THINKIFIC

THINKIFIC LABS INC.

ANNUAL INFORMATION FORM

Fiscal Year ended December 31, 2024

March 5, 2025

ANNUAL INFORMATION FORM

THINKIFIC LABS INC.

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EXPLANATORY NOTES

As used in this Annual Information Form ("**AIF**"), unless the context indicates or requires otherwise, all references to the "**Company**", "**Thinkific**", "**we**", "**us**" or **"our**" refer to Thinkific Labs Inc. together with our subsidiaries, on a consolidated basis. Furthermore, as used in this AIF, unless the context indicates or requires otherwise, the following terms have the following meanings:

"**API**" means application programming interface.

"**Audit Committee**" means the audit committee of the Board.

"**BCBCA**" means the Business Corporations Act (British Columbia), as amended from time to time.

"**Compensation Committee**" means the compensation committee of the Board.

"**Fiscal 2022**" means the fiscal year ended December 31, 2022.

"**Fiscal 2023**" means the fiscal year ended December 31, 2023.

"**Fiscal 2024**" means the fiscal year ended December 31, 2024.

"**IPO**" means the initial public offering of the Company, which closed on April 27, 2021.

"**Learning Products**" are the customized courses, communities, membership sites, digital products and other experiences that our customers can create, sell and deliver using Our Platform.

"**Multiple Voting Shares**" means the multiple voting shares in the capital of the Company.

"**NI 52-110**" means National Instrument 52-110 – Audit Committees, as amended from time to time.

"**Partner**" or "**Partners**" are individuals or other entities with whom we have a formal or informal arrangement including agencies, influencers, affiliates, app developers, integration partners and similar third-parties.

"**Risk and Governance Committee**" means the risk and governance committee of the Board (formerly the nominating and governance committee).

"**SCORM**" is the acronym for Sharable Content Object Reference Model and is a set of technical standards for eLearning software products ensuring interoperability and tracking within the Thinkific Learning Management Systems via structured, packaged digital materials.

"**Students**" are the customers of our customers. The term "Students" refers to the unique count of all registered users who have signed up for at least one course on Our Platform during the stated time frame.

"**Subordinate Voting Shares**" means the subordinate voting shares in the capital of the Company.

"**Thinkific Commerce**" is a suite of business management tools helping customers increase sales, process payments and manage their financial administration on Thinkific. This includes payment processing by Thinkific Payments, taxes, upsells and conversion rate optimization, reporting, financial administrative tasks and more.

"**Thinkific Communities**" or "**Communities**" is a feature that enables our customers to own their community and foster relationships with their brand at the forefront. Through Thinkific Communities, our customers can drive engagement and generate sustainable income with diverse selling strategies including paid Thinkific Communities memberships, bundles with courses, and upsells to exclusive, relevant content.

"**Thinkific Payments**" is an embedded payment processing service that allows our customers to accept payments without reliance on third-party payment gateways or acquirers and is built-on Stripe, Inc. ("**Stripe**").

"**Thinkific Platform**", "**Thinkific's Platform**" or "**Our Platform**" are used interchangeably to define Thinkific's learning commerce platform service which provides functionality to create, market and sell digital products and includes courses, membership sites, communities, digital products and other features and services that are generally interchangeable with "our software".

"**Thinkific Plus**" is our subscription service designed for larger customers and businesses.

"**TSX**" means the Toronto Stock Exchange.

This AIF is dated March 5, 2025, and was approved by the board of directors of the Company (the "**Board**") on March 4, 2025, and, unless specifically stated otherwise, all information disclosed in this AIF is provided as at December 31, 2024, the end of Thinkific's most recently completed fiscal year.

This AIF should be read in conjunction with the Company's audited consolidated financial statements and notes for Fiscal 2024 ("**2024 Financial Statements**") and Management's Discussion and Analysis for Fiscal 2024 ("**2024 Management's Discussion and Analysis**"), but which, for greater certainty, are not incorporated by reference within this AIF.

Trademarks and Trade Names

This AIF includes certain trademarks, such as "Thinkific", which are protected under applicable intellectual property laws. Solely for convenience, our trademarks and trade names referred to in this AIF may appear without the ® or ™ symbol.

Presentation of Financial Information and Other Information

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

Non-IFRS Measure and Industry Metrics

The information presented within this AIF includes "Adjusted EBITDA" and "Working Capital", which are not recognized measures under IFRS Accounting Standards ("**IFRS**") as issued by the International Accounting Standards Board, do not have standardized meaning prescribed by IFRS, and are therefore unlikely to be comparable to similar measures presented by other companies. Rather, these measures are provided as additional information to complement those IFRS measures by providing further understanding of our results of operations from management's perspective. Accordingly, it should not be considered in isolation nor as a substitute for analysis of our financial information reported under IFRS. We also use certain industry metrics: "Annual Recurring Revenue" or "ARR", "Average Revenue per User" or "ARPU", "Gross Merchandise Volume" or "GMV", and "Gross Payments Volume" or "GPV". These industry metrics are unaudited and are not directly derived from our financial statements.

Adjusted EBITDA and industry metrics are used to provide investors with supplemental measures of our operating performance and thus highlight trends in our core business that may not otherwise be apparent when relying solely on IFRS measures. We also believe that securities analysts, investors and other interested parties frequently use non-IFRS measures and industry metrics in the evaluation of issuers. Our management also uses the non-IFRS measure and industry metrics to facilitate operating performance comparisons from period to period, to prepare annual operating budgets and forecasts and to determine components of management compensation.

Non-IFRS Measure

"**Adjusted EBITDA**" is calculated as Net (loss) income excluding taxes, interest, depreciation and amortization (or EBITDA), as adjusted for stock-based compensation, foreign exchange loss (gain), finance income, restructuring costs, and loss on disposal of property and equipment. Adjusted EBITDA does not have a standardized meaning under IFRS and is not a measure of operating income, operating performance or liquidity presented in accordance with IFRS, and is subject to important limitations.

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 expense, and loss on disposal of property and equipment as non-cash items, and other expenses that are not reflective of our underlying business.

See our 2024 Financial Statements and the 2024 Management's Discussion and Analysis for a reconciliation of the foregoing non-IFRS measure to its most directly comparable measures calculated in accordance with IFRS.

Industry Metrics

"Average Revenue per User" or **"ARPU"** is the average monthly revenue per paying customer (unique subscribers on paid plans,excluding those on trials or free plans) 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. ARPU growth primarily results from an increasing mix of (i) new paying customers choosing to subscribe to Thinkific Plus, (ii) growth in commerce revenue from customers adopting and monetizing with Thinkific Payments, (iii) existing paying customers moving upwards in our plan tiers in order to access enhanced features and functionalities, and (iv) any changes that are made to existing pricing plans or structures.

"Annual Recurring Revenue" or **"ARR"** is twelve times the monthly value of all current paying customer subscriptions at the end of the period, with the number of paying customers multiplied by the average monthly subscription plan fee in effect on the last day of that period. Annual or other subscription durations are included as a prorated amount. ARR is used by management of the Company as a directional indicator of subscription revenue going forward, assuming paying customers maintain their subscription plan the following month. ARR allows management to have a consolidated measure that accounts for our different subscription plan levels and term lengths. We further analyze the factors that make up ARR and track trends in customer behaviour with regard to the number of customers (defined as customers on any plan, including free or trial) on each plan level, along with any movement of customers between plan levels.

"Gross Merchandise Volume" or **"GMV"** is the total dollar value of all transactions of Learning Products made by our customers, facilitated through Our Platform, including Thinkific Payments, during the period, net of refunds and inclusive of sales tax where applicable. GMV does not include transactions for course sales, membership subscriptions, or other products or services processed by application programming interfaces or certain apps where we do not record the transaction value. Accordingly, we estimate the total dollar value of all transactions to be greater than the sum of transactions facilitated exclusively through Our Platform and recognized as GMV. We believe GMV is an indicator of the success of our customers in monetizing their Learning Products and the strengths of Our Platform. GMV may fluctuate quarter-to-quarter as a result of consumer behaviour and seasonal programs. GMV does not represent revenue earned by us.

"Gross Payments Volume" or **"GPV"** is the total dollar value of transactions processed using Thinkific Payments in the period, net of refunds and inclusive of sales taxes where applicable. GPV does not represent revenue earned by us. We believe that growth in GPV is an indicator of success of our customers in monetizing their Learning Products and of our Thinkific Payments offering. It is also a positive growth driver of revenue, which is derived from payment processing fees. Revenue earned from Thinkific Payments is included in our commerce revenue.

Forward-Looking Information

This AIF 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 in the markets in which we operate is forward-looking information. In some cases, forward-looking information can be identified by the use of forward-looking terminology such as "plans", "targets", "trends", "indicator", "expects" or "does not expect", "is expected", "an opportunity exists", "adoption", "budget", "scheduled", "estimates", "outlook", "forecasts", "projection", "scalability", "trajectory", "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: our future financial outlook and anticipated events or results; our 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, Adjusted EBITDA and 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; retention and acquisition of customers; and the development and success of new products, features, and services on Our Platform.

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 factors or assumptions in respect of our ability to continue investing in infrastructure to support our growth and brand recognition; our ability to continue maintaining, innovating, improving and enhancing our technological infrastructure and functionality, performance, reliability, design, security and scalability of Our Platform; the effectiveness of our pricing plans and strategies; our ability to maintain existing relationships with our customers and to continue to expand our customers' use of Our Platform; our ability to acquire new customers; our ability to maintain existing material relationships on similar terms with service providers, suppliers, Partners and other third-parties; our ability to build our market share and enter new markets and industry verticals; the continued development and success of Our

Platform including new products, features, and services, such as Thinkific Commerce; 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; needs for additional financing, including potential future purchases under the 2024 NCIB (as defined below); currency exchange and interest rates; the impact of competition; the changes and trends in our industry or the global economy including technological and market trends, the pace of technological innovation, and adoption of new technologies, including artificial intelligence ("**AI**"); and the changes in laws, rules, regulations and global standards are material factors or assumptions 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 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 identified in our 2024 Management's Discussion and Analysis, 2024 Financial Statements, and our 2023 Base Shelf Prospectus (as defined below), which are available under our profile on SEDAR+ at www.sedarplus.ca, and the risk factors described in greater detail under the *"Risk Factors"* section of this AIF.

