



D2L INC.

ANNUAL INFORMATION FORM

FOR THE YEAR ENDED JANUARY 31, 2022

APRIL 14, 2022

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GENERAL

In this annual information form (this “**AIF**”) unless otherwise noted or the context indicates otherwise, references to the “**Company**”, “**D2L**”, “**we**”, “**us**” and “**our**” refer to D2L Inc. together with, as the context requires, its subsidiaries. Certain capitalized terms used in this AIF are defined in the “Glossary of Terms” attached as Exhibit “A” hereto.

Unless otherwise noted herein, this AIF applies to the business activities and operations of the Company for the year ended January 31, 2022, as updated to April 14, 2022, unless otherwise indicated.

All references in this AIF to “**customers**” refer to entities that have an active contract for our services. In the case where there is a single contract that applies to entities with multiple subsidiaries, divisions, accounts, universities or schools, only the entity that has contracted for our services is counted as a customer.

In this AIF, unless otherwise indicated, all references to “C\$” are to Canadian dollars and all references to “\$” or “US\$” are to U.S. dollars.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This AIF includes statements containing forward-looking information within the meaning of Canadian securities legislation (“**forward-looking statements**”). In some cases, forward-looking information can be identified by the use of forward-looking terminology such as “plans”, “expects”, “budget”, “scheduled”, “estimates”, “outlook”, “target”, “forecasts”, “projection”, “potential”, “prospects”, “strategy”, “intends”, “anticipates”, “seek”, “believes”, “opportunity”, “guidance”, “aim”, “goal” or variations of such words and phrases or statements that certain future conditions, actions, events or results “may”, “could”, “would”, “should”, “might”, “will”, “can”, or negative versions thereof, “be taken”, “occur”, “continue” or “be achieved”, and other similar expressions. 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 relates to the Company’s future financial outlook and anticipated events or results and includes, but is not limited to, information regarding: the Company’s financial position, financial results, business strategy, performance, achievements, prospects, plans, objectives, opportunities, business plans and growth strategies; the Company’s budgets, operations, taxes and dividend policy; the markets in which the Company operates; industry trends and the Company’s competitive position; expansion of the Company’s product offerings; investment in a direct sales force; synergies to result from the Bayfield Acquisition; the benefits of D2L Wave; and expectations regarding the growth of the Company’s customer base, revenue and revenue generation potential.

Forward-looking information is based on certain assumptions, expectations, projections, and analyses made by the Company in light of management’s experience and perception of historical trends, current conditions and expected future developments and other factors it believes are appropriate, including the following: the Company’s ability to generate revenue while controlling costs and expenses; the Company’s ability to manage growth effectively; the ability to seek out, enter into and successfully integrate acquisitions, including the Bayfield Acquisition; business and industry trends, including the success of current and future product development initiatives; positive social development and attitudes toward the pursuit of higher education; the Company’s ability to maintain positive relationships with its customer base and strategic partners; the Company’s ability to adapt and develop solutions that keep pace with continuing changes in technology, education and customer needs; the ability to patent new technologies and protect intellectual

property rights; the Company's ability to comply with security, cybersecurity and accessibility laws, regulations and standards; the Company's ability to retain key personnel; and that the list of risks, uncertainties and other factors referenced further below, collectively, do not have a material impact on the Company

Although the Company believes that the assumptions underlying such forward-looking information were reasonable when made, they are inherently uncertain and are subject to significant risks and uncertainties and may prove to be incorrect. The Company cautions investors that forward-looking information is not a guarantee of the future and that actual results may differ materially from those made in or suggested by the forward-looking information contained in this AIF.

Whether actual results, performance or achievements will conform to the Company's expectations and predictions is subject to a number of known and unknown risks, uncertainties, assumptions and other factors, including those listed under "Risk Factors", which include: risks related to the market adoption of cloud-based learning solutions; the Company's ability to compete effectively in the market in which it participates and attract new customers, retain existing customers and grow its business; the Company's ability to develop enhanced and new features, keep pace with technological developments or respond to future disruptive technologies; the possibility that customers do not expand their use of the Company's platform and services beyond their current organizational engagements or renew their existing contracts; the Company's ability to increase sales of subscriptions to its platform; the Company's ability to expand its sales and marketing capabilities or to select appropriate marketing channels; the Company's ability to effectively manage its growth; risks related to the substantial negotiation power of large customers; difficulties in evaluating the Company's future prospects due to its rapid growth; the Company's ability to hire, retain and motivate qualified employees; the Company's ability to maintain its culture as it grows; the Company's dependence on the continued services and performance of its senior leadership team and other key employees; the Company's ability to meet the expectations of investors or securities analysts; the impact of seasonality on the Company's sales and customer growth; risks related to potential breaches of security measures or unauthorized access to customer data; the Company's reliance upon AWS to operate certain aspects of its service; risks related to changes to the Company's platform, services or networks; risks related to privacy, data protection and information security concerns, and data collection and transfer restrictions and related domestic or foreign regulations; risks related to the regulatory requirements placed on the Company's software and services; risks related to the method by which we recognize revenue from subscriptions; the potential unpredictability of our sales cycles; the possibility that the Company may not receive significant revenue as a result of its current research and development efforts; risks related to the Company's international sales and operations and ability to expand its international sales and operations; foreign currency exchange rate fluctuations; the Company's reliance upon SaaS technologies from third-parties; risks related to government policy and regulatory actions; risks related to the success of the Company's relationships with third-parties; the Company's ability to maintain compatibility of its solutions with third-party applications used by customers; the potential that the Company may incur operating losses and negative cash flows in the future; the Company's ability to develop, maintain, and enhance its brand and reputation cost-effectively; the impact of mergers or other strategic transactions involving our competitors or customers on our competitive position; the Company's ability to adequately protect its intellectual property and proprietary rights; potential assertions or claims by a third-party that the Company is infringing its intellectual property rights; risks related to the use of open source software or other third party software in the Company's products; risks related to the use of artificial intelligence on the Company's platform; risks related to real or perceived errors, failures, vulnerabilities (including security vulnerabilities), or bugs in the Company's platform; the Company's ability to successfully refresh or update

its source code or other aspects of its platform or detect and adequately address technological deficiencies in a timely and adequate manner; current or future legal proceedings; the Company's ability to offer high-quality and continuous customer support; incorrect or improper use of our solutions or the Company's failure to properly train customers; risks related to rising inflationary pressures and competitive labour markets; risks related to adverse economic and market conditions and reductions in spending; risks related to acquisitions or investments in other companies or technologies; risks related to the availability of additional capital to support the Company's growth; the limited experience of the Company's senior leadership team in managing a public company; international laws, including export and import controls and anti-corruption laws and regulations; risks related to trade wars and changes in international trade law and policies; risks related to changes in internet access or laws specifically governing the internet; the enforcement of judgements against foreign subsidiaries and non-resident directors or officers of the Company; potential adverse tax consequences relating to the Company's international operations; risks related to the Company's anticipated tax liabilities and potential changes in tax laws or interpretations; the potential requirement to collect sales or other related taxes for subscription services in jurisdictions where the Company has not historically done so; the Company's ability to utilize a significant portion of its net operating loss; potential changes in revenue and expense recognition rules; changes in judgments or estimates relating to critical accounting policies; the Company's ability to maintain an effective system of internal controls; limits on shareholders' ability to obtain a favourable juridical forum for disputes; additional costs incurred by the Company as a result of being a public company; risks related to natural disasters, public health crises, political crises, or other catastrophic events; risks related to geopolitical events; risks related to concentration of customers and customer sectors; risks related to the effort, time and expense associated with switching from competitors' software, products and services to that of the Company's; risks related to the Company's holding company structure; the potential volatility of the market price of the Subordinate Voting Shares; the impact on the price of Subordinate Voting Shares as a result of future issuances or sales of Subordinate Voting Shares in the public market; risks related to analyst research or reports; risks related to the Company's future issuances of additional securities, including Subordinate Voting Shares, Multiple Voting Shares and preferred shares; the dilution of the shareholders as a result of the Company's issuance of additional Subordinate Voting Shares in connection with financings, acquisitions, investments, equity incentive plans or otherwise; the Company does not anticipate paying dividends on the Shares; risks related to the Company's dual class structure, including the fact that John Baker will have significant control over the Company's business and significant transactions and the limited voting rights of the Company's Subordinate Voting Shares; the risks related to the Company's future issuances of debt securities and equity securities that may be senior to the Subordinate Voting Shares; risks related to the potential failure to establish and maintain effective internal controls in accordance with NI 52-109; certain legislation that may reduce the likelihood that the Company may be acquired by a third party; risks related to potential claims for indemnification by the Company's directors and officers; and the COVID-19 pandemic, including the resulting global economic uncertainty and measures taken in response to the pandemic.

These factors should not be considered exhaustive and should be read together with the other cautionary statements in this AIF and other current documents filed by the Company under its profile on SEDAR at www.sedar.com. If any of these risks or uncertainties materialize, or if assumptions underlying the forward-looking information prove incorrect, actual results might vary materially from those anticipated in the forward-looking information.

These statements are not historical facts, but instead represent only the Company's expectations, estimates and projections regarding future events. These statements are not guarantees of future performance and

involve assumptions, risks and uncertainties that are difficult to predict. Therefore, actual results may differ materially from what is expressed, implied or forecasted in such forward-looking statements. Management provides forward-looking statements because it believes they provide useful information to readers when considering their investment objectives and cautions readers that the information may not be appropriate for other purposes. There can be no assurance that the actual results or developments will be realized or, even if substantially realized, that they will have the expected consequences to, or effects on, the Company. These forward-looking statements are made as of the date of this AIF and the Company assumes no obligation to update or revise them to reflect subsequent information, events or circumstances or otherwise, except as required by law.

CURRENCY AND EXCHANGE RATE DATA

The following table sets out the high and low rates of exchange for one U.S. dollar expressed in Canadian dollars during each of the following periods, the average rate of exchange for those periods and the rate of exchange in effect at the end of each of those periods, each based on the rate of exchange published by the Bank of Canada for conversion of U.S. dollars into Canadian dollars.

	Year Ended January 31,		
	2022	2021	2020
	(C\$)	(C\$)	(C\$)
Highest rate during the period	1.2942	1.4496	1.3642
Lowest rate during the period	1.2040	1.2627	1.2288
Average rate for the period	1.2527	1.3388	1.3034
Rate at the end of the period	1.2719	1.2780	1.3144

The foregoing rates may differ from the actual rates used in the preparation of the financial statements and other financial data appearing in this AIF. The inclusion of these exchange rates is not meant to suggest that the amounts in one currency actually represent such amounts in another currency, or that one currency could have been converted into another currency at any particular rate, if at all.

MARKET AND INDUSTRY DATA

Market and industry data presented throughout this AIF was obtained from third-party sources and industry reports and publications, websites and other publicly available information, including HolonIQ, as well as industry and other data prepared by the Company or on its behalf on the basis of management's knowledge of the markets in which the Company operates, including information provided by suppliers, partners, customers and other industry participants.

The Company believes that the market and industry data presented throughout this AIF is accurate and, with respect to data prepared by the Company or on its behalf, that management's estimates and assumptions are currently appropriate and reasonable, but there can be no assurance as to the accuracy or completeness thereof. The accuracy and completeness of the market and industry data presented throughout this AIF are not guaranteed and the Company does not make any representation as to the accuracy of such data. Actual outcomes may vary materially from those forecast in such reports or publications, and the prospect for material variation can be expected to increase as the length of the forecast period increases. Although the Company believes it to be reliable, the Company has not independently verified any of the data from third-party sources referred to in this AIF, analyzed or verified the underlying studies or surveys relied upon or referred to by such sources, or ascertained the underlying market, economic and other

assumptions relied upon by such sources. Market and economic data is subject to variations and cannot be verified due to limits on the availability and reliability of data inputs, the voluntary nature of the data gathering process and other limitations and uncertainties inherent in any statistical survey. The Company does not intend, and undertakes no obligation, to update or revise any such information or data, whether as a result of new information, future events or otherwise, except as, and to the extent required by, applicable Canadian securities laws. In addition, projections, assumptions and estimates of the Company's future performance and the future performance of the industry and markets in which the Company operates are necessarily subject to a high degree of uncertainty and risk due to a variety of factors, including those described under the headings "Cautionary Note Regarding Forward-Looking Statements" and "Risk Factors".

TRADE-MARKS, TRADE NAMES AND COPYRIGHTS

This AIF includes trade-marks, trade names and material subject to copyright, including the trade-mark/trade names "D2L" and "Brightspace", which are protected under applicable intellectual property laws and are the property of the Company. Solely for convenience, the Company's trade-marks, trade names and copyrighted material referred to in this AIF may appear without the TM, ® or © symbol, but such references are not intended to indicate, in any way, that the Company will not assert, to the fullest extent under applicable law, its rights to these trade-marks, trade names and copyrights. See "Description of the Business – Intellectual Property". All other trade-marks used in this AIF are the property of their respective owners.

CORPORATE STRUCTURE

D2L was founded in 1999. On January 2, 2011 we incorporated D2L Holdings Inc. under the *Business Corporations Act* (Ontario), and all of our previous operations were organised under this new entity. In connection with our Series A Preferred Share financing, we filed Articles of Amalgamation on August 24, 2012 that included an amendment to the share capital. On June 20, 2014, we filed Articles of Continuance to continue as a corporation under the CBCA and changed our name to the current name, D2L Inc. In connection with our Series B Preferred Share financing, we filed Articles of Amendment on July 18, 2014 to amend our share capital. On November 2, 2021, the business day prior to the closing date of the IPO (the "**Closing Date**"), the Company further amended its Articles in preparation for, and in connection with, becoming a public company. Effective November 8, 2021, the Company restated its Articles to reflect the impact of all prior amendments.

The registered and head office of D2L is located at 151 Charles Street West Suite 400, Kitchener, ON, Canada, N2G 1H6.

Intercorporate Relationships

The following chart identifies our material and certain other subsidiaries (including jurisdiction of formation, incorporation or continuance of the various entities). All of our material subsidiaries are wholly owned.



MAJOR DEVELOPMENTS OF THE BUSINESS

FY 2020 (FEB 1, 2019 – JAN 31, 2020)

Customer Developments

We welcomed new customers across K-12, higher education and corporate segments, with notable momentum and growth in the North American higher education market. Customer highlights included the Manitoba Ministry of Education, American Public University System, Aarhus University, and the London Institute of Banking & Finance.

Product Developments

By re-architecting our offering in FY20, we became the only 100% pure cloud-based provider (comparison made among category leaders D2L, Anthology (Blackboard), Instructure and Moodle), benefitting our customers through greater cost certainty, increased flexibility and stability, improved security and our ability to more rapidly innovate and deliver upgrades to customers with only two versions of code (current and new). Our transition to a pure cloud-based model helped our business achieve lower customer churn, streamlined our research and development expenses, was a key factor in managing COVID increases in demand, mitigated security risks and allowed us to more easily scale with our customers by eliminating on-premise support issues.

Organization Developments

D2L received multiple awards for our learning products and corporate leadership. D2L was named best K-12 Learning Management Solution of 2019 as part of the annual SIIA CODiE Awards and was chosen as one of Canada's Top Employers for Young People in the Globe & Mail. For the third year in a row, D2L was also ranked as a Leader in the Aragon Research Globe™ for Corporate Learning, and we received the IMS Global Learning Consortium Award.

FY 2021 (FEB 1, 2020 – JAN 31, 2021)

Customer Developments

We welcomed new customers and worked with customers around the world to sustain learning as people shifted to remote learning and work environments during the pandemic. Customer highlights included Anne Arundel Public School, Athabasca University, National University, and the Chartered Institute of Personnel and Development.

Product Developments

D2L Brightspace became integrated with Microsoft Teams, and we continued making our product more intuitive and engaging with enhancements such as extended video note length and the Portfolio At Home tool. We introduced a new tool, Mastery View in Brightspace's Grade Book, to give further insights into learner outcomes. We announced partnerships to introduce automatic text-recognition to help detect and identify potential plagiarism in supported languages, and help ensure students, employees and contractors receive and retain critical information during their online learning experience, while protecting program integrity and learner privacy.

Organization Developments

D2L received multiple awards for our learning products and corporate leadership. Industry analyst Craig Wiess named D2L's Brightspace as the best platform for associations and EdTech, and among the top 20 learning management system companies worldwide. We were once again named one of Canada's Best Managed Companies by Deloitte, one of Canada's Most Admired Corporate Cultures by Waterstone Human Capital, and one of the world's top employers among companies with 2,500 or fewer employees by the Talent Board. D2L was also named one of Canada's Top Employers for Young People in the Globe & Mail. D2L Brightspace also received two CODiE Awards for best K-12 learning management solution and as the best professional learning solution for faculty and administrative staff.

We launched our channels sales function to complement our direct sales organization providing broader market access through strategic partners.

In November, we welcomed Tom Donnelly as Chief Corporate Development Officer, an experienced technology executive to lead corporate development and new business ventures at D2L. In January, we welcomed Alys Reynders Scott as Chief Marketing Officer, an experienced marketing, technology and communications executive to lead marketing at D2L.

FY 2022 (FEB 1, 2021 – JAN 31, 2022)

Customer Developments

We welcomed new customers across markets. Customer highlights included the British Columbia Ministry of Education, State University of New York (SUNY), University of Phoenix, the University of Cape Town, University of Groningen and Canada School of Public Service. We also renewed existing customer agreements, including with the University System of Georgia and Minnesota State University.

Product Developments

Product enhancements focused on user experience for instructors, personalizing learning, and improving access for learners. We announced a new Parent and Guardian App for D2L Brightspace to enable collaboration between teachers and families. We launched D2L Wave, a new approach to professional development that helps employers and employees gain new skills by accessing an online catalog of options from higher education institutions.

Organization Developments

D2L received multiple awards for our learning products and corporate leadership. We were named one of the world's top employers for the third consecutive year by the Talent Board and again selected as one of Canada's Best Managed companies by Waterstone Human Capital. We also received three SIIA CODiE Awards recognizing our innovative education technology products and received the Glassdoor Employee's Choice Award as one of the best places to work in Canada in 2022.

In June, we welcomed Robert Courteau, Tracy Edkins and David Johnston to our Board of Directors.

In August, D2L Corporation, a subsidiary of the Company, acquired a substantial portion of the assets of Bayfield Design Inc. ("**Bayfield**"), including Bayfield's elementary school course content, software and related intellectual property, and offered employment to substantially all of its employees (the "**Bayfield Acquisition**"). The Bayfield Acquisition will allow us to increase our level of control over existing and future Bayfield product offerings and course content, thereby supporting a more comprehensive solution offering to the Company's educational customers. We expect synergies to be gained as a result of the Bayfield Acquisition, through increased subscription and support revenue, particularly within the K-12 markets, over the long-term.

In November the Company completed its initial public offering ("**IPO**") of 5,489,757 subordinate voting shares ("**Subordinate Voting Shares**") issued from treasury of the Company and a secondary offering ("**Secondary Offering**") of 3,335,243 Subordinate Voting Shares by the Desire2Learn Employee Stock Trust ("**Employee Trust**") for aggregate gross proceeds of C\$150,025,000. Gross proceeds of the IPO and Secondary Offering were C\$93,325,869 and C\$56,699,131, respectively. The Company's Subordinate Voting Shares began trading on the Toronto Stock Exchange (the "**TSX**") under the symbol "DTOL" on November 3, 2021.

In January, we welcomed Stephen Laster as Chief Operating Officer, an experienced education technology executive to lead our product and services teams.

DESCRIPTION OF THE BUSINESS

Mission and Overview

D2L's mission is to transform the way the world learns. Our platform is informed by learning science and can help our customers increase adoption, retention, engagement, and learning outcomes. Our cloud-based learning platform, D2L Brightspace, serves three distinct markets: kindergarten to grade 12 ("**K-12**") schools, higher education ("**Higher Ed**"), and corporate, which use the platform for online learning, supporting learning in the classroom, and for training. D2L Brightspace functionality is extended through Performance+, our advanced analytics package, and Engagement+, which engages learners through add-on solutions such as video and catalogue capabilities to help instructors create engaging, video-based training and courses.

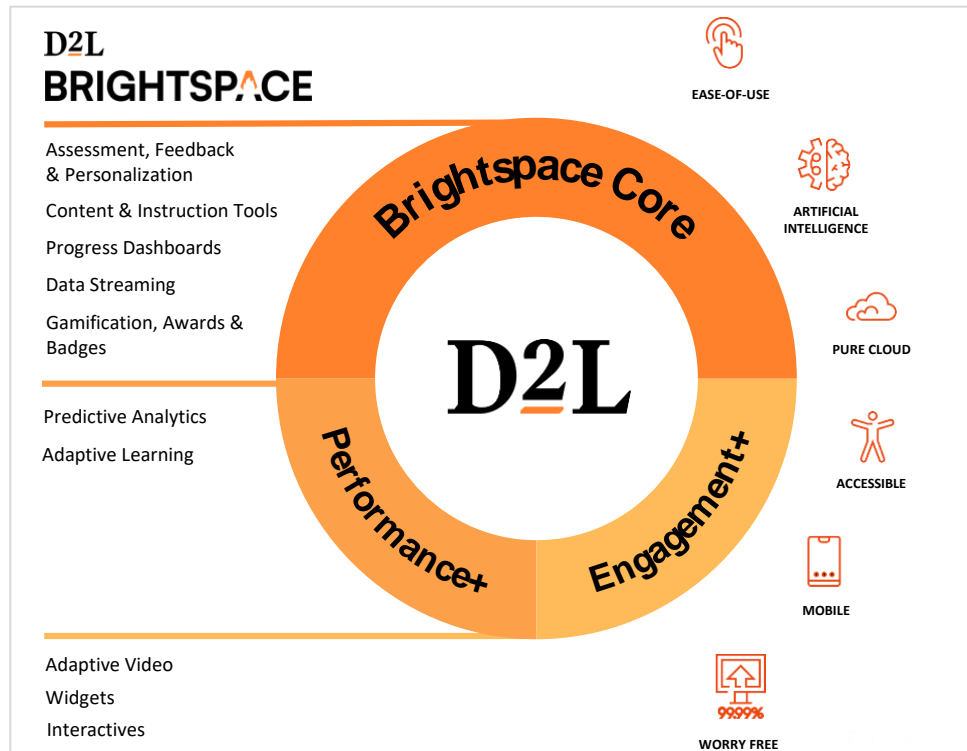
The significant demand for education technology has led to many point solutions and a fragmented market. D2L's goal is to become the first true unified and comprehensive learning platform. Our goal is to deliver a cohesive learning experience across markets and technologies, one that can evolve with customers from Digitization through Transformation, from novice to power user. We are uniquely positioned in that we have a stake in all major learning markets, a network of academic, corporate and technology partners, and an advanced technology platform that separates us from the competition in its flexibility, personalization, mobility, accessibility, and opportunities for innovation.

Our Solutions

We have a proven ability to continually innovate to meet user expectations. Our platform and partner ecosystem provides ease-of-use, accessibility, an ability to integrate with other technologies (extensibility), and mobility regardless of how simple or complex our customers' learning programs might be. Our solutions are sold via a subscription model and are usually structured with a minimum user level commitment.

D2L Brightspace – Our Learning Innovation Platform

D2L Brightspace is our learning innovation platform and the core of our offering, designed as the doorway to an all-in-one learning ecosystem. Our platform gives customers the ability to offer engaging and personalized learning experiences that can reach every learner. Its flexibility supports a variety of learning models and materials and serves as a connected, integrated learning experience.



Built for Easy Adoption. With D2L Brightspace, customers can start simple. They can easily develop and deliver engaging content and facilitate a great learning experience.

- **Easy Content Creation** is at the core of D2L Brightspace. Our customers can create interactive and engaging learning experiences with the D2L Brightspace Editor and various content creation tools.
- **Course Templates**, which are professionally designed, accessible and include mobile-responsive web design, encourage quality and consistent courses.
- **Accessibility Checker** helps keep customers' content conformant with accessibility standards. Videos are auto-captioned, and accommodations provide extra time to learners who need it.
- **Learning Repository**, our platform's cross course content library, enables our customers to effectively collect, manage, and share learning resources, re-use existing internal learning materials efficiently, and easily connect to external sources.
- **Social Learning** and the opportunity it delivers to connect learners with peers, mentors, and instructors is crucial to keeping learners engaged. D2L Brightspace supports easy ways to connect, including instant messaging, discussions, chat spaces, and collaborative workspaces.
- **Portfolio** enables learners to digitally capture and curate evidence of their learning, whether in class, at home, in a studio, in a lab, or on the job to showcase their learning whether to their instructor or employer. In K-12, parents also participate in their child's portfolio through Brightspace Parent & Guardian.
- **Mobile** optimization provides a modern, clean and consistent interface that delivers excellent learning experiences across mobile devices and desktops. D2L Brightspace is built with responsive design so customers always have access to all learning tools in a way that is optimized for the screen

size at hand. The mobile experience is extended with our learner-driven app, D2L Brightspace Pulse, which provides push notifications, offline access to content and time management tools.

Created to Reach all Learners. D2L Brightspace is designed to remove barriers to learning, such as learners who require remote learning or assistive technology tools. Customers can reach every learner wherever they are in their journey and develop their potential through formative feedback, recognition of previous learning, and insight into progress and achievement. Brightspace assists customers in achieving improved engagement, satisfaction, retention and outcomes for their learners.

- **Feedback** as part of a learner's assessment is essential to turning evaluation into a learning opportunity. We provide a range of feedback mechanisms such as auto grading, personalized feedback by text, audio and video, structured feedback through rubrics and automated messages that provide encouragement and supplementary materials. Additionally, our Quick Eval tool allows instructors to visualize and prioritize grading activities across courses.
- **Achievement Recognition** is important to reward a learner and to encourage, engage, and track completion. Learners can earn badges and certificates through achieving learning milestones.
- **Virtual Classrooms** empowers customers and learners to connect in a highly collaborative, real-time, video environment.
- **Progress Dashboards** provide an all-in-one view of learner progress and achievements in a course. Instructors have a progress and achievement dashboard at the course level, providing learner progress for easy comparisons across the class. For our corporate customers, the Manager Dashboard provides visibility into employees' progress.
- **Academic Integrity** is supported in Brightspace. For example, customers can create quizzes that randomly select questions from a question pool for each learner or that shuffles the order of questions presented to learners.
- **Funster** is our friendly monster who helps young children learn with Brightspace. Young learners are also supported with image-based navigation as well as audio and video interaction with teachers. Parents can play a big role in supporting learning and are encouraged to do so with Brightspace Parent & Guardian.

Designed to Personalize Learning at Scale. D2L Brightspace is designed to empower our customers to deliver personalized learning at scale.

