend Thinkific as a great place to work. We have won awards for our corporate culture and workplace, including "Canada's most admired corporate cultures" in 2019 by Waterstone Human Capital, and we are "Great place to work" certified by greatplacetowork.ca.

GROWTH STRATEGIES

We are in the beginning of our growth phase and we see an accumulating advantage at scale. Innovation forms the backbone of our growth by optimizing the Course Creator and Student experience, which in turn attracts more Course Creators and Partners. As our Platform and ecosystem grows, we believe our position in our industry will be differentiated and our Platform will become recognized as the preferred way for our Course Creators to build and monetize a network. Our growth model drives our ability to scale.

- **Growing our customer base.** We believe there is an opportunity to increase our customer base by accelerating investment in marketing and branding in order to bolster the existing strong word-of-mouth acquisition, as Course Creators continue to recognize our Platform as a solution to build an online course business. To maintain our leadership as a desired destination for Course Creators, we

intend to strategically invest in research and development initiatives to continue increasing the quality and functionality of our Platform.

- **Continued innovation to enhance success for our Course Creators.** Our goals are aligned with our Course Creators'. We continue to accelerate research & development spending to deliver enhanced features in order to create more success for them. We help our Course Creators add more users, create new Learning Products and generate more transaction volume by offering them additional solutions and resources, including program upgrades such as the Thinkific App Store. As our Course Creators leverage these solutions to grow their businesses, we will grow with them.
- **Deployment of Thinkific Payments.** We are developing Thinkific Payments as a complementary feature to our Platform, to allow us to better serve our Course Creators and to monetize a greater portion of our GMV. Thinkific Payments is expected to reduce complexity and further simplify our Platform for our Course Creators by making it easier to get started with and use our Platform and reduce reliance on third-party payments providers.
- **Continued expansion of our Partner ecosystem.** Our open ecosystem allows for Platform-specific app development and the participation of third-party Partners such as agencies. As our ecosystem grows, our Platform becomes even more attractive to new Course Creators, allowing for greater revenue opportunities for all participants, including Thinkific.
- **Building for the long term.** We believe our long-term growth opportunity is significant and that we are still in the early stages. We will continue to strategically make enhancements to our products and services, target international expansion and localisation, and may selectively pursue strategic partnerships and acquisitions.

PRODUCT AND SOLUTION OFFERING

OUR SOLUTION

Thinkific offers a software Platform used to build businesses. Our software enables entrepreneurs and established businesses with specialized skills and knowledge to launch, grow, and diversify their businesses by creating and selling online courses and other Learning Products. We aim to make it easy for Course Creators to build and deliver fully customized Learning Products for their audiences, under their own brands, with no specialized technical skills required. Our Platform is designed to give Course Creators what they need to market, sell and deliver their products with enterprise-grade functionality and extensibility for growth. This allows Course Creators to join our Platform and grow to nearly any size. The Thinkific App Store, Thinkific API and Partner ecosystem allow our Course Creators to customize our Platform to their unique needs and make it their own, as well as integrate additional functionality.

Thinkific makes it possible for any business to use education as a tool for growth by offering:

- **End-to-End Platform.** We offer a comprehensive, end-to-end platform that enables Course Creators to successfully market, monetize, and deliver their digital content, and build their brands. Our Platform is built for entrepreneurs and established businesses and is designed to be easy for anyone to use, with enterprise-grade functionality for future growth, making it suitable for Course Creators of any size. Additionally, the customizability of our horizontal Platform allows creators in any vertical to succeed.
- **Easy user experience.** We make it easy not just to build courses and other Learning Products but to manage and improve them. Quizzes, presentations, surveys, assignments, and other interactive components can be easily created, and modified within our Platform. Content can all be repositioned within courses with our drag and drop course builder. None of these functions requires specialized

technical skills and day-to-day updates and improvements can often be accomplished in minutes. Our bulk importer makes it easy for Course Creators to create or add to courses by simply dragging and dropping in all their content at once with the course curriculum then being built out automatically.

- **Course Creator support.** One of our core values is to be “fanatical about customer success”. Many of our employees have created their own courses on our Platform and spend time interacting with and helping Course Creators directly. Our support team is dedicated to assisting Course Creators along their journey and our customer education team provides a suite of online training courses and other resources to help businesses launch and grow on Thinkific. In addition, we have a broad network of Partners to help fill knowledge gaps and to create niche functionality for our Course Creators.
- **Control.** Our Course Creators use our Platform to create and deliver Learning Products on their own websites with full control over their brand and Student experience. Course Creators own and control their own content and teaching intellectual property, the direct relationship with their customers, and the data and analytics on their business. This allows Course Creators to showcase their uniqueness, differentiate themselves from competitors and build customer loyalty and word of mouth referrals.
- **Dependable technology.** Our Platform is built to enterprise-grade standards and functionality, ensuring security, reliability, and speed even when Course Creators’ businesses rapidly scale. Course Creators of all sizes can trust Thinkific to deliver a consistent experience for themselves and their Students so that they can focus their time on what matters - creating quality content, engaging with their Students, and growing their business.
- **Connected and Integrated Platform.** Thinkific’s open Platform enables integration with a wide range of applications that Course Creators require to operate their businesses, including analytics, email, and marketing plugins. Additionally, our open Platform enables Partners to create applications on the Thinkific Platform to provide value-added functionality for the specific needs of Course Creators.

BENEFITS OF OUR SOLUTION

Our Platform provides the following benefits for our Course Creators:

- **High margins and scalability.** Course Creators use our Platform to sell digital products that they create once and can sell many times. This typically means they have high profit margins, as compared to many other business models such as the selling of physical goods. This profit provides them with more resources to reinvest in their businesses, allowing them to scale their reach. Digital products can be delivered globally with low marginal costs and no need to manage inventory, supply chains, and distribution networks.
- **Save time.** Ease of use is a core principle of our product design philosophy. Building a business is hard; we believe using software should not be. Course Creators are able to set up and launch online courses and other Learning Products quickly with no specialized technical skills required.
- **Earn revenues.** At Thinkific, we believe any business can use education as a tool for growth. Our mission is to make it easy for entrepreneurs and established businesses to scale and generate revenue by teaching what they know. While Thinkific supports a range of different use-cases, the majority of our Course Creators generate revenue from their Learning Products on our Platform.
- **Make an impact.** Although revenue is a primary goal for many of our Course Creators, they also value the impact they can deliver in the world by using our Platform. Each Course Creator gets to create their own Learning Products by taking their special skills, knowledge, and passion and sharing them with others. This allows them to positively impact people and communities that access their content globally.

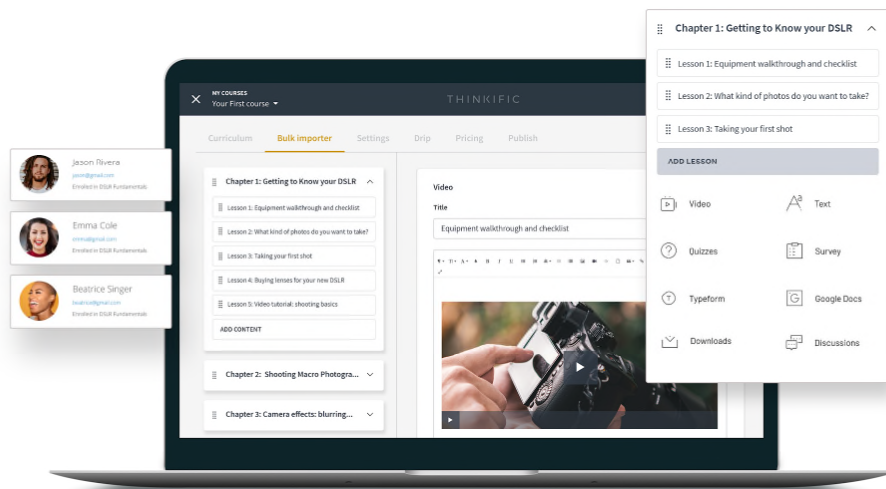
THE THINKIFIC PLATFORM

Thinkific is focused on helping our Course Creators accomplish three main objectives: creating amazing Learning Products, marketing and selling these to their Students, and managing and scaling their businesses.

- **Creating Learning Products.** Entrepreneurs and established businesses have a vision for the courses and other Learning Products they want to create for their Students. We help them accomplish that vision. Our Platform offers tools to create courses, memberships, communities, and other interactive experiences that can be setup easily and customized to fit the brand and vision of the business.
- **Marketing and selling.** Thinkific provides the tools to help our Course Creators market and sell. They can build their own branded website with our Platform or connect our Platform to an existing site. Our Course Creators use our Platform to email their Students, price their products, collect payments, charge recurring subscriptions, and offer discounts. Our Platform connects to third party marketing tools for additional functionality.
- **Managing and scaling.** The Thinkific Platform is the hub of our Course Creators' online course business. The Platform's course creator admin area allows them to manage and grow their business including managing their Learning Products, engaging with their consumers, tracking data and managing revenues. Our reporting and analytics give detailed insights on sales, Enrollments, Student activities and progress, quiz scores, survey results, content engagement, affiliate sales, co-owner revenue shares, and Student characteristics.

Our Platform can be divided into two fundamental experiences: the Course Creator experience, and the Student experience. Our Course Creators spend the majority of their time in the Course Creator experience, where they access the functionality of our Platform. They use this to create their courses, communities, memberships or other Learning Products that are delivered to their Students in the Student experience. The Student experience includes a course player (the **"Course Player"**), Student dashboard, and communities. Each Course Creator has their own unique URL or website through which they can access their Thinkific account allowing them to deliver their own unique experience to their Students.

THE COURSE CREATOR EXPERIENCE: CREATE



Course Builder. At the heart of our Platform is the course builder, where Course Creators can design and build their courses. Course Creators are able to import existing content from outside our Platform (including video, audio, slide presentations, or PDFs), import whole lessons from existing courses, or build new material such as quizzes, surveys, assignments, presentations, or text lessons from scratch.

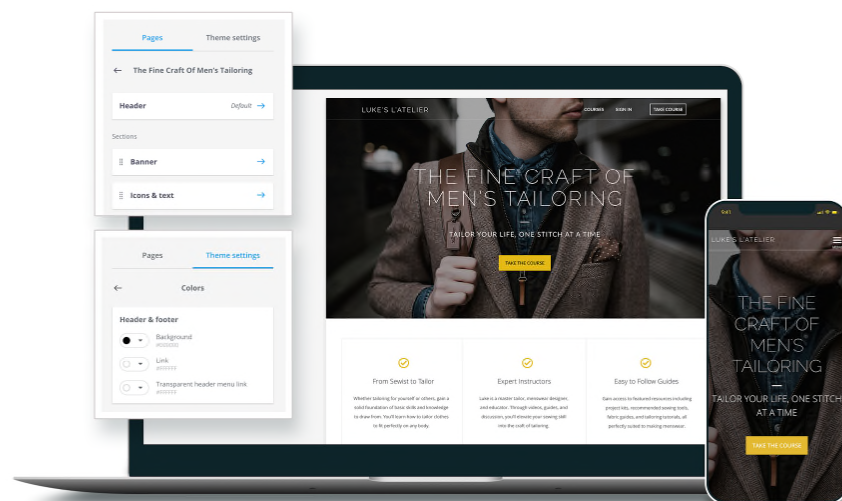
Cohort-Based learning. In addition to evergreen courses, our Platform also supports blended, real time and cohort-based learning. Notably, we offer live lessons with Zoom, scheduled content-releases, and group-based access to communities for interaction with the instructor and class.

Communities. Our Platform allows Course Creators to create and manage private communities of Students, which are a forum for Students to engage with each other, their instructors, and the Course Creators. Multiple communities can be created and they can be tied to different Learning Products, giving the Course Creator full control over who can access each community.

Certificates. Course Creators can reward and motivate their Students as well as authenticate their achievement using Thinkific Certificates which are ready-made templates that can be customized and automatically issued upon completion of the associated course.

Members-Only Content. In addition to courses, Course Creators can build out a full membership site with exclusive content available only to their logged-in Students or even those that are enrolled in specific courses or bundles. Combined with community access and subscription payments, this allows Course Creators to run membership businesses and drive recurring revenue.

THE COURSE CREATOR EXPERIENCE: MARKET



Website & Landing Page Builder. Our drag-and-drop website builder allows Course Creators to design easily customized sites that are mobile-responsive and e-commerce ready. Course Creators can either build a full, standalone site for their businesses, or integrate our Platform with an existing site to extend the site experience. Additionally, web pages can be made either viewable to all visitors, only logged-in Students, or only Students enrolled in specific courses.

Customized Branding. Course Creators have the ability to fully customize their site, courses, and the entire Student experience to align with their own branding, served at their own custom URL, making it their own.

Bundles. Thinkific offers bundles which allow Course Creators to bundle together multiple courses into a single product. This can be used to sell a package offering, create tiered membership programs, mini-degrees or create a more unified learning experience.

Affiliate Marketing. Course Creators can generate reach and revenue by allocating affiliate Partners a commission of each sale. Our Platform makes it easy to manage these relationships, allowing Course Creators to set terms about which products are eligible, what the terms for commission are, tabulate the amounts owing, and track performance for each Partner over time.

Coupons & Discounts. Our Platform offers a versatile coupon and discounting tool, which allows discounting on a dollar or percentage basis, applicable to any or all products, and on a time limited basis for subscription products. Users who sign up with a specific coupon can be assigned to a specific group and tracked separately to evaluate promotion performance.

Free Courses and Lead Generation. Free courses allow Students to try before buying and give the Course Creator valuable email leads. Additionally, Course Creators can make individual lessons within a larger course free to preview.

Customer Reviews. Course Creators can solicit feedback from their Students to both help them iterate and improve their content, as well as to use to market their Learning Products. Real customer reviews can be shared publicly on sales pages.

THE COURSE CREATOR EXPERIENCE: SELL

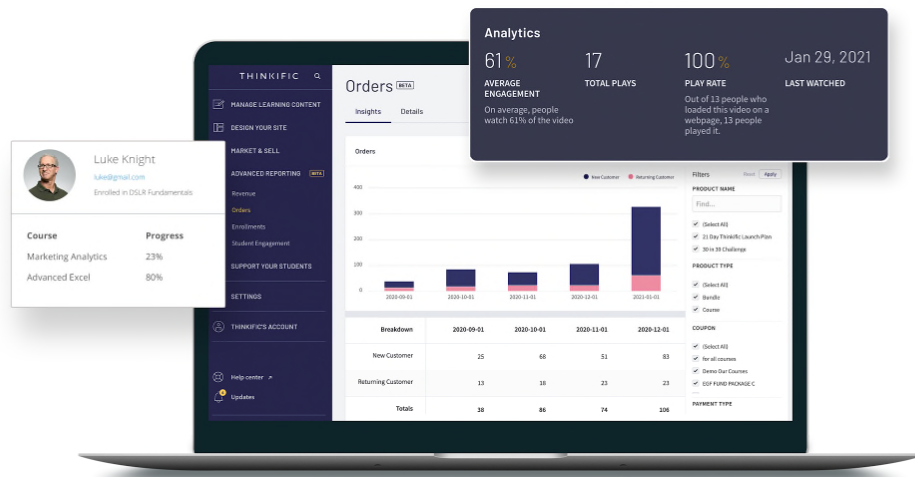
Secure Checkout. Every Thinkific site is e-commerce ready with a built-in checkout. By simply setting a price on their courses or other Learning Products, Course Creators are automatically equipped with a checkout optimized for higher conversion rates.

Flexible Pricing Options. Course Creators can offer one or multiple pricing options for their Students: a one-time fixed price, installments, or a subscription along with coupons applicable to any pricing option.

Upsells & Flow Automation. The After Purchase Flows feature allows Course Creators to market other courses, bundles or downloads after a Student purchase, creating the potential to increase the total dollar value of transactions. Alternately, new Students can be enrolled in a course, delivered a custom thank you message, or redirected to any website.

Integrated Payment Processing. Our Platform allows Course Creators to accept credit cards to charge for one-time fees, recurring subscriptions or installment plans. These services are provided through integrations with Stripe Inc. ("**Stripe**") and with other payment services such as PayPal or Shopify. Additionally, we plan to launch Thinkific Payments (currently in beta) in the future to offer more flexibility and functionality to Course Creators.

THE COURSE CREATOR EXPERIENCE: MANAGE



Admin Dashboard. The Admin Dashboard provides a real-time view of revenues, new accounts, Enrollments by time series, and new additions, making it easy for Course Creators to see at a glance how their courses and business are performing.

Groups & Cohorts. One of our Platform's management features is the ability to organize Students into "Groups", either manually or automatically based on a signup code. Course Creators can divide Students into groups of teams, companies, or cohorts, for better segmented reporting, communication, and content access.

User Roles & Permissions. Our Platform has five different user roles that Course Creators can assign for varying levels of access, control, and permissions to the course. These different roles make it easy to share revenue, delegate responsibility to team members, and provide selective access to clients when selling business-to-business.

Course & Business Metrics. Our Advanced Reporting feature allows Course Creators to see which Learning Products are generating the highest sales, the transaction split between new and returning Students, and the performance of different marketing campaigns. Additionally, Course Creators can view analytics about Student activity and engagement at the course, group, and content type level, including video completion tracking, providing a feedback loop for continuous improvement.

Student Performance Tracking. In addition to aggregated stats, Course Creators can also narrow in on specific Students within each course and group to view completion rates and details as well as quiz performance, survey results, and assignments.

API for Scale. The Thinkific API enables Course Creators to automate more of their operation, build private or public apps and integrate with all kinds of other tools and software.

THE STUDENT EXPERIENCE

Course Player. The Course Player is where Students consume the content, lessons and assessments produced by the Course Creator. Students can also engage in discussions with other Students proximate to the course content, if permitted by the Course Creator. The Course Player includes subtle gamification elements to encourage and track progress and engagement with the content. The Course Player uses responsive design to enable course taking across mobile, tablet and desktop devices.

Communities. Experience and social connection are as important to Students as the content of their online courses. Thinkific communities are private forums that allow Students to interact with the Course Creator as well as other Students. These communities allow Course Creators to answer questions in a one-to-many format as well as to sustain interest and engagement. Course Creators can manage multiple communities, either tied to specific Learning Products (such as a course or bundle of courses, or membership) or to specific groups (such as seasonal cohorts or workplace, if selling to other businesses).

Discussions. In addition to the community forums described above, Course Creators can also engage with their Students in group discussions, which are threaded comments that appear directly within lessons. Discussions allow Course Creators and Students to answer any common questions in a one-to-many format and also allow for very topic-specific conversation.

Student Dashboard. Included in the Student experience is the Student dashboard and any custom pages the Course Creator chooses to add. The dashboard displays courses or Learning Products already purchased by the Student, as well as any additional options for purchase which can be significantly customized to add more value to Students. Additional web pages can be added easily to extend or further customize the experience. The Course Creator controls if these are viewable to all visitors, logged in Students only, or only Students enrolled in specific courses or memberships.

Automated Emails. Course Creators can send automated and customized emails to their Students to welcome them to the class, motivate them with progress reminders, notify them of community or discussion replies, and congratulate them for completing the course.

Bulk Emails. In addition to automated emails, Course Creators can also send emails on a one-off basis to specific groups or cohorts based on a variety of attributes such as group membership, Enrollments in specific courses, completion status of specific courses, amount spent, and Student logins and activity.

Thinkific Themes, Apps and API. The Thinkific Platform's functionality and design can be further enhanced and customized using our themes, apps and the Thinkific API. For example, Course Creators can use apps to integrate our Platform with their email marketing platform, extend their analytics coverage, add new marketing and selling tools, and add new Student experiences or content types such as a live Zoom lesson, a Typeform survey, or a Motrain Student rewards program. These apps use the Thinkific API to connect to and extend the Thinkific Platform. Thinkific themes can also be customized and extended either by the Course Creator directly or with the help of a Partner.

THINKIFIC APP STORE

The Thinkific App Store is intended to add to the functionality of the Thinkific Platform through apps developed for the Thinkific Platform and by connecting the Platform to other third-party software applications. For example, Course Creators can use apps available on the Thinkific App Store to message their Students, create email marketing campaigns, track analytics, offer live lessons, collect leads, create marketing webinars, or gamify courses. The Thinkific App Store is currently in beta, meaning it is being tested by a few Course Creators before being offered more broadly. App developers and third-party software companies use the Thinkific API to build apps, allowing them to integrate with and add greater functionality to the Thinkific Platform.

As of the date of this prospectus, the Thinkific App Store is operational and integrated into the Platform. We plan to continue to improve and iterate on the Thinkific App Store throughout 2021 and into 2022 as we do with all areas of our Platform. The Thinkific App Store is being used by some Course Creators today and we expect it will be more widely released and marketed after the Offering.

THINKIFIC PAYMENTS

Thinkific Payments is intended to allow Course Creators to charge Students for their Learning Products, including by one-time fees, recurring subscriptions or installment plans. Currently Course Creators connect a payment processor such as Stripe or Paypal to Thinkific in order to charge fees for their Learning Products. Thinkific Payments is expected to be built into the Thinkific Platform and make it easier for Course Creators to configure their sites to charge fees by removing the need to connect to a third-party payment processor, which simplifies the setup process. Thinkific Payments is currently in beta, meaning it is being tested by a few Course Creators before being offered more broadly. Thinkific Payments is expected to generate revenue for Thinkific from payment processing fees based on a percentage of the dollar amount processed.

As of the date of this prospectus Thinkific Payments is operational and integrated into the Platform. We plan to continue to improve and iterate on Thinkific Payments throughout 2021 and into 2022 as we do with all areas of our Platform. Thinkific Payments is being used by some Course Creators today and we expect it will be more widely released and marketed after the Offering.

OUR TECHNOLOGY

Our philosophy is to build software which is easy for aspiring entrepreneurs to use but that is also secure and reliable enough to be trusted by major enterprises. Whether just starting a business or representing a large institution, we want our Course Creators to trust that our Platform will meet their current needs and support them as they grow.

The Thinkific Platform is 100% cloud-native. The Platform was specifically architected and optimised to exist on the cloud from day one. We host the Thinkific Platform on Amazon Web Services (“**AWS**”) to take advantage of AWS’ native ability to scale and for its renowned reliability. This allows us to be nimble in how we build and support the Platform. Compared to traditional hosting models, being cloud-native allows us to quickly and easily add or remove infrastructure in response to changes in traffic or in response to new feature requirements. Additionally, it allows us to easily monitor the operational health of the Platform.

The Thinkific Platform is a “single branch” software, which means that all of our Course Creators use the latest version of Thinkific at all times. The result is that we have no overhead in maintaining separate, older versions of our Platform. Our software deployment process enables us to distribute new software when it is ready, allowing us to deploy new improvements daily. This is made possible by our ongoing investment in automation and test suites.

In order to support our growth, Thinkific has teams working on foundational product concerns. This group of engineers works on performance, security, reliability, internal tooling, and cross-department needs. Thinkific also has a team that is dedicated specifically to supporting Thinkific’s internal needs, working on projects like new software integrations, process improvements, as well as quickly identifying and fixing bugs.

The Thinkific trust department has dedicated teams for key initiatives, including:

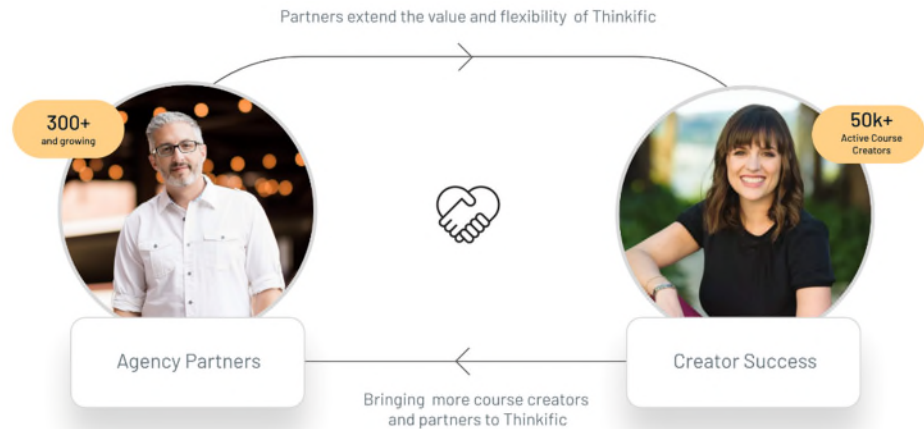
- **Security.** Upholding the trust that we have established with our Course Creators and gaining the trust of new Course Creators remains a priority for us. We have a dedicated security team that has implemented robust safeguards to protect the security of all our customer data. Our continuously iterating security program includes conducting risk assessments of all systems and networks that process customer data; monitoring for security events; maintaining incident response, disaster recovery, and business continuity plans that explicitly address and provide guidance to our personnel in furtherance of the security, confidentiality, integrity, and availability of customer data; and having a qualified third party perform security assessments, including penetration tests, on a periodic basis to test against widely recognized security standards and practices.

- **Privacy.** In addition to security, we are also deeply committed to privacy and to protecting and honoring the privacy rights of our Course Creators. We are constantly improving our privacy compliance program, aligning our practices with legal and regulatory requirements as amended and restated such as Canada’s Personal Information Protection and Electronic Documents Act (“**PIPEDA**”), British Columbia’s Personal Information Protection Act, the European Union’s General Data Protection Regulation, as amended and restated (the “**General Data Protection Regulation**”) and the California Consumer Privacy Act of 2018, as amended and restated (the “**California Consumer Privacy Act**”) including delivering periodic training to our employees on privacy best practices, reviewing and mapping the data we collect, use, and share, and creating a customer rights program and response process to honor the requests of our Course Creators exercising their privacy rights. Above all, we strive to be transparent about our privacy practices, independent of legal obligations.
- **Scalability & Reliability.** We have built our Platform using best practices, leveraging tooling and automation to enable rapid feature deployment, with frequent code releases to production. The Thinkific Platform has a cloud-based architecture designed to scale automatically with increased needs and spikes in traffic from our Course Creators. We employ containerization technologies as well as serverless technologies to ensure that our application is able to horizontally and vertically scale quickly. We leverage various AWS services such as RDS, ElastiCache and DynamoDB to ensure that data needs can easily scale while also ensuring their redundancy and recoverability.
- **Speed & Performance.** The speed and performance of our Course Creators’ sites is an important part of the Thinkific Platform and we have a team that is dedicated to monitoring and constantly improving speed and performance. Slower site speeds can result in lower conversion rates on sales and checkout pages, reduce course sign ups and impair the Student experience. Our Platform is engineered to deliver a fast experience and we are constantly innovating to improve page load times for our Course Creators. We use content delivery networks with global points of presence to ensure that content and data is delivered quickly regardless of the end user’s location. Additionally, our speed and performance team has a dedicated focus on continuous improvement. We constantly examine the various user flows on the Platform looking for areas that are not meeting our service level objectives and we devise ways to improve them. All of this investment in speed and performance is passed on to each of our Course Creators when they host their sites and Learning Products on our Platform.

PARTNER ECOSYSTEM

Thinkific’s Partner ecosystem adds flexibility and extends the functionality of our Platform for each Course Creator. We enable app developers and Partners to build on top of the Thinkific Platform, accelerating research and development to meet the needs of a broader range of Course Creators. We currently have over 300 active agency and app developer Partners combined, many of whom also participate as marketing Partners. In 2020, we had in excess of 425 additional active marketing Partners who referred one or more new Course Creators.

Our Partner Ecosystem



Our Partners can participate in one or more of the following categories:

- **Marketing Partners.** Marketing Partners help to promote Thinkific or bring their customers to the Thinkific Platform. They are compensated with referral fees when Course Creators they refer sign up to Thinkific. Partners in our other categories often also act as marketing Partners, allowing them to both serve our Course Creators and generate additional revenue.
- **Agencies and Experts.** Our Platform is designed to be self-serve and easy-to-use, with agency or expert Partners which can accelerate the success of Course Creators and help them derive even more value from our Platform. They help with setup, migration from legacy systems, site design, curriculum design, marketing and branding, Student acquisition, and custom solutions.
- **App Developers.** Our Platform is open, meaning that it can be extended and customized as well as integrated with third-party systems. Using our API, Partner developers and software companies can build their own apps and integrations with our Platform, further extending its functionality for our Course Creators.

Thinkific's approach to welcoming Partners into our economy is both a competitive differentiator as well as one way we drive growth via network-effects.

Many of our Partners are building successful businesses within the Partner ecosystem. The following represents examples of entrepreneurs who have built businesses on the Thinkific ecosystem by helping Course Creators to improve their presence and products on our Platform.

- **Rob Galvin.** One of our earliest and most active Partners, Rob, works solely with Course Creators. He has built a business helping Course Creators to develop unique branded experiences, membership programs, and advanced site and course designs. Rob has grown his business from a team of one to a team of eight, with plans to continue his growth by developing apps and expanding his team and service offering to keep-up with growing demand.
- **Course.Studio.** Founded in May 2020, Course.Studio began with small web development projects for Course Creators, and grew quickly, working with larger brands, and taking on more and more work through the Thinkific expert marketplace. Seeing the current and potential demand for online

courses, they raised \$1 million in seed funding. Today, Course.Studio employs fourteen people, has served dozens of Course Creators and has built a native app for the Thinkific App Store.

CUSTOMER ACQUISITION

Our marketing strategy is primarily focused on driving awareness of the Thinkific Platform. Once prospective Course Creators become aware of Thinkific, our Platform enables acquisition, growth and retention of our Course Creators. We actively drive awareness through online channels, including search, advertising, events, education and content marketing, partnerships, affiliates and influencers. All of these channels are accelerated by a strong word of mouth component.

Once we introduce prospective Course Creators to Thinkific, the product takes over, delivering a simple to use creator experience that drives success for their business and prompts them to upgrade at the appropriate times. For example, many of our new Paying Customers initially adopted our Platform through freemium self-service and free trials. By providing a free version of the Thinkific Platform and a free trial option on our paid plans, prospective Course Creators are able to evaluate the Platform before upgrading to paid plans. This makes it easy for Course Creators to get started with us; only 5% of our Course Creators speak with a dedicated salesperson before upgrading to a paid plan.

Our paid plans are available as monthly or annual plans and are currently priced at \$49 (Basic), \$99 (Pro), \$499 (Premier) and \$1,000+ (Plus) per month as described below. Discounts are offered for Course Creators who pay annually in advance. The majority of Course Creators are on the Pro or Pro + Growth plan starting at \$99 per month. At the end of Fiscal 2020, our monthly ARPU was \$105.

Course Creators who choose our Plus plan often speak to a salesperson before purchasing the Plus plan. These Course Creators still come in through our regular awareness marketing channels and often try our free plan before speaking to a salesperson. Additionally, some Course Creators on lower priced plans choose to upgrade to our Plus plan as their business grows.

Course Creators upgrade for value. As each Course Creator's business grows and their needs evolve, our product encourages them to upgrade to higher-tier plans in order to gain access to more features and functionalities. As a result, we are able to grow with them over time and continue to serve their business through their growth.

At the end of Fiscal 2020, we had over 50,000 Active Course Creators and 24,600 Paying Customers on our Platform, representing a significant conversion opportunity. In 2020, these Course Creators taught over 21 million Students who on average took more than three courses each, totalling 66 million courses taken.

THINKIFIC PRICE PLANS

Thinkific's price plans are designed to make it easy to get started with our Platform, with plans scaling with the needs and sophistication of Course Creators. As Course Creators' businesses grow and they desire more advanced features, they are prompted to upgrade their plans. We have changed our pricing plans in the past and will continue to iterate and make changes to these pricing plans in the future.

Free – Our Free plan enables Course Creators to get started quickly, and it drives upgrades by showing them how easy our Platform is to use. On the Free plan, potential customers can create courses, build their course website, and sell their course.

Basic \$49/month – Our Basic plan is designed for a Course Creator who does not have an active business yet and is just getting started. The Basic plan unlocks some additional features such as integrations, coupons, and drip scheduling of content.

Pro \$99/month – The Pro plan unlocks even more features such as assignments, prerequisite lessons, randomized quiz question banks, course completion certificates, and memberships.

Pro + Growth – The Growth plan is an optional add-on to the Pro plan, with pricing based on the number of active Students. The first 100 active Students are free and then it is \$0.10 per month per active Student to a maximum total fee of \$499 per month including the \$99 per month for the Pro plan. The Pro + Growth plan adds features such as Student groups, additional integrations, additional Student communities, additional user roles such as group analysts, bulk importing and emailing of Students.

Premier \$499/month – The Premier plan adds additional further features such as single sign-on and more user roles.

Plus \$1,000+/month – The Plus plan allows Course Creators to have multiple instances or websites on our Platform, as well as additional administrative roles, additional API calls, and includes a dedicated customer success manager.

OUR COURSE CREATORS

We have Course Creators of all sizes ranging from individual entrepreneurs to large enterprises. The majority of our Course Creators are SMBs. Our Course Creators teach courses on everything from baking and hula hooping to corporate finance and mining. For many, the courses and Learning Products they create are their primary offering and business model. For others it's an extension to their existing business, such as a brick-and-mortar yoga studio adding online courses, or a software company teaching marketing to gain customer loyalty.

The following are examples of how some of our Course Creators have benefited from using the Thinkific Platform:

The Market Gardener

Jean-Martin Fortier and Suleyka Montpetit founded The Market Gardener as an impact-driven social enterprise, offering online programs to 2,400 farmers in 56 countries and helping feed hundreds of thousands of people. Jean-Martin is an internationally recognized expert in bio-intensive farming and has spoken at hundreds of conferences, addresses and training sessions. The Market Gardener mission is centred on multiplying regenerative farms and promoting ecological agriculture modelled on Jean-Martin's 10-acre micro-farm in Québec, Canada. Their course has a waiting list, and Thinkific's video format allows for comprehensive, in-depth education on organic vegetable farming.

XayLi Barclay

XayLi credits her online course with helping her to make the move to full-time entrepreneurship. As a coach, she trains her audience on creating outstanding video and visual content. Our Platform has allowed her to build a sustainable business with online courses and memberships as foundational pieces of her business.

Dr. Po-Shen Loh

Dr. Loh teaches math and is also a university professor, national coach of the USA International Mathematical Olympiad team and a trained improv comedian. Dr. Loh set out to deliver the world's best advanced math experience for middle school students, and turned to our Platform for its ease of use, clean design and advanced functionality. To date, his courses have helped over 5,000 Students and provided sustainable revenue for his social enterprise, expii.com.

Josh Mullin (PT Toolbox)

Josh is a fitness professional based in London, UK, who since 2007 has been providing training and certification to personal trainers through his in-person studio. Josh turned to online courses to reach a wider audience in a more accessible format. He created his online course initially using a patchwork of software and plugins that kept breaking as his business grew. In 2020, Josh switched to our Platform for the ease of use, peace of mind, and extended functionality that our Platform can offer—creating a better experience for his Students and giving Josh more time to focus on running his business.

Jessica McMurdie (Play It Forward Therapy)

Jessica is an occupational therapist and small business owner, operating two clinics in the Greater Seattle area. An early adopter of telemedicine, Jessica saw online courses as a way to help other practitioners move online and better serve their patients. Our Platform has become an invaluable part of her business—allowing her to diversify into new geographies and reach new audiences with near zero marginal cost and limited ongoing time commitment. As of the date of this prospectus, Jessica has ten employees as part of her team.

Epoch Education

Dr. Nancy Dome and her team help organizations transform the way they work through diversity, equity and inclusion training. Founded in 2014, Epoch began with in-person training, but moved online after honing its approach. With the Thinkific Platform, Epoch has been able to scale their business and their impact—reaching people and organizations that previously did not have access to similar training. To date, they have delivered over 100,000 course Enrollments.

Larger Brands

We are proud of the enterprise-grade standards and functionality of the Thinkific Platform, in particular the security, scalability and reliability, with the ability to process significant spikes in demand and traffic. As such we are attracting a variety of mid-market and larger companies who are looking to educate their internal and external stakeholders with a fully customizable, full featured course solution. Some of the larger brands which use the Thinkific Platform include the likes of Shopify, Hootsuite, Petco and Fiverr.

COMPETITION

We operate in a market that is continually evolving, and we expect competition to increase in the future. We most notably compete with other course creation tools that offer similar solutions to ours. We believe that the principal competitive factors in our market include:

- platform features and functionality;
- simplicity and ease of use;
- the ability for Course Creators to create the Learning Products and experiences they envision;
- ability to support Course Creators' growth and scalability;
- brand recognition and reputation;
- quality of customer experience;
- platform connectivity and third-party API integration;
- support and control over brand development;
- comprehensive customer support;
- timely and intuitive analytics;
- continued innovation; and
- security and reliability.

Although we do not believe that our competitors offer a solution as comprehensive as ours, some Course Creators may choose to do business with alternatives that offer some of the solutions we provide including e-commerce enabled course platforms, website builders & e-commerce platforms, marketing technology platforms, course marketplaces, and learning management systems. Specifically, they may choose competing solutions from companies including Absorb LMS, Coursera, Docebo, Kajabi, Podia, Shopify, Squarespace, Teachable, Udemy, Vimeo, Wix, Wordpress, YouTube or others. Course Creators may also choose to build their own solutions using a combination of some of the above solutions and other software tools combined with custom software development.

We differentiate ourselves on a myriad of factors that vary with the alternatives we are compared to. When compared to marketplaces, we offer the ability for Course Creators to host their courses on their own website under their own brand with a direct relationship with their Students as opposed to putting their course on a marketplace's site and under a marketplace's brand where control over customer relationships, revenue, pricing and content often resides with the marketplace. In relation to e-commerce, website, and course building platforms, we offer a customizable experience through our Thinkific API, the Thinkific App Store, integrations, customizable site themes, as well as a variety of learning and teaching experience features such as student communities, a variety of content types in our course builder and course player, reporting and analytics on student activities, student groups and cohorts, e-commerce features tied directly to courses and learning products such as installment plans, recurring membership subscriptions, upsells and after purchase flows automation. In relation to LMS, we focus more on the commerce and selling of courses as well as branding and conversion rates for Course Creators that plan to drive revenue directly or indirectly from courses. Our Partner network is also a competitive advantage in that many of our Partners both customize Thinkific for our customers and refer customers to us.

Additionally, some features or offerings of our Platform may face competition from other solutions. For example, Thinkific Payments is a new revenue opportunity for Thinkific and may face competition from existing payment processors or other software that includes payment processing. Our competitive strengths for Thinkific Payments include that it is built as part of our Platform making it more deeply integrated than other payment processors, and it also has fewer setup steps than those required by other payment processors making it easier to get setup. We plan to continue to improve Thinkific Payments to add competitive advantages including more analytics and reporting capabilities and more ways of selling courses and collecting payments.

CULTURE & EMPLOYEES

Behind every financial metric achieved or product initiative delivered is one driving force: our exceptional team. Our Thinkific team is at the heart of our Company, supporting our Course Creators to reach their goals.

We believe that it's possible to not only deliver on an incredible mission, but to do so while building and growing an incredible team and culture. From early on we have iterated on and evolved the people side of our company just as much as we have done with our product.

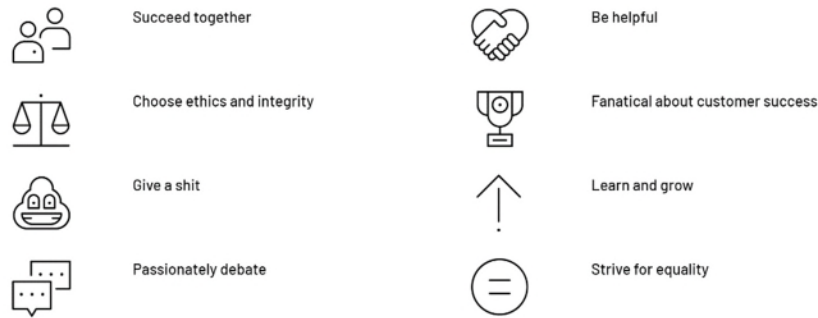
We put our team first in our company goals every year, and we measure the success of that goal in part with our eNPS. Our most recent eNPS score was 91 and has been above 75 for 10 quarters in a row. We do quarterly engagement surveys not for the number it provides us, but for the insights those answers tell us about what's important to focus on, now. Almost every internal initiative we can point to is impacted by and finds its source in that feedback. Iteration and growth are the constants at Thinkific - and together as a team, we will continue to collectively strive to make Thinkific an incredible place to grow people and careers.

VALUES

Our shared Thinkific values underpin our culture as a company. We identified our values early in the life of Thinkific, when we were just 19 people in 2016. Those same values are in place today, and they guide not only how we hire, but how we grow and do business today. Combined with our entrepreneurial, founder-mindset

roots, our values underscore everything we do as a company: to succeed together, be helpful, choose ethics and integrity, be fanatical about customer success, “give a shit”, learn and grow, passionately debate, and strive for equality.

Our team values



DIVERSITY

Striving for equality, diversity, and inclusion are central to our values and what we stand for. At Thinkific, these are more than just words for us - they're principles that guide how we grow our team, cultivate leaders, and create a company that empowers everyone to show up as their full, authentic selves.

We believe diversity makes our team stronger, more creative, more fun to be a part of, and higher performing. It also ensures that our internal team better reflects our diverse customer base and community, helping us better serve them. At the same time, we also know that we have continued work to do here, and are continuing to advance diversity and inclusion across our company.

We live this internally as well as externally. As a company, at the end of Fiscal 2020 we employed over 223 people from all different backgrounds and cultures. We are proud to have 48% of our team identifying as women - including 45% in senior leadership roles.

SOCIAL IMPACT

We endeavour to positively impact the communities around us, both through the education we empower and in our own right. Our technology helps level the playing field, breaking down barriers for improved diversity and inclusion in business. While just 39% of privately held firms in the US are women owned, as reported by the National Association of Women Business Owners, we're proud to say that 51% of Thinkific powered businesses are owned by women today as reported by Google Analytics.

We believe in empowerment through entrepreneurship and supporting underrepresented groups in building and growing successful companies online is important to us. One additional way we've demonstrated this is with initiatives like Think in Color, an annual summit designed to celebrate, connect and educate women and groups underrepresented in business. We believe that empowering entrepreneurs to build businesses teaching what they know can help level the playing field, and one way we will continue to find ways to live our values as we grow our company.

SPECIALIZED SKILL AND KNOWLEDGE

The skills, expertise and knowledge required in our industry are constantly evolving. We have been successful in recruiting and hiring the skilled employees we need in order to meet our objectives, and expect to continue

to be successful doing so in the future. As discussed above, our culture has been critical to our success in attracting and retaining high calibre team members in a competitive market for talent. Our employee turnover has been low, and our applicant-to-hiring ratio indicates a strong candidate pipeline.

INTANGIBLE PROPERTY

Our intellectual property rights are important to our business. We rely on a combination of intellectual property laws, confidentiality provisions, license agreements, trade secrets, copyrights and trademarks to protect our intellectual property, all of which offer only limited protection. We have applied, but have not obtained registration, for the THINKIFIC trademark in Canada or the United States.

We are subject to risks related to our intellectual property. For more information, see *“Risk Factors – Risks Related to our Business and Industry”*.

ECONOMIC DEPENDENCE

As a horizontal solution, we serve Course Creators across many industries and verticals, including technology, retail, education, non-profit, government, healthcare, media, and financial services. No single Course Creator represents more than 0.5% of our total revenue for Fiscal 2020.

We rely on Stripe for payment processing. We entered into an agreement with Stripe dated September 22, 2020 whereby Stripe provides us with access to Stripe’s payment processing services and interfaces available to the Thinkific Platform in consideration for fees payable by us based on, among other things, transaction and processing volume, payment method and the number of accounts connected to Stripe’s payment processing services (the **“Stripe Agreement”**). The Stripe Agreement has an initial term of 36 months and will be automatically renewed every 12 months, unless either party provides a notice of termination at least 30 days prior to the end of the then current term.

We rely on Wistia, Inc. (**“Wistia”**) for video hosting. We entered into an agreement with Wistia dated May 7, 2020 whereby Wistia provides us with video hosting services to the Thinkific Platform in consideration for fees payable by the Company based on the number of videos being hosted, the size of bandwidth and features (the **“Wistia Agreement”**). The Wistia Agreement has an initial term of one year and will be automatically renewed every 12 months, unless either party provides a notice of termination at least two months prior to the end of the then current term.

Please see *“Risk Factors”* for risks relating to our reliance on the services of Stripe and Wistia.

GOVERNMENT REGULATION

We are subject to a number of federal, state, provincial and foreign laws and regulations that affect companies conducting business on the internet, including laws and regulations related to e-commerce, payment processing, cybersecurity and privacy. While we monitor changes in these laws and regulations, many are still evolving and it is possible that current or future laws or regulations could be interpreted or applied in a manner that could negatively impact our business.

Regulations Applicable to eCommerce

We are subject to laws, regulations and policies that govern the amount and type of taxes our customers are required to collect and remit. With subscriptions in various countries, we are subject to taxation in several jurisdiction around the world. Federal, state, provincial and foreign government bodies or agencies have in the past adopted, and may in the future adopt, laws or regulations affecting the use of the internet as a commercial medium. In addition, in many jurisdictions, laws relating to the liability of providers of online services for activities of their customers and other third parties are currently being tested by a number of claims, including actions based on defamation, invasion of privacy and other torts, unfair competition,

copyright and trademark infringement, and other theories based on the nature of the relevant content. New income, sales, use or other tax laws, statutes, rules, regulations or ordinances applicable to solutions provided over the internet could therefore be enacted at any time, possibly with retroactive effect. Our internal compliance team and outside advisors ensure compliance with all required federal, state, provincial and foreign tax filings and remittances. For example, we are subject to certain local sales tax regimes. In 2019 and 2020, our outside advisors assisted us with a review of our activities and helped us identify local sales taxes that apply to our business. In addition, they assisted us with refining our processes for compliance with these taxation regimes. As our business grows we expect to provide new services to our customers that may result in us being subject to additional taxation regimes. As well, we expect to pursue international opportunities which may result in us operating in new geographies which may make us subject to additional regulatory and taxation regimes. Our business process planning includes developing applicable compliance strategies, including retaining the appropriate outside advisers, as we enter these new businesses and geographies. Non-compliance with current or the enactment of new tax laws may adversely affect our operations and cash flows. For more information, see *"Risk Factors – Risks Related to our Business and Industry"*.

Regulations Concerning Payment Processing

Thinkific Payments will be subject to a variety of laws and regulations in the United States and elsewhere related to payments processing, including those governing cross-border and domestic money transmission, gift cards and other prepaid access instruments, electronic funds transfers, taxation reporting requirements, foreign exchange, privacy and data protection, banking and import and export restrictions. We are also subject to various anti-corruption and antimoney laundering laws, including the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (Canada) and its regulations, the Foreign Corrupt Practices Act (U.S.), the U.S. domestic bribery statute contained in 18 U.S.C. § 201, the U.S. Travel Act, the USA Patriot Act, the U.K. Bribery Act 2010 and Proceeds of Crime Act 2002, and other anti-bribery and anti-money laundering laws in countries in which we conduct activities. Concern about the use of payment processing platform for illegal conduct, such as money laundering or to support terrorist activities, may result in legislation or other governmental action that could require changes to our platform. Depending on how Thinkific Payments and our other customer solutions evolve, and as we expand into new geographies, we expect to become subject to additional laws in Canada, the United States, Europe and elsewhere.

Regulations Governing Cybersecurity and the Protection of Data and Privacy

Our customers can use our Platforms to collect, store and use personal or identifying information regarding their employees and consumers. In addition, we store personal information and other confidential information of our Partners, Course Creators and their Students and employees, and may also store credit card information of our Course Creators and Students. Accordingly, we may be subject to federal, state, provincial and foreign laws regarding cybersecurity and the protection of data and privacy, including the *Personal Information Protection and Electronic Documents Act* (Canada) and the European General Data Protection Regulations ("**GDPR**"). Further, some jurisdictions have enacted laws requiring companies to notify governmental authorities and/or individuals of certain security breaches, such as those involving certain types of personal data or those giving rise to significant risk of harm to an individual. Our agreements with certain Course Creators require us to notify them in the event of a security incident. Additionally, some jurisdictions, as well as our contracts with certain Course Creators, require us to use industry-standard or reasonable measures to safeguard personal or confidential information. We post on our website our privacy policy and terms of service, which describe the way we process customer data and data relating to their employees and consumers. In Canada, the regulatory authority responsible for enforcement of Canada's Anti-Spam Legislation ("**CASL**") has recently issued a bulletin that signals broad potential liability for electronic intermediaries (such as hosting providers, Software-as-a-Service ("**SaaS**") providers and payment processors) for failing to take sufficient steps to stop third parties from using intermediary services and facilities to violate CASL, including prohibitions on sending electronic marketing messages or installing computer programs without consent. The regulatory framework in Canada, the United States, Europe and in many other jurisdictions in respect of cybersecurity and the protection of data and privacy is constantly evolving and is likely to remain uncertain for the foreseeable future. Certain aspects of the interpretation and application of

such laws and regulations are also ambiguous. We are subject to risks relating to protection of data and privacy. For more information, see “Risk Factors – Risks Related to our Business and Industry”.

Export and Import Control Regulations

As a result of our international operations, we are subject to a number of Canadian and foreign laws and regulations relating to economic sanctions and to export and import controls which govern or restrict our business and activities in certain countries and with certain persons, including sanctions regulations administered or enforced by the Office of the Superintendent of Financial Institutions in Canada, the economic sanctions regulations administered by the U.S. Treasury Department’s Office of Foreign Assets Control and the export control laws administered by the U.S. Commerce Department’s Bureau of Industry and Security, the U.S. State Department’s Directorate of Defense Trade Controls and the Canadian Export and Import Controls Bureau.

CORPORATE STRUCTURE

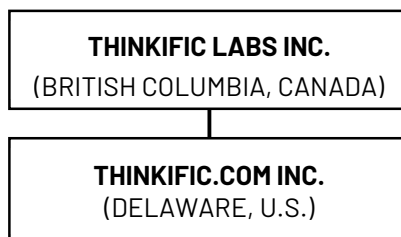
The Company was incorporated in British Columbia on April 11, 2012 under the *Business Corporations Act* (British Columbia)(the “**BCBCA**”). On February 23, 2016, the Company amended its Articles (as defined herein) to: (i) redesignate its common shares (the “**Common Shares**”) as Class A common shares (“**Class A Common Shares**”) and (ii) create an unlimited number of Class B common shares (the “**Class B Common Shares**”). On March 4, 2016, the Company (i) redesignated its Class A Common Shares as Common Shares and created special rights for the Common Shares and (ii) eliminated the Class B Common Shares.

On November 28, 2019, the Company created an unlimited number of seed preferred shares (the “**Seed Preferred Shares**”) issuable in series, including the Class 1 Seed Preferred Shares (the “**Class 1 Seed Preferred Shares**”) and the Class 2 Seed Preferred Shares (the “**Class 2 Seed Preferred Shares**”). On July 16, 2020, the Company created an unlimited number of Class A preferred shares (the “**Class A Preferred Shares**”) issuable in series, including the series 1 Class A Preferred Shares (the “**Series 1 Class A Preferred Shares**”) and the series 2 Class A Preferred Shares (the “**Series 2 Class A Preferred Shares**”) and together with each series of the Seed Preferred Shares, the “**Existing Preferred Shares**”). Prior to Closing, we will effect the Pre-Closing Capital Changes as described under “Description of Share Capital – Pre-Closing Capital Changes”.

The Company has a distributed-first approach with employees located across Canada, though the majority of our workforce is located in the Greater Vancouver Area (see “Recent Developments – COVID-19”). The Company’s head office is located at #400 – 369 Terminal Avenue, Vancouver, British Columbia, Canada V6A 4C4 and records office is located at Suite 2600, 595 Burrard Street, Vancouver, British Columbia, Canada, V7X 1L3.

INTERCORPORATE RELATIONSHIPS

As at the date of this prospectus the Company has one wholly-owned subsidiary, Thinkific.com Inc., which was incorporated on September 3, 2020 in Delaware, U.S. The chart below illustrates the Company’s intercorporate relationship to its material subsidiary as at the date hereof.



OUR HISTORY

EARLY HISTORY OF THE COMPANY

The Thinkific Platform was built as a single tool for any entrepreneur or business to create, market, sell and deliver their own online courses and other Learning Products. In 2006, Greg Smith, our Chief Executive Officer, was tutoring and teaching students in person and wanted to help more students and build a business while doing it. We set out to create an online course, but no existing software met our needs.

With no single tool to support our vision, we cobbled together a variety of different systems for site design and payment processing with some custom development of our own for the course delivery and launched the course. The solution left us frustrated, spending more time managing technology than actually running our business, and it only met a fraction of the needs we had. At the same time, as our online course grew, others began reaching out to us. They wanted to do the same thing that we had: create their own courses on their own sites, under their own brands and to build their own businesses. We saw the opportunity to help and set out to build the solution we wished we'd had.

In 2012, we launched Thinkific as a single tool for any entrepreneur or business to create, market, sell and deliver their own online courses. Between 2012 and 2020, we continued to grow our Platform and increase the number of Active Course Creators. There are over 50,000 Active Course Creators on the Thinkific Platform as of the date of this prospectus.

By early 2015, it was possible for Course Creators to sign up, choose a plan, build courses and start selling entirely through our Platform without the need to talk to a support person. We had launched a truly self-serve SaaS platform for Course Creators. Since then we have continued to expand and improve on our Platform.

RECENT DEVELOPMENTS

COVID-19

On March 11, 2020, the World Health Organization declared COVID-19 a pandemic as a result of the rapidly spreading coronavirus. In response, many of the jurisdictions in which our Course Creators are located imposed increasingly strict measures in an attempt to slow the transmission of the virus. While some jurisdictions were able to ease measures after an initial period, we have also seen strengthening or re-strengthening of measures with resurgences of COVID-19 in many of the geographies we serve around the world. Despite the ongoing risks and uncertainties, the impact of the COVID-19 pandemic has accelerated the need for our Platform as SMBs look to augment traditional in-person selling models with online and digital strategies and products. We have therefore experienced an acceleration in our Paying Customer growth during Fiscal 2020.

In response to the COVID-19 pandemic, we adopted a “distributed-first” approach, prioritizing the health and safety of our employees and local communities. We implemented a work-from-home policy for our employees around the globe at the onset of the COVID-19 pandemic. There were no employee layoffs or furloughs because of the COVID-19 pandemic. Our employees continue to work remotely, and have adapted to doing so with the systems we have in place allowing them to continue to contribute in a safe and physically distant environment.

There continues to be uncertainty regarding the duration and magnitude of the COVID-19 pandemic and the ability to control resurgences worldwide, making it difficult to assess the future impact on our customer base, the markets we serve and the resulting effect on our business and operations, both in the short term and in the long term.

Any future impact of COVID-19 on the Company's operational and financial performance will depend on certain developments, including, but not limited to, the duration and spread of the COVID-19 pandemic, duration of local, state and federal public health orders, speed of immunizations, impact on our Course Creators and our

sales cycles, impact on our employees, and impact on regional and worldwide economies and financial markets in general, all of which are uncertain and cannot be predicted. See “*Risk Factors – Risks Related to COVID-19*” for additional details on how COVID-19 may impact our future results.

Summer 2020 Financing

In March and April of 2020, the company agreed to a financing (the “**2020 Financing**”) with certain of its shareholders who wished to sell securities and investors who wished to purchase securities. The terms of the financing were agreed to in May of 2020 and the required reorganization was approved at a meeting of Thinkific’s shareholders held on June 16, 2020. The shareholders approved an alteration to the Company’s share structure to create an unlimited number of Class A Preferred Shares, issuable in two series, the Series 1 Class A Preferred Shares and Series 2 Class A Preferred Shares.

The 2020 Financing closed in two tranches in July and November of 2020 on the terms agreed to in May 2020. The financing had three components: a sale of shares from treasury by Thinkific, a secondary sale by certain shareholders and an issuance of shares pursuant to a SAFE Agreement (as defined herein).

In summary,

1. the Company sold a total of 373,355 Series 2 Class A Preferred Shares to investors at a price of CDN\$13.30284 per share;
2. the Company issued 166,710 Series 1 Class A Preferred Shares pursuant to the terms of the SAFE Agreement at a price of CDN\$6.29836 per share; and
3. the selling shareholders sold a total of 1,265,666 shares at a price of CDN\$13.30284 per share.

These sales closed on July 16 and November 18, 2020.

The particulars of the closing are as follows: on July 16, 2020, the Company issued 47,996 Series 2 Class A Preferred Shares to Vancouver Founder Fund Limited Partnership, 261,238 Series 2 Class A Preferred Shares to VFF II Limited Partnership and 5,000 Series 2 Class A Preferred Shares to Rhino Co-Invest 1 Limited Partnership at a purchase price of CDN\$13.30284 per share for aggregate gross proceeds of CDN\$4,180,204. In addition, the Company issued 166,710 Series 1 Class A Preferred Shares to Vancouver Founder Fund (VCC) Inc. at a deemed issue price of CDN\$6.29836 per share upon conversion of the SAFE Agreement (as defined below) in the amount of CDN\$1,050,000 (the “**SAFE Conversion**”). See “*Prior Sales*”. Vancouver Founder Fund Limited Partnership, VFF II Limited Partnership, Rhino Co-Invest 1 Limited Partnership and Vancouver Founder Fund (VCC) Inc. are members of the Rhino Group, a Principal Shareholder of the Company. See “*Principal Shareholders*”.