If any of these risks or uncertainties materialize, or if the opinions, estimates or assumptions underlying the forward-looking information prove incorrect, actual results or future events might vary materially from those anticipated in the forward-looking information.

Although we have attempted to identify important risk factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other risk factors not presently known to us or that we presently believe are not material that could also cause actual results or future events to differ materially from those expressed in such forward-looking information. There can be no assurance that such information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. No forward-looking statement is a guarantee of future results. Accordingly, you should not place undue reliance on forward-looking information, which speaks only as of the date made. The forward-looking information contained in this AIF represents our expectations as of the date hereof (or as of the date they are otherwise stated to be made), and is subject to change after such date. However, we disclaim any intention or obligation or undertaking to update or revise any forward-looking information whether as a result of new information, future events or otherwise, except as required under applicable securities laws.

All of the forward-looking information contained in this AIF is expressly qualified by the foregoing cautionary statements.

CORPORATE STRUCTURE

Thinkific was incorporated in British Columbia on April 11, 2012, under the BCBCA.

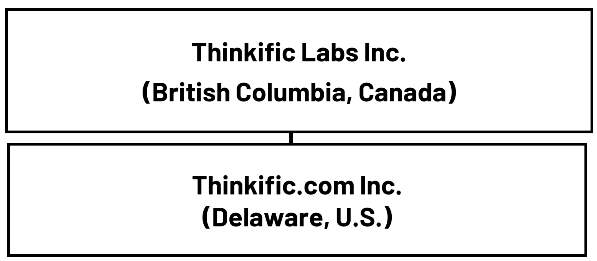
On February 23, 2016, the Company filed articles of amendment to redesignate its common shares as Class A common shares and create an unlimited number of Class B common shares. On March 4, 2016, the Company (i) redesignated its Class A common shares as common shares and created special rights for the common shares and (ii) eliminated the Class B common shares. On November 28, 2019, the Company created an unlimited number of seed preferred shares issuable in series, including the Class 1 Seed preferred shares and the Class 2 Seed preferred shares. On July 16, 2020, the Company created an unlimited number of Class A preferred shares issuable in series, including the series 1 Class A preferred shares and the series 2 Class A preferred shares (the "**Existing Preferred Shares**").

Immediately prior to closing of our IPO on April 27, 2021 (the "**IPO Closing Date**"), we implemented a number of pre-closing capital changes. We converted all of the issued and outstanding preferred shares into common shares on a one-for-one basis in accordance with their terms. On April 23, 2021, we filed the Articles so as to amend and redesignate our common shares as Subordinate Voting Shares, create a new class of Multiple Voting Shares, repeal the classes of shares relating to the Existing Preferred Shares, create a new class of preferred shares, issuable in series and effected a four-for-one split of each of our outstanding Multiple Voting Shares and Subordinate Voting Shares.

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 3500, The Stack, 1133 Melville Street, Vancouver, British Columbia, Canada, V6E 4E5.

Intercorporate Relationships

As at the date of this AIF, the Company has one (1) 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.



BUSINESS OF THINKIFIC

Business of the Company

We believe any business can use education as a tool for growth. Our mission is to make it simple for our customers – to scale and generate revenue by offering learning products and experiences to their students. Thinkific provides our customers with a learning commerce platform that enables them to grow and diversify their businesses. Our customers create, market and sell learning products comprised of customized courses, membership sites, communities, digital products and other experiences using Our Platform (collectively, "**Learning Products**").

Our Platform is designed to enable our customers to easily develop Learning Products under their own brands, requiring no specialized technical expertise while offering enterprise-grade security, functionality and scalability for growth.

Our customers identify as trainers, entrepreneurs, business owners, consultants, authors, speakers, coaches, professionals, creators, social media influencers, and mid-size to large enterprises. Our global customers span nearly every industry vertical. The majority of our customers were already in business or earning an income with their expertise when they joined Our Platform.

The Thinkific Platform

Thinkific was founded to solve problems for businesses seeking to use online education for growth. As a complete business solution for our customers, Our Platform provides the commerce and management functionality they need. Additionally, the Learning Products they create on Our Platform serve as the end product that our customers are selling. By focusing on creating business success for our customers, 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 their own customized Learning Products.** Our customers have a vision for the courses, communities and other Learning Products they want to create for their Students. We help them accomplish that vision. Our Platform is AI-enabled, and offers tools to quickly create courses, communities, memberships, downloads, events, and other interactive experiences and digital products that can be set up easily and customized to fit the brand and vision of the business.

- **Second, we help our customers market and sell with full commerce functionality. Thinkific provides the tools to help our customers succeed.** This includes customized websites and landing pages, checkout pages, mobile apps and flexible pricing models tailored for selling Learning Products. We offer our most robust selling tools on Thinkific Commerce, which provides a combination of selling and administrative tools. Powered by Thinkific Payments, our commerce tools enable customers to accept payments, charge recurring subscriptions, offer payment terms through Buy Now Pay Later partners, process refunds, and update banking and business information with ease and without the friction of integrating a third-party payment provider. Thinkific Commerce helps our customers sell more through specific sales tools including group orders, gifting, order bumps and more. Administrative tasks are made easy with our comprehensive sales tax solution that calculates, collects and remits sales tax for customers on Thinkific Commerce where available.

- **Third, we have a network of partners to expand and promote our offering.** Thinkific's ecosystem of partners add flexibility and extends the functionality of Our Platform for our customers. We offer a customizable experience through our Thinkific application programming interface, integrations, and customizable site themes which allows customers to integrate Our Platform with their existing technology stack. We enable app developers and partners to build on top of the Thinkific Platform, accelerating innovation, research and development to further enhance the success of our customers. Our partner agencies, influencers, and affiliates help to market our products and bring new customers to build their business using Thinkific's Platform. As our ecosystem grows, Our Platform becomes even more attractive to new customers, allowing for greater revenue opportunities for all participants, including Thinkific.

- **Fourth, the business management tools, alongside superior support and customization options available, means that our customers are able to grow their business to nearly any size on Our Platform.** When our customers find success, they can unlock additional functionality to meet their increasing needs. Our larger customers can choose Thinkific Plus, which provides access to a feature set and comprehensive support designed for more complex needs. The business management area within Our Platform allows our customers to manage their Learning Products, engage with their students, track data and give them financial insights. Our reporting and analytics provide insights on sales, registrations, sales tax collections, student activities and progress, community involvement and student engagement and characteristics.

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

For our customers, these core functions combine to provide the following key benefits:

- **High margins and scalability.** Customers use Our Platform to monetize their expertise by selling multiple Learning Products and grow their business. Utilizing our Learning Products, they can create once and can sell many times over. This typically means they have high profit margins, as compared to many other business models, such as selling physical goods. This profit provides them with more resources to reinvest in their businesses, allowing them to scale and reach more Students. Learning Products can be delivered globally with low marginal costs and no need to manage the logistics of 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. Customers are able to set up and launch online courses, communities, and other Learning Products quickly with no specialized technical skills required.

- **Earn revenue.** Our Platform empowers our customers to sell and generate revenue through the sale of Learning Products beyond courses such as downloads, communities, memberships, live events and other digital products. To facilitate our customers' sales, Thinkific provides a suite of selling features around sales funnels and websites, group orders, order bumps, alternative payment methods and checkouts within Thinkific Commerce. This helps our customers to increase conversion and upsells, expanding their revenue.

- **Make an impact.** Although revenue is a primary goal for many of our customers, they also value the impact they can deliver to their Students, through delivering beautiful, engaging learning experiences. Our customers create Learning Products on Our Platform, and can reach a global audience to positively impact people and communities that access their content. Our customers are proud of the smooth, easy to use, world class user experience that they deliver to their Students.

Thinkific succeeds when our customers succeed. We generate revenues through the sale of subscriptions to the Thinkific Platform and from our Thinkific Commerce solutions. To complement our subscription offering, we are able to monetize a portion of our GMV through Thinkific Payments, our payment processing solution. With Thinkific Payments, our customers can accept payments, manage payouts to bank accounts, process refunds, and update banking and business information with ease and without the friction of integrating a third-party payment provider. Thinkific's business grows as we increase the number of customers using our services and as we increase the ARPU of those customers.

As each of our customer's business grows and their needs evolve, Our Platform encourages them to upgrade to higher-tier plans in order to gain access to more features and functionalities. ARPU growth results from an increasing mix of new paying customers choosing to subscribe to our highest tier plans, existing paying customers moving upwards in our plan tiers in order to access enhanced features and functionalities, and revenues from transactions processed on Thinkific Payments.

Our revenue is largely recurring due to the nature of our product and deep integration of our services into our customers' businesses.

Competitive Strengths

Thinkific has several competitive strengths which we believe positions us well to meet market needs:

- ***All-in-one comprehensive, scalable platform.*** Our business-in-a-box software offers a breadth of features and functionality that customers need to start, expand and scale their businesses, with deep integrations and extensibility to connect with existing systems and scale with growth. Our Platform empowers businesses of all sizes seeking to expand their offering by providing end-to-end capabilities, fully integrated payment processing services and an easy-to-use application that enables them to create, market, sell and deliver Learning Products. We serve customers in any vertical and offer a compelling economic proposition for our customers to monetize their content.

- ***Simple user experience.*** We offer an easy-to-use and intuitive interface. At every stage from setting up a customer's business, to managing Learning Products, and scaling their business, Thinkific aims to remove technical barriers through a simple user experience.