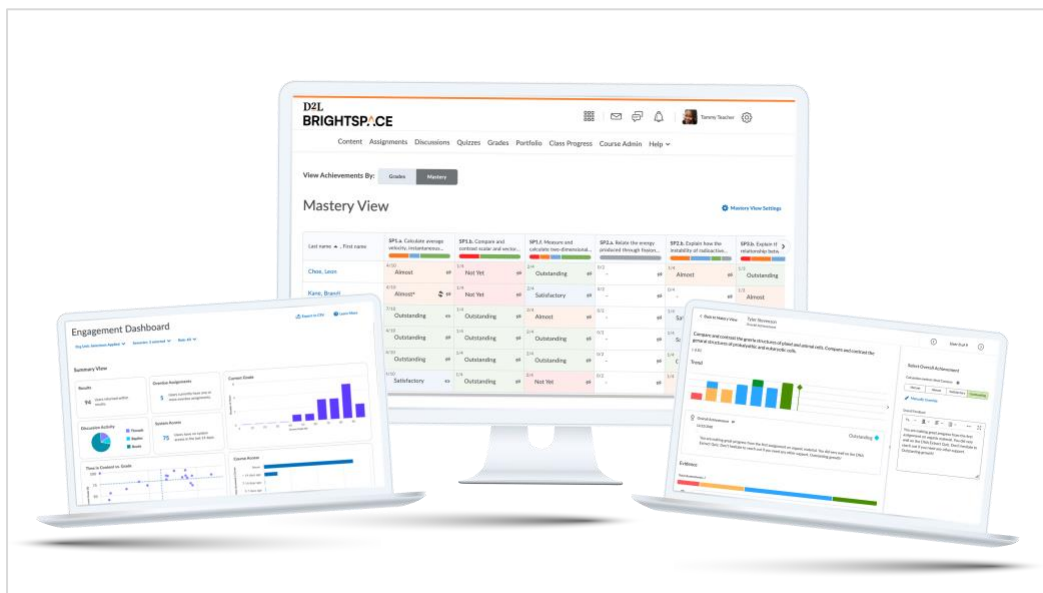
- **Release Conditions** enable personalized learning pathways through criteria that determine what happens next based on learner choice, action, or achievement.
- **Intelligent Agents** provide efficient ways for customers to reach out to learners, at scale, by enabling automatic personalized emails based on pre-defined criteria such as achievement of a milestone or automatic feedback to help learners improve outcomes.
- **Mastery View** enables educators to evaluate learner comprehension across all the expected learning outcomes in a course. Learners can have multiple opportunities to demonstrate their competencies. Various algorithms can be used to aggregate attempts into a final assessment of learner performance.
- **Learning Paths** organize multiple courses together to guide learners in achieving their learning goals.

- **Powerful Administration.** Flexible and granular permissions provide the control customers need. Bulk action tools and enrollment rules enable customers to operate at scale. Dashboards provide visibility on tool adoption.

D2L Brightspace – Performance+

Through our Performance+ package we provide customers with advanced analytics expanding native reporting abilities with predictive analytics, additional report visualizations, and an adaptive learning engine that adjusts learning pathways in real-time based on learner achievement.

- **Advanced Analytics Dashboards** offer rich visualizations of learner adoption, engagement, assessment, and achievement analytics.
- **Insights Report Builder** makes it easy to create personalized and customized reporting without additional systems, technical skills, or alternate logins.
- **The Student Success System** empowers customers to quickly identify learners at risk of falling behind and, with a click send them remedial content or quizzing.
- **D2L Brightspace LeaP** is an adaptive learning engine which uses learning analytics to help drive learner performance through adaptive, individualized learning paths.



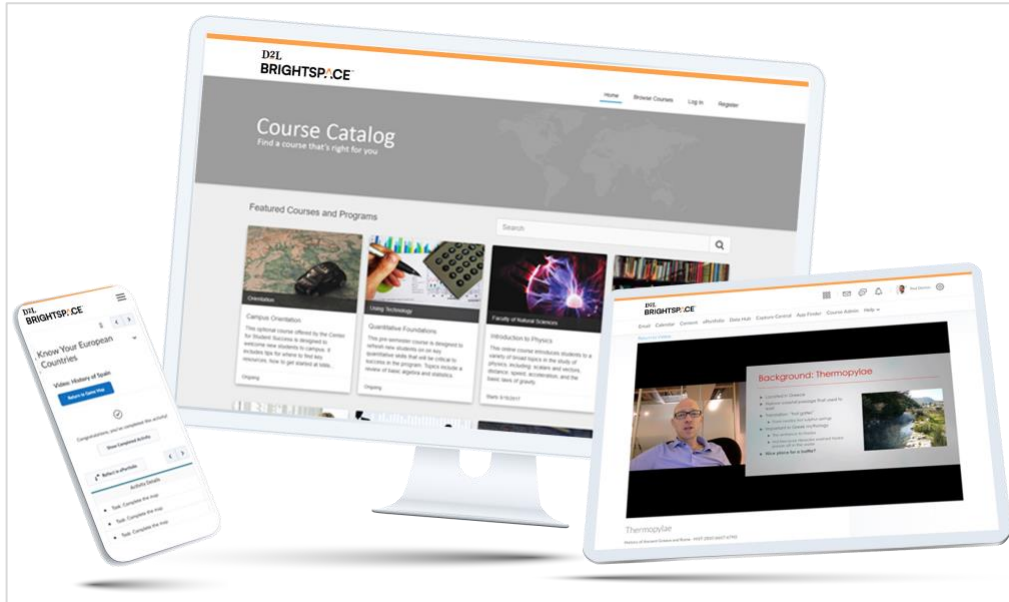
D2L Brightspace's Insights Dashboard

D2L Brightspace – Engagement+

Through our Engagement+ package we offer video and catalogue capabilities that extend features of our D2L Brightspace solution to give our customers the ability to showcase their online course offerings, and also help instructors create engaging training and courses

- **Game-based Learning** is focused on motivating learners through activity completion, awards , and activity unlocks.
- **Awards Leaderboard** is a customizable widget that can help inspire learners with friendly competition by displaying the top users who have earned awards in a course.

- **Brightspace Capture** is a multimedia presentation solution that enables a range of uses for online, blended, and flipped classrooms.
- **Course Catalogue** is a registration solution that enables learners to search and register for professional development and corporate training.



Game-Based Learning and Multimedia with D2L Brightspace

Expanding D2L Brightspace through Integrations

Our platform is built to sit at the center of our customer’s digital learning strategy. We recognize that the learning tools provided by a learning platform will never cater to every need that an instructor or learner has. We think one of the strengths of our platform is to provide essential, innovative, and secure teaching and learning tools, from which a diverse ecosystem can be created. With our track record of strong standards support, plug-and-play integration capabilities, and open APIs, our customers can easily build the learning ecosystem they want. D2L Brightspace is a strong, robust, complete platform that thrives independently but also plays well with third-party tools.

- **Growing our partner ecosystem.** We have a team dedicated to leading the development of holistic market solutions in collaboration with select partners. Through these collaborations we can uniquely offer our customers a deeply integrated ecosystem of choice technologies that complement D2L Brightspace learning experiences such as identify verification, plagiarism detection, video conferencing, online assessment platform tooling, etc.
- **Supporting industry standards so our customers can connect their preferred tools.** We are proud to be one of the first companies to support SCORM, LTI Advantage, IMS Common Cartridge (1.1, 1.2, 1.3, Thin Common Cartridge 1.3), and many other key industry standards.
- **Leader in robust, open, standards-based APIs.** We provide our customers with an open platform on which they can access their data and build custom integrations through robust APIs, giving our customers the extensibility to build their own solutions or integrate our platform into their business. Our commitment to maintaining open, standards-based APIs have empowered our customers to easily integrate learning applications and tap into an open ecosystem that provides learners seamless use of these applications through single-sign-on from D2L Brightspace.

D2L Wave – Our Corporate Upskilling Platform

D2L Wave is our free-to-use workforce education marketplace that simplifies the search for skill-aligned courses and programs for employees, and streamlines the approval, registration, and payment administration workflows for employers. D2L Wave works in partnership with education providers across North America to aggregate upskilling education options for working professionals, and amalgamates relevant, high-quality courses and programs from multiple providers into one simple, intuitive, and easy to navigate online marketplace.

- **A robust catalog of education options from trusted academic brands.** We have built and continue to grow an education partner network that contains a variety of accredited North American post-secondary institutions, selected based upon their ranking, reputation, and course offerings. Our priority is to work with partners who have a demonstrated history of providing quality education, strong perceived value of their certifications in industry, and experience running fully online, worker-oriented education in flexible formats.
- **Removing the barriers that prevent employees from upskilling.** We enable businesses to directly pay for their employees' education without requiring them to self-fund upfront. By removing the financial burden from individuals, businesses experience increased employee participation in upskilling and learning, while also benefiting from transparent management, analytics, and aggregated billing.
- **Simplifying and digitizing approval workflows for centralized upskilling analytics.** We provide businesses with a streamlined digital submission process for employees to request funding for pre-approved external education and enable employers to easily approve use of funds for enrollment. By centralizing the approval workflows, businesses have access to transparent upskilling competency and cost data to ensure that their investment is meeting the current and future skill needs of their business.

Method of Production

We implement continuous delivery which is a method of delivering updated technology to our clients that enables rapid, incremental delivery of high quality, valuable new functionality to users (“**Continuous Delivery**”). This frictionless model makes it possible to increase collaboration with our clients and adapt software in line with user feedback and needs for incremental and easily integrated changes. With Continuous Delivery, the newest version is delivered monthly.

Our platform architecture is built to scale and extend so our products can grow with our customers as their users and usage increase, and as our customers' learning ecosystem expands over time. We've built our products with a modern architecture and technology stack, and design our microservices-based architecture so that functionality is distributed across infrastructure to balance system load and isolate any issue with a specific component.

D2L Service Offerings

We surround our customers with the necessary support to help them meet and exceed their learning goals at each phase of the journey to learner success. As a partner in learning with our customers, our services extend beyond those related to the technology to those that support the pursuit of a customer's learning and development objectives. We work with our customers in a variety of ways whether they are setting up an online learning program for the first time, upgrading their learning tools through a switch from another system, or evolving to meet the growing demands of learners and the adoption of new technologies.

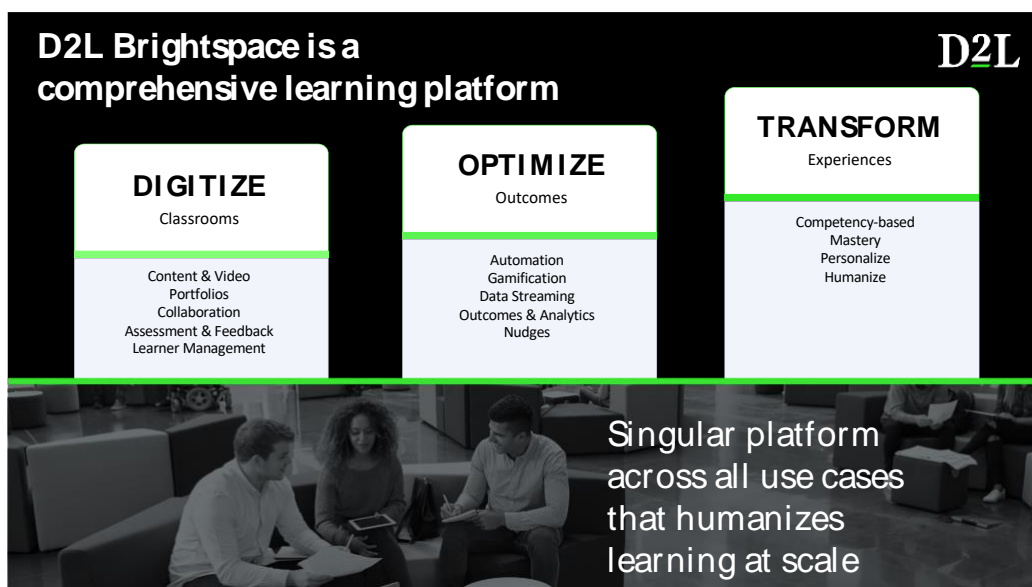
- **Customer Enablement & Support.** We offer our customers hands-on implementation services teams so that customers can achieve a smooth transition to a tailored D2L Brightspace environment. Training services consist of trainer-led small group sessions as well as guided, self-paced and online training offerings. Additionally, our customer success and support offer our customers 24/7 access to self-serve resources, collaborative discussion across D2L teams, administrator and end user help desk support, and dedicated Customer Success team comprised of over 40 employees to ensure customer satisfaction and success.
- **Learning Expertise.** We offer a range of experts to help our customers enhance the experience for their learners. Our Learning and Creative Services team includes instructional designers, graphic and media experts, and D2L Brightspace experts to help customers build custom courses, templates, homepages and interactive tools. Through our Learning Strategy and Consulting we provide strategic planning and services like data consultants, change management experts, and learning strategists to identify and build a plan to achieve learning goals.
- **Extending the Customer's Team.** We have a variety of managed services to ensure that customers and end users can extract the full value of the D2L experience, while freeing up additional time to run their core business. Through our Technical Account Management team, we extend a customer's administrator team to help optimize their learning ecosystem and improve the user experience of instructors and learners. Additionally, our Learning Administration Management team enables customers to outsource the daily administration of their platform and course management.

Industry Overview and Trends

We see learning as a driver for social and economic progress as it extends from K-12 through Higher Ed and into the corporate market. We believe that as technology advances, the needs of customers will change, leading to the requirement for more sophisticated learning methods and supportive technology to keep up with the demand of the modern learner and workplace.

Learning Market Remains at an Early Stage

We believe there are three key phases of maturity along the continuum of technology adoption as applied to academic and corporate learning. We refer to the stages as “Digitization”, “Optimization”, and “Transformation”. We believe the pace of Digitization and Optimization will continue to be rapid.



- **Digitization:** Customers and prospects in the digitization phase are looking for a low-risk method to modernize existing classroom experiences through digital content, and often start by patching together many diverse digital point solutions such as PDF-based content, standalone digital gradebooks, and messaging applications to support their teaching or learning. This stage is often characterized with learners having to access many different systems across all their different learning experiences, which is a highly fragmented and often frustrating experience for learners, educators, administrators and corporate learning professionals.
- **Optimization:** As customers and prospects mature in their learning technology journey, the demand for better experiences and workflows increases. Analytics and predictive analysis enable data-informed actions to keep learners on track for success as well as improved reporting. Automation is applied to common tasks including closed captioning of video, evaluation tools, and delivery of courses. The Optimization phase is also characterized by improved engagement models such as gamification, enhancements to the quality of courses offered, and better integrations into the organization's IT environment – all leading to accelerated adoption and higher learner satisfaction.
- **Transformation:** In the transformation phase, customers and prospects focus on building offerings with new learning models that personalize a “one-size-fits-me” experience. This can involve providing mastery-based learning, support for obtaining alternative credentials or qualifications (such as micro-credentials or stackable credentials), block models of learning and competency-based models for learning. We leverage D2L's learning science expertise to help customers to scale up these models. Clients at this stage are typically leaders in online and blended learning.

In our view, many organizations currently fall between the Digitization and Optimization phases. As global learning technology adoption grows, we see our competitive advantages heightened in the Optimization and Transformation phases. We believe that each of our markets reflect a similar customer journey.

Growth in the Student Population is Expected to Increase the Demand for Scalable Technology Solutions

The global student population is growing and the length of time that people will pursue education is increasing. Based on research by HolonIQ, there were approximately 5 billion people in the world in 2020 with formal education (primary, secondary or post-secondary qualifications), up from approximately 3 billion in 1990. Over the next 30 years, the research firm expects that an additional 2 billion people globally will have gone through the formal education system. Specifically, a greater proportion of the world population is expected to attain the highest levels of education. Based on research by HolonIQ, in 2020, approximately 10% of the world population had attained post-secondary education, and this is expected to rise to approximately 20% by 2050.

We believe that technology is not just an enhancement to learning but a requirement to meet this growing need. Online and blended learning removes borders and barriers, enabling improved access to education for a greater number of people. The adoption of online learning, from anytime, anywhere will continue to grow as the labour market increasingly demands highly skilled workers, and people demand the flexibility to pursue various types of education and skill-building on their own schedule.

Reskilling and Upskilling Use Cases Driving Increasing Demand for Corporate Learning

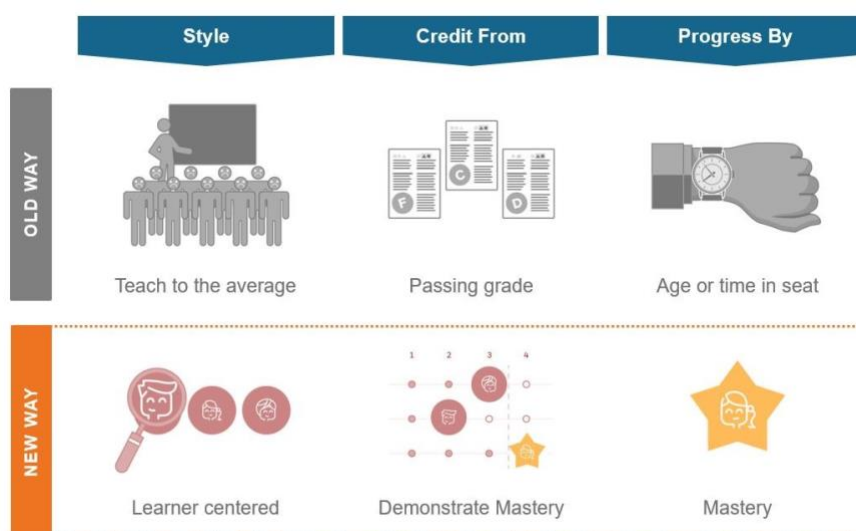
Historically, corporate learning has been focused on compliance-related training and tracking (e.g., health and safety courses) rather than on enabling the learning of new skills. While we think that compliance will continue to play a part in the future of corporate learning, developing new competency and skills mastery will take on greater prominence.

To meet the demands of continuous technological change, workforces must engage in a cycle of ongoing learning and re-calibration to the needs of the market. In a 2022 report, PwC found that 75% of CEOs in Canada were concerned about skills availability and 53% of employees globally believed automation would fundamentally change their jobs or render them obsolete in the next decade. This shift supports a transition in the production, delivery, and consumption of learning towards enhanced, personalized and flexible experiences. We believe that learning is no longer a static component of social and economic engagement, but instead a necessary component to stay relevant and current.

Industry transitions, globalization, and rapid advancements in technology and automation are impacting both the nature and shelf life of workplace skills. Corporations aim to eliminate lost productivity and recruiting costs through reskilling and upskilling their workforce. To gain a competitive edge, businesses seek individuals with a high degree of skill mastery, and workers will need to consistently learn new concepts, skills, and tools to stay relevant in a fast-changing workplace. Additionally, with the ongoing enhancement of learning in the workplace, we are seeing a need for specialized, custom learning programs created and offered by the enterprises themselves, such as certification courses covering the enterprise's technology offerings. This is especially true for organizations with technical or specialized knowledge, which provide learning as a method of holistic employee and/or customer engagement or to facilitate knowledge transfer between generations of employees. Supportive technology needs to be able to create, deploy and measure learning all in one.

Increasing Demand for a Better User Experience

The focus on user experience has extensively shaped many consumer markets. Movie watching has become more viewer-centric, medical care more patient-centric, transportation more passenger-centric. Similar expectations are transforming the education and training markets towards learner-centric models. Furthermore, education is no longer confined by the traditional four walls of a classroom or boardroom. We believe that learners are seeking a consistent experience everywhere, every time, and across devices. In our experience, learners have become more informed consumers, demanding personalized learning models that fit them. We anticipate a significant transformation of the learning markets during the next several years to become more learner-centric, skills-based, and effective at identifying mastery.



Technology is enabling new models of learning, previously impossible to scale, that meet learners where they are and gives them more accessible and equitable paths to see return on their investment of time and money. The effects of this transformation are felt in all learning markets looking to enhance learning. Our approach to deliver personalized learning enables organizations of any size, scale and audience to deliver these modern learning experiences.

Increased Fragmentation of Learning Software Market

The proliferation of the digital learning landscape has led to fragmentation in the learning technology market with many vendors offering small “fit-for-one-purpose” components of the overall learning experience. There has been an emergence of disparate content providers, video providers, assessment providers, identity providers, learning management system providers and many others. Furthermore, historic educational differences have partitioned the market into Higher Ed, K-12, and corporate markets, resulting in distinct education technology players in each area. This is a challenge for the learner, instructor/trainer and administrator roles alike as they deal with often disjointed systems, inconsistent teaching methods and burdensome procurement requirements respectively.

The COVID-19 Pandemic has Accelerated the Acceptance of Online Learning

COVID-19 has demanded rapid innovation in how the world delivers learning in the classroom and in the workplace. Regions across our target markets transitioned to fully remote and digital teaching and learning in a matter of weeks. In our view, the impact of COVID-19 will be felt long after the pandemic. On average, schools were closed for the equivalent of a full academic term and the resulting learning loss will have lasting impacts.

We believe COVID-19 has been an accelerant with respect to the sustained adoption of education technologies and acceptance of new approaches to learning. Initially exposing serious flaws in preparedness, education institutions, teachers, and governments are now rethinking what is possible when technology is incorporated. We believe that digital transformation is imperative to recover the learning loss caused by the pandemic and to support more resilient and personalized learning systems in the future.

Convergence of Academic and Corporate Learning Markets

In addition to the shifting consumer demands of modern learners that are separately shaping Higher Ed, K-12 and corporate markets, academic institutions and corporations are increasingly engaging in partnerships and collaborations that are mutually beneficial. In particular, Higher Ed institutions are seeking new revenue streams and enrollments beyond traditional learners while corporations are seeking expertise in upskilling their workforce from organizations that know how to credential and engage modern learners. As the demand for skills is constantly changing, we believe that corporate customers will look to learning technology providers that can provide a single platform integrating Higher Ed organizations that are seeking to become centers of excellence in online learning.

Sales and Marketing

We sell our platform through an omni-channel strategy, both direct sales and channel sales. Our marketing efforts help to support messaging, branding and guide our new prospects to initiate the sales process.

Sales

Our customers highly value the experience and engagement they receive throughout the consultative sales process. We pride ourselves in our overall customer experience and how we navigate new customers through our sales process and seamlessly onboard them onto our platform. Our robust Business Development team executes an initial lead qualification process, which creates a high-quality pipeline for our sales force to progress to close. After contract finalization, our customer engagement team, which includes customer success, implementation and support teams, will onboard the customers, ensuring a smooth transition and expeditious onboarding experience.

Our direct sales team is comprised of sales representatives serving new customers and sales representatives serving existing customers. We have sales teams located around the world, including in Waterloo Region

(headquarters), Toronto, multiple cities throughout the United States, London (England), Melbourne (Australia), Rio de Janeiro (Brazil), the Netherlands, India, Mexico and Singapore.

Our strategy is built around our ability to orient our solution story to each market and each customer. We have refined our sales strategy to speak directly to each market we serve, allowing them to understand the unique benefits of our solution that will address their needs and future considerations. Those focused sales teams are aligned by Higher Ed, K-12 and corporate markets globally. In the 12-month period ending January 31, 2021, we restructured our direct sales team, and increased its size by 40%. Our new business sales team receives incentive-based compensation to support the focus on driving new customers and business. In addition, our sales team supporting existing customers receives incentive-based compensation for upselling/cross-selling to existing customers and for renewing the existing contracts. We are investing heavily in our direct sales force to build additional sales capacity for future growth.

The pricing and size of contracts is typically based on the number of unique or full-time equivalent users, which excludes users such as administrators and teachers, as well as the products and services purchased by the customer, and the term of the contract with the customer. The majority of our customers enter into contracts with us that have a term of three to five years.

The average sales cycles vary based on the size of the customer and how immediately they require a learning solution. On average, enterprise customers (i.e., large, strategic deals in either Higher Ed, K-12 or corporate markets) can take 9 to 12 months to close and small to mid-size market customers take 2 to 5 months to close. We maintain a healthy sales pipeline by including a mixture of both higher velocity deals (shorter sales cycles) and longer-term large deals.

Channel Partners

Our customer acquisition strategy involves the use of channel partners across different geographies. These partnerships extend our reach geographically and allow us to expand internationally at an accelerated pace. We have partners located globally, in countries including Mexico, Brazil, Columbia, Philippines, India, Singapore, UK, South Africa, Spain, Australia and more.

We have enablement programs for partners for both pre-sales and post-sales. Enablement programs range from partners being equipped to pitch our products and create pipeline, to implementation. This will continue to be a major focus of our growth strategy by launching a select set of high-value channel partners who can act as an extension of our sales and services organization. We have entered into more than 20 regional buying agreements and have experienced significant growth in our indirect channels.

Marketing

The marketing team is comprised of more than 70 employees and is focused on (1) building a powerful and differentiated brand awareness strategy, (2) architecting compelling go-to-market plans and strategies for product innovation and new offerings, (3) driving lead generation to fulfill sales goals, and (4) increasing the product footprint and active users within the existing customer base.

In the last year, the business increased its investment in marketing. This investment has been focused on advanced digital efforts and analytics, and incremental integrated, multi-channel marketing programs. In addition, the marketing team led the development and launch of a new brand for D2L to mark a new chapter for the Company. Our new visual identity is an expression of our growth and the collaboration that fuels our work. The goal across all marketing initiatives is to drive demand, while driving down the cost per lead.

Our go-to-market strategies and lead generation programs are built around the adoption models of three primary markets:

- **Higher Ed.** In the Higher Ed market, which is more advanced in the adoption and use of learning technology, the marketing strategy is to align the increasingly learner-centric approach of the market with the competitive differentiators of the D2L Brightspace platform.
- **K-12.** In the K-12 market, we support teachers in schools, districts, systems, and virtual schools as they move to modernize the learning experience. In this highly fragmented landscape, the marketing agenda is focused on awareness, adoption, and digitization.
- **Corporate.** In the corporate arena, we focus on use cases for programmatic learning (e.g., onboarding and retention, modern compliance training, technical training), key customer and end user training initiatives, development paths and succession planning, and specific opportunities to advance corporate priorities for upskilling and reskilling the workforce. D2L has also been successful in helping associations provide meaningful continuing education.

To expand the impact of all marketing initiatives, we engage the voice of our customers through customer advocacy initiatives, several user conferences including D2L Fusion, co-marketing programs, reference and referral efforts, and ongoing engagement. Similarly, we have invested time and resources into longstanding relationships with influential industry analysts that both fortify and reinforce our go-to-market strategies, as well as serve as important market landscape and platform validation for our prospect and customer base.

Our Growth Strategy

Our growth strategy is driven by our mission – to transform the way the world learns. We provide solutions to the marketplace through a combination of D2L-built technology and partner supplied functionality to expand customer interest and acquisition. As the market digitizes and moves through the maturity model, this drives additional innovation through D2L built and partner-built technologies.

Key elements of our growth strategy include:

- **Expand our customer base.** We continue to see strong opportunities to add new customers across all our markets and sub-verticals. Most customers and prospective customers, for example, are still in the early stages of Digitization and Optimization, providing runway for growth. Moreover, while the COVID-19 pandemic has been a catalyst for various organizations to re-evaluate their existing learning infrastructure, we believe D2L is well-positioned to capitalize on a more structural and longer-term need for cloud-native, mobile friendly, intelligent learning platforms in a post-pandemic environment. We intend to continue to strategically invest in our various direct and indirect go-to-market strategies to expand our customer base.
- **Deepen our relationship with our existing customer base.** Our customers derive increasing value from our platform over time. As our existing customers seek to enhance their learning environments, we see opportunities to cross-sell with our new lines of business, and up-sell our add-on solutions such as Performance + and Engagement +. Moreover, we adopt a land-and-expand strategy with corporations and associations, enabling us to expand share of wallet within our existing customer base. Our Customer Success team is focused on helping our customers derive the most value from our platform and services and D2L thought leadership with the goal of driving retention and adoption, advocacy and identification of upsells.
- **Expand internationally.** The global market opportunity for education and training is vast, with several geographical markets still in the nascent stages of adopting more mature learning platforms. In Fiscal 2022, less than 18% of our total revenue was derived outside North America. We intend to invest in new geographies, including emerging markets over the near and medium-term, and expect our international markets to comprise a greater proportion of our revenue over time.