On July 16, 2020, certain shareholders (the “**Sellers**”) exchanged an aggregate of 1,031,090 Common Shares, 138,198 Class 1 Seed Preferred Shares and 96,378 Class 2 Seed Preferred Shares for an aggregate of 1,265,666 Series 2 Class A Preferred Shares (on a one-for-one basis) (the “**Share Exchange**”). Following the Share Exchange, the Sellers sold an aggregate of 1,265,666 Series 2 Class A Preferred Shares to members of the Rhino Group, including 90,000 Series 2 Class A Preferred Shares to VFF II Limited Partnership, 5,000 Series 2 Class A Preferred Shares to Vancouver Founder Fund Limited Partnership, 1,148,004 Series 2 Class A Preferred Shares to Rhino Co-Invest 1 Limited Partnership, and 22,662 Series 2 Preferred Shares to VFF II Limited Partnership pursuant to certain share purchase agreements for aggregate proceeds of CDN\$16,836,952. See “*Prior Sales*”.

USE OF PROCEEDS

We estimate that the net proceeds to be received by us from the Offering will be approximately CDN\$151,925,800. If the Over-Allotment Option is exercised in full it will be approximately CDN \$174,490,030. No fee will be payable by the Company to the Underwriters in respect of the sales of Subordinate Voting Shares to Rhino Co-Invest 2 Limited Partnership.

The principal reasons for the Offering are to improve brand awareness, increase our financial flexibility, create a public market for our Subordinate Voting Shares, and facilitate future access to public capital markets.

We intend to use the net proceeds of the Offering as follows:

- approximately CDN\$81 million to CDN\$93 million to strengthen our financial position and to allow us to pursue future opportunities;
- approximately CDN\$29 million to CDN\$34 million to pursue our growth strategies by investing in sales and marketing; and
- approximately CDN\$30 million to CDN\$36 million to continue our investment in our Platform.

While we currently anticipate that we will use the net proceeds of the Offering as set forth above, we may reallocate the net proceeds, having consideration to our strategy relative to market and other conditions, and other factors described under "*Risk Factors*".

The Company plans to continue to improve and iterate on Thinkific Payments and the Thinkific App Store throughout 2021 and into 2022 as we do with all areas of our Platform. Other than continuing to hire software developers, designers, and product managers onto our product team to support and improve all aspects of the Platform there is no specific use of proceeds currently assigned to Thinkific Payments or the Thinkific App Store.

The amount and timing of our actual expenditures will depend on numerous factors, including the cash used in or generated by our operations, the status of our product development, the level of our sales and marketing activities, the pace of our international expansion plans, and our investments and acquisitions. Pending the use of proceeds as described above, we plan to invest the net proceeds that we receive in interest-bearing instruments, certificates of deposit, or hold them as cash. Further, we may incur negative cash flow from operating activities and therefore use a portion of the proceeds from the Offering to fund such negative cash flow from operating activities in future periods. See "*Risk Factors*".

DESCRIPTION OF SHARE CAPITAL

The following describes material terms of our share capital upon completion of the Offering. The following description may not be complete and is subject to, and qualified in its entirety by reference to, the terms and provisions of our articles (the "**Articles**").

AUTHORIZED SHARE CAPITAL PRIOR TO THE PRE-CLOSING CAPITAL CHANGES

The Company is currently authorized to issue (i) an unlimited number of Common Shares, (ii) an unlimited number of Seed Preferred Shares, issuable in series, (iii) an unlimited number of Class 1 Seed Preferred Shares, (iv) an unlimited number of Class 2 Seed Preferred Shares, (v) an unlimited number of Class A Preferred Shares, issuable in series, (vi) an unlimited number of Series 1 Class A Preferred Shares and (vii) an unlimited number of Series 2 Class A Preferred Shares. As of the date of this prospectus, (i) 9,867,769 Common Shares, (ii) no Seed Preferred Shares, (iii) 2,753,671 Class 1 Seed Preferred Shares, (iv) 1,204,720 Class 2 Seed Preferred Shares, (v) no Class A Preferred Shares, (vi) 166,710 Series 1 Class A Preferred Shares and (vii) 1,639,021 Series 2 Class A Preferred Shares are issued and outstanding.

PRE-CLOSING CAPITAL CHANGES

In connection with, and prior to, the Closing, the following pre-closing capital changes will be implemented:

- all of the issued and outstanding Existing Preferred Shares will be converted into Common Shares on a one-for-one basis in accordance with their terms;
- our Articles will be amended to:
 - (i) amend and redesignate our Common Shares as Subordinate Voting Shares;
 - (ii) create a new class of an unlimited number of Multiple Voting Shares;
 - (iii) repeal the classes of shares relating to the Existing Preferred Shares; and
 - (iv) create a new class of an unlimited number of preferred shares, issuable in series;
- subsequent to the redesignation of the Common Shares, we will effect a 4 for 1 split of each of our outstanding Multiple Voting Shares and Subordinate Voting Shares (the **"Share Split"**);
- each option to acquire shares of the Company under the Legacy Option Plan (as defined herein) will become exercisable for Subordinate Voting Shares; and
- all of the Subordinate Voting Shares beneficially owned by the Principal Shareholders will be exchanged for an equal number of Multiple Voting Shares pursuant to certain share exchange agreements (the **"Share Exchange Agreements"**) to be entered into between the Company and each of the Principal Shareholders. Under the terms of the Share Exchange Agreement, the exchanged Subordinate Shares will be cancelled, and the share exchange will occur on a tax-deferred basis pursuant to section 86 of the Tax Act.

The foregoing amendments are collectively referred to as the **"Pre-Closing Capital Changes"**. See *"Principal Shareholders"* for the number of Subordinate Voting Shares and Multiple Voting Shares that will be owned by each of the Principal Shareholders upon Closing.

AUTHORIZED SHARE CAPITAL AT CLOSING

Upon the completion of the Pre-Closing Capital Changes, the Company's authorized share capital will consist of (i) an unlimited number of Subordinate Voting Shares, (ii) an unlimited number of Multiple Voting Shares and (iii) an unlimited number of preferred shares, issuable in series. Upon completion of the Offering, assuming no exercise of the Over-Allotment Option, 17,843,812 Subordinate Voting Shares (19,690,312 Subordinate Voting Shares if the Over-Allotment Option is exercised in full), 56,993,752 Multiple Voting Shares and no preferred shares will be issued and outstanding. All of the issued and outstanding Multiple Voting Shares will, directly or indirectly, be held by the Permitted Holders (as defined herein).

The Subordinate Voting Shares are "restricted securities" within the meaning of such term under applicable Canadian securities laws. We are exempt from the requirements of Section 12.3 of National Instrument 41-101 – *General Prospectus Requirements* on the basis that we were a private issuer within the meaning of such term under applicable Canadian securities laws immediately before filing this prospectus.

All of the shares issued prior to or pursuant to the completion of the Offering will be fully paid and non-assessable.

SUBORDINATE VOTING SHARES AND MULTIPLE VOTING SHARES

Except as described herein, the Subordinate Voting Shares and Multiple Voting Shares have the same rights, are equal in all respects and are treated by the Company as if they were one class of shares. Holders of Multiple Voting Shares and Subordinate Voting Shares have no conversion or exchange rights or other subscription rights, except that each outstanding Multiple Voting Share may at any time, at the option of the holder, be converted into one Subordinate Voting Share and each outstanding Multiple Voting Share will automatically convert into one Subordinate Voting Share upon certain transfers and other events, as described below under *"Conversion"*. There are no redemption, retraction, purchase for cancellation or surrender provisions or sinking or purchase fund provisions applicable to our Subordinate Voting Shares or Multiple Voting Shares. There is

no provision in our Articles requiring holders of Subordinate Voting Shares or Multiple Voting Shares to contribute additional capital, or permitting or restricting the issuance of additional securities or any other material restrictions. The special rights or restrictions attached to the Subordinate Voting Shares and Multiple Voting Shares are subject to and may be adversely affected by, the rights attached to any series of preferred shares that we may designate in the future.

RANK

The Subordinate Voting Shares and Multiple Voting Shares rank *pari passu* with respect to the payment of dividends, return of capital and distribution of assets in the event of the liquidation, dissolution or winding up of the Company. In the event of the liquidation, dissolution or winding-up of the Company or any other distribution of its assets among its shareholders for the purpose of winding-up its affairs, whether voluntarily or involuntarily, the holders of Subordinate Voting Shares and the holders of Multiple Voting Shares are entitled to participate equally in the remaining property and assets of the Company available for distribution to the holders of shares, without preference or distinction among or between the Subordinate Voting Shares and the Multiple Voting Shares, subject to the rights of the holders of any preferred shares.

PRE-EMPTIVE AND REDEMPTION RIGHTS

Holders of Subordinate Voting Shares will have no pre-emptive or redemption rights. Holders of Multiple Voting Shares will not have pre-emptive or redemption rights under our Articles. However, the Rhino Group Permitted Holders will be entitled to certain pre-emptive rights to subscribe for additional Shares as provided for in the Investor Rights Agreement. See “*Agreements with Principal Shareholders – Investor Rights Agreement – Pre-Emptive Rights*”.

DIVIDENDS

The holders of outstanding Subordinate Voting Shares and Multiple Voting Shares are entitled to receive dividends at such times and in such amounts and form as our Board may from time to time determine, but subject to the rights of the holders of any preferred shares, without preference or distinction among or between the Subordinate Voting Shares and the Multiple Voting Shares. We are permitted to pay dividends unless there are reasonable grounds for believing that we are, or would after such payment be, unable to pay our liabilities as they become due in the ordinary course of business. In the event of a payment of a dividend in the form of shares, Subordinate Voting Shares shall be distributed with respect to outstanding Subordinate Voting Shares and Multiple Voting Shares shall be distributed with respect to outstanding Multiple Voting Shares, unless otherwise determined by our Board.

VOTING RIGHTS

The holders of outstanding Subordinate Voting Shares are entitled to one vote per share and the holders of Multiple Voting Shares are entitled to ten votes per share. After giving effect to the Offering, and assuming no exercise of the Over-Allotment Option, the Subordinate Voting Shares will collectively represent approximately 23.8% of our issued and outstanding shares and approximately 3.0% of the voting power attached to all of our issued and outstanding shares (approximately 25.7% and 3.3%, respectively, if the Over-Allotment Option is exercised in full) and the Multiple Voting Shares will collectively represent approximately 76.2% of our issued and outstanding shares and approximately 97.0% of the voting power attached to all of our issued and outstanding shares (approximately 74.3% and 96.7%, respectively, if the Over-Allotment Option is exercised in full).

CONVERSION

The Subordinate Voting Shares are not convertible into any other class of shares. Each outstanding Multiple Voting Share may at any time, at the option of the holder, be converted into one Subordinate Voting Share. Upon the first date that a Multiple Voting Share shall be held by a Person other than a Permitted Holder (as

defined below), the Permitted Holder which held such Multiple Voting Share until such date, without any further action, shall automatically be deemed to have exercised his, her or its rights to convert such Multiple Voting Share into a fully paid and non-assessable Subordinate Voting Share.

In addition:

- all Multiple Voting Shares held by the Rhino Group Permitted Holders (as defined below) will convert automatically into Subordinate Voting Shares at such time that is the earlier to occur of the following: (i) the Rhino Group Permitted Holders that hold Multiple Voting Shares no longer as a group beneficially own, directly or indirectly and in the aggregate, at least 10% of the issued and outstanding Shares (on a non-diluted basis); (ii) neither Braden Fraser Hall nor Julian Rhind serve as a member of senior management of the Rhino Group Permitted Holders; and (iii) ten (10) years from the Closing Date.
- all Multiple Voting Shares held by the Greg Smith Permitted Holders (as defined below) will convert automatically into Subordinate Voting Shares at such time that the Greg Smith Permitted Holders that hold Multiple Voting Shares no longer as a group beneficially own, directly or indirectly and in the aggregate, at least 10% of the issued and outstanding Shares (on a non-diluted basis); and
- all Multiple Voting Shares held by the Matthew Smith Permitted Holders (as defined below) will convert automatically into Subordinate Voting Shares at such time that the Matthew Smith Permitted Holders that hold Multiple Voting Shares no longer as a group beneficially own, directly or indirectly and in the aggregate, at least 10% of the issued and outstanding Shares (on a non-diluted basis).

For the purposes of the foregoing:

"Affiliate" means, with respect to any specified Person, any other Person which directly or indirectly through one or more intermediaries controls, is controlled by, or is under common control with such specified Person, including, without limitation, any general partner, managing member or trustee of such Person or any venture capital fund or other investment fund now or hereafter existing that is controlled by one (1) or more general partners, managing members or investment adviser of, or shares the same management company or investment adviser with, such Person;

"Rhino Group Permitted Holders" means Vancouver Founder Fund Limited Partnership, VFF II Limited Partnership, Rhino Co-Invest 1 Limited Partnership, Vancouver Founder Fund (VCC) Inc., Rhino Co-Invest 2 Limited Partnership (together, the **"Rhino Group"**), any fund managed by Jay Rhind and/or Fraser Hall and any of their respective Affiliates;

"Greg Smith Permitted Holders" means (i) Mr. Greg Smith and any Members of the Immediate Family of Mr. Greg Smith, and (ii) any Person controlled, directly or indirectly, by one or more Persons referred to in clause (i) above;

"Matthew Smith Permitted Holders" means (i) Mr. Matthew Smith and any Members of the Immediate Family of Mr. Matthew Smith, and (ii) any Person controlled, directly or indirectly, by one or more Persons referred to in clause (i) above;

"Members of the Immediate Family" means with respect to any individual, each parent (whether by birth or adoption), spouse, child (including any step-child) or other descendants (whether by birth or adoption) of such individual, each spouse of any of the aforementioned Persons, each trust created solely for the benefit of such individual and/or one or more of the aforementioned Persons, and each legal representative of such individual or of any aforementioned Persons (including without limitation a tutor, curator, mandatary due to incapacity, custodian, guardian or testamentary executor), acting in such capacity under the authority of the law, an order from a competent tribunal, a will or a mandate in case of incapacity or similar instrument. For the purposes of this definition, a Person shall be

considered the spouse of an individual if such Person is legally married to such individual, lives in a civil union with such individual or is the common law partner (as defined in the Tax Act as amended from time to time) of such individual. A Person who was the spouse of an individual within the meaning of this paragraph immediately before the death of such individual shall continue to be considered a spouse of such individual after the death of such individual;

"Permitted Holders" means any of (i) the Rhino Group Permitted Holders, (ii) the Greg Smith Permitted Holders, and (iii) the Matthew Smith Permitted Holders;

"Person" means any individual, partnership, corporation, company, association, trust, joint venture or limited liability company; and

"Shares" means, collectively, the Subordinate Voting Shares and the Multiple Voting Shares.

A Person is "controlled" by another Person or other Persons if: (i) in the case of a company or other body corporate wherever or however incorporated: (A) securities entitled to vote in the election of directors carrying in the aggregate at least a majority of the votes for the election of directors and representing in the aggregate at least a majority of the participating (equity) securities are held, other than by way of security only, directly or indirectly, by or solely for the benefit of the other Person or Persons; and (B) the votes carried in the aggregate by such securities are entitled, if exercised, to elect a majority of the board of directors of such company or other body corporate; (ii) in the case of a Person that is not a company or other body corporate, at least a majority of the participating (equity) and voting interests of such Person are held, directly or indirectly, by or solely for the benefit of the other Person or Persons; or (iii) in the case of a Person that is a limited partnership, the general partner, and "controls", "controlling" and "under common control with" shall be interpreted accordingly.

SUBDIVISION OR CONSOLIDATION

No subdivision or consolidation of the Subordinate Voting Shares or the Multiple Voting Shares may be carried out unless, at the same time, the Multiple Voting Shares or the Subordinate Voting Shares, as the case may be, are subdivided or consolidated in the same manner and on the same basis.

CERTAIN CLASS VOTES

In addition to any other voting right or power to which the holders of Subordinate Voting Shares shall be entitled by law or regulation or other provisions of our Articles from time to time in effect, but subject to the provisions of our Articles, holders of Subordinate Voting Shares shall be entitled to vote separately as a class, in addition to any other vote of Shareholders that may be required, in respect of any alteration, repeal or amendment of our Articles which would adversely affect the rights or special rights of the holders of Subordinate Voting Shares or affect the holders of Subordinate Voting Shares and Multiple Voting Shares differently, on a per share basis, including an amendment to the terms of our Articles that provide that any Multiple Voting Shares sold or transferred to a Person that is not a Permitted Holder shall be automatically converted into Subordinate Voting Shares.

Pursuant to our Articles, holders of Subordinate Voting Shares and Multiple Voting Shares will be treated equally and identically, on a per share basis, in certain change of control transactions that require approval of our Shareholders under the BCBCA, unless different treatment of the shares of each such class is approved by a majority of the votes cast by the holders of our Subordinate Voting Shares and Multiple Voting Shares, each voting separately as a class.

TAKE-OVER BID PROTECTION

Under applicable Canadian securities laws, an offer to purchase Multiple Voting Shares would not necessarily require that an offer be made to purchase Subordinate Voting Shares. In accordance with the rules of the TSX designed to ensure that, in the event of a take-over bid, the holders of Subordinate Voting Shares will be entitled to participate on an equal footing with holders of Multiple Voting Shares, the holders of Multiple Voting Shares upon completion of this Offering will enter into a customary coattail agreement with us and a trustee (the "**Coattail Agreement**"). The Coattail Agreement will contain provisions customary for dual-class, TSX-listed corporations designed to prevent transactions that otherwise would deprive the holders of Subordinate Voting Shares of rights under applicable Canadian securities laws to which they would have been entitled if the Multiple Voting Shares had been Subordinate Voting Shares.

The undertakings in the Coattail Agreement will not apply to prevent a sale by Permitted Holders of Multiple Voting Shares if concurrently an offer is made to purchase Subordinate Voting Shares that:

- offers a price per Subordinate Voting Share at least as high as the highest price per share to be paid or required to be paid pursuant to the take-over bid for the Multiple Voting Shares;
- provides that the percentage of outstanding Subordinate Voting Shares to be taken up (exclusive of shares owned immediately prior to the offer by the offeror or persons acting jointly or in concert with the offeror) is at least as high as the percentage of outstanding Multiple Voting Shares to be sold (exclusive of Multiple Voting Shares owned immediately prior to the offer by the offeror and persons acting jointly or in concert with the offeror);
- has no condition attached other than the right not to take up and pay for Subordinate Voting Shares tendered if no shares are purchased pursuant to the offer for Multiple Voting Shares; and
- is in all other material respects identical to the offer for Multiple Voting Shares.

In addition, the Coattail Agreement will not prevent the transfer of Multiple Voting Shares to Permitted Holders, provided such transfer is not or would not have been subject to the requirements to make a take-over bid or constitutes or would constitute a take-over bid exempt from certain requirements applicable to take-over bids, all as under applicable Canadian securities laws. The conversion of Multiple Voting Shares into Subordinate Voting Shares, whether or not such Subordinate Voting Shares are subsequently sold, would not, in itself, constitute a disposition of Multiple Voting Shares for the purposes of the Coattail Agreement.

Under the Coattail Agreement, any sale of Multiple Voting Shares by a holder of Multiple Voting Shares party to the Coattail Agreement will be conditional upon the transferee becoming a party to the Coattail Agreement, to the extent such transferred Multiple Voting Shares are not automatically converted into Subordinate Voting Shares in accordance with our Articles.

The Coattail Agreement will contain provisions for authorizing action by the trustee to enforce the rights under the Coattail Agreement on behalf of the holders of the Subordinate Voting Shares. The obligation of the trustee to take such action will be conditional on us or holders of the Subordinate Voting Shares providing such funds and indemnity as the trustee may reasonably require. No holder of Subordinate Voting Shares will have the right, other than through the trustee, to institute any action or proceeding or to exercise any other remedy to enforce any rights arising under the Coattail Agreement unless the trustee fails to act on a request authorized by holders of not less than 10% of the outstanding Subordinate Voting Shares, reasonable funds and indemnity have been provided to the trustee and the trustee has failed to so act within 30 days after the provision of such funds and indemnity.

Other than in respect of non-material amendments and waivers that do not adversely affect the interests of holders of Subordinate Voting Shares, the Coattail Agreement will provide that, among other things, it may not

be amended, and no provision thereof may be waived, unless, prior to giving effect to such amendment or waiver, the following have been obtained: (a) the consent of the TSX and any other applicable securities regulatory authorities in Canada; and (b) the approval of at least two-thirds of the votes cast by holders of Subordinate Voting Shares represented at a meeting duly called for the purpose of considering such amendment or waiver, excluding votes attached to Subordinate Voting Shares held directly or indirectly by the holders of Multiple Voting Shares and their affiliates and any persons who have an agreement to purchase Multiple Voting Shares on terms which would constitute a sale or disposition for purposes of the Coattail Agreement, other than as permitted thereby.

No provision of the Coattail Agreement will limit the rights of any holders of Subordinate Voting Shares under applicable law.

PREFERRED SHARES

Under our Articles, the preferred shares may be issued in one or more series. Accordingly, our Board is authorized, without shareholder approval but subject to the provisions of the BCBCA, to determine the maximum number of shares of each series, create an identifying name for each series and attach such special rights or restrictions, including dividend, liquidation and voting rights, as our Board may determine, and such special rights or restrictions, including dividend, liquidation and voting rights, may be superior to those of each of the Subordinate Voting Shares and the Multiple Voting Shares. The issuance of preferred shares, while providing flexibility in connection with possible acquisitions and other corporate purposes, could, among other things, have the effect of delaying, deferring or preventing a change of control of our company and might adversely affect the market price of our Subordinate Voting Shares and Multiple Voting Shares and the voting and other rights of the holders of Subordinate Voting Shares and Multiple Voting Shares. We have no current plan to issue any preferred shares.

OTHER IMPORTANT PROVISIONS

ADVANCE NOTICE PROVISION

Our Articles will include provisions with respect to the election of our directors (the “**Advance Notice Provision**”). The Advance Notice Provision is intended to: (i) facilitate orderly and efficient annual general meetings or, where the need arises, special meetings; (ii) ensure that all shareholders receive adequate notice of Board nominations and sufficient information with respect to all nominees; and (iii) allow shareholders to register an informed vote. Only persons who are nominated by shareholders in accordance with the Advance Notice Provision will be eligible for election as directors at any annual meeting of shareholders, or at any special meeting of shareholders if one of the purposes for which the special meeting was called was the election of directors.

Under the new Articles, a shareholder wishing to nominate a director would be required to provide us notice, in the prescribed form, within the prescribed time periods. These time periods require that we receive notice of a director’s nomination: (i) in the case of an annual meeting of shareholders (including annual and special meetings), not less than 30 days prior to the date of the annual meeting of shareholders; provided, that in the event that the annual meeting of shareholders is to be held on a date that is less than 50 days after the date on which the first public announcement of the date (the “**Notice Date**”) of the annual meeting of shareholders was made, not later than the close of business on the 10th day following the Notice Date; and (ii) in the case of a special meeting (which is not also an annual meeting) of shareholders called for the purpose of electing directors (whether or not called for other purposes), not later than the close of business on the 15th day following the day on which the first public announcement of the date of the special meeting of shareholders was made, provided that, in either instance, if notice-and-access (as defined in National Instrument 54-101 – Communication with Beneficial Owners of Securities of a Reporting Issuer) is used for delivery of proxy related materials in respect of a meeting described above, and the Notice Date in respect of the meeting is not less than 50 days prior to the date of the applicable meeting, the notice must be received not later than the close of business on the 40th day before the applicable meeting.

FORUM SELECTION

We have included a forum selection provision in our Articles that provides that, unless we consent in writing to the selection of an alternative forum, the Supreme Court of British Columbia of the Province of British Columbia, Canada and the appellate courts therefrom, will be the sole and exclusive forum for (i) any derivative action or proceeding brought on our behalf; (ii) any action or proceeding asserting a claim of breach of a fiduciary duty owed by any of our directors, officers, or other employees; (iii) any action or proceeding asserting a claim arising pursuant to any provision of the BCBCA or our Articles; or (iv) any action or proceeding asserting a claim otherwise related to the relationships among us, our affiliates and our and their respective shareholders, directors and/or officers, but excluding claims related to our business or the business of such affiliates.

DIVIDEND POLICY

We currently intend to retain any future earnings to fund the development and growth of our business and do not currently anticipate paying dividends on the Subordinate Voting Shares and Multiple Voting Shares. Any determination to pay dividends in the future will be at the discretion of the Board and will depend on many factors, including, among others, our financial condition, current and anticipated cash requirements, contractual restrictions and financing agreement covenants, solvency tests imposed by applicable corporate law and other factors that the Board may deem relevant. See *“Risk Factors – We have no history of dividends”*.

PRINCIPAL SHAREHOLDERS

The following table sets out the shareholders of the Company who, immediately following the Closing, will, to our knowledge, beneficially own, control or direct, directly or indirectly, voting securities carrying 10% or more of the voting rights attached to any class of our voting securities.

Name of Shareholder	Shares Owned Following the Pre-Closing Capital Changes and Prior to Closing		Shares Owned Immediately Following Closing			
	Number of Subordinate Voting Shares	Number of Multiple Voting Shares ⁽³⁾	Number of Subordinate Voting Shares	Number of Multiple Voting Shares	Percentage of Outstanding Shares	Percentage of Total Voting Power
Greg Smith	Nil	26,000,000	0	26,000,000	34.7% ⁽¹⁾	44.2%
Matthew Smith	Nil	10,255,640	0	10,255,640	13.7% ⁽¹⁾	17.4%
Rhino Group ⁽²⁾	Nil	20,738,112	1,920,000	20,738,112	30.3% ⁽¹⁾	35.6%

Note:

- (1) Figure represents ownership on a non-diluted basis. On a fully-diluted basis (assuming the exercise of all options outstanding immediately following Closing), Greg Smith, Matthew Smith and the Rhino Group will, immediately following Closing, own 31.9%, 12.6% and 27.77% of the issued and outstanding shares and hold 43.7%, 17.2% and 35.2% of the total voting power attached to all of the issued and outstanding shares, respectively. If the Over-Allotment Option is exercised in full, Greg Smith, Matthew Smith and the Rhino Group will, immediately following Closing, own 33.9%, 13.4%, and 29.5% of the issued and outstanding shares (31.2%, 12.3% and 27.2% respectively, on a fully-diluted basis) and hold 44.1%, 17.4% and 35.5% of the total voting power attached to all of the issued and outstanding shares, respectively, (43.6%, 17.2% and 35.1%, respectively, on a fully-diluted basis).
- (2) Represents shares held, in the aggregate, by Vancouver Founder Fund Limited Partnership, VFF II Limited Partnership, Rhino Co-Invest 1 Limited Partnership, and Vancouver Founder Fund (VCC) Inc. Vancouver Founder Fund Limited Partnership holds 2,409,890 Class 1 Seed Preferred Shares, 1,028,028 Class 2 Seed Preferred Shares, and 52,996 Series 2 Class A Preferred Shares, all of which will be converted into an equivalent number of Multiple Voting Shares upon completion of the Pre-Closing Capital Changes prior to the Closing of the Offering. Vancouver Founder Fund (VCC) Inc. holds 166,710 Series 1 Class A Preferred Shares which will be converted into an equivalent number of Multiple Voting Shares upon completion of the Pre-Closing Capital Changes prior to the Closing of the Offering. VFF II Limited Partnership holds 373,900 Series 2 Class A Preferred Shares which will be converted into an equivalent number of Multiple Voting Shares upon completion of the Pre-Closing Capital Changes prior to the Closing of the Offering. Rhino Co-Invest 1 Limited Partnership holds 1,153,004 Series 2 Class A Preferred Shares which will be converted into an equivalent

number of Multiple Voting Shares upon completion of the Pre-Closing Capital Changes prior to the Closing of the Offering. Braden Fraser Hall and Julian Rhind, both principals of the Rhino Group, have voting and dispositive powers with respect to the Multiple Voting Shares owned or deemed to be beneficially owned by each of Vancouver Founder Fund Limited Partnership, VFF II Limited Partnership, Rhino Co-Invest I Limited Partnership and Vancouver Founder Fund (VCC) Inc. upon completion of the Offering.

- (3) The number of Multiple Voting Shares has been adjusted assuming the Share Split has been completed on the basis of four post-split Subordinate Voting Shares for each one pre-split Subordinate Voting Share.

AGREEMENTS WITH PRINCIPAL SHAREHOLDERS

Investor Rights Agreement

Upon Closing, we will enter into an investor rights agreement (the “**Investor Rights Agreement**”) with the Principal Shareholders with respect to certain shareholder rights. The following is a summary of the material terms of the Investor Rights Agreement. This summary is qualified in its entirety by reference to the provisions of the Investor Rights Agreement, which will be filed with the Canadian securities regulatory authorities and will be available on the system for electronic document analysis and retrieval (“**SEDAR**”) at www.sedar.com.

Registration Rights

The Investor Rights Agreement will provide for demand registration rights in favour of the Principal Shareholders that will enable them, under certain circumstances, to require the Company to qualify by prospectus in Canada all or any portion of the Subordinate Voting Shares held by them for a distribution to the public, provided that the Company will not be obliged to effect (i) more than one demand registrations in any 12-month period or (ii) any demand registration where the value of the Subordinate Voting Shares offered under such demand registration is less than CDN\$30 million.

The Investor Rights Agreement will also provide for incidental registration rights allowing the Principal Shareholders to include their Subordinate Voting Shares in certain public offerings of Subordinate Voting Shares, subject to certain underwriters’ cutback rights.

The demand and incidental registration rights granted pursuant to the Investor Rights Agreement will not be exercisable by the Principal Shareholders during a period of 180 days after the date of Closing. See “*Plan of Distribution – Lock-up Arrangements*”.

Pre-Emptive Rights

In the event that the Company decides to issue or allot Shares or any type of securities convertible into or exchangeable for Shares or a right to acquire such securities, the Rhino Group Permitted Holders, for so long as they continue to together beneficially own or exercise control or direction over at least 10% of the issued and outstanding Shares on a non-diluted basis, shall have pre-emptive rights (the “**Pre-Emptive Rights**”) to purchase Shares or such other securities as are being contemplated for issuance to maintain its pro rata ownership interest. Notice of exercise of such rights is to be provided in advance of the commencement of any offering of securities of the Company or such other securities as are being contemplated for issuance and otherwise in accordance with the terms and conditions to set out in the Investor Rights Agreement. Pursuant to the Investor Rights Agreement, the Pre-Emptive Rights will not apply to issuances in the following circumstances:

- to holders of Shares in lieu of cash dividends;
- the automatic conversion of the Multiple Voting Shares outstanding on the Closing Date or issued after in accordance with the Investor Rights Agreement;

- options or other securities issued under compensatory plans or other plans to purchase Shares or any other securities in favour of the management, directors, employees or consultants of the Company;
- exercise by a holder of a conversion, exchange or other similar right pursuant to the terms of a security in respect of which the Rhino Group Permitted Holders were granted the right to exercise its pre-emptive rights or in respect of which the pre-emptive rights did not apply;
- as full or partial consideration for any shares, business, assets or property acquired by the Company or its subsidiaries pursuant to a bona fide arm's length acquisition;
- a share split, share dividend or any similar recapitalization offered to all shareholders holding Shares;
- pursuant to a shareholders' rights plan of the Company;
- pursuant to the Offering or exercise of the Over-Allotment Option, if any.

OUR FINANCIAL PERFORMANCE

The following tables present summary consolidated financial information for the periods and as at the dates indicated therein. The summary consolidated financial information set out below for each of Fiscal 2020, Fiscal 2019 and Fiscal 2018 and as at December 31, 2020 and 2019 has been derived from the Company's audited consolidated financial statements included elsewhere in this prospectus.

Prospective investors should review this information in conjunction with the audited consolidated financial statements, including the notes thereto, as well as "About this Prospectus", "Non-IFRS Measure and Industry Metrics", "Management's Discussion and Analysis of Financial Condition and Results of Operations", "Use of Proceeds", "Consolidated Capitalization" and "Description of Share Capital" included elsewhere in this prospectus.

Consolidated Results and Earnings

	Fiscal Year Ended December 31,		
	2020	2019	2018
	\$	\$	\$
	(In thousands of U.S. dollars, except share and per share data)		
Revenue	21,070	9,796	5,996
Cost of revenue	4,453	2,043	1,168
Gross profit	16,617	7,753	4,828
Operating expenses			
Sales and marketing	7,498	2,710	1,636
Research and development	6,345	2,617	1,786
General and administrative	4,246	2,119	1,083
Total operating expenses	18,089	7,446	4,505
(Loss) income from operations	(1,472)	307	323
Other income (expenses)	179	(16)	(87)
Net (loss) income and comprehensive (loss) income	(1,293)	291	236
(Loss) income per share - basic	\$ (0.13)	\$ 0.02	\$ 0.02

(Loss) income per share - diluted	\$ (0.11)	\$ 0.02	\$ 0.02
Weighted average number of common shares outstanding - basic	10,344,472	13,279,451	13,450,968
Weighted average number of common shares outstanding - diluted	11,436,352	14,308,748	14,560,892

Consolidated Statements of Financial Position

	As at Fiscal Year Ended December 31,	
	2020	2019
	\$	\$
	(In thousands of U.S. dollars)	
Cash and cash equivalents	9,066	3,692
Working capital ⁽¹⁾	4,603	2,170
Total assets	12,936	5,712
Total current liabilities	6,758	2,522
Total liabilities	7,627	4,082
Total shareholders' equity	5,309	1,630

Notes:

(1) Working capital is defined as current assets less current liabilities.

Reconciliation of Non-IFRS Measure

Adjusted EBITDA is not a recognized measure under IFRS and does not have a standardized meaning prescribed by IFRS. See "Non-IFRS Measure and Industry Metrics".

	Fiscal Year Ended December 31,		
	2020	2019	2018
	\$	\$	\$
	(In thousands of U.S. dollars)		
Reconciliation of Net (loss) income to Adjusted EBITDA			
Net (loss) income	(1,293)	291	236
Fair value loss on convertible debentures ⁽¹⁾	-	58	45
Stock-based compensation ⁽²⁾	601	245	96
Depreciation	483	253	156
Foreign exchange gain ⁽³⁾	(206)	(51)	(53)
Finance expense, net ⁽⁴⁾	27	9	96
Adjusted EBITDA	(388)	805	576

Notes:

- (1) This loss is with respect to the change in the fair value of the embedded derivatives of our convertible debentures from period to period, which is a non-cash item. Our convertible debentures were converted during Fiscal 2019 and the liability was reduced to nil with a corresponding increase in share capital. There will be no further impact on our results of operations from these convertible debentures.
- (2) These expenses represent non-cash expenditures recognized in connection with issued stock options under the Legacy Option Plan to our employees, are estimates and therefore subject to change.
- (3) These non-cash gains relate to foreign exchange translation.

- (4) Finance expense is related to finance expense on lease obligations. For Fiscal 2018 and Fiscal 2019, finance expense also includes interest and accretion expense on convertible debentures.

MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This management’s discussion and analysis of financial condition and results of operations (“**MD&A**”) as at and for the year ended December 31, 2020 (“**Fiscal 2020**”), as at and for the year ended December 31, 2019 (“**Fiscal 2019**”) and as at and for the year ended December 31, 2018 (“**Fiscal 2018**”) should be read in conjunction with the Company’s audited annual consolidated financial statements, along with the related notes thereto, included elsewhere in this prospectus. This MD&A is presented as of the date of this prospectus and is current to that date unless otherwise stated. The financial information presented in this MD&A is derived from the Company’s audited annual consolidated financial statements for Fiscal 2020, Fiscal 2019 and Fiscal 2018, all of which have been prepared in accordance with IFRS. All amounts are in U.S. dollars except where otherwise indicated.

This MD&A contains forward-looking information. 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 risk factors described under “Risk Factors”. There can be no assurance that such forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. Accordingly, prospective investors should not place undue reliance on forward-looking information, which speaks only as of the date made and may not be appropriate for other purposes. See “About the Prospectus - Forward-Looking Information”.



OVERVIEW

Thinkific offers a cloud-based, multi-tenant platform that enables business-building. Our Platform provides Course Creators with the functionality needed to launch, grow, and diversify their businesses by creating and selling online courses and other Learning Products. We make it simple for these Course Creators to build and deliver fully customized learning products for their audiences under their own brands, with no specialized technical expertise required. Our Platform enables Course Creators to build, market, sell and deliver their products with enterprise-grade functionality and extensibility for growth. This allows Course Creators to join our Platform and grow to nearly any size.

IMPACT OF COVID-19 ON OUR OPERATIONS

On March 11, 2020, the World Health Organization declared COVID-19 a pandemic as a result of the rapidly spreading coronavirus. In response, many of the jurisdictions in which our Course Creators are located imposed increasingly strict measures in an attempt to slow the transmission of the virus. While some jurisdictions were able to ease measures after an initial period, we have also seen strengthening or re-strengthening of measures with resurgences of COVID-19 in many of the geographies we serve around the world. Despite the ongoing risks and uncertainties, the impact of the COVID-19 pandemic has accelerated the need for our Platform as SMBs look to augment traditional in-person selling models with online and digital strategies and products. We have therefore experienced an acceleration in our Paying Customer growth during Fiscal 2020.

In response to the COVID-19 pandemic, we adopted a “distributed-first” approach, prioritizing the health and safety of our employees and local communities. We implemented a work-from-home policy for our employees around the globe at the onset of the COVID-19 pandemic. There were no employee layoffs or furloughs because of the COVID-19 pandemic. Our employees continue to work remotely, and have adapted to doing so with the systems we have in place allowing them to continue to contribute in a safe and physically distant environment.

There continues to be uncertainty regarding the duration and magnitude of the COVID-19 pandemic and the ability to control resurgences worldwide, making it difficult to assess the future impact on our customer base, the markets we serve and the resulting effect on our business and operations, both in the short term and in the long term.

Any future impact of COVID-19 on the Company’s operational and financial performance will depend on certain developments, including, but not limited to, the duration and spread of the COVID-19 pandemic, duration of local, state and federal public health orders, speed of immunizations, impact on our Course Creators and our sales cycles, impact on our employees, and impact on regional and worldwide economies and financial markets in general, all of which are uncertain and cannot be predicted. See “*Risk Factors - Risks Related to COVID-19*” for additional details on how COVID-19 may impact our future results.

KEY PERFORMANCE INDICATORS

We use the following key performance indicators to help us evaluate our business, measure our performance, identify trends affecting our business, formulate business plans and make strategic decisions. Our key performance indicators are not measures calculated in accordance with IFRS and may be calculated in a manner different than similar key performance indicators used by other companies.

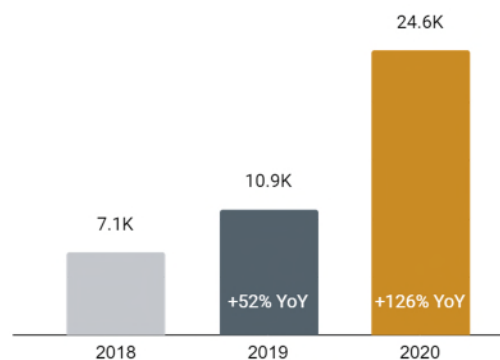
Paying Customers

“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. Paying Customers represents a key indicator into the current and future strength of our business. We believe that the growth in our Paying Customers base reflects our value proposition and positions us for future growth.

One of the reasons our Paying Customers base has expanded is due to increasing awareness of Thinkific, further development of our go-to-market strategy, and continued alignment of our product to the needs of our Course Creators. Our Paying Customers base includes businesses of all sizes across a wide range of industries and verticals. At the end of Fiscal 2020, Fiscal 2019 and Fiscal 2018, we had 24.6 thousand, 10.9 thousand and 7.1 thousand Paying Customers, respectively.

Ending Paying Customers

As of Year-End

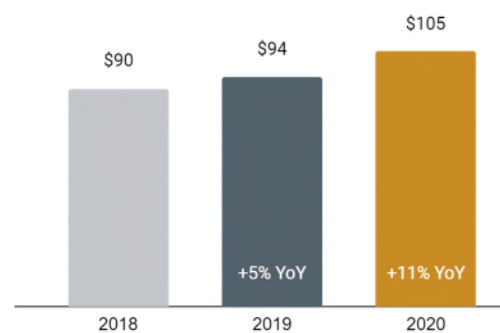


Average Revenue Per User

“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. When stated as an annual number, the ARPU calculation utilizes the average Paying Customers and average monthly Revenue from the last quarter of the year. When stated as an annual number, the ARPU calculation utilizes the average Paying Customers and average monthly Revenue for the last quarter of the year. ARPU growth results from an increasing mix of (i) new Paying Customers choosing to subscribe to our highest tier plans, (ii) existing Paying Customers moving upwards in our plan tiers in order to access enhanced features and functionalities, and (iii) incremental variable pricing based on usage for Paying Customers experiencing high levels of success with their Learning Products. For an annual timeframe, ARPU is calculated using the average Paying Customers and average monthly revenue from the last quarter of the year. At the end of Fiscal 2020, Fiscal 2019 and Fiscal 2018, ARPU was \$105, \$94 and \$90, respectively.

Average Revenue per User (Monthly)

As of Year-End



Monthly Recurring Revenue

“Monthly Recurring Revenue” or “MRR” is 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. Annual or other subscription durations are included as a prorated amount. MRR is used by management of the Company as a directional indicator of revenue going forward assuming Paying Customers maintain their subscription plan the following month. MRR allows us to have a consolidated measure that accounts for our different subscription plan levels and term lengths. We further analyze the factors that make up MRR and track trends in customer behaviour with regard to the number of Course Creators on each plan level, along with any movement of Course Creators between plan levels. MRR and its component elements form the basis for our revenue forecast process.

MRR for Fiscal 2020, Fiscal 2019 and Fiscal 2018 was \$2.6 million, \$1.0 million and \$0.6 million, respectively, representing an increase of 68% from Fiscal 2018 to Fiscal 2019 and an increase of 150% from Fiscal 2019 to Fiscal 2020. MRR growth has been primarily driven by the addition of new Course Creators, coupled with an increase in ARPU.

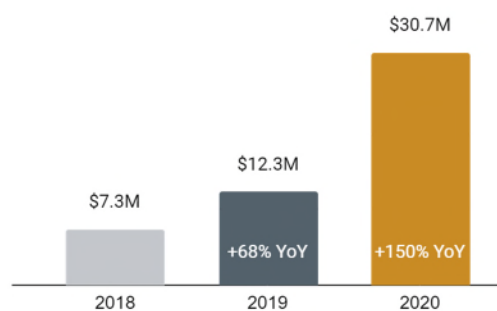
Annual Recurring Revenue

“Annual Recurring Revenue” or “ARR” is equal to Monthly Recurring Revenue multiplied by 12. ARR is used by management of the Company as a directional indicator of revenue. Similar to MRR, ARR provides a consolidated measure by which we can monitor the longer-term trends in our business, and as it can be used as a forward-looking measure, ARR may assist with long term cash and investment modeling.

ARR for Fiscal 2020, Fiscal 2019 and Fiscal 2018 was \$30.7 million, \$12.3 million and \$7.3 million, respectively, representing an increase of 68% from Fiscal 2018 to Fiscal 2019 and an increase of 150% from Fiscal 2019 to Fiscal 2020. ARR growth has been primarily driven by new Course Creator additions along with an increase in ARPU.

Ending Annual Recurring Revenue

As of Year-End

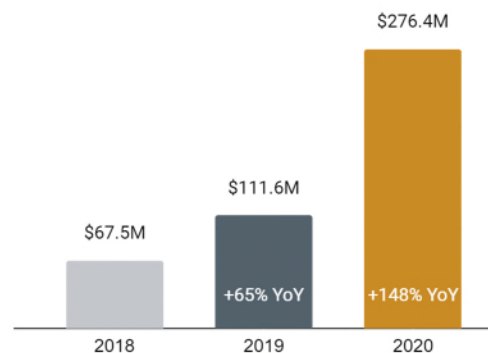


Gross Merchandise Volume

“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 we do not record the transaction value. As such, we estimate the total dollar value of all transactions of course sales, membership subscriptions, or other products or services, facilitated through our Platform to be greater than our recorded GMV, based on transaction value that is not processed or recorded by our Platform, but through other applications that are integrated to our Platform or processed directly by Course Creators. We believe GMV is an indicator of the success of our Course Creators in monetizing their courses and membership sites and strengths of our Platform. GMV does not represent revenue earned by us.

For Fiscal 2020, Fiscal 2019 and Fiscal 2018 GMV was \$276.4 million, \$111.6 million and \$67.5 million, respectively. The strong growth in GMV can be attributed to both an increase in the overall number of Course Creators using our Platform, combined with their own increased success in monetizing their courses and other Learning Products.

Gross Merchandise Volume



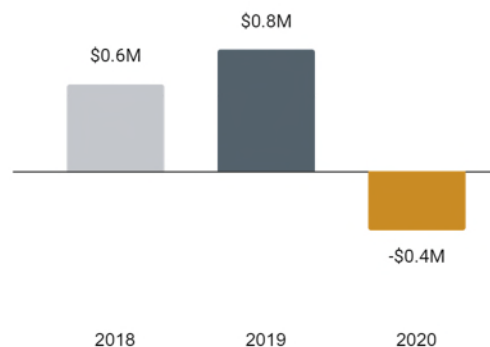
Non-IFRS Measure and Reconciliation of Non-IFRS Measure

The information presented within this MD&A includes “Adjusted EBITDA”, which is not a recognized measure under IFRS and does not have a standardized meaning prescribed by IFRS and is therefore unlikely to be comparable to similar measures presented by other companies. Rather, Adjusted EBITDA 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. Adjusted EBITDA is used to provide investors with supplemental measures of our operating performance and thus highlight trends in our 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 in the evaluation of issuers. Our management also uses this non-IFRS measure in order to facilitate operating performance comparisons from period to period and to prepare annual operating budgets and forecasts and to determine components of management compensation.

Adjusted EBITDA

Adjusted EBITDA is used by management as a supplemental measure to review and assess operating performance and to provide a more complete understanding of factors and trends affecting our business. 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. The Company defines Adjusted EBITDA 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, changes in fair value of convertible debentures, and transaction-related expenses. Management believes that these adjustments are appropriate in making Adjusted EBITDA an approximation of cash-based earnings from operations before capital replacement, financing and income tax charges. Adjusted EBITDA does not have a standardized meaning under IFRS and is not a measure of operating income, operating performances or liquidity presented in accordance with IFRS and is subject to important limitations. The Company’s definition of Adjusted EBITDA may be different than similarly titled measures used by other companies.

Adjusted EBITDA



The following table reconciles Adjusted EBITDA to net (loss) income for the periods indicated:

	Fiscal year ended December 31,		
	2020 \$	2019 \$	2018 \$
	(In thousands of U.S. dollars)		
Net (loss) income	(1,293)	291	236
Fair value loss on convertible debentures ⁽¹⁾	-	58	45
Stock-based compensation ⁽²⁾	601	245	96
Depreciation	483	253	156
Foreign exchange gain ⁽³⁾	(206)	(51)	(53)
Finance expense, net ⁽⁴⁾	27	9	96
Adjusted EBITDA	(388)	805	576

Notes:

- (1) This loss is with respect to the change in the fair value of the embedded derivatives of our convertible debentures from period to period, which is a non-cash item. Our convertible debentures were converted during Fiscal 2019 and the liability was reduced to nil with a corresponding increase in share capital. There will be no further impact on our results of operations from these convertible debentures.
- (2) These expenses represent non-cash expenditures recognized in connection with issued stock options under the Legacy Option Plan to our employees, are estimates and therefore subject to change.
- (3) These non-cash gains relate to foreign exchange translation.
- (4) Finance expense is related to finance expense on lease obligations. For Fiscal 2018 and Fiscal 2019, finance expense also includes interest and accretion expense on convertible debentures.

SUMMARY OF FACTORS AFFECTING OUR PERFORMANCE

We believe that the growth and future success of our business depends on many factors, including those described below. While each of these factors presents significant opportunities for our business, they also pose important challenges, some of which are discussed below and in the "Risk Factors" section of this prospectus.

Growth with new and existing customers. We generate revenues almost exclusively through the sale of subscriptions to our Platform. Our future success depends, in part, on our ability to increase the adoption of our Platform by our existing customers and future customers. Our ability to grow our business also depends in part on our ability to persuade customers to expand their use of our Platform. Further, to continue to grow our business, it is important that our customers do not downgrade or cancel their subscription plans and that we expand our relationships with our existing customers.

Management of growth. The scalability and flexibility of our Platform depends on the functionality of our technology and network infrastructure and its ability to handle increased traffic and demand. The growth in

the number of customers using our Platform and the number of orders processed through our Platform has increased the amount of data and requests that we process. As our business grows, we will need to devote additional resources to improving our operational infrastructure and continuing to enhance its scalability in order to maintain the performance of our Platform to the satisfaction of our customers.

New and developing markets. We operate in new and developing markets that may not develop as we expect and are prone to greater market uncertainty. We have encountered and will continue to encounter risks and difficulties frequently experienced by growing companies in rapidly changing industries, including increasing and unforeseen expenses as we continue to grow our business. Our future success will depend in part upon our ability to continue to expand into new geographic regions, and we will face risks entering markets in which we have limited or no experience, which have additional complexity and in which we do not have any brand recognition.

Changes in the market and evolving customer needs. Our success has been based on our ability to identify and anticipate the needs of our customers and design and maintain a Platform that provides them with the tools they need to operate their businesses. Our ability to attract new customers, retain revenue from existing customers, and increase revenue to both new and existing customers will depend in large part on our ability to continue to improve and enhance the functionality, performance, reliability, design, security, and scalability of our Platform. Our continued success will depend upon our ability to keep pace with technological and marketplace change and to introduce, on a timely and cost-effective basis, new and enhanced services that satisfy changing customer requirements and achieve market acceptance.

Strategic relationships with third parties. We anticipate that the growth of our business will continue to depend on third-party relationships, including relationships with our app developers, theme designers, referral sources, resellers, payment processors and other Partners. In addition to growing our third-party Partner ecosystem, we intend to pursue additional relationships with other third-parties, such as technology and content providers and implementation consultants.

Economic conditions and resulting consumer spending trends. A majority of the customers that use our Platform are SMBs and entrepreneurs and many of our customers are in the entrepreneurial stage of their development. Our performance is subject to worldwide economic conditions and their impact on levels of spending by SMBs and entrepreneurs and their Students.

KEY COMPONENTS OF RESULTS OF OPERATIONS

Revenue

We generate subscription revenue from Paying Customers accessing our cloud-based Platform. Subscription revenues are driven primarily by the number of Paying Customers and the level of subscription plan. Subscription agreements are primarily monthly or annual, with monthly agreements representing the majority of all agreements. For 2020, 2019, and 2018, the percent of revenue generated on annual subscriptions was 31%, 31%, and 35% respectively, with the remainder being on monthly subscriptions. All Paying Customer agreements automatically renew unless cancelled by our Paying Customers. We offer Paying Customers a 30-day money back guarantee whereby customers are permitted to receive a full refund within 30 days from initiation of the contract. Revenue is reduced for such refunds based on the estimate of future refunds originating from subscription agreements with Paying Customers. Subscription revenue is recognized evenly over the life of a contract, commencing on the in-service date and terminating on the end date of the agreement. Where Paying Customers elect to pay their full contract upfront, we record deferred revenue on our consolidated statement of financial position and recognize revenue rateably over the term of the contract.

Cost of revenue

Cost of revenue consists primarily of support services, third party infrastructure and hosting costs, payment processing fees and software costs.

We expect that the cost of revenue will increase in absolute dollars as we continue to invest in growing our business, and as the number of Paying Customers utilizing the Platform increases along with the costs of supporting those Paying Customers. Over time, we expect that our cost of revenue as a percentage of revenue may fluctuate based on the mix of subscription plans that our Paying Customers select and costs associated with Thinkific Payments business as it scales.

OPERATING EXPENSES

Sales and marketing

Sales and marketing expenses consist primarily of personnel-related expenses, including stock-based compensation, as well as expenses for performance marketing and lead generation, brand marketing, customer education, sponsorship activities, software subscriptions and travel-related expenses. These expenses also include allocated overhead costs.

We plan to continue to expand sales and marketing efforts to attract new Course Creators, retain existing Paying Customers and increase revenues from both new and existing Paying Customers.

Research and development

Research and development expenses consist primarily of personnel-related expenses for product management, product development and product design, contractor fees, software subscriptions, as well as corporate overhead allocations. Personnel-related expenses include salaries and benefits as well as stock-based compensation. We believe our product-led growth strategy enables us to enhance our offerings to remain at the forefront of course creation innovation and meet the needs of our diverse customer base. We continue to focus our research and development efforts on adding features and solutions, as well as enhancing the functionality and ease of use of our Platform. In the immediate future, as Thinkific's growth continues, we expect our research and development costs to increase proportionately.

As a privately held company, our research and development expenses were reduced by the Canadian federal Scientific Research and Experimental Development Program tax incentives ("**SR&ED**"). As a public company, we will no longer be able to reduce our research and development expenses through refundable SR&ED tax credits, causing our research and development expenses to increase. However, we remain eligible for non-refundable SR&ED credits under this program, which are eligible to reduce future income taxes payable and will have no direct impact on our research and development expenses.

General and administrative

General and administrative expenses consist of employee-related expenses for our finance and accounting, legal, people, operations and data teams. These expenses also include non-personnel costs such as outside legal, accounting and other professional fees, software subscriptions, certain tax and insurance-related expenses as well as allocated overhead costs.

We expect to recognize certain expenses as part of our transition to a publicly traded company, as well as incur additional expenses as a result of operating as a public company, including costs to comply with the rules and regulations applicable to companies listed on a Canadian securities exchange and costs related to compliance and reporting obligations pursuant to rules of the Canadian securities commissions. See "*Risk Factors*" for a discussion on the increased expenses we will incur as a result of being a public company. As a result, we expect that general and administrative expenses will increase on an absolute dollar basis but generally decrease as a percentage of total revenues over the long term as we focus on processes, systems and controls to enable our internal support functions to scale with the growth of our business. The percentage may fluctuate from period to period depending on the timing and amount of our general and administrative expenses.

Other income (expenses)

Other income (expenses) consists primarily of transaction gains or losses on foreign currency and finance income and expense. For Fiscal 2018 and Fiscal 2019, other income (expenses) also include changes in the fair value of the embedded derivatives of our convertible debentures. Changes in foreign currency exchange rates from period to period may cause volatility in our earnings as well as impact comparability of our results from period to period.

RESULTS OF OPERATIONS

The following table outlines our consolidated statements of (loss) income and comprehensive (loss) income for Fiscal 2020, Fiscal 2019 and Fiscal 2018:

	Fiscal Year Ended December 31,		
	2020	2019	2018
	\$	\$	\$
(In thousands of U.S. dollars, except share and per share data)			
Revenue	21,070	9,796	5,996
Cost of revenue	4,453	2,043	1,168
Gross profit	16,617	7,753	4,828
Operating expenses			
Sales and marketing	7,498	2,710	1,636
Research and development	6,345	2,617	1,786
General and administrative	4,246	2,119	1,083
Total operating expenses	18,089	7,446	4,505
Income (loss) from operations	(1,472)	307	323
Other income (loss)	179	(16)	(87)
Net (loss) income and comprehensive (loss) income	(1,293)	291	236
(Loss) income per share – basic	\$(0.13)	\$ 0.02	\$ 0.02
(Loss) income per share – diluted	\$(0.11)	\$0.02	\$0.02
Weighted average number of common shares outstanding – basic	10,344,472	13,279,451	13,450,968
Weighted average number of common shares outstanding – diluted	11,436,352	14,308,748	14,560,892

REVIEW OF OPERATIONS FOR FISCAL 2020, FISCAL 2019 AND FISCAL 2018

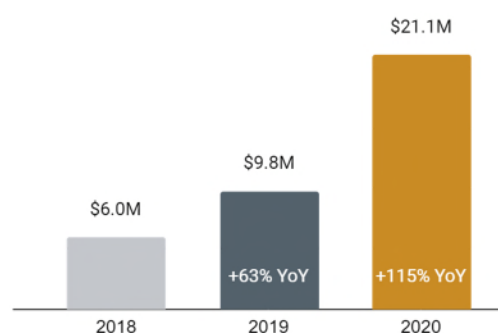
Revenue

	Fiscal	Fiscal	Change	Change	Fiscal	Fiscal	Change	Change
	2020	2019			2019	2018		
	\$	\$	\$	%	\$	\$	\$	%
(In thousands of U.S. dollars, except percentages)								
Revenue	21,070	9,796	11,274	115%	9,796	5,996	3,800	63%

For Fiscal 2020, Fiscal 2019 and Fiscal 2018, revenue was \$21.1 million, \$9.8 million and \$6.0 million, respectively. In each fiscal year, the significant revenue increase was primarily attributable to revenue from new Paying Customers as well as subscription plan upgrades of existing Paying Customers. The increase in the number of new Paying Customers, which rose from 7.1 thousand as at December 31, 2018 to 10.9 thousand as at December 31, 2019 and 24.6 thousand as at December 31, 2020, represents the majority of total revenue growth for these years. ARPU, which rose from \$90 as at December 31, 2018 to \$94 as at December 31, 2019

and \$105 as at December 31, 2020 as a result of subscription plan upgrades, represents the remainder of the increases each fiscal year.