- ***Passionate base of customers.*** We believe Our Platform is a comprehensive solution for customers, which allows users using education to grow their businesses online. Our Platform offers optionality for customers to continually innovate and customize their Learning Products to realize their vision and optimize their Students' 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 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 customers' 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.

- ***Highly scalable platform.*** Customers 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 customers to start at a level that fits their current size and graduate to higher tiers as their businesses grow with the value derived from Thinkific.

- ***Corporate culture and employees.*** 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. We have won awards for our corporate culture and workplace, including being named a "Great place to work" certified since 2021 by Great Place to Work Institute and recognized by The Globe and Mail's publication, Report on Business for the third consecutive year in a row as one of Canada's Top Growing Companies in 2022. In 2023, we were awarded "Top BC Employer" recognition from Globe & Mail's Top 100 Canadian businesses accolade and were recognized as an award winner in the Enterprise - Industry Leaders category of the 2023 Deloitte Technology Fast 50 program. In 2024, Thinkific continued to maintain its "Great place to work" certification under the following categories: technology, mental wellness, and British Columbia. We also won the Globe & Mail's "Top Growing Companies" and were awarded Canada's most admired corporate cultures by Waterstone Human Capital.

GROWTH STRATEGIES & NEW PRODUCTS

We are focused on long-term sustainable growth. Innovation forms the backbone of our growth by optimizing the experience for both our customers and their Students, which in turn attracts more customers and encourages upgrades to higher tiered priced plans. Our consistent focus on the success of our customers and the innovation we deliver to support their businesses combined with the continued growth of our ecosystem are competitive differentiators for any customer in the marketplace seeking to build their Students and monetize their content.

Continued innovation to enhance success for our customers and Thinkific. Our goals are aligned with our customers'. Informed by customer feedback and market intelligence, we strategically invest in research and development to deliver enhanced features and increase the quality, functionality and user experience to ensure that Thinkific's Platform is the solution of choice in the marketplace. Our Platform helps our customers add more users, create new Learning Products and generate more transaction volume by offering new solutions and resources, including options such as Thinkific Communities to enhance and optimize their success.

Attract customers who want to grow their business through selling learning products. We believe there is an opportunity to grow our customer base through strategic and targeted investment across all stages of marketing and branding, as customers continue to choose Our Platform as their solution to build an online course and Learning Product business. We are focussed on enabling the success of our customers, and when our customers succeed, they move further up our tiered plans, to Thinkific Plus, as well as see success in their business, driving Thinkific Commerce revenue.

Meeting the needs of larger businesses and enterprise customers. Thinkific Plus serves our larger customers with more complex needs. We meet business needs while remaining easy to start. Features on Thinkific Plus include actionable analytics to ensure your learning management system delivers measurable results. Thinkific Plus' SCORM compliance makes it easy to create custom and interactive learning experiences, such as scaling to larger numbers of internal employees and selling to businesses.

Helping our customers sell. Thinkific Commerce is an embedded feature of Our Platform. It is another important tool that allows customers to spend less time on administration and to sell more Learning Products. As we continue to expand Thinkific Commerce into new markets and develop new features to enable our customers to sell on Our Platform, we expect that this will grow our GPV. Currently, our customers can accept payments, manage payouts to bank accounts, process refunds, and update banking and business information with ease and without the friction of integrating a third-party payment provider. This allows us to monetize a greater portion of our GMV.

Building for the long-term. As part of our commitment to responsible long-term sustainable growth, we will continue to make strategic investments to Our Platform and services, target international expansion and localisation, and prudently pursue strategic partnership and acquisition opportunities.

Go To Market Strategy

Our go to market strategy is primarily focused on driving awareness of the Thinkific Platform, more specifically but not limited to our web properties, content, and how Our Platform enables acquisition, growth and retention for our customers. We actively drive awareness through online channels, including search, advertising, events, education and content marketing, partnerships, affiliates and influencers. All of these channels are supported by a strong word of mouth strategy where our most successful customers and Partners advocate on our behalf.

Once we introduce prospective customers to Thinkific, our product and the training we have built to accompany it provide an easy to use customer experience that drives success for our customers' businesses and prompts them to upgrade at the appropriate times. Many of our new paying customers initially adopt Our Platform through trials, but stay because they find success in creating and monetizing their courses and other content. By providing a trial, prospective customers are able to evaluate Our Platform while finding success before choosing a paid plan.

Thinkific Plus is our solution for larger businesses and enterprise customers with more sophisticated needs and is supported by a sales team that helps these customers select the best plan for their needs. With Thinkific Plus, customers can purchase more advanced functionality and services, like learning paths, advanced analytics, SCORM, launch services, and dedicated customer success managers tailored to meet the demands of these customers at premium price tiers.

Competitive Conditions

We operate in a market that is continually evolving, and we expect competition to increase in the future. We most notably compete with other digital learning products 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 customers to create the Learning Products and experiences they envision;
- ability to support customers' growth and scalability;
- ability to create online communities;
- mobile functionality;
- 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, research and development; and
- security and reliability.

Although we do not believe that our competitors offer a solution as comprehensive as ours, some customers may do business with alternatives that offer some of the solutions we provide. We differentiate ourselves on a myriad of factors, that vary with the alternatives we are compared to:

- *We differentiate from Marketplaces*: we offer the ability for customers to host their courses on their own website under their own brand with a direct relationship with their Students as opposed to putting their Learning Products on a marketplace's site where control over customer relationships, pricing, and content often resides with the marketplace.
- *We differentiate from Conventional LMS or Learning Management Systems*: our focus on the commerce and selling of Learning Products as well as branding and conversion rates for customers drive revenue from courses and set us apart from the typical LMS.
- *Our Partner network*: this is a competitive advantage as many of our Partners both customize Thinkific for our customers via the Thinkific API[1], integrations, and customizable site themes as well as refer customers to us.

Please refer to the "*Risk Factors*" section of this AIF for more information regarding competitive risks associated with our business.

Intellectual 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

[1] 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.

property. We obtained registrations for the THINKIFIC trademark in Canada on March 22, 2021, (TMA1096549), in the United States on October 5, 2021 (6504828), in the United Kingdom ("**UK**") on June 21, 2024 (UK00004029827), in the European Union ("**EU**") on September 14, 2024 (019003467), and in Australia on February 12, 2025 (2463740). On February 13, 2023, we were assigned the UNIQUE GENIUS trademark (Registration No. 379911) from the United States Patent and Trademark office and obtained registration in Australia on September 19, 2024 (2483969).

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 our customers across many industries and verticals, including technology, retail, education, non-profit, government, healthcare, media, and financial services. No single customer represents more than 0.5% of our total revenue for Fiscal 2024.

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 had an initial term of 36 months and automatically renews 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 Amazon Web Services Canada, Inc. ("**AWS**") for hosting and servers. We entered into an initial three (3) year agreement with AWS on June 1, 2021, whereby AWS provided us with hosting, servers and other cloud computing services for the Thinkific Platform in consideration for fees payable by the Company based on usage. The Company's relationship with AWS has since shifted from a fixed-term commitment to a flexible pay-as-you-go arrangement.

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**"). Thinkific Wistia Agreement renews in successive one (1) year terms, or as agreed to in writing by the parties.

We are subject to risks related to our economic dependence. For more information, see *"Risk Factors – Risks Related to our Business and Industry"*.

Employees

The majority of our employees are based in North America. As at Fiscal 2024 year-end, we had 275 employees across all areas of our business.

Specialized Skills 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. Additionally, our applicant-to-hiring ratio indicates a strong candidate pipeline.

GOVERNMENT REGULATIONS

We are subject to a number of federal, state, provincial and foreign laws and regulations (or new interpretations or applications of existing laws and regulations in a manner that may be inconsistent with our practices) that affect companies conducting business on the internet, including laws and regulations related to e-commerce, payment processing, accessibility for the disabled, 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 e-Commerce

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 jurisdictions 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 external advisors ensure compliance with all required federal, state, provincial and foreign tax filings and remittances. As our business grows, we expect to provide new services to our customers that may result in us being subject to additional taxation regimes. Further, 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 external 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 Commerce is subject to a variety of laws and regulations 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 anti-money laundering laws in countries in which we conduct activities. Concern about the use of payment processing platforms for illegal conduct may result in legislation or other governmental action that could require changes to Our Platform. Depending on how Thinkific Commerce 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 Platform to collect, store and use personal or identifying information regarding their employees and Students. In addition, we store personal information and other confidential information of our Partners, customers and their Students and employees, and may also store, transmit and process credit card information of our customers 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) ("**PIPEDA**"), the California Consumer Privacy Act ("**CCPA**"), the Digital Service Act 2022 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 customers require us to notify them in the event of a security incident. Additionally, some jurisdictions, as well as our contracts with certain customers, 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 Students.

In Canada, the regulatory authority responsible for enforcement of Canada's Anti-Spam Legislation ("**CASL**") has 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.

GENERAL DEVELOPMENT OF THINKIFIC'S BUSINESS

Below is a summary of key general developments of our business over the last three (3) completed financial years. As of December 31, 2024, Thinkific operates in a single operating and reportable segment.

Three-Year Business Development History

Fiscal 2022

- On February 22, 2022, Thinkific appointed Steve Krenzer to the Board.
- In March, Thinkific initiated an organizational restructuring.
- Throughout the year, Thinkific continued to introduce new products and features to the Thinkific Platform.
    - The introduction of "Thinkific Commerce", a suite of business management tools that streamline customers' business, including payment processing and subscriptions to automating upsells and integrated bookkeeping.
    - The introduction of Thinkific Communities, a monetizable product that allows customers to build and sell collaborative learning communities seamlessly with their courses, or stand alone as powerful Learning Products.
- On June 8, 2022, following the annual general meeting of the Company's shareholders, Melanie Kalemba was appointed to the Board.
- On August 4, 2022, Thinkific announced the resignation of Lisa Shields from the Board
- On August 16, 2022, Thinkific announced the departure of Chief Marketing Officer, Henk Campher.