- **Expand our partner ecosystem.** We complement our direct go-to-market efforts with strategic partnerships and technology integrations with companies that share D2L's vision. Our strategic partners initiative seeks to establish relationships with selected strategic partners that complement the D2L Brightspace platform and add value to our shared customers, while enhancing our pipeline for new accounts. We intend to add strategic partners to expand our technological capabilities and market reach. We integrate with several other systems in our customer's technology environment such as student administration systems, video conferencing and collaboration tools, association management systems, and content solutions, among many others.
- **Expand our platform and offerings.** We invested 31% of total revenue in Fiscal 2022 toward research and development efforts and we intend to continue to deeply invest in enhancing and expanding our platform. We believe the right investment opportunities will enhance our differentiation as a technology innovator and platform leader, as well as drive new customer wins. With more of our customers entering the Optimization or Transformation phase of our technology adoption model, we see an increase in demand from our customers to provide their learners with more personalized on-demand learning and micro-credentialing, recognized proof of the learning outcomes or skills a learner has achieved, and steering away from a one-size-fits-all model. As a result, we anticipate that over the medium and longer-term, we will see adjacent market opportunities to enhance learning experiences and optimize learning workflows for our customers.
- **Opportunistically acquire.** While inorganic growth has historically not been a major part of our growth strategy, we intend to selectively consider strategic acquisitions, investments, and other strategic relationships that we believe are consistent with our mission. In some cases, this may include acquisitions of teams, capabilities, and new products that may not immediately add to revenue but serve to benefit the long-term growth of D2L. We believe that the experience of our Board and management team in the areas of education and learning technology, enterprise software, mergers and acquisitions, and venture capital will support our ability to identify and evaluate acquisition and partnership opportunities.
- **Market Convergence.** With customers in both the education and corporate markets, we continue to explore opportunities for synergistic learning and development programs to advance initiatives around upskilling and reskilling the workforce. With the launch of D2L Wave, we are enabling businesses to close their skill gaps by encouraging working professionals to re-enter academia and complete micro-credentials and/or short certificate programs offered by higher education institutions. As part of the convergence of our markets, we seek to become a recognized proof/portfolio of the learning outcomes or skills a learner has achieved following all learning experiences in what we call the "Learning Graph" – a life-long "transcript" of one's education and learning.

Customers

We currently have over 1150 customers in over 40 countries worldwide and our platform is being used worldwide by more than 15 million users. Our current customer list includes K-12, Higher Ed, and corporate brands such as Ministry of Education in Ontario, Southern New Hampshire University, Calgary Catholic School District, Grain and Feed Trade Association, Carleton University, Canadian Centre for Professional Legal Education, University of Guelph, Xavier University of Louisiana, Texas Council of Administrators of Special Education, VHS Learning, University of Suffolk, Gay Lea, International Municipal Signal Association, Wilkes University, National Education Partners, Vision Australia, Dematic, Northeastern Technical College, Harvard Business Publishing, British Columbia Institute of Technology, Canadian Marketing Association, University of Victoria, The International Information System Security Certification Consortium (ISC)², Minnesota State, and McMaster University. Customer diversity across our target markets and regions results in our largest customer representing less than 10% of our annual revenue.

We believe that the case studies below illustrate how we have been able to help customers solve their own unique learning delivery challenges by using our platform to connect with, engage and deliver learning to large numbers of learners. Our customers are at different stages of their technology adoption, and the examples below are representative of some of our most successful deployments of our products and services, and not each of our customer engagements.

Cyclical or Seasonality of Business

The operations of the Company can be seasonal in nature. Cash flows from operations generally have a seasonal low in the first quarter each year and a seasonal high in the second quarter each year, due to the contractual timing of annual invoicing with our end customers, many of which have a fiscal year end in the second quarter (i.e., June 30th for many higher education institutions in the United States).

Employees

D2L aims to create an environment of cultural excellence focused on developing the skills and creativity of its more than 1,100 employees globally, who are the foundation for a successful culture at D2L. We believe that when employees are equipped to perform effectively and feel supported, they will work smarter and be more engaged. Key themes that are the foundation of our culture are:

- **Diversity, Equity, Inclusion and Belonging.** Our people are our biggest asset. We strive to foster a culture where our employees feel included, valued, heard, and enabled to do the best work of their lives. We aim to attract, hire, develop and celebrate the achievements of talented individuals – and we value diverse perspectives and lived experiences, as they help us build a great company. We strive to create a company where our top talent is reflective of the communities D2Lers live and work in as well as our clients and users. We believe diversity, inclusion and belonging strengthen innovation – it helps us build products that better serve the needs of every learner – and brings insights to help us topple barriers to inclusion. To support us in effectively continuing drive efforts to improve diversity, equity, and inclusion and belonging (DEIB) across D2L current efforts are focused across 5 Action Pillars.
- **Engagement.** D2L believes that recognition is one of the biggest drivers of employee engagement and retention. We have several programs in place to demonstrate that we value teamwork and collaboration and to celebrate wins and achievements, further inspiring employees to share their skills and talents.
- **Learning Culture.** We strive to foster a company and culture that enables our people to do the best work of their lives and encourages them to excel in their craft by constantly learning and sharing insights. Each year we conduct 6-8 weeks of hackathons with diverse themes designed to improve our platform. Our team runs a large internal tech conference, company kick-offs, and sales and marketing internal alignment events to name a few active learning activities we support. We also provide an education benefit of C\$4,000 per year per employee for online learning and two paid days off to support employees in building their skills.
- **Employee Wellbeing.** D2L believes in fostering a healthy workplace and a supportive environment, building personal skills and organizational resilience, and promoting healthy lifestyles. We continually review our health and wellbeing programs to positively influence the health and well-being of our employees.

Giving Back to Our Communities

At D2L, we are committed to giving back to the communities in which we do business. We offer our employees two paid work days per year to engage in volunteering and philanthropic initiatives through the D2L Philanthropy program. In addition, we initiate, sponsor or participate in programs around the world aimed at leveraging our expertise in learning technology in areas of need including:

- **Fora Network For Change:** The Fora Network for Change offers programs that aim to challenge the status quo by advancing the participation of young women in leadership and decision-making roles. D2L is a proud sponsor of Fora's annual Global Summit and has also provided mentorship and guidance to delegates, helping cultivate a new generation of women leaders.
- **Educator and Leadership Institute in Haiti:** D2L is a proud partner of The Educator and Leadership Institute (ELI). In 2021, ELI produced online, self-paced courses covering topics in Leadership, Mathematics, Science and Technology and Special Education. ELI built the courses in English and French, ensuring that the content met not only pedagogical best practices training, but also applied regional contexts that would be relatable and applicable when there is a lack of the most basic educational and technical resources available to K12 teachers and K-12 learners in disadvantaged regions. The online delivery was made possible with D2L's Open Courses platform.
- **Save the Children Canada:** D2L is supporting Save the Children Canada's education program for girls in the Colombia-Venezuela border region. This program specifically aims to realize the right to safe, gender-responsive, quality learning for girls (aged 5-18) affected by the crisis along the Colombia-Venezuela border.

D2L's environmental and sustainability policy provides guidelines on managing our environmental responsibilities.

Intellectual Property

We rely on a combination of trademarks, patents, copyrights, and trade secret laws as well as contractual provisions such as license agreements, confidentiality and non-disclosure agreements to protect our intellectual property.

We have been granted over 70 patents in Canada, the United States and Australia, with additional patent applications in process.

We actively pursue trademark registrations, and have been issued trademarks in Canada, the United States, Europe, Brazil, Singapore, Australia, Mexico, India, Indonesia, South Korea and China.

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

Competitive Conditions

D2L operates in a competitive and highly fragmented market. While we do not believe that any vendor offers the same value proposition and portfolio capabilities as D2L, we expect continued competition in the future as competitors bundle new and more comprehensive offerings with their existing products and services, and as new products and product enhancements are introduced into the learning market. Furthermore, as the market continues to rapidly evolve, it is possible that new entrants with significant resources, scale, or operating efficiencies could disrupt the market.

We believe that principal competitive factors in our market include pure cloud models vs on-premise, flexibility and scalability across multiple connected use cases, ease of use, functionality levels, pace of innovation, platform reliability and performance, quality and scope of support services, base of reference customers, ease of integration with other applications, availability and quality of implementation and consulting services, brand reputation and long-term product strategic vision.

With respect to each of these factors, we believe that we compete favorably with our competitors. We believe no primary competitor in the Education market offers an integrated, 100% cloud and unified learning solution with a mobile-first responsive design and comparable functionality to ours. Additionally, our platform is differentiated by its accessibility and support for a wide range of open standards that enable a large ecosystem of applications.

We expect continued competition in the future as competitors bundle new and more comprehensive offerings with their existing products and services, and as new products and product enhancements are introduced into the learning market. See “Risk Factors – Risks Related to our Business and Industry – The market in which we participate is highly competitive, and if we do not compete effectively, our ability to gain new customers, retain existing customers and grow our business could be harmed and our results of operations could be adversely affected”.

Compliance and Certifications

Two main areas where D2L prioritizes compliance and certifications are security and accessibility. Our conformance to key industry standards in these areas provide our customers quick and easy reassurance that our solution will help them uphold their own institutional policies.

Security and Privacy

We aim to give our customers a world class experience, by leveraging industry-leading AWS to deploy our platform within a highly reliable and secure architecture. When our customers are in the D2L cloud, they can rest easy knowing that we doubled down on security. While AWS is certified and secure, we go further and we have our own certifications such as ISO 27001, ISO 27018 SSAE 18 (SOC 2 Type 2), submitted the Consensus Assessments Initiative Questionnaire (CAIQ) that documents our compliance to the Cloud Security Alliance STAR1 best practices and was awarded provisional Texas Risk and Authorization Management Program (TX-RAMP) status based on these certifications. We value having third-party, industry standard audits of both our own operations (D2L) and our cloud provider (AWS) because the security of customer data is a top priority for us. D2L holds compliance certifications directly to complement the certifications of our cloud partners.

Additionally, we have invested significant engineering, process, and security efforts into our offerings to help our customers address user data privacy under relevant privacy laws; e.g., *The Family Educational Rights and Privacy Act of 1974* (U.S.), *Commonwealth Privacy Act* (Australia), *General Data Protection Regulation* (EU), *Personal Information Protection and Electronic Documents Act* (Canada). As an example, our applications allow privacy-based permissions and elements to be controlled at a very granular level (such as system administrators, supervisors, privacy auditors etc.). The system allows administrators to flexibly define what information is public (e.g., directory information) and what is private (e.g., non-directory information) and to indicate whether a specific role can see private information.

Accessibility

At D2L, we strive to go above and beyond providing product accessibility. We understand the spirit behind Web Content Accessibility Guidelines (“WCAG”) 2.1 standards (international guideline), Section 508 of

¹ Cloud Security Alliance (CSA) Security Trust and Assurance Registration (STAR).

the *Rehabilitation Act* (U.S.), the *Americans with Disabilities Act*, and other country-specific standards that include people with disabilities. We've designed the platform to:

- Provide an equitable user experience for all.
- Improve pedagogical processes by facilitating the practice of Inclusive Design & Universal Design for Learning.
- Support our customers in their efforts to create and maintain accessible course content.

As part of our inclusive design process, D2L Brightspace is built with the involvement of users of various assistive technologies such as screen readers, screen magnifiers, speech input, switch access, and text readers so that users employing any of these assistive technologies can use our learning platform with ease.

Conformance to accessibility standards such as the WCAG 2.1 AAA is the first step in our effort to reach every user, and we believe we are a leader among LMS providers in meeting such standards. Our production processes have WCAG 2.1 criteria integrated into their design, development, and testing processes for most features.

D2L supports three critical pillars to maintain an accessible solution: a learning platform that aligns with global accessibility standards, content authoring tools throughout the system to help users create accessible content, and full support for Universal Design for Learning to reach every learner.

Facilities and Locations

The following table outlines significant facilities that we currently lease for office space.

Location	Square Feet	Lease Expiry Date	Use
Kitchener, Ontario, Canada	131,913	July 31, 2022	Office Space
Toronto, Ontario, Canada	8,145	August 31, 2022	Office Space
Vancouver, British Columbia, Canada	4,825	October 31, 2026	Office Space
Winnipeg, Manitoba, Canada	2,551	April 30, 2023	Office Space
Melbourne, Victoria, Australia	3,839	June 30, 2023	Office Space

We have entered into lease arrangements for new premises that will replace our existing premises in Kitchener, Ontario. See “Interest of Management and Others in Material Transactions – Service Arrangements with Related Parties – Lease of Premises”.

In addition to the significant facilities set out above, we also lease workshare spaces in London, England and Singapore.

As our platform is hosted on AWS, we do not directly lease any server space.

RISK FACTORS

There are various risk factors that could cause the Company's future results to differ materially from those described in this AIF. The risks and uncertainties described below are those the Company currently believes to be material, but they are not the only ones it faces. If any of the following risks, or any other risks and uncertainties that the Company has not yet identified or that it currently considers not to be material, actually occur or become material risks, the Company's business, financial condition, results of operations and cash flows, and consequently the price of the Subordinate Voting Shares, could be materially and adversely affected. The risks discussed below also include forward-looking statements and the Company's actual

results may differ substantially from those discussed in these forward-looking statements. See “Cautionary Note Regarding Forward-Looking Statements”.

Risks Related to Our Business and Industry

Market adoption of cloud-based learning 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 learning management solutions, particularly enterprise-grade solutions. The widespread adoption of our platform depends not only on strong demand for new forms of learning management, but also for solutions delivered via a SaaS business model in particular. The market for cloud-based learning solutions is less mature than the market for in-person learning solutions, which many institutions and businesses currently use, and these institutions and businesses may be slow or unwilling to migrate from these legacy approaches. As such, it is difficult to predict customer demand for our platform, customer adoption and renewal, the rate at which existing customers 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 competitive products. Furthermore, even if businesses want to adopt a cloud-based technology learning solution, it may take them a long time to fully transition to this type of learning solution or they could be delayed due to budget constraints, weakening economic conditions, or other factors. Some businesses may also have long-term contracts with existing vendors and cannot switch in the short term. Even if market demand for cloud-based technology learning solutions generally increases, we cannot assure you that adoption of our platform will also increase. If the market for cloud-based technology learning solutions does not grow as we expect or our platform does not achieve widespread adoption it could result in reduced customer spending, customer attrition, and decreased revenue, any of which would adversely affect our business and results of operations.

The market in which we participate is highly competitive, and if we do not compete effectively, our ability to gain new customers, retain existing customers and grow our business could be harmed and our results of operations could be adversely affected.

The learning, assessment, development, and engagement systems market is highly competitive, rapidly evolving, and fragmented, and we expect competition to continue to increase in the future. A significant number of companies have developed, or are developing, products and services that currently, or in the future may, compete with our offerings and be superior. This competition could result in decreased revenue, increased pricing pressure, increased sales and marketing expenses, challenges in obtaining financing (due to a significant number of companies competing for the same capital) and loss of market share, any of which could adversely affect our business, results of operations, and financial condition.

We face intense competition from traditional enterprise SaaS solutions, consumer-centric SaaS solutions, and free solutions. We compete directly or indirectly with education sector LMS providers, corporate service providers that offer solutions at comparable prices to our products, lower priced solutions, instructor-led training vendors, individual-focused e-learning services, local consulting firms that customize open source solutions, and free solutions.

Current competitors have, and potential competitors may have, greater brand name recognition, longer operating histories, larger marketing budgets and established customer relationships, access to larger customer bases, and significantly greater resources for the development of their solutions. In addition, we face potential competition from participants in adjacent markets that may enter our markets by leveraging related technologies and partnering with or acquiring other companies or providing alternative approaches to provide similar results. We may also face competition from companies entering our market, including

large technology companies that could expand their offerings or acquire one of our competitors. While these companies may not currently focus on our market, they may have significantly greater financial, technical and marketing resources, and established extensive direct channels. As a result, our competitors and potential competitors may be able to respond more quickly and effectively than we can to new or changing opportunities, technologies, or customer requirements and engage in more extensive marketing campaigns. Further, some potential customers, particularly large enterprises, may elect to develop their own internal solutions that address their learning management needs. If we are unable to compete with such companies, the demand for our platform and applications could be adversely affected.

Our ability to compete is also subject to the risk of future disruptive technologies. If new technologies emerge that are able to deliver skill development solutions at lower prices, with greater feature sets, more efficiently, or more conveniently, such technologies could adversely impact our ability to compete. With the introduction of new technologies and market entrants, we expect competition to intensify in the future.

Some of our principal competitors offer their solutions at a lower price or for free, which may result in pricing pressures on us. Many of our competitors that offer free solutions are also integrating features found previously only with paid solutions, which puts additional pressure on our pricing and feature development. If we are unable to maintain our pricing levels and competitive differentiation in the market, our results of operations would be negatively impacted.

If for any reason we are not able to develop enhanced and new features, keep pace with technological developments or respond to future disruptive technologies, our business will be harmed.

Our future success will depend on our ability to adapt and innovate. To attract new customers and increase revenue from existing customers, we will need to continually enhance and improve our platform and introduce new features. The success of any enhancement or new feature depends on several factors, including market demand, timely completion, successful introduction and market acceptance. If we are unable to successfully develop or acquire new features or enhance our existing platform to meet customer needs, our business and operating results could be adversely affected. Additionally, we may not sufficiently increase our revenue to offset the upfront technology, sales and marketing, and other expenses we incur in connection with the development of platform features and enhancements. Any of the foregoing may adversely affect our business and results of operations.

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 LMS products and services at lower prices, more efficiently or more conveniently, such technologies could adversely impact our ability to compete.

Finally, online education programs may not be successful or operate efficiently, which in turn could create the perception that online education in general is not effective. Such a perception could adversely affect our business and results of operations.

If our customers do not expand their use of our platform and services beyond their current organizational engagements or renew their existing contracts with us, or if we do not acquire new customers, our ability to grow our business and improve our results of operations may be adversely affected.

Our future success depends, in part, on our ability to increase the adoption of our platform by our existing customers, renewals of subscriptions, and sales of new subscriptions to future customers. A proportion of our customers initially use our platform in specific groups or departments within their institution or organization. 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 to address additional use cases. Further, to continue to grow our business, it is important that our customers renew their subscriptions when existing contracts expire and that we expand our relationships with our existing customers. Our customers have no obligation to renew their subscriptions, and in certain instances, have the right to terminate their subscriptions. Our customers may decide not to renew their subscriptions with a similar contract period, at the same prices and terms, with the same or a greater number of learners, or at all, or to exercise any rights of termination available to them. In the past, some of our customers have elected not to renew, or to exercise their rights to terminate, 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.

Our ability to retain our customers and expand our deployments with them may decline or fluctuate as a result of a number of factors, including: our customers' satisfaction with our platform, our customer support, our prices, the prices and features of competing solutions, reductions in our customers' spending levels, insufficient learner adoption of our platform, new feature releases, procurement or budgetary decisions from legal or other regulatory bodies, and general economic conditions. If our customers do not purchase additional subscriptions or renew their existing subscriptions, renew on less favorable terms, or fail to continue to expand their engagement with our platform, our revenue may decline or grow less quickly than anticipated, which would harm our results of operations.

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 customers. As we seek to increase our sales to our customers, we face upfront sales costs and long 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 and other commercial terms in exchange for larger total contract values that accompany large deployments. As we drive a greater portion of our revenue through our deployments with customers, we expect that our revenue will continue to grow significantly but the price we charge customers per user may decline. This may result in reduced margins in the future if our cost of revenue increases. For example, customers may request that we integrate our platform with their existing technologies, and these customization efforts could create additional costs and delays in utilization. In addition, customers often begin to use our platform on a limited basis, but nevertheless require education and interactions with our sales team, which increases our upfront investment in the sales effort with no guarantee that these customers will use our platform widely enough across their organization 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 to customers while mitigating the risks associated with serving such customers, our business, financial condition, and results of operations will suffer.

Failure to effectively expand our sales and marketing capabilities or to select appropriate marketing channels could harm our ability to increase our customer base and achieve broader market acceptance of our platform.

Our ability to increase the number of customers and increase the market share of our platform will depend to a significant extent on the ability of our sales and marketing organizations to work together to drive our sales pipeline and cultivate customer and partner relationships to drive revenue growth. We have invested in and plan to continue expanding our sales and marketing organizations, both domestically and internationally. Identifying, recruiting, and training sales and marketing personnel will require significant time, expense, and attention. We also plan to dedicate significant resources to sales and marketing programs, including lead generation activities and brand awareness campaigns, such as search engine and email marketing, online banner and video advertising, learner events, and webinars. If we are unable to hire, develop, and retain talented sales or marketing personnel, if our new sales or marketing personnel are unable to achieve desired productivity levels in a reasonable period of time, or if we fail to select appropriate marketing channels and our sales and marketing programs are not effective, our ability to increase the number of customers and increase the market share of our platform could be harmed. In addition, the investments we make in our sales and marketing organization will occur in advance of experiencing benefits from such investments, making it difficult to determine in a timely manner if we are efficiently allocating our resources in these areas.

If we fail to effectively manage our growth or our business does not grow as we expect, our business and results of operations could be harmed.

We have experienced, and may continue to experience, rapid growth and organizational change, which has placed, and may continue to place, significant demands on our management and our administrative, operational and financial resources. In addition, we operate globally, including presences in Canada, the United States, Europe, United Kingdom, Australia, Singapore, and Brazil. We plan to continue to expand our operations into other countries in the future, which will place additional demands on our resources and operations. Additionally, we continue to increase the breadth and scope of our platform and our operations. To support this growth, and to manage any future growth effectively, we must continue to improve our IT and financial infrastructures, our operating and administrative systems, and our ability to manage headcount, capital, and internal processes in an efficient manner. As we continue to grow, so does the size of our customers. The increased resources required to service these relatively large customers may cause us to divert resources away from our existing customers, which may have an adverse impact on our ability to maintain existing customers and our results of operations. Our organizational structure is also becoming more complex as we grow our operational, financial, and management infrastructure and we must continue to improve our internal controls as well as our reporting systems and procedures. We intend to continue to invest to expand our business, including investing in technology and sales and marketing operations, hiring additional personnel, improving our internal controls, reporting systems and procedures, and upgrading our infrastructure. These investments will require significant capital expenditures and the allocation of management resources, and any investments we make will occur in advance of experiencing the benefits from such investments, making it difficult to determine in a timely manner if we are efficiently allocating our resources. If we do not achieve the benefits anticipated from these investments, or if the achievement of these benefits is delayed, our results of operations may be adversely affected.

Our large customers have substantial negotiating leverage, which may require that we agree to terms and conditions that result in increased costs of sales, decreased revenue and lower average selling prices and gross margin percentages, all of which would harm our results of operations.

Some of our customers include state-level agencies and large school districts. These customers have significant bargaining power when negotiating new SaaS arrangements or term licenses, or renewals of existing agreements, and have the ability to buy similar solutions from other vendors or develop such

systems internally. These customers have and may continue to seek advantageous pricing and other commercial terms and may require us to develop additional features in the solutions we sell to them. These customers may also require us to implement their purchased solutions on an expedited basis. If we are unable to implement our solutions to our customers satisfaction or avoid reducing our selling prices and gross margin percentages, our results of operations would be harmed.

Our recent rapid growth makes it difficult to evaluate our future prospects and may increase the risk that we will not continue to grow at or near historical rates.

We continue to experience growth, and as a result, our ability to forecast our future results of operations is subject to a number of uncertainties, including our ability to effectively plan for and model future growth. The COVID-19 pandemic has also created uncertainties in buying behavior, including in some cases notably heightened demand, making it challenging to accurately model future growth. Moreover, we are also investing in both new products and new verticals, where our operating history is limited. Any predictions about our future revenue and expenses may not be as accurate as they would be if we had a longer history at the current scale and growth profile of the Company or operated in a more predictable market. We have encountered in the past, and will encounter in the future, risks and uncertainties frequently experienced by growing companies in rapidly changing industries. If our assumptions regarding these risks and uncertainties, which we use to plan and operate our business, are incorrect or change, or if we do not address these risks successfully, our results of operations could differ materially from our expectations, our growth rates may slow, and our business would suffer.

If we are unable to hire, retain and motivate qualified employees, our business will suffer.

Our future success depends, in part, on our ability to continue to attract and retain highly skilled employees. In addition, because our future success is dependent on our ability to continue to enhance and introduce new platform features, we are heavily dependent on our ability to attract and retain qualified employees with the requisite education, background, and industry experience. The market for highly skilled employees is very competitive due to the limited pool of qualified candidates with the skillset required within the industry. The currency fluctuation in the Canadian dollar relative to the U.S. dollar could also impact the Company in compensation offerings for new employees and could potentially increase the Company's costs in hiring qualified employees. As we expand our business, our continued success will also depend, in part, on our ability to attract and retain qualified sales, marketing, and operational employees capable of supporting a larger and more diverse customer base. The inability to attract new employees or failure to retain and motivate our current employees may seriously harm our business, financial condition and operating results. In addition, the loss of the services of a significant number of our technology or sales employees could be disruptive to our development efforts or customer relationships.

If we cannot maintain our Company's culture as we grow, we could lose the innovation, creativity, collaboration, and focus on execution that we believe contribute to our success and our business may be harmed.

We believe that a critical component to our success has been our Company's culture. We invest in our employees to innovate, collaborate and bring the best of themselves to work everyday. Additionally, as we grow and develop the infrastructure of a public company, we may find it difficult to maintain important aspects of our Company's culture. If we fail to preserve our culture, our ability to retain and recruit personnel, our ability to effectively focus on and pursue our corporate objectives, and our business could be harmed.

We are dependent on the continued services and performance of our senior leadership team and other key employees, the loss of any of whom could adversely affect our business, operating results and financial condition.

Our future performance depends on the continued services and contributions of our senior leadership, including our Chief Executive Officer and founder, John Baker, 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 and/or the loss of services of senior leadership 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 leadership team resulting from the hiring or departure of executives, which could disrupt our business. The loss of the services of one or more of our senior leadership 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.

Our quarterly and annual results of operations may vary significantly and may be difficult to predict. If we fail to meet the expectations of investors or securities analysts, our share price and the value of the Subordinate Voting Shares could decline.

Our quarterly and annual billings, revenue and results of operations have experienced fluctuations in the past and may vary significantly in the future due to a variety of factors, many of which are outside of our control. Our financial results in any one quarter should not be relied upon as indicative of future performance. We may not be able to accurately predict our future billings, revenue or results of operations. Factors that may cause fluctuations in our quarterly results of operations include, but are not limited to, those listed below:

- changes in spending on learning platforms and related services by our current or prospective customers;
- fluctuations in the demand for our platform, and the timing of sales, particularly larger subscriptions;
- our ability to attract new customers or retain existing customers;
- changes in customer renewal rates and our ability to increase sales to our existing customers;
- the seasonal buying patterns of our customers;
- the budgeting cycles and internal purchasing priorities of our customers;
- the payment terms and subscription term length associated with our platform sales and their effect on our billings and Free Cash Flow;
- our ability to anticipate or respond to changes in the competitive landscape, including consolidation among competitors;
- our ability to access, or partner with effective service providers or partners;
- the timing of expenses and recognition of revenue;
- the amount and timing of operating expenses related to the maintenance and expansion of our business, operations, and infrastructure;

- the timing and success of new product feature and service introductions or application enhancements by us or our competitors;
- network outages or actual or perceived privacy and security incidents, including cybersecurity, or breaches;
- changes in laws and regulations that impact our business;
- foreign currency exchange rate fluctuations; and
- general economic, market and political conditions in our domestic and international markets.

If our billings, revenue or results of operations fall below the expectations of investors or securities analysts in a particular quarter, or below any guidance that we may provide, the price of our Shares could decline.