Revenue



Cost of Revenue

	Fiscal 2020	Fiscal 2019	Change	Change	Fiscal 2019	Fiscal 2018	Change	Change
	\$	\$	\$	%	\$	\$	\$	%
(In thousands of U.S. dollars, except percentages)								
Cost of revenue	4,453	2,043	2,410	118%	2,043	1,168	875	75%

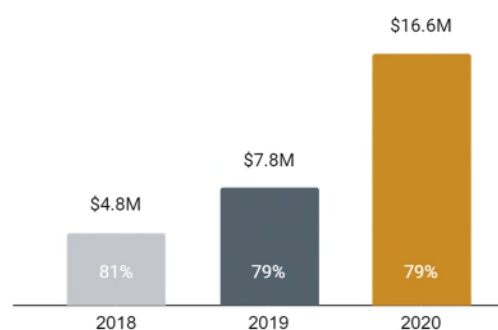
For Fiscal 2020, Fiscal 2019 and Fiscal 2018, cost of revenue was \$4.5 million, \$2.0 million and \$1.2 million, respectively. In each fiscal year, the increase in cost of revenue was due to higher costs associated with supporting a greater number of Course Creators utilizing our Platform, including an increase in support costs, hosting fees and payment processing fees.

Gross Profit

	Fiscal 2020	Fiscal 2019	Change	Change	Fiscal 2019	Fiscal 2018	Change	Change
	\$	\$	\$	%	\$	\$	\$	%
(In thousands of U.S. dollars, except percentages)								
Gross profit	16,617	7,753	8,864	114%	7,753	4,828	2,925	61%
Percentage of revenue	79%	79%		0%	79%	81%		-2%

For Fiscal 2020, Fiscal 2019 and Fiscal 2018, gross profit, being revenue less cost of revenue, was \$16.6 million, \$7.8 million and \$4.8 million, respectively. The increases were primarily due to growth in our subscription revenue as a result of increased Paying Customers. As a percent of revenue, gross profit remained relatively stable period over period.

Gross Profit and Percent of Revenue



OPERATING EXPENSES

Sales and Marketing

	Fiscal 2020 \$	Fiscal 2019 \$	Change \$	Change %	Fiscal 2019 \$	Fiscal 2018 \$	Change \$	Change %
(In thousands of U.S. dollars, except percentages)								
Sales and Marketing	7,498	2,710	4,788	177%	2,710	1,636	1,074	66%
Percentage of revenue	36%	28%		8%	28%	27%		1%

Sales and marketing expenses for Fiscal 2020, Fiscal 2019 and Fiscal 2018 were \$7.5 million, \$2.7 million and \$1.6 million, respectively. In each case, the year over year increase was due to the Company's continued focus on brand awareness to increase the number of Course Creators we serve and the corresponding growth in subscription revenue. This necessitated an increase in the number of employees and related increases in employee salaries and wages. These additional employees are required to support our sales expansion as well as servicing our growing customer base. We also incurred additional costs related to other growth focused investments, specifically advertising costs, sponsored events and commissions to our affiliates. Our sales and marketing expenses as a percentage of revenue increased from 28% to 36% from Fiscal 2019 to Fiscal 2020 and from 27% to 28% from Fiscal 2018 to Fiscal 2019.

Research and Development

	Fiscal 2020 \$	Fiscal 2019 \$	Change \$	Change %	Fiscal 2019 \$	Fiscal 2018 \$	Change \$	Change %
(In thousands of U.S. dollars, except percentages)								
Research and Development	6,345	2,617	3,728	142%	2,617	1,786	831	47%
Percentage of revenue	30%	27%		3%	27%	30%		-3%

Research and development costs for Fiscal 2020, Fiscal 2019 and Fiscal 2018 were \$6.3 million, \$2.6 million and \$1.8 million, respectively. The year over year increases were due to additional salaries and benefits (net of refundable tax credits) as a result of an increase in the headcount of our research and development teams necessary to keep on supporting and improving our Platform and developing related new products. Research and development costs as a percentage of revenue increased from 27% in Fiscal 2019 to 30% in Fiscal 2020 and decreased from 30% in Fiscal 2018 to 27% in Fiscal 2019.

General and Administrative

	Fiscal 2020 \$	Fiscal 2019 \$	Change \$	Change %	Fiscal 2019 \$	Fiscal 2018 \$	Change \$	Change %
(In thousands of U.S. dollars, except percentages)								
General and administrative	4,246	2,119	2,127	100%	2,119	1,083	1,036	96%
Percentage of revenue	20%	22%		-2%	22%	18%		4%

General and administrative expenses for Fiscal 2020, Fiscal 2019 and Fiscal 2018 were \$4.2 million, \$2.1 million and \$1.1 million, respectively. The year over year increases were primarily due to higher salaries and benefits from an increase in personnel in our finance and accounting, legal, people, operations and data teams required to support the Company's growth. We also experienced increases in recruiting, office and general and administrative costs and consulting and professional fees due to significant growth in the operations of the Company.

OTHER INCOME (EXPENSES)

	Fiscal 2020 \$	Fiscal 2019 \$	Change \$	Change %	Fiscal 2019 \$	Fiscal 2018 \$	Change \$	Change %
(In thousands of U.S. dollars, except percentages)								
Other income (expenses)	179	(16)	195	1218%	(16)	(87)	71	82%

Other income (expenses) for Fiscal 2020, Fiscal 2019 and Fiscal 2018 were \$0.2 million, (\$16.0) thousand and (\$0.1) million, respectively. The increase in other income of \$0.2 million, or 1218%, from Fiscal 2019 to Fiscal 2020 was primarily due to an increase in foreign exchange gain of \$0.2 million due to fluctuations in foreign exchange rates. Moreover, Fiscal 2019 includes an expense of \$0.1 million relating to the change in the fair value of the embedded derivatives of our convertible debentures, which was not applicable in Fiscal 2020 as the convertible debentures were exercised in Fiscal 2019. The decrease in other expenses of \$0.1 million, or 82%, from Fiscal 2018 to Fiscal 2019 was primarily due to a decrease in finance expense of \$0.1 million from interest accrued on our convertible debentures.

SELECTED ANNUAL INFORMATION

	Fiscal year ended December 31,		
	2020 \$	2019 \$	2018 \$
(In thousands of U.S. dollars, except per share data)			
Revenue	21,070	9,796	5,996
Net (loss) income	(1,293)	291	236
(Loss) income per share - basic	(0.13)	0.02	0.02
(Loss) income per share - diluted	(0.11)	0.02	0.02
Total assets	12,936	5,712	2,894
Total long-term liabilities	868	1,560	2,164

See "Results of Operations" in this MD&A for a more detailed discussion of the year-over-year changes in revenues and net (loss) income.

TOTAL ASSETS

Fiscal 2020 compared to Fiscal 2019

Total assets increased \$7.2 million, or 126%, from Fiscal 2019 to Fiscal 2020, with cash and cash equivalents accounting for \$5.4 million of the increase. Proceeds from the issuance of common shares and preferred shares accounted for \$3.6 million of the increase in cash and cash equivalents. Accounts receivable increased \$0.6 million from Fiscal 2019 to Fiscal 2020, reflecting growth in revenue. Investment tax credits increased \$0.3 million due to an increase in our research and development expenses. Property and equipment and lease right-of-use assets increased \$0.2 million and \$0.3 million, respectively, mainly from costs incurred with leasehold improvements and the recognition of a lease we entered into during the year.

Fiscal 2019 compared to Fiscal 2018

Total assets increased \$2.8 million, or 97%, from Fiscal 2018 to Fiscal 2019, with cash and cash equivalents accounting for \$2.1 million of the increase. Accounts receivable, prepaid expenses and property and equipment each increased by \$0.2 million, \$0.1 million and \$0.1 million, respectively, reflecting overall growth in the Company. Lease right-of-use assets increased \$0.3 million, net of depreciation expense, due to the recognition of a new lease agreement entered into during the year.

TOTAL LONG-TERM LIABILITIES

Fiscal 2020 compared to Fiscal 2019

Total long-term liabilities decreased \$0.7 million, or 44%, from Fiscal 2019 to Fiscal 2020. The Simple Agreement for Future Equity ("**SAFE Agreement**") entered into during Fiscal 2019 and disclosed in our audited annual consolidated financial statements was converted into preferred shares in 2020, reducing our long-term liabilities by \$0.8 million. The offsetting increase of \$0.1 million is an increase in leases due to the recognition of a new lease agreement entered into in Fiscal 2020.

Fiscal 2018 to Fiscal 2019

Total long-term liabilities decreased \$0.6 million, or 28%, from Fiscal 2018 to Fiscal 2019. The main drivers of the decrease were a decrease of \$1.6 million from the conversion of convertible debentures and a decrease of \$0.1 million from the repayment of shareholder loans, offset by an increase of \$0.8 million from the issuance of the SAFE Agreement.

QUARTERLY RESULTS OF OPERATIONS

The following table sets forth selected unaudited quarterly statements of operations data for each of the eight quarters ended December 31, 2020. The information for each of these quarters has been prepared on the same basis as the audited annual financial statements included elsewhere in this prospectus. This data should be read in conjunction with our audited annual consolidated financial statements and related notes included elsewhere in this prospectus. These quarterly operating results are not necessarily indicative of our operating results for a full year or any future period.

	3 Months Ended							
	Dec 31, 2020	Sep 30, 2020	Jun 30, 2020	Mar 31, 2020	Dec 31, 2019	Sep 30, 2019	Jun 30, 2019	Mar 31, 2019
	(In thousands of U.S. dollars, except share and per share data)							
Revenue	7,224	6,001	4,547	3,298	2,942	2,552	2,287	2,016
Cost of revenue	1,507	1,232	1,029	686	628	538	502	376
Gross Profit	5,717	4,769	3,518	2,612	2,314	2,014	1,785	1,640
Operating expenses								
Sales and marketing	2,281	2,377	1,691	1,149	955	742	568	445
Research and development	2,116	1,749	1,408	1,072	788	699	649	482
General and administrative	1,674	985	924	664	799	548	448	324
Total operating expenses	6,071	5,111	4,023	2,885	2,542	1,989	1,665	1,251
Net (loss) income and comprehensive (loss) income	(354)	(342)	(505)	(273)	(228)	25	120	389
Other income (expense)	(22)	229	119	(147)	27	0	(21)	(23)
Net (loss) income and comprehensive (loss) income	(376)	(113)	(386)	(420)	(201)	25	99	366
(Loss) income per share – basic	(0.04)	(0.01)	(0.04)	(0.04)	(0.02)	0.00	0.01	0.03
(Loss) income per share – diluted	(0.03)	(0.01)	(0.03)	(0.04)	(0.01)	0.00	0.00	0.03
Weighted average common shares outstanding – basic	9,867,769	10,018,007	10,790,897	10,710,039	12,514,082	13,579,778	13,534,328	13,497,120
Weighted average common shares outstanding – diluted	10,946,673	11,074,034	11,844,265	11,824,396	13,570,774	14,542,016	14,559,152	14,586,356

Revenue

Our total quarterly revenue increased sequentially for all periods presented primarily due to an increase in the number of new Paying Customers using our Platform as well as increases in ARPU from subscription plan upgrades of existing Paying Customers.

Cost of Revenue

Our total quarterly costs of revenue increased sequentially for all periods presented. The aggregate increase was primarily due to increased costs associated with supporting and hosting a greater number of Course Creators utilizing our Platform.

Gross Profit

Our total quarterly gross profit increased sequentially for all periods presented due primarily to increased ARPU for existing Course Creators and new Paying Customers.

Operating Expenses

Total operating expenses increased sequentially for all periods presented. The aggregate increase was primarily due to increases in personnel-related expenses as a result of increased headcount and other related expenses to support the growth of our business and related infrastructure.

LIQUIDITY AND CAPITAL RESOURCES

Overview

The general objectives of our capital management strategy reside with the preservation of our capacity to continue operating, in providing benefits to our stakeholders and in providing an adequate return on investment to our shareholders by selling our services at a price commensurate with the level of operating risk assumed by us.

We determine the total amount of capital required consistent with risk levels. This capital structure is adjusted on a timely basis depending on changes in the economic environment and in the risks of the underlying assets. We are not subject to any externally imposed capital requirements.

Working Capital

Our primary sources of cash flows are revenue from operations, equity capital raises and the issuance of debt instruments. Our approach to managing working capital is to ensure, to the extent possible, that we always have sufficient liquidity to meet our liabilities as they become due. We do so by monitoring cash flow and performing budget-to-actual analysis on a regular basis. In addition to the cash balance of \$9.1 million as at December 31, 2020, we have a CDN \$2.3 million credit facility available to be drawn to meet ongoing working capital requirements. Working capital as at December 31, 2020 was \$4.6 million. Excluding our deferred revenue of \$4.8 million, working capital as at December 31, 2020 was \$9.4 million. Given our existing cash and the Facility, along with expected proceeds from the Offering, we believe there is sufficient liquidity to meet our current and short-term financial obligations.

Cash Flows

The following table presents cash and cash equivalents as at December 31, 2020, 2019 and 2018 and cash flows from operating, investing, and financing activities for Fiscal 2020, Fiscal 2019 and Fiscal 2018:

	Fiscal year ended December 31,		
	2020	2019	2018
	\$	\$	\$
	(In thousands of U.S. dollars)		
Cash and cash equivalents	9,066	3,692	1,546
Net cash from (used in):			
Operations	2,633	1,651	937
Investing	(290)	(17)	(11)
Financing	3,148	580	(112)
Effect of foreign exchange on cash and cash equivalents	(117)	(68)	49
Net increase in cash and cash equivalents	5,374	2,146	863

Cash Flows From Operations

Cash flows from operating activities were \$2.6 million in Fiscal 2020 compared to \$1.7 million in Fiscal 2019, representing an increase of \$0.9 million. The increase in cash inflows from operating activities was primarily the result of additional cash inflows from changes in working capital of \$2.1 million (the majority of which was due to an increase in deferred revenue as a result of our revenue growth), as well as an increase in non-cash activities of \$0.5 million, including depreciation, stock-based compensation, foreign exchange and finance expense, partially offset by an increase in net loss of \$1.6 million.

Cash flows from operating activities were \$1.7 million in Fiscal 2019 compared to \$0.9 million in Fiscal 2018. The increase in cash inflows from operating activities is primarily due to additional cash inflows from changes in working capital of \$0.1 million as well as an increase in non-cash activities of \$0.6 million and an increase in net income of \$0.1 million.

Cash Flows Used in Investing Activities

Cash flows used in investing activities were \$0.3 million in Fiscal 2020, \$17.0 thousand in Fiscal 2019 and \$11.0 thousand in Fiscal 2018. The increases in cash outflows from investing activities year over year were due to purchases of property and equipment.

CASH FLOWS FROM/USED IN FINANCING ACTIVITIES

Cash flows from financing activities were \$3.1 million in Fiscal 2020 compared to \$0.6 million in Fiscal 2019. The increase in cash inflows from financing activities of \$2.5 million is primarily due to an increase in net proceeds from the issuance of equity instruments of \$2.8 million, partially offset by an increase in lease liability payments of \$0.2 million.

Cash flows from financing activities were \$0.6 million in Fiscal 2019 compared to cash flows used in financing activities of \$0.1 million in Fiscal 2018. The increase in cash inflows of \$0.7 million is primarily due to proceeds from the issuance of a SAFE Agreement of \$0.8 million, offset by an increase in lease liability payments of \$0.1 million.

Credit Facility

On March 19, 2019, the Company entered into a loan agreement with a Canadian chartered bank, for a revolving demand facility (the "**Facility**") that allows the Company to borrow up to CDN \$2.3 million. The Facility is secured by, among other things, the assets of the Company. The interest rate on the Facility is equal to the bank's prime rate plus 1.5%. As at December 31, 2020, no amounts have been drawn under the Facility.

Contractual Obligations

The following are the remaining contractual maturities of financial liabilities as at December 31, 2020. The amounts are gross and undiscounted and include contractual interest payments:

	Payments due by Period			Total
	< 1 year	1 - 3 years	4 - 6 years	
	\$	\$	\$	\$
(In thousands of U.S. dollars)				
Accounts payable and accrued liabilities	1,498	-	-	1,498
Operating lease obligations	521	700	188	1,409
Total contractual obligations	2,019	700	188	2,907

OFF-BALANCE SHEET ARRANGEMENTS

We have no off-balance sheet arrangements.

RELATED PARTY TRANSACTIONS

Parties related to the Company include shareholders Greg Smith, Matthew Smith and the Rhino Group Permitted Holders, Greg Smith's and Matthew Smith's immediate families, Alpha Score Seminars Inc., an entity co-owned by Greg Smith and Matthew Smith, and key management personnel of the Company.

The compensation paid or payable to key management for services includes their participation in share-based compensation arrangements.

Key management personnel compensation comprised the following:

	Fiscal Year Ended December 31,		
	2020	2019	2018
	\$	\$	\$
	(In thousands of U.S. dollars)		
Salaries and benefits	783	687	196
Stock-based compensation	217	63	7
Total compensation to key management personnel	1,000	750	203

During Fiscal 2019, we entered into a SAFE Agreement in the amount of \$0.8 million (CDN \$1.1 million) with one of the Company's shareholders, Vancouver Founder Fund (VCC) Inc., who is a member of the Rhino Group and who is considered a related party. The SAFE Agreement had no maturity date and bore no interest. The SAFE Agreement provided such shareholder with rights to future equity in the Company. On July 16, 2020, such shareholder converted the SAFE Agreement into 166,710 Class A Preferred Shares for gross proceeds of \$0.8 million (CDN \$1.1 million).

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

Credit and Concentration Risk

Financial instruments that potentially subject us to a significant concentration of credit risk consist primarily of cash and cash equivalents and trade and other receivables. We limit our exposure to credit risk by placing our cash and cash equivalents with high credit quality financial institutions.

Due to our diverse customer base, there is no particular concentration of credit risk related to our trade receivables, and no customer accounts for more than 5% of trade accounts receivable. Moreover, trade receivable balances are managed and analyzed on an ongoing basis to ensure allowances for doubtful accounts are established and maintained at an appropriate amount.

The maximum exposure to credit risk at the reporting date is the carrying value of trade receivables. We do not hold any collateral as security.

Foreign Currency Exchange Risk

We are exposed to foreign currency exchange risk primarily due to our holdings of Canadian dollar denominated cash and cash equivalents, investment tax credits receivable, accounts payable and lease liabilities. The majority of trade and other receivables are denominated in U.S. dollars.

The net carrying value of these Canadian dollar denominated balances as at December 31, 2020 and 2019 was follows:

	Fiscal Year Ended December 31,	
	2020	2019
	\$	\$
	(In thousands of U.S. dollars)	
Cash and cash equivalents	1,250	2,522
Investment tax credits receivable	915	617
Accounts payable and accrued liabilities	(899)	(165)
	<u>1,266</u>	<u>2,974</u>

We limit our exposure to foreign currency exchange risk by holding Canadian denominated cash sufficient to cover Canadian expenditures, thereby creating a natural hedge. We have not entered into any arrangements to hedge our exposure to currency risk.

Based on working capital held at December 31, 2020, a 10% increase in the Canadian dollar against the U.S. dollar, with all other variables held constant, would result in an increase in foreign exchange gains of approximately \$0.2 million recorded against net (loss) income. The sensitivity associated with a 10% weakening of the Canadian dollar against the U.S. dollar would be equal and opposite.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The preparation of our consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. We review our estimates on an ongoing basis based on our best knowledge of current events and actions that we may undertake in the future. Actual results could differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

Areas requiring the most significant estimates and judgements are outlined below. We have determined that we operate in a single operating and reportable segment.

Revenue recognition

Our source of revenue consists of subscriptions to our cloud-based Platform. Subscriptions to the cloud-based Platform may include promises to transfer cloud services and professional services. A performance obligation is a commitment in a contract with a Paying Customer to transfer products or services that are distinct. Determining whether products and services are distinct performance obligations that should be accounted for separately or combined as one unit of accounting may require significant judgment.

Recoverability of deferred tax assets and current and deferred income taxes and tax credits

In assessing deferred income tax assets, we consider whether it is probable that some portion or all of the deferred income tax assets will be realized. The ultimate realization of deferred income tax assets is dependent upon the generation of future taxable income during the years in which those temporary differences become deductible.

Management's judgment is required to determine the amount of deferred income tax assets that can be recognized, based upon the likely timing and the level of future taxable income together with future tax planning strategies.

Share-based payments

The Company uses the Black-Scholes valuation model to determine the fair value of equity settled stock options. Estimates are required for inputs to this model including the fair value of the underlying shares, the expected life of the option, volatility, expected dividend yield and the risk-free interest rate. Variation in actual results for any of these inputs will result in a different value of the stock option realized from the original estimate. The assumptions and estimates used are further outlined in the stock options note.

RECENTLY ISSUED ACCOUNTING STANDARDS NOT YET ADOPTED

From time to time, new accounting pronouncements are issued by the International Accounting Standards Board (“IASB”) or other standards-setting bodies and are adopted as of the specified effective date. No new accounting pronouncements are expected to materially impact the Company as at December 31, 2020.

AUTHORIZED SHARE CAPITAL

We are currently authorized to issue (i) an unlimited number of Common Shares, (ii) an unlimited number of Seed Preferred Shares, issuable in series, (iii) an unlimited number of Class 1 Seed Preferred Shares, (iv) an unlimited number of Class 2 Seed Preferred Shares, (v) an unlimited number of Class A Preferred Shares, issuable in series, (vi) an unlimited number of Series 1 Class A Preferred Shares and (vii) an unlimited number of Series 2 Class A Preferred Shares. As of the date of this prospectus, (i) 9,867,769 Common Shares, (ii) no Seed Preferred Shares, (iii) 2,753,671 Class 1 Seed Preferred Shares, (iv) 1,204,720 Class 2 Seed Preferred Shares, (v) no Class A Preferred Shares, (vi) 166,710 Series 1 Class A Preferred Shares and (vii) 1,639,021 Series 2 Class A Preferred Shares are issued and outstanding.

As described under “*Description of Share Capital - Pre-Closing Capital Changes*”, all of our outstanding Common Shares and Existing Preferred Shares will be converted into Subordinate Voting Shares on a one-for-one basis in connection with the Offering. All of the Subordinate Voting Shares beneficially owned by the Principal Shareholders will be exchanged for an equal number of Multiple Voting Shares pursuant to a share exchange agreement to be entered into between the Company and each of the Principal Shareholders. Upon completion of the Offering, we will no longer have any preferred shares issued or outstanding.

As described under “*Description of Share Capital - Pre-Closing Capital Changes*”, upon the completion of the Pre-Closing Capital Changes, our authorized share capital will consist of (i) an unlimited number of Subordinate Voting Shares, (ii) an unlimited number of Multiple Voting Shares and (iii) an unlimited number of preferred shares, issuable in series. The Subordinate Voting Shares and Multiple Voting Shares rank *pari passu* with respect to the payment of dividends, return of capital and distribution of assets in the event of the liquidation, dissolution or winding up of the Company.

CONSOLIDATED CAPITALIZATION

The following table sets forth our consolidated capitalization as at December 31, 2020: (i) on an actual basis; and (ii) on a pro forma as adjusted basis to give effect to the completion of the Pre-Closing Capital Changes and the Offering. See “*Prior Sales*” and “*Options to Purchase Securities*”. This table is presented and should be read in conjunction with our audited consolidated financial statements for the fiscal year ended 2020 and the related notes included elsewhere in this prospectus and with the information set forth under “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” and “*Description of Share Capital*”.

	As at December 31, 2020 \$	As at December 31, 2020 (after giving effect to the Pre-Closing Capital Changes) \$
	(In thousands of U.S. dollars)	
Cash and cash equivalents	9,066	129,186 ¹
Total debt	-	-
Total shareholders' equity ²	5,309	125,429
Total capitalization	5,309	125,429

Notes:

- (1) The amount included in the table includes the estimated net proceeds of the Offering after deducting the estimated expenses of the Offering and assuming no exercise of the Over-Allotment Option. The amount does not reflect the use of proceeds set out under "Use of Proceeds".
- (2) As of December 31, 2020, the Company was authorized to issue (i) an unlimited number of Common Shares, (ii) an unlimited number of Seed Preferred Shares, issuable in series, (iii) an unlimited number of Class 1 Seed Preferred Shares, (iv) an unlimited number of Class 2 Seed Preferred Shares, (v) an unlimited number of Class A Preferred Shares, issuable in series, (vi) an unlimited number of Series 1 Class A Preferred Shares and (vii) an unlimited number of Series 2 Class A Preferred Shares. As of December 31, 2020, (i) 9,867,769 Common Shares, (ii) no Seed Preferred Shares, (iii) 2,753,671 Class 1 Seed Preferred Shares, (iv) 1,204,720 Class 2 Seed Preferred Shares, (v) no Class A Preferred Shares, (vi) 166,710 Series 1 Class A Preferred Shares and (vii) 1,639,021 Series 2 Class A Preferred Shares are issued and outstanding. As a result of the Pre-Closing Capital Changes, the Company's authorized share capital immediately prior to the Closing will consist of (i) an unlimited number of Subordinate Voting Shares, (ii) an unlimited number of Multiple Voting Shares and (iii) an unlimited number of preferred shares, issuable in series. Immediately prior to the Closing, all of the issued and outstanding Existing Preferred Shares will be converted into common shares on a one-for-one basis in accordance with their terms, the whole as described under "Description of Share Capital". Immediately following Closing and assuming no exercise of the Over-Allotment Option, 56,993,752 Multiple Voting Shares, 17,843,812 Subordinate Voting Shares and no preferred shares will be issued and outstanding. See "Description of Share Capital – Pre-Closing Capital Changes".

OPTIONS TO PURCHASE SECURITIES

The following table sets forth the aggregate number of options to purchase Subordinate Voting Shares outstanding as of the date of this prospectus, as adjusted to give effect to the Pre-Closing Capital Changes as a result of which, among other things, all of the outstanding options to acquire Common Shares under the Legacy Option Plan will become options to acquire Subordinate Voting Shares.

Category of Holder	Number of Subordinate Voting Shares issuable under Options ⁽²⁾	Exercise price per Option ⁽¹⁾⁽²⁾	Expiration Date
All of our executive officers and past executive officers, as a group (6 in total) (" Executive Officer Recipients ")	3,097,372	\$0.3015	From October 28, 2023 to July 1, 2030
All of our directors and past directors who are not also executive officers, as a group (nil in total) (" Director Recipients ")	-	-	-
All of our other employees and past employees, as a group (243 in total) (" Employee Recipients ")	2,378,484	\$0.8546	From July 6, 2025 to December 7, 2030

All of our consultants, as a group **(7 in total)** (“**Consultant Recipients**”)

26,000

\$2.4381

From December 2, 2029 to October 1, 2030

- (1) Represents the weighted average exercise price of all outstanding options to purchase Subordinate Voting Shares, whether vested or unvested, converted into U.S. dollars from Canadian dollars at the Bank of Canada daily rate of exchange of 0.7985 as at April 21, 2021.
- (2) All figures have been adjusted assuming the Share Split has been completed on the basis of four post-split Subordinate Voting Shares for each one pre-split Subordinate Voting Share. The exercise prices per option have also been adjusted to reflect the Share Split.

For a description of our equity-based incentive compensation plans, see “*Executive Compensation – Principal Elements of Compensation*”.

In addition to the foregoing, the Company expects to grant additional options to purchase 1,247,100 Subordinate Voting Shares, as adjusted to give effect to the Pre-Closing Capital Changes, under the Omnibus Incentive Plan to certain directors, officers, employees, and consultants of the Company prior to the completion of the Offering .

Optionee	Number of Subordinate Voting Shares issuable under Options ⁽¹⁾
Executive Officer Recipients	72,000
Director Recipients	-
Employee Recipients	1,159,100
Consultant Recipients	16,000

Notes:

- (1) The number of Subordinate Voting Shares issuable under the options has been adjusted assuming the Share Split has been completed on the basis of four post-split Subordinate Voting Shares for each one pre-split Subordinate Voting Share.

Following the grant of such options, as adjusted to give effect to the Pre-Closing Capital Changes, the Company will have 6,748,956 Subordinate Voting Shares issuable pursuant to the outstanding options, which is expected to represent 37.8% of the outstanding Subordinate Voting Shares on completion of the Offering. Such granted options will be subject to the closing of the Offering.

PRIOR SALES

The following table summarizes issuances of Subordinate Voting Shares, or securities convertible into Subordinate Voting Shares, during the 12-month period preceding the date of this prospectus. As part of the Pre-Closing Capital Changes, our outstanding Common Shares and Existing Preferred Shares will become Subordinate Voting Shares and Multiple Voting Shares, and all of the outstanding options to acquire Common Shares under the Legacy Option Plan will become options to acquire Subordinate Voting Shares. See “*Description of Share Capital – Pre-Closing Capital Changes*”.

Date of Issuance	Type of Security	Issuance/Exercise Price per Security	Number of Securities Issued ⁽⁸⁾
March 17, 2020	Common Shares ⁽¹⁾	CDN\$0.200	93,406
March 17, 2020	Options	CDN\$6.88	1,000
March 23, 2020	Options	CDN\$6.88	2,000
March 30, 2020	Options	CDN\$6.88	750
April 6, 2020	Options	CDN\$11.88	1,750
April 20, 2020	Options	CDN\$11.88	3,750
May 1, 2020	Options	CDN\$11.88	31,000
May 4, 2020	Options	CDN\$11.88	3,750

Date of Issuance	Type of Security	Issuance/Exercise Price per Security	Number of Securities Issued⁽⁸⁾
May 11, 2020	Options	CDN\$11.88	41,500
May 18, 2020	Common Shares ⁽¹⁾	CDN\$0.335	2,833
May 19, 2020	Options	CDN\$11.88	750
May 22, 2020	Common Shares ⁽¹⁾	CDN\$1.67	3,437
May 25, 2020	Options	CDN\$11.88	12,250
June 1, 2020	Options	CDN\$11.88	5,500
June 15, 2020	Options	CDN\$11.88	2,250
June 22, 2020	Options	CDN\$11.88	750
June 29, 2020	Options	CDN\$11.88	3,000
July 1, 2020	Options	CDN\$14.42	15,000
July 6, 2020	Options	CDN\$14.42	2,250
July 13, 2020	Options	CDN\$14.42	2,250
July 16, 2020	Common Shares ⁽¹⁾⁽²⁾	CDN\$0.18	45,000
July 16, 2020	Common Shares ⁽¹⁾⁽²⁾	CDN\$0.15	45,000
July 16, 2020	Common Shares ⁽¹⁾⁽²⁾	CDN\$2.40	5,000
July 16, 2020	Series 1 Class A Preferred Shares ⁽³⁾	CDN\$6.29836	166,710
July 16, 2020	Series 2 Class A Preferred Shares ⁽⁴⁾	CDN\$13.30284	314,234
July 16, 2020	Series 2 Class A Preferred Shares ⁽⁵⁾	N/A	1,031,090
July 16, 2020	Series 2 Class A Preferred Shares ⁽⁶⁾	N/A	234,576
July 20, 2020	Options	CDN\$14.42	750
July 24, 2020	Common Shares ⁽¹⁾	CDN\$0.335	9,541
July 27, 2020	Options	CDN\$14.42	3,500
August 4, 2020	Options	CDN\$14.42	3,000
August 10, 2020	Options	CDN\$14.42	3,000
August 17, 2020	Options	CDN\$14.42	3,000
August 24, 2020	Options	CDN\$14.42	2,500
August 31, 2020	Options	CDN\$14.42	1,500
September 8, 2020	Options	CDN\$14.42	3,000
September 21, 2020	Options	CDN\$14.42	6,250
September 28, 2020	Options	CDN\$14.42	25,000
September 30, 2020	Options	CDN\$14.42	1,000
October 1, 2020	Options	CDN\$16.77	3,000
October 5, 2020	Options	CDN\$16.77	2,000
October 17, 2020	Options	CDN\$16.77	500
October 19, 2020	Options	CDN\$16.77	3,000
November 1, 2020	Options	CDN\$16.77	1,000

Date of Issuance	Type of Security	Issuance/Exercise Price per Security	Number of Securities Issued⁽⁸⁾
November 2, 2020	Options	CDN\$16.77	4,500
November 16, 2020	Options	CDN\$16.77	5,350
November 18, 2020	Series 2 Class A Preferred Shares ⁽⁷⁾	CDN\$13.30284	59,121
December 7, 2020	Options	CDN\$16.77	5,000
April 1, 2021	Options	CDN\$13.00	311,775

Notes:

- (1) Common Shares issued upon the exercise of options.
- (2) Common Shares exchanged into Series 2 Class A Preferred Shares.
- (3) Series 1 Class A Preferred Shares issued to Vancouver Founder Fund (VCC) Inc. on the SAFE Conversion.
- (4) Series 2 Class A Preferred Shares issued to Vancouver Founder Fund Limited Partnership, VFF II Limited Partnership and Rhino Co-Invest 1 Limited Partnership under the first tranche of the 2020 Financing.
- (5) Series 2 Class A Preferred Shares issued upon exchange of Common Shares.
- (6) Series 2 Class A Preferred Shares issued upon exchange of Class 1 Preferred Shares.
- (7) Series 2 Class A Preferred Shares issued under the second tranche of the 2020 Financing.
- (8) The amounts referred to in the column do not reflect the Share Split of our outstanding equity securities in connection with the Pre-Closing Capital Changes.

DIRECTORS AND EXECUTIVE OFFICERS

The following table sets forth the name of each director and executive officer of the Company as at the date of this prospectus, their province or state and country of residence, their position(s) and office(s) held with the Company, their principal occupation(s) during the preceding five years, the date they became a director or executive officer of the Company and the number and percentage (after giving effect to the Offering) of Subordinate Voting Shares and Multiple Voting Shares they beneficially own, or control or direct, directly or indirectly. Each director's term will expire at the end of the next annual meeting of shareholders of the Company.

Name, Residence and Position with Thinkific	Position and Principal Occupation in the Past Five Years	Date Appointed⁽¹⁾	Number and Percentage of Subordinate Voting Shares and Multiple Voting Shares to be Held (after giving effect to the Offering)
Greg Smith British Columbia, Canada Chief Executive Officer, Director	2012 – Present, Chief Executive Officer, Thinkific Labs Inc. 2010 – Present, Chief Executive Officer and Co-Founder of Alpha Score Seminars Inc.	April 11, 2012	26,000,000 (34.7%)
Matthew Smith British Columbia, Canada Chief Strategy Officer	2021 – Present, Chief Strategy Officer, Thinkific Labs Inc 2012 – 2021, Past Director, Thinkific Labs Inc. 2014 – 2021, Chief Operating Officer, Victory Square Media Inc. (dba Later.com) 2010 – Present, Co-Founder of Alpha Score Seminars Inc.	March 22, 2021	10,255,640 (13.7%)

Name, Residence and Position with Thinkific	Position and Principal Occupation in the Past Five Years	Date Appointed⁽¹⁾	Number and Percentage of Subordinate Voting Shares and Multiple Voting Shares to be Held (after giving effect to the Offering)
Matt Payne British Columbia, Canada Chief Technology Officer	2015 – Present, Chief Technology Officer, Thinkific Labs Inc.	September 15, 2015	Nil (Nil%)
Miranda Lievers British Columbia, Canada Chief Operating Officer	2015 – Present, Chief Operating Officer, Thinkific Labs Inc.	October 1, 2015	Nil (Nil%)
Craig Ryomoto British Columbia, Canada Chief Revenue Officer	2019 – Present, Chief Revenue Officer, Thinkific Labs Inc. 2018 – 2019, Chief Revenue Officer, Bench Accounting Inc. 2011 – 2018, Vice President Growth, Hootsuite, Inc.	October 1, 2019	Nil (Nil%)
Corinne Hua British Columbia, Canada Chief Financial Officer	2020 – Present, Chief Financial Officer, Thinkific Labs Inc. 2015 – 2019, Chief Financial Officer, Traction Sales & Marketing Inc.	May 27, 2020	Nil (Nil%)
Braden Fraser Hall British Columbia, Canada Chairperson, Director ⁽⁴⁾	2016 – Present, Director, Thinkific Labs Inc. 2015–Present, Partner Rhino Ventures	March 4, 2016	22,658,112 (30.3%)
Lisa Shields British Columbia, Canada Director ⁽²⁾⁽³⁾⁽⁴⁾	2020 – Present, Director, Thinkific Labs Inc. 2016 – Present, Chief Technology Officer and Chief Executive Officer, FISPAN Services Inc.	July 27, 2020	30,068 (0.04%)
Brandon Nussey Ontario, Canada Director ⁽²⁾⁽³⁾⁽⁴⁾	2018 – Present, Chief Financial Officer, Lightspeed POS Inc. 2010 – 2018, Chief Financial Officer, Desire2Learn Inc.	March 3, 2021	Nil (Nil%)
Katie May Director ⁽²⁾⁽³⁾⁽⁴⁾	2020 – Present, Consultant and Director, Stamps.com, Inc.	April 2, 2021	Nil (Nil%)

Name, Residence and Position with Thinkific	Position and Principal Occupation in the Past Five Years	Date Appointed ⁽¹⁾	Number and Percentage of Subordinate Voting Shares and Multiple Voting Shares to be Held (after giving effect to the Offering)
	2012 – 2020, Chief Executive Officer, ShippingEasy, Inc.		

Notes:

- (1) All of the directors' appointments expire at the next annual meeting of the shareholders of the Company.
- (2) Member of our Audit Committee, with Brandon Nussey as chair.
- (3) Member of our Compensation, Corporate Governance and Nominating Committee, with Lisa Shields as chair.
- (4) Independent director for the purposes of National Instrument 58-101 – *Disclosure of Corporate Governance Practices* ("NI 58-101").

BIOGRAPHICAL INFORMATION REGARDING THE COMPANY'S DIRECTORS AND EXECUTIVE OFFICERS

Braden Fraser Hall, BSc, MBA, Board Member, Chairperson of the Board of Directors

Fraser has served as a board member and strategic advisor of Thinkific since 2016. Fraser is the founder and principal of Rhino Ventures, a venture capital fund that focuses on high growth technology companies in Western Canada. As a founder himself, Fraser has a wealth of experience from building and scaling both Recon Instruments, which he successfully sold to Intel, and Article.com, for which he continues to serve as a board member. Fraser received his Bachelor of Computer Science degree from the University of Western Ontario and his MBA from the UBC Sauder School of Business.

Lisa Shields, MSc, Board Member

Lisa has served as a board member of Thinkific since 2020. Lisa is the founder and Chief Executive Officer of FISPAN, a platform that allows banks to deploy new products rapidly for commercial clients. She brings over 20 years of executive leadership experience to the team. FISPAN is Lisa's second financial technology startup - she also founded and led Hyperwallet Systems Inc. for 15 years, a global payments processor for business to consumer mass payouts. Lisa is a member of the Canadian FinPay Committee and was formerly a senior fellow with the Creative Destruction Lab. Lisa holds an MSc from Massachusetts Institute of Technology.

Brandon Nussey, CPA, Board Member

Brandon has served as a board member to Thinkific since March 3, 2021. Brandon also currently serves as Chief Financial Officer at Lightspeed (TSX: LSPD). Brandon brings almost 20 years of technology leadership experience to the board. Prior to joining Lightspeed, Brandon was the Chief Financial Officer at D2L Inc., a SaaS-based education technology provider and from 2000 to 2007, Brandon held various roles at The Descartes Systems Group, ultimately being appointed as the Chief Financial Officer in 2003. Brandon is a Chartered Accountant and holds an Honours in Business Administration from Wilfrid Laurier University.

Katie May, BA, MBA, Board Member

Katie has served as a board member to Thinkific since April 2, 2021. She currently serves as an independent director on the boards of Rokt, a global leader in ecommerce marketing technology, Vivi, a leading Australia-based education technology company, Alkuri Global Acquisition Corp (Nasdaq: KURI), a blank check company focused on the technology sector and as a non-executive director of Stamps.com, Inc. (Nasdaq: STMP), the leading provider of eCommerce shipping software in the US. As an operator, Katie led three technology companies to successful exits, including her own Australian based start-up, Kidspot. Katie earned her Bachelors in Accounting and MBA, both with Honours, from the University of Texas.

Greg Smith, BComm, LLB, Chief Executive Officer, Co-Founder, Board Member

Greg is the Chief Executive Officer and co-founder of Thinkific. Greg is responsible for the overall strategic direction of the Company and our Platform. Greg is co-founder and Chief Executive Officer and a course creator at AlphaScore.com, a customer of Thinkific. Prior to Thinkific, Greg practiced securities and corporate law.

Greg holds a BComm and LLB from the University of British Columbia.

BIOGRAPHICAL INFORMATION REGARDING THE COMPANY'S EXECUTIVE OFFICERS THAT DO NOT SERVE AS DIRECTORS

Miranda Lievers, MBA, Chief Operating Officer, Co-Founder

Miranda is the Chief Operating Officer and co-founder of Thinkific. Miranda's role is to oversee all operations and business activities to ensure they produce the desired results and are consistent with the overall strategy and mission. In conjunction, she is responsible for hiring and culture of the Company. She's an experienced technology leader, who brings more than 20 years of industry experience to her role. Earlier in her career, Miranda spent seven years at Telus in progressive leadership roles, helping to scale customer technical support through significant growth with the launch and adoption of high-speed internet service across Canada. She left Telus in order to grow her own small business and support other entrepreneurs. Miranda holds an MBA from Athabasca University.

Corinne Hua, BA, CPA, Chief Financial Officer

Corinne is the Chief Financial Officer of Thinkific and brings with her over 20 years experience working as a senior financial executive. Corinne's role is to provide leadership, strategic recommendation, direction and management of the finance, accounting, reporting, controls and legal team. Prior to joining Thinkific, Corinne was the Chief Financial Officer of Traction Sales & Marketing Inc., the Vice President Finance for Axia NetMedia Corporation (TSX: AXX), where she oversaw Axia's North American and international financial operations for eight years, and several other senior financial positions at fast-growing technology companies. Corinne holds a BA in Economics from the University of Calgary and is a Certified Professional Accountant.

Matt Payne, BSc, Chief Technology Officer, Co-Founder

Matt Payne is the Chief Technology Officer and co-founder of Thinkific. Matt's role is to develop the company's strategy around its technological resources, ensure those resources are used efficiently, profitably and securely. Since being promoted to the role of Chief Technology Officer in 2015 and as a co-founder, Matt has led Thinkific's technical architecture, building and scaling the engineering division from the ground up. Matt has over 17 years of experience in software development in a wide range of sectors (including oil & gas, communications and e-learning), and in a wide range of company sizes (from startups to large enterprises). Matt holds a BSc in Natural Science from Lakehead University with a diploma in Object Oriented Software Technology from the University of Calgary.

Craig Ryomoto, BSc, MBA, Chief Revenue Officer

As Chief Revenue Officer, Craig's role is to oversee Thinkific's main revenue streams, including but not limited to: marketing, growth, sales, and data. Craig has over 10 years of experience in SaaS in leadership roles. Before Thinkific, Craig worked at Bench Accounting as the Chief Revenue Officer and in various roles at Hootsuite including as VP Growth. Craig has experience creating and operationalizing global growth strategies for online/self-service businesses. Craig holds a BSc in Mathematics from the University of British Columbia and an MBA from Simon Fraser University.

Matt Smith, BSc. Chief Strategy Officer, Co-founder

Matt is the Chief Strategy Officer and co-founder of Thinkific. Matt's role, in conjunction with the Chief Executive Officer, is the development, communication and execution of the corporate strategic initiatives. Matt is a co-founder at AlphaScore.com, a customer of Thinkific. Matt has 14 years experience in technology companies that have included product, technology, growth and marketing roles. Matt was Chief Technology Officer of Thinkific from April 2012 until 2014 and served as a member of our board of directors from April 2012, until March 2021. Prior to rejoining Thinkific Matt co-founded Later.com and served as their Chief Operating Officer and board member from 2014-2021 and 2014-present respectively. Matt holds a BSc in Cell Biology & Genetics from the University of British Columbia.

OWNERSHIP INTEREST

As a group, our directors and executive officers will beneficially own, or control or direct, directly or indirectly, a total of 56,993,752 Multiple Voting Shares, representing 100% of the Multiple Voting Shares, and 30,068 Subordinate Voting Shares, representing approximately 0.54% of the Subordinate Voting Shares (on a non-diluted basis), in each case outstanding immediately following Closing (assuming completion of the Pre-Closing Capital Changes, and no exercise of the Over-Allotment Option).

CEASE TRADE ORDERS, BANKRUPTCIES, PENALTIES OR SANCTIONS

None of the Company's directors or executive officers are, as at the date of this prospectus, or have been within ten years before the date of this prospectus, a director, chief executive officer or chief financial officer of any company (including the Company) that:

- was subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer, or
- was subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

Except as disclosed below, none of the Company's directors, executive officers or shareholders holding a sufficient number of the Company's securities to materially affect the control of the Company:

- is, as at the date of this prospectus, or has been within the ten years before the date of this prospectus, a director or executive officer of any company (including the Company) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets;
- has, within the ten years before the date of this prospectus, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder;

- has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- has been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

Mr. Braden Fraser Hall was a director of AvenueHQ Technology Inc. ("**Avenue**") from May 7, 2018 until January 3, 2020. Avenue was a portfolio company investment of Rhino Ventures, a venture capital fund founded by Mr. Hall that focuses on high growth technology companies in Western Canada. Mr. Hall joined the Avenue board in connection with Rhino Venture's investment in Avenue. In 2019, Rhino determined that it would not participate in any further financing or corporate reorganization transactions that Avenue would be required to pursue, and Mr. Hall resigned from the board of Avenue on January 3, 2020.

Subsequent to Mr. Hall's tenure on Avenue's board, on November 5, 2020, Avenue filed a Notice of Intention to Make a Proposal pursuant to subsection 50.4(1) of the Bankruptcy and Insolvency Act, and on November 27, 2020, Avenue filed an assignment into bankruptcy.

EXECUTIVE COMPENSATION

This Prospectus is being filed for the purposes of Thinkific becoming a reporting issuer in the provinces of Canada. Prior to obtaining a receipt for this prospectus from securities regulatory authorities in the provinces of Canada, the Company was not a reporting issuer in any jurisdiction. As a result, certain information required by Form 51-102F6 – *Statement of Executive Compensation* ("**Form 51-102F6**") has been omitted pursuant to Section 1.3(8) of Form 51-102F6.

NAMED EXECUTIVE OFFICERS

Securities legislation requires the disclosure of the compensation received by each Named Executive Officer of the Company. "Named Executive Officer" is defined by securities legislation to mean: (i) the Chief Executive Officer; (ii) the Chief Financial Officer; (iii) each of the three most highly compensated executive officers of the Company, including any of its subsidiaries, or the three most highly compensated individuals acting in a similar capacity, other than the Chief Executive Officer and Chief Financial Officer, at the end of the most recently completed financial year whose total compensation was, individually more than CDN\$150,000 for that financial year; and (iv) each individual who would be a "Named Executive Officer" under paragraph (iii) but for the fact that the individual was neither an executive officer of the Company or its subsidiaries, nor acting in similar capacity, at the end of the most recently completed financial year.

Upon completion of the Offering, the Company expects to have the following Named Executive Officers (collectively, the "**Named Executive Officers**" or "**NEOs**"):

- Greg Smith, Chief Executive Officer;
- Miranda Lievers, Chief Operating Officer;
- Corinne Hua, Chief Financial Officer;
- Craig Ryomoto, Chief Revenue Officer; and
- Matt Payne, Chief Technology Officer.

The compensation expected to be paid to our NEOs for Fiscal 2021, which will be our first year as a public company, is summarized below under "*Summary Compensation Table*".

OVERVIEW

We operate in a dynamic and rapidly evolving market. To succeed in this environment and to achieve our business and financial objectives, we need to attract, retain and motivate a highly talented team of executive officers. We expect our team to possess and demonstrate strong leadership and management capabilities, as well as foster our culture, which is at the foundation of our success and remains a pivotal part of our everyday operations.

We designed our executive officer compensation program to achieve the following objectives:

- provide compensation opportunities in order to attract and retain talented, high-performing and experienced executive officers, whose knowledge, skills and performance are critical to our success;
- motivate our executive officers to achieve our business and financial objectives;
- align the interests of our executive officers with those of our shareholders by tying a meaningful portion of compensation directly to the long-term value and growth of our business; and
- provide incentives that encourage appropriate levels of risk-taking by our executive officers and provide a strong pay-for-performance relationship.

The discussion contained in this prospectus reflects the Company's current proposed compensation structure and may be subject to further change. The anticipated compensation is based on current conditions and agreements and is subject to change.

As we transition from being a privately-held company to a publicly-traded company, we will continue to evaluate our compensation philosophy and compensation program as circumstances require and plan to continue to review compensation on an annual basis. As part of this review process, we expect to be guided by the philosophy and objectives outlined above, as well as other factors which may become relevant, such as the cost to us if we were required to find a replacement for a key employee.

COMPENSATION DISCUSSION AND ANALYSIS

Compensation Objectives and Philosophy

Our compensation practices are designed to retain, motivate and reward our executive officers for their performance and contribution to our short- and long-term success. The Board seeks to compensate executive officers by combining short-term and long-term cash and equity incentives. It also seeks to reward the achievement of corporate and individual performance objectives, and to align executive officers' incentives with the Company's performance. The Company's philosophy is to pay fair, reasonable and competitive compensation with a significant equity-based component in order to align the interest of the Company's executive officers with those of its shareholders.

Compensation plays an important role in achieving short and long-term business objectives that ultimately drive business success. The Company's compensation philosophy includes fostering entrepreneurship at all levels of the organization by making long-term equity-based incentives a significant component of executive compensation. Upon completion of the Offering, executive compensation will consist of a base salary and equity compensation in the form of long-term incentive stock options, designed to be competitive with comparable employers and to align management's compensation with the long-term interests of the Company's shareholders. Equity compensation is designed to allow the participants to enjoy the benefits of any increase in Company valuation and share price, should such an increase occur.

Aligning the Interests of the NEOs with the Interests of the Company's Shareholders

The Company believes that transparent, objective and easily verified corporate goals, combined with individual performance goals, play an important role in creating and maintaining an effective compensation strategy for the NEOs. The Company's objective is to establish benchmarks and targets for its NEOs which, if achieved, will enhance shareholder value.

In early 2021, the Company retained Willis Towers Watson, an independent consulting firm, to provide services to the Company in connection with executive officer and director compensation matters for the fiscal year ending December 31, 2021, including, among other things, to:

- assist in establishing a peer comparator group of public companies with similar attributes to the Company as it relates to revenues, industry, growth profile, enterprise value and number of employees for the purpose of benchmarking its compensation policies and plans;
- conduct an assessment of current cash and equity-based compensation for the Company's executive officers and directors as compared to similar roles at the selected peer group companies;
- conduct a review of the Company's current equity-based compensation plan and provide guidance on market practice of other public companies with respect to equity-based compensation, together with design considerations for post-IPO long-term incentive plans;
- conduct a review of executive officer contracts and key terms and conditions contained therein; and
- conduct a review of comparator group equity reserve practices and modelling of appropriate equity awards and equity reserve life.

The Compensation, Corporate Governance and Nominating Committee considered the information provided by Willis Towers Watson and the recommendations it made in connection with the above; however, the decisions made regarding final compensation and incentive plan design were made by, and are the responsibility of, the Board on the recommendation of the Compensation, Corporate Governance and Nominating Committee.

The current 2021 fiscal year is the first fiscal year a compensation consultant has been retained to provide services with respect to the Company's executive officer and director compensation. As part of its engagement with Willis Towers Watson, the Company identified a peer group of companies for the purpose of benchmarking executive and director compensation. The peer group is comprised of the following comparable companies:

Asana, Inc.	BTRS Holdings Inc.	Digital Turbine, Inc
Docebo Inc.	Dye & Durham Limited	Domo, Inc.
FuboTV Inc.	Kinaxis Inc.	Lightspeed POS Inc.
Mitek Systems, Inc.	PagerDuty, Inc.	ShotSpotter, Inc.
Repay Holdings Corporation	Sprout Social, Inc.	
Sumo Logic, Inc.	Veritone, Inc.	

As a private company transitioning to a public company, the peer group above was calibrated to the Company's size (in terms of revenue and market capitalization) prior to the Offering. It is the intention of the Compensation, Corporate Governance and Nominating Committee to continue to use both a compensation peer group and size- and industry-appropriate survey data to inform annual compensation decisions. In anticipation of the annual compensation review process for our NEOs, the peer group and survey data size ranges will be revisited annually to ensure alignment with our growth profile.

Executive Compensation-Related Fees

As of February 28, 2021, the Company accrued fees of CDN\$ 70,000 for services related to determining compensation for the Company's directors and executive officers. There were no executive compensation-related fees paid in Fiscal 2020 or Fiscal 2019.

PRINCIPAL ELEMENTS OF COMPENSATION

Given the evolving nature of the Company's business, the Board will continue to review and redesign the overall compensation plan for senior management so as to continue to address the objectives identified above.

We may adopt additional incentive mechanisms or arrangements to provide us with future flexibility in the design of our long-term incentive compensation arrangement in the form of restricted share units and/or performance share unit grants for our officers and employees or eligible directors.

Base salary comprises a portion of the total annual cash-based compensation that an NEO is paid; however, equity compensation represents compensation that is "at risk" and thus may or may not be paid to the respective NEO depending on: (i) whether the NEO is able to meet or exceed his or her applicable individual performance objectives; (ii) whether the Company has met its operational and corporate performance objectives; and (iii) market performance of the Company's common shares relative to the market and peer common share performance.

Base Salaries

Base salary is provided as a fixed source of compensation for our executive officers. Base salaries for executive officers are established based on the scope of their responsibilities, competencies, and their prior relevant experience, taking into account compensation paid in the market for similar positions and the market demand for such executive officers. An executive officer's base salary is determined by taking into consideration the executive officer's total compensation package and the Company's overall compensation philosophy. Adjustments to base salaries will be determined annually and may be increased based on factors such as the executive officer's success in meeting or exceeding individual objectives and an assessment of the competitiveness of the then current compensation. Additionally, base salaries can be adjusted as warranted throughout the year to reflect promotions or other changes in the scope or breadth of an executive officer's role or responsibilities, as well as to maintain market competitiveness.

Long-Term Incentive Compensation

Equity-based awards are a variable element of compensation that allows us to incentivize and retain our executive officers for their sustained contributions to the Company. Additionally, providing a significant portion of an executive's total compensation in the form of long-term equity is intended to ensure alignment with shareholder interests. We believe that options, restricted share units ("**RSUs**"), performance share units ("**PSUs**") and stock appreciation rights ("**SARs**") provide executive officers with a strong link to long-term corporate performance and an increase in shareholder value. In connection with the grants of equity-based awards, the Compensation, Corporate Governance and Nominating Committee determines the grant size and terms to be recommended to the Board. As part of their ongoing review of the Company's compensation practices as we transition into a publicly-listed issuer, the Compensation, Corporate Governance and Nominating Committee and the Board will be determining the precise go-forward structure of long-term incentive compensation both in terms of quantum and instrument mix.

EQUITY INCENTIVE PLANS

On March 4, 2016, we established our stock option plan and on July 16, 2020, we amended and restated our stock option plan ("**Legacy Option Plan**"). In connection with the Offering, we will amend the Legacy Option Plan such that no further awards will be made under the Legacy Option Plan. As part of the Pre-Closing Capital

Changes, all of the outstanding options to acquire Common Shares under the Legacy Option Plan will become options to acquire Subordinate Voting Shares. See “Description of Share Capital – Pre-Closing Capital Changes”. In connection with the Offering, we will also adopt an omnibus incentive plan (the “**Omnibus Incentive Plan**”) which will allow our Board to grant long-term equity-based awards, including RSUs, PSUs and SARs to eligible participants.

