



Legible Inc. CEO Letter to Shareholders

We are focused, we are aligned, and we are building...

Vancouver, British Columbia – January 28, 2022 – Legible Inc. (CSE: READ) (FSE: D0T) ("[Legible](#)" or the "Company"), a browser-based, mobile-first, globally accessible online eBook reading and publishing marketplace, is pleased to provide to our shareholders a corporate progress update through the following CEO Letter to our Shareholders.

"A book is a garden, an orchard, a party, a company by the way, a counselor, a multitude of counselors." ~ Baudelaire

Dear fellow Legible shareholders,

We want to thank you for your continued support, faith, and trust in the Legible team to execute on our vision to revolutionize the global eBook marketplace for readers, publishers, and authors through our innovative eBook platform, Legible.com. Our goal is to acquire significant eBook market share as a values-based brand, providing global access to reading when, where, and how people want.

I'd like to take this opportunity to update you on where we are in the development of Legible.com, and emphasize our steadfast business execution focus, our productive and competitive domain knowledge, and our alignment in building a modern reading and publishing eBook platform that will reward our shareholders.

We are a team with vision, mission, and purpose, driven to modernize the eBook reading and publishing industry with the goal of a globally accessible eBook marketplace. Technologies and markets will rise and fall, as will all things, but storytelling, reading, and writing will always endure. Reading is a human need, and we believe a human right; it is a curiosity, a craft, an endeavor, and it will never cease to exist. The publishing industry however must continue to evolve and modernize, and Legible is already driving this innovation and change through its innovative technology stack.

Legible is positioned to transition the legacy reading and publishing industry. I have always believed, as does the Legible team, that a truly accessible reading system has the power to change the world, and that the world, the whole of it, deserves access to the written word.

Through Legible's browser-based platform, Legible is at the forefront of providing that accessibility. Legible.com will allow entire epistemologies, cultures, and languages the opportunity to speak to the world in this time of an immense need for sharing words. eBooks on Legible.com will take our readers to places they want to explore, where, when, and how they want.

To this end, Legible is building on six pillars of value, and I would like to update my fellow shareholder community on each of these now:

CONTENT: Publisher & Distributor Relationships

"Books are the plane, and the train, and the road. They are the destination, and the journey. They are home." ~ Anna Quindlen

Legible's content library has grown enough that we are on track to be one of the largest eBook marketplaces in the world. We have commitments from publishers for almost two million books and counting on Legible.com. One bookshelf with that many books on it would be over one hundred miles long!

Here are some quick stats on our catalogue, and how it is developing:

- Legible currently merchandises books from three of the five largest publishers in the world (Hachette, Harper Collins, Simon & Schuster).
- We are proud to have contracted with the largest book distributor in the world, CoreSource® from Ingram Content Group.
- We now represent numerous publishers representing a broad range of trades within the publishing industry.
- The Canadian Simon & Schuster catalogue on Legible.com adds tens of thousands of titles alone for our readers to discover
- Scholastic Canada titles are now available on Legible.com and this increases our offering into the expansive children's reading and education demographic.
- House of Anansi, Groundwood Books and Invisible Publishing are joining Legible through our eBound Canada contract.
- Legible is developing its own catalogue of compelling original content called "Living Books" for its upcoming subscription service. Legible Living Books are eBooks with video, audio, animation, or any combination of multimedia content to enhance the reading experience. This content is a world-first on a book platform and will be a key differentiator.
- Further, Legible is also publishing the books of influential authors, and even some of our investor/authors' books are currently being offered on our platform.

INNOVATION STACK: Path to Modernization and Differentiation

"You never change things by fighting the existing reality. To change something, build a new model that makes the existing model obsolete." ~ Buckminster Fuller

Legible's innovation stack is a complex ecosystem of advanced web technologies. Currently we have employed, and developed:

- **A browser-based reading system** - renders all eBooks held on the platform, on any device and browser, mobile-first. We are releasing new features in our reading system in February which will further enhance the reading experience, making it intuitive and natural to access and enjoy a book on whatever device the book is being accessed from.
- **A custom AI** (called the Librarian™) - for search, recommendation, reporting, analytics, content scans, and publishing.
- **A Publishing Ingestion Pipeline (PIP)** - capable of ingesting millions of titles from numerous publishers, with growing capacity to quickly ingest and process more.
- **A data analytics system** - captures key use and engagement of Legible's site.
- **A bookshelf technology** - allows the curation team to prepare trending lists and maximize merchandising, also allowing readers to create and share custom bookshelves.
- **A PubOps system** - collects and tracks payment on all titles, based on region, and calculates (according to one of the myriad tax localities) the price in real time; this system will track usage of books for subscription, pay as you go, and ad-supported reading.
- **A database system** - capable of hosting millions of titles, with metadata for those books, millions of reader accounts, and globally accessible.

In addition, Legible is developing accessibility tools for Persons with Disabilities (PWD) with the aim of supporting the 1.85 billion people with barriers to reading and publishing. Currently, we are reaching for the highest accessibility rating for Legible's platform. We have support for those with dyslexia, and we look forward to more features and opportunities to support other communities to come.