Seasonality may cause our sales and customer growth to vary from quarter-to-quarter depending on the variability in the volume and timing of sales and renewals.

School procurement periods, which are typically based on a fiscal year ending June 30 in the United States, may result in seasonal fluctuations. These factors, among other things, make forecasting more difficult and may adversely affect our ability to predict financial results accurately, which could result in volatility or adversely affect the market price of our Shares.

If our security measures are breached or unauthorized access to customer data is otherwise obtained, our platform may be perceived as insecure, we may lose existing customers or fail to attract new customers, our reputation may be harmed, and we may incur significant liabilities.

Use of our platform and applications involve the storage, transmission and processing of our customers' data, including personal information regarding their students or employees. Cyber-attacks and other malicious internet-based activities continue to increase generally, and cloud-based platform providers of software and services have been targeted. Unauthorized access to, or other security incidents or breaches of (including malware attacks), our platform or the other systems or networks used in our business, including those of our partners, vendors, contractors, or those with which we have strategic relationships, could result in the loss, compromise or corruption of data, loss of business, reputational damage adversely affecting customer or investor confidence, regulatory investigations and orders, litigation, indemnity obligations, damages for contract breach, penalties for violation of applicable laws or regulations, significant costs for remediation, and other liabilities. We have insurance coverage, but this coverage may be insufficient to compensate us for all liabilities that we may incur. Further, an actual or perceived security breach affecting one of our partners, competitors or any other company that provides hosting services or delivers applications under a SaaS model, even if no confidential information of our customers is compromised, may adversely affect the market perception of our security measures and we could lose potential sales and existing customers. Moreover, failure to maintain effective internal controls related to data security breaches and cybersecurity in general could impact our ability to produce timely and accurate financial statements and could subject us to regulatory scrutiny.

Our platform and the other systems or networks used in our business are also at risk for incidents or breaches as a result of third-party action, or employee, vendor, or contractor error or malfeasance. We have incurred and expect to continue to incur significant expenses to prevent security incidents or breaches, including deploying additional personnel and protection technologies, training employees, and engaging third-party experts and consultants. However, since the techniques used to obtain unauthorized access or to sabotage systems change frequently, have become more complex over time, and generally are not identified until after they are launched against a target, we may be unable to anticipate these techniques

or to implement adequate preventative measures. We may also experience security incidents or breaches that may remain undetected for an extended period and, therefore, have a greater impact on our platform, the proprietary and other confidential data contained therein or otherwise stored or processed in our operations, and ultimately on our business. Our products operate in conjunction with and are dependent on a broad range of products, components and third-party services, and a vulnerability in any of them can expose us to a security breach. In addition, our customers and their third-party service providers may not have adequate security measures in place to protect their data that is stored in our solution, and because we do not control our customers or their service providers, we cannot prevent vulnerabilities in their security measures from being exploited.

We rely upon Amazon Web Services to operate certain aspects of our service and any disruption of or interference with our use of Amazon Web Services could impair our ability to deliver our platform and applications to our customers, resulting in customer dissatisfaction, damage to our reputation, loss of customers and harm to our business.

AWS provides a distributed computing infrastructure platform for business operations, or what is commonly referred to as a cloud computing service. We have designed our software and computer systems to use data processing, storage capabilities and other services provided by AWS. Currently, our cloud service infrastructure is run on AWS. Given this, we cannot easily switch our AWS operations to another cloud provider, so any disruption of or interference with our use of AWS would impact our operations and our business would be adversely impacted. AWS provides us with computing and storage capacity pursuant to an agreement that continues until terminated by either party. If any of our arrangements with AWS are terminated, we could experience interruptions in our software as well as delays and additional expenses in arranging new facilities and services.

We utilize third-party data center hosting facilities operated by AWS, located within Canada. For international customers, we utilize third-party data center hosting facilities operated by AWS located in Ireland, Australia, U.S. and Singapore.

Our operations depend, in part, on AWS's abilities to protect these facilities against damage or interruption from natural disasters, power or telecommunications failures, criminal acts and similar events. Despite precautions taken at our data centers, the occurrence of spikes in usage volume, a natural disaster, an act of terrorism, vandalism or sabotage, a decision to close a facility without adequate notice, or other unanticipated problems at a facility could result in lengthy interruptions in the availability of our platform. Even with current and planned disaster recovery arrangements, our business could be harmed. Also, in the event of damage or interruption, our insurance policies may not adequately compensate us for any losses that we may incur. These factors in turn could further reduce our revenue, subject us to liability and cause us to issue credits or cause customers to fail to renew their subscriptions, any of which could harm our business.

Changes to our platform, services or networks may result in a loss of customers.

Our platform and the other systems or networks used in our business, including the security and information technology infrastructure upon which our platform relies, will evolve over time. In response to such changes, certain existing customers may decide not to renew their subscriptions or may decide to exercise the rights of termination available to them. In addition, such changes could result in a failure to sign up certain prospective customers. Losses of existing or prospective customers could have a material adverse effect on our business, financial condition, and results of operations.

Privacy, data protection, and information security concerns, and data collection and transfer restrictions and related domestic or foreign regulations, may limit the use and adoption of our platform and adversely affect our business.

Use of our platform involves the storage, transmission, and processing of data from our customers and their end users (learners, employees or other personnel, including certain personal or individually identifying information). Personal privacy, information security, and data protection are significant issues in North America, Europe, and many other jurisdictions where we offer our platform. The regulatory framework governing the collection, processing, storage, and use of business information, particularly information that includes personal data, is rapidly evolving and any failure or perceived failure to comply with applicable privacy, security, or data protection laws, regulations and/or contractual obligations may adversely affect our business.

In Canada, the federal *Personal Information Protection and Electronic Documents Act* (Canada) (“**PIPEDA**”) and similar provincial laws impose requirements regarding the collection, use, disclosure and protection of personal information. The requirements of these laws include obligations of companies to notify individuals of security breaches involving particular personal information, which could result from breaches experienced by us or by our vendors, contractors, or organizations with which we have formed strategic relationships. Even though we may have contractual protections with such vendors, contractors, or other organizations, notifications and follow-up actions related to a security breach could impact our reputation, cause us to incur significant costs, including legal expenses, harm customer confidence, hurt our expansion into new markets, cause us to incur remediation costs, or cause us to lose existing customers.

Many foreign countries and governmental bodies, including the United States, Australia, Brazil, Singapore, the United Kingdom and European Union (the “**EU**”) where we conduct business, have laws and regulations concerning the collection and use of personal data obtained from their residents or by businesses operating within their jurisdictions. These laws and regulations apply broadly to the collection, use, storage, disclosure, and security of data that identifies or may be used to identify or locate an individual, such as names, email addresses and, in some jurisdictions, internet protocol, or IP addresses. The policies and frameworks we use to comply with these laws may be subject to legal challenge by data protection authorities, and we may experience reluctance or refusal by European customers to use our platform due to potential risk exposure created by transferring personal data from Europe. We and our customers face a risk of enforcement actions taken by European data protection authorities regarding data transfers from Europe.

The European General Data Protection Regulations 2016/679 (“**GDPR**”) took effect on May 25, 2018. The GDPR applies to any company established in the EU as well as to those outside the EU if they collect and use personal data through the provision of goods or services to individuals in the EU or monitor their behavior. The GDPR enhances data protection obligations on businesses and provides direct legal obligations for service providers processing personal data on behalf of customers, including with respect to cooperation with European data protection authorities, implementation of security measures and keeping records of personal data processing activities. Noncompliance with the GDPR can trigger fines of up to €20 million or 4% of global annual revenues, whichever is higher. Separate EU laws and regulations (and member states’ implementations thereof) govern the protection of consumers and of electronic communications.

We are subject to other laws relating to privacy and data protection in foreign countries including, but not limited to, the *California Consumer Privacy Act*, the U.S. *Children’s Online Privacy Protection Act* and Brazil’s Law No. 13,709 (Lei Geral de Proteção de Dados). In addition, through contractual obligations with our customers, we sometimes agree to certain obligations related to the U.S. *Family Educational Rights and Privacy Act*, which generally prohibits educational institutions that receive federal funding

from disclosing personally identifiable information from a student's education records without the student's consent.

We also expect that there will continue to be new proposed laws, regulations, and industry standards (and/or changes thereto) concerning privacy, data protection, and information security in Canada, the United States, the EU, and other jurisdictions in which we conduct business.

We cannot determine the impact that future laws, regulations, and standards may have on our business. Such laws and regulations are often subject to differing interpretations and may be inconsistent among jurisdictions. These and other requirements could reduce demand for our platform, increase our costs, impair our ability to grow our business, or restrict our ability to store and process data or, in some cases, impact our ability to offer our platform in some locations and may subject us to liability. Further, in view of new or modified federal, state, provincial or foreign laws and regulations, industry standards, contractual obligations, and other legal obligations, or any changes in their interpretation, we may find it necessary or desirable to fundamentally change our business activities and practices or to expend significant resources to modify our platform and otherwise adapt to these changes. We may be unable to make such changes and modifications in a commercially reasonable manner, or at all, and our ability to develop new features could be limited.

Our customers could use our platform or applications to store or process personally identifiable information without our knowledge of such storage or processing. In the event that our systems experience a data security incident, or an individual or entity accesses information without, or in excess of, proper authorization, we may be subject to requirements under privacy and data protection laws that require prompt remediation and notification to individuals. If we are unaware of the data and information stored on our systems, we may be unable to appropriately comply with all of our legal obligations.

The costs of compliance with and other burdens imposed by laws, regulations, and standards may limit the use and adoption of and reduce overall demand for our platform, or lead to significant fines, penalties, or liabilities for any noncompliance. These incidents could cause our customers to lose trust in us, which could harm our reputation and business, and materially adversely affect our operating results and financial condition. Privacy, information security, and data protection concerns, actual and perceived, may inhibit market adoption of our platform, particularly in certain industries and foreign countries.

Regulatory requirements placed on our software and services could impose increased costs on us, delay or prevent our introduction of new products and services, and impair the function or value of our existing products and services.

Our products and services are currently subject to various regulatory requirements. For example, we are or may be subject to laws, regulations and policies that govern discriminatory and harassing conduct particularly, in light of our use of AI technologies, the content of our platform or recommendations for content consumption may run afoul of local laws, regulations and policies that govern discrimination and harassment. We may also be subject to anti-spam laws, regulations and policies. 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 and SaaS providers) 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.

Our business may become subject to increasing regulatory requirements, and as these requirements proliferate, we may be required to change or adapt our products and services to comply. Changing regulatory requirements might render our products and services obsolete or might block us from developing new products and services. This might in turn impose additional costs upon us to comply or

to further develop our products and services. It might also make introduction of new products and services more costly or more time-consuming than we currently anticipate and could even prevent introduction by us of new products or services or cause the continuation of our existing products or services to become more costly. Accordingly, such regulatory requirements could have a material adverse effect on our business, financial condition, and results of operations.

We recognize revenue from subscriptions over the term of our customer contracts, and as such our reported revenue and billings may differ significantly in a given period, and our revenue in any period may not be indicative of our financial health and future performance.

We recognize revenue from subscriptions ratably over the subscription term of the underlying customer contract. Our billings are recorded upon invoicing for access to our platform, and thus a significant portion of the billings we report in each quarter, are generated from customer agreements entered into during the period. As a result, much of the revenue we report each quarter is derived from contracts that we entered into with customers in prior periods. Consequently, a decline in new or renewed subscriptions in any quarter will not be fully reflected in revenue or other results of operations in that quarter but will negatively affect our revenue and other results of operations across future quarters. It is difficult for us to rapidly increase our revenue from additional billings in a given period. Any increases in the average term of subscriptions would result in revenue for those contracts being recognized over longer periods of time with less positive impact on our results of operations in the near term. Accordingly, our revenue in any given period may not be an accurate indicator of our financial health and future performance.

Our sales cycles can be unpredictable, and our sales efforts require considerable time and expense. As a result, the timing of our billings and revenue are difficult to predict and may vary substantially from period to period, which may cause our results of operations to fluctuate significantly.

Our results of operations may fluctuate, in part, because of the resource intensive nature of our sales efforts, the length and variability of our sales cycle, and difficulty in adjusting our operating expenses in the short term. The length of our sales cycle, from identification of the opportunity to delivery of access to our platform, can vary from customer to customer, reflecting differences in our potential customers' decision-making process, procurement requirements and budget cycles, on the size of the business, and is subject to significant risks over which we have little or no control, including:

- customers' budgetary constraints and priorities;
- customers' administrative, processing, and other delays;
- the timing of customers' budget cycles;
- the need by some customers for lengthy evaluations that often include both their administration and faculties or for corporate clients, approvals of multiple management personnel and more technical personnel than would be typical of a smaller organization; and
- the length and timing of customers' approval processes.

To the extent our competitors develop products that our prospective customers view as equivalent or superior to our platform, our average sales cycle may increase. Additionally, if a key sales member leaves our employment or if our primary point of contact at a customer or potential customers leaves his or her employment, our sales cycle may be further extended or customer opportunities may be lost. As a result of the buying behavior of educational institutions and enterprises and the efforts of our sales force and partners to meet or exceed their sales objectives by the end of each fiscal quarter, we may generate a substantial portion of billings towards the end of each fiscal quarter. These transactions may not close as expected or may be delayed in closing. The unpredictability of the timing of customer purchases,

particularly large purchases, could cause our billings and revenue to vary from period to period or to fall below expected levels for a given period, which will adversely affect our business, results of operations, and financial condition.

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

We reinvest a large percentage of our revenue in research and development. Our investment in our current research and development efforts may not provide a sufficient, timely return. We make and will continue to make significant investments in software research and development and related product opportunities. Investments in new technology, markets, and processes are inherently speculative and involves a significant amount of time for our research and development and allied teams. 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 believe our long-term success depends in part on continuing to expand our international sales and operations and we are therefore subject to a number of risks associated with international sales and operations.

We intend to continue expanding our international operations. In order to maintain and expand our sales internationally, we need to hire and train experienced personnel to staff and manage our foreign operations. To the extent that we experience difficulties in recruiting, training, managing, and retaining international staff, and specifically sales and marketing personnel, we may experience difficulties in growing our international sales.

Conducting our business internationally, particularly with expansion into countries in which we have limited experience, subjects us to a variety of risks, including, but not limited to:

- unexpected costs and errors in tailoring our products for individual markets, including translation into foreign languages and adaptation for local practices;
- difficulties in adapting to customer desires due to language and cultural differences;
- new and different sources of competition;
- increased financial accounting and reporting burdens and complexities;
- increased expenses associated with international sales and operations, including establishing and maintaining office space and equipment for our international operations;
- lack of familiarity and burdens of complying with foreign laws, legal standards, privacy standards, regulatory requirements, tariffs, and other barriers;
- greater difficulty in enforcing contracts and accounts receivable collection and longer collection periods;

- practical difficulties of enforcing intellectual property rights in countries with fluctuating laws and standards and reduced or varied protection for intellectual property rights in some countries;
- unexpected changes in regulatory requirements, taxes, trade laws, tariffs, export quotas, custom duties, or other trade restrictions;
- limitations on technology infrastructure, which could limit our ability to migrate international operations to our existing systems, which could result in increased costs;
- difficulties in managing and staffing international operations and differing employer/employee relationships and local employment laws;
- fluctuations in exchange rates that may increase the volatility of our foreign-based revenue;
- potentially adverse tax consequences, including the complexities of foreign value added tax (or other tax) systems and restrictions on the repatriation of earnings;
- dependence on third-parties, including potential resellers with whom we do not have extensive experience; and
- unrest and/or changes in a specific country's or region's social, political, legal, health or economic conditions.

Additionally, operating in international markets also requires significant management attention and financial resources. We plan to continue investing substantial time and resources to expand our international operations, but we cannot be certain that these investments will produce desired levels of revenue or profitability. These factors and other factors could harm our ability to gain future international revenue and, consequently, materially affect our business, results of operations, and financial condition.

We may face exposure to foreign currency exchange rate fluctuations.

We conduct our business in various countries across the world. As we continue to expand our international operations, we will become more exposed to the effects of fluctuations in currency exchange rates. This exposure is the result of selling in multiple currencies and operating in foreign countries where the functional currency is the local currency. Because we conduct business in currencies other than U.S. dollars, but report our results of operations in U.S. dollars, fluctuations in the exchange rates of these foreign currencies, including any fluctuations caused by geopolitical uncertainties, may hinder our ability to predict our future results and earnings and materially impact our business, financial condition, and operating results. We have not previously engaged in foreign currency hedging. If we decide to hedge our foreign currency exposure, we may not be able to completely eliminate the impact of fluctuations in the exchange rates. Moreover, the use of hedging instruments may introduce additional risks if we are unable to structure effective hedges with such instruments.

Further, while the majority of our revenues are denominated in U.S. dollars, the majority of our operating expenses are incurred in Canadian dollars. As a result, our operating profits will be adversely impacted by an increase in the value of the Canadian dollar relative to the U.S. dollar. The value of the Canadian dollar relative to the U.S. dollar has varied significantly and investors are cautioned that past and current exchange rates are not indicative of future exchange rates.

We rely upon SaaS technologies from third-parties to operate our business, and interruptions or performance problems with these technologies may adversely affect our business and results of operations.

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, 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.

Our business can be impacted by government policy and regulatory actions.

D2L derives a portion of revenue from contracts with federal, provincial/state, local, and foreign governments, as well as government agencies, including public school districts/boards and institutions of higher education. We operate in markets that are often highly regulated and dependent on government funding and associated revenues to support our contracts. We believe that the success and growth of our business will continue to depend on our ability to correctly assess, influence, and respond to the direction of government policy, regulatory actions, and funding. Outside of our ability to effectively manage government relationships to procure contracts, we are subject to the direct risks of government actions on technology providers and indirectly to the risks of government action on our customers.

Moreover, in markets outside of Canada, any push or prioritization for local/national procurement and data residency would impact our ability to grow or require us to deliver our solutions through local partners that could have implications for our intellectual property protection and/or impede our ability to meaningfully control commercial terms.

A number of our customers are reliant on government funding for their operations. While COVID-19 has created a near-term catalyst for governments and agencies to increase spending on education and training, the pandemic has also highlighted and exacerbated significant budget gaps and related vulnerabilities facing governments. Continued depression of economic activity and government revenues could severely impact our ability to grow over the long-term.

Our growth depends in part on the success of our relationships with third-parties.

We anticipate that the growth of our business will continue to depend on third-party relationships, including relationships with our suppliers, app developers, theme designers, referral sources, partners and resellers.

Identifying, negotiating and documenting relationships with third-parties requires significant time and resources as does integrating third-party technology. Our agreements with providers of cloud hosting, technology, 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 in a manner that is adverse to us.

Further, our competitors may effectively incentivize third-party developers to favor our competitors' products or services, which could diminish our prospects for collaborations with third-parties and reduce subscriptions to our platform. In addition, providers of third-party offerings may not perform as expected under our agreements and we may in the future have disagreements or disputes with such providers. If any such disagreements or disputes cause us to lose access to products or services from a particular

supplier, or lead us to experience a significant disruption in the supply of products or services from a current supplier, especially a single-source supplier, they could have an adverse effect on our business and operating results.

If we do not maintain the compatibility of our solutions with third-party applications that our customers use in their business processes, demand for our solutions and revenue could decline.

Our solutions can be used alongside a wide range of other systems, such as enterprise software systems and business software applications used by our customers in their businesses. If we do not support the continued integration of our solutions with third-party applications, including through the provision of APIs that enable data to be transferred readily between our solutions and third-party applications, demand for our solutions could decline, and we could lose sales. Third-party providers of applications may change the features of their applications and software, restrict our access to their applications and software, or alter the terms governing use of their applications and access to those applications and software in an adverse manner. Such changes could functionally limit or terminate our ability to use these third-party applications and software in conjunction with our platform, which could negatively impact our offerings and harm our business. We will also be required to make our solutions compatible with new or additional third-party applications that are introduced into the markets that we serve. We may not be successful in making our solutions compatible with these third-party applications, which could reduce demand for our solutions. In addition, prospective customers, especially large enterprise customers, may require heavily customized features and functions unique to their business processes. If prospective customers require customized features or functions that we do not offer, then the market for our solutions will be adversely affected.

We have incurred operating losses and negative cash flows in the past and may incur operating losses and negative cash flows in the future.

While in recent years we have experienced positive cashflow from operations and experienced at or near breakeven profitability, throughout most of our history, we have experienced net losses and negative cash flows from operations. As of January 31, 2022, we had an accumulated deficit of US\$326,947,873. We expect our operating expenses to increase in the future as we expand our operations. Furthermore, as a public company, we will incur legal, accounting and other expenses that we did not incur as a private company. If our revenue does not grow to offset these increased expenses, we will not be profitable. We cannot assure you that we will be able to achieve or maintain profitability. You should not consider recent revenue growth as indicative of our future performance.

If we fail to develop, maintain, and enhance our brand and reputation cost-effectively, our business and financial condition may be adversely affected.

We believe that developing, maintaining, and enhancing awareness and integrity of our brand and reputation in a cost-effective manner are important to achieving widespread acceptance of our platform and are important elements in maintaining existing customers and attracting new customers. We believe that the importance of our brand and reputation will increase as competition in our market further intensifies. Our success in this area will depend on a variety of factors, some of which are beyond our control, including:

- the effectiveness of our marketing efforts;
- our ability to provide a reliable and useful platform at competitive prices;
- the quality and perceived value of our platform;
- our ability to maintain high customer satisfaction and provide quality customer support;

- our ability to retain existing customers and obtain new customers;
- our ability to successfully differentiate our applications from those of our competitors;
- actions of competitors and third-parties;
- interruptions or delays on our platform or applications;
- cyber-attacks on or security breaches of our platform and applications or the platforms of our partners or subcontractors;
- negative publicity relating to our employees, partners, or other parties associated with us or them; and
- litigation, legislative or regulatory-related developments.

Brand promotion activities may not yield increased revenue, and even if they do, the increased revenue may not offset the expenses we incur in building and maintaining our brand and reputation. If we fail to promote and maintain our brand successfully or to maintain loyalty among our customers, or if we incur substantial expenses in an unsuccessful attempt to promote and maintain our brand, we may fail to retain our existing customers and partners or attract new customers and partners and our business and financial condition may be adversely affected. Damage to our brand and reputation may result in reduced demand for our platform and increased risk of losing market share to our competitors. Any efforts to restore the value of our brand and rebuild our reputation may be costly and may not be successful.

Mergers or other strategic transactions involving our competitors or customers could weaken our competitive position, which could harm our results of operations.

Some of our competitors may enter into new alliances with each other or may establish or strengthen cooperative relationships with systems integrators, third-party consulting firms or other parties, thereby limiting our ability to promote our products. Any such consolidation, acquisition, alliance or cooperative relationship could lead to pricing pressure and our loss of market share and could result in a competitor with greater financial, technical, marketing, service and other resources, all of which could have a material adverse effect on our business, results of operations and financial condition.

Consolidation within our existing and target markets as a result of mergers or other strategic transactions may also create uncertainty among customers as they realign their businesses and impact new sales and renewal rates. For example, mergers or strategic transactions by potential or existing customers may delay orders for our products and services or cause the use of our products to be discontinued, which could have a material adverse effect on our business, results of operations and financial condition.

If we fail to adequately protect our proprietary rights, our competitive position could be impaired and we may lose valuable assets, generate reduced revenue or experience slower growth rates, and incur costly litigation to protect our rights.

The global education and training industry is characterized by a large number of intellectual property rights, including copyrights, trademarks, patents, and trade secrets. Our success is dependent, in part, upon protecting our proprietary information and technology. We rely on a combination of trademark, patent, copyright and trade secret law, and contractual arrangements including, intellectual property assignment agreements, license agreements, confidentiality procedures, non-disclosure agreements, and employee non-disclosure and invention assignment agreements to establish and protect our proprietary rights. However, the steps we take to protect our intellectual property rights may be inadequate. We will not be able to protect our intellectual property if we are unable to enforce our rights or if we do not detect and

mitigate unauthorized use of our intellectual property. Despite our precautions, it may be possible for unauthorized third-parties to reverse engineer or copy our platform or critical features of our platform and use information that we regard as proprietary to create solutions that compete with ours. Policing unauthorized use of our platform is difficult and the steps we take to combat such actions may prove ineffective. Some license provisions protecting against unauthorized use, copying, transfer, and disclosure of our platform may be unenforceable under the laws of certain jurisdictions and foreign countries. Further, the laws of some countries do not protect proprietary rights to the same extent as the laws of Canada, and mechanisms for enforcement of intellectual property rights in some foreign countries may be inadequate. To the extent we expand our international activities, our exposure to unauthorized copying and use of our platform and proprietary information may increase. Accordingly, despite our efforts, we may be unable to prevent third-parties from infringing upon or misappropriating our technology and intellectual property rights.

We rely in part on trade secrets, proprietary know-how, and other confidential information to maintain our competitive position. Although we enter into intellectual property assignment agreements or license agreements, confidentiality and invention assignment agreements with our employees and consultants, and 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 controlling access to, and distribution of, our platform, proprietary technology and proprietary information. Further, these agreements do not prevent our competitors from independently developing technologies that are substantially equivalent or superior to our platform, which may compete with our products and services.

To protect our intellectual property rights, we may be required to spend significant resources to monitor and protect these rights. Litigation, before the courts or procedures before other governmental authorities and administrative bodies in Canada or any jurisdiction in which we operate, may be necessary in the future to enforce our intellectual property rights and to protect our intellectual property rights, including trade secrets. Such litigation could be costly, time-consuming, and distracting to management and could result in the impairment or loss of portions of our intellectual property. Furthermore, our efforts to enforce our intellectual property rights may be met with defenses, counterclaims, and countersuits attacking the validity and enforceability of our intellectual property rights and may result in invalidation or cancellation of our intellectual property rights. Our inability to protect our proprietary technology against unauthorized copying or use, as well as any costly litigation or diversion of our management's attention and resources, could delay further sales or the implementation of our platform, impair the functionality of our platform, delay introductions of new platform features, result in our substituting inferior or more costly technologies into our platform, or injure our reputation. In addition, we may be required to license additional technology from third-parties to develop and market new platform features or services, and we cannot guarantee that we will be able to license that technology on commercially reasonable terms or at all, and our inability to license this technology could harm our ability to compete.

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 the non-infringement of 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 rights relating to our industry or, in some cases, our technology.

In the past, third-parties have claimed that we were infringing their intellectual property rights. Moreover, in recent years, individuals and groups that are non-practicing entities, commonly referred to as "patent trolls," have purchased patents and other intellectual property assets for the purpose of making claims of infringement in order to extract settlements. From time to time, we may receive threatening letters, notices or "invitations to license," or may be the subject of claims that our services or software and underlying technology infringe or violate the intellectual property rights of others. Such claims may reoccur or occur

in the future, and we may actually be found to be infringing on such rights. There are also legal and other costs associated with responding to such allegations of infringement and invitations to license.

Responding to claims, regardless of their merit, can be time consuming, costly to defend in litigation, divert management's attention and resources, damage our reputation and brand and cause us to incur significant expenses. Our technologies may not be able to withstand any third-party claims against their use. Claims of intellectual property infringement might require us to stop using technology found to be in violation of a third-party's rights, redesign our products or services, which could require significant effort and expense, and cause delays of releases, enter into costly settlement or license agreements or pay costly damage awards, or face a temporary or permanent injunction prohibiting us from marketing or selling our software. If we cannot or do not license the infringed intellectual property rights on reasonable terms or at all, or substitute similar technology from another source, we could be forced to limit or stop selling our software, we may not be able to meet our obligations to customers under our customer contracts, our revenue and operating results could be adversely impacted, and we may be unable to compete effectively. Additionally, our customers may not purchase our products or services if they are concerned that they may infringe third-party intellectual property rights. The occurrence of any of these events may harm our business.