LEGACY OPTION PLAN

We have previously granted options to acquire Common Shares to certain executive officers, employees and consultants under the Legacy Option Plan. As part of the Pre-Closing Capital Changes, all of the outstanding options to acquire Common Shares under the Legacy Option Plan will become options to acquire Subordinate Voting Shares. The Board is responsible for administering the Legacy Option Plan and has the ability to delegate its powers in administering the Legacy Option Plan to the Compensation, Corporate Governance and Nominating Committee, subject to the terms and conditions contained therein. The following discussion is qualified entirely by the full text of the Legacy Option Plan. No additional options will be granted under the Legacy Option Plan.

The Legacy Option Plan allows for the grant of options to our directors, officers, full-time employees and consultants and those of our affiliates, as designated from time to time by the Board. Pursuant to the Legacy Option Plan, the Committee has the authority to determine the individuals to whom options may be granted and to grant options in such amounts and, subject to the provisions of the Legacy Option Plan, on such terms and conditions as it determines, including but not limited to: (i) the time or times at which options may be granted, (ii) the exercise price, (iii) the time or times when each option becomes exercisable and the duration of the exercise period (provided however that the exercise period may not exceed seven years), (iv) whether restrictions or limitations are to be imposed on the Subordinate Voting Shares underlying options and the nature of such restrictions or limitations, (v) any acceleration of exercisability or waiver of termination regarding any option, (vi) the modification, extension or renewal of outstanding options and granting of new options in substitution therefore, (vii) the vesting schedule for the options, and (viii) all other terms and conditions of the options.

Following the Pre-Closing Capital Changes, but not reflecting the Share Split, there will be 1,375,464 options outstanding under the Legacy Option Plan.

Unless otherwise specified by the Board, in its sole discretion, an option granted under the Legacy Option Plan expires and terminates on the earliest of (i) the 4:30 p.m. Vancouver time on the Expiry Date set forth in the Stock Option Certificate; or (ii) subject to any vesting requirements or termination provisions attached to specific options, the termination of a participant as follows:

- (a) on the Termination Date (as defined in the Legacy Option Plan) upon termination of the participant prior to the date that is the one-year anniversary of the date on which the participant became employed by the corporation as specified in the Stock Option Certificate;
- (b) on the Termination Date upon termination for cause of the option holder’s employment with the Company or any of its affiliates, as applicable;
- (c) the earlier of (i) 30 days after the Termination Date or (ii) the Expiry Date (as defined in the Legacy Option Plan) for such options upon termination without cause;
- (d) the earlier of (i) six months after the Termination Date or (ii) the Expiry Date for such options upon termination as a result of death; or
- (e) unless specifically determined otherwise by the Compensation, Corporate Governance and Nominating Committee, the earlier of (i) 30 days after the Termination Date or (ii) the Expiry Date for such options upon termination for any reason other than as provided in the above section.

Triggering Events; Change of Control

The Legacy Option Plan provides that certain events, including termination for cause, termination without cause, or death, may trigger forfeiture or reduce the vesting period, where applicable, of the option, subject to the terms of the participant's agreement. Our Board may, in its discretion, at any time prior to or following such events, permit the exercise of any or all options held by the participant in the manner and on the terms authorized by the Board.

The Legacy Option Plan also provides that, in connection with a subdivision or consolidation of our shares or any other capital reorganization, our Board may make certain adjustments to the number of Subordinate Voting Shares reserved for issuance under the Legacy Option Plan, the number of Subordinate Voting Shares subject to outstanding options, and the exercise prices of outstanding options.

In the event of an amalgamation, combination, plan of arrangement, merger or other reorganization, including by sale or lease of assets or otherwise, our Board may, in its sole discretion, deal with the options issued under the Legacy Option Plan in the manner it deems fair and reasonable in light of the circumstances.

Amendments and Termination

Subject to the approval of any regulatory authorities having jurisdiction over the affairs of the Company, our Board may, without notice, at any time from time to time, amend, revise or terminate the Legacy Option Plan or any provisions hereof in such respects as it, in its sole discretion, determines appropriate, except that it may not without the consent of the participants (or the representatives of his or her estate) materially adversely affect a participant's rights and obligations under any option granted under the Legacy Option Plan.

OMNIBUS INCENTIVE PLAN

Purpose

The purpose of the Omnibus Incentive Plan is to, among other things: (i) promote further alignment of interests between officers, employees and other eligible service providers and shareholders of the Company, (ii) to associate a portion of the compensation payable to officers, employees and other eligible service providers of the Company with the returns achieved by shareholders; and (iii) to attract and retain officers, employees and other eligible service providers with the knowledge, experience and expertise required by the Company. The Omnibus Incentive Plan provides flexibility to the Company to grant equity-based incentive awards in the form of options, RSUs, PSUs and SARs, as described in further detail below. The following is a summary of the Omnibus Incentive Plan, which is qualified in its entirety by the full text of the Omnibus Incentive Plan.

As of the date of Closing, but not reflecting the Share Split, there are 1,375,464 options outstanding under the Legacy Option Plan and 311,775 options outstanding under the Omnibus Incentive Plan, each of which could be exercised or settled for one Subordinate Voting Share, which represents 37.8% of the Company's issued and outstanding Subordinate Voting Shares as at the date of Closing, assuming no exercise of the Over-Allotment Option. The options outstanding under the Legacy Option Plan have exercise prices ranging from \$0.15 to \$16.77, vest between October 28, 2017 and December 7, 2024 and expire between October 28, 2023 and December 7, 2030. As a result, there remains 734,800 Subordinate Voting Shares (plus any awards forfeited or cancelled) available for issuance under the Omnibus Incentive Plan, representing approximately 0.1% of the Company's issued and outstanding Subordinate Voting Shares as at the date of Closing assuming no exercise of the Over-Allotment Option. Following the Closing, all future awards will be issued pursuant to and governed by the Omnibus Incentive Plan and no future awards will be issued pursuant to or governed by the terms of the Legacy Option Plan.

Eligibility

Any individual employed by the Company, including a Service Provider (as defined in the Omnibus Incentive Plan), who, by the nature of his or her position or job is, in the opinion of the Board, in a position to contribute to the success of the Company is eligible to receive grants of options, RSUs, PSUs and SARs (for the purposes of this section, "**Grants**") under the Omnibus Incentive Plan.

Subordinate Voting Shares Subject to the Omnibus Incentive Plan

The aggregate number of Subordinate Voting Shares that may be issued pursuant to Grants made under the Omnibus Incentive Plan together with all other security-based compensation arrangements of the Company, including the Legacy Option Plan, shall be a number equal to 10% of the aggregate number of issued and outstanding Multiple Voting Shares and Subordinate Voting Shares from time to time.

For purposes of computing the total number of Subordinate Voting Shares available for grant under the Omnibus Incentive Plan or any other security based compensation arrangement of the Company, including the Legacy Option Plan, Subordinate Voting Shares subject to any Grant (or any portion thereof) that is forfeited, surrendered, cancelled or otherwise terminated, including if a number of Subordinate Voting Shares covered by an option have not been issued due to the exercise of a tandem Stock Appreciation Right connected with such option (for the purposes of this section, a "**Tandem SAR**"), prior to the issuance of such Subordinate Voting Shares shall again be available for grant under the Omnibus Incentive Plan.

Omnibus Incentive Plan Limits

The maximum number of Subordinate Voting Shares that are (i) issued to Insiders within any one-year period, and (ii) issuable to Insiders, at any time, under the Omnibus Incentive Plan, or when combined with all of the Company's other security based compensation arrangements, including the Legacy Option Plan, shall not exceed 10% of the number of the aggregate issued and outstanding Multiple Voting Shares and Subordinate Voting Shares.

Grants under the Omnibus Incentive Plan

Options issued under the Omnibus Incentive Plan, unless otherwise designated by the Board, will vest one-quarter of each grant on the first four anniversaries of the date of the grant based on continued employment, and may be exercised during a period determined by the Board, which may not exceed ten years. The exercise price for each Subordinate Voting Share subject to an option will be fixed by the Board but under no circumstances may any exercise price be less than 100% of the Market Price on the date of grant of the option, with "Market Price" being on any particular date either (i) the closing price per Subordinate Voting Share on such stock exchange on the date of grant if the Subordinate Voting Shares are listed on only one stock exchange, or (ii) the Market Price as determined in accordance with (i) above for the primary stock exchange on which the greatest volume of trading of the Subordinate Voting Shares occurred during the immediately preceding 20 trading days if the Subordinate Voting Shares are listed on more than one stock exchange. The exercise of options may be subject to vesting conditions, including specific time schedules for vesting and performance-based conditions. In addition, Tandem SARs may be granted in connection with a grant of options, which are subject to the same terms and conditions of the grant of options. Tandem SARs may be exercised only if and to the extent the related options are vested and exercisable, and on exercise of a Tandem SAR, the related option will be cancelled and the participant under the Omnibus Incentive Plan (for the purposes of this section, a "**Participant**") will be entitled to the amount in settlement of the Tandem SARs. Upon exercise, the Tandem SAR will be settled by a cash amount equal to the amount, if any, by which the Market Price on the date of exercise of the Tandem SAR exceeds the exercise price of the related option at the time of the grant. Such amounts may also be payable by the issuance of Subordinate Voting Shares (at the discretion of the Board).

Under the Omnibus Incentive Plan, Participants may be granted standalone SARs, being a right to receive a cash amount equal to the amount, if any, by which the Market Price on the date of exercise of the SARs exceeds the Market Price at the time of the grant (the "**Base Price**"). Such amounts may also be payable by the

issuance of Subordinate Voting Shares (at the discretion of the Board). The exercise of SARs may also be subject to conditions similar to those which may be imposed on the exercise of options.

Under the Omnibus Incentive Plan, Participants may be allocated share units in the form of RSUs or PSUs (collectively, "**Share Units**"), which represent the right to receive an equivalent number of Subordinate Voting Shares or the Market Price on the vesting date. The issuance of such Subordinate Voting Shares may be subject to vesting requirements similar to those described above with respect to the exercisability of options and SARs, including such time or performance-based conditions as may be determined from time to time by the Board in its discretion. In the case of RSUs, unless otherwise specified in the underlying grant agreement, one third of the RSUs included in a grant will vest on each of the first three anniversaries of the grant date of such RSUs. The Omnibus Incentive Plan provides for the express designation of share units as either RSUs, which have time-based vesting conditions, or PSUs, which have performance-based vesting conditions over a specified period.

Termination of Grants

Subject to the terms of the applicable Grant agreement, in the case of a Participant's termination of employment due to death, or in the case of the Participant's Disability (as defined in the Omnibus Incentive Plan)(i) those of the Participant's outstanding options and Share Units that were granted prior to the year that includes the Participant's date of death or Disability, as the case may be, that have not become vested prior to such date of death or Disability shall continue to vest and, upon vesting (which in the case of a PSU remains subject to the achievement of the applicable performance conditions and the adjustment of the number of PSUs that vest to reflect the extent to which such performance conditions were achieved), be exercisable (in the case of options) during the 12-month period following such date of death or Disability, as the case may be, as if the Participant had remained employed throughout such period and (ii) those of the Participant's outstanding options that have become vested prior to the Participant's date of death or Disability shall continue to be exercisable during the 12-month period following the such date of death or Disability, as the case may be. A pro-rated number of options and Share Units granted to a Participant in the year that includes the Participant's date of death or Disability shall remain eligible to vest following such date of death or Disability (the "**Special Pro Rated Grants**"). The Special Pro Rated Grants shall continue to vest and, upon vesting (which in the case of a PSU remains subject to the achievement of the applicable performance conditions and the adjustment of the number of PSUs that vest to reflect the extent to which such performance conditions were achieved), be exercisable (in the case of options) during the 12-month period following the Participant's date of death or Disability, as the case may be, as if the Participant had remained employed throughout such period. The balance of the options and Share Units granted to a Participant in the year that includes the Participant's date of death or Disability that are not Special Pro Rated Grants shall be forfeited and cancelled as of the Participant's date of death or Disability, as the case may be.

Subject to the terms of the applicable Grant agreement: (a) in the case of a Participant's termination without cause, the Participant's outstanding options that have become vested prior to the Participant's termination shall continue to be exercisable during the 90-day period following the Participant's date of termination, while Share Units shall vest on a pro rated basis based on the term of service (having regard, for PSUs, the extent to which the applicable performance conditions were satisfied); and (b) in the case of a Participant's resignation, the Participant's outstanding options that have become vested prior to the date on which the Participant provides notice to the Company of his or her resignation shall continue to be exercisable during the 60-day period following the Participant's date of resignation, but no Share Units that have not vested prior to the date of on which the Participant submits his or her resignation shall vest and all such Share Units shall be forfeited immediately. In the case of a Participant's termination for cause, any and all then outstanding options, whether or not vested, and Share Units, whether vested or unvested, granted to the Participant shall be immediately forfeited and cancelled, without any consideration therefore, as of the commencement of the day that notice of such termination is given, except only as may be required to satisfy the express minimum requirements of applicable employment standards legislation.

Transferability

No Grants and no rights or interests therein may be assigned, transferred, sold, exchanged, encumbered, pledged or otherwise hypothecated or disposed of by a Participant other than by testamentary disposition by the Participant or the laws of intestate succession. A Participant may designate a beneficiary, in writing, to receive any benefits that are provided under the Omnibus Incentive Plan upon the death of such Participant.

Capital Changes, Corporate Transactions and Change of Control

The Omnibus Incentive Plan contains provisions for the equitable treatment of Grants in relation to any capital changes and with regard to a dividend, split, recapitalization, reclassification, amalgamation, arrangement, merger, consolidation, combination or exchange of Subordinate Voting Shares or distribution of rights to holders of Subordinate Voting Shares or any other relevant changes to the authorized or issued capital of the Company.

In the event of a Change in Control (for the purposes of this section, as defined in the Omnibus Incentive Plan) prior to the vesting of a Grant, and subject to the terms of a Participant's employment agreement and the applicable Grant agreement, the Board shall have full authority to determine in its sole discretion the effect, if any, of a Change in Control on the vesting, exercisability, settlement, payment or lapse of restrictions applicable to a Grant.

Black-out Periods

If an award expires during, or within ten business days after, a routine or special trading black-out period imposed by the Company to restrict trades in the Company's securities, then, notwithstanding any other provision of the Omnibus Incentive Plan, the award shall expire ten business days after the trading black-out period is lifted by the Company.

Amendment and Termination of the Omnibus Incentive Plan

The Omnibus Incentive Plan and any Grant made pursuant to the Omnibus Incentive Plan may be amended, modified or terminated by the Board without approval of shareholders, provided that no amendment may be made without the consent of a Participant if it adversely affects the rights of the Participant in respect of any Grant previously made to such Participant. For greater certainty, the Omnibus Incentive Plan may not be amended without Shareholder approval to do any of the following:

- (a) increase in the maximum number of Subordinate Voting Shares issuable pursuant to the Omnibus Incentive Plan;
- (b) increase or remove the limits on Multiple Voting Shares and Subordinate Voting Shares issuable or issued to Insiders;
- (c) provide for the issuance of Multiple Voting Shares under the Omnibus Incentive Plan;
- (d) reduce the exercise price of an outstanding option or the Base Price of a standalone SAR;
- (e) extend the maximum term of any Grant made under the Omnibus Incentive Plan;
- (f) amend the assignment provisions described above under "*Transferability*";
- (g) permit a non-employee member of the Board to be eligible for Grants under the Omnibus Incentive Plan;
- (h) increase the number of Subordinate Voting Shares that may be issued or issuable to Insiders above the restriction or deleting the restriction on the number of Subordinate Voting Shares that may be issued or issuable to Insiders;
- (i) include other types of equity compensation involving the issuance of Subordinate Voting Shares under the Omnibus Incentive Plan; or

- (j) amend the amendment provisions of the Omnibus Incentive Plan to amend or delete any of (a) through (i) above or grant additional powers to the Board to amend the Omnibus Incentive Plan or entitlements without shareholder approval;

provided that, Shareholder approval shall not be required for, among other things, the following amendments:

- (k) amendments of a "housekeeping" nature;
- (l) a change to the vesting provisions of any Grants;
- (m) a change to the termination provisions of any Grant that does not entail an extension beyond the original term of the Grant; or
- (n) amendments to the provisions relating to a Change in Control.

COMPENSATION GOVERNANCE

The Compensation, Corporate Governance and Nominating Committee will be responsible for assisting the Board in fulfilling its governance and supervisory responsibilities, and overseeing the Company's human resources and compensation policies, processes and practices. The Compensation, Corporate Governance and Nominating Committee will also be responsible for ensuring that the Company's compensation policies and practices provide an appropriate balance of risk and reward consistent with its risk profile.

The Board will adopt a written charter for the Compensation, Corporate Governance and Nominating Committee, which sets out its responsibilities for administering the Company's compensation programs and reviewing and making recommendations to the Board concerning the level and nature of the compensation payable to the Company's directors and executive officers. The Compensation, Corporate Governance and Nominating Committee assists our Board in: reviewing and advising the Board on current trends in industry-wide compensation practices and how the Company's compensation programs and practices compare to those of comparable companies in the industry; reviewing and making recommendations to the Board with respect to organizational goals and objectives relevant to Chief Executive Officer compensation; evaluating the Chief Executive Officer's performance in light of those organizational goals and objectives; reviewing the recommendations of the Chief Executive Officer respecting the compensation and other terms of employment of members of executive management; reviewing and making recommendations to the Board with respect to succession planning matters taking the objectives of the Diversity Policy of the Company into consideration; reviewing and approving compensation disclosure of the Company; overseeing the administration of equity based compensation plans of the Company and considering the potential risks associated with the adoption of the Company's compensation policies and practices. See also "*Corporate Governance – Committees of the Board – Compensation, Corporate Governance and Nominating Committee*".

In reviewing the Company's compensation policies and practices each year, the Compensation, Corporate Governance and Nominating Committee will seek to ensure the executive compensation program provides an appropriate balance of risk and reward consistent with the risk profile of the Company. The Compensation, Corporate Governance and Nominating Committee will also seek to ensure the Company's compensation practices do not encourage excessive risk-taking behaviour by the executive team.

The Compensation, Corporate Governance and Nominating Committee will meet at least annually (or more often as required) to consider performance objectives and actual performance relative to such objectives, and then makes compensation recommendations to the Board for consideration.

From time to time, the Compensation, Corporate Governance and Nominating Committee may engage independent compensation consultants to evaluate the Company's executive compensation program against market practice.

Compensation Risks

The Board and, as applicable, the Compensation, Corporate Governance and Nominating Committee, will consider and assess the implications of risks associated with the Company's compensation policies and practices and will devote such time and resources as it believes to be necessary in the circumstances. The Company's practice of compensating its officers primarily through a mix of a base salary and equity compensation is designed to mitigate risk by: (i) ensuring that the Company retains such officers; and (ii) aligning the interests of its officers with the short-term and long-term objectives of the Company and the shareholders of the Company.

The Board, together with the Compensation, Corporate Governance and Nominating Committee, will use a number of strategies to reduce the risk associated with compensation, including:

- discussing the principal risks associated with the Company's compensation policies and practices and providing oversight of appropriate systems to manage such risks;
- ensuring that any compensation policies and practices that could encourage individuals within the Company to take inappropriate or excessive risks are identified, reported and mitigated;
- reviewing and approving annual corporate objectives and then assessing performance against these objectives when awarding the individual performance component of the executive officers' equity compensation;
- considering the Company's performance relative to its peers when reviewing the corporate performance component of the executive officers' equity compensation; and
- setting standard vesting terms on option grants which align optionees' interests with longer-term growth of the Company.

As at the date of this prospectus, the Board had not identified risks arising from the Company's proposed compensation policies and practices that are reasonably likely to have a material adverse effect on the Company.

Hedging and other Transactions by Named Executive Officers or Directors

The Company's insider trading policy will provide that all directors, officers and employees of the Company or its subsidiary and such individuals' respective affiliates (including partnerships, trusts, corporations, RRSPs and similar entities over which any of the above-mentioned individuals exercise control or direction) are prohibited from: (i) speculating in securities of the Company; (ii) buying the Company's securities on margin or holding the Company's securities in a margin account; (iii) short selling a security of the Company or any other arrangement that results in a gain only if the value of the Company's securities declines in the future; (iv) selling a "call option" such as to give the holder an option to purchase securities of the Company; (v) buying a "put option" such as to give the holder an option to sell securities of the Company and (vi) purchasing financial instruments, including prepaid variable forward contracts, equity swaps, collars, or units of exchange funds, that are designed to hedge or offset a decrease in the market value of securities of the Company (or equivalents thereof) held, directly or indirectly, by such person, including equity securities granted as compensation.

External Management Companies

The Company has not entered into any agreement with any external management company that employs or retains one or more of the NEOs or Directors and the Company has not entered into any understanding, arrangement or agreement with any external management company to provide executive management

services to the Company, directly or indirectly, in respect of which any compensation was paid by the Company.

Termination and Change of Control Benefits

We have written employment agreements with each of our NEOs and each executive is entitled to receive compensation established by us as well as other benefits in accordance with plans available to the most senior employees.

The Company does not have any termination or change of control provisions relating to the employment of its NEOs, other than the termination provisions contained in Greg Smith, Miranda Lievers, Corrine Hua, Craig Ryomoto and Matt Payne's employment contracts, which specify that if any of these individuals are terminated by the Company without cause, the Company must provide each of them with written notice of termination or pay in lieu of such notice (or any combination thereof) in accordance with the following provisions:

Greg Smith

Under Greg Smith's employment agreement, termination of employment without cause entitles Greg Smith to receive an amount equal to three (3) or four (4) months of Greg Smith's base salary at that time if, at the date notice is given, the length of Greg Smith's employment, measured from start date of Greg Smith's employment contract, is between less than 90 days or is between 90 days and one (1) year, respectively or an amount equal to five months of Greg Smith's base salary after one (1) consecutive years of employment measured from start date of Greg Smith's employment contract, plus one month of Greg Smith's base salary for each additional full year of employment to a maximum of an amount equal to twelve months of Greg Smith's base salary. He will also be able to continue to receive benefits under applicable benefit plans to the end of what would have been the working notice period.

Upon termination of Greg Smith's employment without cause, Greg Smith's unvested options do not continue to vest subsequent to a termination date except as specified in the Omnibus Incentive Plan.

Termination with cause entitles Greg Smith to receive any unpaid salary, accrued vacation pay and any other earned entitlements to the date of termination.

In the event that Greg Smith, in the 12 months following a change of control, is terminated without cause or for good reason, then he will be entitled to receive a lump sum payment equal to the sum of: (a) any unpaid salary; (b) a bonus amount at target prorated; and (c) an amount equal to one (1) year of Greg Smith's base salary.

Miranda Lievers

Under Miranda Lievers's employment agreement, termination of employment without cause entitles Miranda Lievers to receive an amount equal to three (3) or four (4) months of Miranda Lievers's base salary at that time if, at the date notice is given, the length of Miranda Lievers's employment, measured from start date of Miranda Lievers's employment contract, is between less than 90 days or is between 90 days and one (1) year, respectively or an amount equal to five months of Miranda Lievers's base salary after one (1) consecutive years of employment measured from start date of Miranda Lievers's employment contract, plus one month of Miranda Lievers' base salary for each additional full year of employment to a maximum of an amount equal to twelve months of Miranda Lievers's base salary. She will also be able to continue to receive benefits under applicable benefit plans to the end of what would have been the working notice period.

Upon termination of Miranda Lievers's employment without cause, Miranda Lievers's unvested options do not continue to vest subsequent to a termination date except as specified in the Omnibus Incentive Plan.

Termination with cause entitles Miranda Lievers to receive any unpaid salary, accrued vacation pay and any other earned entitlements to the date of termination.

In the event that Miranda Lievers, in the 12 months following a change of control, is terminated without cause or for good reason, then she will be entitled to receive a lump sum payment equal to the sum of: (a) any unpaid salary; (b) a bonus amount at target prorated; and (c) an amount equal to one (1) year of Miranda Lievers's base salary.

Corinne Hua

Under Corinne Hua's employment agreement, termination of employment without cause entitles Corinne Hua to receive an amount equal to three (3) or four (4) months of Corinne Hua's base salary at that time if, at the date notice is given, the length of Corinne Hua's employment, measured from start date of Corinne Hua's employment contract, is between less than 90 days or is between 90 days and one (1) year, respectively or an amount equal to five months of Corinne Hua's base salary after one (1) consecutive years of employment measured from start date of Corinne Hua's employment contract, plus one month of Corinne Hua's base salary for each additional full year of employment to a maximum of an amount equal to twelve months of Corinne Hua's base salary. She will also be able to continue to receive benefits under applicable benefit plans to the end of what would have been the working notice period.

Upon termination of Corinne Hua's employment without cause, Corinne Hua's unvested options do not continue to vest subsequent to a termination date except as specified in the Omnibus Incentive Plan.

Termination with cause entitles Corinne Hua to receive any unpaid salary, accrued vacation pay and any other earned entitlements to the date of termination.

In the event that Corinne Hua, in the 12 months following a change of control, is terminated without cause or for good reason, then she will be entitled to receive a lump sum payment equal to the sum of: (a) any unpaid salary; (b) a bonus amount at target prorated; and (c) an amount equal to one (1) year of Corinne Hua's base salary.

Craig Ryomoto

Under Craig Ryomoto's employment agreement, termination of employment without cause entitles Craig Ryomoto to receive an amount equal to three (3) or four (4) months of Craig Ryomoto's base salary at that time if, at the date notice is given, the length of Craig Ryomoto's employment, measured from start date of Craig Ryomoto's employment contract, is between less than 90 days or is between 90 days and one (1) year, respectively or an amount equal to five months of Craig Ryomoto's base salary after one (1) consecutive years of employment measured from start date of Craig Ryomoto's employment contract, plus one month of Craig Ryomoto's base salary for each additional full year of employment to a maximum of an amount equal to twelve months of Craig Ryomoto's base salary. He will also be able to continue to receive benefits under applicable benefit plans to the end of what would have been the working notice period.

Upon termination of Craig Ryomoto's employment without cause, Craig Ryomoto's unvested options do not continue to vest subsequent to a termination date except as specified in the Omnibus Incentive Plan.

Termination with cause entitles Craig Ryomoto to receive any unpaid salary, accrued vacation pay and any other earned entitlements to the date of termination.

In the event that Craig Ryomoto, in the 12 months following a change of control, is terminated without cause or for good reason, then he will be entitled to receive a lump sum payment equal to the sum of: (a) any unpaid salary; (b) a bonus amount at target prorated; and (c) an amount equal to one (1) year of Craig Ryomoto's base salary.

Matt Payne

Under Matt Payne's employment agreement, termination of employment without cause entitles Matt Payne to receive an amount equal to three (3) or four (4) months of Matt Payne's base salary at that time if, at the date notice is given, the length of Matt Payne's employment, measured from start date of Matt Payne's employment contract, is between less than 90 days or is between 90 days and one (1) year, respectively or an amount equal to five months of Matt Payne's base salary after one (1) consecutive years of employment measured from start date of Matt Payne's employment contract, plus one month of Matt Payne's base salary for each additional full year of employment to a maximum of an amount equal to twelve months of Matt Payne's base salary. He will also be able to continue to receive benefits under applicable benefit plans to the end of what would have been the working notice period.

Upon termination of Matt Payne's employment without cause, Matt Payne's unvested options do not continue to vest subsequent to a termination date except as specified in the Omnibus Incentive Plan.

Termination with cause entitles Matt Payne to receive any unpaid salary, accrued vacation pay and any other earned entitlements to the date of termination.

In the event that Matt Payne, in the 12 months following a change of control, is terminated without cause or for good reason, then he will be entitled to receive a lump sum payment equal to the sum of: (a) any unpaid salary; (b) a bonus amount at target prorated; and (c) an amount equal to one (1) year of Matt Payne's base salary.

The table below summarizes the incremental payments that would be made to our NEOs upon the occurrence of certain events, assuming completion of the Offering.

Name and Principal Position	Event	Severance (1)(3) (\$)	Options⁽²⁾ (\$)	Other Payment s (\$)	Total (\$)
Greg Smith, <i>Chief Executive Officer and Director</i>	Termination other than for cause	163,699	-	-	163,699
	Termination within 12 months of change of control ⁽⁴⁾	163,699	-	-	163,699
Corinne Hua, <i>Chief Financial Officer</i>	Termination other than for cause	70,537	-	-	70,537
	Termination within 12 months of change of control ⁽⁴⁾	211,611	-	-	211,611
Miranda Lievers, <i>Chief Operating Officer</i>	Termination other than for cause	133,089	9,939,254	-	10,072,343
	Termination within 12 months of change of control ⁽⁴⁾	159,706	-	-	159,706
Craig Ryomoto, <i>Chief Revenue Officer</i>	Termination other than for cause	79,853	441,188	39,927	560,968
	Termination within 12 months of change of control ⁽⁴⁾	191,647	-	39,927	231,574
Matt Payne, <i>Chief Technology Officer</i>	Termination other than for cause	164,697	16,383,633	-	16,548,331
	Termination within 12 months of change of control ⁽⁴⁾	179,669	-	-	179,669

Notes:

- (1) Severance payments are calculated based on the base salary we pay to our named executive officers converted into U.S. dollars from Canadian dollars at the Bank of Canada daily rate of exchange of 0.7985 as at April 21, 2021.
- (2) The value of vested options is calculated based on the Offering Price.
- [3] Payments contemplate hypothetical termination date of March 31, 2021.
- [4] Upon termination within 12 months of a change of control, if not already paid, the annual salary and all accrued vacation pay through the date of termination will be paid to the NEO.

SUMMARY COMPENSATION TABLE

The following table sets out information concerning the expected Fiscal 2021 compensation to be earned by, paid to, or awarded to the NEOs:

Name and Principal Position	Year	Salary (\$) ⁽¹⁾	Share Based Awards (\$) ⁽¹⁾	Option Based Awards (\$) ⁽¹⁾⁽⁵⁾	Non-Equity Incentive Plan Compensation (\$) ⁽³⁾		Pension Value (\$)	All Other Compensation (\$) ⁽³⁾	Total Compensation (\$)
					Annual Incentive Plan \$ ⁽²⁾	Long-Term Incentive Plan			
Greg Smith ⁽²⁾⁽⁴⁾ , Chief Executive Officer and Director	2021	163,699	-	-	-	-	-	-	163,699
Corinne Hua, Chief Financial Officer	2021	211,611	-	107,227	-	-	-	-	318,837
Miranda Lievers, Chief Operating Officer	2021	159,706	-	107,227	-	-	-	-	266,933
Craig Ryomoto, Chief Revenue Officer	2021	191,647	-	107,227	175,677	-	-	-	474,551
Matt Payne, Chief Technology Officer	2021	179,669	-	107,227	-	-	-	-	286,896

Notes:

- (1) Represents the annualized base salary to be paid in Fiscal 2021; converted into U.S. dollars from Canadian dollars at the Bank of Canada daily rate of exchange of 0.7985 as at April 21, 2021.
- (2) None of the NEOs, with the exception of Mr. Ryomoto, are on an annual non-equity incentive plans, such as discretionary amounts. For Mr. Ryomoto, this represents an annualized amount of CDN\$220,000 under the Company's Sales Commission Plan, converted into U.S. dollars using an exchange rate of 0.7985, being the daily rate of exchange posted by the Bank of Canada for conversion of Canadian dollars into U.S. dollars on April 21, 2021. Payments under the Company's Sales Commission Plan are made monthly, quarterly and annually based on achievement of sales and other targets.
- (3) None of NEOs are entitled to perquisites or other personal benefits which, in the aggregate, are worth over CDN\$50,000 or over 10% of their base salary.
- (4) The full amount of Mr. Smith's salary will be attributed to his role and services as Chief Executive Officer and no amounts of Mr. Smith's salary will be attributed to his role and services as a director.
- (5) Option based awards included here are contingent on the closing of the Offering with an exercise price equal to the Offering Price.

INCENTIVE PLAN AWARDS - OUTSTANDING OPTION-BASED AWARDS AND SHARE-BASED AWARDS

The following table sets out information concerning the option-based and share-based awards granted to our NEOs that we expect to be outstanding upon completion of the Offering.

Name	Option-Based Awards				Share-Based Awards		
	Number of Offered Shares Underlying Unexercised Options ⁽¹⁾	Option Exercise Price	Option Expiration Date	Value of Unexercised In-the-money Options ⁽²⁾	Number of Shares that have not vested	Market or Payout Value of Share-Based Awards that have not vested	Market or Payout Value of Share-Based Awards not paid out or distributed
Greg Smith, Chief Executive Officer and Director	-	-	-	-	-	-	-

Miranda Lievers Chief Operating Officer	699,124 80,000 400,000 18,000	CDN\$0.05 CDN\$0.08 CDN\$0.60 CDN\$13.00	October 6, 2024 June 9, 2027 May 31, 2029 April 1, 2031	\$7,232,41 3 \$825,122 \$3,960,712 -	-	-	-
Corinne Hua, Chief Financial Officer	160,000 18,000	CDN\$2.97 CDN\$13.00	May 11, 2030 April 1, 2031	\$1,281,482 -	-	-	-
Craig Ryomoto, Chief Revenue Officer	120,000 60,000 18,000	CDN\$1.06 CDN\$3.61 CDN\$13.00	October 1, 2029 July 1, 2030 April 1, 2031	\$1,143,895 \$450,132 -	-	-	-
Matt Payne, Chief Technology Officer	699,124 879,124 18,000	CDN\$0.04 CDN\$0.05 CDN\$13.00	October 28, 2023 July 6, 2025 April 1, 2031	\$7,236,601 \$9,089,24 2 -	-	-	-

Note:

- (1) All figures have been adjusted assuming the Share Split has been completed on the basis of four post-split Subordinate Voting Shares for each one pre-split Subordinate Voting Share. The exercise prices per option have also been adjusted to reflect the Share Split.
- (2) Represents the value of unexercised in-the-money options; converted into U.S. dollars from Canadian dollars at the Bank of Canada daily rate of exchange of 0.7985 as at April 21, 2021.

INCENTIVE PLAN AWARDS – VALUE VESTED OR EARNED DURING THE YEAR

The following table indicates, for each of our NEOs, a summary of the value of the option-based and share-based awards for the most recently completed financial year.

Name	Option-Based Awards – Value Vested During the Year ⁽¹⁾	Share-Based Awards – Value Expected to be Vested During the Year	Non-equity Incentive Plan Compensation – Value Earned during the year
Greg Smith, Chief Executive Officer and Director	\$-	\$-	\$-
Miranda Lievers, Chief Operating Officer	\$1,851,247	\$-	\$-
Corinne Hua, Chief Financial Officer	\$-	\$-	\$-
Craig Ryomoto, Chief Revenue Officer	\$363,331	\$-	\$231,552
Matt Payne, Chief Technology Officer	\$-	\$-	\$-

Note:

- (1) Based on an Offering Price of CDN\$13.00 per Subordinate Voting Share, converted into U.S. dollars using an exchange rate of 0.7985, being the daily rate of exchange posted by the Bank of Canada for conversion of Canadian dollars into U.S. dollars on April 21, 2021, and assuming the completion of the Pre-Closing Capital Changes.

DIRECTOR COMPENSATION

Our directors' compensation program is designed to attract and retain the most qualified individuals to serve on our Board. Our Board, through our Compensation, Corporate Governance and Nominating Committee, will be responsible for reviewing and approving any changes to the directors' compensation arrangements. In consideration for serving on our Board, each director that is not an employee will be paid an annual retainer which may, at our Board's discretion, be paid in cash or in some combination of cash and equity and will be reimbursed for their reasonable out-of-pocket expenses incurred while serving as directors.

The chart below outlines our proposed director compensation program for our non-employee directors.

Type of Fee	Role	Amount per Year ⁽²⁾
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Board Retainer	Board Member	\$23,956 Cash Retainer
Audit Committee Retainer	Committee Chair	\$71,868 Equity Retainer
	Committee Member	\$11,978 Cash Retainer
Compensation, Corporate Governance and Nominating Committee Retainer	Committee Chair	\$5,989 Cash Retainer
	Committee Member	\$7,985 Cash Retainer
Other Committee Retainer	Committee Chair	\$3,993 Cash Retainer
	Committee Member	\$4,791 Cash Retainer

Notes:

- (1) Braden Fraser Hall, as a founder and principal of the Rhino Group, a significant shareholder of the Company, will not receive any compensation for serving on the Board.
- (2) Director Compensation figures converted into U.S. dollars from Canadian dollars at the Bank of Canada daily rate of exchange of 0.7985 as at April 21, 2021.

DEFERRED SHARE UNIT PLAN

In connection with the Offering, our Board will adopt a director deferred share unit plan (the “**DSU Plan**”), which is a component of the Company’s long-term incentive compensation arrangements available for our non-employee directors. The DSU Plan will provide non-employee directors with the opportunity to receive a portion of their compensation in the form of deferred share units (“**DSUs**”), representing a unit equivalent in value to a Subordinate Voting Share in accordance with the terms of the DSU Plan (based on the volume weighted average trading price of the Subordinate Voting Shares in accordance with the terms of the DSU Plan). The DSU Plan will be administered by the Compensation, Corporate Governance and Nominating Committee, provided that the Compensation, Corporate Governance and Nominating Committee may, in its discretion, delegate its administrative powers under the DSU Plan to any director or officer of the Company. The following discussion is qualified in its entirety by the text of the DSU Plan and each agreement evidencing the grant of DSUs.

The participant is entitled to redeem his or her DSUs for a cash payment following the participant’s death, disability, resignation or retirement from our Board, if such director becomes an employee of the Company, or upon his or her termination (with or without cause) as an employee. The Board, in its sole discretion, may cancel all or a portion of the participant’s DSUs as a result of the participant’s termination for cause. Except as specifically provided in a grant agreement approved by our Board, DSUs granted under the DSU Plan are generally not assignable or transferable, whether voluntarily, involuntarily, by operation of law or otherwise, other than by will or the laws of descent and distribution. The DSU Plan does not include a maximum that may be issued to a participant. The DSU Plan will provide that appropriate adjustments, if any, will be made by the Board in connection with a reclassification, reorganization or other change of our Subordinate Voting Shares, share split or consolidation, distribution, merger or amalgamation, in the Subordinate Voting Shares issuable or amounts payable to preclude a dilution or enlargement of the benefits under the DSU Plan.

The Board may make such other provisions for the protection of the rights of the participants under the DSU Plan as it deems appropriate; however, no participant shall be entitled to receive payment for, or in respect of, any DSU on or before the director’s death, disability, resignation or retirement from the Board or if such director becomes an employee of the Company, before his or her subsequent termination (with or without cause).

The Board may, in its sole discretion, amend, suspend or terminate the DSU Plan at any time, or from time to time, amend the terms and conditions of the DSU Plan or of any DSUs granted under the DSU Plan and any grant agreement relating thereto, provided that such amendment (i) shall not adversely affect the rights of a participant as permitted by the terms of the DSU Plan without the participant’s written consent unless such amendment is necessary to comply with law and (ii) shall be in compliance with applicable law and subject to any regulatory approvals including, where required, the approval of the TSX.

INDEBTEDNESS OF DIRECTORS AND OFFICERS

None of the directors, executive officers or employees of the Company or former directors, executive officers or employees of the Company or any of its subsidiaries have any indebtedness outstanding to the Company or any of the subsidiaries as at the date hereof and no indebtedness of these individuals to another entity is the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Company or any of the subsidiaries as at the date hereof. Additionally, no individual who is, or at any time during the Company's last financial year was, a director or executive officer of the Company, proposed management nominee for director of the Company or associate of any such director, executive officer or proposed nominee is as at the date hereof, or at any time since the beginning of the Company's last financial year has been, indebted to the Company or any of its subsidiaries or to another entity where the indebtedness to such other entity is the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Company or any of its subsidiaries, including indebtedness for security purchase or any other programs.

CORPORATE GOVERNANCE

We will be adopting upon Closing certain corporate governance policies and practices. The disclosure set out below describes our approach to corporate governance.

COMPOSITION OF OUR BOARD

Under our Articles, the number of directors is to be the greater of three and the number of directors most recently set by ordinary resolution of the shareholders. Upon completion of the Offering, our Board will consist of five directors. Under the BCBCA, a director may be removed with or without cause by a special resolution passed by shareholders present in person or by proxy at a meeting and who are entitled to vote. The directors will be elected by shareholders at each annual meeting of shareholders and all directors will hold office for a term expiring at the close of the next annual meeting or until their respective successors are elected or appointed. Our Articles provide that, between annual general meetings of shareholders, the directors may appoint one or more additional directors, but the number of additional directors may not at any time exceed one-third of the number of current directors who are elected or appointed other than as additional directors.

The nominees for election by shareholders as directors will be determined by our Compensation, Corporate Governance and Nominating Committee in accordance with the provisions of applicable corporate law and the charter of our Compensation, Corporate Governance and Nominating Committee. See *"Committees of our Board – Compensation, Corporate Governance and Nominating Committee"*.

DIRECTOR INDEPENDENCE

Under NI 58-101, a director is considered independent if he or she is independent within the meaning of National Instrument 52-110 – *Audit Committees* ("**NI 52-110**"). Pursuant to NI 52-110, an independent director is a director who is free from any direct or indirect relationship which could, in the view of our Board, be reasonably expected to interfere with a director's independent judgment. Based on information provided by each director concerning his or her background, employment and affiliations, our Board has determined that of the 5 directors on our Board at Closing, one director, being Greg Smith, will not be considered independent as a result of his position as Chief Executive Officer of the Company. Braden Fraser Hall, an independent director, is the Chair of our Board.

Currently, the following directors serve on the following boards of directors of other public companies:

Name of Director**Reporting Issuer**

Katie May

Stamps.com, Inc.
Alkuri Global Acquisition Corp.

Our Board has not adopted a director interlock policy but is keeping informed of other public directorships held by its members.

The Board is satisfied that the autonomy of the Board and its ability to function independently of management are protected through measures such as the Audit Committee and the Compensation, Corporate Governance and Nominating Committee being composed of all independent directors.

MEETINGS OF INDEPENDENT DIRECTORS AND CONFLICTS OF INTEREST

Our Board believes that given its size and structure, it is able to facilitate independent judgment in carrying out its responsibilities and will continue to do so following Closing. The Board will adopt a policy that the independent directors will regularly hold *in camera* sessions at each meeting of the Board and its committees, at which management and non-independent directors are not to be present. The Board also encourages its independent members to seek the advice of financial, legal or other consultants when necessary.

A director who has a material interest in a matter before our Board or any committee on which he or she serves is required to disclose such interest as soon as the director becomes aware of it. In situations where a director has a material interest in a matter to be considered by our Board or any committee on which he or she serves, such director may be required to absent himself or herself from the meeting while discussions and voting with respect to the matter are taking place. Directors will also be required to comply with the relevant provisions of the BCBCA regarding conflicts of interest.

MAJORITY VOTING POLICY

In accordance with the requirements of the TSX, our Board will adopt a "Majority Voting Policy" to the effect that, in an uncontested election of directors, a nominee for election as a director who receives a greater number of votes "withheld" from his or her election than votes "for" such election by shareholders shall tender his or her resignation to the Chair promptly following the meeting of shareholders at which the director was elected. Our Compensation, Corporate Governance and Nominating Committee will consider such offer of resignation and make a recommendation to our Board as to whether to accept it or not. Our Board must accept the resignation except in situations where exceptional circumstances would warrant the director continuing to serve on our Board. Our Board will make its decision within 90 days following the applicable election of directors and announce its decision promptly in a press release. A director who tenders a resignation pursuant to the Majority Voting Policy will not participate in any meeting of our Board or our Compensation, Corporate Governance and Nominating Committee at which the resignation is considered.

DIRECTOR TERM LIMITS AND OTHER MECHANISMS OF BOARD RENEWAL

Our Board has not adopted director term limits or other automatic mechanisms of board renewal. Rather than adopting formal term limits, mandatory age-related retirement policies and other mechanisms of board renewal, the Compensation, Corporate Governance and Nominating Committee of our Board will seek to ensure that the composition of our Board provides, in the judgement of our Board, the best mix of skills and experience for our overall stewardship. Our Compensation, Corporate Governance and Nominating Committee is also expected to conduct a process for the assessment of our Board, each committee and each director regarding his, her or its effectiveness and performance, and to report evaluation results to our Board. See also "*Directors and Executive Officers – Committees of our Board – Compensation, Corporate Governance and Nominating Committee – Diversity*".

MANDATE OF OUR BOARD OF DIRECTORS

Our Board is responsible for supervising the management of our business and affairs, including providing guidance and strategic oversight to management. Our Board will adopt a formal mandate in the form set forth in Appendix A of this prospectus. The mandate also describes the Board's responsibilities for, among other things: participating in the development of and adopting a strategic plan for the Company; supervising the activities and managing the affairs of the Company; reviewing and approving the roles and responsibilities of the Chief Executive Officer and executive management; reviewing and approving the business and capital plans; identifying and managing risk exposure; ensuring the integrity and adequacy of the Company's internal controls and management information systems; succession planning; establishing committees of the Board and assessing the performance of such committees; ensuring effective and adequate communication with shareholders, other stakeholders and the public; and monitoring the social responsibility, integrity and ethics of the Company.

POSITION DESCRIPTIONS

Our Board will adopt a written position description for the Chair, which sets out the Chair's key responsibilities, including, among others, duties relating to: providing leadership to enhance the effectiveness of the Board; leading the activities and meetings of the Board; chairing Board meetings; ensuring there is an effective relationship between the Board and executive management; preparing the agenda for each meeting of the Board; ensuring that timely and relevant information is provided to the Board; serving as a liaison between the Board and management of the Company; supporting the director recruitment process as well as the orientation of new directors and the continued education of incumbent directors; representing the Board and the Company to shareholders and external stakeholders; and providing additional services required by the Board.

Our Board will also adopt a written position description for each of the Board committee chairs which sets out key responsibilities, including duties relating to: providing leadership to foster the effectiveness of the Board committee; ensuring there is an effective relationship between the Board and the Board committee, including by providing a report to the Board on material matters; preparing the agenda for each meeting of the Board committee; chairing Board committee meetings; and providing additional services required by the Board and the Board committee.

Our Board will also adopt a written position description for our Chief Executive Officer which sets out key responsibilities, including, among other duties, in relation to: developing and recommending to the Board a long-term strategy and vision for the Company that is consistent with creating shareholder value; providing leadership and vision and maintaining a high level of employee morale and motivation, with a view to ensuring the implementation of the Company's strategy; fostering a corporate culture that promotes integrity and ethical values throughout the Company; developing and motivating executive officers, and providing overall management to ensure the effectiveness of the leadership team; developing and recommending to the Board annual business plans and budgets that support the Company's long-term strategy; ensuring that succession plans are in place for the Company; and serving as the Company's chief spokesperson (subject to the direction of the Board).

CODE OF CONDUCT

We will adopt a written code of conduct (the "**Code of Conduct**") that applies to our directors, officers and employees and those of our subsidiary. The Code of Conduct provides a set of ethical standards for conducting the business and affairs of the Company with honesty and in accordance with high ethical and legal standards. The Code of Conduct will be filed with the Canadian securities regulatory authorities on SEDAR at www.sedar.com.

The Code of Conduct will address honest and ethical conduct, conflicts of interest, protection of our assets, confidentiality, fair dealing with competitors, insider trading, compliance with laws and reporting any illegal

or unethical behaviour. Any person subject to the Code of Conduct will be required to avoid or fully disclose interests or relationships that may give rise to real, potential or the appearance of conflicts of interest.

The Compensation, Corporate Governance and Nominating Committee is responsible for reviewing and evaluating the Code of Conduct from time to time and making recommendations for any necessary or appropriate changes to the Board. The Compensation, Corporate Governance and Nominating Committee also assists the Board with the monitoring of compliance with the Code of Conduct. Each person to which the Code of Conduct applies is required to certify his or her acknowledgement and acceptance of it upon, and periodically during, his or her employment or engagement.

COMMITTEES OF OUR BOARD

Our Board has established two committees: the Audit Committee and the Compensation, Corporate Governance and Nominating Committee.

AUDIT COMMITTEE

Our Audit Committee consists of three directors, all of whom are determined by our Board to be both independent directors and financially literate within the meaning of NI 52-110. Our Audit Committee is comprised of Brandon Nussey, who acts as chair of this committee, Lisa Shields and Katie May. Each of our Audit Committee members has an understanding of the accounting principles used to prepare financial statements and experience as to the general application of such accounting principles, as well as an understanding of the internal controls and procedures necessary for financial reporting. For additional details regarding the relevant education and experience of each member of our Audit Committee, see also *"Biographical Information Regarding the Directors and Executive Officers"*.

Our Board will adopt a written charter in the form set forth in Appendix B, setting forth the purpose, composition, authority, and responsibility of our Audit Committee, consistent with NI 52-110. The Audit Committee will assist our Board in discharging its oversight of: the quality and integrity of our financial statements and related information; the independence, qualifications and appointment of our external auditor; our disclosure controls and procedures, internal control over financial reporting and management's responsibility for assessing and reporting on the effectiveness of such controls; monitoring and periodically reviewing our whistleblower policy; and transactions with related parties.

Our Audit Committee will have access to all of our books, records, facilities and personnel and may request any information about us as it may deem appropriate. It will also have the authority, in its sole discretion and at our expense, to retain and set the compensation of outside legal, accounting or other advisors as necessary to assist in the performance of its duties and responsibilities. Our Audit Committee will also have direct communication channels with the Chief Financial Officer and our external auditors to discuss and review such issues as our Audit Committee may deem appropriate.

EXTERNAL AUDITOR SERVICE FEE

For Fiscal 2020 and Fiscal 2019, we incurred the following fees:

	Year Ended 2020	Year Ended 2019
Audit Fees ⁽¹⁾	130,572 ⁽²⁾	17,700 ⁽³⁾
Audit related fees ⁽⁴⁾	44,768 ⁽²⁾	-
Tax fees ⁽⁵⁾	15,008 ⁽²⁾	15,512 ⁽³⁾
All other fees ⁽⁶⁾	-	-
Total fees paid	190,348	33,212

Notes:

(1) Fees for audit service on an accrued basis.

- (2) Fees incurred as a result of services performed by KPMG LLP.
- (3) Fees incurred as a result of services performed by Davidson & Company LLP.
- (4) Fees for assurance and related services not included in audit service above.
- (5) Fees for tax compliance, tax advice and tax planning.
- (6) All other fees not included above.

COMPENSATION, CORPORATE GOVERNANCE AND NOMINATING COMMITTEE

Our Compensation, Corporate Governance and Nominating Committee is comprised of three or more directors, all of whom are persons determined by our Board to be independent directors, and is charged with reviewing, overseeing and evaluating our compensation, corporate governance and nominating policies. Our Compensation, Corporate Governance and Nominating Committee is comprised of Lisa Shields, who acts as chair of this committee, Brandon Nussey and Katie May. No member of our Compensation, Corporate Governance and Nominating Committee will be one of our officers, and as such, our Board believes that our Compensation, Corporate Governance and Nominating Committee will be able to conduct its activities in an objective manner. For additional details regarding the relevant education and experience of each member of our Compensation, Corporate Governance and Nominating Committee, see also *"Directors and Executive Officers – Biographical Information Regarding the Directors and Executive Officers"*.

Our Board will adopt a written charter setting forth the purpose, composition, authority and responsibility of our Compensation, Corporate Governance and Nominating Committee. Our Compensation, Corporate Governance and Nominating Committee assists our Board in: reviewing and advising the Board on current trends in industry-wide compensation practices and how the Company's compensation programs and practices compare to those of comparable companies in the industry; reviewing and making recommendations to the Board with respect to organizational goals and objectives relevant to Chief Executive Officer compensation; evaluating the Chief Executive Officer's performance in light of those organizational goals and objectives; reviewing the recommendations of the Chief Executive Officer respecting the compensation and other terms of employment of members of executive management; reviewing and making recommendations to the Board with respect to succession planning matters taking the objectives of the Diversity Policy of the Company into consideration; reviewing and approving compensation disclosure of the Company; overseeing the administration of equity based compensation plans of the Company and considering the potential risks associated with the adoption of the Company's compensation policies and practices.

Historically, our Board has approved the compensation of our Chief Executive Officer, as well as, based on the recommendations of the Chief Executive Officer, the compensation of our other executive officers, including the NEOs. In anticipation of becoming a public company, our Board will adopt certain changes to the existing executive compensation regime. All such changes are subject to and conditional upon the successful completion of the Offering. The compensation expected to be paid to NEOs for our first fiscal year as a public company is set forth under *"Executive Compensation – Summary Compensation Table"*.

Further particulars of the process by which compensation for our executive officers is determined is provided under *"Executive Compensation"*.

The Compensation, Corporate Governance and Nominating Committee will also be responsible for recruiting and identifying individuals qualified to become new Board members and making recommendations to the Board regarding new director nominees, annually or as required. Further, the Compensation, Corporate Governance and Nominating Committee will be responsible for recommending to the Board the individual director appointments to each Board committee, annually or as required. In making such recommendations, the Compensation, Corporate Governance and Nominating Committee will consider the competencies and skills that the Board considers to be necessary for the Board as a whole to possess, for each existing director to possess, and for a new nominee to bring to the Board. The Compensation, Corporate Governance and Nominating Committee may also recommend for approval by the Board the removal of a director from the Board or a committee thereof if he or she is no longer qualified to serve as a director under applicable requirement or any other appropriate reason.

In addition, the Compensation, Corporate Governance and Nominating Committee is expected to be delegated the responsibility of, among other things: establishing an appropriate system to evaluate the effectiveness of the Board as a whole as well as its committees and individual directors; monitoring conflicts of interest of both the Board and management; conducting periodic reviews of the Company's corporate governance policies and making policy recommendations aimed at enhancing Board and committee effectiveness; periodically reviewing the Board and committee mandates and position descriptions of the Chief Executive Officer and each committee Chair, and recommending to the Board that necessary changes be made; reviewing and recommending to the Board the appropriate structure, size, composition, mandate and members for Board committees, and the procedures to ensure that the Board and its committees function independently of management; providing the Board with updates on developments in corporate governance; reviewing monitoring and making recommendations regarding new director orientation and ongoing development of existing directors; and reviewing reports regarding unethical behaviour.

ORIENTATION AND CONTINUING EDUCATION

Following Closing, we will implement an orientation program to assist new directors with contributing effectively to the work of the Board. New directors will receive written materials on the Board and committee mandates, the Company's structure, organization, current priorities and an education from each functional area within the Company to provide an overview as to the nature and operation of the Company and its business. Through this orientation program, new directors will have the opportunity to become familiar with the role of the Board and its committees, the contribution individual directors are expected to make, and the nature and operation of the Company's business.

The Compensation, Corporate Governance and Nominating Committee will be responsible for overseeing director continuing education designed to maintain or enhance the skills and abilities of the directors and to ensure that their knowledge and understanding of our business remains current.

DIVERSITY

The Board will adopt a written policy concerning Board diversity (the "**Diversity Policy**"). The Board believes that diversity is important to ensure that Board members provide the necessary range of perspectives, experience and expertise required to achieve the Company's objectives and deliver for its stakeholders. The Board recognizes that gender diversity is a significant aspect of diversity and acknowledges the important contributions that women with the right competencies and skills make to the diversity of perspective in the boardroom. Accordingly, in order to promote the specific objective of gender diversity, the selection process for Board nominees by the Company will involve ensuring that appropriate efforts are made to include women in the list of candidates being considered for a Board position and if, at the end of the selection process, no female candidates are selected, the Board must be satisfied that there are objective reasons to support this determination. The Board will also consider race, non-binary genders, LGBTQ2S+ and other underrepresented groups when considering a diverse list of candidates. On an annual basis, the Compensation, Corporate Governance and Nominating Committee will assess the effectiveness of the Board's nomination process at achieving the Company's diversity objectives and consider and, if determined advisable, recommend to the Board for adoption, measurable objectives for achieving diversity on the Board. The Company will not have specific targets respecting representation on its Board based on any particular personal experiences or characteristics, including gender. Instead, the Company will focus on choosing the most appropriate candidate for the position, having regard to: (i) the balance of skills, experience, independence and knowledge on the Board; (ii) the qualifications of the candidates based on their experience, education, expertise, personal skills and qualities, and general and industry-specific knowledge; and (iii) the selection of individuals based on merit, against objective criteria, having due regard for the benefits of diversity.

At Closing, two of five members on our Board, or 40%, will be female members.

The Company is also committed to selecting highly qualified individuals to fulfill management roles and considers the qualities and experiences of candidates, including their educational background, business

experience, expertise and integrity, in the selection and recruitment of its executive officers. The Company believes the presence of qualified and diverse individuals in executive positions is important to ensure that management provides the necessary range of perspectives, experience and expertise. The Company also recognizes the significant contributions that women with appropriate and relevant skills and experience can contribute to the diversity of perspective in executive management roles. The Board believes that specific targets respecting representation are not in the best interests of the Company.