- On September 15, 2022, Board member Steve Krenzer was appointed President of Thinkific on an 18-month contract while maintaining his role and responsibilities on the Board.

Fiscal 2023

- On January 10, 2023, the Company announced a further organizational restructuring.
- On February 7, 2023, Miranda Lievers transitioned from COO of the Company to an advisory role.
- On March 9, 2023, Greg Smith, Thinkific's CEO, entered into an automatic securities disposition plan to sell up to 30,000 Subordinate Voting Shares (approximately 0.0375% of Thinkific's issued and outstanding shares). On June 14, 2023, Mr. Smith entered into a further automatic securities disposition plan to sell up to 400,000 Subordinate Voting Shares (approximately 0.4965% of our issued and outstanding shares) over the 12-month period commencing on August 4, 2023. On November 10, 2023, in connection with the 2023 NCIB (as defined below), the automatic securities disposition plan was amended.
- Throughout the year, Thinkific continued to improve on existing features, security measures, and introduce important new products and features.
  - The Company launched a, white labeled custom app development solution for our customers, and coined it 'Branded Mobile'.
  - In partnership with Stripe, Thinkific announced it would be the world's first platform to distribute Stripe's apps with the intention of helping customers automate their administration and increase their sales.
  - In Q1 2023, six quarters after initially launching, Thinkific Payments reached a milestone by surpassing \$100M in payments volume processed cumulatively. Within three quarters of reaching this initial milestone, the Company exceeded \$200M in cumulative payments volume processed by Q4 2023.
  - Thinkific obtained SOC 2 Type 1 cybersecurity compliance certification through the successful completion of the Service Organization Control (SOC) 2 Type 1 audit with no findings. The certification affirmed the Company's information security practices, policies, procedures, and operations met the stringent SOC 2 Type 1 standards for security.
  - As part of the growing suite of integrated business management and payments solutions, including Thinkific Payments, on August 1, 2023, Thinkific launched its "Buy Now Pay Later" functionality, powered by Stripe, via providers Affirm, Klarna, and Afterpay.
  - On August 17, 2023, Thinkific launched an automated sales tax solution for customers powered by Stripe designed to streamline the sales tax process for customers using Thinkific Payments.
  - In October, 2023, Thinkific announced The Leap by Thinkific, an AI powered tool for social first creators to monetize their audiences.
  - On November 28, 2023, the Company added to Thinkific's suite of payment tools by launching Gifting.
  - On December 6, 2023, the Company announced a suite of new features to support business users on its Plus platform.
- On November 7, 2023, the TSX accepted the Company's Notice of Intention to make a Normal Course Issuer Bid ("**2023 NCIB**"). Under the 2023 NCIB, the Company may, during the 12-month period commencing on November 10, 2023, and ending on November 8, 2024, purchase, for cancellation up to an aggregate of 2,444,358 Subordinate Voting Shares, being approximately 10% of the public float of the Subordinate Voting Shares as of October 30, 2023.
- On November 14, 2023, the Company obtained a receipt for a final short form base shelf prospectus ("**2023 Base Shelf Prospectus**") from the securities regulators in each province and territory of Canada. The 2023 Base Shelf Prospectus is expected to provide the Company with flexibility and efficiency in future financings, if and when needed, and replaces the final short form base shelf prospectus dated October 13 ,2021. The 2023 Base Shelf Prospectus enables Thinkific to offer up to CDN\$300 million of Subordinate Voting Shares, preferred

shares, debt securities, warrants, subscription receipts, and/or units, or any combination thereof during a 25-month period.

Fiscal 2024

- Throughout the year, Thinkific continued to introduce new products and features to the Thinkific Platform.
  - On June 5, 2024, the Company announced multiple platform updates and feature enhancements for our business customers on Thinkific Plus.
  - On July 1, 2024 Thinkific launched SCORM (Sharable Content Object Reference Model) functionality, a set of elearning technical standard that ensures content can be seamlessly integrated across various LMSs, making it easier to migrate to Thinkific from other platforms and provides access to content editing tools to enhance learning experiences.
- On January 10, 2024, the Company released its 2024 Online Learning Trends Report revealing the significant demand for educational content over pure entertainment, and how customers are evolving to meet the demand of learners.
- On March 25, 2024, in a partnership with Spotify, Thinkific announced a new test program launched by Spotify in the UK, aimed at giving users access to trial and purchase video learning content, from their Spotify app home screen.
- On May 14, 2024, the Company launched a substantial issuer bid to purchase for cancellation up to C$47,831,000 subordinate voting shares at a price of C$3.72 per subordinate Subordinate Voting Share. On June 24, 2024, the Company took up and purchased for cancellation 12,857,795 Subordinate Voting Shares (including the multiple voting shares converted into Subordinate Voting Shares) at the Purchase Price, for aggregate consideration of C$47,831,000.
- On June 26, 2024, the Company announced appointments of Amanda Malko as the Company's Chief Revenue Officer and Ryan Donovan as the Company's Chief Product & Technology Officer.
- On September 16, 2024, Thinkific announced the appointments of Paula Boggs, Lori Ell, and Russ Mann to the board of directors..
- On November 7, 2024, the Company announced its intention to renew its 2023 NCIB terminating on November 8, 2024. The renewed 2023 NCIB commenced November 12, 2024 and will terminate on November 11, 2025, or earlier if the maximum number, 2,355,810, or approximately 10% of the public float, is purchased (the "**2024 NCIB**").

RISK FACTORS

In addition to all other information set out in this AIF, our 2024 Management's Discussion and Analysis and 2024 Financial Statements, the following specific factors could materially adversely affect us and/or our business, financial condition and results of operations. 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. This AIF also contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in the forward-looking statements as a result of a number of factors including the risks described below. See "Forward Looking Information".

Risks Related to Our Business and Industry

Our growth depends on our ability to attract new customers, retain revenue from existing customers and increase revenue from existing high-volume customers.

We generate revenues primarily through the sale of subscriptions to Our Platform. Thinkific subscription plans come in different tiers with monthly or annual subscription terms. Thinkific Plus subscription plans are customized plans based on the service and infrastructural needs. We have changed our pricing plans in the past and may continue to iterate and make changes to these price plans in the future in response to customer needs and market trends.

Our future success, including our continued profitable growth, 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 customers do not downgrade or cancel their subscription plans and that we expand our relationships with our existing customers. Our customers have no obligation to renew their subscriptions after their subscription term expires. In the past, some of our customers have elected not to renew their agreements with us, and it is difficult to accurately predict whether we will have future success in retaining customers or expanding our relationships with them. As a result, even though the number of customers using Our Platform has grown 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 customers being small and medium sized businesses ("**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 customers joining Our Platform may also decide not to continue or renew their subscription for reasons outside of our control. Customer retention and expansion may decline or fluctuate as a result of a number of factors, including our customers' satisfaction with our services and Our Platform, our pricing, the prices and features of competing solutions, accessibility, customer security, privacy and networking issues and requirements, the ability of customers to market their businesses and Learning Products, the success of customers' businesses or marketing efforts, the ability of customers 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 customers 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 customers or costs associated with providing additional solutions to existing customers. Therefore, if we are unable to retain revenue from existing customers, 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 or 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 our sales led motion to attract larger customers, we will be required to deploy sophisticated and costly sales efforts, which may result in longer sales cycles. Sales efforts targeted at larger businesses typically involve greater costs, longer sales cycles, greater competition, and less predictability in completing some of our sales. In the mid-market, a businesses' 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. As a result of these factors, these sales opportunities may require us to devote greater sales, research and development, and support resources to these businesses, resulting in increased costs and lengthened sales cycles to a smaller number of larger businesses. 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 customers, retain revenue from existing customers, increase revenue from both new and existing customers or customers 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, as well as potential tariffs resulting from changing government regulations and international trade agreements;
- our ability to execute on our growth strategy and operating plans;
- our ability to increase revenues from existing customers;
- 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 customers' level of satisfaction with Our Platform and customers' usage of Our Platform;
- the ability of customers to market their businesses and Learning Products, the success of customers' businesses or marketing efforts, the ability of customers 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 services;
- 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 new features, enhancements and improvements developed for Our Platform;
- concerns relating to actual or perceived privacy or security breaches;
- concerns relating to cyber attacks;
- 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.

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

The 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.

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. 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 business is susceptible to risks associated with international sales and the use of Our Platform in various countries.Our business is susceptible to risks associated with international sales and the use of Our Platform in various countries.

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:

- 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;
- difficulties in ensuring compliance with countries' 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;
- 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, including risks associated with internal trade policies;
- difficulties in establishing and protecting intellectual property;
- 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; 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 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.

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 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 customers 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.

The estimates of market opportunity and growth forecasts 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 and may even decline.

Our estimates of market opportunity 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 estimates of the total addressable market are made in good faith and are 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. We may even concede a portion of our market to our competitors. 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. In addition to market and geopolitical dynamics that are outside of our control, the accuracy of our estimates may also be affected by human error in the interpretation of such data.

We focus on four key performance metrics: 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 a competing 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. 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, see "*Business of Thinkific – Growth Strategies & New Products*".

Our success depends on the ability of our customers to achieve commercial success, to market or sell their Learning Products and to grow or sustain their businesses.

Our business succeeds when our customers succeed. If customers 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 customers 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 customers' businesses will directly affect our ability to generate revenue from customers, including through our subscription pricing plans and through Thinkific Commerce revenue.

Our customers 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 customers' ability to market or sell their Learning Products.

Exchange rate fluctuations may negatively affect our results of operations.

Our presentation and functional currency is the U.S. dollar. We derive the largest portion of our revenue in U.S. dollars, currently resulting in minimal foreign exchange exposure risk on total revenue. As we continue to roll out local currency billing options, a decrease in the value of other currencies relative to the U.S. dollar could adversely impact our revenue. We believe that it is more important to remove friction for non-U.S. customers by charging in their local currency.