In our subscription agreements with our customers, we generally agree to indemnify our customers against any losses or costs incurred in connection with claims by a third-party alleging that the customer's use of our services or software infringes the intellectual property rights of the third-party and such indemnification may not be limited to a specific amount. Our customers who are accused of intellectual property infringement may seek indemnification from us. If any claim is successful, or if we are required to indemnify or defend our customers from any of these or other claims, these matters could be disruptive to our business and management and result in additional legal expenses.

The use of open source software in our products may expose us to additional risks and harm our intellectual property.

Some of the Company's products, services and technologies may incorporate software licensed under so-called "open source" licenses. These components are developed by third-parties over whom we have no control. We have no assurances that those components do not infringe upon the intellectual property rights of others. We could be exposed to infringement claims, security vulnerabilities and liability in connection with the use of those open source software components, and we may be forced to replace those components with internally developed software or software obtained from another supplier, which would have a negative effect on our business and operating results. The developers of open source software are usually under no obligation to maintain or update that software and we may be forced to maintain or update such software ourselves or replace such software with internally developed software or software obtained from another supplier, which may increase our expenses. Making such replacements could also delay enhancements to our products. Certain open source software licenses provide that the licensed software may be freely used, modified and distributed to others provided that any modifications made to such software including the source code to such modifications, are also made available under the same or similar open source license terms and conditions. As a result, any modifications we make to such software will be available to all downstream learners of the software, including our competitors.

Certain open source licenses ("**Reciprocal Licenses**") provide that if we wish to combine the licensed software, in whole or in part, with our proprietary software, and distribute copies of the resulting combined work, we may only do so if such copies are distributed under the same terms and conditions as the open source software component of the work that was licensed to us, including the requirement to make the source code to the entire work available to recipients of such copies. The types of combinations of open source software and proprietary code that are covered by the requirement to release the source code to the entire combined work are uncertain and much debated by learners of open source software. There is little

or no legal precedent governing the interpretation of many of the terms of these licenses. An incorrect determination as to whether a combination is governed by such provisions will result in non-compliance with the terms of the open source license. Such non-compliance could result in the termination of our license to use, modify and distribute copies of the affected open source software and we may be forced to replace such open source software with internally developed software or software obtained from another supplier, which may increase our expenses. In addition to terminating the affected open source license, the licensor of such open source software may seek to have a court order that the proprietary software that was combined with the open source software be made available to others, including our competitors, under the terms and conditions of the applicable open source license. For those reasons, we have instituted policies and practices which are intended to govern and limit the use of open source software that is distributed under the terms of a Reciprocal License.

In addition to risks related to license requirements, usage of open source software can lead to greater risks, including cybersecurity risks, than the use of third-party commercial software, as open source licensors generally do not provide warranties on the performance or quality of the software, controls on the origin or development of the software, security patches for such 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.

Issues in the use of artificial intelligence in our platform may result in reputational harm or liability.

Our platform uses AI, and we expect to continue building AI into our platform in the future. We envision a future in which AI operates within our cloud-based platform to offer an efficient and effective e-learning solution for our customers. As with many disruptive innovations, AI presents risks and challenges that could affect its adoption, and therefore our business. AI algorithms may be flawed. Datasets may be insufficient or contain biased information. Inappropriate or controversial data practices by us or others could impair the acceptance, utility and effectiveness of AI solutions. 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.

Real or perceived errors, failures, vulnerabilities, or bugs in our platform could harm our business and results of operations.

Errors, failures, vulnerabilities, or bugs may occur in our platform, especially when updates are deployed or new features are rolled out. In addition, utilization of our platform in complicated, large-scale customer environments may expose errors, failures, vulnerabilities, or bugs in our platform. Any such errors, failures, vulnerabilities, or bugs may not be found until after they are deployed to our customers. Furthermore, if the Company is unable to meet service level agreements to remedy these errors, failures, vulnerabilities or bugs in our platform, this could cause harm to our business and operations. As a provider of learning management solutions, our brand and reputation is particularly sensitive to such errors, failures, vulnerabilities, or bugs. Real or perceived errors, failures, vulnerabilities, or bugs in our platform could result in negative publicity, loss of competitive position, loss of customer data, loss of or delay in market acceptance of our products, loss of customers, claims by customers for losses sustained by them, or diversion of development resources and associated costs, all of which could harm our business and results of operations.

While our customer agreements typically contain limitations and disclaimers that purport to limit our liability for damages related to defects in our products, such limitations and disclaimers may not be enforced by a court or other tribunal or otherwise effectively protect us from such claims. A material

liability claim against us, regardless of its merit or its outcome, could result in substantial costs, significantly harm our business reputation and divert management's attention from our operations.

If we are unable to successfully refresh or update our source code or other aspects of our platform or detect and adequately address technological deficiencies in a timely and adequate manner, our competitive position could be negatively affected.

Our competitiveness depends, in part, on our ability to deliver an up to date learner interface and to promptly address technical deficiencies in a timely and efficient manner. Updates to our source code and other aspects of our platform require significant investment and we may not have the resources to make such investment. We may not be able to expand and upgrade our personnel, technology systems and infrastructure to accommodate increases in our business activity in a timely manner, which could lead to operational breakdowns and delays, loss of customers, a reduction in the growth of our customer base, 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.

From time to time, we may become defendants in legal proceedings for which we are unable to assess our exposure and which could become significant liabilities in the event of an adverse judgment.

From time to time in the ordinary course of our business, we may become involved in various legal proceedings, including commercial, product liability, employment, class action and other litigation and claims, as well as governmental and other regulatory investigations and proceedings. Such matters can be time-consuming, divert management's attention and resources and cause us to incur significant expenses. In addition, our insurance or indemnities may not cover all claims that may be asserted against us, and any claims asserted against us, regardless of merit or eventual outcome, may harm our reputation. Furthermore, because litigation is inherently unpredictable, the results of such actions may have a material adverse effect on our business, operating results or financial condition.

Any failure to offer high-quality and continuous customer support may harm our relationships with our customers and our results of operations.

Our customers depend on our customer support teams to resolve technical and operational issues if and when they arise, both during the implementation phase and thereafter. We may be unable to respond quickly enough to accommodate short-term increases in customer demand for customer support. Customer demand for support may also increase as we expand the features available on our platform and application partner offerings. Increased customer demand for customer support, without corresponding revenue, could increase costs and harm our results of operations. In addition, as we continue to expand our customer base, we need to be able to provide efficient and effective customer support that meets our customers' needs and expectations globally at scale. The number of our customers has grown significantly, which puts additional pressure on our support organization. In order to meet these needs, we have relied in the past and will continue to rely on self-service customer support to resolve common or frequently asked questions, which supplement our customer support teams. If we are unable to provide efficient and effective customer support globally at scale including through the use of self-service support, translations, and other related activities, our ability to grow our operations may be harmed and we may need to hire additional support personnel, which could harm our margins and results of operations. Our sales are highly dependent on our business reputation and on positive recommendations from our existing customers. Any failure to maintain high-quality customer support, including when engaging third-party support agents, or a market perception that we do not maintain high-quality customer support, could harm our reputation, our ability

to sell our platform to existing and prospective customers, our business, results of operations, and financial condition.

Incorrect or improper use of our solutions or our failure to properly train customers on how to use our solutions could result in customer dissatisfaction and negatively affect our business.

Our solutions are complex and the proper use of such solutions requires training of the customer and end user. If our solutions are not used correctly or as intended, inadequate performance may result. Because our customers rely on our solutions, services, and maintenance support to manage a wide range of operations, the incorrect or improper use of our solutions, our failure to properly train customers on how to efficiently use our solutions, or our failure to properly provide maintenance services to our customers may result in negative publicity or legal claims against us.

The Company is impacted by rising inflationary pressures and tight, competitive labour markets.

Inflation rates in jurisdictions that we operate in increased significantly in 2021, rising above the target inflation rate ranges set by governing central banks. A significant portion of the upward pressure on prices has been attributed to the rising costs of labour, energy, food, motor vehicles and housing, as well as overall challenges involved in reopening and managing the economy throughout the COVID-19 pandemic and continuing global supply-chain disruptions. Inflation increases may or may not be transitory and future inflation may be impacted by labour market constraints reducing, supply-chain disruptions easing and commodity prices moderating. However, any sustained upward trajectory in the inflation rate could have an impact on the Company's results by applying upward pressure on our costs in 2022 and future periods. We continue to monitor inflationary and labour pressures in the jurisdictions we operate in and assess any potential effects on our operations.

Adverse economic and market conditions and reductions in spending may adversely impact our business and results of operations.

Unfavorable general economic conditions, such as a recession or economic slowdown in one or more of our major markets, could adversely affect demand for our platform. Changing macroeconomic conditions may affect our business in a number of ways. For example, spending patterns of businesses are sensitive to the general economic climate. Subscriptions for our platform may be considered discretionary by many of our current and potential customers. As a result, businesses considering whether to purchase or renew subscriptions to our products may be influenced by macroeconomic factors. There can be no assurance that economic conditions will remain favourable for the Company's business or that demand for its services by its clients will remain at current levels. Reduced demand for its services would negatively impact the Company's growth and revenue and may inhibit its access to capital and negatively impact its profitability. Changes in economic, market and other conditions could also adversely affect the Company's ability to implement its strategy to look for opportunities to grow revenue in other jurisdictions, which could have an adverse effect on its business, financial condition and results of operations.

In addition, events in the financial markets have demonstrated that businesses and industries throughout the world are very tightly connected to each other. Thus, financial developments seemingly unrelated to us or to our industry may materially adversely affect us over the course of time. Volatility in the market price of our Shares due to seemingly unrelated financial developments could hurt our ability to raise capital for the financing of acquisitions or other reasons. Potential price inflation caused by an excess of liquidity in countries where we conduct business may increase the cost we incur to provide our solutions and may reduce profit margins on agreements that govern our provision of products or services to customers over a multi-year period. A reduction in credit, combined with reduced economic activity, may materially

adversely affect businesses and industries that collectively constitute a significant portion of our customer base. As a result, these customers may need to reduce their purchases of our products or services, or we may experience greater difficulty in receiving payment for the products or services that these customers purchase from us. Any of these events, or any other events caused by turmoil in world financial markets, may have a material adverse effect on our business, operating results, and financial conditions.

Acquisitions or investments in other companies or technologies which could divert our management's attention, result in additional dilution to our shareholders, and otherwise disrupt our operations and harm our results of operations.

Acquisitions or investments in other businesses, products, or technologies that we believe could complement or expand our platform, enhance our technical and operational capabilities, drive cost synergies, or otherwise offer growth opportunities (including the acquisition of Bayfield) may divert the attention of management and cause us to incur various expenses in identifying, investigating, and pursuing suitable acquisitions, whether or not they are ultimately consummated.

Any integration process may result in unforeseen operating difficulties and require significant time and resources and we may not be able to integrate the acquired personnel, operations, and technologies successfully or effectively manage the combined business in connection with any future acquisition. We may also not achieve the anticipated benefits from the acquired business due to a number of factors, including:

- costs or liabilities associated with the acquisition;
- diversion of management's attention from other business concerns;
- difficulties or inability to benefit from acquired content, technologies, services, or talent in a profitable manner;
- harm to our existing relationships with partners, resellers, and customers as a result of the acquisition;
- difficulties and unforeseen expenditures in integrating the business, technologies, business systems, operations, and personnel of the acquired business;
- difficulty converting the customers of the acquired business onto our platform and contract terms;
- the potential loss of key employees;
- use of resources that are needed in other parts of our business;
- the use of substantial portions of our available cash or equity to consummate the acquisition; and
- an acquisition may involve entry into geographic or business markets in which we have little or no experience or where competitors have stronger market positions.

If our acquisitions do not yield expected returns, we may be required to take charges for the write-down or impairment of amounts related to goodwill and intangible assets which could negatively impact our results of operations. We may issue additional equity securities in connection with any future acquisitions, that would dilute our existing shareholders, use cash that we may need in the future to operate our business, incur debt on terms unfavorable to us or that we are unable to pay, incur large charges or substantial

liabilities, and become subject to adverse tax consequences, substantial depreciation, or deferred compensation charges. These challenges could adversely affect our business, financial conditions, results of operations, and prospects.

Our investments may be in companies that are not well known, are at an early stage of growth and have few securities outstanding that are not available on the public marketplace. Such investments may be “illiquid” or difficult to buy and sell, and the value of these securities may be subject to significant fluctuation.

We might require additional capital to support our growth, and this capital might not be available on acceptable terms, if at all.

We intend to continue making investments to support our growth and may require additional funds to respond to business challenges, including the need to develop new features or enhance our existing platform or acquire complementary businesses and technologies. Accordingly, we may need to engage in equity or debt financings to secure additional funds. If we raise additional funds through further issuances of equity or convertible debt securities, our existing shareholders could suffer significant dilution, and any new equity securities we issue could have rights, preferences, and privileges superior to those of holders of our Shares. Any debt financing secured by us in the future could involve restrictive covenants relating to our capital-raising activities and other financial and operational matters, which may make it more difficult for us to obtain additional capital and to pursue business opportunities, including potential acquisitions. In addition, we may not be able to obtain additional financing on terms favorable to us, if at all. If we are unable to obtain adequate financing or financing on terms satisfactory to us when we require it, our ability to continue to support our growth and to respond to business challenges could be significantly impaired.

Our senior leadership team has limited experience managing a public company.

Most members of our senior leadership team have limited or no experience managing a publicly-traded company, interacting with public company investors, and complying with the increasingly complex laws pertaining to public companies. Our senior leadership team may not successfully or efficiently manage our transition to being a public company that is subject to significant regulatory oversight and reporting obligations under applicable securities laws and the continuous scrutiny of securities analysts and investors. These new obligations and constituents will require significant attention from our senior management and could divert their attention away from the day-to-day management of our business, which could harm our business, financial condition, and results of operations.

Our business is subject to a variety of international laws, including export and import controls and anti-corruption laws and regulations, that could subject us to claims, increase the cost of operations, impair our ability to compete in international markets, or otherwise harm our business due to changes in the laws, changes in the interpretations of the laws, greater enforcement of the laws, or investigations into compliance with the laws.

Our business is subject to regulation by various federal, provincial and territorial, local and foreign governmental agencies, including agencies responsible for monitoring and enforcing copyright laws, employment and labor laws, workplace safety, consumer protection laws, privacy and data protection laws, anti-bribery laws, import and export controls, federal securities laws, and tax laws and regulations. In certain foreign jurisdictions, these regulatory requirements may be more stringent than those in Canada. The U.S. export control laws and U.S. economic sanctions laws may include restrictions or prohibitions on the sale or supply of certain products and services to embargoed or sanctioned countries, governments, persons and entities. In addition, various countries regulate the import of certain encryption and other technology, including import and export permitting and licensing requirements, and have enacted or could

enact laws that could limit our ability to distribute our platform, provide our customers access to our platform or could limit our customers' ability to access or use our services in those countries. Changes in our platform, or future changes in export and import regulations may prevent our customers with international operations from utilizing our platform globally or, in some cases, prevent the export or import of our platform to certain countries, governments, or persons altogether. Any change in export or import regulations, economic sanctions, or related legislation, or change in the countries, governments, persons, or technologies targeted by such regulations, could result in decreased use of our platform by, or in our decreased ability to export or sell subscriptions to our platform to, existing or potential learners with international operations. Any decreased use of our platform or limitation on our ability to export or sell our platform would likely adversely affect our business, results of operations, and financial results.

We are also subject to various domestic and international anti-corruption laws, such as the *Corruption of Foreign Public Officials Act* (Canada), *Foreign Corrupt Practices Act* (U.S.) and the *Bribery Act* (U.K.), as well as other similar anti-bribery and anti-kickback laws and regulations. These laws and regulations generally prohibit companies and their employees and intermediaries from authorizing, offering, providing, and accepting improper payments or benefits for improper purposes. These laws also require that we keep accurate books and records and maintain compliance procedures designed to prevent any such actions. Although we take precautions to prevent violations of these laws, our exposure for violating these laws increases as our international presence expands and as we increase sales and operations in foreign jurisdictions.

We are also subject to consumer protection laws that may impact our sales and marketing efforts, including laws related to subscriptions, billing, and auto-renewal. These laws, as well as any changes in these laws, could make it more difficult for us to retain existing customers and attract new ones.

These laws and regulations are subject to change over time and thus we must continue to monitor and dedicate resources to ensure continued compliance. Although we take precautions to prevent our platform from being provided in violation of such laws, our platform could be provided inadvertently in violation of such laws, despite the precautions we take. Non-compliance with applicable regulations or requirements could subject us to investigations, sanctions, enforcement actions, disgorgement of profits, fines, damages, civil and criminal penalties, or injunctions. If any governmental sanctions are imposed, or if we do not prevail in any possible civil or criminal litigation, our business, operating results, and financial condition could be materially adversely affected. We may also be adversely affected through penalties, reputational harm, loss of access to certain markets, or otherwise. In addition, responding to any action will likely result in a significant diversion of management's attention and resources and an increase in professional fees. Enforcement actions and sanctions could harm our business, operating results and financial condition.

Trade wars and changes in international trade law and policies may have a material adverse effect on our business, financial condition and results of operations.

As a global company, our success depends on our ability to sell across borders. Trade wars and changes in laws and policy relating to trade or taxes may have an adverse effect on our business, financial condition and results of operations. More specifically, the geopolitical environment of the markets where we operate may influence customer demand for our products and may have an impact on input costs. For instance, the withdrawal of the United Kingdom from the European Union in January 2020, commonly referred to as "Brexit", has created significant political and economic uncertainty regarding the future trading relationship between the United Kingdom and the European Union. In addition, any potential changes in the economic and political climate in the U.S., such as the potential changes to, or the termination of, trade agreements between the U.S. and the European Union, or among Canada, the U.S. and Mexico, or the increased geopolitical uncertainty in Europe, could impact our business and our sales and profitability.

Our business could be adversely impacted by changes in internet access for our users or laws specifically governing the internet.

Our platform depends on the quality and affordability of our users' access to the internet and related electronic devices. 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 learner 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 learners, frequency of use, and amount of data transmitted, the internet infrastructure that we and our users rely on may be unable to support the demands placed upon it. The failure of the internet infrastructure that we or our users 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 or change existing browser specifications such that they would be incompatible with our platform. Any changes to technologies used in our platform, to existing features that we rely on, or to operating systems or internet browsers that make it difficult for customers to access our platform may make it more difficult for us to maintain or increase our revenues and could adversely impact our business and prospects.

In addition, there are various laws and regulations that could impede the growth of the internet or other online services, and new laws and regulations may be adopted in the future. These laws and regulations could, in addition to limiting internet neutrality, involve taxation, tariffs, privacy, data protection, information security, content, copyrights, distribution, electronic contracts and other communications, consumer protection, and the characteristics and quality of services, any of which could decrease the demand for, or the usage of, our platform. 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.

It may be difficult or impossible for investors to enforce judgements against foreign subsidiaries and non-resident directors or officers of the Company.

Certain of the Company's wholly-owned subsidiaries are organized under the laws of foreign jurisdictions and certain of the directors and officers of the Company are residents of countries other than Canada. As a result, it may be difficult or impossible for investors to effect service within Canada upon such persons,

or to realize against them in Canada upon judgments of courts of Canada predicated upon the civil liability provisions of applicable Canadian provincial securities laws. There is some doubt as to the enforceability in the United States or other foreign courts by a court in original actions, or in actions to enforce judgments of Canadian courts, of civil liabilities predicated upon such applicable Canadian provincial securities laws.

Our international operations subject us to potentially adverse tax consequences.

We are subject to income taxes as well as non-income-based taxes, such as payroll, sales, use, value-added, property and goods and services taxes, in Canada and various foreign jurisdictions. Our domestic and international tax liabilities are subject to various jurisdictional rules regarding the timing and allocation of revenue and expenses. Additionally, the amount of income taxes paid is subject to our interpretation of applicable tax laws in the jurisdictions in which we file and to changes in tax laws. Significant judgment is required in determining our worldwide provision for income taxes and other tax liabilities. From time to time, we may be subject to income and non-income tax audits. While we believe we have complied with all applicable income tax laws, there can be no assurance that a governing tax authority will not have a different interpretation of the law and assess us with additional taxes. Should we be assessed with additional taxes, there could be a material adverse effect on our business, results of operations, and financial condition.

Our future effective tax rate may be affected by such factors as changes in tax laws, regulations, or rates, changing interpretation of existing laws or regulations, the impact of accounting for equity-based compensation, the impact of accounting for business combinations, changes in our international organization, and changes in overall levels of income before tax. In addition, in the ordinary course of our global business, there are many intercompany transactions and calculations where the ultimate tax determination is uncertain. Although we believe that our tax estimates are reasonable, we cannot ensure that the final determination of tax audits or tax disputes will not be different from what is reflected in our historical income tax provisions and accruals.

We may have exposure to greater than anticipated tax liabilities and may be affected by changes in tax laws or interpretations, any of which could adversely impact our results of operations.

We are subject to income taxes in Canada and various jurisdictions outside of Canada. Our effective tax rate could fluctuate due to changes in the mix of earnings and losses in countries with differing statutory tax rates. Our tax expense could also be impacted by changes in non-deductible expenses, changes in excess tax benefits of equity-based compensation, changes in the valuation of deferred tax assets and liabilities and our ability to utilize them, the applicability of withholding taxes, effects from acquisitions, and the evaluation of new information that results in a change to a tax position taken in a prior period.

Our tax position could also be impacted by changes in accounting principles, changes in Canadian federal, provincial or territorial tax laws, or other international tax laws applicable to corporate multinationals, other fundamental law changes currently being considered by many countries, including Canada and the United States, and changes in taxing jurisdictions' administrative interpretations, decisions, policies, and positions. These events could require us or our customers to pay additional tax amounts on a prospective or retroactive basis, as well as require us or our customers to pay fines or penalties and interest for past amounts deemed to be due. If we raise our prices to offset the costs of these changes, existing and potential future customers may choose not to purchase our learning management platform or applications in the future. Additionally, new, changed, modified or newly interpreted or applied tax laws could increase our customers' and our compliance, operating and other costs, as well as the costs of our software. Any of the foregoing changes could have an adverse impact on our results of operations, cash flows, and financial condition.

Our results of operations may be harmed if we are required to collect sales or other related taxes for our subscription services in jurisdictions where we have not historically done so.

We collect sales and value-added tax as part of our subscription agreements in a number of provincial, state, local and foreign jurisdictions. Sales and use, value-added, and similar tax laws and rates vary greatly by jurisdiction and are subject to varying interpretations that may change over time. One or more states or countries may seek to impose additional sales, use, or other tax collection obligations on us, including for past sales by us. A successful assertion by a province, state, country, or other jurisdiction that we should have been or should be collecting additional sales, use, or other taxes on our platform could, among other things, result in substantial tax liabilities for past sales, create significant administrative burdens for us, discourage customers from purchasing our platform, or otherwise harm our business, results of operations, and financial condition.

Additionally, we are subject to laws, regulations and policies that govern the amount and type of taxes we are required to collect and remit, including with respect to internet transactions with customers in jurisdictions in which we do not have a physical presence. New income, sales, use or other tax laws, statutes, rules, regulations or ordinances applicable to solutions provided over the internet could be enacted at any time by any local, regional or national governmental authority, possibly with retroactive effect. Recent jurisprudence of the U.S. Supreme Court allows U.S. states to require online retailers to collect sales and use taxes even if the retailer has no physical presence in that state, and various U.S. states have adopted or may soon adopt such implementing legislation.

We may not be able to utilize a significant portion of our net operating loss, which could adversely affect our potential profitability.

We have net operating loss carryforwards due to prior period losses. These net operating loss carryforwards, and net operating loss carryforwards of companies we may acquire, could expire unused and be unavailable to offset future income tax liabilities, which could adversely affect our potential profitability.

The nature of our business requires the application of complex revenue and expense recognition rules, and any significant changes in current rules could affect our financial statements and results of operations.

The accounting rules and regulations that we must comply with are complex and subject to interpretation by the Canada Accounting Standards Board, the Canadian Securities Administrators, or the CSA, and various bodies formed to promulgate and interpret appropriate accounting principles. Recent actions and public comments from the Canada Accounting Standards Board and the CSA have focused on the integrity of financial reporting and internal controls over financial reporting. In addition, many companies' accounting policies and practices are being subject to heightened scrutiny by regulators and the public. Further, the accounting rules and regulations are continually changing in ways that could materially impact our financial statements. We cannot predict the impact of future changes to accounting principles or our accounting policies on our financial statements going forward, which could have a significant effect on our reported financial results, and could affect the reporting of transactions completed before the announcement of the change. In addition, if we were to change our critical accounting estimates, including those related to the recognition of subscription revenue and other revenue sources, our results of operations could be significantly affected.

If our judgments or estimates relating to our critical accounting policies are based on assumptions that change or prove to be incorrect, our results of operations could fall below expectations of securities analysts and investors, resulting in a decline in our Subordinate Voting Share price.

The preparation of financial statements in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board requires management to make judgments, estimates, and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets, liabilities, and equity, and the amount of revenue and expenses that are not readily apparent from other sources. Our results of operations may be adversely affected if our assumptions change or if actual circumstances differ from those in our assumptions, which could cause our results of operations to fall below the expectations of securities analysts and investors, resulting in a decline in the trading price of our Subordinate Voting Shares. Significant judgments, estimates, and assumptions used in preparing our consolidated financial statements include, or may in the future include, those related to revenue recognition, the value of our redeemable convertible preferred shares, accounting for income taxes including deferred tax assets and liabilities, the value of our trade and other receivables, equity-based compensation expense, and the impact of COVID-19 on the financial results of our operations, cash flows and financial position.

If we fail to maintain an effective system of internal controls, our ability to produce timely and accurate financial statements or comply with applicable regulations could be impaired.

As a public company, we are subject to the reporting requirements of the CSA and the rules and regulations of the listing standards of the TSX. We expect that the requirements of these rules and regulations will continue to increase our legal, accounting, and financial compliance costs, make some activities more difficult, time-consuming, and costly, and place significant strain on our personnel, systems, and resources. We are continuing to develop and refine our disclosure controls and other procedures that are designed to ensure that information required to be disclosed by us in the reports that we will file with the CSA is recorded, processed, summarized, and reported within the time periods specified in CSA rules and forms and that information required to be disclosed in reports under applicable securities laws is accumulated and communicated to our principal executive and financial officers. We are also continuing to improve our internal control over financial reporting. In order to maintain and improve the effectiveness of our disclosure controls and procedures and internal control over financial reporting, we have expended, and anticipate that we will continue to expend, significant resources, including accounting-related costs and significant management oversight.

Our current controls and any new controls that we develop may become inadequate because of changes in conditions in our business. Further, weaknesses in our disclosure controls and internal control over financial reporting may be discovered in the future. Any failure to develop or maintain effective controls or any difficulties encountered in their implementation or improvement could harm our results of operations or cause us to fail to meet our reporting obligations and may result in a restatement of our financial statements for prior periods. Any failure to implement and maintain effective internal control over financial reporting also could adversely affect the results of periodic management evaluations and annual independent registered public accounting firm attestation reports regarding the effectiveness of our internal control over financial reporting that we will eventually be required to include in our periodic reports that will be filed with the CSA. Ineffective disclosure controls and procedures and internal control over financial reporting could also cause investors to lose confidence in our reported financial and other information, which could have a negative effect on the trading price of our Shares. In addition, if we are unable to continue to meet these requirements, we may not be able to remain listed on the TSX.