In addition to the Diversity Policy's objectives with respect to Board composition, the Diversity Policy will govern the Board's diversity objectives with respect to its executive management team. The Diversity Policy will be engaged in connection with succession planning and the appointment of members of the executive management team. As noted above, the Board recognizes that gender diversity is a significant aspect of diversity and acknowledges the important contributions that women with the right competencies and skills make to the diversity of perspective in executive management roles. Accordingly, in order to promote the specific objective of gender diversity, the Company will implement policies which address impediments to gender diversity in the workplace and review their availability and utilization; regularly review the proportion of women at all levels of the Company including management and the Board; monitor the effectiveness of, and continue to expand on, existing initiatives designed to identify, support and develop talented women with leadership potential; and continue to identify new ways to entrench diversity as a cultural priority across the Company. The Board will also consider race, non-binary genders, LGBTQ2S+ and other underrepresented groups when considering a diverse list of candidates for executive roles.

Currently, approximately 45% of senior leaders (those in director positions and higher) and approximately 33% of executive management at Thinkific identify as women.

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

Our and our subsidiaries' directors and officers will be covered under directors' and officers' liability insurance. Under this insurance coverage, we and our subsidiaries will be reimbursed for insured claims where payments have been made under indemnity provisions on behalf of our and our subsidiaries directors and officers, subject to a deductible for each loss, which will be paid by us. Our and our subsidiaries' individual directors and officers will also be reimbursed for insured claims arising during the performance of their duties for which they are not indemnified by us or our subsidiaries. Excluded from insurance coverage are illegal acts, acts which result in personal profit and certain other acts.

PLAN OF DISTRIBUTION

GENERAL

Pursuant to an underwriting agreement dated April 21, 2021, among us and the Underwriters (the "**Underwriting Agreement**"), we have agreed to sell and the Underwriters have severally agreed to purchase on Closing an aggregate of 12,310,000 Offered Shares at a price of CDN\$13.00 per Offered Share, payable in cash, for aggregate gross proceeds of CDN\$160,030,000. In consideration for their services in connection with the Offering, we have agreed to pay the Underwriters an aggregate fee equal to 6% of the aggregate gross proceeds from the Offering (including any Offered Shares forming part of the Over-Allotment Option), other than the gross proceeds raised from the purchase of Offered Shares by Rhino Co-Invest 2 Limited Partnership. The Company understands that Rhino Co-Invest 2 Limited Partnership intends to purchase CDN\$24,960,000 of Subordinate Voting Shares in the Offering. No fee will be payable by the Company to the Underwriters in respect of the sales of Subordinate Voting Shares to Rhino Co-Invest 2 Limited Partnership. It is estimated that the total expenses of the Offering, not including the Underwriters' Fee, will be approximately CDN \$1,753,220. We will pay all such expenses of the Offering.

Prior to the Offering, there was no public market for the Offered Shares. The Offering Price was determined by negotiation among the Company and the Underwriters and the Underwriters propose to offer the Offered Shares initially at the Offering Price. After the Underwriters have made a reasonable effort to sell all of the

Offered Shares at the price specified on the cover page of this prospectus, the Offering Price may be decreased and may be further changed from time to time to an amount not greater than that set out on the cover page of this prospectus, and the compensation realized by the Underwriters will be decreased by the amount that the aggregate price by the purchasers for the Offered Shares is less than the price paid by the Underwriters to the Company. Any such reduction will not affect the net proceeds received by us. The Underwriters may form a selling group including other qualified investment dealers and determine the fee payable to the members of such group, which fee will be paid by the Underwriters out of their fees.

We have granted to the Underwriters the Over-Allotment Option, which is exercisable, in whole or in part, at any time for a period of 30 days after Closing to purchase up to an additional 1,846,500 Offered Shares (representing 15% of the aggregate number of Offered Shares sold in the base Offering) on the same terms as set forth above for the purpose of covering the Underwriters' over-allocation position, if any, and consequent market stabilization. This prospectus also qualifies the grant of the Over-Allotment Option and the distribution of the Offered Shares to be delivered upon the exercise of the Over-Allotment Option. A Purchaser who acquires Offered Shares forming part of the Underwriters' over-allocation position acquires such Offered Shares under this prospectus, regardless of whether the Underwriters' over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases.

Under the terms of the Underwriting Agreement, the Underwriters may, at their discretion, terminate the Underwriting Agreement upon the occurrence of certain events, including any "market out", "disaster out", "material change out" or similar clauses or in the event that Rhino Co-Invest 2 Limited Partnership does not purchase CDN\$20 million of Subordinate Voting Shares in the Offering. The Underwriters are, however, severally obligated to take up and pay for all of the Offered Shares that they have agreed to purchase if any Offered Shares are purchased under the Underwriting Agreement.

Under applicable securities laws in Canada, certain persons and individuals, including the Company and the Underwriters, have statutory liability for any misrepresentation in this prospectus, subject to available defences. We have agreed to indemnify the Underwriters and their directors, officers, employees and agents against certain liabilities, including, without restriction, civil liabilities under securities legislation in Canada, and to contribute to any payments that the Underwriters may be required to make in respect thereof.

The TSX has conditionally approved the listing of the Subordinate Voting Shares under the symbol "THNC". Listing of the Subordinate Voting Shares is subject to the Company fulfilling all of the requirements and conditions of the TSX on or before July 20, 2021, including distribution of the Subordinate Voting Shares to a minimum number of public shareholders.

There is currently no market through which the Offered Shares may be sold. This may affect the pricing of the Offered Shares in the secondary market, the transparency and availability of trading prices, the liquidity of the Offered Shares and the extent of issuer regulation. See "*Risk Factors*".

Subscriptions for Offered Shares will be received subject to rejection or allocation in whole or in part by the Underwriters and the Underwriters reserve the right to close the subscription books at any time without notice. The Closing is expected to occur on April 27, 2021 or such other date as we and the Underwriters may agree, but in any event not later than May 11, 2021. Closing is conditional upon the Offered Shares being approved for listing on the TSX.

The Offered Shares have not been, and will not be, registered under the U.S. Securities Act or the securities laws of any state of the United States and may not be offered, sold or delivered, directly or indirectly, in the United States, except pursuant to an exemption from the registration requirements of the U.S. Securities Act and applicable state securities laws. Each Underwriter has agreed that it will not offer or sell Offered Shares within the United States, except in transactions exempt from the registration requirements of the U.S. Securities Act and applicable state securities laws. The Underwriting Agreement provides that the Underwriters may re-offer and re-sell the Offered Shares that they have acquired pursuant to the Underwriting Agreement in the United States to "qualified institutional buyers" (as defined in Rule 144A under the U.S.

Securities Act) in accordance with Rule 144A under the U.S. Securities Act. The Underwriting Agreement also provides that the Underwriters may offer and sell the Offered Shares outside the United States in accordance with Regulation S under the U.S. Securities Act. In addition, until 40 days after the commencement of the Offering, an offer or sale of the Offered Shares within the United States by any dealer (whether or not participating in the Offering) may violate the registration requirements of the U.S. Securities Act if such offer or sale is made otherwise than in accordance with an exemption from registration under the U.S. Securities Act.

MARKET STABILIZATION

In connection with the Offering, the Underwriters may, subject to applicable law, over-allocate or effect transactions which stabilize or maintain the market price of the Offered Shares at levels other than those which otherwise might prevail on the open market, including: stabilizing transactions; short sales; purchases to cover positions created by short sales; imposition of penalty bids and syndicate covering transactions.

Stabilizing transactions consist of bids or purchases made for the purpose of preventing a decline in the market price of the Offered Shares while the Offering is in progress. These transactions may also include over-allocating or making short sales of the Offered Shares, which involves the sale by the Underwriters of a greater number of Offered Shares than they are required to purchase in the Offering. Short sales may be “covered short sales”, which are short positions in an amount not greater than the Over-Allotment Option or may be “naked short sales” which are short positions in excess of that amount.

The Underwriters may close out any covered short position either by exercising the Over-Allotment Option, in whole or in part, or by purchasing Offered Shares in the open market. In making this determination, the Underwriters will consider, among other things, the price of the Offered Shares available for purchase in the open market compared with the price at which they may purchase Offered Shares through the Over-Allotment Option.

The Underwriters must close out any naked short position by purchasing Offered Shares in the open market. A naked short position is more likely to be created if the Underwriters are concerned that there may be downward pressure on the price of the Offered Shares in the open market. Any naked short sales will form part of the Underwriters’ over-allocation position. A purchaser who acquires Offered Shares forming part of the Underwriters’ over-allocation position resulting from any covered short sales or naked short sales will, in each case, acquire such Offered Shares under this prospectus, regardless of whether the Underwriters’ over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases.

As a result of these activities, the price of the Offered Shares may be higher than the price that otherwise might exist in the open market. If these activities are commenced, they may be discontinued by the Underwriters at any time. The Underwriters may carry out these transactions on any stock exchange on which the Offered Shares are listed, in the over-the-counter market, or otherwise.

NON-CERTIFICATED INVENTORY SYSTEM

No certificates representing the Offered Shares to be sold in the Offering will be issued to purchasers under this prospectus. Registration will be made in the depository service of CDS, or to its nominee, and electronically deposited with CDS on the Closing Date. Each purchaser of Offered Shares will receive only a customer confirmation of purchase from the participants in the CDS depository service (“**CDS Participants**”) from or through which such Offered Shares are purchased, in accordance with the practices and procedures of such CDS Participant. Transfers of ownership of the Offered Shares in Canada will be effected through records maintained by the CDS Participants, which include securities brokers and dealers, banks and trust companies. Indirect access to the CDS book entry system is also available to other institutions that maintain custodial relationships with a CDS Participant, either directly or indirectly.

LOCK-UP ARRANGEMENTS

Pursuant to the Underwriting Agreement, each of us, our management, directors and all of our current shareholders, have agreed that he, she or it will not, directly or indirectly, without the prior written consent of the Underwriters, such consent not to be unreasonably withheld, issue, offer, sell, secure, pledge or grant any option, warrant or other right to purchase or agree to issue or sell or otherwise lend, transfer, assign or dispose of any of our equity securities, financial instruments or other securities convertible or exchangeable into or otherwise exercisable into our equity securities or make any short sale, engage in any hedging transaction, enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of our equity securities, or agree or publicly announce any intention to do any of the foregoing for a period commencing on the date hereof and ending 180 days after the Closing Date, subject to certain limited exceptions, including the sale of our securities pursuant to the exercise of the Over-Allotment Option or the issuance of our securities pursuant to or in connection with our incentive compensation plans. The Subordinate Voting Shares purchased by Rhino Co-Invest 2 Limited Partnership pursuant to the Offering will not be subject to the lock-up arrangements.

Holders of 100% of our issued and outstanding common shares prior to the completion of the Closing have agreed to be subject to these lock-up arrangements.

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of Blake, Cassels & Graydon LLP, our counsel, and Osler, Hoskin & Harcourt LLP, counsel to the Underwriters, the following is a general summary, as of the date hereof, of the principal Canadian federal income tax considerations under the Tax Act generally applicable to a shareholder who acquires the Offered Shares as a beneficial owner and who at all relevant times, for the purposes of the Tax Act, (a) holds the Offered Shares as capital property, and (b) deals at arm's length with the Company and each of the Underwriters and is not affiliated with the Company or any of the Underwriters (a "**Holder**"). Generally, the Offered Shares will be considered to be capital property to a Holder unless they are held or acquired in the course of carrying on a business of trading in or dealing in securities or as part of an adventure or concern in the nature of trade.

This summary is based on the facts set out in this prospectus, the provisions of the Tax Act and *Canada-United States Tax Convention* (1980), as amended (the "**Treaty**") in force as of the date hereof and counsel's understanding of the current administrative policies and assessing practices of the Canada Revenue Agency (the "**CRA**") published in writing by the CRA prior to the date hereof. This summary takes into account all specific proposals to amend the Tax Act publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the "**Tax Proposals**") and assumes that the Tax Proposals will be enacted in the form proposed, although no assurance can be given that the Tax Proposals will be enacted in their current form or at all. This summary does not otherwise take into account or anticipate any changes in law or in the administrative policies or assessing practices of the CRA, whether by way of judicial, legislative, regulatory, administrative or governmental decision, interpretation or action, as the case may be. This summary is not exhaustive of all possible Canadian federal income tax considerations and does not take into account other provincial, territorial or foreign income tax legislations or considerations, which may differ materially from those described in this summary.

This summary is of a general nature only and is not intended to be, and should not be construed to be, legal or tax advice to any particular Holder, and no representations concerning the income tax consequences to any particular Holder are made. The tax consequences of acquiring, holding and disposing of Offered Shares will vary according to the Holder's particular circumstances. Holders should consult their own tax advisors regarding the tax considerations applicable to them having regard to their particular circumstances.

TAXATION OF RESIDENT HOLDERS

The following portion of the summary applies to a Holder who, for the purposes of the Tax Act, is or is deemed to be resident in Canada at all relevant times (a "**Resident Holder**"). A Resident Holder to whom Offered Shares

might not constitute capital property may make, in certain circumstances, an irrevocable election permitted by subsection 39(4) of the Tax Act to have the Offered Shares, and all other “Canadian securities” as defined in the Tax Act, held by such Resident Holder in the taxation year of the election and in all subsequent taxation years, treated as capital property. **Resident Holders should consult their own tax advisors as to whether they will hold their Offered Shares as capital property and whether this election is available or advisable in their particular circumstances.**

This summary is not applicable to a Resident Holder: (a) that is a “financial institution” including for the purposes of the mark-to-market rules contained in the Tax Act; (b) that is a “specified financial institution” as defined in the Tax Act; (c) an interest in which is a “tax shelter investment” as defined in the Tax Act; (d) that has elected to report its tax results in a “functional currency” (as defined in the Tax Act, which excludes Canadian currency); (e) that has entered or will enter into a “derivative forward agreement” or a “synthetic disposition agreement”, as those terms are defined in the Tax Act with respect to the Offered Shares; (f) that receives dividends on the Offered Shares under or as part of a “dividend rental agreement” as defined in the Tax Act. Additional considerations, not discussed herein, may be applicable to a Resident Holder that is a corporation (or does not deal at arm’s length with a corporation) that is, or becomes as part of a transaction or series of transactions or events that includes the acquisition of the Offered Shares, controlled by a non-resident person or group of non-resident persons that do not deal with each other at arm’s length for the purposes of the “foreign affiliate dumping” rules in section 212.3 of the Tax Act. Such Resident Holders should consult their own tax advisors with respect to an investment in Offered Shares.

DIVIDENDS ON THE OFFERED SHARES

Dividends (including deemed dividends) received on the Offered Shares by a Resident Holder who is an individual (other than certain trusts) will be included in the individual’s income and will be subject to the gross-up and dividend tax credit rules in the Tax Act applicable to taxable dividends received by individuals from “taxable Canadian corporations”, as defined in the Tax Act, including the enhanced gross-up and dividend tax credit rules applicable to any dividends designated by the Company as “eligible dividends” in accordance with the Tax Act. There may be limits on the ability of the Company to designate dividends as eligible dividends. Dividends (including deemed dividends) received by a Resident Holder that is an individual (including certain trusts) may result in such Resident Holder being liable for minimum tax under the Tax Act. **Resident Holders that are individuals should consult their own tax advisor in this regard.**

Dividends (including deemed dividends) received on the Offered Shares by a Resident Holder that is a corporation will be included in computing the corporation’s income and will generally be deductible in computing its taxable income. In certain circumstances, subsection 55(2) of the Tax Act will treat a taxable dividend received by a Resident Holder that is a corporation as proceeds of disposition of the Offered Shares or a capital gain. A Resident Holder that is a “private corporation” or a “subject corporation”, each as defined in the Tax Act, may be liable to pay a refundable tax under Part IV of the Tax Act on dividends received (or deemed to be received) on the Offered Shares to the extent that such dividends are deductible in computing the Resident Holder’s taxable income. **Resident Holders that are corporations are urged to consult their own tax advisors having regard to their particular circumstances.**

DISPOSITION OF THE OFFERED SHARES

Generally, a disposition (or a deemed disposition) of an Offered Share, by a Resident Holder (other than to the Company, unless purchased by the Company in the open market in the manner in which Offered Shares are normally purchased by any member of the public in the open market) generally will result in the Resident Holder realizing a capital gain (or a capital loss) in the taxation year of the disposition equal to the amount by which the Resident Holder’s proceeds of disposition of the Offered Share are greater (or less) than the Resident Holder’s “adjusted cost base” (as defined in the Tax Act) immediately before the disposition (or deemed disposition) of such share and any reasonable costs of the disposition. The adjusted cost base to the Resident Holder of an Offered Share acquired pursuant to the Offering will be determined by averaging the cost of such share with the adjusted cost base of all other common shares of the Company (if any) owned by the Resident

Holder as capital property immediately before the time of acquisition, if any. The tax treatment of capital gains and capital losses is discussed below under the heading “*Taxation of Capital Gains and Capital Losses*”.

TAXATION OF CAPITAL GAINS AND CAPITAL LOSSES

Generally, in computing a Resident Holder’s income for the taxation year of disposition, one-half of the amount of any capital gain (a “**taxable capital gain**”), realized by the Resident Holder in a taxation year must be included in the Resident Holder’s income for that year and one-half of the amount of any capital loss (an “**allowable capital loss**”) realized by a Resident Holder in a taxation year must generally be deducted against taxable capital gains realized by the Resident Holder in the year. Allowable capital losses in excess of taxable capital gains realized in a taxation year of disposition generally may be carried back and deducted in any of the three preceding taxation years or carried forward and deducted in any subsequent taxation year against net taxable capital gains realized by the Resident Holder in such years, to the extent and in the circumstances described in the Tax Act. Capital gains realized by an individual (including certain trusts) may result in such Resident Holder being liable for minimum tax under the Tax Act. **Resident Holders should consult their own tax advisors in this regard.**

The amount of any capital loss realized by a Resident Holder that is a corporation on the disposition (or deemed disposition) of an Offered Share may, in certain circumstances prescribed by the Tax Act, be reduced by the amount of any dividends received (or deemed to be received) by the Resident Holder on such share (or a share substituted for such share) to the extent and under the circumstances described in the Tax Act. Similar rules may apply where a Resident Holder that is a corporation is a member of a partnership or a beneficiary of a trust that owns an Offered Share directly or indirectly through a trust or partnership.

A Resident Holder that is throughout the relevant taxation year a “Canadian-controlled private corporation”, as defined in the Tax Act, may be liable for an additional refundable tax on its “aggregate investment income”, which is defined in the Tax Act to include an amount in respect of taxable capital gains. Resident Holders to whom these rules may be relevant should consult their own tax advisors.

TAXATION OF NON-RESIDENT HOLDERS

This portion of the summary is applicable to a Holder who, at all relevant times, is neither resident in Canada nor deemed to be resident in Canada for purposes of the Tax Act and any applicable income tax treaty or convention, and who does not use or hold, (and is not deemed to use or hold) the Offered Shares in connection with carrying on a business in Canada (a “**Non-Resident Holder**”). Special rules, which are not discussed in this summary, may apply to a Non-Resident Holder that is an insurer carrying on business in Canada or is an “authorized foreign bank”, as defined in the Tax Act. Such Non-Resident Holders should consult their own tax advisors with respect to an investment in Offered Shares.

DIVIDENDS ON THE OFFERED SHARES

Dividends paid or credited (or deemed to be paid or credited) on the Offered Shares to a Non-Resident Holder by the Company will be subject to Canadian withholding tax under the Tax Act at the rate of 25%, subject to a reduction of such rate under the terms of an applicable income tax treaty or convention. In general, in the case of a Non-Resident Holder who is a resident of the United States for purposes of the Treaty, who is the beneficial owner of the dividend, and who qualifies for full benefits of the Treaty, the rate of such withholding tax will be reduced to 15% (or 5% in the case of a Non-Resident Holder that is a corporation entitled to full benefits under the Treaty beneficially owning at least 10% of the corporation’s voting shares). **Non-Resident Holders are urged to consult their own advisors to determine their entitlement to relief under an applicable income tax treaty or convention.**

DISPOSITION OF THE OFFERED SHARES

A Non-Resident Holder generally will not be subject to tax under the Tax Act in respect of a capital gain realized on the disposition or deemed disposition of an Offered Share unless the Offered Share constitutes (or is deemed to constitute) “taxable Canadian property” of such Non-Resident Holder for purposes of the Tax Act, and the gain is not exempt from tax pursuant to the terms of an applicable income tax treaty or convention.

Provided that the Offered Shares are listed on a “designated stock exchange” as defined in the Tax Act (which currently includes the TSX) at the time of disposition, the Offered Shares generally will not constitute taxable Canadian property of a Non-Resident Holder unless, at any time during the 60-month period immediately preceding the disposition the following two conditions are met concurrently: (i) 25% or more of the issued shares of any class or series of the capital stock of the Company were owned by or belonged to one or any combination of (a) the Non-Resident Holder, (b) persons with whom the Non-Resident Holder did not deal at arm’s length, and (c) partnerships in which the Non-Resident Holder or a person described in (b) holds a membership interest directly or indirectly through one or more partnerships; and (ii) more than 50% of the fair market value of such shares was derived, directly or indirectly, from one or any combination of real or immovable property situated in Canada, “Canadian resource property” (as defined in the Tax Act), “timber resource property” (as defined in the Tax Act), or options in respect of, interests in, or for civil law rights in such properties, whether or not such property exists. Notwithstanding the foregoing, Offered Shares may be deemed to be taxable Canadian property in certain circumstances specified in the Tax Act.

If the Offered Shares are taxable Canadian property of a Non-Resident Holder, any capital gain realized on the disposition or deemed disposition of such Offered Shares may not be subject to tax under the Tax Act pursuant to the terms of an applicable income tax treaty or convention. Non-Resident Holders whose Offered Shares constitute taxable Canadian property should consult their own tax advisors.

RISK FACTORS

Investing in the Offered Shares involves a high degree of risk. In addition to all other information set out in this Prospectus, including our financial statements and related notes thereto, the following specific factors could materially adversely affect us and should be considered when deciding whether to make an investment in the Company and the Offered Shares. Other risks and uncertainties that we do not presently consider to be material, or of which we are not presently aware, may also become important factors that affect our future business, financial condition and results of operations. The occurrence of any of these risks could materially and adversely affect our business, prospects, financial condition, results of operations or cash flow. In these circumstances, the market price of our Subordinate Voting Shares could decline, and a purchaser of the Offered Shares may lose all or part of their investment.

RISKS RELATED TO OUR BUSINESS AND INDUSTRY

Our growth may not be sustainable and depends on our ability to attract new customers, retain revenue from existing customers and increase revenue from existing high-volume customers.

We generate revenues almost exclusively through the sale of subscriptions to our Platform. Thinkific subscription plans come in six different tiers with monthly or annual subscription terms. Thinkific Plus subscription plans are customized plans based on the service and infrastructural needs of each Course Creator under such plans. We have changed our pricing plans in the past and may continue to iterate and make changes to these price plans in the future. Course Creators on our *Free, Basic, Pro, Pro+Growth, Premier*, and legacy plans agree to and operate based on our standard self-serve terms of service. Course Creators on our Plus plan enter into specific agreements with us and operate with our Plus terms of service. See “*The Business of the Company – Customer Acquisition*” for a discussion on the differences between these plans.

Our future success depends, in part, on our ability to increase the adoption of our Platform by our existing customers and future customers. In addition, our customers may initially use our Platform for a specific use

case. Our ability to grow our business depends in part on our ability to persuade customers to expand their use of our Platform, including upgrading the subscription plans to a higher tier, to address additional use cases.

Further, to continue to grow our business, it is important that our Course Creators do not downgrade or cancel their subscription plans and that we expand our relationships with our existing Course Creators. Our Course Creators have no obligation to renew their subscriptions after their subscription term expires. In the past, some of our Course Creators have elected not to renew their agreements with us, and it is difficult to accurately predict whether we will have future success in retaining Course Creators or expanding our relationships with them. As a result, even though the number of customers using our Platform has grown rapidly in recent years, there can be no assurance that we will be able to retain these customers. We have historically experienced turnover in subscriptions as a result of many of our Course Creators being SMBs and entrepreneurs that are more susceptible than large businesses to general economic conditions and other risks affecting their businesses. Many of these SMBs and entrepreneurs are in the entrepreneurial stage of their development and there is no guarantee that their business will succeed and continue to use or expand their use of our Platform. New Course Creators joining our Platform may also decide not to continue or renew their subscription for reasons outside of our control. Course Creator retention and expansion may decline or fluctuate as a result of a number of factors, including our Course Creators' satisfaction with our services and Platform, our pricing, the prices and features of competing solutions, customer security, privacy and networking issues and requirements, the ability of Course Creators to market their businesses and Learning Products, the success of Course Creators' businesses or marketing efforts, the ability of Course Creators to attract Students to their Learning Products and to continue to sell their Learning Products, Student spending levels, insufficient Student adoption of our Platform, decreases in the number of endpoints to which our customers deploy our solutions, industry developments, news releases regarding software solutions and general economic conditions. If our efforts to maintain our relationships with our existing Course Creators through subscription renewals or subscription upgrades are not successful, our business, results of operations and financial condition may materially suffer. Our costs associated with subscription renewals are substantially lower than costs associated with generating revenue from new Course Creators or costs associated with providing additional solutions to existing customers. Therefore, if we are unable to retain revenue from existing Course Creators, substantially increase revenues from existing customers or if customers do not upgrade their subscriptions or renew their existing subscriptions, renew on less favourable terms, or fail to expand to continue their engagement with our Platform, even if such losses are offset by an increase in new customers or an increase in other revenues, our revenue may decline or grow less quickly than anticipated, which would adversely impact our operating results.

Additionally, as we increase sales to larger organizations, we will be required to deploy sophisticated and costly sales efforts, which may result in longer sales cycles. Sales efforts targeted at larger Course Creators typically involve greater costs, longer sales cycles, greater competition, and less predictability in completing some of our sales. In the mid-market and enterprise market, the Course Creator's decision to use our Platform can sometimes be an enterprise-wide decision, in which case, we will likely be required to provide greater levels of customer education to familiarize potential customers with the use and benefits of our Platform, as well as training and support. In addition, larger enterprises may demand more customization, integration and support services, and features. As a result of these factors, these sales opportunities may require us to devote greater sales, research and development, and Course Creator support resources to these Course Creators, resulting in increased costs, lengthened sales cycles, and diversion of our own sales and professional services resources to a smaller number of larger Course Creators. Moreover, these larger subscription plans may require us to delay revenue recognition on some of these transactions until the technical or implementation requirements have been met.

We may also fail to attract new Course Creators, retain revenue from existing Course Creators, increase revenue from both new and existing Course Creators or Course Creators may not upgrade their subscriptions or renew their existing subscriptions, renew on less favourable terms, or fail to expand or to continue their engagement with our Platform as a result of a number of other factors, including:

- reductions in our current or potential customers' spending levels;

- competitive factors affecting the SaaS market, including the introduction of competing platforms, discount pricing and other strategies that may be implemented by our competitors;
- the COVID-19 pandemic and its impacts on research and development, financial performance, employee health, hiring, and remote work, course creator and Student spending behaviors, among others;
- our ability to execute on our growth strategy and operating plans;
- our ability to increase revenues from existing Course Creators;
- our ability to expand usage within organizations and deploy sophisticated sales efforts to that effect;
- a decline in the number of SMBs and entrepreneurs;
- a decline in our Course Creators' level of satisfaction with our Platform and Course Creators' usage of our Platform;
- the ability of Course Creators to market their businesses and Learning Products, the success of Course Creators' businesses or marketing efforts, the ability of Course Creators to attract Students to their Learning Products and to continue to sell their Learning Products;
- the difficulty and cost to switch to a competitor not being significant for many of our customers;
- changes in our relationships with third parties, including providers of software service inputs, AWS, Wistia, Stripe and other suppliers;
- the timeliness and success of new products and services we may offer in the future;
- our ability to develop such new products and services, to integrate them with existing technologies, to test them adequately and price them competitively;
- expanding and scaling our customer base;
- the extent to which our new and existing customers will use Thinkific Payments and the Thinkific App Store;
- concerns relating to actual or perceived privacy or security breaches;
- the frequency and severity of any system outages;
- technological changes or problems; and
- our focus on long-term value over short-term results.

We may make strategic decisions that may not maximize our short-term revenue or profitability if we believe that the decisions are consistent with our mission and will improve our financial performance over the long-term. Additionally, we anticipate that our growth rate will decline over time to the extent that the number of customers using our Platform increases and we achieve higher market penetration rates. As our growth rate declines, investors' perception of our business may be adversely affected and the trading price of our Subordinate Voting Shares could decline as a result. To the extent our growth rate slows, our business performance will become increasingly dependent on our ability to retain revenue from existing customers through subscription renewals and increase sales to existing customers through subscription upgrades.

We have incurred operating losses and negative cash flows in the past and may incur operating losses in the future. We believe our long-term value as a company will be greater if we focus on growth, which may negatively impact our profitability in the near- and medium-term.

In the past, we have experienced net losses and negative cash flows from operations. As of December 31, 2020, we had an operating loss of approximately \$1.5 million. We expect our operating expenses to increase in the future as we expand our operations. Furthermore, as a public company, we will incur legal, accounting and other expenses that we did not incur as a private company. If our revenue does not grow to offset these increased expenses, we may not become profitable in the near term or at all. We can make no assurance that we will be able to achieve or maintain profitability. Recent revenue growth should not be considered as indicative of our future performance.

A significant part of our business strategy and culture is to focus on long-term growth and customer success over short-term financial results. For example, in Fiscal 2020, we increased our operating expenses to \$18.1 million as compared to \$7.4 million in Fiscal 2019. In Fiscal 2020, our net loss was \$1.3 million compared to net income of \$0.3 million in Fiscal 2019. At December 31, 2020, we had an accumulated deficit of \$2.4 million. These losses and accumulated deficit are a result of the substantial investments we made to grow our business and we expect to make significant expenditures to expand our business in the future. As a result, in the near and medium term, we may continue to operate at a loss, or our near- and medium-term profitability may be lower than it would be if our strategy were to maximize near- and medium-term profitability over long-term growth. We expect to continue making significant expenditures on sales and marketing efforts, and expenditures to grow our Platform and develop new features, integrations, capabilities, and enhancements to our Platform. Such expenditures may not result in improved business results or profitability over the long-term as well and as we grow we may make riskier expenditures. If we are unable to generate adequate revenue growth and manage our expenditures, we may continue to incur significant losses and may not achieve or maintain profitability in the near term or at all. Accordingly, if we are ultimately unable to achieve or improve profitability at the level or during the time frame anticipated by securities or industry analysts and our stockholders, the trading price of our Subordinate Voting Shares may decline.

Our business could be harmed if we fail to manage our growth effectively.

The rapid growth we have experienced in our business places significant demands on our operational infrastructure. The scalability and flexibility of our Platform depends on the functionality of our technology and network infrastructure and its ability to handle increased traffic and demand. The growth in the number of customers using our Platform and the number of orders processed through our Platform has increased the amount of data and requests that we process. Any problems with the transmission or processing of increased data and requests could result in harm to our brand or reputation. Moreover, as our business grows, we will need to devote additional resources to improving our operational infrastructure and continuing to enhance its scalability in order to maintain the performance of our Platform to the satisfaction of our customers.

Our growth has placed, and will likely continue to place, a significant strain on our managerial, administrative, operational, financial and other resources. We have grown from approximately 70 employees and contractors as at December 31, 2018 to 102 employees and contractors as at December 31, 2019 and over 223 employees and contractors as at December 31, 2020. We intend to further expand our overall business, including headcount, with no assurance that our revenues will continue to grow. As we grow, we will be required to continue to improve our operational and financial controls and reporting procedures and we may not be able to do so effectively. In addition, as we have grown, we have expanded our lease commitments and we plan to further expand such commitments. Furthermore, some members of our management do not have significant experience managing a large global business operation, so our management may not be able to manage such growth effectively. As such, we may be unable to manage our expenses effectively in the future, which may negatively impact our gross profit or operating expenses. We are also subject to the risks of over-hiring and/or overcompensating our employees and over-expanding our operating infrastructure.

In addition, we believe that an important contributor to our success has been our corporate culture, which we believe fosters innovation, teamwork and passion for our customers, and a focus on attractive design and technologically advanced and well-crafted software and products. More than half of our employees have been with us for fewer than one year as a result of our rapid growth. As we continue to grow, we must effectively integrate, develop, and motivate a growing number of new employees, some of whom will be based in various countries around the world, and we must effectively preserve our ability to execute quickly on new features and initiatives uniformly. As a result, we may find it difficult to maintain our corporate culture, which could limit our ability to innovate and operate effectively. Any failure to preserve our culture could also negatively affect our ability to retain and recruit personnel, to continue to perform at current levels, or to execute on our business strategy effectively and efficiently.

Our limited operating history in new and developing markets and new geographic regions makes it difficult to evaluate our current business and future prospects and may increase the risk that we will not be successful.

We started Thinkific in 2012 and the majority of our revenue growth has occurred in the past few years. This makes it difficult to accurately assess our future prospects. We also operate in new and developing markets that may not develop as we expect and are prone to greater market uncertainty. You should consider our future prospects in light of the challenges and uncertainties that we face, including the fact that our business has grown rapidly and it may not be possible to fully discern the trends that we are subject to, that we operate in new and developing markets, and that elements of our business strategy are new and subject to ongoing development. We have encountered and will continue to encounter risks and difficulties frequently experienced by growing companies in rapidly changing industries, including increasing and unforeseen expenses as we continue to grow our business. If we do not manage these risks successfully, our business, results of operations and prospects will be harmed.

Our future success will depend in part upon our ability to continue to expand into new geographic regions, and we will face risks entering markets in which we have limited or no experience, which have additional complexity and in which we do not have any brand recognition. It is costly to establish, develop and maintain international operations, and to promote our brand internationally. In addition, expanding into new geographic regions where the main language is not English will require substantial expenditures and take considerable time and attention, and we may not be successful enough in these new markets to recoup our investments in a timely manner, or at all. Our efforts to expand into new geographic regions may not be successful, which could limit our ability to grow our business.

If we are unable to keep pace with technological and marketplace change and trends, including our ability to improve and enhance the functionality, performance, reliability, design, security and scalability of our Platform in a manner that responds to our customers' evolving needs, our business, operating results and financial condition may be adversely affected.

The markets in which we compete are characterized by constant change and innovation and we expect them to continue to evolve rapidly. As the markets evolve, continued growth and demand for, and acceptance of, our services remains uncertain. Our success has been based on our ability to identify and anticipate the needs of our customers and design and maintain a Platform that provides them with the tools they need to operate their businesses. Our ability to attract new customers, retain revenue from existing customers, and increase revenue to both new and existing customers will depend in large part on our ability to continue to improve and enhance the functionality, performance, reliability, design, security, and scalability of our Platform. We believe the simple and straightforward interface for our Platform has helped us to expand and offer our solutions to customers with limited technical expertise. In the future, providers of internet browsers could introduce new features that would make it difficult for Course Creators or their Students to use our Platform. In addition, internet browsers for desktop or mobile devices could introduce new features, change existing browser specifications such that they would be incompatible with our Platform, or prevent Students from accessing our Course Creators' Learning Products. Any changes to technologies used in our Platform, to existing features that we rely on, or to operating systems or internet browsers that make it difficult for Course Creators to access our Platform or their Students to access our Course Creators' Learning Products, may

make it more difficult for us to maintain or increase our revenues and could adversely impact our business and prospects while other emerging technology and services may impact the viability of the market for our services. Our continued success will depend upon our ability to keep pace with technological and marketplace change and to introduce, on a timely and cost-effective basis, new and enhanced services that satisfy changing customer requirements and achieve market acceptance. There can be no assurance that we will be able to respond effectively to changes in technology or customer demands. Moreover, there can be no assurance that our competitors or current Partners will not develop a competitive platform or that any such platform will not have an adverse effect upon our business, financial condition or results of operations.

Furthermore, as we continue to expand our offerings, and as the number of our Course Creators with a large volume of Students increases, so does the need for us to offer increased functionality, scalability and support, which requires us to devote additional resources to such efforts. To the extent we are not able to enhance our Platform's functionality in order to maintain its utility, enhance our Platform's scalability in order to maintain its performance and availability, or improve our support function in order to meet increased demands, our business, operating results and financial condition could be adversely affected.

We may experience difficulties with software development that could delay or prevent the development, introduction or implementation of new solutions and enhancements. Software development involves a significant amount of time for our research and development team, as it can take our developers months to update, code and test new and upgraded solutions and integrate them into our Platform. We must also continually update, test and enhance our software Platform. For example, our design team spends a significant amount of time and resources incorporating various design enhancements into our Platform. However, we cannot make any assurance that any future features or enhancements that we develop will be successful. The success of any enhancement or new feature depends on several factors, including our understanding of market demand, timely execution, successful introduction, and market acceptance. We may not successfully develop new features or enhance our existing Platform to meet customer needs or our new features and enhancements may not achieve adequate acceptance in the market. The continual improvement and enhancement of our Platform requires significant investment and we may not have the resources to make such investment. Additionally, our improvements and enhancements may not result in our ability to recoup our investments in a timely manner, or at all. We may make significant investments in new solutions or enhancements that may not achieve expected returns. The improvement and enhancement of the functionality, performance, reliability, design, security and scalability of our Platform is expensive and complex, and to the extent we are not able to perform it in a manner that responds to our customers' evolving needs, our business, operating results and financial condition will be adversely affected.

The estimates of market opportunity and growth forecasts included in this prospectus may prove to be inaccurate and may not be indicative of our future growth. Even if the market in which we compete achieves the estimated growth, our business could fail to grow at similar rates, if at all.

The estimates of market opportunity included in this prospectus may prove to be inaccurate and may not be indicative of our future growth. Market opportunity estimates and growth forecasts are subject to significant uncertainty and are based on assumptions and estimates that may not prove to be accurate. While our estimate of the total addressable market included in this prospectus was made in good faith and is based on assumptions and estimates we believe to be reasonable under the circumstances, this estimate may not prove to be accurate. Further, even if the estimate of our market opportunity does prove to be accurate, we could fail to capture a significant portion, or any portion, of the available market. In making such estimates, we rely on data provided by customers, among other things, and there can be no assurance that such data is accurate, and any inaccuracy will affect the accuracy of our estimates. The accuracy of our estimates may also be affected by human error in the interpretation of such data.

We focus on five key performance metrics: Paying Customers, ARPU, MRR, ARR and GMV. Due to, among other things, the subscription business model and the unpredictability of our emerging and competitive category of online course delivery, we may not be able to accurately forecast the rate of adoption of our services and hence our revenue growth and profitability. We base our current and future expense levels and our investment

plans on estimates of future revenue growth. We may not be able to adjust our spending quickly enough if the rate of new or renewed subscriptions falls short of our expectations. In addition, the significant competition we face in the sales of our services and general economic and business conditions can put pressure on us to change our prices. If our competitors offer deep discounts on certain hosting services or develop an online course platform that the marketplace considers more valuable, we may need to lower our prices or offer other favorable terms in order to compete successfully and even those changes may not be enough for us to compete successfully. Any such changes may reduce margins and could adversely affect operating results. Also, our operating results may fluctuate significantly from period to period. In addition, we expect that COVID-19 and its effects on the global economy, our business and on our current and prospective customers could impact our revenue growth rate either positively or negatively. Accordingly, period-to-period comparisons of our operating results may not necessarily be a meaningful indicator of future performance. For more information regarding the estimates of market opportunity and the forecasts of market growth included in this prospectus, see “*Business of Thinkific – The Opportunity*”.

If our software contains serious errors or defects, we may lose revenue and market acceptance and may incur costs to defend or settle claims with our customers or other claimants.

Software such as ours often contains errors, defects, security vulnerabilities or software bugs that are difficult to detect and correct, particularly when first introduced or when new versions or enhancements are released. Despite internal testing, our Platform may contain serious errors or defects, security vulnerabilities or software bugs that we may be unable to successfully correct in a timely manner or at all, which could result in lost revenue, significant expenditures of capital, a delay or loss in market acceptance, and damage to our reputation and brand, any of which could have an adverse effect on our business, financial condition and results of operations. Furthermore, our Platform is a multi-tenant cloud based system that allows us to deploy new versions and enhancements to all of our customers simultaneously. To the extent we deploy new versions or enhancements that contain errors, defects, security vulnerabilities or software bugs to all of our customers simultaneously, the consequences would be more severe than if such versions or enhancements were only deployed to a smaller number of our customers.

Since our customers use our services for processes that are critical to their businesses, errors, defects, security vulnerabilities, service interruptions or software bugs in our Platform could result in losses to our customers. Our customers may seek significant compensation from us for any losses they suffer or cease conducting business with us altogether. Further, a Course Creator or its Students could share information about bad experiences on social media or other channels, which could result in damage to our reputation and loss of future sales. There can be no assurance that provisions typically included in our agreements with our customers that attempt to limit our exposure to claims would be enforceable or adequate or would otherwise protect us from liabilities or damages with respect to any particular claim. Even if not successful, a claim brought against us by any of our customers would likely be time-consuming and costly to defend and could seriously damage our reputation and brand, making it harder for us to sell our solutions.

Security breaches, denial of service attacks, or other hacking and phishing attacks on our systems or other security breaches could delay or interrupt service to our Course Creators, their Students, and others who use our services, harm our reputation or subject us to significant liability, and adversely affect our business and financial results.

We operate in an industry that is prone to cyber attacks. Failure to prevent or mitigate security breaches and improper access to or disclosure of our data, our Course Creators’ data, or their Students’ data, could result in the loss or misuse of such data, which could harm our business and reputation. The security measures we have integrated into our internal networks and Platform, which are designed to prevent or minimize security breaches, may not function as expected or may not be sufficient to protect our internal networks and Platform against certain attacks. In addition, techniques used to sabotage or to obtain unauthorized access to networks in which data is stored or through which data is transmitted change frequently. As a result, we may be unable to anticipate these techniques or implement adequate preventative measures to prevent an electronic intrusion into our networks.

Our Course Creators' storage and use of data concerning their Learning Products and their Students is essential to their use of our Platform, which stores, transmits and processes our customers' proprietary information and personal information relating to them and their Students. Breaches of our security measures or those of our third-party service providers or cyber security incidents could result in unauthorized access to our sites, networks, systems, and accounts; unauthorized access to, and misappropriation of, individuals' personal information or other confidential or proprietary information of ourselves, our customers, their Students, or other third parties; viruses, worms, spyware, or other malware being served from our Platform, mobile application, networks, or systems; deletion or modification of content or the display of unauthorized content on our Platform; interruption, disruption, or malfunction of operations; costs relating to breach remediation, deployment of additional personnel and protection technologies, and response to governmental investigations and media inquiries and coverage; engagement of third-party experts and consultants; or litigation, regulatory action, and other potential liabilities. We allow our employees to use their own devices at work and have rules in place to prevent security breaches and attacks, but such devices may still be subject to and used in attacks and security breaches. If a security breach were to occur, as a result of third-party action, employee error, malfeasance, or otherwise, and the confidentiality, integrity or availability of our customers' data was disrupted, we could incur significant liability to our customers and to individuals whose information was being stored by our customers, and our Platform may be perceived as less desirable, which could negatively affect our business and damage our reputation.

Thinkific's standard self-serve terms of service provide that we are not responsible or liable for any damages with respect to Course Creators' proprietary information and personal information relating to Course Creators and their Students, and that the maximum amount of our liability for any claim is the fees paid by the Course Creator in the one month prior to the date of the event giving rise to the claim. Thinkific's standard Plus terms of service state that our liability is limited to the amount of fees actually paid or payable by the Course Creator during the immediately preceding 12-month period, except for data incidents (as defined in those standard Plus terms of service) for which the maximum liability is triple the fees actually paid or payable by the Course Creator during that same period.

In the past, we have been subject to distributed denial of service, or DDoS attacks, a technique used by hackers to take an internet service offline by overloading its servers, and may experience such attacks in the future. A DDoS attack or security breach could delay or interrupt service to our Course Creators and their Students and may deter Students from using our Course Creators' Learning Products. Our Platform may be subject to DDoS attacks in the future and we cannot guarantee that applicable recovery systems, security protocols, network protection mechanisms and other procedures are or will be adequate to prevent network and service interruption, system failure or data loss. In addition, computer malware, viruses, and hacking and phishing attacks by third parties are prevalent in our industry. As a result of our increased visibility, we believe that we are increasingly a target for such breaches and attacks.

Moreover, our Platform could be breached if vulnerabilities in our Platform are exploited by unauthorized third parties or due to employee error, malfeasance, or otherwise. Further, third parties may attempt to fraudulently induce employees or customers into disclosing sensitive information such as usernames, passwords or other information or otherwise compromise the security of our internal networks, electronic systems and/or physical facilities in order to gain access to our data or our customers' data. Since techniques used to obtain unauthorized access change frequently and the size and severity of DDoS attacks and security breaches are increasing, we may be unable to implement adequate preventative measures or stop DDoS attacks or security breaches while they are occurring.

In addition to our own Platform, some of the third parties we work with, including service providers we use and other services used by our customers, may receive information provided by us, by our customers, or by our customers' Students through web or mobile applications integrated with Thinkific. If these third parties fail to adhere to adequate data security practices, or in the event of a breach of their networks, our own and our customers' data may be improperly accessed, used or disclosed. Even if such a failure or breach is unrelated to our own action or inaction, an incident could negatively affect our business and damage our reputation.

Any actual or perceived DDoS attack or security breach could damage our reputation and brand, expose us to a risk of litigation and possible liability and require us to expend significant capital and other resources to respond to and/or alleviate problems caused by the DDoS attack or security breach. Some jurisdictions have enacted laws requiring companies to notify individuals or government regulators of data security breaches involving certain types of personal data and our agreements with certain customers and Partners require us to notify them in the event of a security incident. Such mandatory disclosures are costly, could lead to negative publicity, and may cause our customers to lose confidence in the effectiveness of our data security measures. Moreover, if a high profile security breach occurs with respect to another SaaS provider, customers may lose trust in the security of the SaaS business model generally, which could adversely impact our ability to retain revenue from existing customers or attract new ones. Similarly, if a high profile security breach occurs with respect to an online course platform, Students may lose trust in online courses and other Learning Products more generally, which could adversely impact our customers' businesses. Any of these events could harm our reputation or subject us to significant liability, and materially and adversely affect our business and financial results.

System failures, interruptions, delays in service, catastrophic events, inadequate infrastructure and resulting interruptions in the availability or functionality of our Platform could harm our reputation or subject us to significant liability, and adversely affect our business and financial results.

Our brand, reputation and ability to attract, retain and serve our customers are also dependent upon the reliable performance of our Platform, including our underlying technical infrastructure. Our Platform is critical for our Course Creators who rely on it to manage their businesses and the data collected in connection therewith, including transaction records, information about Learning Products and their Students and other important business information and data. Our systems and those of our third-party data center facilities may experience service interruptions, human error, earthquakes, hurricanes, floods, fires, natural disasters, power losses, disruptions in telecommunications services, fraud, military or political conflicts, terrorist attacks and other geopolitical unrest, computer viruses, or other events. Our systems are also subject to break-ins, sabotage, and acts of vandalism. Our Platform and technical infrastructure may not be adequately designed with sufficient reliability and redundancy and our disaster recovery planning, may not be sufficient to avoid performance delays or outages that could be harmful to the businesses of our customers and our business. We are in the process of implementing a formal disaster recovery program to enable us to move our systems to a back-up data center in the event of a catastrophe, but such a program may not be sufficient for all eventualities.

We have in the past experienced and may in the future experience service interruptions which disrupt the availability or reduce the speed or functionality of our Platform. These events have resulted and likely will result in loss of revenue. In addition, they could result in significant expense to remedy resultant data loss or corruption and/or recover from the interruption. A prolonged interruption in the availability or reduction in the speed or other functionality of our Platform could materially harm our reputation and business. Frequent or persistent interruptions in access to functionality of our Platform could cause our customers to believe that our Platform is unreliable. If our Platform is unavailable when our Course Creators or Students attempt to access it, or if it does not perform to expected levels, especially during peak periods, our Course Creators or their Students may cease to use our Platform entirely. Moreover, to the extent that any system failure or similar event results in damages to customers or their businesses, these customers could seek compensation from us for their losses, and those claims, even if unsuccessful, would likely be time-consuming and costly to address. While we have implemented measures intended to prevent or mitigate such interruptions, there can be no assurance that such measures will successfully prevent service interruptions in the future.

A significant natural disaster could have a material and adverse effect on our business. Despite any precautions we may take, the occurrence of a natural disaster or other unanticipated problems at our headquarters, locations where we have a concentration of employees, or data centers could result in lengthy interruptions in access to or functionality of our Platform or could result in related liabilities.

Our success depends on the ability of our Course Creators to achieve commercial success, to market or sell their Learning Products and to grow or sustain their businesses.

Our business succeeds when our Course Creators succeed. If Course Creators fail to achieve sufficient commercial success or to continue to grow their businesses, they may not be able to pay for Thinkific's products or services. If Course Creators fail to grow their businesses or attract more Students to take or purchase their Learning Products, they may not generate sufficient revenues to pay for Thinkific's products or services. Any harm to Course Creators' businesses will directly affect our ability to generate revenue from Course Creators, including through our subscription pricing plans and through Thinkific Payments revenue.

Our Course Creators rely on the ability to market their Learning Products. Much of that marketing occurs online through social media, search engines and paid advertising channels. Changes to permissions, procedures, internet cookies, retargeting or other changes may harm our Course Creators' ability to market or sell their Learning Products.

Our growth depends in part on the success of our strategic relationships with third parties.

We anticipate that the growth of our business will continue to depend on third-party relationships, including relationships with our app developers, theme designers, referral sources, resellers, payment processors, integrated tools and other Partners. In addition to growing our third-party Partner ecosystem, we intend to pursue additional relationships with other third-parties, such as technology and content providers and implementation consultants. Identifying, negotiating and documenting relationships with third parties requires significant time and resources as does integrating third-party content and technology. Some of the third parties that sell our services have the direct contractual relationships with the Course Creators, and therefore we risk the loss of such Course Creators if the third parties fail to perform their obligations. Our agreements with providers of cloud hosting, technology, content and consulting services are typically non-exclusive and do not prohibit such service providers from working with our competitors or from offering competing services. These third-party providers may choose to terminate their relationship with us or to make material changes to their businesses, products or services. Our competitors may be effective in providing incentives to third parties to favor their products or services or to prevent or reduce subscriptions to our Platform. In addition, these providers may not perform as expected under our agreements or under their agreements with our Course Creators, and we or our Course Creators may in the future have disagreements or disputes with such providers. If we lose access to products or services from a particular supplier, or experience a significant disruption in the supply of products or services from a current supplier, especially a single-source supplier, it could have an adverse effect on our business and operating results.

We may be unable to achieve or maintain data transmission capacity.

Our Course Creators often draw significant numbers of Students to their Learning Products over short periods of time, including from events such as new course releases, live events, promotional sales and course bundles, which significantly increases the traffic and volume of transactions processed on our Platform. Our servers may be unable to achieve or maintain data transmission capacity high enough to handle increased traffic or process orders in a timely manner. Our failure to achieve or maintain high data transmission capacity could significantly reduce demand for our solutions. Further, as we continue to attract larger customers, the volume of transactions processed on our Platform will increase, especially if such Course Creators draw significant numbers of Students over short periods of time. In the future, we may be required to allocate resources, including spending substantial amounts of money, to expand and, upgrade our technology and network infrastructure in order to handle the increased load. Our ability to deliver our solutions also depends on the development and maintenance of internet infrastructure by third parties, including by our cloud service provider. Such development and maintenance includes the maintenance of reliable networks with the necessary speed, data capacity and bandwidth. If one of these third parties suffers from capacity constraints, our business may be adversely affected.

We use a single cloud service provider to deliver our services and there may not be a suitable alternative cloud service provider. Any disruption of services from our cloud service provider could harm our business.

We host our Platform on data centers provided by AWS, a provider of cloud infrastructure services. Our operations depend on the virtual cloud infrastructure hosted in AWS as well as the information stored in these virtual data centers and which third-party internet service providers transmit. Although we have disaster recovery plans, any incident affecting their infrastructure that may be caused by fire, flood, severe storm, earthquake, power loss, telecommunications failures, unauthorized intrusion, computer viruses, disabling devices, natural disasters, war, criminal act, military actions, terrorist attacks, and other similar events beyond our control could negatively affect the availability and reliability of our Platform. A prolonged AWS service disruption affecting our Platform for any of the foregoing reasons or the termination of our relationship with AWS could damage our reputation with current and potential customers, expose us to liability, cause us to lose customers, or otherwise harm our business. We may also incur significant costs for using alternative equipment or taking other actions in preparation for, or in reaction to, events that damage the AWS services we use.

AWS enables us to order and reserve server capacity in varying amounts and sizes distributed across multiple regions, and provides us with computing and storage capacity pursuant to an agreement that continues until terminated by either party. AWS may terminate the agreement by providing 30 days prior written notice and may, in some cases, terminate the agreement immediately for cause upon notice. In addition, AWS may, in certain circumstances, suspend its provision of services to us upon *notice*. While there are alternative providers of cloud infrastructure services, if AWS were to terminate its relationship with us, we could incur substantial delays and expense in finding and integrating a cloud infrastructure service provider to host our Thinkific Platform, and the quality and reliability of such cloud infrastructure service provider may not be comparable. Any disruption of our use of, or interference with, AWS, including switching to an alternative cloud infrastructure service provider, would adversely affect the businesses, reputation and confidence of the Course Creators and their Students and could lead to Course Creator losses. Any of these events could harm our reputation or subject us to significant liability, and materially and adversely affect our business, revenue growth and financial results.

We have experienced significant growth in the number of customers, transactions, and data that our hosting infrastructure supports. We seek to maintain sufficient excess capacity in our hosting network infrastructure to meet the needs of all of our customers. However, the provision of new hosting infrastructure may require significant lead time and resources. If we do not accurately predict our infrastructure capacity requirements, our existing clients may experience service outages that may adversely impact our results of operations and lead to customer losses. If our hosting infrastructure capacity fails to keep pace with increased sales, customers may experience delays as we seek to obtain additional capacity, which could harm our reputation and adversely affect our revenue growth.

We derive, and expect to continue to derive, substantially all of our revenues from a single cloud-based online course Platform solution.

We derive, and expect to continue to derive, substantially all of our revenues from a single cloud-based online course Platform solution. As such, the continued growth in market demand for and market acceptance, including international market demand and acceptance, of our Platform is critical to our continued success. Demand for our Platform is affected by a number of factors, some of which are beyond our control, such as the rate and extent of market adoption of cloud-based online course platforms; the timing of development and release of competing new products; the development and acceptance of new features, integrations, and capabilities of our Platform; price, product, and service changes by us or our competitors; technological changes and developments within the markets we serve; growth, contraction, and rapid evolution of our market; and general economic conditions and trends. If we are unable to continue to meet the demands of customers or trends in preferences for cloud-based online course Platform solutions or to achieve more widespread market acceptance of our Platform, our business, results of operations, and financial condition would be harmed. Changes in preferences of our current or potential customers may have a disproportionately

greater impact on us than if we offered multiple products. In addition, some current and potential customers may use or piece together one or more direct or indirect substitutes to meet their online course Platform needs, which would reduce or eliminate their demand for our Platform. If demand for our Platform declines for any of these or other reasons, our business, results of operations, and financial condition would be adversely affected.

We rely primarily on a single supplier to provide the technology we offer for video delivery.

In order to provide video delivery in Learning Products, we have entered into service provider agreements with Wistia. These service provider agreements renew every 12 months, unless either party provides a notice of termination at least two months prior to the end of the then current term. While there are alternative video service providers, if Wistia were to terminate its relationship with us, we could incur substantial delays and expense in finding and integrating an alternative video service provider into the Thinkific Platform, and the quality and reliability of such alternative video service provider may not be comparable. Any disruption of our use of, or interference with, Wistia, including switching to an alternative video service provider, would adversely affect the businesses, reputation and confidence of the Course Creators and their Students and could lead to Course Creator losses. Any of these events could harm our reputation or subject us to significant liability, and materially and adversely affect our business, revenue growth and financial results.

We store personal information including that of our Course Creators and their Students. If the security of this information is compromised or is otherwise accessed without authorization, our reputation may be harmed and we may be exposed to liability and loss of business.

We store and/or transmit personal information (including but not limited to names, email addresses, addresses etc.), credit card information and other confidential information of our Partners, our Course Creators and their Students. We also collect and maintain personal information of our employees. Third-party software applications integrated with Thinkific and the third-party applications available on our Platform may also store personal information and/or other confidential information of our Course Creators and their Students.

We do not regularly monitor or review the content that our customers upload and store, or the information provided to us through the applications integrated with our Platform, and, therefore, we do not control the substance of the content hosted within our Platform, which may include personal information and/or confidential information. Additionally, we use third-party service providers to help us deliver services to customers and their clients. These service providers may store personal information, credit card information and/or other confidential information. We have in the past experienced (minor) and may in the future experience successful attempts by third parties to obtain unauthorized access to the personal information of our Partners, our Course Creators and our Course Creators' Students, and events or situations as a result of which this information was or could be exposed through human error, malfeasance or otherwise. The unauthorized or inadvertent release or access, or other compromise of this information could have a material adverse effect on our business, financial condition and results of operations. Even if such a data breach were to affect one or more of our competitors or our customers' competitors, rather than us, the resulting consumer concern could negatively affect our customers and/or our business.