All these technologies, combined with our emerging revenue streams, were developed by Legible and work together in balance to provide a seamless experience for anyone in any browser to access books.

REVENUE: Paths to Capturing Revenue

“Making money isn't hard in itself... What's hard is to earn it doing something worth devoting one's life to.” ~ Carlos Ruiz Zafón, The Shadow of the Wind

Legible.com went live as a public beta site on October 28th, 2021, and since then we have seen visitors, readers, and paid readers increase. This is very encouraging for a new start up, but we remain tremendously focused on our marketing efforts, on maximizing the site based on user-data, and driving top line growth. Legible has six revenue streams planned for every title on the platform. We launched first with the purchase stream, giving us table stakes as a commercial business, and allowing us to begin establishing ourselves in the market. Our readers can now purchase a book on Legible, and both access and read it with unparalleled ease.

Our key objectives to support revenue growth going forward are to: 1) ensure Legible is a high-performing eCommerce platform (including acquisition, retention, and loyalty programs, among others), 2) offer competitive consumer value propositions (across product, merchandising, pricing, and promotion initiatives), and 3) drive top line growth through differentiated offers and a delightful user experience.

Central to these efforts, and the focus of our business, is our subscription service, which is in development and will be released with significant marketing and demographic campaigns in Q2 of 2022. Our subscription service, called Legible Community, will allow our readers a fluid, all-you-can-read access experience. We will be providing a highly merchandised front-of-store offering, and a deep back list of titles behind it. Readers will be able to sign in and enjoy, share, and create bookshelves with all the books in Legible's Subscription catalogue, which will offer the latest titles on a broad range of subjects, without barriers, as seen on other media platforms offering music and movies. In addition, readers will be able to enjoy our expanding catalogue of leading-edge, multi-media original eBook content. Legible consciously innovated past the pro-rata model used in some content subscription services, as we found this system to be inequitable for artists. We have instead designed and built the business mechanics of the subscription service on a user-centric model, customized for the mechanics of digital reading and publishing. We believe this will be more equitable for our authors and publishers, and will provide a better experience in our subscription offering for our readers, allowing better access to market share.

Our next revenue source, releasing in Q1 2022, will be our Sponsored Bookshelves feature which will drive top line growth for Legible and our publishers by offering curation services and branded bookshelf pages for publishing organizations and corporations which showcase and highlight a whole range of new titles, pulled from a vast catalogue. Simply put, a sponsored bookshelf is a page on Legible which is branded for the sponsoring company or organization and has a series of rows with books reflecting the interests and support of the company, and which are accessed publicly by Legible's readers. In addition, all users on Legible will be able to create, organize, and share their own bookshelves, while also changing their profile picture and top banners.

Two more revenue streams will be released after Legible Community. These are ad-supported reading (free access to some of our books through ads served in the book - authors receive 60% of the ad revenue, Legible retains 40%), and rental options (giving readers the opportunity to access the book for a period - an important feature for the educational and children's market).

We believe that these revenue streams, individually and combined, will drive top line growth on our platform for Legible and our publishers.

MARKET: Path to Growing our Consumer Base

"I've learned that people will forget what you said, people will forget what you did, but people will never forget how you made them feel." ~ Maya Angelou

Our vision is that millions of readers will be part of the Legible Community in the next two to three years. With these readers, Legible will capture significant top line growth that will reinforce the power of our value proposition and serve to fund our philanthropic mission. To do this, in 2022 we will steadily execute against a thoughtful and strategic multi-medium brand and marketing strategy that removes any barriers along the path to purchase for our prospective consumers. Specifically, strategic marketing investments will be made to promote greater awareness of the

Legible brand, acquire new consumers and Legible Community members, and optimize the lifetime value that these consumers and community members contribute to Legible's top line growth.

Central to this vision is our ability to connect with readers through differentiated and compelling sales and marketing campaigns that will galvanize readers who delight in being entertained through books, and gain fulfillment in supporting a values-driven company with a mission to provide access to everyone in the world with the power of the beautifully written word.

Our ideal consumers and community members value the freedom to read a broad spectrum of books through any browser and on any device. These readers enjoy books that are beautifully constructed and delightful reading experiences. And these readers demonstrate their commitment to making our world a better place through their chosen associations with the companies they support through their wallet. In this regard, Legible - with our unwavering focus on promoting sustainability, literacy, and accessibility - is uniquely positioned.

LEADERSHIP TEAM: Leveraging Domain Knowledge to Execute

"Whenever you want to achieve something, keep your eyes open, concentrate and make sure you know exactly what it is you want.

No one can hit their target with their eyes closed."

~ Paulo Coelho, The Devil and Miss Prym

It is fascinating as the CEO, to witness so many professionals and domain experts ideate together with such singular purpose, passion, and vision. "Knowledge maketh a bloody entrance," says the great Roman patrician, Pliny the Elder, and never more so than when we are creating something which we feel is both an innovative and natural platform for eBooks. Challenge after challenge has been met with the combined domain knowledge of our team, and it has taken a team to find our way through by following together the values that Legible was founded upon. The executive team is now aligning clearly on every business vertical, and with a strong vision and strategy to take Legible into the wider market.