Our By-Laws 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 Canada, which could limit shareholders' ability to obtain a favourable judicial forum for disputes with us.

We have included a forum selection provision in our By-Laws that provides that, unless we consent in writing to the selection of an alternative forum, the Superior Court of Justice of the Province of Ontario, Canada and appellate courts therefrom (or, failing such Court, any other “court” as defined in the CBCA having jurisdiction, and the appellate courts therefrom), will be the sole and exclusive forum for (i) any derivative action or proceeding brought on our behalf; (ii) any action or proceeding asserting a 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 CBCA or our By-Laws; or (iv) any action or proceeding asserting a claim otherwise related to the relationships among us, our affiliates and their respective shareholders, directors and/or officers, but excluding claims related to our business or that of our affiliates. Our forum selection provision also provides that our security holders are deemed to have consented to personal jurisdiction in the Province of Ontario 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 Ontario. Our forum selection provision seeks to reduce litigation costs and increase outcome predictability by requiring derivative actions and other matters relating to our affairs to be litigated in a single forum. While forum selection clauses in corporate charters and by-laws are becoming more commonplace for public companies in the U.S. and have been upheld by courts in certain states, they are untested in Canada. It is possible that the validity of our forum selection provision could be challenged and that a court could rule that such provision is inapplicable or unenforceable. If a court were to find our forum selection provision inapplicable to, or unenforceable in respect of, one or more of the specified types of actions or proceedings, we may incur additional costs associated with resolving such matters in other jurisdictions and we may not obtain the benefits of limiting jurisdiction to the courts selected.

We incur significant costs and there are significant demands upon management as a result of complying with the laws and regulations affecting public companies, which could adversely affect our business, financial condition, and results of operations.

As a public company, we incur significant legal, accounting, and other expenses, which may negatively impact our performance and could cause our results of operations and financial condition to suffer. We are subject to the reporting requirements of the CSA and the rules and regulations of the TSX. These requirements have increased and will continue to increase our legal, accounting, and financial compliance costs and have made, and will continue to make, some activities more time-consuming and costly. For example, we expect these rules and regulations to make it more expensive for us to obtain director and officer liability insurance, and we may be required to accept reduced policy limits and coverage or incur substantially higher costs to maintain the same or similar coverage. As a result, it may be more difficult for us to attract and retain qualified individuals to serve on our Board of Directors or as our executive officers. Further, we will require additional accounting and financial staff with appropriate public company experience and technical accounting knowledge.

Our results of operations could be adversely affected by natural disasters, public health crises, political crises, or other catastrophic events.

Natural disasters, such as earthquakes, hurricanes, tornadoes, floods, and other adverse weather and climate conditions; unforeseen public health crises, such as the recent global outbreak of a novel coronavirus, COVID-19, and other pandemics and epidemics; political crises, such as terrorist attacks, war, and other political instability; or other catastrophic events, could disrupt our operations in any of our offices or the operations of one or more of our third-party providers and vendors. To the extent any of

these events occur, our business and results of operations could be adversely affected. For example, the recent outbreak of COVID-19 in early 2020, may adversely affect our employees and customers. While D2L's employees generally have the ability to work remotely, the extent to which COVID-19 may impact our business and results of operations and reputation remains uncertain.

Our financial condition may be adversely affected by geopolitical events.

As a global company, we have operations around the world and offices in countries outside of Canada and will likely continue to increase our international presence. War, terrorism, threats of terrorist acts and related geopolitical risks (such as those occurring in Ukraine or potentially resulting therefrom) have led, and may in the future lead, to increased market volatility and may have adverse long-term effects on particular markets, the global economy and securities markets generally. Any of the aforementioned events could result in harm to our business operations.

The Company has a certain degree of concentration of customers and customer sectors.

Some of the Company's largest customers provide significant contributions to its revenue. For the twelve month period ended January 31, 2022, the Company's top 10 customers represented approximately 22% of its revenue, with its largest customer representing approximately 5% of its revenue. If the Company loses a major customer, the Company could also experience a material loss of revenue, which could have a material adverse effect on its business, financial condition and results of operations.

The effort, time and expense associated with switching from competitors' software, products and services to that of the Company's may limit the Company's growth.

The costs for clients to switch providers of technology, data and analytics products and services can be significant. As a result, potential clients may decide that it is not worth the time and expense to begin using the Company's products and services, even if the Company offers competitive and economic advantages. If the Company is unable to convince these clients to switch to its software, products or services, the Company's ability to increase market share will be limited, which could have a material adverse effect on its business, financial condition and results of operations.

The Company's holding company structure makes it dependent on the operations of its subsidiaries.

The Company is a corporation under the CBCA. The Company's material assets are its direct and indirect equity interests in its subsidiaries, including its international subsidiaries. The Company is, therefore, dependent upon payments, dividends and distributions from its subsidiaries for funds to pay its holding company's operating and other expenses and to pay future cash dividends or distributions, if any, to holders of the Shares, and the Company may have tax costs in connection with any dividend or distribution.

Risks Related to Ownership of the Subordinate Voting Shares

The price of our Subordinate Voting Shares may be volatile and may decline regardless of our operating performance.

The market price of our Subordinate Voting Shares could be subject to significant fluctuations. The trading prices of technology companies' securities have been, and we expect them to continue to be, highly volatile. The market price of our Subordinate Voting Shares may fluctuate significantly in response to numerous factors, many of which are beyond our control, including, among others:

- actual or anticipated fluctuations in our quarterly results of operations;

- changes in estimates of our future results of operations;
- changes in the economic operating, performance or market valuations of other companies in the industry in which we operate or of other companies that investors deem comparable to us;
- announcements by us or our competitors of significant technical innovations, new products or solutions, acquisitions, strategic partnerships, joint ventures, or capital commitments;
- the financial projections we may provide to the public, any changes in these projections, or our failure to meet these projections;
- failure of securities analysts to initiate or maintain coverage of us, changes in ratings and financial estimates and the publication of other news by any securities analysts who follow our Company, or our failure to meet these estimates or the expectations of investors;
- changes in operating performance and stock market valuations of SaaS-based software or other technology companies, or those in our industry in particular;
- the size of our public float;
- release or expiration of lock-up or other transfer restrictions on outstanding Subordinate Voting Shares or securities convertible into Subordinate Voting Shares;
- price and volume fluctuations in the trading of the Subordinate Voting Shares and in the overall stock market, including as a result of trends in the economy as a whole;
- changes in general political, economic, industry and market conditions and trends;
- new laws or regulations or new interpretations of existing laws or regulations applicable to our business or industry, including data privacy, data protection, and information security;
- lawsuits threatened or filed against us for claims relating to intellectual property, employment issues, or otherwise;
- adverse market reaction to any indebtedness we may incur or securities we may issue in the future;
- sales or perceived sales of Subordinate Voting Shares by our insiders or the issuance or additional Subordinate Voting Shares by the Company;
- changes in our Board of Directors, management or other key personnel;
- short sales, hedging, and other derivative transactions involving the Subordinate Voting Shares;
- sales of large blocks of our Subordinate Voting Shares including sales by our executive officers, directors, and significant shareholders; and
- news reports relating to trends, concerns, technological or competitive developments, regulatory changes and other related issues in our industry or target markets.

In addition, the stock markets have experienced price and volume fluctuations that have affected and continue to affect the market prices of equity securities of many technology companies. Share prices of

many technology companies have fluctuated in a manner unrelated or disproportionate to the operating performance of those companies.

In the past, shareholders have instituted securities class action litigation following periods of market volatility. If we were to become involved in securities litigation, it could subject us to substantial costs, divert resources and the attention of management, and harm our business.

Future sales of a substantial amount of our Subordinate Voting Shares may depress the price of our Subordinate Voting Shares.

If the Company's shareholders sell substantial amounts of the Subordinate Voting Shares in the public market, the market price of the Subordinate Voting Shares could decline, as a result of these sales or the market perception that the holders of a large number of Shares intend to sell their position. These sales also might make it more difficult for the Company to sell its equity or equity-related securities in the future at a time and price that it deems appropriate. The Company, John Baker, certain other shareholders and the directors and executive officers of the Company have each entered into a lock-up agreement (the "**Lock-up Agreements**") pursuant to which neither the Company nor they will sell any Shares without the prior consent of the Co-Lead Underwriters, on behalf of the Co-Lead Underwriters, for a period commencing on the Closing Date and ending (A) in the case of the Company, the Company's directors and executive officers and certain other shareholders (other than John Baker), 180 days after the Closing Date, and (B) in the case of John Baker, 18 months after the Closing Date, subject to customary exceptions. However, these shareholders may be released from their Lock-up Agreements with the written consent of the Co-Lead Underwriters, such consent not to be unreasonably withheld, which would allow for earlier sales of the Subordinate Voting Shares in the public market. The Company expects that 100% of its outstanding Subordinate Voting Shares after the IPO and Secondary Offering will be available for sale in the public market following the expiration of the applicable lock-up period, subject to certain limitations imposed by applicable Canadian securities laws.

In addition, subject to the terms of the applicable option agreement, holders of unexercised options may sell Subordinate Voting Shares purchased on the exercise of options in the same year that they exercise their options. This might result in a greater number of Subordinate Voting Shares being sold in the public market by, and fewer long-term holders of Subordinate Voting Shares among, the Company's management and employees.

In accordance with our Articles, the Multiple Voting Shares may be converted at any time by John Baker into Subordinate Voting Shares. The Significant Shareholders have the right to oblige the Company to arrange the sale of any or all of their Subordinate Voting Shares by way of a prospectus pursuant to the Registration Rights Agreement. See "Description of Capital Structure – Registration Rights Agreement". Any sale of Subordinate Voting Shares by one or more Significant Shareholders by way of prospectus or otherwise could significantly reduce the market price of the Subordinate Voting Shares and impede the Company's ability to raise capital through the issuance of additional Subordinate Voting Shares.

If securities or industry analysts do not publish research or reports about our business, or if they publish inaccurate or unfavourable research about us or our business, the price of our Subordinate Voting Shares 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. We do not have any control over these analysts. If one or more of the analysts who cover us downgrade our Subordinate Voting Shares or publish inaccurate or unfavorable research about our business, the price of our Subordinate Voting Shares would likely decline. In addition, if our results of operations fail to meet the forecast of analysts, the price of our Subordinate Voting Shares would likely decline. If one or more of these analysts cease coverage of our

Company or fail to publish reports on us regularly, demand for our Subordinate Voting Shares could decrease, which might cause the price and trading volume of our Subordinate Voting Shares to decline.

The Company may issue additional securities in the future, including Subordinate Voting Shares, Multiple Voting Shares and preferred shares.

The Company's Articles provide that it may issue an unlimited number of Subordinate Voting Shares, Multiple Voting Shares and preferred shares, issuable in one or more series. Subject to the requirements of the TSX, the Company is not required to obtain the approval of shareholders for the issuance of additional Subordinate Voting Shares or preferred shares. Although the rules of the TSX generally prohibit the Company from issuing additional Multiple Voting Shares, there may be certain circumstances where additional Multiple Voting Shares may be issued, including upon receiving the requisite shareholder approval. If the Company were to issue any additional Subordinate Voting Shares, Multiple Voting Shares or preferred shares or such other classes of authorized shares that are convertible or exchangeable for Subordinate Voting Shares, the percentage ownership of existing shareholders may be reduced and diluted. The Company cannot foresee the terms and conditions of any future offerings of its securities nor the effect of such offerings on the market price of Subordinate Voting Shares. Any issuance of a significant percentage of the Company's securities, or the perception that such issuances may occur, could have a material adverse effect on the market price of the Subordinate Voting Shares and limit the Company's ability to fund its operations through capital raising transactions in the future.

The Company has no present plans to issue any preferred shares. However, the Board of Directors has the authority to issue preferred shares in different series and to determine the rights, privileges, restrictions and conditions of such 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 the Company's shareholders. The Company's preferred shares may be issued with liquidation, dividend and other rights superior to the rights of the Subordinate Voting Shares. The potential issuance of preferred shares may delay or prevent a change in control of the Company, discourage bids for the Subordinate Voting Shares at a premium over the market price and adversely affect the market price and other rights of the holders of the Subordinate Voting Shares.

The Company's issuance of additional Subordinate Voting Shares in connection with financings, acquisitions, investments, equity incentive plans, or otherwise will dilute all other shareholders.

The Company expects to issue additional Subordinate Voting Shares in the future that will result in dilution to all other shareholders. The Company expects to grant equity awards to employees, directors, and consultants under its equity incentive plans. As part of its business strategy, the Company may acquire or make investments in complementary companies, products, or technologies, and issue equity securities to pay for any such acquisition or investment. Any such issuances of additional Subordinate Voting Shares may cause shareholders to experience significant dilution of their ownership interests and the per share value of the Subordinate Voting Shares to decline.

The Company may also raise capital through equity financings in the future. Any additional capital raised through the sale of equity may dilute existing shareholders' percentage ownership of the Subordinate Voting Shares and shareholders could be asked in the future to approve the creation of new equity securities which could have rights, preferences and privileges superior to those of holders of the Subordinate Voting Shares. Capital raised through debt financing would require the Company to make periodic interest payments and may impose restrictive covenants on the conduct of its business. Furthermore, additional financings may not be available on terms favourable to the Company, or at all. A failure to obtain additional funding could prevent the Company from making expenditures that may be required to implement its growth strategy and grow or maintain its operations.

In addition, in accordance with our Articles, the Multiple Voting Shares may be converted at any time by John Baker into Subordinate Voting Shares and, in certain circumstances, will be automatically converted into Subordinate Voting Shares without any further action by John Baker.

The Company does not anticipate paying dividends on the Shares.

The Company currently intends to retain any future earnings to fund the development and growth of its business and does not currently anticipate paying dividends on the Shares. Any determination to pay dividends in the future will be at the discretion of the Board of Directors and will depend on many factors, including its financial condition, current and anticipated cash requirements, contractual restrictions and financing agreement covenants, solvency tests imposed by corporate law and other factors that the Board of Directors may deem relevant. Until the time that the Company does pay dividends, which it might never do, shareholders will not be able to receive a return on their Subordinate Voting Shares unless they sell such Subordinate Voting Shares for a price greater than their acquisition price, and such appreciation may never occur. See “Dividends and Distributions”.

The dual class structure contained in the Company’s Articles has the effect of concentrating voting control and the ability to influence corporate matters with John Baker as the sole indirect holder of Multiple Voting Shares, which may have a negative impact on the trading price of the Subordinate Voting Shares.

John Baker has ten votes per share and the Subordinate Voting Shares have one vote per share and as a result John Baker will control a significant portion of the combined voting power of the Company’s voting shares, even where the Multiple Voting Shares represent a substantially reduced percentage of the Company’s total outstanding share capital. The different voting rights of the Subordinate Voting Shares and the Multiple Voting Shares could diminish the value of the Company’s Subordinate Voting Shares to the extent that investors or any potential future purchasers of the Subordinate Voting Shares attribute value to the superior voting rights of the Multiple Voting Shares.

Each of the Company’s directors and officers owes a fiduciary duty to the Company and must act honestly and in good faith with a view to the best interest of the Company. However, any director and/or officer that is a shareholder, including John Baker, is entitled to vote his or her shares in his or her own interests, which may not always be in the interest of the Company’s shareholders generally.

As a result, John Baker will have the ability to exert substantial influence, and limit the ability of the holders of the Subordinate Voting Shares to influence, over many matters affecting our business, policies and affairs for the foreseeable future, including:

- the composition of the Board of Directors and, through the Board of Directors, any determination with respect to the business plans and policies, including the appointment and removal of its officers;
- determinations with respect to acquisitions of businesses, mergers or other business combinations;
- the Company’s acquisition or disposition of assets;
- the Company’s capital structure, including financing activities;
- compensation, option programs and other human resource policy decisions;
- amendments to our Articles;

- changes to agreements that may adversely affect the Company; and
- the Company's payment or non-payment of dividends.

As a result, John Baker has the ability to influence many matters affecting the Company and actions may be taken that holders of Subordinate Voting Shares may not view as beneficial, which may adversely affect the Company's results of operations and financial condition and cause the value of shareholders' investments to decline. In addition, the interests of John Baker may not be consistent with the interests of the holders of our Subordinate Voting Shares, and conflicts of interest may arise from time to time that may be resolved in a manner detrimental to the Company or the Company's minority shareholders. Additionally, the significant influence and voting interest of John Baker may discourage transactions involving a change of control, including transactions in which an investor, as a holder of Subordinate Voting Shares, might otherwise receive a premium for Subordinate Voting Shares over the then-current market price, or discourage competing proposals if a going private transaction is proposed by John Baker. The market price of the Subordinate Voting Shares could be adversely affected due to the significant influence and voting power of John Baker.

Future offerings of debt securities, which would rank senior to the Subordinate Voting Shares upon bankruptcy or liquidation, and future offerings of equity securities that may be senior to the Subordinate Voting Shares for the purposes of dividend and liquidating distributions, may adversely affect the market price of the Subordinate Voting Shares.

In the future, the Company may attempt to increase its capital resources by making offerings of debt securities. Upon bankruptcy or liquidation, holders of the Company's debt securities and lenders with respect to any other borrowings will each be entitled to receive a distribution of the Company's available assets prior to the holders of the Subordinate Voting Shares. The Company's decision to issue securities in any future offering will depend on market conditions and other factors beyond its control. As a result, the Company cannot predict or estimate the amount, timing or nature of its future offerings.

Failure to establish and maintain effective internal controls in accordance with NI 52-109 could have a material adverse effect on the Company's business and the market price of the Subordinate Voting Shares.

The Company is a reporting issuer subject to reporting and other obligations under applicable Canadian securities laws, including NI 52-109, which requires the Company to establish disclosure controls and procedures and internal controls over financial reporting, and evaluate their effectiveness on an ongoing basis. In order to meet such requirements, the Company has, among other things, established systems, implemented financial and management controls, reporting systems and procedures and will, if necessary, hire additional qualified accounting and finance staff.

Effective disclosure controls and procedures and internal controls over financial reporting are necessary for the Company to provide reliable financial reports and effectively prevent fraud. However, the Company does not expect that its disclosure controls and procedures and internal controls over financial reporting will prevent all error and fraud. A control system, no matter how well-designed and implemented, can provide only reasonable, not absolute, assurance that the control system's objectives will be met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Due to the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues within an organization are detected. The inherent limitations include the realities that judgments in decision making can be faulty, and that breakdowns can occur because of simple errors or mistakes. Controls can also be circumvented by individual acts of certain persons, by collusion of two or more people or by management override of the

controls. Due to the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and may not be detected in a timely manner or at all.

The Company may in the future discover significant deficiencies or material weaknesses in its internal controls, and the Company cannot be certain that it will be successful in maintaining adequate control over its financial reporting and financial processes. Furthermore, as the Company grows its business, its internal controls will become more complex, and the Company will require significantly more resources to ensure that its internal controls remain effective. If the Company or its independent auditors discover a material weakness, the disclosure of that fact, even if quickly remedied, could reduce the market value of the Subordinate Voting Shares. Additionally, the existence of any significant deficiency or material weakness could require management to devote significant time and incur significant expense to remediate any such significant deficiency or material weakness, and management may not be able to remediate any such significant deficiency or material weakness in a timely manner, or at all. Moreover, any failure to maintain effective internal controls over financial reporting could cause the Company to fail to satisfy its reporting obligations or result in material misstatements in its financial statements. If the Company cannot provide reliable financial reports or prevent fraud, its reputation and operating results could be materially adversely effected which could also cause investors to lose confidence in the Company's reported financial information, which could result in a reduction in the market value of the Subordinate Voting Shares.

Certain legislation may reduce the likelihood that the Company may be acquired by a third-party and that investors will receive a premium upon a change of control.

Limitations on the ability to acquire and hold the Subordinate Voting Shares and/or Multiple Voting Shares may be imposed by the *Competition Act* (Canada). This legislation permits the Commissioner of Competition of Canada to review any acquisition of a significant interest in the Company and grants the Commissioner jurisdiction to challenge such an acquisition before the Canadian Competition Tribunal if the Commissioner believes that it would, or would be likely to, result in a substantial lessening or prevention of competition in any market in Canada. In addition, the *Investment Canada Act* subjects an acquisition of control of a company by a non-Canadian to government review if the value of the Company's assets as calculated pursuant to the legislation exceeds a threshold amount. A reviewable acquisition may not proceed unless the relevant minister is satisfied that the investment is likely to be of net benefit to Canada. Any of the foregoing could prevent or delay a change of control and may deprive the Company's shareholders of the opportunity to sell their Subordinate Voting Shares.

Claims for indemnification by the Company's directors and officers may reduce its available funds to satisfy successful third-party claims against the Company and may reduce the amount of money available to it.

The Company has indemnification agreements with each of its directors and certain officers. The indemnification agreements generally require that the Company indemnify and hold the indemnitees harmless to the fullest extent permitted by law for liabilities arising out of the indemnitees' service to the Company as directors and officers, provided that the indemnitees acted honestly and in good faith with a view to the best interests of the Company and in the case of a criminal or administrative proceeding that is enforced by a monetary penalty, the indemnitees' had reasonable grounds for believing that his or her conduct was lawful. The indemnification agreements also provide for the advancement of defense expenses to the indemnitees by the Company provided that the indemnitees must repay all advances if a court shall have made a final judgment that the indemnitees are not entitled to indemnification under the agreements. Any claims for indemnification by the Company's directors and officers may reduce its available funds to satisfy successful third-party claims against the Company and may reduce the amount of money available to it.

Risks Related to COVID-19

The COVID-19 pandemic could negatively impact our business, financial condition, and results of operation.

The COVID-19 pandemic has disrupted the economy and put unprecedented strains on governments, health care systems, businesses and individuals around the world. Impacts related to the COVID-19 pandemic are expected to continue to pose risks to our business for the foreseeable future, may heighten many of the risks and uncertainties identified herein, and could have a material adverse impact on our business, operations or financial performance in a manner that is difficult to predict. The COVID-19 pandemic has significantly impacted health and economic conditions globally. The global spread of COVID-19 has been, and continues to be, complex and rapidly evolving, with governments, public institutions and other organizations imposing or recommending, and businesses and individuals implementing, restrictions on various activities or other actions to combat its spread, such as travel restrictions and bans, social distancing, quarantine or shelter-in-place directives, limitations on the size of gatherings, and closures of non-essential businesses. These restrictions have disrupted and may continue to disrupt economic activity, resulting in reduced commercial and consumer confidence and spending, increased unemployment, closure or restricted operating conditions for businesses, volatility in the global economy, instability in the credit and financial markets, labour shortages, regulatory recommendations to provide relief for impacted consumers, and disruption in supply chains.

The extent to which the COVID-19 pandemic impacts our business, operations, and financial performance is highly uncertain and will depend on numerous evolving factors that we may not be able to accurately predict or assess, including, but not limited to, the severity, extent and duration of the pandemic or any resurgences in the future, including any economic recession resulting from the pandemic and the continued governmental, business and individual actions taken in response to the pandemic

We benefited indirectly from the U.S. federal government's stimulus packages focused on educational initiatives approved as a result of the COVID-19 pandemic; however, there is no guarantee that additional funding will be approved, which may adversely affect our business, financial condition, and results of operations. The U.S. federal government approved certain fiscal stimulus packages totaling nearly USD \$279 billion in 2020 and 2021 to support K-12 and higher education institutions in mitigation and reopening efforts, such as distance learning programs, the implementation of safety protocols, and emergency financial assistance. We are unable to predict the extent, implementation and effectiveness of any government-funded benefit programs and stimulus packages and the corresponding effect on demand for our learning platform or whether any further programs or stimulus packages will be adopted. If such government funded benefit programs and stimulus packages are approved our results may not be comparable to future periods. Further, as a result of the stimulus packages, if potential competitors are attracted to our industry and develop and market new technologies that render our existing or future solutions less competitive, unmarketable or obsolete, our business and operating results may be adversely affected.

The COVID-19 pandemic could cause the Company's clients to reduce or delay their technology-driven initiatives. Further, the Company's clients who increased their technology-driven initiatives due to the COVID-19 pandemic could reduce or abandon their online learning technology investments following the pandemic. While customer renewals and new customer acquisitions have increased as a result of the COVID-19 pandemic, such increases may not be sustained or may reverse at any time. In addition, our belief that the COVID-19 pandemic has acted as a catalyst for sustained adoption and growth of online and blended learning experiences could prove to be incorrect. Any of the foregoing could materially and adversely impact the Company's business and operations.

To the extent that the COVID-19 pandemic adversely affects the Company's business and financial results, it may also have the effect of heightening many of the other risks described in this "Risk Factors" section.

DIVIDENDS AND DISTRIBUTIONS

The Company has not declared or paid any cash dividends on its securities in the three most recently completed fiscal years. The Company currently intends to retain any future earnings to fund the development and growth of the business and does not currently anticipate paying dividends on the Shares. Any determination to pay dividends in the future will be at the discretion of the Board and will depend on many factors, including, among others, the Company's financial condition, current and anticipated cash requirements, contractual restrictions and financing agreement covenants, solvency tests imposed by applicable corporate law and other factors that the Board may deem relevant. See "Risk Factors".

Under the terms of the Grant Agreement and SVB Loan Agreement, the Company is restricted from paying any dividends without the prior consent of the Province and SVB, respectively. See "Description of Material and Certain Other Indebtedness".

DESCRIPTION OF CAPITAL STRUCTURE

The following description of our share capital summarizes certain provisions contained in our articles of incorporation and any amendments thereto ("Articles") and by-laws ("By-Laws"). 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 and By-laws, which are available for review under the Company's profile on the SEDAR website at www.sedar.com or the Governance Documents page on the Company's Investor Relations website at www.d2l.com.

The Company's authorized share capital consists of an unlimited number of Subordinate Voting Shares, an unlimited number of Multiple Voting Shares and an unlimited number of preferred shares, issuable in series.

The Subordinate Voting Shares are "restricted securities" within the meaning of such term under applicable Canadian securities laws.

The following is a description of the material terms of the Company's Subordinate Voting Shares, Multiple Voting Shares and preferred shares, as set forth in the Articles.

Subordinate Voting Shares and Multiple Voting Shares

Except as described herein, the Subordinate Voting Shares and Multiple Voting Shares have the same rights, are equal in all respects and will be treated by the Company as if they were one class of shares.

Rank

The Subordinate Voting Shares and Multiple Voting Shares rank *pari passu* with respect to the payment of dividends or other distributions, 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 the preferred shares, if any.

Dividends

The holders of outstanding Subordinate Voting Shares and Multiple Voting Shares are entitled to receive dividends or other distributions at such times and in such amounts and form as the 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. The Company is permitted to pay dividends or other distributions unless there are reasonable grounds for believing that: (i) the Company is, or would after such payment be, unable to pay its liabilities as they become due; or (ii) the realizable value of the Company's assets would, as a result of such payment, be less than the aggregate of its liabilities and stated capital of all classes of shares. In the event that a dividend is paid or a distribution is made 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 the 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 10 votes per share, and the holders of Subordinate Voting Shares and Multiple Voting Shares vote together as a single class, except as expressly provided in the Articles or as provided by law.

Pre-Emptive Rights

Holders of Subordinate Voting Shares and Multiple Voting Shares have no pre-emptive rights.