We incur operating expenses in U.S. dollars, however, our head office and the majority of our employees are located in Canada, and as such, a significant amount of our expenses are incurred in Canadian dollars. As a result, our results of operations may be adversely impacted by a decrease in the value of the U.S. dollar relative to the Canadian dollar.

We may not receive significant revenue as a result of our current innovation, research and development efforts.

We reinvest a large percentage of our revenue toward innovation, 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.

We derive, and expect to continue to derive, substantially all of our revenues from a single cloud-based online platform solution.

We derive, and expect to continue to derive, substantially all of our revenues from a single cloud-based online 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.

Risks Related to Strategy and Competition

We face intense competition across all markets for our products and services, which may lead to lower revenue or operating margins.

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 may need to raise additional funds to pursue our growth strategy, 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. Our business plans may change, general economic, financial or political conditions in our markets may deteriorate or other circumstances may arise; in each case may 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.

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 other technologies. 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 (if at all) 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.

Competition in the technology sector

The market for our products is characterized by rapidly changing technology, evolving industry standards and frequent new product introductions. To be successful, we will need to enhance existing products and to introduce new products and features in response to changing standards, customer requirements and technological innovations by others. There can be no assurance that we will be successful in doing this in a timely manner or at all.

The software industry is characterized by a continuous flow of improved products which render existing products obsolete. There can be no assurance that products or technologies developed by others will not render our products obsolete or non-competitive.

The competition for learning continues to evolve and is highly fragmented, consisting of diversified global companies with significant research and development to small, specialized firms whose narrower product lines may let them be more effective in deploying technical, marketing, and financial resources. Our ability to remain competitive depends on our success in making innovative products, devices, and services that appeal to our customers, businesses, and consumers.

Competition among platform-based ecosystems

An important element of our business model has been to create platform-based ecosystems on which many participants can build diverse solutions. A well-established ecosystem creates beneficial network effects among users, application developers, and the platform provider that can accelerate growth. Establishing significant scale in the marketplace is necessary to achieve and maintain attractive margins. We face significant competition from firms that provide competing platforms.

- We derive substantial revenue from subscriptions. We face significant competition from competing platforms. These platforms compete on multiple bases including price and the perceived utility of its platform. Popular products or services offered on competing platforms could increase their competitive strength.
- Competing platforms may have content and application marketplaces with scale and significant installed bases. The variety and utility of content and applications available on a platform are important to purchasing decisions. Users may incur costs to move their course content when switching platforms. To compete, we must successfully write applications for Our Platform and ensure that these applications have high quality, security, customer appeal, and value. Efforts to compete with competitors' platform and application marketplaces may increase our cost of revenue and lower our operating margins.

Business model competition

Companies compete with us based on a growing variety of business models.

- Our revenue is driven by a combination of subscription-based proprietary software to Our Platform and from our Thinkific Commerce solutions for selling and payment processing. Many of our competitors also develop and sell software to businesses and consumers under this model.
- We are investing in AI across the entire Company and infusing generative AI capabilities into Our Platform offerings. We expect AI technology and services to be a highly competitive and rapidly evolving market. We may bear significant development and operational costs to build and support the AI capabilities, products, and services necessary to meet the needs of our customers. To compete effectively we must also be responsive to technological change, potential regulatory developments, and public scrutiny.
- Other competitors develop and offer free applications, online services, and content, and may make money by selling third-party advertising. Advertising revenue funds development of products and services these competitors provide to users at no or little cost, competing directly with our revenue-generating products.

- Some companies may also compete with us by modifying and then distributing open source software at little or no cost to end users, using open source AI models, and earning revenue on advertising or integrated products and services. These firms do not bear the full costs of research and development for the open source products. Some open source products mimic the features and functionality of our products.

Our business involves cloud-based services available across the spectrum of computing devices. Our strategic vision is to compete and grow by building best-in-class platforms and productivity services that utilize ubiquitous computing and ambient intelligence to drive insights and productivity gains. At the same time, our competitors are rapidly developing and deploying cloud-based services for consumers and business customers. Pricing and delivery models are evolving. Devices and form factors influence how users access services in the cloud and sometimes the user's choice of which cloud-based services to use. Certain industries and customers have specific requirements for cloud services and may present enhanced risks. We continue to devote significant resources to develop and reliably operate our cloud-based platform.

Besides software development costs, we are incurring costs to build and maintain infrastructure to support cloud computing services. These costs will reduce the operating margins we have previously achieved. Whether we succeed depends on our execution in several areas, including:

- Continuing to bring to market compelling experiences on Our Platform that generate increasing traffic and market share.
- Maintaining the utility, compatibility, and performance of Our Platform on the growing array of computing devices, including PCs, smartphones, tablets, and other devices.
- Continuing to enhance the attractiveness of Our Platform to third-party developers.
- Ensuring Our Platform meets the reliability expectations of our customers and maintain the security of their data as well as help them meet their own compliance needs.

The competitive pressures described above may cause decreased sales volumes, price reductions, and/or increased operating costs, such as for R&D, marketing, and sales incentives. This may lead to lower revenue, gross margins, and operating income. It is uncertain whether our strategies will attract the users or generate the revenue required to succeed. If we are not effective in executing organizational and technical changes to increase efficiency and accelerate innovation, or if we fail to generate sufficient usage of our new products and services, we may not grow revenue in line with the infrastructure and development investments described above. This may negatively impact gross margins and operating income.

Some users may engage in fraudulent or abusive activities through Our Platform. These include unauthorized use of accounts through stolen credentials, use of stolen credit cards or other payment vehicles, failure to pay for services accessed, or other activities that violate our terms of service such as inappropriate and offensive site content, cryptocurrency mining or launching cyberattacks. If our efforts to detect such violations or our actions to control these types of fraud and abuse are not effective, we may experience adverse impacts to our revenue or incur reputational damage.

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 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, nurturing 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 direct contractual relationships with customers, and therefore we risk the loss of such customers 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 customers, and we or our customers 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.

Risks Related to the Evolution of our Business

We make significant investments in products and services that may not achieve expected returns. We will continue to make significant investments in research, development, and marketing for existing products, services, and technologies, including Thinkific Commerce, mobile, communities, and other products and services. In addition, we are focused on developing new AI platform services and incorporating AI into existing products and services. Investments in new technology are speculative. Commercial success depends on many factors, including innovativeness, and effective distribution and marketing. If customers do not perceive our latest offerings as providing significant new functionality or other value, they may reduce their purchases of new and existing products or upgrades, unfavorably affecting revenue. We may not achieve significant revenue from new product, service, and distribution channel investments for several years, if at all. New products and services may not be profitable, and even if they are profitable, operating margins for some new products and businesses will not be as high as the margins we have experienced historically. We may not get engagement in certain features, like Thinkific Commerce, mobile and communities that drive post-sale monetization opportunities. Our data handling practices across our products and services will continue to be under scrutiny. Perceptions of mismanagement, driven by regulatory activity or negative public reaction to our practices or product experiences, could negatively impact product and feature adoption, product design, and product quality.

Developing new technologies is complex. It can require long development and testing periods. Significant delays in new releases or significant problems in creating new products or services could adversely affect our revenue.

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 in a timely and effective manner, 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 in an effective and timely manner. 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 customers 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 customers' 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 customers to access Our Platform or their Students to access our customers' 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 customers with a large volume of Students increases, so does the need for us to offer increased features, functionality, enhancements, scalability and support, which requires us to devote additional resources to such efforts. To the extent we are unable to fulfill all or any combination of these requirements, 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 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 modification, 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 the existing Thinkific 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 in a timely and effective manner, our business, operating results and financial condition will be adversely affected.

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 chargebacks 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 growth strategy involves the adoption of our payment processing solution, Thinkific Commerce, which may present risks and challenges that we have not yet experienced.

Thinkific Commerce continues to become an increasingly important part of our business as it represents a source of revenue for our Company. We are internally developing certain solutions that form a part of Thinkific Commerce. 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 Commerce. Potential customers for Thinkific Commerce may be reluctant to adopt our solution over existing solutions, or may consider Thinkific Commerce 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 Commerce. The marketability of Thinkific Commerce 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 Commerce 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 customers 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 Commerce do not appeal to our customers 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 customers and their Students could adversely impact our ability to compete and could adversely impact our customers' businesses. In addition, if the solutions we have incorporated into Thinkific Commerce do not appeal to our customers or their Students, reliably function as designed, or maintain the privacy and security of customer data, the businesses of our customers could be adversely affected and could also affect the confidence of their Students or lead to financial and/or reputational loss to the customers. 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 Commerce 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 customers, since our 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.

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.

Maintaining, promoting and enhancing the Thinkific brand is critical to our business growth. Our brand reputation depends on delivering high-quality, reliable, and innovative solutions, as well as strong customer support, marketing, and public relations.

Our customers depend on us for technical and operational support, and surges in demand may increase response times. Most of our subscription plans (excluding Thinkific Plus) provide services on an as-is and as-available basis, without guarantees of uninterrupted or error-free operation. Thinkific Plus customers are governed by their specific service agreements. Increased customer support needs, without corresponding revenue, could increase costs and harm our results of operations. To scale effectively, 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. Failure to meet customer expectations could damage our reputation and financial performance.

Performance issues, unfavourable product changes, or negative customer experiences could harm our reputation and brand, especially as we continue to attract larger customers. Media coverage or negative publicity about our industry or the Company could further harm our reputation, revenue, and stock price.

As competition increases, brand recognition will become even more important. We market Our Platform primarily through advertisements on search engines, social media, customer referrals, and word-of-mouth. We also employ sales personnel to target specific customer segments resulting in 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 these costs.