We are also subject to federal, provincial and foreign laws regarding cybersecurity and the protection of data. Laws and regulatory frameworks in Canada, the United States, Europe and many other jurisdictions related to data privacy and the collection, processing, and disclosure of consumer personal information are constantly evolving, and are likely to remain uncertain for the foreseeable future. For example, Canada's PIPEDA may be amended by Bill C-11, An Act to enact the Consumer Privacy Protection Act and the Personal Information and Data Protection Tribunal Act and to make consequential and related amendments to other Acts. Many of these laws and regulations, including Canada's PIPEDA, and the General Data Protection Regulation, and the California Consumer Privacy Act contain detailed requirements regarding collecting and processing personal information, and impose certain limitations on how such information may be used, the length for which it may be stored, with whom it may be shared, and the effectiveness of consumer consent. Such laws and regulations

impose specific obligations regarding the storing and processing of personal data (in particular, for marketing, or advertising purposes), and may restrict our ability to control our costs by requiring us to use certain vendors or service providers, or impact our ability to offer certain services in certain jurisdictions. Moreover, such laws could restrict our Course Creators' ability to run their businesses, for example by limiting their ability to effectively market or advertise to interested Students and, in general, by increasing the resources required to operate their businesses. This could reduce our revenues and the general demand for our services. Additionally, such laws and regulations are often inconsistent and may be subject to amendment or re-interpretation, which may cause us to incur significant costs and expend significant effort to ensure compliance and make changes to our Platform. Given that requirements may be inconsistent and evolving, how we choose to respond to these requirements globally may not meet the expectations of individual Course Creators, their Students, or other stakeholders, which could thereby reduce the demand for our services. Finally, some Course Creators or other service providers may respond to these evolving laws and regulations by asking us to make certain privacy or data related contractual commitments or services available that we are unable or unwilling to make. This could lead to the loss of current or prospective Course Creators or other business relationships.

Certain laws and regulations also include restrictions on the transfer of personal information across national and international borders. Because our services are accessible worldwide, certain foreign jurisdictions may claim that we are required to comply with such laws even in jurisdictions where we have no local entity, employees or infrastructure. Some of these laws include strict localization provisions that require certain data to be stored within a particular region or jurisdiction. We rely on a globally distributed infrastructure in order to be able to provide our services efficiently, and consequently may not be able to meet the needs of customers who are located in or otherwise subject to such localization requirements, which may reduce the demand for our services. Other laws and regulations, like the General Data Protection Regulation, presumptively prohibit cross-border data transfers absent an "adequacy mechanism" that provides some assurances as to the treatment and protection of such data. We rely on a variety of these adequacy mechanisms, including the European Commission Decision 2002/2/EC regarding the adequacy of Canadian law, Standard Contractual Clauses, and Binding Corporate Rules, to enable us to provide our services around the globe at scale. The European Court of Justice's decision to invalidate the EU-U.S. Privacy Shield in July 2020, has resulted in us no longer being able to rely on that adequacy mechanism. There is a risk that further changes in adequacy decisions in the United Kingdom and the EU would result in us no longer being able to rely on a particular adequacy mechanism or are otherwise unable to transfer personal information across borders, we may not be able to operate in certain jurisdictions, which may reduce the demand for our services and limit our opportunities for international growth.

Some jurisdictions, including Canada, U.S. states and the European Union, among others, have enacted laws requiring companies to notify individuals and authorities of security breaches involving certain types of personal and other information and our agreements with certain customers and Partners require us to notify them in the event of a security incident. Similarly, if our Course Creators experience data breaches and do not notify us or honor their notification obligations to authorities or Students, we could be held liable for the breach. We may not be in a position to assess whether a data breach at one of our customers would trigger an obligation or liability on our part. Additionally, some jurisdictions, as well as our contracts with certain Course Creators, require us to use industry-standard or reasonable measures to safeguard personal information or confidential information, and thereby mitigate the risk of a security incident. These laws, which tend to focus around individuals' financial and payment related information, are increasingly relevant to us, as we have started to process more information from our customers' clients through our Platform.

Beyond impacting the demand for our services, our failure to comply with legal or contractual requirements around privacy and the security of personal information could lead to significant fines and penalties imposed by regulators, as well as claims by our Partners, our Course Creators and their Students, our employees or other relevant stakeholders. Some of these laws, such as the California Consumer Privacy Act, permit individual or class action claims for certain alleged violations, increasing the likelihood of such legal claims. Similarly, many of these laws require us to maintain an online privacy policy, terms of service, and other informational pages that disclose our practices regarding the collection, processing, and disclosure of

personal information. If these disclosures contain any information that a court or regulator finds to be inaccurate, we could also be exposed to legal or regulatory liability. These proceedings or violations could force us to spend money in defense or settlement of these proceedings, result in the imposition of monetary liability or injunctive relief, diversion of management's time and attention, increase our costs of doing business, and materially adversely affect our reputation and the demand for our solutions.

In addition, while we employ security measures to protect any credit card information that we may collect and store, such as encryption and authentication technology licensed from third parties, advances in computer capabilities, new discoveries in the field of cryptography and other developments may result in a compromise or breach of the technology we use to protect credit card information. If our security measures fail to protect credit card information adequately, we could be liable to our Partners or our customers for their losses. As a result, we could be subject to fines, we could face regulatory or other legal action, and our customers could end their relationships with us. There can be no assurance that the limitations of liability in our contracts would be enforceable or adequate or would otherwise protect us from any such liabilities or damages with respect to any particular claim. In addition, while we carry insurance against cybersecurity risks we consider appropriate, we cannot be sure that our existing insurance coverage and coverage for errors and omissions will continue to be available on acceptable terms or will be available in sufficient amounts to cover one or more large claims, or that our insurers will not deny coverage as to any future claim. The successful assertion of one or more large claims against us that exceeds our available insurance coverage, or changes in our insurance policies, including premium increases or the imposition of large deductible or co-insurance requirements, could have an adverse effect on our business, financial condition and results of operations.

The impact of worldwide economic conditions, including the resulting effect on spending by SMBs and entrepreneurs or their Students, may adversely affect our business, operating results and financial condition.

A majority of the customers that use our Platform are SMBs and entrepreneurs and many of our customers are in the entrepreneurial stage of their development. Our performance is subject to worldwide economic conditions and their impact on levels of spending by SMBs and entrepreneurs and their Students. SMBs and entrepreneurs may be disproportionately affected by economic downturns. SMBs and entrepreneurs frequently have limited budgets and may choose to allocate their spending to items other than our Platform, especially in times of economic uncertainty or recessions.

Economic downturns or inflation may also adversely impact online course consumption, which could result in customers who use our Platform going out of business or deciding to stop using our services in order to conserve cash. Weakening economic conditions may also adversely affect third parties with whom we have entered into relationships and upon which we depend in order to grow our business. Uncertain and adverse economic conditions may also lead to increased refunds and chargebacks, any of which could adversely affect our business.

If we are unable to increase sales of subscriptions to our Platform to Course Creators while mitigating the risks associated with serving such customers, our business, financial condition, and results of operations would suffer.

Our growth strategy is largely dependent upon increasing sales of subscriptions to our Platform to our existing and new customers. As we seek to increase our sales to our customers, we face upfront sales costs and longer sales cycles, higher customer acquisition costs, and more complex customer requirements.

We may enter into customized contractual arrangements with our customers in which we offer more favorable pricing terms in exchange for larger total contract values that accompany broader use cases. As we drive a greater portion of our revenue through larger contracts with customers, we expect that our revenue will continue to grow significantly but the price we charge customers per subscription may decline. This may result in reduced margins in the future if our cost of revenue increases. In addition, customers often begin to use our Platform on a limited basis, but nevertheless require education and interactions with our sales and support teams, which increases our upfront investment in the sales effort with no guarantee that these

customers will use our Platform widely enough across their organization increasing revenue to justify our upfront investment. As we continue to expand our sales efforts to customers, we will need to continue to increase the investments we make in sales and marketing, and there is no guarantee that our investments will succeed and contribute to additional customer acquisition and revenue growth. If we are unable to increase sales of subscriptions to our Platform to customers while mitigating the risks associated with serving such customers, our business, financial condition, and results of operations will suffer.

Our risk management efforts in connection with the processing of payments may not be effective, which could expose us to losses and liability and otherwise harm our business.

Thinkific Payments will require greater efforts to vet and monitor our customers and to determine whether the transactions we process for them are legitimate. If our solutions are used to process illegitimate transactions, we may be expected to settle those funds to customers, may be unable to recover them and may suffer losses and liability. These types of illegitimate transactions can also expose us to governmental and regulatory scrutiny. The highly automated nature of, and liquidity offered by, our payments services make us a target for illegal or improper uses, including fraudulent or illegal sales of goods or services, money laundering, and terrorist financing. Identity thieves and those committing fraud using stolen or fabricated credit card or bank account numbers, or other deceptive or malicious practices, potentially can steal significant amounts of money from businesses like ours. In configuring our payments services, we face an inherent trade-off between security and customer convenience. Our risk management policies, procedures, techniques, and processes may not be sufficient to identify all of the risks to which we are exposed, to enable us to mitigate the risks we have identified, or to identify additional risks to which we may become subject in the future. As a greater number of customers use our services, our exposure to material risk losses from a single customer, or from a small number of customers, will increase. In addition, when we introduce new services, focus on new business types, or begin to operate in markets where we have a limited history of fraud loss, we may be less able to forecast and reserve accurately for those losses. Furthermore, if our risk management policies and processes contain errors or are otherwise ineffective, we may suffer large financial losses and our business may be materially and adversely affected.

Similarly, we may be exposed to risks associated with chargebacks and refunds in connection with payment card fraud or relating to the goods or services provided by our customers. In the event that a billing dispute between a cardholder and a customer is not resolved in favor of the customer, including in situations where the customer engaged in fraud, the transaction is typically “charged back” to the customer and the purchase price is credited or otherwise refunded to the cardholder. If we are unable to collect chargeback or refunds from the customer’s account, or if the customer refuses to or is unable to reimburse us for a chargeback or refunds due to closure, bankruptcy, or other reasons, we may bear the loss for the amounts paid to the cardholder, in addition to corresponding fees and fines. While we have the right to do so, we do not typically collect and maintain reserves from our customers to cover these potential losses, and for customer relations purposes we sometimes decline to seek reimbursement for certain chargebacks. The risk of chargebacks is typically greater with those of our customers that promise future delivery of goods and services. If we are unable to maintain our losses from chargebacks at acceptable levels, the payment card networks could fine us, increase our operating costs, or terminate our ability to process payment cards. Any increase in our operating costs could damage our business, and if we were unable to accept payment cards, our business would be materially and adversely affected.

Our results may fluctuate significantly and may not meet our expectations or those of investors or securities analysts, which could cause our share price to decline.

Our results of operations, including the levels of our revenues, deferred revenue, working capital, and cash flows, may vary significantly in the future, such that period-to-period comparisons of our results of operations may not be meaningful. Our financial results may fluctuate due to a variety of factors, many of which are outside of our control and may be difficult to predict, including, but not limited to:

- the level of demand for our Platform;

- our ability to grow or maintain our dollar-based net retention rate, expand usage within organizations, and sell subscriptions to our Platform;
- our ability to convert customers using our free and trial versions into paying customers;
- the timing and success of new features, integrations, capabilities, and enhancements by us to our Platform, or by our competitors to their products, or any other changes in the competitive landscape of our market;
- our ability to achieve widespread and continued acceptance and use of our Platform;
- errors in our forecasting of the demand for our Platform, which would lead to lower revenues, increased costs, or both;
- the amount and timing of operating expenses and capital expenditures, as well as entry into operating leases, that we may incur to maintain and expand our business and operations and to remain competitive;
- the timing of expenses and recognition of revenues;
- security or privacy breaches, technical difficulties, or interruptions to our Platform;
- pricing pressure as a result of competition or otherwise;
- our ability to monetize Thinkific Payments, the adoption rate of Thinkific Payments and the margin structure of Thinkific Payments;
- adverse litigation judgments, other dispute-related settlement payments, or other litigation-related costs;
- the number of new employees hired;
- the timing of the grant or vesting of equity awards to employees, directors, or consultants;
- seasonal patterns for software spending;
- the ability of Course Creators to market their businesses and Learning Products, the success of Course Creators' businesses or marketing efforts, the ability of Course Creators to attract Students to their Learning Products and to continue to sell their Learning Products;
- declines in the values of the U.S. dollar relative to the Canadian dollar;
- changes in, and continuing uncertainty in relation to, the legislative or regulatory environment;
- legal and regulatory compliance costs in new and existing markets;
- costs and timing of expenses related to the potential acquisition of businesses, talent, technologies, or intellectual property, including potentially significant amortization costs and possible write-downs;
- health epidemics, such as the COVID-19 pandemic, influenza, and other highly communicable diseases or viruses; and

- general economic conditions in either domestic or international markets, including geopolitical uncertainty and instability and their effects on software spending.

Any one or more of the factors above may result in significant fluctuations in our results of operations, which may negatively impact the trading price of the Subordinate Voting Shares. You should not rely on our past results as an indicator of our future performance. The variability and unpredictability of our results of operations or other operating metrics could result in our failure to meet our expectations or those of investors or analysts with respect to revenues or other metrics for a particular period. If we fail to meet or exceed such expectations for these or any other reasons, the trading price of the Subordinate Voting Shares could fall, and we could face costly litigation, including securities class action lawsuits.

Our growth strategy involves the rollout of our payment processing solution, Thinkific Payments, which may present risks and challenges that we have not yet experienced.

We intend to introduce a payment processing solution, Thinkific Payments, to our customers, and we plan to make Thinkific Payments an increasingly important part of our business as it is rolled out. Thinkific Payments represents an entirely new source of revenue for our Company and its rollout is one of our growth strategies. However, we and our management have limited operating experience executing this strategy. This strategy has and will continue to require significant investment in cross-functional operations and management focus, along with investment in supporting technologies and people. Implementation of this strategy may also divert management's attention from other aspects of our business and place a strain on our management, operational, development and financial resources, as well as our information systems. The rollout of Thinkific Payments will also require us to comply with different and evolving laws governing payment processing, as well as the collection, storage and use of information on consumers involved in transactions, including both Course Creators and Students. We may incur additional costs and operational challenges in complying with these laws, and differences in these laws may cause us to operate our businesses differently in different territories. If so, we may incur additional costs and may not fully realize the investment in our international expansion. These costs may vary according to the location of our Course Creators and Students, and we cannot predict how they will affect our financial results.

We are internally developing certain solutions that form a part of Thinkific Payments. Development of new solutions incorporating advanced technology is a complex process and subject to numerous uncertainties. Our success in developing such solutions will depend in part on our ability to develop them in a manner that keeps pace with continuing changes in technology, evolving industry standards, new solution and product introductions by competitors, changing client preferences and requirements and the interoperability of such solutions with the rest of our Platform and third-party developed portions thereof.

In addition, we face competition from established payment processors offering existing and proven payment solutions. These payment processors and their product offerings benefit from a long history of market acceptance and familiarity as compared to Thinkific Payments. Potential customers for Thinkific Payments may be reluctant to adopt our solution over existing solutions, or may consider Thinkific Payments as inferior to similar solutions offered by our competitors. Further, many of our customers currently rely on our existing integrated payments solutions, on which we achieve lower margins compared to Thinkific Payments. The marketability of Thinkific Payments could be significantly affected by changes in economic or market conditions or by the adoption of new payment technologies. There can be no assurance that our customers will adopt Thinkific Payments over other competing payment solutions or our existing integrated payments solutions.

If we are unable to provide a convenient and consistent payment experience for our Course Creators and their Students, our ability to compete and our results of operations could be adversely affected. In addition, if the solutions we have incorporated into Thinkific Payments do not appeal to our Course Creators or their Students, reliably function as designed, or maintain the privacy and security of customer data, we may experience a loss of customer confidence or lost revenue, which could adversely affect our reputation and results of operations. Our inability to provide a convenient and consistent payment experience for our Course

Creators and their Students could adversely impact our ability to compete and could adversely impact our Course Creators' businesses. In addition, if the solutions we have incorporated into Thinkific Payments do not appeal to our Course Creators or their Students, reliably function as designed, or maintain the privacy and security of customer data, the businesses of our Course Creators could be adversely affect the confidence of their Students or lead to financial and/or reputational loss to the Course Creators. Any of these events could harm our reputation or subject us to significant liability, and materially and adversely affect our business and financial results.

We rely on a single supplier to provide the technology we offer through Thinkific Payments.

In order to provide Thinkific Payments, we have entered into payment service provider agreements with Stripe. These payment service provider agreements renew every 12 months, unless either party provides a notice of termination at least 30 days prior to the end of the then current term. These agreements are integral to Thinkific Payments and any disruption or problems with Stripe or its services could have an adverse effect on our reputation, results of operations and financial results. While there are alternative payment service providers, if Stripe were to terminate its relationship with us, we could incur substantial delays and expense in finding and integrating an alternative payment service provider into Thinkific Payments, and the quality and reliability of such alternative payment service provider may not be comparable. Any long term or permanent disruption in Thinkific Payments would decrease our revenues from Course Customers, since our Course Customers would be required to use one of the alternative payment gateways offered through our Platform. Any of these events could harm our reputation and materially and adversely affect our business, revenue growth and financial results.

The introduction of Thinkific Payments subjects us to regulatory requirements, payment card network rules, payment card transactions underwriting and other risks that could be costly and difficult to comply with or that could harm our business.

Our launch of Thinkific Payments subjects us to a number of risks related to payments processed through our Platform. These risks include, but are not limited to, the following:

- we pay interchange and other fees, which may increase our operating expenses;
- interchange fees may increase significantly, which may reduce or eliminate the viability of Thinkific Payments as a revenue source;
- the continued use and acceptance of payment methods supported by Thinkific Payments;
- our payments processor may terminate their relationship with us, fine us or increase our operation costs, if we are unable to maintain our chargeback ratios at acceptable levels, if we violate card network rules or if we engage in any other business or activity that in the view of our payments processor may increase our risk profile;
- increased costs and diversion of management time and effort and other resources to deal with fraudulent transactions, chargeback disputes and risk monitoring;
- potential fraudulent or otherwise illegal activity by our Course Creators, their Students, developers, employees or third parties which could lead to increased liabilities;
- restrictions on funds or required reserves or other forms of security related to payments;
- data breaches involving credit card information, including security breaches of our customers' systems which could lead to increased liabilities; and

- additional disclosure and other requirements, including new reporting regulations and new payment card network operating rules.

We are required by our payments processor to comply with payment card network operating rules and those of the sponsor financial institution and we have agreed to reimburse our payments processor and the sponsor financial institution for any fees or fines they are assessed by payment card networks as a result of any unpaid liabilities or rule violations by us or our customers. The payment card networks set and interpret the card rules and the sponsor financial institution can add to these rules. In addition, we face the risk that one or more payment card networks or other processors may, at any time, assess penalties against us or terminate our ability to accept credit card payments or other forms of online payments from customers, which would have an adverse effect on our business, financial condition and operating results.

If we fail to comply with the rules and regulations adopted by the payment card networks, we would be in breach of our contractual obligations to our payments processor, sponsor financial institution, financial institutions, Partners and customers. Such failure to comply may subject us to fines, penalties, damages, higher transaction fees, increased security requirements and civil liability, and could eventually prevent us from processing or accepting payment cards or could lead to a loss of payment processor Partners, even if there is no compromise of customer information.

We are currently subject to a variety of laws and regulations related to payment processing, including those governing cross-border and domestic money transmission, gift cards and other prepaid access instruments, electronic funds transfers, taxation reporting requirements, foreign exchange, anti-money laundering, counter-terrorist financing, privacy and data protection, banking and import and export restrictions. Depending on how our Platform and our other customer solutions evolve, and as we expand Thinkific Payments to new geographies, we expect to become subject to additional laws, either in existing or new jurisdictions. In some jurisdictions, the application or interpretation of these laws and regulations is not clear. Our efforts to comply with these laws and regulations could be costly and result in diversion of management time and effort and may still not guarantee compliance. In the event that we are found to be in violation of any such legal or regulatory requirements, we may be subject to monetary fines or other penalties such as a cease and desist order, or we may be required to make changes to our Platform, any of which could have an adverse effect on our business, financial condition and results of operations.

Our brand is integral to our success. If we fail to effectively maintain, promote and enhance our brand or if we fail to maintain a consistently high level of customer support, our brand, business, financial results and competitive advantage may be harmed.

We believe that maintaining, promoting and enhancing the Thinkific brand is critical to expanding our business. Maintaining and enhancing our brand will depend largely on our ability to continue to provide high-quality, well-designed, useful, reliable and innovative solutions, which we may not do successfully, in addition to dependable customer support, general publicity and marketing efforts to enhance brand recognition.

Our customers depend on our customer support teams to resolve technical and operational issues if and when they arise. We may be unable to respond quickly enough to accommodate short-term increases in customer demand for customer support. The standard terms of service for our subscription plans (other than Plus) provide that the Thinkific Platform is provided on an 'as-is and as-available' basis. Thinkific does not warrant that the services it provides through its Platform and the information provided through such services will be uninterrupted, timely, secure, or error-free, or that the quality of service provided by Thinkific will meet customer expectations. Services provided by Thinkific to Course Creators that are subscribed under the Thinkific Plus subscription plans will be governed by their respective service level agreements entered between them. Thinkific will not be liable for any direct, indirect, incidental, special, consequential or exemplary damages, including but not limited to, damages for loss of profits, goodwill, use, data or other intangible losses resulting from the use of or inability to use the service. Customer demand for support may also increase as we expand the features available on our Platform. Increased customer demand for customer

support, without corresponding revenue, could increase costs and harm our results of operations. In addition, as we continue to expand our customer base, we need to be able to provide efficient and effective customer support that meets our customers' needs and expectations globally at scale. The number of our customers has grown significantly, which puts additional pressure on our support organization. In order to meet these needs, we have relied in the past and will continue to rely on self-service customer support to resolve common or frequently asked questions, which supplement our customer support teams. If we are unable to provide efficient and effective customer support globally at scale including through the use of self-service support, our ability to grow our operations may be harmed and we may need to hire additional support personnel, which could harm our margins and results of operations. Our sales are highly dependent on our business reputation and on positive recommendations from our existing customers. Any failure to maintain high-quality customer support, or a market perception that we do not maintain high-quality customer support, could harm our reputation, our ability to sell our Platform to existing and prospective customers, our business, results of operations, and financial condition.

Errors, defects, disruptions or other performance problems with our Platform or our solutions may also harm our reputation and brand. We may introduce new solutions or terms of service that our Course Creators and their Students do not like, which may negatively affect our brand. Additionally, if our Course Creators or their Students have a negative experience using our products or solutions, such an experience may affect our brand, especially as we continue to attract larger customers to our Platform and expand our offerings.

We receive media coverage globally. Any unfavorable media coverage or negative publicity about our industry or our company, for example, the quality and reliability of our Platform, our privacy and security practices, our product changes, litigation, or regulatory activity, or regarding the actions of our Partners or our customers, could seriously harm our reputation. Such negative publicity could also adversely affect the size, demographics, engagement, and loyalty of our customers and result in decreased revenue, which could seriously harm our business. Critics of our industry, and others who may want to pursue an agenda have in the past and may in the future utilize the internet, the press and other means to publish criticisms of our industry, our company and our competitors, or make allegations regarding our business and operations, or the business and operations of our competitors. We or others in our industry may receive similar negative publicity or allegations in the future, and it could be costly, time consuming, distracting to management, cause fluctuations in the market price of our Subordinate Voting Shares, and harm our business and reputation.

We believe that the importance of brand recognition will increase as competition in our market increases. In addition to our ability to provide reliable and useful solutions at competitive prices, successful promotion of our brand will depend on the effectiveness of our marketing efforts. While we market our Platform primarily through advertisements on search engines and social networking and media sites, and paid banner advertisements on other websites, our Platform is also marketed through a number of earned traffic sources, including customer referrals, word-of-mouth and search engines. We also hire sales personnel to market our Platform to certain customer segments and certain of our solutions, our subscription plans for Course Creators with a higher Student base and additional functionality requirements, and our products, introducing additional costs with no assurance of success. Our efforts to market our brand have involved significant expenses, which we intend to increase. Our marketing spend may not yield increased revenue, and even if it does, any increased revenue may not offset the expenses we incur in building and maintaining our brand.

If we are unable to hire, retain and motivate qualified personnel, our business will suffer. Competition for top talent may lead to rising salaries and declining margins or limit our ability to achieve profitability.

We operate in the tech sector with growing competition for top talent. The COVID-19 pandemic accelerated this competition with more companies hiring remotely and salaries rising. We may struggle to pay competitive rates, to attract top talent, or our margins may decline due to higher salaries. (the latter being the most likely).

Our future success depends on our ability to continue to attract and retain highly skilled personnel. Our ability to identify, hire, develop, motivate and retain qualified personnel will directly affect our ability to maintain and grow our business, and such efforts will require significant time, expense and attention. The inability to attract

or retain qualified personnel or delays in hiring required personnel may seriously harm our business, financial condition and operating results. Our ability to continue to attract and retain highly skilled personnel, specifically employees with technical and engineering skills and employees with high levels of experience in designing and developing software, hardware and internet-related services, will be critical to our future success. Competition for highly skilled personnel in the Vancouver area, Greater Toronto Area, and elsewhere can be intense due in part to the more limited pool of qualified personnel as compared to other places in the world, as well as with the increased prevalence of distributed teams making the market for talent more global. As we become a more mature company, we may find our recruiting efforts more challenging. The incentives to attract, retain, and motivate employees provided by our stock options and other equity awards, or by other compensation arrangements, may not be as effective as in the past. Many of the companies with which we compete for experienced personnel have greater resources than we have. The cost of hiring highly skilled personnel in our industry is increasing, and this may have an adverse effect on our recruiting efforts. Our recruiting efforts may also be limited by laws and regulations, such as restrictive immigration laws, and restrictions on travel or availability of visas (including during the ongoing COVID-19 pandemic). Further, decreases in the Canadian dollar relative to the U.S. dollar and other currencies could make it more difficult for us to offer compensation packages to new employees that are competitive with packages in the United States or elsewhere and could increase our costs of acquiring and retaining qualified personnel. In addition, to the extent we hire personnel from competitors, we may be subject to allegations that they have been improperly solicited or divulged proprietary or other confidential information.

While we intend to issue stock options or other equity awards as key components of our overall compensation and employee attraction and retention efforts, we are required under IFRS to recognize compensation expenses in our operating results for employee stock-based compensation under our equity grant programs which may increase the pressure to limit stock-based compensation. Additionally, our compensation arrangements, such as our equity award programs, may not always be successful in attracting new employees and retaining and motivating our existing employees and we may be required to grant additional awards or offer alternative forms of compensation to attract and retain highly skilled personnel.

We rely on search engines and social networking sites to attract a meaningful portion of our customers. If we are not able to generate traffic to our website through search engines and social networking sites, our ability to attract new customers may be impaired, and if our Course Creators are not able to generate traffic to their Learning Products through search engines and social networking sites, their ability to attract Students may be impaired. In addition, if the price of marketing our solutions over search engines or social networking sites increases, we may incur additional marketing expenses.

Many of our customers locate our website through internet search engines, such as Google, and advertisements on social networking sites, such as Facebook. The prominence of our website in response to internet searches is a critical factor in attracting potential customers to our Platform. If we are listed less prominently or fail to appear in search results for any reason, visits to our website could decline significantly, and we may not be able to replace this traffic.

Similarly, many Students locate our Course Creators' Learning Products through internet search engines and advertisements on social networking sites. If our customers' Learning Products are listed less prominently or fail to appear in search results for any reason, visits to our customers' Learning Products could decline significantly. As a result, our customers' businesses may suffer, which would affect the GMV that they process through our Platform and could affect the ability of such customers to pay for our solutions.

Search engines revise their algorithms from time to time in an attempt to optimize their search results. If search engines modify their algorithms, our website and our customers' Learning Products may appear less prominently or not at all in search results, which could result in reduced traffic to our website and to our customers' Learning Products.

Additionally, if the price of marketing our solutions over search engines or social networking sites increases, we may incur additional marketing expenses or may be required to allocate a larger portion of our marketing

spend to search engine marketing and our business and operating results could be adversely affected. Furthermore, competitors may in the future bid on the search terms that we use to drive traffic to our website. Such actions could increase our marketing costs and result in decreased traffic to our website. In addition, search engines or social networking sites may change their advertising policies from time to time. If any change to these policies delays or prevents us from advertising through these channels, it could result in reduced traffic to our website and sales of our solutions. As well, new search engines or social networking sites may develop, particularly in specific jurisdictions, that reduce traffic on existing search engines and social networking sites and, if we are not able to achieve awareness through advertising or otherwise, we may not achieve significant traffic to our website through these new Platforms. If we are unable to continue to successfully promote and maintain our websites, or if we incur excessive expenses to do so, our business and operating results could be adversely affected.

We rely on computer hardware purchased or leased from, software licensed from and services rendered by third parties (or, in some instances, a single third party) in order to provide our solutions and run our business, and interruptions or performance problems with these technologies may adversely affect our business and results of operations.

We rely on computer hardware purchased or leased from, software licensed from and services rendered by third parties (or, in some instances, a single third party) in order to provide our solutions and run our business. In addition, we rely on hosted SaaS applications from third parties in order to operate critical functions of our business, including Platform delivery, enterprise resource planning, customer relationship management, billing, project management, and accounting and financial reporting.

If these services become unavailable due to extended outages, interruptions, or because they are no longer available on commercially reasonable terms, we could experience delays in our ability to provide our solutions or run our business and our expenses could increase, our ability to manage finances could be interrupted, and our processes for managing sales of our Platform and supporting our customers could be impaired until equivalent services, if available, are identified, obtained, and implemented, all of which could adversely affect our business and operating results.

Further, customers could assert claims against us in connection with such service disruption or cease conducting business with us altogether. Even if not successful, a claim brought against us by any of our customers would likely be time-consuming and costly to defend and could seriously damage our reputation and brand, making it harder for us to sell our solutions.

Exchange rate fluctuations may negatively affect our results of operations.

While a significant portion of our revenues are denominated in U.S. dollars, most of our operating expenses are incurred in Canadian dollars. As a result, our results of operations will be adversely impacted by an increase in the value of the Canadian dollar relative to the U.S. dollar. Exchange rate fluctuations may also affect our revenue growth rates as our software subscriptions are priced in the local currency of the country in which the customer is located is also expected to be denominated in that currency. As a result, we will be further exposed to currency fluctuations to the extent non-U.S. dollar revenues from our Platform increase. The value of the Canadian dollar relative to the U.S. dollar has varied significantly and investors are cautioned that past and current exchange rates are not indicative of future exchange rates.

We do not have the history with our solutions or pricing models necessary to accurately predict optimal pricing necessary to attract new customers and retain existing customers which may adversely affect our ability to attract new customers and retain existing customers.

We have limited experience determining the optimal prices for our solutions. We have changed our pricing model from time to time and expect to do so in the future. Given our limited experience with selling new solutions, we may not offer new solutions at the optimal price, which may result in our solutions not being profitable or not gaining market share. As competitors introduce new solutions that compete with ours,

especially in the cloud-based online course Platform space where we face significant competition, we may be unable to attract new customers at the same price or based on the same pricing models as we have used historically. Pricing decisions may also impact the mix of adoption among our plans and negatively impact our overall revenue. Moreover, small businesses, which comprise the majority of customers using our Platform, may be quite sensitive to price increases or prices offered by competitors. As a result, in the future we may be required to reduce our prices, which could adversely affect our revenue, gross profit, profitability, financial position and cash flows. Potential and existing customers may be unwilling to accept any price increases and decide not to subscribe or to continue or renew their subscriptions.

If we fail to improve and enhance the functionality, performance, reliability, design, security and scalability of our Platform in a manner that responds to our customers' evolving needs, our business may be adversely affected.

The markets in which we compete are characterized by constant change and innovation and we expect them to continue to evolve rapidly. Our success has been based on our ability to identify and anticipate the needs of our customers and design a Platform that provides them with the tools they need to operate their businesses. Our ability to attract new customers, retain existing customers and increase sales to both new and existing customers will depend in large part on our ability to continue to improve and enhance the functionality, performance, reliability, design, security and scalability of our Platform. We may experience difficulties with software development that could delay or prevent the development, introduction or implementation of new solutions and enhancements. Software development involves a significant amount of time for our research and development team, as it can take our developers months to update, code and test new and upgraded solutions and integrate them into our Platform. We must also continually update, test and enhance our software Platform. The continual improvement and enhancement of our Platform requires significant investment and we may not have the resources to make such investment. To the extent we are not able to improve and enhance the functionality, performance, reliability, design, security and scalability of our Platform in a manner that responds to our customers' evolving needs, our business, operating results and financial condition will be adversely affected.

Our business is highly competitive. We may not be able to compete successfully against current and future competitors.

We face competition in various aspects of our business and we expect such competition to intensify in the future, as existing and new competitors introduce new services or enhance existing services and as our business continues to evolve. We have competitors with longer operating histories, larger customer base by number and/or value, greater brand recognition, greater industry experience and more extensive commercial relationships in certain jurisdictions, and greater financial, technical, marketing, and other resources than we do. Our potential new or existing competitors may be able to develop products and services better received by customers or may be able to respond more quickly and effectively than we can to new or changing opportunities, technologies, regulations or customer requirements. In addition, some of our larger competitors may be able to leverage a larger installed customer and distribution network to adopt more aggressive pricing policies and offer more attractive subscription plans, which could cause us to lose potential sales or to sell our solutions at lower prices.

We face competition from traditional enterprise SaaS solutions, consumer-centric SaaS solutions, and free solutions. We most notably compete with other course building providers who offer similar solutions to ours. Some customers may choose to do business with different vendors in our space including but not limited to Teachable, Podia, and Kajabi.

Competition may intensify as our competitors enter into business combinations or alliances or raise additional capital, or as established companies in other market segments or geographic markets expand into our market segments or geographic markets. For instance, certain competitors could use strong or dominant positions in one or more markets to gain a competitive advantage against us in areas where we operate including: by integrating competing Platforms or features into products they control such as search engines, web

browsers, mobile device operating systems or social networks, marketing technology solutions, course or digital goods marketplaces, e-commerce software, or website builders; by making acquisitions; or by making access to our Platform more difficult.

Further, current and future competitors could choose to offer a different pricing model or to undercut prices in an effort to increase their market share. Some of our principal competitors offer their solutions at a lower price or for free, which may result in pricing pressures on us. We also expect new entrants to offer competitive services. If we cannot compete successfully against current and future competitors, our business, results of operations and financial condition could be negatively impacted.

Our business is susceptible to risks associated with international sales and the use of our Platform in various countries.

We currently have Course Creators in approximately more than 165 countries and we expect to continue to expand our international operations in the future. However, our international sales and the use of our Platform in various countries subject us to risks that we do not generally face with respect to domestic sales within North America. These risks include, but are not limited to:

- greater difficulty in enforcing contracts, including our universal terms of service and other agreements;

lack of familiarity and burdens and complexity involved with complying with multiple, conflicting and changing foreign laws, standards, regulatory requirements, tariffs, export controls and other barriers;
- lack of familiarity with market demands and needs;
- difficulties in ensuring compliance with countries' multiple, conflicting and changing international trade, customs and sanctions laws;
- data privacy laws which may require that customer and consumer data be stored and processed in a designated territory;
- difficulties in managing systems integrators and technology Partners;
- different technology and privacy standards;
- different payment processing requirements or standards;
- potentially adverse tax consequences, including the complexities of foreign value-added tax (or other tax) systems and restrictions on the repatriation of earnings;
- uncertain political and economic climates;
- difficulties in establishing and protecting intellectual property;
- difficulties in ensuring compliance with government regulations of e-commerce and other services, which could lead to lower adoption rates, and potentially restrictive governmental actions, and restrictions on foreign ownership;
- fiscal recording requirements;
- lower levels of credit card usage and increased payment risks;

- currency exchange rates;
- reduced or uncertain protection for intellectual property rights in some countries;
- new and different sources of competition;
- reduced demand for our Platform at historical price points;
- lower levels of consumer spending; and
- restricted access to and/or lower levels of use of the internet.

These factors may cause our international costs of doing business to exceed our comparable domestic costs and may also require significant management attention and financial resources. Any negative impact from our international business efforts could adversely affect our business, results of operations and financial condition.

Market adoption of cloud-based online course platform solutions is relatively new and unproven and may not grow as we expect, which may harm our business and results of operations and even if market demand increases, the demand for our Platform may not increase.

We believe our future success will depend in part on the growth, if any, in the demand for cloud-based online course platform solutions. The widespread adoption of our Platform depends not only on strong demand for new forms of online course delivery or methods, but also for solutions delivered via a SaaS business model in particular. As such, it is difficult to predict customer demand for our Platform, customer adoption and renewal, the rate at which existing customers will expand their engagement with our Platform, the size and growth rate of the market for our Platform, the entry of competitive products into the market, or the success of existing and future competitive products. Furthermore, even if businesses want to adopt a cloud-based online course platform solution, it may take them a long time to fully transition to this type of solution or they could be delayed due to budget constraints, weakening economic conditions, or other factors. Even if market demand for cloud-based online course platform solutions generally increases, we can make no assurance that adoption of our Platform will also increase. If the market for cloud-based online course Platform solutions does not grow as we expect or our Platform does not achieve widespread adoption it could result in reduced customer spending, increased customer attrition, and decreased revenue, any of which would adversely affect our business and results of operations.

An assertion by a third-party that we are infringing its intellectual property could subject us to costly and time-consuming litigation which could harm our business.

Our success depends in part upon our not infringing the intellectual property rights of others. However, our competitors, as well as a number of other entities and individuals, may own or claim to own intellectual property relating to our industry or, in some cases, our technology. Such claims may occur in the future, and we may actually be found to be infringing on such rights. We may be found to be infringing on patent rights or other intellectual property rights despite being unaware of such rights or infringement. Any claims or litigation could cause us to incur significant expenses, and if successfully asserted against us, could require that we pay substantial damages or ongoing revenue share payments, indemnify our customers or distributors, obtain licenses, modify products, or refund fees, any of which would deplete our resources and adversely impact our business.

Activities of customers or Partners or the content of our customers' Learning Products could damage our brand, subject us to liability, and harm our business and financial results.

Our terms of service and acceptable use policy prohibit our customers and our Partners from using our Platform to engage in illegal or otherwise prohibited activities and our terms of service and acceptable use

policy permit us to terminate a customer's course or a Partner's account if we become aware of such use. Customers or Partners may nonetheless engage in prohibited or illegal activities or upload content in violation of applicable laws, without our knowledge, which could subject us to liability. Furthermore, our brand may be negatively impacted by the actions of customers or Partners that are deemed to be hostile, offensive, inappropriate or illegal. While we use technology to monitor for compliance with or eligibility for certain Thinkific offerings, we do not proactively monitor or review the appropriateness of the content of our customers' Learning Products in connection with our services and we do not have control over customer activities or the activities in which our Course Creators' Students engage. The safeguards we have in place may not be sufficient for us to avoid liability or avoid harm to our brand, especially if such hostile, offensive, inappropriate or illegal use is high profile, which could adversely affect our business and financial results. Customers using the Platform may also operate businesses in regulated industries, which are subject to additional scrutiny, increasing the potential liability we could incur. In addition, due to our international expansion, we may be subject to international actions alleging that customers' store content violate laws in foreign jurisdictions, which could negatively effect our business and operations.

If we are unable to successfully refresh or update our source code or other aspects of our Platform or detect and adequately address technological deficiencies in a timely and adequate manner, our competitive position could be negatively affected.

Our competitiveness depends, in part, on our ability to deliver up to date Course Creator and Student interfaces and to promptly address technical deficiencies in a timely and efficient manner. Updates to our source code and other aspects of our Platform require significant investment and we may not have the resources to make such investment. We may not be able to expand and upgrade our personnel, technology systems and infrastructure to accommodate increases in our business activity in a timely manner, which could lead to operational breakdowns and delays, loss of customers, a reduction in the growth of our customer, increased operating expenses or financial losses.

Our products and services are complex and sophisticated and may contain design defects or errors that are difficult to detect and correct. Errors or defects may be found in new products or services after launch and, even if discovered, we may not be able to successfully correct such errors or defects in a timely manner or at all, which could adversely impact our business.

We may not receive significant revenue as a result of our current research and development efforts.

We reinvest a large percentage of our revenue in research and development. Our investment in our current research and development efforts may not provide a sufficient, timely return. We make and will continue to make significant investments in software research and development and related product opportunities. Investments in new technology and processes are inherently speculative. Commercial success depends on many factors including the degree of innovation of the products developed through our research and development efforts, sufficient support from our strategic Partners, and effective distribution and marketing. Accelerated product introductions and short product life cycles require high levels of expenditures for research and development. These expenditures may materially adversely affect our operating results if they are not offset by revenue increases. We believe that we must continue to dedicate a significant amount of resources to our research and development efforts in order to maintain our competitive position. However, significant revenue from new product and service investments may not be achieved for a number of years, if at all. Moreover, new products and services may not be profitable.

If we are unable to ensure that our Platform inter-operates with a variety of software applications that are developed by others, including our integration Partners, we may become less competitive and our results of operations may be harmed.

Our Platform must integrate with a variety of software platforms, and we need to continuously modify and enhance our Platform to adapt to changes in software, and browser technologies. In particular, we have developed our Platform to be able to easily integrate with third-party applications, including the applications

of software providers that compete with us as well as our Partners, through the interaction of APIs. We rely on the providers of such software systems to allow us access to their APIs to enable these integrations, which are critical to our payment processing, web hosting, video hosting, customer service, and other systems essential to operating our business. It may be difficult to switch providers or terminate or alter our agreements with such providers, which could adversely affect our business and our customers' businesses. We are typically subject to standard terms and conditions of such providers, which govern the distribution, operation, and fees of such software systems, and which are subject to change by such providers from time to time. Our business will be harmed if any provider of such software systems:

- discontinues or limits our access to its software or APIs;
- modifies its terms of service or other policies, including fees charged to, or other restrictions on us, or other application developers;
- changes how information is accessed by us or our customers;
- establishes more favorable relationships with one or more of our competitors; or
- develops or otherwise favors its own competitive offerings over our Platform.

Third-party services and products are constantly evolving, and we may not be able to modify our Platform to assure its compatibility with that of other third parties. In addition, some of our competitors may be able to disrupt the operations or compatibility of our Platform with their products or services, or exert strong business influence on our ability to, and terms on which we, operate our Platform. Should any of our competitors modify their products or standards in a manner that degrades the functionality of our Platform or gives preferential treatment to competitive products or services, whether to enhance their competitive position or for any other reason, the interoperability of our Platform with these products could decrease and our business, results of operations, and financial condition would be harmed. If we are not permitted or able to integrate with these and other third-party applications in the future, our business, results of operations, and financial condition would be harmed.

Further, our Platform interoperates with servers, devices, and software applications predominantly through the use of protocols, many of which are created and maintained by third parties. We, therefore, depend on the interoperability of our Platform with such third-party services, devices, and operating systems, as well as cloud-enabled hardware, software, networking, browsers, database technologies, and protocols that we do not control. The loss of interoperability, whether due to actions of third parties or otherwise, and any changes in technologies that degrade the functionality of our Platform or give preferential treatment to competitive services could adversely affect adoption and usage of our Platform. Also, we may not be successful or in ensuring that Thinkific operates effectively with a range of operating systems, networks, devices, browsers, protocols, and standards. If we are unable to effectively anticipate and manage these risks, or if it is difficult for customers to access and use our Platform, our business, results of operations, and financial condition may be harmed.

Changes in accounting standards and interpretations, and our adoption thereof, as well as subjective assumptions, estimates and judgments by management related to complex accounting matters could significantly affect our reported financial results or financial condition.

IFRS accounting principles and related accounting pronouncements, implementation guidelines and interpretations with regard to a wide range of matters that are relevant to our business, including revenue recognition, impairment of goodwill and intangible assets, inventory, income taxes and litigation, are highly complex and involve many subjective assumptions, estimates and judgments. Changes in these rules or their interpretation or changes in underlying assumptions, estimates or judgments could significantly change our reported financial performance or financial condition in accordance with generally accepted accounting principles.

Further, our implementation of and compliance with changes in accounting rules, including new accounting rules and interpretations, could adversely affect our reported financial position or operating results or cause unanticipated fluctuations in our reported operating results in future periods.

We are dependent on the continued services and performance of our senior management and other key employees, the loss of any of whom could adversely affect our business, operating results and financial condition.

Our future performance depends on the continued services and contributions of our senior management, including our Chief Executive Officer and co-founder Greg Smith, our Chief Operating Officer and co-founder Miranda Lievers, and other key employees to execute on our business plan and to identify and pursue new opportunities and product innovations. The failure to properly manage succession plans, develop leadership talent, and/or the loss of services of senior management or other key employees could significantly delay or prevent the achievement of our strategic objectives. From time to time, there may be changes in our senior management team resulting from the hiring or departure of executives, which could disrupt our business. We do not maintain key person life insurance policies on any of our employees. The loss of the services of one or more of our senior management or other key employees for any reason could adversely affect our business, financial condition and operating results and require significant amounts of time, training and resources to find suitable replacements and integrate them within our business, and could affect our corporate culture.

Thinkific may have new product offerings from time to time that are nascent, unproven and subject to material legal, regulatory, operational, reputational, tax and other risks in every jurisdiction and are not assured to be profitable.

From time to time, Thinkific may launch new lines of business, offer new products and services within existing lines of business or undertake other strategic projects. For clarity, such product offerings may include the development of mobile applications and technology. There are substantial risks and uncertainties associated with these efforts and Thinkific would invest significant capital and resources in such efforts. Regulatory requirements can affect whether initiatives are able to be brought to market in a manner that is timely and attractive to customers of Thinkific. Initial timetables for the development and introduction of new lines of business, products or services and price and profitability targets may not be met. Our ability to increase revenue from customers will depend in significant part on our ability to continue to enhance existing product offerings or introduce or acquire new product offerings on a timely basis to keep pace with technological developments. Further, Thinkific's revenues and costs may fluctuate due to costs associated with new product offerings while revenues may take time to develop, which may adversely impact Thinkific's results of operations. Our growth strategy depends on such new product and service offerings, and the financial results of such offerings are difficult to predict.

The success of any new product offering or enhancement depends on several factors, including the timely completion and market acceptance of the enhancement or new product offering. Any new product offering we develop or acquire might not be introduced in a timely or cost-effective manner and might not achieve the broad market acceptance necessary to generate significant revenue. In addition, because our products are designed to operate on a variety of network, hardware and software platforms using internet tools and protocols, we will need to continuously modify and enhance our products to keep pace with changes in internet-related hardware, software, communication, browser and database technologies. If we are unable to respond in a timely and cost-effective manner to these rapid technological developments, our Platform may become less marketable and less competitive or obsolete and our operating results may be negatively impacted. Our ability to grow is subject to the risk of future disruptive technologies. If new technologies emerge that are able to deliver similar products and services at lower prices, more efficiently or more conveniently, such technologies could adversely impact our ability to compete.

Mobile devices are increasingly being used for online course delivery, and if our solutions do not operate as effectively when accessed through these devices, our Course Creators and their Students may not be satisfied with our services, which could harm our business.

Learning Products accessed over mobile devices continues to grow rapidly. We are dependent on the interoperability of our Platform with third-party mobile devices and mobile operating systems as well as web browsers that we do not control. Any changes in such devices, systems or web browsers that degrade the functionality of our Platform or give preferential treatment to competitive services could adversely affect usage of our Platform. Mobile online course delivery is a key element in Thinkific's strategy and effective mobile functionality is integral to our long-term development and growth strategy. In the event that our Course Creators and their Students have difficulty accessing and using our Platform on mobile devices, our business and operating results could be adversely affected.

Our business could be adversely impacted by changes in internet access for our Course Creators or their Students or laws specifically governing the internet.

Our Platform depends on the quality of our Course Creators and their Students' access to the internet. Certain features of our Platform require significant bandwidth and fidelity to work effectively. Internet access is frequently provided by companies that have significant market power that could take actions that degrade, disrupt, or increase the cost of access to our Platform, which would negatively impact our business. We could incur greater operating expenses and our ability to acquire and retain customers could be negatively impacted if network operators:

- implement usage-based pricing;
- discount pricing for competitive products;
- otherwise materially change their pricing rates or schemes;
- charge us to deliver our traffic at certain levels or at all;
- throttle traffic based on its source or type;
- implement bandwidth caps or other usage restrictions; or
- otherwise try to monetize or control access to their networks.

As the internet continues to experience growth in the number of users, frequency of use, and amount of data transmitted, the internet infrastructure that we or our Course Creators and their Students rely on may be unable to support the demands placed upon it. The failure of the internet infrastructure that we or our Course Creators and their Students rely on, even for a short period of time, could undermine our operations and harm our results of operations.

In the future, providers of internet browsers could introduce new features that would make it difficult for customers to use our Platform. In addition, internet browsers for desktop, tablets or mobile devices could introduce new features, change existing browser specifications such that they would be incompatible with our Platform. Any changes to technologies used in our Platform, to existing features that we rely on, or to operating systems or internet browsers that make it difficult for customers to access our Platform may make it more difficult for us to maintain or increase our revenues and could adversely impact our business and prospects.

In addition, there are various laws and regulations that could impede the growth of the internet or other online services, and new laws and regulations may be adopted in the future. These laws and regulations could, in

addition to limiting internet neutrality, involve taxation, tariffs, privacy, data protection, information security, content, copyrights, distribution, electronic contracts and other communications, consumer protection, and the characteristics and quality of services, any of which could decrease the demand for, or the usage of, our Platform. We do not regularly monitor or review the content that our customers upload and store, or the information provided to us through the applications integrated with our Platform, and, therefore, we do not control the substance of the content hosted within our Platform. The laws governing our Platform, and the content hosted within our Platform, are uncertain. Legislators and regulators may make legal and regulatory changes, or interpret and apply existing laws, in ways that require us to incur substantial costs, expose us to unanticipated civil or criminal liability, or cause us to change our business practices. These changes or increased costs could materially harm our business, results of operations, and financial condition.

We may need to raise additional funds to pursue our growth strategy or continue our operations, and we may be unable to raise capital when needed or on acceptable terms.

From time to time, we may seek additional equity or debt financing to fund our growth, enhance our Platform, respond to competitive pressures or make acquisitions or other investments. Our business plans may change, general economic, financial or political conditions in our markets may deteriorate or other circumstances may arise, in each case that have a material adverse effect on our cash flows and the anticipated cash needs of our business. Any of these events or circumstances could result in significant additional funding needs, requiring us to raise additional capital. We cannot predict the timing or amount of any such capital requirements at this time. If financing is not available on satisfactory terms, or at all, we may be unable to expand our business at the rate desired and our results of operations may suffer. Financing through issuances of equity securities would be dilutive to holders of our shares.

Our use of open source software could negatively affect our ability to sell our solutions and subject us to possible litigation.

Our solutions incorporate and are dependent to a significant extent on the use and development of open source software and we intend to continue our use and development of open source software in the future. Such open source software is generally licensed by its authors or other third parties under open source licenses and is typically freely accessible, usable and modifiable. Pursuant to such open source licenses, we may be subject to certain conditions, including requirements that we offer our proprietary software that incorporates the open source software for no cost, that we make available source code for modifications or derivative works we create based upon, incorporating or using the open source software and that we license such modifications or derivative works under the terms of the particular open source license. If an author or other third party that uses or distributes such open source software were to allege that we had not complied with the conditions of one or more of these licenses, we could be required to incur significant legal expenses defending against such allegations and could be subject to significant damages, enjoined from the sale of our solutions that contained or are dependent upon the open source software, and required to comply with the foregoing conditions, which could disrupt the distribution and sale of some of our solutions. Litigation could be costly for us to defend, have a negative effect on our operating results and financial condition or require us to devote additional research and development resources to change our Platform. The terms of many open source licenses to which we are subject have not been interpreted by U.S. or foreign courts. As there is little or no legal precedent governing the interpretation of many of the terms of certain of these licenses, the potential impact of these terms on our business is uncertain and may result in unanticipated obligations regarding our solutions and technologies. It is our view that we do not distribute our core software offering, since no installation of our software is necessary and our Platform is accessible solely through the cloud. Nevertheless, this position could be challenged. Any requirement to disclose our proprietary source code, termination of open source license rights or payments of damages for breach of contract could be harmful to our business, results of operations or financial condition, and could help our competitors develop products and services that are similar to or better than ours.

In addition to risks related to license requirements, usage of open source software can lead to greater risks than the use of third-party commercial software, as open source licensors generally do not provide

warranties, controls on the origin or development of the software, or remedies against the licensors. Many of the risks associated with usage of open source software cannot be eliminated and could adversely affect our business.

Although we believe that we have complied with our obligations under the various applicable licenses for open source software, it is possible that we may not be aware of all instances where open source software has been incorporated into our proprietary software or used in connection with our solutions or our corresponding obligations under open source licenses. We do not have robust open source software usage policies or monitoring procedures in place. We rely on multiple software programmers to design our proprietary software and we cannot be certain that our programmers have not incorporated open source software into our proprietary software that we intend to maintain as confidential or that they will not do so in the future. To the extent that we are required to disclose the source code of certain of our proprietary software developments to third parties, including our competitors, in order to comply with applicable open source license terms, such disclosure could harm our intellectual property position, competitive advantage, results of operations and financial condition. In addition, to the extent that we have failed to comply with our obligations under particular licenses for open source software, we may lose the right to continue to use and exploit such open source software in connection with our operations and solutions, which could disrupt and adversely affect our business.

We may be unable to obtain, maintain and protect our intellectual property rights and proprietary information or prevent third parties from making unauthorized use of our technology.

Our trade secrets, trademarks, trade dress, domain names, copyrights and other intellectual property rights are important to our business. We rely on a combination of confidentiality clauses, assignment agreements and license agreements with employees and third parties, trade secrets, copyrights and trademarks to protect our intellectual property and competitive advantage, all of which offer only limited protection. The steps we take to protect our intellectual property require significant resources and may be inadequate. We have not applied for any patents to protect some of the technology that may be proprietary to Thinkific. We will not be able to protect our intellectual property if we are unable to enforce our rights or if we do not detect unauthorized use of our intellectual property. We may be required to use significant resources to obtain monitor and protect these rights. We have applied, but have not obtained registration, for the THINKIFIC trademark in Canada or the United States. We may not be able to acquire or maintain trademark registration or protection in all countries in which we do business or prevent third parties from acquiring or using marks which are similar to our trademarks. Despite our precautions, it may be possible for unauthorized third parties to copy our Platform and use information that we regard as proprietary to create services that compete with ours. Some license provisions protecting against unauthorized use, copying, transfer and disclosure of our proprietary information may be unenforceable under the laws of certain jurisdictions and foreign countries. In addition, we may not be able to acquire or maintain appropriate domain names in all countries in which we do business or prevent third parties from acquiring domain names that are similar to, infringe upon, or diminish the value of our trademarks and other proprietary rights. Furthermore, regulations governing domain names may not protect our trademarks or similar proprietary rights. Thinkific has no claim to any intellectual property rights over the materials that Course Creators provide to Thinkific, nor any of the content uploaded to the Thinkific Platform by Course Creators.

We enter into confidentiality and intellectual property agreements with our employees and consultants and enter into confidentiality agreements with the parties with whom we have strategic relationships and business alliances. No assurance can be given that these agreements will be effective in securing ownership of our intellectual property or controlling access to our proprietary information and trade secrets. The confidentiality agreements on which we rely to protect certain technologies may be breached, may not be adequate to protect our confidential information, trade secrets and proprietary technologies and may not provide an adequate remedy in the event of unauthorized use or disclosure of our confidential information, trade secrets or proprietary technology. Further, these agreements do not prevent our competitors or others from independently developing software that is substantially equivalent or superior to our software. In addition, others may independently discover our trade secrets and confidential information, and in such

cases, we likely would not be able to assert any trade secret rights against such parties. Additionally, we may from time to time be subject to opposition or similar proceedings with respect to applications for registrations of our intellectual property, including our trademarks. While we aim to acquire adequate protection of our brand through trademark registrations in key markets, occasionally third parties may have already registered or otherwise acquired rights to identical or similar marks for services that also address our market. We rely on our brand and trademarks to identify our Platform and to differentiate our Platform and services from those of our competitors, and if we are unable to adequately protect our trademarks third parties may use our brand names or trademarks similar to ours in a manner that may cause confusion in the market, which could decrease the value of our brand and adversely affect our business and competitive advantages.