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 (i) a Multiple Voting Share shall be beneficially held by (A) a Person (as defined below) other than a Baker Group Permitted Holder (as defined below), or (B) a Person that ceases to be a Baker Group Permitted Holder, or (ii) the Baker Group Permitted Holders cease to have Voting Control (as defined below) over a Multiple Voting Share, the holder of such Multiple Voting Share, without any further action, shall automatically be deemed to have exercised their rights to convert such Multiple Voting Share into a fully paid and non-assessable Subordinate Voting Share.

In addition, all Multiple Voting Shares beneficially held by the Baker Group Permitted Holders will convert automatically into Subordinate Voting Shares at such time that the Baker Group Permitted Holders no longer as a group beneficially own, directly or indirectly and in the aggregate, at least 5% of the aggregate number of outstanding Subordinate Voting Shares and Multiple Voting Shares.

For the purpose of the foregoing:

“Baker Group Permitted Holders” means (i) John Baker and any Members of the Immediate Family of John Baker, 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), child (including any step-child) or other descendants (whether by birth or adoption) of such individual, each Spouse of such individual or 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 an attorney under a power of attorney, trustee, 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.

“Person” means any individual, partnership, corporation, company, association, trust, joint venture or limited liability company.

“Spouse” means, in relation to an individual, an individual that is legally married to the first-mentioned individual provided that (i) the individuals have not separated with no reasonable prospect that they will resume cohabitation, and (ii) one individual has not given written notice to the other of their intention to live separate and apart; and further provided that an individual who was the Spouse of an individual in accordance with the foregoing immediately before the death of such individual shall continue to be considered a Spouse of such individual after the death of such individual.

“Voting Control” with respect to a Multiple Voting Share means the exclusive power (whether directly or indirectly) to vote or direct the voting of such Multiple Voting Share by proxy, voting agreement or otherwise; provided, however, that the grant of a proxy in connection with actions to be taken at an annual or special meeting of shareholders or voting instructions relating thereto shall not be considered a loss of Voting Control.

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; or (ii) in the case of a Person that is an unincorporated entity other than a limited partnership, 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 limited partnership, the other Person is the general partner of such limited partnership; and **“controlling”** 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

Except as required by the CBCA, applicable Canadian securities laws or the Company’s Articles, holders of Subordinate Voting Shares and Multiple Voting Shares vote together on all matters subject to a vote of holders of both those classes of shares as if they were one class of shares. Under the CBCA, certain types of amendments to the Company’s Articles are subject to approval by special resolution of the holders of the Company’s classes of shares voting separately as a class, including amendments to:

- add to, remove or change the rights, privileges, restrictions or conditions attached to the shares of that class;
- add to the rights or privileges of any class of shares having rights or privileges equal or superior to the shares of that class; and
- make any class of shares having rights or privileges inferior to the shares of such class equal or superior to the shares of that class.

Without limiting other rights at law of any holders of Subordinate Voting Shares or Multiple Voting Shares to vote separately as a class, neither the holders of the Subordinate Voting Shares nor the holders of the Multiple Voting Shares shall be entitled to vote separately as a class upon a proposal to amend the Company's Articles in the case of an amendment to (1) increase or decrease any maximum number of authorized shares of such class, or increase any maximum number of authorized shares of a class having rights or privileges equal or superior to the shares of such class; or (2) create a new class of shares equal or superior to the shares of such class, which rights are otherwise provided for in paragraphs (a) and (e) of subsection 176(1) of the CBCA. Pursuant to the Articles, neither holders of the Company's Subordinate Voting Shares nor holders of the Company's Multiple Voting Shares will be entitled to vote separately as a class on a proposal to amend the Articles to effect an exchange, reclassification or cancellation of all or part of the shares of such class pursuant to Section 176(1)(b) of the CBCA unless such exchange, reclassification or cancellation: (a) affects only the holders of that class; or (b) affects the holders of Subordinate Voting Shares and Multiple Voting Shares differently, on a per share basis, and such holders are not already otherwise entitled to vote separately as a class under applicable law or the Company's Articles in respect of such exchange, reclassification or cancellation.

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

Take-Over Bid Protection

Under applicable Canadian 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, upon completion of the IPO, holders of Multiple Voting Shares entered into a customary coattail agreement with D2L and a trustee, which is referred to herein as the "**Coattail Agreement**". 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 the take-over bid provisions of applicable Canadian securities legislation 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 prevent a sale by the Baker Group 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 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 a Baker Group Permitted Holder, provided such transfer does not or would not constitute a take-over bid or, if so, is exempt or would be exempt from the formal bid requirements (as defined in applicable Canadian securities legislation). The conversion of Multiple Voting Shares into Subordinate Voting Shares shall not, in of itself constitute a sale of Multiple Voting Shares for the purposes of the Coattail Agreement.

Under the Coattail Agreement, any sale of Multiple Voting Shares (including a transfer to a pledgee as security) by a holder of Multiple Voting Shares party to the Coattail Agreement is conditional upon the transferee or pledgee 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 the 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 D2L or holders of the Subordinate Voting Shares providing such funds and indemnity as the trustee may require. No holder of Subordinate Voting Shares will have the right, other than through the trustee, to institute any action or proceeding or to exercise any other remedy to enforce any rights arising under the Coattail Agreement unless the trustee fails to act on a request authorized by holders of not less than 10% of the outstanding Subordinate Voting Shares and reasonable funds and indemnity have been provided to the trustee.

The Coattail Agreement 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 authority in Canada, and (b) the approval of at least 66 2/3% 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 beneficially held by holders of Multiple Voting Shares, their affiliates and related parties and any persons who have an agreement to purchase Multiple Voting Shares on terms that would constitute a sale for purposes of the Coattail Agreement other than as permitted thereby.

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

Preferred Shares

The preferred shares may at any time and from time to time be issued in one or more series. Prior to the issue of preferred shares of any series, the Company's directors shall, subject to the rights, privileges, restrictions and conditions attached to the preferred shares as a class, the Company's Articles and the provisions of the CBCA, by resolution amend the Articles to fix the number of preferred shares in such series and determine the designation of, and the rights, restrictions, privileges and conditions attached to, the preferred shares of such series, including any right to receive dividends (which may be cumulative or non-cumulative and variable or fixed) or the means of determining such dividends, the dates of payment thereof, any terms or conditions of redemption or purchase, any conversion rights, any retraction rights, any rights on the Company's liquidation, dissolution or winding-up and any sinking fund or other provisions attached to the preferred shares of the series. Except as provided in any special rights or restrictions attaching to any series of preferred shares issued from time to time, the holders of preferred shares will not be entitled to receive notice of, attend or vote at any meeting of shareholders.

Preferred shares of each series, if and when issued, will, with respect to the payment of dividends, rank *pari passu* with the preferred shares of every other series and be entitled to preference over the Shares and any other of the Company's shares ranking junior to the preferred shares with respect to payment of dividends.

In the event of the Company's liquidation, dissolution or winding-up, whether voluntary or involuntary, the holders of preferred shares will be entitled to preference with respect to distribution of the Company's property or assets over the Shares and any other of the Company's shares ranking junior to the preferred shares with respect to the repayment of capital paid up on and the payment of unpaid dividends accrued on the preferred shares.

Registration Rights Agreement

On closing of the IPO, the Company entered into an agreement (the "**Registration Rights Agreement**") with John Baker, Baker Holdco, NewView Capital Fund I, L.P. and OMERS Ventures LP (together with their respective affiliates, the "**Significant Shareholders**") with respect to certain rights of such shareholders. The following is a summary of the material attributes and characteristics of the Registration 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 Registration Rights Agreement is available for review under the Company's profile on the SEDAR website at www.sedar.com.

The Registration Rights Agreement provides the Significant Shareholders with the right (the "**Demand Registration Right**"), among others, to require the Company to use reasonable commercial efforts to file on one or more prospectuses with applicable Canadian securities regulatory authorities, to qualify all or any portion of the Shares beneficially held by them for distribution to the public (a "**Demand Distribution**"), provided that the Company is not obliged to effect (i) any Demand Distribution prior to six months after closing of the IPO, (ii) more than one Demand Distribution in any 12-month period, (iii) within 90 days after the completion of a prior prospectus offering, or (iv) any Demand Distribution where the value of the Shares offered under such demand registration is (A) less than C\$25 million, in the case of a Covered Baker Offering (as defined below) for which a Baker Group Permitted Holder was a demanding shareholder, or (B) otherwise, less than C\$50 million, net of underwriting discounts and commissions. The Company may also distribute Subordinate Voting Shares in connection with a Demand Distribution provided that if the Demand Distribution involves an underwriting and the lead underwriter determines that the total number of Shares to be included in such Demand Distribution should be limited for certain prescribed reasons, the Shares to be included in the Demand Distribution will first be allocated to the Significant Shareholders.

The Registration Rights Agreement also provides the Significant Shareholders with the right (the "**Piggy-Back Registration Right**") to require the Company to include its Shares in any future public offerings of Subordinate Voting Shares undertaken by the Company by way of prospectus that it may file with applicable Canadian securities regulatory authorities (a "**Piggy-Back Distribution**"). The Company will be required to use reasonable commercial efforts to cause to be included in the Piggy-Back Distribution all of the Shares that the Significant Shareholders request to be sold, provided that if the Piggy-Back Distribution involves an underwriting and the lead underwriter determines that the total number of Shares to be included in such Piggy-Back Distribution should be limited for certain prescribed reasons, the Shares to be included in the Piggy-Back Distribution will first be allocated to the Company.

As a result of the Lock-up Agreements described under "Securities Subject to Contractual Restriction on Transfer", each of the Demand Registration Right and Piggy-Back Registration Right is not exercisable by any Significant Shareholder during a period of 180 days after the date of closing of the IPO without the prior written consent of the Co-Lead Underwriters, such consent not to be unreasonably withheld. In the case of John Baker, the term of the Lock-up Agreement is, in respect of certain Shares of the Company beneficially held by John Baker, effective until the date 18 months after the Closing Date, and the Demand Registration Right and Piggy-Back Registration Right are not exercisable by John Baker in respect of such Shares during the term of the Lock-up Agreement without the prior written consent of the Co-Lead Underwriters, such consent not to be unreasonably withheld. The Demand Registration Right and Piggy-Back Registration Right is also subject to various conditions and limitations, and the Company is entitled to defer any Demand Distribution in certain circumstances for a period not exceeding 120 days in any 12-

month period. The expenses in respect of a Demand Distribution or Piggy-Back Distribution, including any underwriting fee, shall be borne by the Company and the Significant Shareholders on a proportionate basis according to the number of Shares proposed to be distributed by each, provided that the Company will bear all of the expenses of a Baker Group Permitted Holder (other than the underwriting fee and expenses of counsel to such Baker Group Permitted Holder) in connection with the first two of any Demand Distribution(s) and/or Piggy-Back Distribution(s) pursuant to which any Baker Group Permitted Holder participates (a “**Covered Baker Offering**”).

Pursuant to the Registration Rights Agreement, the Company has agreed to indemnify the Significant Shareholders for any misrepresentation in a prospectus under which the Significant Shareholders’ Shares are distributed (other than in respect of any prospectus disclosure provided by the Significant Shareholders, in respect the Significant Shareholders). The Significant Shareholders have agreed to indemnify the Company for any prospectus disclosure provided by the Significant Shareholders in respect of the Significant Shareholders.

The Registration Rights Agreement automatically terminates upon the earliest to occur of the following events: (a) the date on which the last of the Significant Shareholders ceases to beneficially own or control, directly or indirectly, in the aggregate, the lesser of (i) 5% of the outstanding Shares, and (ii) 50% of the Shares that were beneficially owned or controlled, directly or indirectly, by the Significant Shareholder, in the aggregate, as of the closing of the IPO, (b) the date the Registration Rights Agreement is terminated by written agreement of the parties, and (c) the dissolution or liquidation of the Company.

DESCRIPTION OF MATERIAL AND CERTAIN OTHER INDEBTEDNESS

Loan and Security Agreement with Silicon Valley Bank

On July 24, 2013 certain of the Company’s subsidiaries entered into a loan and security agreement (as amended, the “**SVB Loan Agreement**”) with Silicon Valley Bank (“**SVB**”), as lender, and our subsidiaries D2L Corporation, D2L Ltd. and Desire2Learn, LLC, as co-borrowers. The SVB Loan Agreement includes a guarantee from the Company. The SVB Loan Agreement provides for a US\$20 million revolving line of credit (the “**Revolving Line**”) bearing interest at (a) the greater of the U.S. prime rate, as published in the Wall Street Journal (the “**WSJ Prime Rate**”), plus 1.25% and 5.0% if the AQR is less than 2:1, or (b) the greater of the WSJ Prime Rate plus 0.75% and 4.5% if AQR is greater than 2:1.

As of January 31, 2022, the U.S. prime rate was 3.25% and advances under the Revolving Line were nil. As of January 31, 2022, available capacity under the Revolving Line was US\$20 million. As of the date hereof, the Company is actively pursuing a renewal of the SVB Loan Agreement and anticipates renewal to be completed with no material changes to the arrangement.

Conditional Grant Agreement

The Company’s subsidiary, D2L Corporation, entered into a conditional grant agreement (the “**Grant Agreement**”) with the Province of Ontario under the Minister of Economic Development and Growth effective as of August 1, 2017. The Grant Agreement provides a maximum grant to the Company of C\$10,800,000 payable in varying annual installments over a six-and-a-half year period. The grant is contingent upon the Company meeting certain cumulative job and specific expenditure targets over the term of the Grant Agreement. If such targets are not met, the Company may have to repay all or a portion of the grant. As of the date hereof, the Company is in compliance with all requirements under the Grant Agreement. As at January 31, 2022, the Company has recognized total grant funding of C\$5,060,769 under the Grant Agreement.

MARKET FOR SECURITIES

Trading Price and Volume

The issued and outstanding Subordinate Voting Shares commenced trading on the TSX under the symbol “DTOL” on November 3, 2021. The following table sets forth the reported intraday high and low prices and monthly trading volumes of the Subordinate Voting Shares from the date of listing on November 3, 2021 through to the date of this AIF:

Month	High (C\$)	Low (C\$)	Volume
November 2021 (3-30)	\$17.20	\$15.85	2,448,598
December 2021	\$16.74	\$11.66	983,925
January 2022	\$15.88	\$13.37	580,524
February 2022	\$15.36	\$11.60	267,334
March 2022	\$14.21	\$11.81	323,415
April 14, 2022	\$13.21	\$12.13	88,591

DIRECTORS AND EXECUTIVE OFFICERS

Directors

The Board currently consists of six directors. All directors will be elected by shareholders at each annual meeting of the Company’s shareholders, and all directors will hold office for a term expiring at the close of the next annual meeting or until their respective successors are elected or appointed. The nominees for election by shareholders as directors will be determined by the Board in accordance with the provisions of applicable corporate law and the mandate of the Board of Directors.

The following table sets forth the name, age, province/state and country of residence, positions held with the Company, principal occupations and duration of service of the current directors of the Company. Additional biographical information for each individual is provided below.

Name & Residence	Age	Position with D2L	Director since	Principal Occupation
John Baker Ontario, Canada	45	Chair of the Board, Chief Executive Officer	2011 ⁽⁴⁾	Chief Executive Officer of D2L
Tim Connor ⁽¹⁾⁽²⁾⁽³⁾⁽⁵⁾ California, USA	63	Director	2018	Partner of NewView Capital Management
J. Ian Giffen ⁽¹⁾⁽²⁾⁽³⁾⁽⁵⁾ Ontario, Canada	64	Lead Director	2016	Corporate Director
Robert Courteau ⁽¹⁾⁽²⁾⁽⁵⁾ Ontario, Canada	66	Director	2021	Corporate Director
Tracy Edkins ⁽²⁾⁽³⁾⁽⁵⁾ British Columbia, Canada	51	Director	2021	Corporate Director
David Johnston ⁽¹⁾⁽³⁾⁽⁵⁾ Ontario, Canada	80	Director	2021	Corporate Director

Notes:

- (1) Member of the Audit Committee.
- (2) Member of the Compensation Committee.
- (3) Member of CGN Committee.
- (4) Includes predecessors to D2L Inc.
- (5) Independent director for purposes of National Instrument 58-101 – Disclosure of Corporate Governance Practices.

Executive Officers

The following table sets forth the name, age, province/state and country of residence, position held with the Company and duration of service with the Company of each current executive officer of the Company. Additional biographical information for each individual is provided below.

Name and Residence	Age	Position with D2L	Years with D2L (approx.)
John Baker		Chair of the Board,	
Ontario, Canada	45	Chief Executive Officer	22
Melissa Howatson			
Ontario, Canada	48	Chief Financial Officer	8
Alys Scott			
Massachusetts, USA	54	Chief Marketing Officer	1
Anna Forgione			
Ontario, Canada	57	Chief Legal Officer	8
Nick Oddson			
Ontario, Canada	48	Chief Technology Officer	9
Puneet Arora			
California, USA	46	Chief Revenue Officer	4
Stephen Laster			
Massachusetts, USA	57	Chief Operating Officer	Less than 1
Tom Donnelly			
Ontario, Canada	59	Chief Corporate Development Officer	1
Yvonne Bell			
Ontario, Canada	51	Senior Vice President, People and Culture	7

As of the date of this AIF, the directors and executive officers of the Company, as a group, beneficially own, or control or direct, directly or indirectly, 516,676 Subordinate Voting Shares, representing 2.02% of the issued and outstanding Subordinate Voting Shares and 27,390,588 Multiple Voting Shares, representing 100% of the issued and outstanding Multiple Voting Shares. Accordingly, as a group, the directors and executive officers of the Company beneficially own, or control or direct, directly or indirectly, 52.66% of the Company's total issued and outstanding Shares and approximately 91.62% of the voting power attached to all of the Shares.

Directors

John Baker, *Chief Executive Officer*

John founded D2L in 1999, at the age of 22, while attending the University of Waterloo. He has held the position of Chief Executive Officer since D2L's founding. He is a member of the Business Council of Canada, board member of the Business Higher Education Roundtable, member of the Industry Strategy Council in Canada, Chair of the Digital Economic Strategy Table in Canada, has served on the Governing Council of the Social Sciences and Humanities Research Council of Canada, is the Past Chair of the board of Communitech, and is a board member of Canada's National Ballet School. John graduated from the University of Waterloo with an Honours B.A.Sc. in Systems Design Engineering, with First Class Honours and an option in Management Sciences.

Tim Connor, *Director*

Tim Connor has been a Partner of NewView Capital, a growth equity investment firm based in Burlingame, California, since September 2018. Tim has over 35 years of experience working with high-growth, technology-driven companies as an investor, investment banker and public and private company operating executive. Before joining NewView Capital, Tim was the Chief Financial Officer of Code42, an enterprise SaaS provider of data security, from February 2016 to August 2018. Prior, Tim was Chief Financial Officer of Datalogix, a data and analytics provider, from December 2012 through its acquisition by Oracle in 2015. Earlier in his career, Tim was a Managing Director in Lehman Brothers Technology Investment Banking team advising companies on IPOs, other public equity and debt financings and merger and acquisition transactions. Tim holds an MBA from the Harvard Business School and a BA in Economics from Washington College.

J. Ian Giffen, *Director*

Ian Giffen has been a director of D2L since 2016 and is Lead Director of our Board. He is also Chairman of Kinaxis Inc. (TSX, KXS) a global provider of cloud-based, software-as-a-service solutions for supply chain planning. Ian is also a member of the board of directors of the CSA Group, a global standards organization dedicated to safety, social good and sustainability. In addition, he is active in the not-for-profit sector and currently serves on the Boards of the Centre for Addiction and Mental Health (CAMH), and the Board of Governors of the Stratford Festival. Ian is a Chartered Professional Accountant with a designation in corporate finance, and a Fellow of the Institute of Chartered Accountants of Ontario (CPA Ontario), and worked for KPMG in Glasgow from 1978 to 1982.

Robert Courteau, *Director*

Robert Courteau is a corporate director and executive advisor. He sits on the boards of Kinaxis Inc. and LifeWorks, and currently serves as vice chair of the Holland Bloorview Hospital Foundation. Most recently, he was chief executive officer of Altus Group and prior to this role, Mr. Courteau was a global corporate executive with SAP AG. Throughout his various executive positions, Mr. Courteau has refined his expertise and insights into global market leadership, advisory services, enterprise application software and data solutions. He holds a bachelor of commerce degree and was awarded an honorary doctor of laws degree from Concordia University. The Royal Institution of Chartered Surveyors further recognized his dedication and innovative leadership in 2014, awarding him a fellowship.

Tracy Edkins, *Director*

Tracy Edkins is a board member and advisor bringing over 25 years of experience as a business-oriented HR partner for industry leaders, including Splunk, eBay, and Starbucks. As a director for D2L since 2021, she also serves as Chair of the Compensation Committee. Additionally, Tracy serves on the board of Happy

Money, a mission-led financial technology company that helps borrowers become savers. She is also an advisor to Generation Investment Management, Plan C Advisors, iCIMS, Findem and Lacework. In the non-profit space, she serves on the board of ArtHouse Studio, a non-profit focused on partnering Fortune 500 companies to bring innovation and creativity to underserved students.

Tracy has expertise in product, engineering, sales and marketing across commerce, service and technology sectors. She is a trusted advisor to CEO's and executive management on alignment of culture throughout an organization. She is well known for her ability to engage employees as key stakeholders, particularly in industries where talent is the key asset to success and she has deep executive compensation, succession planning and team effectiveness expertise.

David Johnston, *Director*

David Johnston was Canada's 28th governor general. During his mandate, he established the Rideau Hall Foundation (RHF), a registered charity that supports and amplifies the Office of the Governor General in its work to connect, honour and inspire Canadians. Today, he is actively involved as Chair of the RHF board of directors.

In 2018, David was appointed Colonel to the Royal Canadian Regiment. Prior to his installation as governor general, David was a professor of law for 45 years, and served as President of the University of Waterloo for two terms and Principal of McGill University for three terms. He was President of the Association of Universities and Colleges of Canada and of the Conférence des recteurs et des principaux des universités du Québec. He was the first non-U.S. citizen to be elected chair at Harvard University's Board of Overseers from which he graduated in 1963 magna cum laude and was twice named all-American in hockey and was named to Harvard's Athletic Hall of Fame. David holds degrees from Harvard University, the University of Cambridge and Queen's University, and has received more than three dozen honorary degrees or fellowships. He has authored or co-authored more than 30 books. He was named Companion of the Order of Canada in 1997. He has chaired or served on many provincial and federal task forces and committees and has served on the boards of more than a dozen public companies.

Executive Officers Who Do Not Serve as Directors

Melissa Howatson, *Chief Financial Officer*

Melissa has over twenty years of experience enabling business growth by leading key financial and administrative functions in emergent and scaling companies. Prior to joining D2L as Chief Financial Officer in 2013, Melissa worked at technology start-ups, as Chief Financial Officer and Chief Operating Officer at Qwalify and as VP Finance & Corporate Services at Primal Fusion, as well as within the automotive industry as Controller at Bend All Automotive where she participated in the management buyout and eventual sale to private equity. She obtained her CPA-CA designation while working with KPMG where she oversaw the audits for several public and private companies. Melissa has an Honors Business Administration degree from Wilfrid Laurier University and a CPA-CA designation from the Institute of Chartered Accountants of Ontario.

Alys Scott, *Chief Marketing Officer*

Alys joined D2L as Chief Marketing Officer in 2021 and brings more than 25 years of marketing and corporate communications experience, including investors relations work in both Toronto and New York. At D2L, she is responsible for brand awareness, corporate communications, analyst relations, product marketing, digital marketing, demand generation, customer advocacy, and events. From 2018 to 2020, Alys held the position of Chief Marketing Officer of Definitive Healthcare, a healthcare data and analytics technology provider. From 2017 to 2018, she was the Chief Marketing Officer of Salary.com, a SaaS provider of compensation market data and analytics. From 2011 to 2016, Alys served in a range of

marketing and communications leadership positions and, ultimately, as the Chief Marketing Officer of PeopleFluent, a talent management and learning solution. Alys received a BA in English Literature from Hamilton College.

Anna Forgione, *Chief Legal Officer*

Anna has served as D2L's Chief Legal Officer (and prior to that, General Counsel and Corporate Secretary) since September 2013. Anna leads D2L's legal and proposals teams. She brings over twenty years of experience in corporate leadership, technology advocacy, business development, negotiations, and strategic planning. She oversees all legal and regulatory matters for D2L worldwide. Her responsibilities include directing company transactional, intellectual property, litigation, acquisitions compliance matters and enterprise risk management. Before joining D2L, Anna served as General Counsel Americas for Open Text Corporation and Assistant General Counsel for Geac Computer Corporation. Anna was also a founding executive of Telephony@Work. Anna holds various directorships for non-profit organizations, including The Canadian Children's Opera Company. Anna holds a J.D. Degree from Osgoode Hall and has been a member of the Law Society of Ontario since 1994.

Stephen Laster, *Chief Operating Officer*

Stephen leads technology, engineering and design, product management, and customer engagement at D2L. Before joining D2L, Stephen was the Chief Product Officer of Ellucian, the market-leading student information system provider for global higher education. Prior to Ellucian, Stephen held critical roles including Chief Product Officer for Penn Foster, Chief Digital Officer for McGraw Hill Education, and Chief Information Officer for the Harvard Business School. He also served as a Trustee, member of the faculty, and head of innovation for Babson College. Previously, Stephen founded and ran Intelligent Solutions, LLC, a higher education technology consulting firm. Stephen has been a board member of IMS Global, Microsoft Higher Education Advisory Board, The Online Learning Consortium, and FineTune Learning. Stephen holds a bachelor's degree from Bowdoin College and an MBA from the F.W. Olin Graduate School of Business at Babson College.

Nick Oddson, *Chief Technology Officer*

Nick joined D2L in March 2013 and is responsible for D2L's technology, product design and cloud operations. He oversees D2L's software engineering and business functions including development, testing, system and data architecture, DevOps and cloud systems, user research and product design. This also includes alignment with D2L's strategies around security standards (ISO27001/18), accessibility leadership (WCAG), education standards certification (IMS Global), performance and scaling analysis and the corporate systems and processes that are critical to the Company's business. Before joining D2L, Nick was Senior Vice President of Research & Development for Open Text Corporation. He supervised an engineering organization of more than one thousand employees distributed globally across forty offices as the company scaled through significant acquisition. Nick studied Computer Science and Physics at the University of Waterloo.

Puneet Arora, *Chief Revenue Officer*

Puneet joined D2L in April 2018 and is responsible for the Company's global revenue. He has over 20 years of sales and go-to-market experience with early stage, mid stage and late stage SaaS companies. He joins the Company from 8x8, a global telephony and cloud communications leader where he was Senior Vice President of global sales from January 2015. Puneet was responsible for sales, presales, sales consulting, channel and direct strategy, demand generation, and global sales operations. Prior to 8x8, Puneet ran North American Sales for LivePerson, a leader in enterprise digital engagement solutions into midmarket and enterprise accounts. Prior to LivePerson, Puneet ran Americas West Cloud CRM Sales for

Oracle and before that was Vice President of Corporate Sales at Salesforce.com. Puneet received his Bachelors' in Computer Engineering from Iowa State University and his MBA from Babson College.

Tom Donnelly, *Chief Corporate Development Officer*

Tom has held the position of Chief Corporate Development Officer at D2L since November 2020. Tom is responsible for corporate development and new business ventures at D2L. He is focused on building and managing a rich ecosystem of partners and new business models aligned with D2L's goal to transform the way the world learns. Tom is the Co-founder and former Chief Operating Officer of Sandvine Incorporated until October 2017, a Waterloo-based networking company founded in August 2001 that went public on the London Stock Exchange in May 2006 and the Toronto Stock Exchange in October 2006. Sandvine was acquired by American private equity firm Francisco Partners in July 2017. Before Sandvine, Tom was Vice President of Global Sales and subsequently Vice President of Strategic Partners at PixStream Incorporated. Cisco Systems acquired PixStream in August 2000. Previously, Tom was Vice President of Sales & Marketing for West End Systems, an affiliate of Newbridge Networks.