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 Partners' 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 threatening, abusive, harassing, deceptive, false, misleading, vulgar, obscene, hostile, offensive, or inappropriate. While such content may not be illegal, use of Our Platform for such content could harm our reputation resulting in a loss of business. 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 customers' 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 be threatening, abusive, harassing, deceptive, false, misleading, vulgar, obscene, hostile, offensive, inappropriate or illegal use is high profile, which could adversely affect our business and financial results. Customers using the Thinkific 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 affect our business and operations.

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 customers 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 customers' 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 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, concern over government censorship in certain jurisdictions, 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.

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. 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.

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 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 manage, 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.

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 Chief Executive Officer and co-founder Greg Smith, 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.

Risks Related to Cybersecurity, Technology and Infrastructure

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 confidence and 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 customer 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, cyber attacks, denial of service attacks, or other hacking and phishing attacks on our systems or other security breaches could delay or interrupt service to our customers, 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 and other malicious assaults on our systems. Failure to prevent or mitigate security breaches could result in total service disruption and improper access to or disclosure of our data, our customers' data, or their Students' data, could result in the loss or misuse of such data, all of which could detrimentally harm our business and reputation. The security measures we have integrated into our internal networks and Our Platform, which are designed to prevent or minimize security breaches, may not function as expected or may be insufficient to protect our internal networks and Our 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 customers' storage and use of data concerning their Learning Products and their Students are 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.

Thinkific has security measures in place to prevent security breaches and attacks, however Thinkific 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 detrimentally impact and 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 customers' proprietary information and personal information relating to customers and their Students, and that the maximum amount of our liability for any claim is the fees paid by the customer 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 customer during the immediately preceding 12-month period, except for data incidents and intellectual property infringement (as defined in those standard Plus terms of service) for which the maximum liability may be many multiples of the fees actually paid or payable by the customer during that same period.

In the past, we have been subject to distributed denial of service (**"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 customers and their Students and may deter Students from using our customers' 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 popularity and 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 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 customers who rely on it to manage their businesses and the data collected in connection with Our Platform, 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've implemented 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 customers or Students attempt to access it, or if it does not perform to expected levels, especially during peak periods, our customers 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.

We store personal information including that of our customers 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 customers 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 customers 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. While we take precautions when sharing such information with such third-party service providers, if one of our service providers experiences a data breach or security incident, this may negatively affect our customers, our customers' Students, and our reputation. 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 customers and our customers' 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. Many of these laws and regulations, including Canada's PIPEDA, the GDPR and the CCPA 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 customers' 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.

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 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 GDPR, presumptively prohibit cross-border data transfers absent an “adequacy mechanism” that provides some assurances as to the treatment and protection of such data.

Some jurisdictions, including Canada, certain U.S. states and the EU, 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 customers 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 customers, 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 on 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 customers and their Students, our employees or other relevant stakeholders.

In addition, while we employ security measures to protect any credit card information that we may collect and store, transmit and process 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 coinsurance requirements, could have an adverse effect on our business, financial condition and results of operations.

If we or our third-party service providers experience a security breach or unauthorized parties otherwise obtain access to the data and personal information of our customers and their Students, Our Platform may be perceived as not being secure, our reputation may be harmed, demand for Our Platform may be reduced, and we may incur significant liabilities.

Third-party software applications integrated with Thinkific and the third-party applications available on Our Platform may store personal information and/or other confidential information of our customers and their Students. Our Platform is hosted on data centres provided by AWS. 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 take precautions when sharing such information with third-party service providers; however, if one of our service providers experiences a data breach or security incident, this may negatively affect our customers, their Students and our reputation.

While we and our third-party service providers have implemented security measures designed to protect against security breaches, these measures could fail or may be insufficient, resulting in the unauthorized disclosure, modification, misuse, unavailability, destruction, or loss of our or our customers' data or other sensitive information. Any security breach of Our Platform, our applications, our operational systems, physical facilities, or the systems of our third-party Partners, or the perception that one has occurred, could result in litigation, indemnity obligations, regulatory enforcement actions, investigations, fines, penalties, mitigation and remediation costs, disputes, reputational harm, diversion of management's attention, and other liabilities and damage to our business. Even though we do not control the security measures of third-parties, we may be responsible for any breach of such measures or suffer reputational harm even where we do not have recourse to the third-party that caused the breach. In addition, any failure by our Partners to comply with applicable law or regulations could result in proceedings against us by governmental entities or others.

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.

We may be unable to achieve or maintain data transmission capacity.

Our customers 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 customers 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 a plan in place to restore our services in the event of a disaster, 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 customers and their Students and could lead to customer 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 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 (2) 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 customers and their Students and could lead to customer 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.

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 customer 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 customers, 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.

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 customers 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 customers 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 customers or their Students or laws specifically governing the internet.

Our Platform depends on the quality of our customers 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 customers 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 customers 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 accessibility for the disabled, 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.

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 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.

The use of AI within Our Platform may result in additional risks, such as reputational harm, data security or liability.

We expect to continue to use and build AI into Our Platform in the future. AI operates within our cloud-based platform to offer efficient and effective course platform solution for our customers. AI presents risks and challenges to 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 EU require human agency and oversight in AI systems and automated decision-making processes, which we may not be able to comply with. 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 continue to 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. Any failure, or perceived failure by us, our service providers or our customers, to comply with such requirements could have an adverse impact on our business. The rapid evolution of AI may require us to allocate additional resources to develop and implement AI within Our Platform in a responsible and ethical way, which could negatively impact our results.

Risks Related to Regulatory Matters and Litigation

New and existing laws and/or interpretations could harm our business.

New laws and regulations (or new interpretations or applications of existing laws and regulations in a manner inconsistent with our practices) may make our products and services less useful, limit our ability to pursue certain business models or offer certain products and services, require us to incur substantial costs, expose us to civil or criminal liability, or cause us to change our business practices.

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 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. 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 customers provide to Thinkific, nor any of the content uploaded to the Thinkific Platform by customers.

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.

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.

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. 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, as well as governmental and other regulatory investigations. 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.

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 different 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, which could have an adverse impact.

In addition, authorities could review our tax returns and impose additional tax, interest and penalties, which could have an adverse impact. We believe our tax estimates to be reasonable; however, the final determination of any tax audit or litigation could be materially different from our historical tax provisions and accruals, the content of our tax filings or positions, which could result in additional tax and penalties and negatively impact our results of operations.
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. 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. Furthermore, there is also the added possibility that we may be subject to retroactive adjustments, taxes, fines and penalties.

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.

Providing payment processing services through Thinkific Payments subjects us to regulatory requirements, payment card network rules, underwriting rules, payment card transaction requirements, platform service provider requirements and other risks that could be costly and difficult to comply with or that could harm our business.

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 customers, 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.

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. 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.

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 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.

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.

Our financial statements have been prepared in accordance with IFRS accounting standards. Changes in any of 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 IFRS. 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.

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.

Risks Related to the Ownership of the Shares

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, 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 innovations, 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;
- security or privacy breaches, technical difficulties, or interruptions to Our Platform;
- pricing pressure as a result of competition or otherwise;
- the adoption rate of Thinkific Commerce;
- seasonal patterns for consumer spending;
- the ability of our customers to market their businesses and Learning Products, the success of customers' businesses or marketing efforts, the ability of our customers 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; and
- 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;

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.

The dual class structure contained in our Articles has the effect of concentrating voting control and the ability to influence corporate matters, which may have a negative impact on the trading price of the Subordinate Voting Shares.

Our Multiple Voting Shares have ten (10) votes per share and our Subordinate Voting Shares have one (1) vote per share. See *"Description of Share Capital – Investor Rights Agreement"*.

As the ten (10) to one (1) voting ratio between our Multiple Voting Shares and Subordinate Voting Shares, the holders of our Multiple Voting Shares 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 limit the ability of the holders of our Subordinate Voting Shares to influence corporate matters for the foreseeable future. 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.

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"*.

We do not currently anticipate paying dividends on the Subordinate Voting Shares, and, consequently, purchasers of Subordinate Voting Shares 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. See *"Dividend Policy"*.

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 depends in part on the research and reports that securities or industry analysts publish about us or our business. 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.

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 Board has 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. 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 ten-to-one voting ratio between our Multiple Voting Shares and Subordinate Voting Shares.

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.

DESCRIPTION OF SHARE CAPITAL

The following description of our share capital summarizes certain provisions contained in our Articles. These summaries do not purport to be complete and are subject to, and are qualified in their entirety by reference to, all of the provisions of our Articles.

The authorized share capital of the Company consists 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. As of March 4, 2025, there were 23,677,484 Subordinate Voting Shares, 44,401,619 Multiple Voting Shares and no preferred shares issued and outstanding. In addition, as of the date of this AIF, there were (i) 1,161,932 Subordinate Voting Shares issuable upon the exercise of outstanding options, (ii) 2,153,840 Subordinate Voting Shares issuable upon the settlement of outstanding Restricted Share Units, and (iii) 119,212 Subordinate Voting Shares issuable upon the settlement of outstanding Performance Share Units. As of the date of this AIF, there were a total of 27,112,468 Subordinate Voting Shares, on a fully-diluted basis.

Subordinate Voting Shares and Multiple Voting Shares

Except as provided for 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. 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 (as defined below) will be entitled to certain Pre-Emptive Rights (as defined below) to subscribe for additional Shares as provided for in the Investor Rights Agreement (as defined below). See *"Agreements with Principal Shareholders – Investor Rights Agreement – Pre-Emptive Rights"* in the Final Long Form Prospectus.

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 (10) votes per share. As of March 4, 2025, the Subordinate Voting Shares collectively represent approximately 34.78% of our issued and outstanding shares and approximately 5.06% of the voting power attached to all of our issued and outstanding shares and the Multiple Voting Shares collectively represent approximately 65.22% of our issued and outstanding shares and approximately 94.94% of the voting power attached to all of our issued and outstanding Shares.