Policing unauthorized use of our intellectual property and misappropriation of our technology and trade secrets is difficult and we may not always be aware of such unauthorized use or misappropriation. Despite our efforts to protect our intellectual property rights, unauthorized third parties may attempt to use, copy or otherwise obtain and market or distribute our intellectual property rights or technology or otherwise develop services with the same or similar functionality as our Platform. If our competitors infringe, misappropriate or otherwise misuse our intellectual property rights and we are not adequately protected, or if our competitors are able to develop a Platform with the same or similar functionality as ours without infringing our intellectual property, our competitive advantage and results of operations could be harmed. Litigation brought to protect and enforce our intellectual property rights could be costly, time consuming and distracting to management and could result in the impairment or loss of portions of our intellectual property. As a result, we may be aware of infringement by our competitors, but may choose not to bring litigation to enforce our intellectual property rights due to the cost, time and distraction of bringing such litigation. Furthermore, if we do decide to bring litigation, our efforts to enforce our intellectual property rights may be met with defenses, counterclaims and countersuits challenging or opposing our right to use and otherwise exploit particular intellectual property, services and technology or the enforceability of our intellectual property rights. Our inability to protect our proprietary technology against unauthorized copying or use, as well as any costly litigation or diversion of our management's attention and resources, could delay further sales or the implementation of our solutions, impair the functionality of our Platform, prevent or delay introductions of new or enhanced solutions, result in our substituting inferior or more costly technologies into our Platform or injure our reputation. Furthermore, many of our current and potential competitors have the ability to dedicate substantially greater resources to developing and protecting their technology or intellectual property rights than we do.

We are dependent upon customers' willingness to use the internet for commerce and for offering Learning Products, as well as Students' willingness to use the internet for commerce and learning.

Our success depends upon the general public's continued willingness to use the internet as a means to pay for purchases, communicate, access social media, research and conduct commercial transactions, and to offer and access Learning Products, including through mobile devices. If customers become unwilling or less willing to use the internet for commerce for any reason, including lack of access to high-speed communications equipment, congestion of traffic on the internet, internet outages or delays, disruptions or other damage to customers' computers, increases in the cost of accessing the internet and security and privacy risks or the perception of such risks, our business could be adversely affected.

We may in the future make acquisitions and investments, which could divert management's attention, result in operating difficulties and dilution to our shareholders and otherwise disrupt our operations and adversely affect our business, operating results, or financial position.

From time to time, we evaluate potential strategic acquisition or investment opportunities. Any transactions that we enter into could be material to our financial condition and results of operations. The process of acquiring and integrating another company or technology could create unforeseen operating difficulties and expenditures. Acquisitions and investments involve a number of risks, such as:

- diversion of management time and focus from operating our business;

- use of resources that are needed in other areas of our business;
- in the case of an acquisition, implementation or remediation of controls, procedures and policies of the acquired company;
- in the case of an acquisition, difficulty integrating the accounting systems and operations of the acquired company, including potential risks to our corporate culture;
- in the case of an acquisition, coordination of product, engineering and selling and marketing functions, including difficulties and additional expenses associated with supporting legacy services and products and hosting infrastructure of the acquired company, as applicable, difficulties associated with supporting new products or services, difficulty converting the customers of the acquired company onto our Platform and difficulties associated with contract terms, including disparities in the revenues, licensing, support or professional services model of the acquired company;
- in the case of an acquisition, retention and integration of employees from the acquired company;
- in the case of an acquisition, past intellectual property infringement or data security issues arising from the acquired company;
- unforeseen costs or liabilities;
- adverse effects to our existing business relationships with Partners and customers as a result of the acquisition or investment;
- the possibility of adverse tax consequences;
- litigation or other claims arising in connection with the acquired company or investment; and
- in the case of foreign acquisitions, the need to integrate operations across different cultures and languages and to address the particular economic, currency, political and regulatory risks associated with specific countries.

In addition, a significant portion of the purchase price of companies we acquire may be allocated to acquired goodwill and other intangible assets, which must be assessed for impairment at least annually. In the future, if our acquisitions do not yield expected returns, we may be required to take charges to our operating results based on this impairment assessment process, which could adversely affect our results of operations.

Acquisitions and investments may also result in dilutive issuances of equity securities, which could adversely affect our share price, or result in issuances of securities with superior rights and preferences to the Subordinate Voting Shares or the incurrence of debt with restrictive covenants that limit our future uses of capital in pursuit of business opportunities.

We may not be able to identify acquisition or investment opportunities that meet our strategic objectives, or to the extent such opportunities are identified, we may not be able to negotiate terms with respect to the acquisition or investment that are acceptable to us. At this time we have made no commitments or agreements with respect to any such material transactions.

One of our marketing strategies is to offer free and trial subscription plans, and we may not be able to continue to realize the benefits of this strategy.

We offer free and trial subscription plans to promote brand awareness and organic adoption of our Platform by customers. Our marketing strategy depends in part on individuals, teams, and organizations who use our free and trial versions of our Platform to get business value from Thinkific and subsequently become Paying Customers. To the extent that increasing numbers of these individuals, teams, and organizations do not become, or lead others to become, Paying Customers, we will not realize the intended benefits of this marketing strategy, we will continue to pay the costs associated with hosting such free and trial versions, our ability to grow our business will be harmed, and our business, results of operations, and financial condition will suffer. We have a product-led growth strategy and may not continue to offer free and trial subscriptions in the future.

Issues in the use of artificial intelligence in our Platform may result in reputational harm or liability.

We expect to use and build artificial intelligence (“AI”) into our Platform in the future. We envision a future in which AI operates within our cloud-based Platform to offer an efficient and effective course Platform solution for our customers. As with many disruptive innovations, AI presents risks and challenges that could affect its adoption, and therefore our business. AI algorithms may be flawed. Datasets may be insufficient or contain biased information. Inappropriate or controversial data practices by us or others could impair the acceptance, utility and effectiveness of AI solutions. Some jurisdictions, such as the European Union require human agency and oversight in AI systems and automated decision-making processes, which we may not be able to do. These deficiencies could undermine the decisions, predictions, or analysis AI applications produce, subjecting us to competitive harm, legal liability, and brand or reputational harm. Some AI scenarios present ethical issues. If we enable or offer AI solutions that are controversial because of their impact on human rights, privacy, employment, equity, accessibility or other social issues, we may experience brand or reputational harm. In addition, if we adopt the use of AI into our Platform in the future and our competitors offer controversial AI solutions, there could be a negative impact on our brand.

Our Articles provide that any derivative actions, actions relating to breach of fiduciary duties and other actions asserting a claim relating to relationships among us, our affiliates and their respective shareholders, directors and/or officers are required to be litigated in British Columbia, which could limit your ability to obtain a favourable judicial forum for disputes with us.

We have included a forum selection provision in our Articles that provides that, unless we consent in writing to the selection of an alternative forum, the Supreme Court of British Columbia of the Province of British Columbia, Canada and appellate courts therefrom, will be the sole and exclusive forum for (i) any derivative action or proceeding brought on our behalf; (ii) any action or proceeding asserting a breach of fiduciary duty owed by any of our directors, officers or other employees to us; (iii) any action or proceeding asserting a claim arising pursuant to any provision of the BCBCA or our Articles; or (iv) any action or proceeding asserting a claim otherwise related to the relationships among us, our affiliates and our and their respective shareholders, directors and/or officers, but excluding claims related to our business or the business of such affiliates. Our forum selection provision also provides that our security holders are deemed to have consented to personal jurisdiction in the Province of British Columbia and to service of process on their counsel in any foreign action initiated in violation of the foregoing provisions. Therefore, it may not be possible for our Shareholders to litigate any action relating to the foregoing matters outside of the Province of British Columbia. Our forum selection provision seeks to reduce litigation costs and increase outcome predictability by requiring derivative actions and other matters relating to our affairs to be litigated in a single forum. While forum selection clauses in corporate charters, articles and by-laws are becoming more commonplace for public companies in the U.S. and have been upheld by courts in certain states, they are untested in Canada. It is possible that the validity of our forum selection provision could be challenged and that a court could rule that such provision is inapplicable or unenforceable. If a court were to find our forum selection provision inapplicable to, or unenforceable in respect of, one or more of the specified types of actions or proceedings, we may incur additional costs associated with resolving such matters in other jurisdictions and we may not obtain the benefits of limiting jurisdiction to the courts selected.

From time to time, we may become defendants in legal proceedings as to which we are unable to assess our exposure and which could become significant liabilities in the event of an adverse judgment.

From time to time in the ordinary course of our business, we may become involved in various legal proceedings, including commercial, product liability, employment, class action and other litigation and claims, as well as governmental and other regulatory investigations and proceedings. Such matters can be time-consuming, divert management's attention and resources and cause us to incur significant expenses. In addition, our insurance or indemnities may not cover all claims that may be asserted against us, and any claims asserted against us, regardless of merit or eventual outcome, may harm our reputation. Furthermore, because litigation is inherently unpredictable, the results of any such actions may have a material adverse effect on our business, operating results or financial condition. See "Legal Proceedings".

Unanticipated changes in effective tax rates or adverse outcomes resulting from examination of our income or other tax returns could adversely affect our operating results and financial condition.

With subscriptions in various countries, we are subject to taxation in several jurisdictions around the world with increasingly complex tax laws, the application of which can be uncertain. The amount of taxes we pay in these jurisdictions could increase substantially as a result of changes in the applicable tax principles, including increased tax rates, new tax laws or revised interpretations of existing tax laws and precedents, which could have an adverse impact on our liquidity and results of operations.

In addition, the authorities in several jurisdictions could review our tax returns and impose additional tax, interest and penalties, which could have an impact on us and on our results of operations. We previously have participated in government programs with both the Canadian federal government and the Government of British Columbia that provide investment tax credits based upon qualifying research and development expenditures.

If Canadian taxation authorities successfully challenge such expenses or the correctness of such income tax credits claimed, our historical operating results could be adversely affected. As a public company, we are no longer eligible for refundable tax credits under the Canadian federal Scientific Research and Experimental Development Program, or SR&ED credits. However, we are still eligible for non-refundable SR&ED credits under this program, which are eligible to reduce future income taxes payable.

Our future effective tax rates could be subject to volatility or adversely affected by a number of factors, including:

- changes in the valuation of our deferred tax assets and liabilities;
- expected timing and amount of the release of any tax valuation allowances;
- tax effects of stock-based compensation;
- changes in tax laws, regulations or interpretations thereof; or
- future earnings being lower than anticipated in countries where we have lower statutory tax rates and higher than anticipated earnings in countries where we have higher statutory tax rates.

We currently conduct activities in Canada, and other jurisdictions through our subsidiary pursuant to transfer pricing arrangements and may in the future conduct operations in other jurisdictions pursuant to similar arrangements. If two or more affiliated companies are located in different countries, the tax laws or regulations of each country generally will require that transfer prices be the same as those between unrelated companies dealing at arms' length. While we believe that we operate in compliance with applicable transfer pricing laws and intend to continue to do so, our transfer pricing procedures are not binding on applicable tax

authorities. If tax authorities in any of these countries were to successfully challenge our transfer prices as not reflecting arm's length transactions, they could require us to adjust our transfer prices and thereby reallocate our income to reflect these revised transfer prices, which could result in a higher tax liability to us.

New tax laws could be enacted or existing laws could be applied to us or our customers, which could increase the costs of our solutions and adversely impact our business.

The application of federal, state, provincial, local and foreign tax laws to solutions provided over the internet continues to evolve. New income, sales, use or other tax laws, statutes, rules, regulations or ordinances could be enacted at any time, possibly with retroactive effect, and could be applied solely or disproportionately to solutions provided over the internet. These enactments could adversely affect our sales activity due to the inherent cost increase the taxes would represent, and could ultimately result in a negative impact on our results of operations and cash flows.

U.S. federal, state and local, Canadian federal and provincial, and other foreign tax authorities may seek to assess state, provincial or local business taxes, sales and use taxes or other indirect taxes. If we are required to collect indirect taxes in additional jurisdictions, we might be subject to tax liability for past subscriptions.

There is a risk that various jurisdictions could assert that we are liable for business activity taxes, which are levied upon income or gross receipts, or for the collection of local sales and use taxes or other indirect taxes. This risk exists regardless of whether we are subject to U.S. federal, state, Canadian federal, provincial, or city income tax or other foreign taxes. Tax authorities are becoming increasingly active in asserting nexus for business activity tax purposes and imposing sales and use taxes and other indirect taxes on products and services provided over the internet. We may be subject to indirect taxes if a local tax authority asserts that our activities or the activities of our subsidiary are sufficient to establish nexus. We could also be liable for the collection of indirect taxes if a local tax authority asserts that distribution of our solutions over the internet is subject to indirect taxes. Each jurisdiction has different rules and regulations governing indirect sales and use taxes, and these rules and regulations are subject to varying interpretations that change over time. We review U.S., Canadian, and other foreign rules and regulations periodically and, when we believe we are subject to indirect taxes in a particular state, province or jurisdiction, voluntarily engage national, state, provincial, and city tax authorities in order to determine how to comply with their rules and regulations. If a tax authority asserts that distribution of our solutions is subject to such taxes, the additional cost may decrease the likelihood that such customers would purchase our solutions or continue to renew their subscriptions. In addition, in June 2018, the U.S. Supreme Court ruled in *South Dakota v. Wayfair, Inc.* that U.S. states may collect internet sales tax on online purchases made outside of the state. Legislation adopted in the wake of this decision could require our customers to incur substantial costs in order to comply, which could adversely affect Student behaviour, adversely affect some of our customers and indirectly harm our business.

A successful assertion by one or more jurisdictions requiring us to collect sales or other taxes on subscription service revenue could result in substantial tax liabilities for past transactions and otherwise harm our business. We cannot assure you that we will not be subject to indirect taxes or related penalties for past sales in jurisdictions where we currently believe no such taxes are required. New obligations to collect or pay taxes of any kind could increase our cost of doing business.

It may be difficult or impossible for investors to enforce judgements against the foreign subsidiary and the resident director of the Company.

A certain director of the Company is a resident of the United States. In addition, The Company's subsidiary is organized under the laws of Delaware. As a result, it may be difficult or impossible for investors to effect service within Canada upon such director and the Company's subsidiary, or to realize against such director or the Company's subsidiary in Canada upon judgments of courts of Canada predicated upon the civil liability provisions of applicable Canadian provincial securities laws.

There is some doubt as to the enforceability in the United States or other foreign courts by a court in original actions, or in actions to enforce judgments of Canadian courts, of civil liabilities predicated upon such applicable Canadian provincial securities laws.

We may not be able to utilize non-capital loss carryforwards, net operating loss carryforwards and other tax credits, which could adversely affect our profitability.

As of December 31, 2020, we had Canadian investment tax credits. These investment tax credits could expire unused and be unavailable to offset future income tax liabilities, which could adversely affect our profitability.

The nature of our business requires the application of complex revenue and expense recognition rules, and any significant changes in current rules could affect our financial statements and results of operations.

The accounting rules and regulations that we must comply with are complex and subject to interpretation by the Canada Accounting Standards Board, or the AcSB, the Canadian Securities Administrators, or the CSA, and various bodies formed to promulgate and interpret appropriate accounting principles. Recent actions and public comments from the AcSB and the CSA have focused on the integrity of financial reporting and internal controls over financial reporting. In addition, many companies' accounting policies and practices are being subject to heightened scrutiny by regulators and the public. Further, the accounting rules and regulations are continually changing in ways that could materially impact our financial statements. We cannot predict the impact of future changes to accounting principles or our accounting policies on our financial statements going forward, which could have a significant effect on our reported financial results, and could affect the reporting of transactions completed before the announcement of the change. In addition, if we were to change our critical accounting estimates, including those related to the recognition of license revenue and other revenue sources, our results of operations could be significantly affected.

RISKS RELATED TO THE OFFERING AND OWNERSHIP OF THE OFFERED SHARES

The dual class structure that will be contained in our Articles has the effect of concentrating voting control and the ability to influence corporate matters with Greg Smith, our co-founder and Chief Executive Officer, and others, which may have a negative impact on the trading price of the Subordinate Voting Shares.

Our Multiple Voting Shares have ten votes per share and our Subordinate Voting Shares have one vote per share. Greg Smith, our co-founder and Chief Executive Officer, Matthew Smith, our co-founder and Chief Strategy Officer and the Rhino Group, will beneficially own and control all of our Multiple Voting Shares and will hold approximately 97.3% of the voting power attached to our outstanding voting shares following this Offering (assuming no exercise of the Over-Allotment Option) and will therefore have significant influence over our management and affairs and over all matters requiring shareholder approval, including election of directors and significant corporate transactions. In addition, in connection with this Offering, the Principal Shareholders expect to enter into the Investor Rights Agreement providing for certain registration and other rights. See "Principal Shareholders – Investor Rights Agreement".

In addition, because of the ten to one voting ratio between our Multiple Voting Shares and Subordinate Voting Shares, the holders of our Multiple Voting Shares will control a significant portion of the combined voting power of our voting shares, even where the Multiple Voting Shares represent a substantially reduced percentage of our total outstanding Shares. The concentrated voting control of the holders of our Multiple Voting Shares will limit the ability of the holders of our Subordinate Voting Shares to influence corporate matters for the foreseeable future, including the election of directors as well as with respect to decisions regarding amendments of our share capital, creating and issuing additional classes of shares, making significant acquisitions, selling significant assets or parts of our business, merging with other companies and undertaking other significant transactions. As a result, the holders of Multiple Voting Shares will have the ability to influence many matters affecting us and actions may be taken that our holders of Subordinate Voting Shares may not view as beneficial. The market price of our Subordinate Voting Shares could be adversely affected due to the significant influence and voting power of the holders of Multiple Voting Shares.

Additionally, the significant influence and voting interest of the holders of Multiple Voting Shares may discourage transactions involving a change of control, including transactions in which an investor, as a holder of Subordinate Voting Shares, might otherwise receive a premium for Subordinate Voting Shares over the then-current market price, or discourage competing proposals if a going private transaction is proposed by the holders of Multiple Voting Shares.

Any future transfers by holders of Multiple Voting Shares, other than permitted transfers to such holders' respective affiliates or direct family members or to other permitted holders, will result in those Multiple Voting Shares automatically converting to Subordinate Voting Shares, which will have the effect, over time, of increasing the relative voting rights of those holders who retain their Multiple Voting Shares. See "*Description of Share Capital – Share Capital Upon Completion of the Offering – Subordinate Voting Shares and Multiple Voting Shares – Conversion*".

Each of our directors and officers owes a fiduciary duty to the Company and must act honestly and in good faith with a view to the best interest of the Company. However, any director and/or officer that is a shareholder, including a controlling shareholder, is entitled to vote his or her shares in his or her own interests, which may not always be in the interest of our shareholders generally. The concentration of the voting power attached to our issued and outstanding shares in favour of our Principal Shareholders may also have an adverse effect on the price of our Subordinate Voting Shares. As a result of such concentration of voting power, we may also take actions that our other shareholders do not view as beneficial, which may adversely affect our results of operations and financial condition and cause the value of your investment to decline.

The market price of our Subordinate Voting Shares may be volatile and your investment could suffer or decline in value.

The market price of our Subordinate Voting Shares could be subject to significant fluctuations after the Offering, and it may decline below the Offering Price. Some of the factors that may cause the market price of our Subordinate Voting Shares to fluctuate include: volatility in the market price and trading volume of comparable companies; actual or anticipated changes or fluctuations in our operating results or in the expectations of market analysts; adverse market reaction to any indebtedness we may incur or securities we may issue in the future; short sales, hedging and other derivative transactions in our Subordinate Voting Shares; litigation or regulatory action against us; investors' general perception of us and the public's reaction to our press releases, our other public announcements and our filings with Canadian securities regulators, including our financial statements; publication of research reports or news stories about us, our competitors or our industry; positive or negative recommendations or withdrawal of research coverage by securities analysts; changes in general political, economic, industry and market conditions and trends; sales of our Subordinate Voting Shares and Multiple Voting Shares by existing shareholders; recruitment or departure of key personnel; significant acquisitions or business combinations, strategic partnerships, joint ventures or capital commitments by or involving us or our competitors; and the other risk factors described in this section of this Prospectus.

Additionally, these factors, as well as other related factors, may cause decreases in asset values that are deemed to be other than temporary, which may result in impairment losses. As well, certain institutional investors may base their investment decisions on consideration of our environmental, governance and social practices and performance against such institutions' respective investment guidelines and criteria, and failure to satisfy such criteria may result in limited or no investment in our Subordinate Voting Shares by those institutions, which could materially adversely affect the trading price of our Subordinate Voting Shares. There can be no assurance that fluctuations in price and volume will not occur. If such increased levels of volatility and market turmoil continue for a protracted period of time, our operations and the trading price of our Subordinate Voting Shares may be materially adversely affected.

In addition, the stock market in general has experienced substantial price and volume fluctuations that may be unrelated or disproportionate to the operating performance of particular companies affected. These broad market and industry factors may harm the market price of our Subordinate Voting Shares. Therefore, the price

of our Subordinate Voting Shares could fluctuate based upon factors that have little or nothing to do with us, and these fluctuations could materially reduce the price of our Subordinate Voting Shares regardless of our operating performance. In the past, following a significant decline in the market price of a company's securities, there have been instances of securities class action litigation having been instituted against that company. If we were involved in any similar litigation, we could incur substantial costs, our management's attention and resources could be diverted and it could harm our business, operating results and financial condition.

A public market for our Subordinate Voting Shares may not develop subsequent to the Offering.

The TSX has conditionally approved the listing of the Subordinate Voting Shares. Listing of the Subordinate Voting Shares is subject to the Company fulfilling all of the requirements and conditions of the TSX on or before July 20, 2021, including distribution of the Subordinate Voting Shares to a minimum number of public shareholders.

There is currently no market through which our Subordinate Voting Shares may be sold and, if a market for our Subordinate Voting Shares does not develop or is not sustained, you may not be able to resell Subordinate Voting Shares purchased in the Offering. This may affect the pricing of our Subordinate Voting Shares in the secondary market, the transparency and availability of trading prices, the liquidity of our Subordinate Voting Shares and the extent of issuer regulation. The Offering Price of our Offered Shares was determined through negotiations between us and the Underwriters. The Offering Price may not be indicative of the market price of our Subordinate Voting Shares after the Offering. In the absence of an active trading market for our Subordinate Voting Shares, investors may have difficulty selling their Subordinate Voting Shares. We cannot predict the prices at which our Subordinate Voting Shares will trade.

We do not currently anticipate paying dividends on the Subordinate Voting Shares, and, consequently, purchasers in the Offering may never receive a return on their investment.

Our current policy is to reinvest our earnings to finance the growth of our business. Therefore, we do not anticipate paying any cash dividends on our securities, including the Subordinate Voting Shares, in the foreseeable future. Any future determination to pay dividends on our securities will be at the discretion of the Board and will depend on, among other things, our results of operations, current and anticipated cash requirements and surplus, financial condition, contractual restrictions and financing agreement covenants, solvency tests imposed by corporate law and other factors that the Board may deem relevant. Until the time that we do pay dividends, which we might never do, our shareholders will not be able to receive a return on their Subordinate Voting Shares unless they sell such Subordinate Voting Shares for a price greater than their acquisition price, and such appreciation may never occur. See "Dividend Policy".

Future sales of Subordinate Voting Shares by existing shareholders or by us, or future dilutive issuances of Subordinate Voting Shares by us, could adversely affect prevailing market prices for the Subordinate Voting Shares.

Subject to compliance with applicable securities laws, sales of a substantial number of Subordinate Voting Shares in the public market could occur at any time before or after the expiration of the Lock-up Agreements described under "Plan of Distribution - Lock-up Arrangements". These sales, or the market perception that the holders of a large number of Subordinate Voting Shares or securities convertible into Subordinate Voting Shares intend to sell Subordinate Voting Shares, could reduce the market price of our Subordinate Voting Shares. In addition, the Underwriters might waive the provisions of these Lock-up Agreements and allow the subject shareholders to sell their Subordinate Voting Shares at any time. There are no pre-established conditions for the grant of such a waiver by the Underwriters, and any decision by them to waive those conditions may depend on a number of factors, which might include market conditions, the performance of our Subordinate Voting Shares in the market and our financial condition at that time. If the restrictions in such Lock-up Agreements are waived, additional Subordinate Voting Shares will be available for sale into the public

market, subject to applicable securities laws, which could reduce the market price for Subordinate Voting Shares.

In addition, certain holders of options will have an immediate income inclusion for Canadian tax purposes when they exercise their options (that is, Canadian tax is not deferred until they sell the underlying Subordinate Voting Shares). As a result, these holders may need to sell Subordinate Voting Shares purchased on the exercise of options in the same year that they exercise their options. This might result in a greater number of Subordinate Voting Shares being sold in the public market, and reduced long-term holdings of Subordinate Voting Shares by our management and employees.

If securities or industry analysts do not publish research or publish inaccurate or unfavorable research about us or our business, our trading price and volume could decline.

The trading market for our Subordinate Voting Shares will depend in part on the research and reports that securities or industry analysts publish about us or our business. We do not currently have and may never obtain research coverage by securities and industry analysts. If no securities or industry analysts commence covering us, the trading price for our Subordinate Voting Shares would be negatively impacted. If we obtain securities or industry analyst coverage and if one or more of the analysts who cover us downgrade our Subordinate Voting Shares or publish inaccurate or unfavorable research about our business, our trading price may decline. If one or more of these analysts cease coverage of us or fail to publish reports on us regularly, demand for our Subordinate Voting Shares could decrease, which could cause our trading price and volume to decline.

We will incur increased expenses as a result of being a public company.

We will incur significant legal, accounting, insurance and other expenses as a result of being a public company, which may negatively impact our performance and could cause our results of operations and financial condition to suffer. Compliance with applicable securities laws in Canada and the rules of the TSX substantially increases our expenses, including our legal and accounting costs, and make some activities more time consuming and costly. Reporting obligations as a public company and our anticipated growth may place a strain on our financial and management systems, processes and controls, as well as on our personnel.

We also expect these laws, rules and regulations to make it more expensive for us to obtain director and officer liability insurance, and we may be required to accept reduced policy limits and coverage or incur substantially higher costs to obtain the same or similar coverage. As a result, it may be more difficult for us to attract and retain qualified persons to serve on our Board or as officers. As a result of the foregoing, we expect a substantial increase in legal, accounting, insurance and certain other expenses in the future, which will negatively impact our financial performance and could cause our results of operations and financial condition to suffer.

Our senior management team has limited experience managing a public company, and regulatory compliance may divert its attention from the day-to-day management of our business.

The individuals who now constitute our senior management team have limited experience managing a publicly traded company and limited experience complying with the increasingly complex laws pertaining to public companies. Our senior management team may not successfully or efficiently manage our transition to being a public company subject to significant regulatory oversight and reporting obligations under Canadian securities laws. In particular, these new obligations will require substantial attention from our senior management and could divert their attention away from the day-to-day management of our business.

As a public company, we will be required to develop and maintain proper and effective internal controls over financial reporting. We may not complete our analysis of our internal controls over financial reporting in a timely manner, or these internal controls may not be effective, which could adversely affect investor confidence in us and as a result, negatively impact the value of our Subordinate Voting Shares.

We are not currently required to comply with National Instrument 52-109 – *Certification of Disclosure in Issuer’s Annual and Interim Filings*. As a publicly traded company, we will become subject to reporting and other obligations under applicable Canadian securities laws, including NI 52-109, and the rules of the TSX. These reporting and other obligations will place significant demands on our management, administrative, operational and accounting resources. In order to meet such requirements, we will, among other things, establish systems, implement financial and management controls, reporting systems and procedures and, if necessary, hire qualified accounting and finance staff. However, if we are unable to accomplish any such necessary objectives in a timely and effective manner, our ability to comply with our financial reporting obligations and other rules applicable to reporting issuers could be impaired. Moreover, any failure to maintain effective internal controls could cause us to fail to satisfy our reporting obligations or result in material misstatements in our financial statements. If we cannot provide reliable financial reports or prevent fraud, our reputation and operating results could be materially adversely affected which could also cause investors to lose confidence in our reported financial information, which could result in a reduction in the market price of our Subordinate Voting Shares.

We do not expect that our disclosure controls and procedures and internal controls over financial reporting will prevent all error and fraud. A control system, no matter how well-designed and implemented, can provide only reasonable, not absolute, assurance that the control system’s objectives will be met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Due to the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues within an organization are detected. The inherent limitations include the realities that judgments in decision making can be faulty, and that breakdowns can occur because of simple errors or mistakes. Controls can also be circumvented by individual acts of certain persons, by collusion of two or more people or by management override of the controls. Due to the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and may not be detected in a timely manner or at all.

Our management will have broad discretion in the application of the net proceeds of the Offering.

We cannot specify with certainty the particular uses of the net proceeds we will receive from the Offering. Our management will have broad discretion in the application of the net proceeds, including for any of the purposes described in “*Use of Proceeds*”. Accordingly, a purchaser of Subordinate Voting Shares will have to rely upon the judgment of our management with respect to the use of the proceeds, with only limited information concerning management’s specific intentions. Our management may spend a portion or all of the net proceeds from this Offering in ways that our shareholders might not desire, that might not yield a favourable return and that might not increase the value of a purchaser’s investment. The failure by our management to apply these funds effectively could have a material adverse effect on our business, prospects, financial condition, results of operations and cash flows. Pending their use, we may invest the net proceeds of the Offering in a manner that does not produce income or that loses value.

Any issuance of preferred shares could make it difficult for another company to acquire us or could otherwise adversely affect holders of our Subordinate Voting Shares, which could depress the price of our Subordinate Voting Shares.

Upon completion of the Offering, our Board will have the authority to issue preferred shares and to determine the preferences, limitations and relative rights of preferred shares and to fix the number of shares constituting any series and the designation of such series, without any further vote or action by our shareholders. Our preferred shares may be issued with liquidation, dividend and other rights superior to the rights of our Subordinate Voting Shares and Multiple Voting Shares. The potential issuance of preferred shares may delay or prevent a change in control of the Company, discourage bids for our Subordinate Voting Shares at a premium over the market price and adversely affect the market price and other rights of the holders of our Subordinate Voting Shares.

Our constating documents permit us to issue an unlimited number of Subordinate Voting Shares and Multiple Voting Shares without additional shareholder approval.

Our Articles permit us to issue an unlimited number of Subordinate Voting Shares and Multiple Voting Shares. We anticipate that we will, from time to time, issue additional Subordinate Voting Shares in the future. Subject to the requirements of the TSX, we will not be required to obtain the approval of shareholders for the issuance of additional Subordinate Voting Shares. Although the rules of the TSX generally prohibit us from issuing additional Multiple Voting Shares, there may be certain circumstances where additional Multiple Voting Shares may be issued, including upon receiving shareholder approval. Any further issuances of Subordinate Voting Shares or Multiple Voting Shares will result in immediate dilution to existing shareholders and may have an adverse effect on the value of their shareholdings. Additionally, any further issuances of Multiple Voting Shares may significantly lessen the combined voting power of our Subordinate Voting Shares due to the four-to-one voting ration between our Multiple Voting Shares and Subordinate Voting Shares.

RISKS RELATED TO COVID-19

The COVID-19 pandemic could materially adversely affect our business, financial condition and results of operations.

The COVID-19 pandemic, the measures attempting to contain and mitigate the effects of the virus, including travel bans and restrictions, quarantines, shelter-in-place orders, shutdowns and restrictions on trade, and the resulting changes in Course Creator and Student behaviours continue to disrupt our normal operations and impact our employees, Partners, and our Course Creators and their Students. We have modified our business practices in response to the COVID-19 pandemic and we may take further actions as required by government authorities or that we determine are warranted. However, there is no certainty that such measures will be sufficient to mitigate the direct and indirect effects of the virus and our business, financial condition and results of operations could be affected. Additionally, the impact of new products and initiatives launched in response to COVID-19 and other future initiatives on our operations and results is uncertain and we may be subject to additional risks in connection with such products and initiatives.

The degree to which COVID-19 will affect our results and operations will depend on future developments that are highly uncertain and cannot currently be predicted, including, but not limited to, the duration, extent and severity of the COVID-19 pandemic including any variants thereof, actions taken to contain the virus, the impact of the COVID-19 pandemic and related restrictions on economic activity and domestic and international trade during the pandemic and in the post-pandemic recover period, and the extent of the impact of these and other factors on our employees, Partners, suppliers and vendors, service providers and our Course Creators and their Students. The COVID-19 pandemic and related restrictions could limit our Course Creators' ability to continue to operate (limiting their abilities to offer new Learning Products, attract Students or make timely payments to Thinkific), disrupt or delay the ability of employees to work because they become sick or are required to care for those who become sick, cause delays or disruptions in services provided by key suppliers and vendors, increase vulnerability of Thinkific and our Partners and service providers to security breaches, denial of service attacks or other hacking or phishing attacks, or cause other unpredictable events. Since the onset of COVID-19, we have seen an increase in customers engaging in illegal or prohibited activities in violation of the terms of our Acceptable Use Policy and our results of operations may be negatively impacted if a large number of Learning Products are terminated from the Platform or these activities may subject us to liability or damage our brand. Since the onset of COVID-19 we have seen accelerated adoption of our Platform by new and existing Course Creators and their Students. Customer acquisition and customer usage patterns have been atypical during the COVID-19 pandemic and are not expected to continue. As COVID-19 related lockdowns and restrictions ease, usage of our Platform by new and existing Course Creators and their Students may decrease, and customers may downgrade or cancel their subscriptions at a greater rate than expected.

COVID-19 has also caused heightened uncertainty in the global economy. If economic growth slows further or if a recession develops, consumers may not have the financial means to make course purchases from our customers and may delay or reduce discretionary purchases, negatively impacting our customers (many of which are SMBs and entrepreneurs that may be more susceptible than larger businesses to general economic conditions) and our results of operations. Uncertain and adverse economic conditions may also lead to increased refunds and chargebacks, which could adversely affect our business and may require us to recognize an impairment related to our assets in our financial statements. Since the impact of COVID-19 is ongoing, the effect of the COVID-19 pandemic and the related impact on the global economy may not be fully reflected in our results of operations until future periods. Further, volatility in the capital markets has been heightened during recent months and such volatility may continue, which may cause declines in the price of our Subordinate Voting Shares, increasing the risk that securities class action litigation could be instituted against us, and may also impact our investment portfolio of marketable securities, which is subject to general credit, liquidity, market, foreign exchange, and interest rate risks.

Shifting our operations to be “digital-by-default” may adversely affect our business, including our culture, and may adversely affect our financial position and operating results.

In the second quarter of 2020, we announced that employees will continue to work remotely for the remainder of 2020 and, beyond 2020, Thinkific will embrace a digital-first way of thinking, working, and operating. While most of our operations can be performed remotely, there is no guarantee that we will be as effective while working remotely over the long term or that we will be able to fully scale our operations to support effective global remote work. Shifting to remote work may negatively impact our ability to attract, train, and retain talent. In addition, as new remote employees join our company, the risk of fraud and security breaches may also increase. To the extent our current or future measures result in decreased employee satisfaction or team productivity, impact our product development and research & development functions, impact our company culture or otherwise negatively affect our business, our financial position and operating results could be adversely affected. We plan to continue leasing office space and may reduce or increase the amount of office space leased and may add offices in new locations to offer part- or full-time office space to employees. However, our plans may continue to change as we adapt to the evolving circumstances driven by the COVID-19 pandemic.

PROMOTERS

No person is, or has acted as, a promoter of the Company during the two years immediately preceding the date of this prospectus.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

To the Company’s knowledge, there are no legal proceedings or regulatory actions material to the Company to which it is a party, or has been a party to, or of which any of its property is the subject matter of, or was the subject matter of, since the beginning of Fiscal 2020, and no such proceedings or actions are known by the Company to be contemplated. The Company is from time to time involved in legal proceedings of a nature considered normal to its business. The Company believes that none of the litigation in which the Company is currently involved, or has been involved since the beginning of the most recently completed financial year, individually or in the aggregate, is material to its consolidated financial condition or results of operations.

There have been no penalties or sanctions imposed against the Company by a court or regulatory authority, and the Company has not entered into any settlement agreements before any court relating to provincial or territorial securities legislation or with any securities regulatory authority, since its incorporation.

LEGAL MATTERS

The matters referred to under “*Eligibility for Investment*” and “*Certain Canadian Federal Income Tax Considerations*”, as well as certain other legal matters relating to the issue and sale of the Offered Shares, will be passed upon on our behalf by Blake, Cassels & Graydon LLP and on behalf of the Underwriters by Osler, Hoskin & Harcourt LLP. As at the date of this prospectus, the partners and associates of each of Blake, Cassels & Graydon LLP and Osler, Hoskin & Harcourt LLP beneficially own, directly and indirectly, less than 1% of our outstanding securities or other property, our associates or our affiliates.

INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

There are no material interests, direct or indirect, of any of our directors or executive officers, any shareholder that beneficially owns, or controls or directs (directly or indirectly), more than 10% of any class or series of our outstanding voting securities, or any associate or affiliate of any of the foregoing persons, in any transaction within the three years before the date hereof, that has materially affected or is reasonably expected to materially affect us.

AUDITOR, TRANSFER AGENT AND REGISTRAR

KPMG LLP, located at 777 Dunsmuir St, Vancouver, British Columbia is our auditor and has confirmed with respect to the Company that they are independent within the meaning of the relevant rules and related interpretations prescribed by the relevant professional bodies in Canada and any applicable legislation or regulations.

The transfer agent and registrar of the Offered Shares will be Computershare Investor Services Inc. at its principal offices in Vancouver, British Columbia.

ENFORCEMENT OF JUDGEMENTS AGAINST FOREIGN PERSONS

Katie May, a director of the Company, resides outside of Canada and has appointed Blakes Vancouver Services Inc. as agent for service of process at 595 Burrard Street, Suite 2600, Three Bentall Centre, Vancouver, British Columbia, Canada, V7X 1L3. Purchasers are advised that it may not be possible for investors to enforce judgments obtained in Canada against any person or company that is incorporated, continued or otherwise organized under the laws of a foreign jurisdiction or resides outside of Canada, even if the party has appointed an agent for service of process.

MATERIAL CONTRACTS

This prospectus includes a summary description of certain of our material agreements. The summary description discloses all attributes material to an investor in the Offered Shares but is not complete and is qualified by reference to the terms of the material agreements, which will be filed with the Canadian securities regulatory authorities and available on the system for electronic document analysis and retrieval (“**SEDAR**”) at www.sedar.com under our profile. Investors are encouraged to read the full text of such material agreements.

The following are our only material contracts that will be in effect on closing (other than certain agreements entered into in the ordinary course of business):

- the Investor Rights Agreement;
- the Coattail Agreement; and
- the Underwriting Agreement.

Copies of the foregoing documents will be available following Closing on SEDAR at www.sedar.com.

PURCHASERS' STATUTORY RIGHTS

Securities legislation in certain of the provinces and territories of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. In several of the provinces and territories, the securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, revisions of the price or damages if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission, revisions of the price or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for the particulars of these rights or consult with a legal adviser.

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2020, 2019 AND 2018

(See attached)

THINKIFIC LABS INC.

Consolidated Financial Statements

For the years ended December 31, 2020, 2019 and 2018

(expressed in U.S. dollars)



KPMG LLP
PO Box 10426 777 Dunsmuir Street
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Canada
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INDEPENDENT AUDITORS' REPORT

The Board of Directors of Thinkific Labs Inc.

Opinion

We have audited the accompanying consolidated financial statements of Thinkific Labs Inc. (the Entity), which comprise:

- the consolidated statements of financial position as at December 31, 2020 and December 31, 2019
- the consolidated statements income (loss) and comprehensive income (loss) for each of the years in the three-year period ended December 31, 2020
- the consolidated statements of changes in shareholders' equity for each of the years in the three-year period ended December 31, 2020
- the consolidated statements of cash flows for each of the years in the three-year period ended December 31, 2020
- and notes to the consolidated financial statements, including a summary of significant accounting policies
(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at December 31, 2020 and December 31, 2019 and its consolidated financial performance and its consolidated cash flows for each of the years in the three-year period ended December 31, 2020 in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "**Auditors' Responsibilities for the Audit of the Financial Statements**" section of our auditors' report. We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards (IFRS), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditors' Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify



our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- Provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

A handwritten signature in black ink that reads 'KPMG LLP' with a horizontal line underneath.

Vancouver, Canada
March 22, 2021

THINKIFIC LABS INC.

Consolidated Statements of Financial Position
As at December 31, 2020 and 2019
(Expressed in U.S. dollars)

	Notes	2020 \$	2019 \$
Assets			
Current assets			
Cash and cash equivalents		9,066,016	3,691,875
Trade and other receivables	7	806,687	239,627
Prepaid expenses		572,684	142,922
Investment tax credits	6	915,413	617,177
Total current assets		11,360,800	4,691,601
Property and equipment	8	407,268	161,917
Lease right-of-use assets	9	1,167,969	858,771
Total assets		12,936,037	5,712,289
Liabilities and Shareholders' Equity (Deficit)			
Current liabilities			
Accounts payable and accrued liabilities	10	1,498,163	380,730
Lease liabilities	9	492,611	245,589
Deferred revenue	4	4,767,614	1,896,127
Total current liabilities		6,758,388	2,522,446
SAFE Agreement liability	12	-	810,091
Lease liabilities	9	868,473	749,781
Total liabilities		7,626,861	4,082,318
Shareholders' equity			
Share capital	14	6,702,059	2,290,055
Contributed surplus		1,067,037	506,749
Accumulated other comprehensive loss		(38,113)	(38,113)
Accumulated deficit		(2,421,807)	(1,128,720)
Total shareholders' equity		5,309,176	1,629,971
Total liabilities and shareholders' equity		12,936,037	5,712,289
Commitments	9		

The accompanying notes are an integral part of these consolidated financial statements.

THINKIFIC LABS INC.

Consolidated Statements of Income (Loss) and Comprehensive Income (Loss)

For the years ended December 31, 2020, 2019 and 2018

(Expressed in U.S. dollars)

	Notes	2020 \$	2019 \$	2018 \$
Revenue	4, 20	21,069,587	9,796,037	5,996,483
Cost of revenue	5, 18	4,452,507	2,042,956	1,168,015
Gross profit		16,617,080	7,753,081	4,828,468
Operating expenses				
Sales and marketing	18	7,498,233	2,709,538	1,635,603
Research and development	6, 18	6,344,691	2,616,927	1,785,761
General and administrative	8, 9, 18	4,246,164	2,119,490	1,083,095
Total operating expenses		18,089,088	7,445,955	4,504,459
Operating (loss) income		(1,472,008)	307,126	324,009
Other income (expenses)				
Foreign exchange gain		205,997	50,980	52,800
Loss on change in fair value of embedded derivative		-	(58,487)	(44,811)
Finance income (expense)		(27,076)	(9,067)	(95,698)
Total other income (expenses)		178,921	(16,574)	(87,709)
Net (loss) income and comprehensive (loss) income		(1,293,087)	290,552	236,300
(Loss) income per share				
Basic	15	(\$0.13)	\$0.02	\$0.02
Diluted		(\$0.11)	\$0.02	\$0.02

The accompanying notes are an integral part of these consolidated financial statements.

THINKIFIC LABS INC.

Consolidated Statements of Cash Flows
For the years ended December 31, 2020, 2019 and 2018
(Expressed in U.S. dollars)

		2020	2019	2018
	Notes	\$	\$	\$
Cash from (used in):				
Operating activities				
Net income (loss)		(1,293,087)	290,552	236,300
Items not affecting cash and cash equivalents				
Depreciation	8, 9	483,050	253,278	155,959
Stock-based compensation	18	601,454	245,455	96,124
Unrealized foreign exchange loss (gain)		103,666	145,585	(216,772)
Finance expense		44,444	27,956	84,059
Loss on change in fair value of embedded derivative		-	58,487	44,811
Changes in non-cash working capital:				
Trade and other receivables	7	(567,060)	(171,846)	47,961
Prepaid expenses		(429,762)	(121,717)	(14,386)
Investment tax credits, net	6	(298,236)	(60,123)	24,347
Accounts payable and accrued liabilities	10	1,117,433	291,582	20,908
Deferred revenue	4	2,871,487	691,677	457,966
Cash from operating activities		2,633,389	1,650,886	937,277
Investing activities				
Decrease in restricted cash		-	66,528	5,413
Investment in property and equipment		(289,795)	(83,538)	(16,526)
Cash used in investing activities		(289,795)	(17,010)	(11,113)
Financing activities				
Repayment of shareholder loans		-	(50,978)	(4,148)
Operating lease payments	9	(447,630)	(201,761)	(117,632)
Share issuance costs		(66,168)	-	-
Proceeds from SAFE Agreement	12	-	810,091	-
Proceeds from issuance of Class A Preferred shares	14	3,634,617	-	-
Proceeds from stock option exercises		27,081	22,670	10,008
Cash from (used in) financing activities		3,147,900	580,022	(111,772)
Effect of foreign exchange on cash and cash equivalents		(117,353)	(68,136)	49,201
Increase in cash and cash equivalents		5,374,141	2,145,762	863,593
Cash and cash equivalents, beginning of year		3,691,875	1,546,113	682,520
Cash and cash equivalents, end of year		9,066,016	3,691,875	1,546,113

The accompanying notes are an integral part of these consolidated financial statements.

THINKIFIC LABS INC.

Consolidated Statements of Changes in Shareholders' Equity (Deficit)

For the years ended December 31, 2020, 2019 and 2018

(Expressed in U.S. dollars)

		<u>Issued and Outstanding</u>			<u>Accumulated other</u>		
	<u>Notes</u>	<u>Number of shares</u>	<u>Share capital \$</u>	<u>Contributed surplus \$</u>	<u>comprehensive income \$</u>	<u>Accumulated deficit \$</u>	<u>Total \$</u>
Balance as at January 1, 2018		13,441,320	490,473	190,289	(38,113)	(1,655,572)	(1,012,923)
Net income and comprehensive income		-	-	-	-	236,300	236,300
Exercise of stock options	14	47,766	10,008	-	-	-	10,008
Reversal of stock-based compensation expense on exercise	14, 16	-	7,719	(7,719)	-	-	-
Stock-based compensation	18	-	-	96,124	-	-	96,124
Balance as at December 31, 2018		13,489,086	508,200	278,694	(38,113)	(1,419,272)	(670,491)
Net income and comprehensive income		-	-	-	-	290,552	290,552
Conversion of convertible debentures	11	1,301,098	1,741,785	-	-	-	1,741,785
Exercise of stock options	14	97,425	22,670	-	-	-	22,670
Reversal of stock-based compensation expense on exercise	14, 16	-	17,400	(17,400)	-	-	-
Stock-based compensation	18	-	-	245,455	-	-	245,455
Balance as at December 31, 2019		14,887,609	2,290,055	506,749	(38,113)	(1,128,720)	1,629,971
Net income and comprehensive income		-	-	-	-	(1,293,087)	(1,293,087)
Conversion of SAFE Agreement	12	166,710	775,308	-	-	-	775,308
Proceeds on Equity Financing	14	314,234	3,035,985	-	-	-	3,035,985
Share issuance costs		-	(66,168)	-	-	-	(66,168)
Issuance of Class A Preferred Shares	14	59,121	598,632	-	-	-	598,632
Exercise of stock options	14	204,217	27,081	-	-	-	27,081
Reversal of stock-based compensation expense on exercise	14, 16	-	41,166	(41,166)	-	-	-
Stock-based compensation	18	-	-	601,454	-	-	601,454
Balance as at December 31, 2020		15,631,891	6,702,059	1,067,037	(38,113)	(2,421,807)	5,309,176

The accompanying notes are an integral part of these consolidated financial statements.

THINKIFIC LABS INC

Notes to Consolidated Financial Statements

(Expressed in U.S. Dollars)

Years ended December 31, 2020, 2019 and 2018

1. Organization and Nature of Operations

Thinkific Labs Inc. ("Thinkific" or the "Company") was incorporated on April 11, 2012 under the laws of British Columbia. Its head office is located at 400 - 369 Terminal Avenue, Vancouver, BC, Canada.

The Company's primary business activity is to provide a platform that helps entrepreneurs and businesses with specialized skills and knowledge to start and grow their companies by creating and selling online courses and other learning products. The Company's platform provides its customers with the critical functionalities they need to create customized education products, market and sell those products to drive revenue, and deliver and engage with their students.

Impact of COVID-19 on our Operations

In March 2020, the World Health Organization declared the COVID-19 outbreak a pandemic. In response, many governments and geographic regions implemented preventive or protective actions including temporary closures of or restrictions on businesses, quarantines and shelter-in-place orders.

As a result of the COVID-19 pandemic, the Company experienced significant growth in the demand for the Company's platform and an increase in the number of new customers during the year ended December 31, 2020. Any future impact of COVID-19 on the Company's operational and financial performance will depend on certain developments, including, but not limited to, the duration and spread of the outbreak, duration of local, state and federal issued public health orders, impact on our customers and our sales cycles, impact on our employees, and impact on regional and worldwide economies and financial markets in general, all of which are uncertain and cannot be predicted.

2. Basis of preparation

Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee ("IFRIC") and were approved for issue by the Company's Board of Directors on March 22, 2021.

Basis of measurement

These consolidated financial statements have been prepared on a historical cost basis except for certain financial assets and liabilities which are measured at fair value.

Basis of consolidation

These consolidated financial statements comprise the financial statements of the Company and its subsidiary, Thinkific.com, Inc.

A subsidiary is fully consolidated from the date on which the Company obtains control, and continues to be consolidated until the date when such control ceases. Control is achieved when the Company is exposed to, or has rights to, variable returns from its involvement with the entity, and has the ability to affect those returns through its power over the entity. The financial statements of the Company's subsidiary are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. The financial statements of the subsidiary are prepared for the same reporting period as the parent company, using consistent accounting policies. All intercompany balances, transactions, unrealized gains and losses resulting from intercompany transactions are eliminated on consolidation.

THINKIFIC LABS INC

Notes to Consolidated Financial Statements

(Expressed in U.S. Dollars)

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Foreign currency translation

These consolidated financial statements are presented in U.S. dollars, which is the Company's functional currency. Transactions in foreign currencies are translated into the Company's functional currency at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value is determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction.

Use of judgments and estimates

The preparation of these consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Management reviews its estimates on an ongoing basis based on management's best knowledge of current events and actions that the Company may undertake in the future. Actual results could differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

Judgments

- Management uses judgment to determine the inputs to the Black-Scholes option pricing model including the expected option lives, underlying share price volatility and forfeiture rates. Refer to Note 16.
- Management uses judgment in determining whether products and services are distinct performance obligations that should be accounted for separately or combined as one unit of accounting.
- The uncertainties around COVID-19 required the use of judgments and estimates which resulted in no material impacts for the year ended December 31, 2020. The future impact of COVID-19 uncertainties could generate, in future reporting periods, a significant risk of material adjustment to revenue recognition and estimated losses on revenue-generating contracts.

Assumptions and estimation uncertainties

- Availability of future tax profits against which deductible temporary differences and tax losses carried forward can be utilized. Refer to Note 17.
- Accounting for uncertain tax treatment. Refer to Note 17.

3. Significant accounting policies

Revenue recognition

The Company's source of revenue consists of subscriptions to its cloud-based platform. The cloud-based platform provides customers the right to access its software through the internet. The Company's cloud-based solution represents a series of distinct services that are substantially the same and have the same pattern of transfer to the customer. These services are made available to the customer continuously throughout the

THINKIFIC LABS INC

Notes to Consolidated Financial Statements

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contractual period. However, the extent to which the customer uses the services may vary at the customer's discretion.

A performance obligation is a commitment in a contract with a customer to transfer products or services that are distinct. Determining whether products and services are distinct performance obligations that should be accounted for separately or combined as one unit of accounting may require significant judgment. The Company's cloud-based solution is considered to have a single performance obligation where the customer simultaneously receives and consumes the benefit, and as such revenue is recognized rateably over the term of the contractual agreement, except when customers are invoiced based on usage. Revenue provided on a usage basis is recognized as usage occurs.

Sales taxes collected from customers and remitted to government authorities are excluded from revenue and included in general and administrative expenses.

The Company generally receives payment for the full subscription contract up front. In all other cases, payment terms and conditions vary by contract type, although terms generally include a requirement for payment within 30 days of the invoice date. In instances where the timing of revenue recognition differs from the timing of invoicing and subsequent payment, the Company has determined that such contracts generally do not include a significant financing component.

Money-back guarantee

We offer customers a 30-day money back guarantee whereby customers are permitted to receive a full refund within 30 days from initiation of the contract. Revenue is reduced for such returns based on the estimate of future returns originating from subscription agreements with customers.

Deferred revenue

Payments received in advance of services being rendered are recorded as deferred revenue and recognized rateably over the requisite service period.

Incremental costs of obtaining a contract with a customer

Incremental costs of obtaining a contract include only those costs that the Company incurs to obtain a contract that the Company would not have incurred if the contract had not been obtained, such as sales commissions.

The Company pays commissions on the sale of new larger long-term customer contracts. Commissions are expensed as incurred, as these contracts are generally for one year or less and the Company applies a practical expedient to expense costs as incurred if the amortization period is one year or less.

Expenses for commissions are recorded in sales and marketing in the consolidated statements of income and comprehensive income.

Research and development costs

Research and development costs are primarily costs incurred for the maintenance, development and improvement of the Company's platform solution. Research and development costs are expensed as incurred, net of refundable investment tax credits, and consist primarily of personnel and related expenses, contractor and consultant fees, stock-based compensation and corporate overhead allocations.

The Company recognizes the benefit of refundable research and development investment tax credits as a reduction of research and development costs, while non-refundable investment tax credits that can only be claimed against income taxes otherwise payable are recognized as a reduction of income taxes when there is reasonable assurance that the claim will be recovered.

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Stock-based compensation

The Company has a stock option plan for its officers, employees and consultants. The fair value of stock options granted to employees is estimated at the date of grant using the Black-Scholes option pricing model. The fair value is recognized in the consolidated statements of income and comprehensive income as stock-based compensation over the vesting period on a graded vesting basis, together with a corresponding credit to contributed surplus.

Income (loss) per share

The Company presents basic and diluted income (loss) per share data for its common shares. Basic income (loss) per share is calculated by dividing the income (loss) attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the year.

Diluted income (loss) per share is determined by adjusting the income (loss) attributable to common shareholders and the weighted average number of common shares outstanding, adjusted for the effects of all dilutive potential common shares, which consist of additional shares from the assumed exercise or conversion of share options.

Cash and cash equivalents

The Company considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

Government assistance

Government assistance, which mainly includes investment and other tax credits, is recognized when there is reasonable assurance that it will be received and all related conditions will be complied with.

Property and equipment

Property and equipment are recorded at cost less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

Depreciation is calculated to write off the cost of items of property and equipment less their estimated residual values using the straight-line or declining balance method over their estimated useful lives, and is generally recognised in the consolidated statement of income and comprehensive income. Depreciation is recognized using the following methods and annual rates:

Asset	Basis	Rate
Computer equipment	Straight-line	3 years
Office furniture and equipment	Declining balance	20%
Video equipment	Declining balance	20%
Leasehold improvements	Straight-line	Over term of the lease

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Impairment of non-financial assets

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At each reporting date, the Company evaluates the carrying amount of its non-financial assets to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets or cash-generating units ("CGU"). The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs of disposal. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized in the consolidated statement of income and comprehensive income for the amount by which the carrying amount of the asset or CGU exceeds its recoverable amount.

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Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- The contract involves the use of an identified asset. This may be specified explicitly or implicitly and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- The Company has the right to obtain substantially all the economic benefits from the use of the asset throughout the period of use; and
- The Company has the right to direct the use of the asset. The Company has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used.

At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative standalone price.

As a lessee

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received prior to the commencement date.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, which is considered the appropriate useful life of any such asset. In addition, the right-of-use asset is reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability, to the extent necessary.

The lease liability is initially measured at the present value of the lease payments that are not past the commencement date, discounted using an incremental borrowing rate if the rate implicit in the lease arrangement is not readily determinable.

Lease payments included in the measurement of the lease liability comprise fixed payments, including in-substance fixed payments and variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date.

The lease liability is subsequently measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, lease term, or if the Company changes its assessment of whether it will exercise an extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in income if the carrying amount of the right-of-use asset has been reduced to zero.

Lease incentives receivable are included in the initial measurement of the lease liability and right-of-use asset.

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Provisions

Provisions are recognized when the Company has a present legal or constructive obligation (a) as a result of a past event; (b) when it is more probable than not that an outflow of resources embodying economic benefits will be required to settle the obligation; and (c) when a reliable estimate can be made of the amount of the obligation. The expense relating to any provision is accounted for in the consolidated statement of income and comprehensive income, net of reimbursement.