On January 4, 2022, Wai-Ming Yu joined Legible as our Chief Revenue Officer. Wai brings over twenty-six years of global experience and a strong track record of achieving profitable growth through business, digital, and technology transformations; product innovations that deliver delightful customer experiences; and high-value sales, branding and marketing strategies.

In January we also announced the hiring of Laura Brady as the Head of Accessibility. Laura has twenty-five years of trade publishing experience working most recently with House of Anansi Press which has published an impressive catalogue of award-winning books with prizes from Scotiabank Giller Prize, Governor General's Literary Awards, Rogers Writers' Trust Prize, and the Man Booker Prize.

Laura's work has included rendering complex poetics and mathML into digital environments, and she has also worked with Cree syllabics. A sought-after consultant, trainer, and public speaker, Laura has advocated with government funders, accessible library organizations, and publisher associations for disability issues. She serves on the board of directors of eBound Canada and the Accessible Books Consortium, helps to organize eBookcraft and the annual Accessible Publishing Summit, and her blog posts, workshops, and videos have taught hundreds of people to make eBooks more accessible.

While we have been strengthening our publishing, accessibility, and marketing leadership team at Legible, we are also pleased that we have been continuing to build our technical teams as well. In an era when recruiting top tech talent has reached historically challenging levels, Legible has been able to compete in the marketplace and hire seasoned and experienced developers, designers, and senior managers to drive the innovative progress of our suite of products. The start of January has seen us increase our development capabilities up 70% which means that we can execute on our development goals with increased precision, accountability, and speed.

In addition, our Q1 2022 focus on operations is to evaluate our processes, procedures, staffing, and resources to ensure that all are maximized and efficient. Legible aims to be an efficiently run company to uphold our commitment to sustainability.

GLOBAL SOCIAL PURPOSE: Doing Good In and With the World

"Every charitable act is a stepping stone towards heaven." ~ James Baldwin

Legible has a profound commitment to corporate social responsibility and strives to be a global leader through both its commitment to cutting-edge environmental, social and governance (ESG) action, and its core mission to build community resilience through literacy.

Legible is developing advanced ESG reporting, supporting achievement of the UN Sustainable Development Goals, and participating in global and national private sector ESG initiatives including the UN Global Compact, the SDG Publishers' Compact, Canada's federal Diversity Challenge, and work towards B Corp certification through completion of the B Impact Assessment. These activities are establishing Legible among a global cohort of corporate leaders positioned to thrive and contribute systemic value as the world, and the publishing and reading industries, shift towards more sustainable policies, practices, and regulations.

Legible's globally accessible, browser-based platform provides an unprecedented opportunity to both amplify marginalized voices and provide access to literacy resources. Almost one billion people are currently illiterate and unable to access books and education. By 2025, one billion more people will have gained access to the Internet, primarily using smartphones. Legible's global mission-based initiative, LiteracyPlus, aims to leverage corporate and philanthropic partnerships to empower and connect authors, storytellers, and readers with a primary focus on bringing access, resources, and attention to underserved communities.

These international partnerships will drive brand awareness, regional knowledge, trust, and commercial partnerships in green-field markets. Legible's first LiteracyPlus partner is global literacy charity Room to Read, which serves 23 million children in 20 countries, projected to increase to 40 million children by 2030. Announced on December 13, 2021, the partnership will feature development and delivery of Room to Read's first ever online catalogue of beautiful, accessible children's eBooks. We are immensely honoured to provide our support.

“The beginning is the word and the end is silence. And in between are all the stories.”
~ Kate Atkinson

Legible is focused on our long-term growth prospects as we are developing a modern reading and publishing platform for the world. Our platform can also be harnessed and applied to many verticals including distribution of language, culture, and educational materials to global audiences. Legible is already developing this content and working with indigenous nations and others to activate these verticals and show the world what our platform and its business model can accomplish with them.

We continue to build out Legible.com through a thoughtful, robust, and customer-centric way, aiming to bring the delight of beautifully rendered, easily accessible, streamed eBooks to readers anytime, anywhere, and in any way that they want to access them. There will always be a market for books, and Legible is modernizing how the written word, through eBooks, will transform the world in the most positive ways. We will allow the world to read when, where, and how it wants and we are doing so according to our values: accessibility, sustainability, beauty, and integrity.

With warmest regards,

Kaleeg Hainsworth
Founder and Chief Executive Officer
Legible Inc.

About Legible Inc.

Legible is a new browser-based eBook reading platform that is revolutionizing how readers, publishers, and authors connect. Founded by a team of authors, digital eBook publishers, designers, and book publishing industry insiders, Legible's strategy is to offer readers around the globe open access to millions of books on any internet-connected device. Legible's core values—accessibility, sustainability, beauty, and integrity—inform its ongoing commitment to, and active engagement in, promoting literacy, justice, equity, diversity, inclusion, and a climate-conscious future worldwide.

Visit [Legible.com](https://legible.com) and discover the place where eBooks come to life!

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