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 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 IPO 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;

“**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 Income Tax Act (Canada) 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;

“**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 Julian Rhind and/or Braden Fraser Hall and any of their respective Affiliates; 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 are 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.

Shareholder Meetings

Holders of our Subordinate Voting Shares and Multiple Voting Shares are entitled to attend and vote at meetings of our shareholders except meetings at which only holders of a particular class are entitled to vote.

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 entered into a customary coattail agreement with us and a trustee (the "**Coattail Agreement**") in connection to the IPO. The Coattail Agreement contains 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 do 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 does 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 is 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 contains 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 is 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 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 provides 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 limits the rights of any holders of Subordinate Voting Shares under applicable law.

Preferred Shares

Under the Company's 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 the 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 of our Constating Documents

Investor Rights Agreement

In connection with the closing of our IPO, we entered 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 attributes and characteristics of the Investor Rights Agreement. This summary is qualified in its entirety by reference to the provisions of that agreement, which contains a complete statement of those attributes and characteristics. The Investor Rights Agreement has been filed with the Canadian securities regulatory authorities and is available on SEDAR+ at www.sedarplus.ca.

Registration Rights

The Investor Rights Agreement provides for demand registration rights in favour of the principal shareholders that 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 also provides 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.

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 issued 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; and
- pursuant to a shareholders' rights plan of the Company.

MARKET FOR SECURITIES

Trading Price and Volume

Our Subordinate Voting Shares are listed for trading on the TSX under the symbol "THNC". The following table sets forth the price ranges and volumes of our Subordinate Voting Shares traded on the TSX for each month of Fiscal 2024 during which our shares traded on the TSX.

2024	High (CDN$)	Low (CDN$)	Volume (#)
January	$3.40	$2.55	1,075,886
February	$3.95	$3.25	1,648,912
March	$4.30	$3.56	1,194,654
April	$4.14	$3.25	665,142
May	$3.85	$3.35	812,464
June	$3.98	$3.43	512,834
July	$3.75	$3.28	699,429
August	$3.61	$2.77	381,081
September	$3.22	$2.58	226,723
October	$3.05	$2.35	189,298
November	$3.28	$2.51	278,588
December	$3.20	$2.83	286,599

None of our other securities were listed for trading or quoted on any exchange or market, however, as described further above, our Multiple Voting Shares can be converted into Subordinate Voting Shares on a one-for-one basis at any time, at the option of the holder thereof.

DIRECTORS AND EXECUTIVE OFFICERS

The following tables set out, as at December 31, 2024, for each of our directors and executive officers, the person's name, municipality of residence, position(s) with the Company, previously held positions for the last five (5) years and, if a director, the year in which the person became a director. Our directors are either elected annually by the shareholders at the annual meeting of shareholders or, subject to our Articles and applicable law, appointed by our Board between annual meetings. Each director holds office until the close of the next annual meeting of our shareholders or until they ceases to be a director by operation of law, or until their removal or resignation becomes effective. Executive officers are appointed by the Board to serve, subject to the discretion of the Board, until their successors are appointed.

Name, Residence and Position with Thinkific	**Position and Principal Occupation in the Past Five Years** [(1)]	**Date Appointed** [(2)]	**Number and Percentage of Subordinate Voting Shares and Multiple Voting Shares Beneficially Owned as at December 31, 2024**[(1)]
Greg Smith British Columbia, Canada *Chief Executive Officer & Director*	2012 - Present, Co-Founder, Chief Executive Officer, and Director, Thinkific Labs Inc. 2010 - Present, Chief Executive Officer and Co-Founder of Alpha Score Seminars Inc.	April 11, 2012	20,072,032 (45.21%) Multiple Voting Shares 80,220 (0.34%) Subordinate Voting Shares
Corinne Hua British Columbia, Canada *Chief Financial Officer*	2020 - Present, Chief Financial Officer, Thinkific Labs Inc.	May 27, 2020	149,378 (0.63%) Subordinate Voting Shares
Ryan Donovan Washington, USA *Chief Product & Technology Officer*	2024 - Present, Chief Product & Technology Officer, Thinkific Labs Inc. 2022 - 2023, Chief Product & Technology Officer, Grin Technologies Inc. 2019 - 2022, Chief Technology Officer, Hootsuite Media, Inc.	June 24, 2024	1,412 (0.01%) Subordinate Voting Shares
Amanda Malko Atlanta, USA *Chief Revenue Officer*	2024 - Present, Chief Revenue Officer, Thinkific Labs Inc. 2021 - 2023, Chief Marketing Officer, G2, Inc. 2019 - 2021, Head of Partner Programs & Marketing, The Rocket Science Group LLC (dba Mailchimp)	June 17, 2024	10,772 (0.05%) Subordinate Voting Shares

Paula Boggs[4][5][6] Washington, USA *Director*	2024 - Present, Director, Thinkific Labs Inc. 2023 - Present, Director, Banzai International, Inc. 2022 - Present, Board Member, Newport Festival Foundation, Inc. 2016 - Present, Trustee Emerita, Johns Hopkins University 2013 - Present, Founder & Member, Boggs Media, LLC 2020 - 2024, Governor, Pacific Northwest Chapter, The Recording Academy 2015 - 2023, Director, Board Nominating and Governance Committee Chair, Audit and Compensation Committee member, Avid Technology, Inc. 2017 - 2023, Director, Seattle Symphony	September 16, 2024	Nil (0%)
Lori Ell[3][4][6] Alberta, Canada *Director*	2024 - Present, Director, Thinkific Labs Inc. 2022 - Present, Strategic Advisor, Tall Grass Ventures 2021 - Present, Director, SNDL Inc. 2013 - Present, Founder & President, Growing Ideas Inc. 2017 - 2024, Board Member - Departmental Audit Committee, Indigenous Services Canada 2018 - 2024, Board Member - Departmental Audit Committee, Crown-Indigenous Relations and Northern Affairs Canada 2018 - 2023, Director, Sawridge Group of Companies Ltd. 2016 - 2021, Chair of the Board of Directors, AgJunction Inc. 2015 - 2021, Director & Vice Chair, Calgary Co-op Limited	September 16, 2024	Nil (0%)
Braden Fraser Hall[7] British Columbia, Canada *Chairperson, Director*	2016 – Present, Director, Thinkific Labs Inc. 2015 - Present, Partner, Rhino Ventures	March 4, 2016	16,279,078 (36.66%) Multiple Voting Shares

Melanie Kalemba[(3)(4)(6)] Texas, USA *Director*	2024 - Present, Director, Buildxact Software Limited 2023 - Present, Director, Stord, Inc. 2022 - Present, Director, Thinkific Labs Inc. 2022 - Present, Director, Deck Internet Solutions, Inc. 2019 - 2022, General Manager, Americas, Amazon Pay	June 8, 2022	Nil (0%)
Brandon Nussey[(3)(5)(6)] Ontario, Canada *Director*	2023 - Present, Chief Financial Officer, Coveo Solutions Inc. 2021 - Present, Director, Thinkific Labs Inc. 2022 - 2023, Chief Operating Officer, Lightspeed Commerce Inc. 2018 - 2022, Chief Financial Officer, Lightspeed Commerce Inc.	March 3, 2021	4,000 (0.02%) Subordinate Voting Shares
Russ Mann[(5)(6)] Washington, USA *Director*	2024 - Present, Director, Thinkific Labs Inc. 2024 - Present, Director, Proxima Holdings LLC 2024 - Present, Senior Operating Partner, Diversis Capital 2023 - Present, Director/Advisor, Ignite Visibility LLC 2023 - Present, Director/Advisor, Flume Water Inc. 2009 - Present, Director, Ooma, Inc. 2019 - 2022, CEO, President, and Director, WineBid LLC 2018 - 2022, Director, DemandStar Inc. 2018 - 2021, Director and CEO, Onvia Inc.	September 16, 2024	Nil (0%)

Notes:

(1) *This information has been provided by each of the directors and executive officers individually.*

(2) *All director appointments expire at the next annual meeting of the shareholders of the Company.*

(3) *Member of our Audit Committee, with Brandon Nussey as chair.*

(4) *Member of our Compensation Committee, established September 26, 2024, with Lori Ell as chair.*

(5) *Member of our Risk and Governance Committee, with Paula Boggs as chair.*

(6) *Independent director for the purposes of National Instrument 58-101 – Disclosure of Corporate Governance Practices.*

(7) *These securities are held by the Rhino Group.*

Ownership of Securities

As of March 4, 2025, as a group, our directors and executive officers beneficially own, or control or direct, directly or indirectly, a total of 245,782 Subordinate Voting Shares and 36,351,110 Multiple Voting Shares, representing 1.04% of the Subordinate Voting Shares and 81.87% of the Multiple Voting Shares outstanding and 77.78% of the voting power attached to all of our issued and outstanding shares.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

None of the Company's directors or executive officers are, as at the date of this AIF, or have been within ten (10) years before the date of this AIF, 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 AIF, or has been within the ten (10) years before the date of this AIF, 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 (10) years before the date of this AIF, 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. Hall was a director of AvenueHQ Technology Inc. ("**Avenue**") from May 7, 2018, until 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(I) of the Bankruptcy and Insolvency Act, and on November 27, 2020, Avenue filed an assignment into bankruptcy.

Conflicts of Interest

To the knowledge of Thinkific, there are no existing or potentially material conflicts of interest between Thinkific or a subsidiary of Thinkific and any director or officer of Thinkific or of a subsidiary of Thinkific, except that certain of our directors and officers also serve as directors or officers of other companies, and therefore it is possible that a conflict may arise between their duties to us and their duties as a director or officer of such other companies. Directors are required to comply with the relevant provisions of the BCBCA regarding conflicts of interest.

AUDIT COMMITTEE

Composition of the Audit Committee

Our Audit Committee consists of three (3) 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, Lori Ell, and Melanie Kalemba.