Income taxes

Current tax

The current tax payable is based on taxable income for the year. Taxable income differs from income as reported in the consolidated statements of income and comprehensive income because of items of income or expense that are taxable or deductible in other periods and items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

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Financial instruments

Initial recognition and measurement

Trade receivables and debt securities are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus or minus, for items at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to their acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at amortized cost, fair value through other comprehensive income ("FVOCI") or FVTPL. Subsequent to initial measurement, these assets are measured as follows:

- **FVTPL** - these assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.
- **Amortized cost** - these assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized through profit or loss.
- **Debt investments at FVOCI** - these assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in other comprehensive income ("OCI"). On derecognition, gains and losses accumulated in OCI are reclassified to income.
- **Equity investments at FVOCI** - these assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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A debt investment is measured at FVOCI if it meets both of the following conditions as is not designated as at FVTPL:

- It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal; and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income ("OCI"). This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial liabilities

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Impairment of financial assets

An expected credit loss ("ECL") model applies to financial assets measured at amortized cost. The Company's financial assets measured at amortized cost and subject to the ECL model consist primarily of trade receivables. The Company applies the simplified approach to impairment for trade and other receivables by recognizing lifetimes expected losses on initial recognition through both the analysis of historical defaults and a reassessment of counterparty credit risk in revenue contracts on an annual basis.

Derecognition

Financial assets

The Company derecognises a financial asset when:

- the contractual rights to the cash flows from the financial asset expire; or
- it transfers the rights to receive the contractual cash flows in a transaction in which either:
 - substantially all of the risks and rewards of ownership of the financial asset are transferred; or
 - the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

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Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. The Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Convertible debentures

Convertible debentures are financial instruments which are accounted for separately dependent on the nature of their components: a financial liability and an equity instrument. The identification of such components embedded within a convertible debenture requires significant judgment given that it is based on the interpretation of the substance of the contractual arrangement. Where the conversion option has a fixed conversion rate, the financial liability, which represents the obligation to pay coupon interest on the convertible debentures in the future, is initially measured at its fair value and subsequently measured at amortized cost. The residual amount is accounted for as an equity instrument at issuance. Transaction costs are apportioned to the debt liability and equity components in proportion to the allocation of proceeds.

Where the conversion option has a variable conversion rate, the conversion option is recognized as a derivative liability measured at fair value through profit and loss. The residual amount is recognized as a financial liability and subsequently measured at amortized cost. The determination of the fair value is also an area of significant judgment given that it is subject to various inputs, assumptions and estimates including: contractual future cash flows, discount rates, credit spreads and volatility.

Fair value measurements

The Company measures the fair value of its financial assets and financial liabilities using a fair value hierarchy. A financial instrument's classification within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. Three levels of inputs may be used to measure fair value. The different levels of the fair value hierarchy are defined as follows:

- Level 1:** Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2:** Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3:** Unobservable inputs for the asset or liability.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

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Share capital

Ordinary shares

Ordinary shares are classified as equity. Equity instruments are initially measured at the fair value of the cash or other resources received or receivable, net of the direct costs of insuring the equity instruments.

Preferred shares

Preferred shares are classified as equity because they bear discretionary dividends, do not contain any obligations to deliver cash or other financial assets, and do not require settlement in a variable number of the Company's equity instruments.

New and amended standards and interpretations adopted by the Company

There were no new or amended standards and interpretations adopted by the Company during the year.

4. Revenue from contracts with customers

The Company's revenue from contracts with customers is comprised of software subscriptions.

Contract liabilities

As at December 31, 2020 and 2019, the Company has deferred revenue of \$4,767,614 and \$1,896,127, respectively.

For the year ended December 31, 2020, \$11,930,726 of deferred revenue was recognized in the consolidated statements of income and comprehensive income (2019 - \$5,592,874, 2018 - \$3,354,686).

5. Cost of revenues

	2020	2019	2018
	\$	\$	\$
Support	1,790,525	625,161	445,270
Hosting	1,900,992	1,082,904	517,574
Payment processing	685,791	298,940	177,138
Software	75,199	35,951	28,033
Cost of revenues	4,452,507	2,042,956	1,168,015

6. Government assistance

For the year ended December 31, 2020, \$872,583 of government assistance was recognized as a reduction to research and development costs (2019 - \$603,249, 2018 - \$583,213). Government assistance includes research and development tax credits.

THINKIFIC LABS INC

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7. Trade and other receivables

	2020	2019
	\$	\$
Trade receivables	782,653	234,085
Other receivables	24,034	5,542
	806,687	239,627

8. Property and equipment

Depreciation expense charged to property and equipment is included within general and administrative expense.

	Computer equipment \$	Film and audio equipment \$	Office furniture \$	Leasehold improvements \$	Total \$
<u>Cost</u>					
As at December 31, 2018	26,950	28,416	23,836	-	79,202
Additions	4,942	9,552	74,954	52,983	142,431
Disposals	-	-	(5,910)	-	(5,910)
As at December 31, 2019	31,892	37,968	92,880	52,983	215,723
Additions	2,156	-	80,200	255,335	337,691
As at December 31, 2020	34,048	37,968	173,080	308,318	553,414
<u>Accumulated depreciation</u>					
As at December 31, 2018	16,854	6,229	6,525	-	29,608
Depreciation expense	6,987	5,698	7,090	4,423	24,198
As at December 31, 2019	23,841	11,927	13,615	4,423	53,806
Depreciation expense	5,772	5,865	18,764	61,939	92,340
As at December 31, 2020	29,613	17,792	32,379	66,362	146,146
<u>Net book value</u>					
As at December 31, 2019	8,051	26,041	79,265	48,560	161,917
As at December 31, 2020	4,435	20,176	140,701	241,956	407,268

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9. Leases

The Company leases certain properties under non-cancellable operating lease agreements that relate to office space. As at December 31, 2020, the expected remaining lease terms are between two and four years. The Company does not currently act in the capacity of a lessor. Depreciation expense charged to leases is included within general and administrative expenses.

The roll-forward of lease right-of-use assets is as follows:

	\$
<u>Cost</u>	
As at December 31, 2018	725,144
Additions	502,459
As at December 31, 2019	1,227,603
Additions	699,531
As at December 31, 2020	1,927,134
<u>Accumulated depreciation</u>	
As at December 31, 2018	139,753
Depreciation charge	229,079
As at December 31, 2019	368,832
Depreciation charge	390,333
As at December 31, 2020	759,165
<u>Net book value</u>	
As at December 31, 2019	858,771
As at December 31, 2020	1,167,969

The roll-forward of lease liabilities is as follows:

	\$
As at December 31, 2018	578,186
Additions	502,459
Leasehold inducements	52,982
Lease payments	(201,761)
Interest expense	27,959
Foreign exchange loss	35,545
As at December 31, 2019	995,370
Additions	699,531
Leasehold inducements	47,895
Lease payments	(447,630)
Interest expense	44,450
Foreign exchange loss	21,468
As at December 31, 2020	1,361,084

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As of December 31, 2020, the Company is committed to minimum payments under its lease liabilities as follows:

Fiscal Year	\$
2021	520,699
2022	523,377
2023	176,358
2024	160,890
2025	26,815
	1,408,139

10. Accounts payable and accrued liabilities

	2020	2019
	\$	\$
Trade payables	696,706	200,525
Accrued sales tax payable	470,938	147,974
Accrued compensation, benefits and associated taxes	330,519	32,231
	1,498,163	380,730

11. Convertible debentures

On June 23, 2017, the Company entered into an Investment Agreement whereby it issued unsecured convertible debentures with an aggregate principal amount of CAD \$2,025,000 bearing interest at a rate of 5% per year compounded annually.

The convertible debentures were to be automatically converted into preferred shares upon the closing of a qualified financing, defined as a financing of preferred shares resulting in gross proceeds to the Company of at least CAD \$3.0 million, in an amount equal to total outstanding principal and interest divided by the share price as of immediately prior to the time of conversion.

The Company determined that the convertible debentures did not meet the IFRS definition of equity due to the variability of the conversion ratio and identified a debt host component and an embedded derivative component in the debentures. The embedded derivative component was measured at fair value at inception, with changes in fair value recognized through income in the period in which they occurred. The debt host component, being the residual amount, was recognized as a financial liability and measured at amortized cost, using the effective interest rate method.

On November 28, 2019, the investors to the Investment Agreement converted the debentures into 1,301,098 Class Seed 2 Preferred Shares (Note 14). As a result of the conversion, \$1,741,785 was transferred to share capital, representing the carrying value of the debt host and the fair value of the embedded derivatives at that date.

THINKIFIC LABS INC

Notes to Consolidated Financial Statements

(Expressed in U.S. Dollars)

Years ended December 31, 2020, 2019 and 2018

12. Related parties

Parties related to the Company include shareholders Greg Smith, Matthew Smith and the Rhino Group Permitted Holders, Greg Smith's and Matthew Smith's immediate family, Alpha Score Seminars Inc., an entity co-owned by Greg Smith and Matthew Smith, and key management personnel of the Company. Key management personnel includes members of the Company's senior management and the board of directors. The compensation paid or payable to key management for services includes their participation in share-based compensation arrangements.

Key management personnel compensation

Key management personnel compensation comprised the following:

	2020	2019	2018
	\$	\$	\$
Salaries and benefits	783,177	687,349	195,522
Share-based payments	216,608	63,268	6,891
	999,785	750,617	202,413

Related party transactions

During the year ended December 31, 2019, the Company entered into a Simple Agreement for Future Equity ("SAFE Agreement") in the amount of \$810,091 (CAD \$1,050,000) with one of the Company's shareholders, who is considered a related party. The SAFE Agreement had no maturity date and bore no interest. The SAFE Agreement provided the shareholder with rights to future equity in the Company. On July 16, 2020, the shareholder converted the SAFE Agreement into 166,710 Class A Preferred Shares for gross proceeds of \$775,308 (CAD \$1,050,000).

13. Credit facility

On March 19, 2019, the Company entered into a loan agreement with a Canadian chartered bank for a revolving demand facility (the "Facility") that allows the Company to borrow up to CAD \$2.3 million. The Facility is secured by assets of the Company. The interest rate on the Facility is equal to the Canadian prime rate plus 1.5%. The Facility is subject to certain general financial covenants, including the delivery of annual review engagement financial statements. No amounts have been drawn on the Facility.

14. Share capital

The authorized share capital of the Company includes an unlimited number of non-voting Common Shares with no par value, an unlimited number of voting Class Seed Preferred Shares with no par value, and an unlimited number of voting Class A Preferred Shares with no par value.

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A summary of the Company's number of issued and outstanding Common Shares and Preferred Shares is presented below:

	Number of Common Shares	Number of Preferred Shares	Total
Outstanding as at January 1, 2018	13,441,320	-	13,441,320
Stock option exercises (Note 16)	47,766	-	47,766
Outstanding as at December 31, 2018	13,489,086	-	13,489,086
Stock option exercises (Note 16)	97,425	-	97,425
Share reorganization ⁽¹⁾	(2,891,869)	2,891,869	-
Conversion of convertible debentures (Note 11)	-	1,301,098	1,301,098
Outstanding as at December 31, 2019	10,694,642	4,192,967	14,887,609
Stock option exercises (Note 16)	204,217	-	204,217
Equity Financing ⁽²⁾	-	314,234	314,234
Conversion of SAFE Agreement (Note 12)	-	166,710	166,710
Exchange of Common Shares ⁽³⁾	(1,031,090)	1,031,090	-
Issuance of Class A Preferred Shares	-	59,121	59,121
Outstanding as at December 31, 2020	9,867,769	5,764,122	15,631,891

- (1) On November 30, 2019, certain Common Shareholders exchanged 2,891,869 Common Shares for 2,891,869 Class Seed Preferred Shares. The exchange of the Common Shares into Class Seed Preferred Shares resulted in a decrease in Common Shares of \$450,315 and a corresponding increase in Class Seed Preferred Shares of \$450,315, with a net effect of nil on share capital.
- (2) The Equity Financing included a treasury offering of 314,234 Class A Preferred Shares for gross proceeds of \$3,035,985 (CAD \$4,180,204).
- (3) On July 16, 2020, certain Common Shareholders exchanged 1,031,090 Common Shares for 1,031,090 Class A Preferred Shares. The exchange of the Common Shares into Class A Preferred Shares resulted in a decrease in Common Shares of \$39,169, and a corresponding increase in Class A Preferred Shares of \$39,169, with a net effect of nil on share capital.

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A summary of the movement in the Company's share capital balance is presented below:

	Common Shares \$	Preferred Shares \$	Total \$
Balance as at January 1, 2018	490,473	-	490,473
Stock option exercises (Note 16)	10,008	-	10,008
Reversal of stock-based compensation expense on exercise	7,719	-	7,719
Balance as at December 31, 2018	508,200	-	508,200
Stock option exercises (Note 16)	22,670	-	22,670
Reversal of stock-based compensation expense on exercise	17,400	-	17,400
Share reorganization	(450,315)	450,315	-
Conversion of convertible debentures (Note 11)	-	1,741,785	1,741,785
Balance as at December 31, 2019	97,955	2,192,100	2,290,055
Stock option exercises (Note 16)	27,081	-	27,081
Reversal of stock-based compensation expense on exercise	41,166	-	41,166
Proceeds on Equity Financing	-	3,035,985	3,035,985
Share issuance costs	-	(66,168)	(66,168)
Conversion of SAFE Agreement (Note 12)	-	775,308	775,308
Exchange of Common Shares	(39,169)	39,169	-
Issuance of Class A Preferred Shares	-	598,632	598,632
Balance as at December 31, 2020	127,033	6,575,026	6,702,059

15. (Loss) income per share

Basic earnings (loss) per share is calculated by dividing net income (loss) by the weighted average number of common shares outstanding during the period. Diluted earnings (loss) per share is calculated by dividing net income (loss) by the number of shares used in the calculation of basic earnings (loss) per share, adjusted for the number of common shares which could have had a dilutive effect on net income (loss) during the year, had outstanding in-the-money stock options been exercised.

	2020	2019	2018
Weighted average number of common shares - basic	10,344,472	13,279,451	13,450,968
Dilutive effect of outstanding stock options (Note 16)	1,091,880	1,029,297	1,109,924
Weighted average number of common shares - diluted	11,436,352	14,308,748	14,560,892

THINKIFIC LABS INC

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16. Stock-based compensation

The Company has a stock option plan (the "Plan") for its officers and employees. The Company can grant options for up to 1,850,000 common shares (2019 - 1,850,000). Each option entitles the holder to purchase one Common Share. The exercise price of each option equals the market price of the Company's stock on the date of the grant. Stock options typically have a maximum term of up to ten years and vest over four years, unless otherwise determined by the Board.

A summary of the Company's stock option activities is presented below:

	Number of options	Weighted average exercise price
Outstanding as at January 1, 2018	1,374,041	\$0.22
Granted	133,000	\$1.84
Exercised	(47,766)	\$0.21
Forfeited	(67,784)	\$0.23
Outstanding as at December 31, 2018	1,391,491	\$0.37
Granted	222,500	\$2.22
Exercised	(97,425)	\$0.23
Forfeited	(110,753)	\$0.60
Outstanding as at December 31, 2019	1,405,813	\$0.66
Granted	192,000	\$9.10
Exercised	(204,217)	\$0.23
Forfeited	(35,189)	\$1.86
Outstanding as at December 31, 2020	1,358,407	\$1.89
Exercisable as at December 31, 2020	976,650	\$0.46

The stock options outstanding as at December 31, 2020, 2019 and 2018 are comprised of the following:

Range of exercise prices	2020		2019		2018	
	Number of options	Weighted average remaining contractual life (years)	Number of options	Weighted average remaining contractual life (years)	Number of options	Weighted average remaining contractual life (years)
\$0.14 to \$0.18	628,907	3.8	812,313	4.8	834,512	5.8
\$0.23 to \$0.27	206,500	6.1	229,500	7.1	390,479	8.1
\$1.26 to \$1.80	173,500	8.1	178,500	9.0	53,500	9.1
\$1.81 to \$1.95	106,000	7.8	129,500	8.8	113,000	9.7
\$3.19 to \$11.06	243,500	11.9	56,000	9.7	-	-
	1,358,407	6.5	1,405,813	6.3	1,391,491	6.9

All stock options granted under the Plan have an exercise price determined and approved by the board of directors at the time of grant, which cannot be less than the market price of a Common Share on the date of grant.

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The fair value of stock options granted to employees was estimated at the date of grant using the Black-Scholes option-pricing model with the following weighted average assumptions:

	2020	2019	2018
Expected volatility	70%	110%	110%
Risk-free interest rate	0.6%	1.5%	2.3%
Expected option life	10 years	10 years	10 years
Expected dividend yield	0%	0%	0%

Management uses judgment to determine the inputs to the Black-Scholes option pricing model including the expected option lives and underlying share price volatilities. Volatility is estimated by comparing companies with similar operations over similar periods to the expected life of the awards under consideration. Changes in these assumptions will impact the calculation of fair value and the amount of compensation expense recognized in profit or loss.

17. Income taxes

The income tax amounts recognized in the consolidated statements of income (loss) are as follows:

	2020	2019
	\$	\$
Current tax expense		
Current income tax	-	-
Deferred tax (recovery) expense		
Origination and reversal of temporary differences	(205,055)	142,685
Changes in unrecognized losses and deductible temporary differences	205,055	(142,685)
	-	-

THINKIFIC LABS INC

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A reconciliation of the income tax expense to the expected amount using the Company's Canadian tax rate is as follows:

	2020	2019
	\$	\$
Income before income taxes	(1,293,087)	290,552
Canadian tax rate	27.0%	27.0%
Expected Canadian income tax expense (recovery)	(349,133)	78,449
Increase (reduction) in income taxes resulting from:		
Recognition of previously unrecognized losses	205,055	(142,685)
Permanent differences of share-based payments	162,393	67,120
Impact of SR&ED	(20,835)	(30,186)
Other permanent differences	32,750	19,943
True-up	(19,690)	-
Foreign-exchange differences	(10,540)	7,359
	<u>-</u>	<u>-</u>

The following tables present tax effects of temporary differences and carry-forwards, as well as movements in the deferred tax balances:

	As at December 31,	Recognized in profit	As at December 31,
	2019	or loss	2020
	\$	\$	\$
Deferred tax assets (liabilities):			
Tax effect of investment tax credits	(126,205)	(52,622)	(178,827)
Right-of-use assets	(216,953)	(94,423)	(311,376)
Lease liabilities	236,710	130,783	367,493
Share issuance costs	4,291	(1,766)	2,525
Property and equipment	16,447	(29,862)	(13,415)
Donations	-	25,237	25,237
Other	85,710	22,653	108,363
	<u>-</u>	<u>-</u>	<u>-</u>

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	As at December 31, 2018 \$	Recognized in profit or loss \$	As at December 31, 2019 \$
Deferred tax assets (liabilities)			
Tax effect of investment tax credits	(113,011)	(13,194)	(126,205)
Right-of-use assets	(153,465)	(63,488)	(216,953)
Lease liabilities	162,421	74,289	236,710
Share issuance costs	6,055	(1,764)	4,291
Property and equipment	9,437	7,010	16,447
Net operating loss carry-forward and deductible SR&ED expenditures	47,739	(47,739)	-
Other	40,824	44,886	85,710
	-	-	-

The amount of deductible temporary differences and unused tax losses and Scientific Research and Experimental Development ("SR&ED") expenditures for which no deferred income tax assets have been recognized are as follows:

	2020 \$	2019 \$
Undeducted SR&ED expenditures	1,262,274	531,865
Other	85,202	56,327
	1,347,476	588,192

SR&ED pool and other temporary deductible differences have an unlimited carry forward period pursuant to current tax laws, while donation carry forwards will expire in 2025.

In assessing deferred income tax assets, management considers whether it is probable that some portion or all of the deferred income tax assets will be realized. The ultimate realization of deferred income tax assets is dependent upon the generation of future taxable income during the years in which those temporary differences become deductible.

Management considers the scheduled reversals of deferred income tax liabilities, the character of the deferred income tax assets and available tax planning strategies in making this assessment.

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18. Employee compensation

The total employee compensation comprising salaries and benefits, stock-based compensation and related costs, excluding tax credits for the year ended December 31, 2020, was \$13,188,560 (2019 - \$6,106,997, 2018 - \$4,210,211).

Stock-based compensation was included in the following expenses:

	2020	2019	2018
	\$	\$	\$
Cost of revenues	65,827	25,119	11,478
Sales and marketing	149,510	67,803	16,420
Research and development	179,847	79,166	49,695
General and administrative	206,270	73,367	18,532
	<u>601,454</u>	<u>245,455</u>	<u>96,125</u>

19. Financial risk management and financial instruments

Capital management

The general objectives of the Company's capital management strategy reside with the preservation of its capacity to continue operating, in providing benefits to its stakeholders and in providing an adequate return on investment to its shareholders by selling its services at a price commensurate with the operating risk it assumes.

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The Company determines the total amount of capital required consistent with risk levels. This capital structure is adjusted on a timely basis depending on changes in the economic environment and in the risks of the underlying assets.

Credit and concentration risk

Financial instruments that potentially subject the Company to a significant concentration of credit risk consist primarily of cash and cash equivalents and trade and other receivables. The Company limits its exposure to credit risk by placing its cash and cash equivalents with high credit quality financial institutions.

Due to the Company's diverse customer base, there is no concentration of credit risk related to the Company's trade receivables, and no customer accounts for more than 10% of trade accounts receivable as at December 31, 2020 and 2019. Moreover, trade receivable balances are managed and analyzed on an ongoing basis to ensure allowances for doubtful accounts are established and maintained at an appropriate amount.

The maximum exposure to credit risk at the reporting date is the carrying value of trade receivables. The Company does not hold any collateral as security.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, to the possible, that it always has sufficient liquidity to meet its liabilities as they become due. The Company monitors cash flow and performs budget-to-actual analyses on a regular basis.

The following are the remaining contractual maturities of financial liabilities as at December 31, 2020. The amounts are gross and undiscounted and include contractual interest payments:

	Liabilities due by period			Total \$
	< 1 year \$	1 - 3 years \$	4 - 6 years \$	
Accounts payable and accrued liabilities	1,498,163	-	-	1,498,163
Operating lease obligations	520,699	699,735	187,705	1,408,139
Total contractual obligations	2,018,862	699,735	187,705	2,906,302

The following are the remaining contractual maturities of financial liabilities as at December 31, 2019. The amounts are gross and undiscounted and include contractual interest payments:

	Liabilities due by period			Total \$
	< 1 year \$	1 - 3 years \$	4 - 6 years \$	
Accounts payable and accrued liabilities	380,730	-	-	380,730
Operating lease obligations	447,630	1,044,077	364,064	1,855,771
Total contractual obligations	828,360	1,044,077	364,064	2,236,501

The Company has cash and cash equivalents of \$9,066,016 as at December 31, 2020, demonstrating its liquidity and its ability to cover upcoming financial liabilities.

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Currency risk

The Company is exposed to currency risk primarily due to its holdings of Canadian dollar denominated cash and cash equivalents, investment tax credits receivable, accounts payable and lease liabilities. The majority of trade and other receivables are denominated in U.S. dollars.

The net carrying value of these Canadian dollar denominated balances as at December 31, 2020 and 2019 was follows:

	2020	2019
	\$	\$
Cash and cash equivalents	1,250,477	2,522,004
Investment tax credits	915,413	617,177
Accounts payable and accrued liabilities	(899,673)	(165,126)
	1,266,217	2,974,055

The Company limits its exposure to foreign currency risk by holding Canadian denominated cash sufficient to cover Canadian expenditures, thereby creating a natural hedge. We have not entered into any arrangements to hedge our exposure to currency risk.

Based on working capital held at December 31, 2020, a 10% increase in the Canadian dollar against the U.S. dollar, with all other variables held constant, would result in an increase in foreign exchange gains of approximately \$165,398 recorded against net (loss) income. The sensitivity associated with a 10% weakening of the Canadian dollar against the U.S. dollar would be equal and opposite.

Interest rate risk

Interest rate risk is the risk that changes in interest rates will have a negative impact on earnings and cash flow. One of the Company's cash earns interest. The Company's trade receivables, accounts payable and accrued liabilities and lease liabilities do not bear interest. The Company is not exposed to material interest rate risk.

Fair value and measurement

The following tables summarize information regarding the classification and carrying values of the Company's financial instruments:

	Financial assets at amortized cost \$	Financial liabilities at amortized cost \$	Fair value through profit or loss \$	December 31, 2020 \$
<u>Financial assets</u>				
Cash and cash equivalents	9,066,016	-	-	9,066,016
Accounts receivable	806,687	-	-	806,687
Investment tax credits	915,413	-	-	915,413
<u>Financial liabilities</u>				
Accounts payable	-	1,498,163	-	1,498,163
Lease liabilities	-	1,361,084	-	1,361,084

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	Financial assets at amortized cost \$	Financial liabilities at amortized cost \$	Fair value through profit or loss \$	December 31, 2019 \$
<u>Financial assets</u>				
Cash and cash equivalents	3,691,875	-	-	3,691,875
Accounts receivable	239,627	-	-	239,627
Investment tax credits	617,177	-	-	617,177
<u>Financial liabilities</u>				
Accounts payable	-	380,730	-	380,730
SAFE Agreement liability	-	-	810,091	810,091
Lease liabilities	-	995,370	-	995,378

The fair value of cash and cash equivalents, accounts receivable, investment tax credits and accounts payable and accrued liabilities is considered to be equal to their respective carrying values due to their short-term maturities.

20. Segmented information

Operating segments

The Company operates primarily in one principal business, that being the development, marketing and support management of the Company's cloud-based platform.

Entity wide disclosures

Geographic revenue information is based on the location of the customer invoiced.

	2020 \$	2019 \$	2018 \$
United States	10,973,041	5,481,862	3,411,399
Rest of world	8,168,679	3,387,470	2,020,215
Canada	1,927,867	926,705	564,869
	21,069,587	9,796,037	5,996,483

Long-lived assets, which include lease right-of-use assets, leasehold improvements and equipment, are all located in Canada.

APPENDIX A – MANDATE OF THE BOARD OF DIRECTORS

THINKIFIC LABS INC.

Board of Directors Mandate

Effective Date: March 3, 2021

1. Purpose

The members of the Board of Directors (the “**Board**”) are responsible for supervising the management of the business and affairs of Thinkific Labs Inc. (the “**Company**”). The Board, directly and through its committees and the chair of the Board (the “**Chair**”), shall provide direction to senior management, generally through the Chief Executive Officer, to pursue the best interests of the Company.

2. Membership

Number of Members

Subject to compliance with applicable law, the Company’s constating documents, and any agreements or other arrangements concerning the size of the Board, the Board shall be comprised of such number of members as determined by the Board from time to time.

Independence of Members

A majority of the members of the Board shall be independent within the meaning of the provisions of National Instrument 58-101 – *Disclosure of Corporate Governance Practices*, as may be amended from time to time.

Term of Members

At each annual meeting of the Company’s shareholders, the Board must permit shareholders to vote on the election of all members of the Board. Each member of the Board shall serve until the member resigns, ceases to be qualified for service as a member of the Board or is removed in compliance with applicable law.

Chair of the Board

Subject to compliance with any agreements or other arrangements concerning such matter, the members of the Board shall designate a Chair by majority vote of the full Board membership, following consideration of the recommendation of the Compensation, Corporate Governance and Nominating Committee.

The Chair shall be an independent member of the Board.

In the absence of the Chair, the members of the Board present may appoint a chair from their number for such meeting.

General

Each director must have an understanding of the Company’s principal operational and financial objectives, plans and strategies, and financial position and performance. Each director is expected to attend all meetings of the Board and any Board committee of which he or she is a member. Directors are expected to have read and considered, in advance of each meeting, the materials sent to them and to actively participate in the meetings.

Directors must have sufficient time to carry out their duties and not assume responsibilities that would materially interfere with, or be incompatible with, Board membership. Directors who experience a significant change in their personal circumstances, including a change in their principal occupation, are expected to advise the chair of the Compensation, Corporate Governance and Nominating Committee.

Directors may serve on the boards of other public issuers so long as these commitments do not materially interfere and are compatible with their ability to fulfill their duties as a member of the Board. Directors must advise the Chair in advance of accepting an invitation to serve on the board of another public issuer.

3. Meetings

Number of Meetings

The Board shall meet as often as the Board considers appropriate to fulfill its responsibilities, but in any event no less than once per fiscal quarter.

Quorum

No business may be transacted by the Board at a meeting unless a quorum of the Board is present, as specified in the Company's Articles.

Secretary and Minutes

The Corporate Secretary, his or her designate, or any other person the Board requests shall act as secretary of Board meetings. Minutes of Board meetings shall be recorded and maintained in sufficient detail to convey the substance of all discussions held and shall be, on a timely basis, subsequently presented to the Board for approval.

Attendance of Non-Members

The Board may invite to a meeting any officers or employees of the Company, legal counsel, advisors and other persons whose attendance it considers necessary or desirable in order to carry out its responsibilities.

Meetings of Independent Directors

The independent directors shall regularly hold an *in-camera* session, at which management and non-independent directors are not present, and the agenda for each Board meeting will afford an opportunity for such a session. The independent directors may also, at their discretion, hold *ad hoc* meetings that are not attended by management and non-independent directors.

Access to Management and Books and Records

The Board shall have free and unrestricted access at all times, either directly or through its duly appointed representatives, to the Company's management and employees and the books and records of the Company.

4. Responsibilities

The Board shall have the specific functions and responsibilities outlined below and may, subject to compliance with application law, delegate such functions and responsibilities to a committee of the Board. In addition to these responsibilities, the Board shall perform the functions and responsibilities required of a Board by the Company's governing corporate statute, applicable Canadian securities laws, any exchange upon which securities of the Company are listed, or any governmental or regulatory body exercising authority over the Company, as are in effect from time to time or as the Board otherwise deems necessary or appropriate.

Strategic Planning

(a) Strategic Plans

The Board will adopt a strategic plan for the Company. The Board shall periodically review and, if advisable, approve the Company's strategic planning process and, at least annually, review and, if advisable, approve the Company's strategic planning process and short- and long-term strategic and business plans prepared by management. In discharging this responsibility, the Board shall review the plans in light of management's assessment of emerging trends, the competitive environment, the capital markets, the significant business practices and products, the opportunities and risks for the businesses of the Company, and industry practices.

(b) Business and Capital Plans

The Board shall periodically review and, if advisable, approve the policies and processes generated by management relating to the authorization of major investments and significant allocations of capital and, at least annually, review and, if advisable, approve the Company's annual business and capital plans.

(c) Monitoring

The Board shall periodically review management's implementation of the Company's strategic, business and capital plans and review and, if advisable, approve any material amendments to, or variances from, such plans.

Risk Management

(a) General

At least annually, the Board shall review reports provided by management and committees of the Board on the principal risks associated with the Company's business and operations, review the implementation by management of appropriate systems to identify, assess, manage and mitigate these risks, and review reports by management relating to the operation of, and any material deficiencies in, these systems.

(b) Verification of Controls

The Board shall verify that appropriate internal, financial, non-financial and business control and management information systems have been established, and are being maintained, by management.

(c) Environment and Social

The Board shall provide oversight of material environmental and social issues ensuring that the Company is mitigating associated risks and capitalizing on related opportunities.

Financial-Related Matters

(a) Approval of Annual Financial Reports

The Board shall review the annual audited financial statements of the Company, the auditors' report thereon and the related management's discussion and analysis of the Company's financial condition and financial performance ("**MD&A**"), as well as the Audit Committee's recommendations in respect of the approval thereof. After completing its review, if advisable, the Board shall approve the annual audited financial statements and the related MD&A.

(b) Approval of Interim Financial Reports

The Board shall review the interim financial statements of the Company, the auditors' review report thereon, if any, and the related MD&A, as well as the Audit Committee's recommendations in respect of the approval thereof. After completing its review, if advisable, the Board shall approve the interim financial statements and the related MD&A.

(c) Nomination

The Board shall review the recommendations of the Audit Committee concerning the external auditors to be nominated and, if advisable, approve such nomination.

(d) Policies for Pre-Approval of Non-Audit Services

The Board shall review the recommendations of the Audit Committee concerning the policies and procedures for the retainer of the Company's external auditors to perform any non-audit service for the Company or its subsidiary entities and, if advisable, approve, with or without modifications, such policies and procedures.

Human Resource Management

(a) Chief Executive Officer

The Board shall review the recommendations of the Compensation, Corporate Governance and Nominating Committee concerning the organizational goals and objectives relevant to Chief Executive Officer compensation and, if advisable, approve, with or without modifications, such goals and objectives.

The Board shall review the recommendations of the Compensation, Corporate Governance and Nominating Committee concerning: (i) the appointment and other terms of employment (including any severance arrangements or plans and any benefits to be provided in connection with a change in control) for the Chief Executive Officer, including the adoption, amendment and termination of such agreements, arrangements or plans and, if advisable, approve, with or without modifications, such appointment and other terms of employment; and (ii) the Chief Executive Officer's compensation level and, if advisable, approve, with or without modifications, such compensation.

(b) Senior Management

The Board shall review the recommendations of the Compensation, Corporate Governance and Nominating Committee concerning the appointment of the Chief Financial Officer, all senior management reporting directly to the Chief Executive Officer and all other officers appointed by the Board (collectively "Senior Management") and, if advisable, after consideration of the objectives of the Diversity Policy of the Company, approve any such appointment.

The Board shall review the recommendations of the Compensation, Corporate Governance and Nominating Committee respecting the compensation and other terms of employment (including any severance arrangements or plans and any benefits to be provided in connection with a change in control) of members of Senior Management and, if advisable, approve, with or without modifications, such compensation and other terms of any employment agreements and any severance arrangements or plans.

(c) Succession Review

At least annually, the Board shall review the succession plans of the Company for the Chair. The Board shall also periodically review the recommendations of the Compensation, Corporate Governance and Nominating Committee with respect to succession planning matters concerning Senior Management and the Chief

Executive Officer, as well as general executive development programs, and, after consideration of the objectives of the Diversity Policy of the Company, develop the succession plans of the Company.

(d) Integrity of Senior Management

The Board shall, to the extent feasible, satisfy itself as to the integrity of the Chief Executive Officer and other members of Senior Management and that the Chief Executive Officer and other members of Senior Management strive to create a culture of integrity throughout the Company.

(e) Director Remuneration

The Board shall review the recommendations of the Compensation, Corporate Governance and Nominating Committee concerning the remuneration (fees and/or retainer) to be paid to, and the benefits to be provided, to members of the Board for service in applicable capacities and, if advisable, approve, with or without modifications, such remuneration.

(f) Equity-Based Compensation Plans

The Board shall review the recommendations of the Compensation, Corporate Governance and Nominating Committee concerning the adoption or amendment of equity-based compensation plans of the Company and, if advisable, approve, with or without modifications, the adoption or amendment of such plans.

Nomination Matters

(a) General

The Board shall periodically review reports of the Compensation, Corporate Governance and Nominating Committee concerning nomination matters.

(b) Nominee Identification

The Board shall review the recommendations of the Compensation, Corporate Governance and Nominating Committee concerning the potential nominees for election or appointment to the Board and, after considering: (i) the results of the Board and director effectiveness evaluation process; (ii) the competencies, skills and other qualities that the Compensation, Corporate Governance and Nominating Committee considers to be necessary for the Board as a whole to possess, the competencies, skills and other qualities that the Compensation, Corporate Governance and Nominating Committee considers each existing director to possess, and the competencies, skills and other qualities each new nominee would bring to the boardroom; (iii) the amount of time and resources that nominees have available to fulfill their duties as Board members; (iv) the objectives of the Diversity Policy of the Company; and (v) any applicable independence and/or other requirements, approve, if advisable, with or without modifications, the individual nominees for consideration by, and presentation to, the shareholders at the Company's next annual meeting of shareholders or appointment to the Board between such meetings.

(c) Committees of the Board

The Board shall annually evaluate the performance, and review the work, of its committees. The Board shall annually, or as otherwise required or deemed advisable, review the recommendations of the Compensation, Corporate Governance and Nominating Committee concerning the individual directors to serve on (or to depart from) the standing committees of the Board and, after considering: (i) the qualifications for membership on each committee; (ii) the extent to which there should be a policy of periodic rotation of directors among the committees; and (iii) the number of boards and other committees on which the directors

serve, approve the appointment of such directors to (or departure from) the committees as the Board deems advisable.

(d) Director Independence

The Board shall periodically review the Board's and the Board committees' ability to act independently from management in fulfilling their responsibilities and in doing so the Board shall (i) review the application and evaluation by the Compensation, Corporate Governance and Nominating Committee of the director independence standards applicable to members of the Board and (ii) review the recommendations of the Compensation, Corporate Governance and Nominating Committee concerning a reduction or increase in the number of independent directors and, if advisable, approve, such reduction or increase.

(e) Board and Committee Size

The Board shall review the recommendations of the Compensation, Corporate Governance and Nominating Committee concerning a reduction or increase to the size of the Board or any Board committee and if advisable, approve, such a reduction or increase.

(f) Board Renewal

The Board shall review the recommendations of the Compensation, Corporate Governance and Nominating Committee concerning mechanisms of Board renewal (e.g., a retirement age or term limits for directors), and if advisable, approve, with or without modifications, the adoption of any such mechanisms.

(g) Diversity Policy

The Board has adopted a Diversity Policy and shall review any recommendations of the Compensation, Corporate Governance and Nominating Committee concerning the adoption of measurable objectives for achieving diversity on the Board and if advisable, approve, with or without modifications, the adoption of a revised Diversity Policy reflecting any such objectives.

(h) Majority Voting

The Board has adopted a Majority Voting Policy and shall review the recommendations of the Compensation, Corporate Governance and Nominating Committee concerning resignations of directors pursuant to the Company's Majority Voting Policy in respect of the election of directors and if advisable, accept or reject any such resignation, in accordance with the terms of the Company's Majority Voting Policy.

Corporate Governance

(a) General

The Board shall periodically review reports of the Compensation, Corporate Governance and Nominating Committee concerning corporate governance matters.

(b) Position Descriptions

The Board has approved position descriptions for the Chair, the Chief Executive Officer, and the chair of each Board committee. The Board shall periodically review the recommendations of the Compensation, Corporate Governance and Nominating Committee concerning changes to such position descriptions and if advisable, approve, with or without modifications, the adoption of any such changes.

(c) Governance Policies

The Board has adopted a Disclosure Policy, Insider Trading Policy, Diversity Policy, Whistleblowing Policy, Social Media Policy and Majority Voting Policy, and similar or other governance policies of the Company (including share ownership guidelines). The Board shall periodically review the recommendations of the Compensation, Corporate Governance and Nominating Committee concerning changes to such policies or the adoption of such further governance policies and if advisable, approve, with or without modifications, the adoption of any such changes or new governance policies.

(d) Board of Directors Mandate Review

The Board shall periodically review the recommendations of the Compensation, Corporate Governance and Nominating Committee concerning changes to this Mandate and if advisable, approve, with or without modifications, the adoption of any such changes.

(e) Committees of the Board

The Board has established an Audit Committee and a Compensation, Corporate Governance and Nominating Committee. Subject to applicable law, the Board may establish other Board committees or merge or dissolve any Board committee at any time.

The Board has delegated to each Board committee those responsibilities set out in each Board committee's charter and shall approve charters for any new Board committee. The Board shall periodically review the recommendations of the Compensation, Corporate Governance and Nominating Committee concerning changes to the charters for each Board committee and if advisable, approve, with or without modifications, the adoption of any such changes.

The Board shall annually, or as otherwise required or deemed advisable, review the recommendations of the Compensation, Corporate Governance and Nominating Committee concerning the individual directors to serve on the standing committees of the Board and, after considering: (i) the qualifications for membership on each committee; (ii) the extent to which there should be a policy of periodic rotation of directors among the committees; and (iii) the number of boards and other committees on which the directors serve, approve the appointment of such directors to the committees as the Board deems advisable.

(f) Ethics Reporting

The Board has adopted a written Code of Business Conduct and Ethics (the "Code") applicable to directors, officers and employees of the Company and its subsidiary. The Board shall periodically review the reports of the Compensation, Corporate Governance and Nominating Committee relating to compliance with, material departures from, and investigations and any resolutions of complaints received under, the Code. The Board shall also review the recommendations of the Compensation, Corporate Governance and Nominating Committee concerning changes to the Code and if advisable, approve, with or without modifications, the adoption of any such changes.

(g) Director Development and Evaluation

Each new director shall participate in the Company's initial orientation program and each director shall participate in the Company's continuing director education programs. The Board shall periodically review the recommendations of the Compensation, Corporate Governance and Nominating Committee concerning proposed changes to the Company's initial orientation program and continuing director education programs and if advisable, approve, with or without modifications, the adoption of any such changes.

Communications

(a) General

The Board has adopted a Disclosure Policy for the Company. If consensus cannot be reached at a meeting of the disclosure committee created pursuant to the Disclosure Policy, the Board shall consider the matter.

(b) Shareholders

The Company will inform its shareholders of its progress through annual financial reporting materials, annual information forms, quarterly interim reports and periodic press releases. Directors and management will meet with the Company's shareholders at the annual meeting and will be available to respond to questions at that time. In addition, the Company shall maintain on its website a contact email address that will permit shareholders to provide feedback directly to the Chair.

5. Outside Advisors

The Board shall have the authority to retain and terminate, from a source independent of management, external legal counsel, consultants or other advisors to assist it in fulfilling its responsibilities and to set and pay the respective reasonable compensation of these advisors without consulting or obtaining the approval of any officer of the Company. The Company shall provide appropriate funding, as determined by the Board, for the services of these advisors.

6. No Rights Created

This Mandate is a statement of broad policies and is intended as a component of the flexible governance framework within which the Board, assisted by its committees, directs the affairs of the Company. While it should be interpreted in the context of all applicable laws, regulations and listing requirements, as well as in the context of the Company's Articles, it is not intended to establish any legally binding obligations.

APPENDIX B – AUDIT COMMITTEE CHARTER

THINKIFIC LABS INC.

AUDIT COMMITTEE CHARTER

Effective Date: March 3, 2021

1. Purpose and Scope

The Audit Committee (the “**Committee**”) of Thinkific Labs Inc. (the “**Company**”) is a committee of the Board of Directors (the “**Board**”). As delegated by the Board, the Committee shall attend to the responsibilities set out in this Charter.

2. Membership

Number of Members

The Committee shall be composed of three or more members of the Board.

Independence of Members

Each member of the Committee shall be independent within the meaning of the provisions of National Instrument 52-110 – Audit Committees, as may be amended or replaced from time to time.

Term of Members

The members of the Committee shall be appointed annually by the Board, provided that if the composition of the Committee is not so determined, each director who was then serving as a member of the Committee shall continue as a member of the Committee until their successor is appointed. Each member of the Committee shall serve at the pleasure of the Board until the member resigns, is removed, or ceases to be a member of the Board.

Committee Chair

At the time of the annual appointment of the members of the Committee, the Board may appoint a Chair of the Committee (the “**Committee Chair**”). If a Committee Chair is not appointed by the Board, the members of the Committee shall designate a Committee Chair by majority vote of the full Committee membership, provided that if the designation of the Committee Chair is not made, then the director who was then serving as Committee Chair shall continue as Committee Chair until their successor is appointed. Notwithstanding any of the foregoing, the Committee Chair must be a member of the Committee.

In the absence of the Committee Chair at a meeting of the Committee, the members of the Committee present may appoint a chair from their number for such meeting.

Financial Literacy of Members

At the time of their appointment to the Committee, each member of the Committee shall have, or shall acquire within a reasonable time following appointment to the Committee, the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company’s financial statements.

3. Meetings

Frequency of Meetings

The Committee shall meet as often as the Committee considers appropriate to fulfill its responsibilities, but in any event at least once per fiscal quarter.

Quorum

No business may be transacted by the Committee at a meeting unless a quorum of the Committee is present. A majority of members of the Committee shall constitute a quorum.

Calling of Meetings

The Committee Chair, any member of the Committee, the Company's external auditors, the Chair of the Board, the Chief Executive Officer or the Chief Financial Officer may call a meeting of the Committee by notifying the Company's Corporate Secretary who will notify the members of the Committee.

Minutes; Reporting to the Board

The Committee shall maintain minutes or other records of meetings and activities of the Committee in sufficient detail to convey the substance of all discussions held. Upon approval of the minutes by the Committee, the minutes shall be circulated to the members of the Board. However, the Committee Chair may report orally to the Board on any matter in their view requiring the immediate attention of the Board.

Attendance of Non-Members

The Company's external auditors are entitled to receive reasonable notice of, to attend and be heard at each Committee meeting. In addition, the Committee may invite to a meeting any officers or employees of the Company, legal counsel, advisors and other persons whose attendance it considers necessary or desirable in order to carry out its responsibilities.

At least once per year, the Committee shall meet with management to discuss any matters that the Committee or such individuals consider appropriate.

Meetings Without Management and Executive Sessions

The Committee shall regularly hold an in camera session, at which management and non-independent directors of the Board are not present, and the agenda for each Committee meeting will afford an opportunity for such a session.

The Committee shall also periodically meet separately, at unscheduled or regularly scheduled meetings or portions of meetings, in executive session or otherwise with each of the Company's external auditor and management, as the Committee deems appropriate.

Access to Management and Books and Records

The Committee shall have free and unrestricted access at all times, either directly or through its duly appointed representatives, to the Company's management and employees and the books and records of the Company.

4. Responsibilities

The Committee shall have the functions and responsibilities set out below as well as any other functions that are specifically delegated to the Committee by the Board and that the Board is authorized to delegate by applicable laws and regulations. In addition to these functions and responsibilities, the Committee shall

perform the functions and responsibilities required of an audit committee by any exchange upon which securities of the Company are traded, or any governmental or regulatory body exercising authority over the Company, as are in effect from time to time (collectively, the "Applicable Requirements") or as the Board otherwise deems necessary or appropriate.

Financial Reports

(a) General

The Committee is responsible for overseeing the Company's financial statements and financial disclosures. Management is responsible for the preparation, presentation and integrity of the Company's financial statements and financial disclosures and for the appropriateness of the accounting principles and the reporting policies used by the Company. The Company's external auditors are responsible for auditing the Company's annual financial statements and for reviewing the Company's unaudited interim financial statements.

(b) Review of Annual Financial Reports

The Committee shall review the annual audited financial statements of the Company, the auditors' report thereon and the related management's discussion and analysis of the Company's financial condition and financial performance ("**MD&A**"). After completing its review, if advisable, the Committee shall approve and recommend the annual audited financial statements and the related MD&A for Board approval.

(c) Review of Interim Financial Reports

The Committee shall review the interim financial statements of the Company, the auditors' review report thereon, if any, and the related MD&A. After completing its review, if advisable, the Committee shall approve and recommend the interim financial statements and the related MD&A for Board approval.

(d) Review Considerations

In conducting its review of the annual financial statements or the interim financial statements, the Committee shall:

- (i) meet with management and the auditors to discuss the financial statements and MD&A;
- (ii) review the disclosures in the financial statements;
- (iii) review the audit report or review report, if any, prepared by the external auditors;
- (iv) discuss with management, the auditors and internal legal counsel, as requested, any litigation claim or other contingency that could have a material effect on the Company's financial statements;
- (v) regularly review the Company's critical accounting policies followed and critical accounting and other significant estimates and judgements underlying the financial statements as presented by management;
- (vi) consider the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus;
- (vii) review management's process for formulating sensitive accounting estimates and the reasonableness of these estimates;

- (viii) review significant recorded and unrecorded audit adjustments;
- (ix) review any material effects of regulatory accounting initiatives or off-balance sheet structures on the financial statements as presented by management, including requirements relating to complex or unusual transactions, significant changes to accounting principles and alternative treatments under applicable IFRS;
- (x) review any material changes in accounting policies and any significant changes in accounting practices and their impact on the financial statements as presented by management;
- (xi) inquire at least annually of the Company's management, accounting group and the Company's auditors as to whether either has any concerns relative to the quality or aggressiveness of management's accounting policies;
- (xii) review with the auditors alternative accounting treatments that have been discussed with management;
- (xiii) review with management any significant changes in IFRS, as well as emerging accounting and auditing issues, and their potential effects;
- (xiv) review with management matters that may have a material effect on the financial statements;
- (xv) review management's report on the effectiveness of internal controls over financial reporting;
- (xvi) review the factors identified by management as factors that may affect future financial results;
- (xvii) review results of the Company's audit committee whistleblower hotline program; and
- (xviii) review any other matters, related to the financial statements, that are brought forward by the auditors, management or which are required to be communicated to the Committee under accounting policies, auditing standards or Applicable Requirements.

(e) *Other Financial Disclosures*

The Committee is responsible for reviewing financial disclosure in a prospectus or other securities offering document of the Company, as well as press releases disclosing, or based upon, financial results of the Company and any other publicly disseminated material financial disclosure, including, in accordance with the Company's Disclosure Policy, material financial outlook (e.g., earnings guidance) and forward-oriented financial information (e.g., forecasted financial statements) provided to analysts, rating agencies or otherwise publicly disseminated, and material non-IFRS financial measures.

The Committee is responsible for ensuring that satisfactory procedures are in place for the review of the Company's public disclosure of financial information extracted or derived from the Company's financial statements and periodically assessing those procedures.

External Auditors

(a) *General*

The Committee shall be directly responsible for oversight of the work of the auditors, including the auditors' work in preparing or issuing an audit report, performing other audit, review or attest services or any other related work. When a change of auditors is proposed, the Committee shall review all issues related to the change, including the information required to be disclosed by applicable legal requirements and the planned steps for an orderly transition.

(b) Nomination and Compensation

The Committee shall review and, if advisable, recommend for Board approval the Company's external auditors to be nominated and shall approve the compensation of such external auditor. The Committee shall have ultimate authority to approve all audit engagement terms and fees, including the auditors' audit plan.

(c) Resolution of Disagreements

The Committee shall assess the effectiveness of the working relationship of the Company's external auditors with management and resolve any disagreements between management and the external auditors as to financial reporting matters brought to its attention.

The Committee shall review all reportable events, including disagreements, unresolved issues and consultations with the Company's auditors, whether or not there is to be a change of auditors, and receive and review all reports prepared by the auditors.

(d) Discussions with Auditors

At least annually, the Committee shall discuss with the auditors such matters as are required by applicable auditing standards to be discussed by the auditors with the Committee.

(e) Audit Plan

At least annually, the Committee shall review a summary of the auditors' annual audit plan. The Committee shall consider and review with the auditors any material changes to the scope of the plan.

(f) Quarterly Review Report

The Committee shall review a report prepared by the auditors in respect of each of the interim financial statements of the Company.

(g) Independence of Auditors

At least annually, and before the auditors issue their report on the annual financial statements, the Committee shall obtain from the auditors a formal written statement describing all relationships between the auditors and the Company; discuss with the auditors any disclosed relationships or services that may affect the objectivity and independence of the auditors; and obtain written confirmation from the auditors that they are objective and independent within the meaning of the applicable Rules of Professional Conduct/Code of Ethics adopted by the provincial institute or order of chartered accountants to which the auditors belong and other Applicable Requirements. The Committee shall take appropriate action to oversee the independence of the auditors.

(h) Evaluation of Lead Partner

At least annually, the Committee shall review the qualifications and performance of the lead partner(s) of the auditors.

(i) Requirement for Pre-Approval of Non-Audit Services

The Committee shall approve in advance any and all audit services and permissible non-audit services to be performed by the auditors for the Company or its subsidiary entities that it deems advisable in accordance with Applicable Requirements and Board approved policies and procedures, and adopt and implement policies for such pre-approval. The Committee shall consider the impact of such service and fees on the independence of the auditor. The Committee may delegate pre-approval authority to a member of the Committee. The decisions of any member of the Committee to whom this authority has been delegated must be presented to the full Committee at its next scheduled Committee meeting.

(j) *Approval of Hiring Policies*

The Committee shall review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the present and former external auditors of the Company.

(k) *Financial Executives*

The Committee shall review and discuss with management the appointment of key financial executives and recommend qualified candidates to the Compensation, Corporate Governance and Nominating Committee, as appropriate.

Internal Controls

(a) *General*

The Committee shall review the Company's system of internal controls.

(b) *Establishment, Review and Approval*

The Committee shall require management to implement and maintain appropriate systems of internal controls in accordance with Applicable Requirements, including internal controls over financial reporting and disclosure and to review, evaluate and approve these procedures. At least annually, the Committee shall consider and review with management and the auditors:

- (i) the effectiveness of, or weaknesses or deficiencies in: the design or operation of the Company's internal controls (including computerized information system controls and security); the overall control environment for managing business risks; and accounting, financial and disclosure controls (including, without limitation, controls over financial reporting), non-financial controls, and legal and regulatory controls and the impact of any identified weaknesses in internal controls on management's conclusions;
- (ii) any significant changes in internal controls over financial reporting that are disclosed, or considered for disclosure, including those in the Company's periodic regulatory filings;
- (iii) any material issues raised by any inquiry or investigation by the Company's regulators;
- (iv) the Company's fraud prevention and detection program, including deficiencies in internal controls that may impact the integrity of financial information, or may expose the Company to other significant internal or external fraud losses and the extent of those losses and any disciplinary action in respect of fraud taken against management or other employees who have a significant role in financial reporting; and
- (v) any related significant issues and recommendations of the auditors together with management's responses thereto, including the timetable for implementation of recommendations to correct weaknesses in internal controls over financial reporting and disclosure controls.

Whistleblower Procedures

The Committee shall establish procedures for (a) the receipt, retention, and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters; and (b) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.

Any such complaints or concerns that are received shall be reviewed by the Committee and, if the Committee determines that the matter requires further investigation, it will direct the Chair of the Committee to engage outside advisors, as necessary or appropriate, to investigate the matter and will work with management and the general counsel to reach a satisfactory conclusion.

Audit Committee Disclosure

The Committee shall prepare, review and approve any audit committee disclosures required by Applicable Requirements in the Company's disclosure documents.

Delegation

The Committee may, to the extent permissible by Applicable Requirements, designate a sub-committee to review any matter within this mandate as the Committee deems appropriate.

5. Conflicts of Interest

The Committee shall review the Company's policies relating to the avoidance of conflicts of interest and review and approve all payments to be made pursuant to any related party transactions involving executive officers and members of the Board of the Company or any significant shareholders of the Company, as may be necessary or desirable under the Applicable Requirements. The Committee shall consider the results of any review of these policies and procedures by the Company's external auditors.

6. Outside Advisors

The Committee may conduct or authorize investigations into or studies of matters within the Committee's scope of responsibilities and duties as described above, and may seek, retain and terminate accounting, legal, consulting or other expert advice from a source independent of management, at the expense of the Company, with notice to the Chair of the Board or the Chief Executive Officer of the Company, as deemed appropriate by the Committee. In furtherance of the foregoing, the Committee shall have the sole authority to retain and terminate, from a source independent of management, any such consultant or advisor to be used to assist in the evaluation of such matters and shall have the sole authority to approve the consultant or advisor's fees and other retention terms.

7. No Rights Created

This Charter is a statement of broad policies and is intended as a component of the flexible governance framework within which the committees of the Board assist the Board in directing the affairs of the Company. While it should be interpreted in the context of all Applicable Requirements, as well as in the context of the Company's Articles, it is not intended to establish any legally binding obligations.

8. Charter Review

The Committee shall review and update this Charter annually and, in conjunction with the review and recommendations of the Compensation, Corporate Governance and Nominating Committee regarding same, present the updated Charter to the Board for approval.

CERTIFICATE OF THE ISSUER

Dated: April 22, 2021

This prospectus (which includes marketing materials included or incorporated by reference) constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by the securities legislation of each of the provinces and territories of Canada.

By: (Signed) "Greg Smith"
Chief Executive Officer

By: (Signed) "Corinne Hua"
Chief Financial Officer

On Behalf of the Board of Directors

By: (Signed) "Braden Fraser Hall"
Director

By: (Signed) "Lisa Shields"
Director

CERTIFICATE OF THE UNDERWRITERS

Dated: April 22, 2021

To the best of our knowledge, information and belief, this prospectus (which includes marketing materials included or incorporated by reference) constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by the securities legislation of each of the provinces and territories of Canada.

BMO NESBITT BURNS INC.

CIBC WORLD MARKETS INC.

By: (Signed) "David Wismer"
David Wismer

By: (Signed) "Kathy Butler"
Kathy Butler

NATIONAL BANK FINANCIAL INC.

TD SECURITIES INC.

By: (Signed) "Colin Ryan"
Colin Ryan

By: (Signed) "George Yao"
George Yao

CANACCORD GENUITY CORP.

By: (Signed) "Mike Lauzon"
Mike Lauzon

CORMARK SECURITIES INC.

STIFEL NICOLAUS CANADA INC.

By: (Signed) "James Austen"
James Austen

By: (Signed) "Gary Skene"
Gary Skene

Today more than 50,000 active course creators use Thinkific, each with their own stories of knowledge and passion, entrepreneurship, and inspiring visions of the future.

50,000 course creators today, of the millions we believe we can help in the future.

We are just getting started.