Relevant Education and Experience of the Audit Committee Members

Each of the Audit Committee members has an understanding of the accounting principles used to prepare financial statements and varied 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. The education and experience of each Audit Committee member that is relevant to the performance of each of their responsibilities as an Audit Committee member is as follows:

Brandon Nussey (Chair)

Brandon has served as a Board member to Thinkific since March 3, 2021. Brandon also currently serves as Chief Financial Officer at Coveo Solutions Inc. ("**Coveo**") (TSX: CVO). Brandon brings almost twenty (20) years of technology leadership experience to the Board. Prior to joining Coveo, Brandon was Chief Operating Officer at Lightspeed Commerce Inc. and the Chief Financial Officer at D2L Inc., both SaaS-based education technology providers. From 2000 to 2007, Brandon held various roles at The Descartes Systems Group, ultimately being appointed Chief Financial Officer in 2004. Brandon is a Chartered Accountant and holds an Honours in Business Administration from Wilfrid Laurier University.

Lori Ell

Lori has served on the Board since September 16, 2024. Lori has been the President of Growing Ideas, a business consulting practice based in Calgary, Alberta, since 2013. She is currently a director of SNDL, where she serves on the Audit Committee and chairs the Compensation Committee. With over 30 years of extensive executive experience, Lori has worked with multi-billion-dollar corporations, startups, and mid-market companies across various industries, including food manufacturing and technology. She previously served as Chair of the Board of AgJunction Inc. (TSX: ADX), where she also held interim roles as President and CEO.

Additionally, she has served on several other boards. From 2004 to 2012, Lori was the President of Agristar Inc., an agri-food manufacturing company. Before that, she was the Chief Financial Officer of Quortech Solutions Ltd., a technology company. Lori is a Certified Public Accountant, holds a Bachelor of Management degree, and has earned the ICD.D designation from the Institute of Corporate Directors.

Melanie Kalemba

Melanie has served on the Board since June 8, 2022. In addition to serving as director at Buildxact Software Limited, a SaaS construction management software platform, Deck Internet Solutions, Inc., a software company simplifying omnichannel fulfillment, and Stord, Inc., a leading fulfillment and logistics solution for DTC brands, Melanie has served as advisor to several SaaS ecommerce start-ups. Melanie was the General Manager, Americas for Amazon Pay, an alternative payment solution for online merchants. Prior to Amazon, she was Senior Vice President of Global Sales and Partnerships at BigCommerce, a leading e-commerce SaaS company supporting small and medium retail customers with tools to scale their online business. In addition to several operating leadership roles in sales and business development at venture-backed companies. Melanie brings several years of experience as a CEO with Movero Technology, Inc. (acquired by Calero Software). Melanie holds an MBA from Indiana University and her Bachelors in Accounting from Muskingum College.

Charter of the Audit Committee

The Board has adopted a written charter, the text of which is reproduced in its entirety as Exhibit A, setting forth the purpose, composition, authority and responsibility of the Audit Committee, consistent with NI 52-110. The Audit Committee assists the Board in fulfilling its oversight of, among other things:

- the quality and integrity of the Company's financial statements and related information;
- the qualifications, independence, appointment and performance of the external auditor;
- the Company's disclosure controls and procedures;
- the internal control over financial reporting and management's responsibility for assessing and reporting on the effectiveness of such controls;
- the monitoring and periodic review of the Company's whistleblower policy; and
- transactions with related parties.

The Audit Committee has access to all of our books, records, facilities and personnel and may request any information about us as it may deem appropriate. It also has 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 also has 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.

Audit Committee Pre-Approval Policies and Procedures

Under its charter, the Audit Committee is required to pre-approve all non-audit services to be performed by the external auditors in relation to us, together with approval of the engagement letter for such non-audit services and estimated fees thereof. The pre-approval process for non-audit services also involves consideration of the potential impact of such services on the independence of the external auditors.

The Audit Committee may delegate the pre-approval of services provided by the external auditor to one or more members of the Audit Committee, which member(s) shall be independent to the extent required by any applicable law, regulation, rule or listing standard. Any such delegate shall report his or her approvals to the Audit Committee at the next scheduled meeting.

External Auditor Service Fee

For Fiscal 2024 and Fiscal 2023, we incurred the following fees:

Year ended (in Canadian dollars)		**2024**		**2023**
Audit fees (1)	$	326,621	$	361,604
Tax compliance fees(2)	$	97,765	$	76,329
Regulatory and reporting total	$	424,386	$	437,933
Other services				
Fees for tax advice and planning(3)	$	30,974	$	21,048
Total fees paid	**$**	**455,360**	**$**	**458,981**

Notes:

(1) Fees for annual audit and quarterly reviews.

(2) Fees for tax compliance.

(3) Fees for tax advice and planning.

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 2024, 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.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Other than as disclosed and described elsewhere in this AIF, the 2024 Financial Statements, and 2024 Management's Discussion and Analysis, no director or executive officer of Thinkific, and to the knowledge of the directors and executive officers of Thinkific, (i) no person or company that beneficially owns, or controls or directs, directly or indirectly, more than ten percent (10%) of Thinkific's voting shares, (ii) nor any of such persons' or companies' associates or affiliates, (iii) nor any associates or affiliates of any director of executive officer of Thinkific, has had a material interest, direct or indirect, that has materially affected or is reasonably expected to materially affect the Company within the three (3) most recently completed financial years or during the current financial year.

TRANSFER AGENT AND REGISTRAR

The transfer agent and registrar of the Subordinate Voting Shares of the Company is Computershare Investor Services Inc. at its principal offices in Vancouver, British Columbia.

MATERIAL CONTRACTS

The following are the only material contracts, other than those contracts entered into in the ordinary course of business, which the Company has entered into since the beginning of the last financial year ended December 31, 2024, or entered into prior to such date, but which are still in effect and that are required to be filed with the Canadian securities regulatory authorization in accordance with *Section 12.2 of National Instrument 51-102 – Continuous Disclosure Obligations:*

- the Investor Rights Agreement; and
- the Coattail Agreement.

See *"Description of Share Capital – Other Important Provisions of our Constating Documents - Investor Rights Agreement"* and *"Description of Share Capital – Take-Over Bid Protection"*, for a summary of the Investor Rights Agreement and the Coattail Agreement, respectively. Copies of the foregoing agreements are available on SEDAR+ at www.sedarplus.ca.

INTERESTS OF EXPERTS

KPMG LLP are the auditors of the Company and have 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.

ADDITIONAL INFORMATION

Additional information about Thinkific is available on our website at www.thinkific.com or under the Company's SEDAR+ profile at www.sedarplus.ca.

Additional financial information is provided in the Company's 2024 Financial Statements and 2024 Management's Discussion and Analysis for the 12-month period ended December 31, 2024, available on SEDAR+ at www.sedarplus.ca.

Additional information, including directors' and officers' remuneration and indebtedness, principal holders of our securities and securities authorized for issuance under equity compensation plans will be contained in our management information circular that will be filed in connection with our next annual meeting of shareholders. Once filed, the circular will be available on our website at www.thinkific.com and at www.sedarplus.ca.

References to our website in this AIF or any documents that are incorporated by reference in this AIF do not incorporate by reference the information on such website into this AIF, and we disclaim any such incorporation by reference.

EXHIBIT A

THINKIFIC LABS INC.
AUDIT COMMITTEE CHARTER

Effective Date: November 5, 2024

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**

2.1 **Number of Members.** The Committee shall be composed of three or more members of the Board.

2.2 **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.

2.3 **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.

2.4 **Committee Chair.** At the time of the annual appointment of the members of the Committee, the Board may appoint a Chair of the Committee. 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.

2.5 **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**

3.1 **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.

3.2 **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.

3.3 **Calling of Meetings.** The Committee Chair, any member of the Committee, the Company's external auditors, the Chair of the Board, the Lead Director (if any), 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.

3.4 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.

3.5 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.

3.6 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.

3.7 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.

4.1 Financial Reports

4.1.1 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.

4.1.2 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 financial statements and the related MD&A for Board approval.

4.1.3 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.

4.1.4 Review Considerations. In conducting its review of the annual financial statements or the interim financial statements, the Committee shall:

(a) meet with management and the auditors to discuss the financial statements and MD&A;
(b) review the disclosures in the financial statements;
(c) review the audit report or review report, if any, prepared by the external auditors;
(d) 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;
(e) 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;
(f) consider the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus;
(g) review management's process for formulating sensitive accounting estimates and the reasonableness of these estimates;
(h) review significant recorded and unrecorded audit adjustments;
(i) 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 generally accepted accounting principles ("**GAAP**");
(j) 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;
(k) inquire at least annually of both 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;
(l) review with the auditors alternative accounting treatments that have been discussed with management;
(m) review with management any significant changes in GAAP, as well as emerging accounting and auditing issues, and their potential effects;
(n) review with management matters that may have a material effect on the financial statements;
(o) review management's report on the effectiveness of internal controls over financial reporting;
(p) review the factors identified by management as factors that may affect future financial results;
(q) review results of the Company's audit committee whistleblower hotline program; and
(r) 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.

4.1.5 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-GAAP 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.

4.1.6 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 Committee, as appropriate.

4.1.7 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); 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.

4.1.8 **Compliance with Legal and Regulatory Requirements.** The Committee shall review reports from the Company's internal Corporate Counsel and other management members on: (a) legal or compliance matters that may have a material impact on the Company; (b) the effectiveness of the Company's compliance policies; and (c) any material communications received from regulators. The Committee shall review management's evaluation of and representations relating to compliance with specific applicable law and guidance, and management's plans to remediate any deficiencies identified.

4.1.9 **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.

4.1.10 Audit Committee Disclosure. The Committee shall prepare, review and approve any audit committee disclosures required by Applicable Requirements in the Company's disclosure documents.

4.1.11 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 either the Chair of the Board, the Lead Director (if appointed) 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 and By-laws, 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 Risk and Governance Committee regarding same, present the updated Charter to the Board for approval.