Yvonne Bell, *Senior Vice President, People and Culture*

Yvonne has been with D2L since 2014. With over a 20-year career in the field of Human Resources, Yvonne Bell is responsible for all people and culture functions at D2L – talent acquisition, leadership development, diversity and inclusion, talent management, total rewards, retention and career coaching. Before joining D2L, Yvonne was the Vice President, Global HR Organization Effectiveness & Talent at OpenText, where she was involved in more than 35 acquisitions, led or contributed to people and culture teams, worked to assimilate acquisitions into company standards and practices, and merged organizations focusing on the engagement and integration of cultures, leaders and employees. Yvonne has also held successive positions of responsibility at KPMG Canada and Toyota. Yvonne holds a degree in Sociology and Psychology from the University of Waterloo, Post Grad Diploma in Career Development from Conestoga College, and a Leadership Development Certificate from the University of Western Ontario.

CEASE TRADE ORDERS, BANKRUPTCIES, PENALTIES OR SANCTIONS

No director or executive officer of the Company is, as at the date of this AIF, or has been within the last ten years, a director, chief executive officer or chief financial officer of any company (including the Company) that:

- (a) 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, and which in all cases was in effect for a period of more than 30 consecutive days (an “**Order**”), which Order was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer of such company; or
- (b) was subject to an Order 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 of such company.

Except as disclosed below, to the knowledge of the Company, no director or executive officer of the Company or any shareholder holding a sufficient number of voting securities to affect materially the control of the Company:

- (a) is, as at the date of this AIF, or has been within the last ten years, 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;

- (b) has, within the last ten years, 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 his assets;
- (c) 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
- (d) has been subject to any 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 regarding the Company.

Mr. Giffen became a director of Syncapse Corp., a private social media marketing management company, in May 2010 and resigned shortly before the appointment of a receiver in July 2013. The assets of Syncapse Corp. were subsequently sold under receivership.

The foregoing information, not being within the knowledge of the Company, has been furnished by the respective directors and executive officers.

CONFLICTS OF INTEREST

To the best of the Company's knowledge, other than as disclosed herein, there are no known existing or potential material conflicts of interest between the Company and any directors or officers of the Company, except that certain of the directors and officers serve as directors, officers, promoters and members of management of other public companies and therefore it is possible that a conflict may arise between their duties as a director or officer of the Company and their duties as a director, officer, promoter or member of management of such other companies.

The directors and officers of the Company are aware of the existence of laws governing accountability of directors and officers for corporate opportunity and requiring disclosures by directors of conflicts of interest and the Company will rely upon such laws in respect of any directors and officers' conflicts of interest or in respect of any breaches of duty by any of its directors or officers. All such conflicts will be disclosed by such directors or officers in accordance with the CBCA and they will govern themselves in respect thereof to the best of their ability in accordance with the obligations imposed upon them by law.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

The Company may, from time to time, be involved in certain legal proceedings, as well as demands, claims and threatened litigation, that arise in the normal course of business, including assertions that the Company may be infringing patents or other intellectual property rights of others. The ultimate amount of liability, if any, for any pending claims of any type (either alone or combined) may materially affect the Company's financial position or results of operations. The ultimate outcome of any litigation is uncertain and, regardless of outcome, litigation can have an adverse impact on the Company's business because of defense costs, negative publicity, diversion of management resources and other factors. The Company's failure to obtain any necessary license or other rights on commercially reasonable terms, or otherwise, or litigation arising

out of intellectual property claims could materially adversely affect its business. For more information concerning these risks, see “Risk Factors – Risks Related to our Business and Industry”.

The Company is from time to time involved in legal proceedings of a nature considered normal to its business. 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 or was the subject matter, and no such proceedings or actions are known by the Company to be contemplated.

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, in the three years prior to the date of this AIF.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Other than as disclosed below and elsewhere in this AIF no director, executive officer or unitholder or shareholder that beneficially owns, or controls or directs, directly or indirectly, more than 10% of the voting securities of the Company, or any of their respective associates or affiliates, has any material interest, direct or indirect, in any transaction within the three years before the date of this AIF which has materially affected or is reasonably expected to materially affect the Company or a subsidiary of the Company.

Bayfield Acquisition

See “Major Developments of the Business” above regarding the Bayfield Acquisition.

Bayfield was a privately held Canadian company that created online learning experiences, including a variety of online courses for organizations across North America. John Baker, our CEO, had a minority interest in, and other business dealings with, Bayfield, which is controlled by family members of John Baker. The Bayfield Acquisition was approved by the independent members of the Board, with Melissa Howatson and John Baker abstaining, following declaration by John Baker of his conflict of interest. John Baker did not participate in the negotiation of the terms of the Bayfield Acquisition. Upon the closing of the Bayfield Acquisition, the Reseller Agreement between the Company and Bayfield as outlined below was cancelled, and all amounts of prepaid royalty, fees and amounts owing by Bayfield to the Company under such agreement ceased to be owing, and Bayfield ceased to have any rights under the agreement. The total consideration paid for the Bayfield Acquisition was C\$15.9 million. Consideration paid consisted of: (i) cash of C\$12 million, of which C\$0.8 million was paid on closing, C\$1.1 million was payable on November 15, 2021, and a promissory note was issued for the remaining C\$10.1 million; and (ii) forgiveness of the prepaid royalty, fees and amounts owing by Bayfield to D2L of C\$3.9 million. The Company repaid in full the promissory note on November 3, 2021 and the amount payable on November 15, 2021.

Service Arrangements with Related Parties

In the normal course of business, we obtain services from and provide services to related parties, as further described below.

Services we receive:

Resale of Course Content from Bayfield

On January 31, 2020, we entered into a reseller agreement with Bayfield (as amended, the “**Reseller Agreement**”) pursuant to which we had the exclusive right to resell certain learning content created by Bayfield, and agreed to make commercially reasonable efforts to market and sell that content. The Reseller Agreement was approved by the Board, with John Baker, President and CEO of the Company, abstaining, following declaration by John Baker of his conflict of interest. The Reseller Agreement did not limit our ability, either during or after its term, to offer products or functionality that may be similar to, competitive with, or functionally comparable to Bayfield’s products or services.

Under the terms of the Reseller Agreement, revenues from our sales of Bayfield’s learning content were to be shared by D2L and Bayfield proportionately on a pre-determined basis. In connection with the Reseller Agreement, D2L agreed to make payment of certain amounts to fund the creation of learning content by Bayfield. These additional payments represented a prepaid royalty to Bayfield, which were to be deducted from future revenue sharing payments. During Fiscal 2022, the Company earned revenues of US\$65,008 pursuant to the Reseller Agreement (Fiscal 2021 – US\$24,604, Fiscal 2020 – nil).

As noted above, the Reseller Agreement between D2L and Bayfield terminated on the closing of the Bayfield Acquisition, and all prepaid royalties and revenue sharing investments owing by Bayfield to D2L Corporation were forgiven pursuant to the terms of the Bayfield Acquisition.

Learning and creative services from Bayfield

D2L entered into a services agreement with Bayfield dated June 1, 2020 (the “**Bayfield Services Agreement**”) pursuant to which Bayfield was retained to provide services to D2L or its customers, including learning and creative services. The Bayfield Services Agreement was approved by the Board, John Baker abstaining, following declaration by John Baker of his conflict of interest. The Bayfield Services Agreement was a non-exclusive arrangement, permitting each party to enter into similar arrangements with any third-party, and was terminable upon 30 days prior written notice by either party.

Under the terms of the Bayfield Services Agreement, Bayfield acted as a subcontractor to D2L, providing learning and creative services to assist D2L in its delivery of one-time engagements on client contracts. Such one-time service delivery engagements typically are completed within 12 months from inception. During Fiscal 2022, services acquired from Bayfield pursuant to the Bayfield Services Agreement resulted in aggregate fees paid to Bayfield of US\$124,323 (Fiscal 2021 – US\$1,015,630, Fiscal 2020 – nil).

The Bayfield Services Agreement terminated on the closing of the Bayfield Acquisition.

Lease of Premises

D2L Corporation has leased 93,059 square feet of premises in Kitchener, Ontario for an 11.5 year term commencing February 1, 2022 pursuant to a lease dated October 15, 2021 (the “**Kitchener Lease**”). The landlord under the Kitchener Lease, Catalyst 137 Kitchener L.P., is a private entity in which John Baker, our CEO, has a minority interest. The Kitchener Lease was approved by the independent members of the Board, John Baker abstaining, following declaration by John Baker of his conflict of interest. John Baker did not participate in the negotiation of the terms of the Kitchener Lease.

The Kitchener Lease provides for annual rent per square foot of the rentable area of the premises of C\$18 in the first year, increasing annually to C\$27.29 by the eleventh year, in each case exclusive of property

taxes, certain operating costs and HST. The Kitchener Lease is terminable by D2L Corporation on certain conditions in the sixth and seventh years of the term of the lease, subject to payment of an early termination penalty. The Kitchener Lease may be extended at D2L Corporation's option for up to four additional 60 month periods on at least 9 months prior notice, provided that the rent is to be adjusted to the then current fair market net rent for similar premises in similar buildings and an adjustment is to be made to reflect increased operating costs. The Company anticipates to move into the new premises by the end of December 2022.

Lease of Premises

On February 2, 2022, D2L Corporation entered into a new lease agreement with 2372739 Ontario Inc. ("2372739") for a media studio and office space (the "Media Studio") in Bayfield, Ontario (the "Media Studio Lease"). 2372739 is controlled by a family member of John Baker, the Company's CEO. The Media Studio Lease was approved by the independent members of the Board of Directors, John Baker abstaining, following declaration of his conflict of interest. John Baker did not participate in the negotiation of the terms of the Media Studio Lease.

The new lease extends the Company's existing arrangement to use the Media Studio pursuant to the Transition Services Agreement dated August 3, 2021, in order to properly facilitate the transition of, and utilization of, the assets acquired from Bayfield Design Inc. D2L Corporation will pay US\$2,207 (C\$2,800) per month, for a total commitment of US\$26,489 (C\$33,600), beginning February 2, 2022 and terminating on January 31, 2023.

Services we provide:

Subscription and support services to Virtual High School (Ontario)

We provide e-learning subscription and support services to VirtualHighSchool.com Inc. ("VHS"), a corporation in which John Baker has a minority interest and other business dealings. VHS is controlled by family members of John Baker. The Company entered into a master agreement with VHS dated December 19, 2013 (as amended, the "**Virtual High School Agreement**"), pursuant to which we provide e-learning subscription and support services to VHS, which offers virtual private high school courses. John Baker has a minority interest in, and other business dealings with, VHS, which is controlled by family members of John Baker. The Virtual High School Agreement was approved by the Board, John Baker abstaining, following declaration by John Baker of his conflict of interest.

During Fiscal 2022, we recognized revenue of US\$136,685 pursuant to the Virtual High School Agreement (Fiscal 2021 – US\$116,958, Fiscal 2020 – US\$116,971).

The Virtual High School Agreement term ends on December 31, 2023, subject to automatic renewal over an additional 5-year period unless either party notifies the other in writing of its intent to terminate 60 days in advance. On November 3, 2021, John Baker disposed of his minority interest in VHS. VHS remains controlled by family members of John Baker.

Shareholder Loan

On March 5, 2021, D2L Corporation made a loan to 2416535 Ontario Inc., a holding company indirectly controlled by John Baker ("**Baker Holdco**"), in the aggregate principal amount of C\$20,200,000 (the "**Shareholder Loan**"). The proceeds of the Shareholder Loan were used to fund sub-loans by Baker Holdco for two purposes:

1. to enable John Baker and certain other beneficiaries of the Employee Trust currently employed by us, including three of his siblings, to pay C\$16,600,000 in outstanding income tax liabilities related to the distribution of shares by the Employee Trust in 2012, as determined payable to the CRA following its 2016 audit of such distribution, and to repay loans previously incurred by such beneficiaries to satisfy those tax liabilities; and
2. to enable siblings of John Baker to pay an aggregate of C\$3,600,000 of the exercise price payable by them upon the exercise of options held by them to acquire shares of D2L, and the tax liabilities required to be withheld and remitted by D2L in connection with such exercise of options.

The Shareholder Loan was to be repaid by the earlier of: (i) completion of a secondary offering of shares of D2L in connection with its IPO that provides sufficient proceeds to repay the Shareholder Loan; and (ii) December 31, 2022. The Shareholder Loan bore interest at the prescribed annual interest rate of CRA in effect from time to time used to calculate taxable benefits for employees and shareholders from interest free and low-interest loans that, as of the date of advance, was 1% per annum. The Shareholder Loan was secured by a pledge of securities of D2L by Baker Holdco. As of January 31, 2022, Baker Holdco repaid the entirety of the Shareholder Loan, in part using funds raised from the Secondary Offering, and in part directing D2L Corporation to apply proceeds that would otherwise be payable by D2L Corporation to Bayfield on the occurrence of the IPO toward the Shareholder Loan.

AUDITOR, TRANSFER AGENT AND REGISTRAR

KPMG LLP, located at Vaughan Metropolitan Centre, 100 New Park Place, Suite 1400, Vaughan, Ontario, L4K 0J3, is the independent auditor of the Company within the meaning of the Code of Professional Conduct of the Chartered Professional Accountants of Ontario.

The transfer agent and registrar for the Subordinate Voting Shares is Computershare Investor Services Inc. at its principal office in Toronto, Ontario.

The trustee for the Multiple Voting Shares under the Coattail Agreement is Computershare Investor Services Inc. at its principal office in Toronto, Ontario.

PROMOTER

In connection with the IPO, Staff at the Ontario Securities Commission notified the Company that it was of the view that John Baker was a promoter of the Company within the meaning of applicable securities laws in Canada. As of the date of this AIF, Mr. Baker beneficially owns, or controls or directs, directly or indirectly, 488,293 Subordinate Voting Shares, representing 1.91% of the issued and outstanding Subordinate Voting Shares and 27,390,588 Multiple Voting Shares, representing 100% of the issued and outstanding Multiple Voting Shares. See also “Interest of Management and Others in Material Transactions”.

MATERIAL CONTRACTS

Material contracts of the Company, other than contracts entered into in the ordinary course of business, that were entered into within the last financial year or before the last financial year but is still in effect:

- the Coattail Agreement, which is described under the heading “Description of Capital Structure – Subordinate Voting Shares and Multiple Voting Shares – Take-Over Bid Protection”; and
- the Registration Rights Agreement, which is described under the heading “Description of Capital Structure – Registration Rights Agreement”.

The Company's material contracts described above are filed under the Company's profile on SEDAR at www.sedar.com.

AUDIT COMMITTEE

Audit Committee's Charter

The charter (the "**Charter**") of the Company's Audit Committee is reproduced as Exhibit "B". The Board has adopted the Charter which describes the mandate of the Audit Committee that establishes, *inter alia*, the Audit Committee's purpose and responsibilities. Within the purview of its mandate, the Audit Committee is responsible for overseeing the Company's financial statements and financial disclosure and shall review and, if advisable, approve and recommend the annual financial statements and interim financial statements for Board approval. The Audit Committee's responsibilities also include the selection, recommendation and oversight of the Company's independent auditor, as well as the oversight of the Company's internal controls over financial reporting and disclosure. The Audit Committee is also responsible for administering the Company's whistleblowing policy and establishing procedures for the (i) receipt, retention and treatment of complaints received by the Company regarding violations of the Code of Ethics, accounting, internal accounting controls or audit matters, and (ii) the confidential, anonymous submissions by employees of the Company relating to concerns regarding questionable accounting or auditing matters.

Composition of Audit Committee

The Audit Committee is currently comprised of Ian Giffen (Chair), Tim Connor, Robert Courteau and David Johnston. Each of the members of the Audit Committee has an understanding of the accounting principles used to prepare the Company's 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. For additional details regarding the relevant education and experience of each member of the Audit Committee, see "Directors and Executive Officers – Directors".

It is the Board's determination that each of the members of the Audit Committee is financially literate within the meaning of NI 52-110. A director is "financially literate" within the meaning of NI 52-110 if he or she has 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. Additionally, it is the Board's determination that each of the current members of the Audit Committee is independent within the meaning of NI 52-110.

The members of the Audit Committee will be appointed annually by the Board, and each member of the Audit Committee will serve at the pleasure of the Board until the member resigns, is removed, or ceases to be a member of the Board.

Audit Committee Oversight

At no time since the commencement of the Company's most recently completed financial year have any recommendations by the Audit Committee respecting the nomination and/or compensation of the Company's external auditors not been adopted by the Board of Directors.

Risk Oversight

The Company is committed to maintaining an environment that integrates risk management into the fabric of the organization and has established an enterprise risk management (“ERM”) program to provide structure and oversight.

Working with the executive leadership team, our Chief Legal Officer is responsible for overseeing the implementation of the ERM program and reporting regularly on our principal risks to the Audit Committee and the Board of Directors. The Board of Directors and Audit Committee have the responsibility to ensure that adequate systems are in place to identify, assess, manage and report on the key risk affecting D2L strategic objectives.

D2L’s ERM framework is in line with industry leading practices (i.e. ISO 31000:2018 and COSO ERM 2017) and includes risk identification, assessment, prioritization, action planning and monitoring & reporting. The program’s goal is to integrate these activities into established business processes across the organization to align strategic business efforts with the risk action planning.

Pre-Approval Policies and Procedures

The Audit Committee is responsible for pre-approving any and all audit services and permissible non-audit services to be performed by the Company’s independent auditors and will adopt and implement policies for such pre-approval. The Audit Committee will consider the impact of such non-audit services and fees on the independence of the auditor and at least annually, and before the independent auditor issues their report on the Company’s annual financial statements, the Audit Committee shall confirm the independence of the independent auditor by obtaining statements from the independent auditor describing all relationships with the Company, including with respect to any non-audit services, and by obtaining written confirmation from the independent auditor 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 auditor belongs.

External Auditor Service Fees (By Category)

The aggregate fees billed by the Company’s external auditors during the financial years ended January 31, 2022 and January 31, 2021 were as follows:

	Fiscal year ended January 31, 2022	Fiscal year ended January 31, 2021
Audit fees ⁽¹⁾	C\$582,000	C\$358,000
Audit-related fees ⁽²⁾	C\$59,000	C\$138,000
Tax fees ⁽³⁾	C\$177,000	C\$97,000
All other fees ⁽⁴⁾	C\$3,000	C\$2,000
Total	C\$821,000	C\$595,000

Notes:

- (1) The aggregate of fees incurred for annual audit services relating to the audit of the Company.
- (2) The aggregate of fees incurred for general accounting advice and review.
- (3) The aggregate fees billed for professional services rendered for tax compliance, tax advice and tax planning, including the preparation of corporate tax returns and general tax advisory services.
- (4) The aggregate fees billed for products and solutions other than set out under the headings, “Audit fees”, “Audit related fees” and “Tax fees”, including consultation services on due diligence, work undertaken in connection with the Company’s IPO and information technology searches.

ADDITIONAL INFORMATION

Additional information relating to the Company can be found under the Company's profile on SEDAR at www.sedar.com.

Additional information, including directors' and officers' remuneration and indebtedness, principal holders of the Company's securities and securities authorized for issuance under equity compensation plans is contained in the prospectus of the Company dated October 27, 2021, a copy of which can be found under the Company's profile on SEDAR.

Additional financial information is provided in the Company's consolidated financial statements and management's discussion and analysis for the most recently completed financial year.

EXHIBIT “A” GLOSSARY OF TERMS

In addition to terms defined elsewhere in this AIF, the following terms, when used in this AIF, will have the following meanings (unless otherwise indicated):

“affiliate” means a company that is affiliated with another company as described below. A company is an “affiliate” of another company if:

- (a) one of them is the subsidiary of the other, or
- (b) each of them is controlled by the same person.

A company is “controlled” by a person if:

- (a) voting securities of the company are held, other than by way of security only, by or for the benefit of that person, and
- (b) the voting securities, if voted, entitle the person to elect a majority of the directors of the company.

A person beneficially owns securities that are beneficially owned by:

- (a) a company controlled by that person, or
- (b) an affiliate of that person or an affiliate of any company controlled by that person.

“AI” means artificial intelligence.

“AIF” means this annual information form as defined under the heading “General”.

“API” means application programming interface.

“AQR” has the meaning set out under the heading “Description Of Material And Certain Other Indebtedness – Loan and Security Agreement with Silicon Valley Bank”.

“Articles” has the meaning set out under the heading “Description of Capital Structure”.

“Audit Committee” has the meaning set out under the heading “Audit Committee”.

“AWS” means Amazon Web Services.

“Baker Group Permitted Holders” has the meaning set out under the heading “Description of Capital Structure – Subordinate Voting Shares and Multiple Voting Shares – Conversion”.

“Baker Holdco” means 2416535 Ontario Inc., a holding company indirectly controlled by John Baker, the Company’s founder, Chair and Chief Executive Officer.

“Bayfield” means Bayfield Design Inc.

“Bayfield Acquisition” has the meaning set out under the heading “Major Developments of the Business”.

“Board” or **“Board of Directors”** means the board of directors of the Company.

“By-Laws” has the meaning set out under the heading “Description of Capital Structure”.

“C\$” means Canadian dollars, the lawful currency of Canada.

“CBCA” means *Canada Business Corporations Act*.

“Charter” means the charter of the Company’s Audit Committee as set out under the heading “Audit Committee – Audit Committee’s Charter”.

“Closing Date” has the meaning set out under the heading “Corporate Structure – Name, Address and Incorporation”.

“Co-Lead Underwriters” means TD Securities Inc. and BMO Nesbitt Burns Inc.

“Coattail Agreement” has the meaning set out under the heading “Description of Capital Structure – Subordinate Voting Shares and Multiple Voting Shares – Take-Over Bid Protection”.

“Code of Ethics” means the written code of business conduct and ethics of the Company.

“Company” or **“D2L”** means D2L Inc.

“COVID-19” means the novel coronavirus named COVID-19.

“CSA” means Canadian Securities Administrators.

“customers” has the meaning set out under the heading “General”.

“Demand Distribution” has the meaning set out under the heading “Description of Capital Structure – Registration Rights Agreement”.

“Demand Registration Right” has the meaning set out under the heading “Description of Capital Structure – Registration Rights Agreement”.

“Employee Trust” means Desire2Learn Employee Stock Trust.

“EU” means European Union.

“Fiscal 2022” means the 12-month period ending January 31, 2022.

“forward-looking statements” has the meaning set out under the heading “Cautionary Note Regarding Forward-Looking Statements”.

“Free Cash Flow” means cash provided by (used in) operating activities less net additions to property and equipment.

“Grant Agreement” means the conditional grant agreement dated August 1, 2017 between the Company and the Province.

“Higher Ed” means higher education.

“HolonIQ” means HolonIQ Pty Ltd.

“IPO” has the meaning set out under the heading “Major Developments of the Business”.

“K-12” means Kindergarten to Grade 12.

“Kitchener Lease” has the meaning set out under the heading “Interest of Management and Others in Material Transactions – Service Arrangements with Related Parties – Lease of Premises”.

“LMS” means learning management system.

“Lock-up Agreements” has the meaning set out under the heading “Risk Factors – Risks Related to Ownership of the Subordinate Voting Shares – Future sales of a substantial amount of our Subordinate Voting Shares may depress the price of our Subordinate Voting Shares.”.

“Members of the Immediate Family” has the meaning set out under the heading “Description of Capital Structure –Subordinate Voting Shares and Multiple Voting Shares – Conversion”.

“Multiple Voting Shares” means the multiple voting shares in the capital of the Company.

“NI 52-109” means National Instrument 52-109 – *Certification of Disclosure in Issuers’ Annual and Interim Filings*.

“NI 52-110” means National Instrument 52-110 – *Audit Committees*.

“Person” has the meaning set out under the heading “Description of Capital Structure –Subordinate Voting Shares and Multiple Voting Shares – Conversion”.

“Piggy-Back Distribution” has the meaning set out under the heading “Description of Capital Structure – Registration Rights Agreement”.

“Piggy-Back Registration Right” has the meaning set out under the heading “Description of Capital Structure – Registration Rights Agreement”.

“PIPEDA” means the federal *Personal Information Protection and Electronic Documents Act* (Canada).

“Registration Rights Agreement” has the meaning set out under the heading “Description of Capital Structure – Registration Rights Agreement”.

“Reseller Agreement” means the reseller agreement between the Company and Bayfield dated January 31, 2020 and amended on September 30, 2020 and November 21, 2020.

“SaaS” means Software as a Service.

“Secondary Offering” has the meaning set out under the heading “Major Developments of the Business”.

“Shareholder Loan” has the meaning set out under the heading “Interest of Management and Others in Material Transactions – Service Arrangements with Related Parties – Shareholder Loan”.

“Shares” means, collectively, Subordinate Voting Shares and Multiple Voting Shares.

“Significant Shareholders” has the meaning set out under the heading “Description of Capital Structure – Registration Rights Agreement”.

“Spouse” has the meaning set out under the heading “Description of Capital Structure – Authorized Share Capital on Closing – Subordinate Voting Shares and Multiple Voting Shares – Conversion”.

“Subordinate Voting Shares” means the subordinate voting shares in the capital of the Company.

“SVB” means Silicon Valley Bank.

“**SVB Loan Agreement**” means the loan and security agreement dated July 24, 2013, as amended, among D2L Corporation, D2L Ltd. and Desire2Learn, LLC, as co-borrowers, and SVB, as lender.

“**Tax Act**” means the *Income Tax Act* (Canada) and the regulations thereunder, as amended.

“**TSX**” means the Toronto Stock Exchange.

“**U.S.**” means the United States of America.

“**US\$**” means United States dollars, the lawful currency of the United States.

“**Voting Control**” has the meaning set out under the heading “Description of Capital Structure – Authorized Share Capital on Closing – Subordinate Voting Shares and Multiple Voting Shares – Conversion”.

“**WCAG**” has the meaning set out under the heading “Description of the Business – Compliance and Certifications – Accessibility”.

EXHIBIT “B”
AUDIT COMMITTEE CHARTER

D2L INC.

1. Purpose and Scope

The Audit Committee (the “**Committee**”) is a committee of the Board of Directors (the “**Board**”) of D2L Inc. (the “**Company**”). As delegated by the Board, the Committee shall attend to the responsibilities set out in this Charter.

2. Membership

Number of Members

The Committee shall be composed of three or more members of the Board.

Independence of Members

Each member of the Committee shall be independent within the meaning of the provisions of National Instrument 52-110 – *Audit Committees*, as may be amended or replaced from time to time.

Term of Members

The members of the Committee shall be appointed annually by the Board, provided that if the composition of the Committee is not so determined, each director who was then serving as a member of the Committee shall continue as a member of the Committee until their successor is appointed. Each member of the Committee shall serve at the pleasure of the Board until the member resigns, is removed, or ceases to be a member of the Board.

Committee Chair

At the time of the annual appointment of the members of the Committee, the Board may appoint a Chair of the Committee. If a Committee Chair is not appointed by the Board, the members of the Committee shall designate a Committee Chair by majority vote of the full Committee membership, provided that if the designation of the Committee Chair is not made, then the director who was then serving as Committee Chair shall continue as Committee Chair until their successor is appointed. Notwithstanding any of the foregoing, the Committee Chair must be a member of the Committee.

In the absence of the Committee Chair at a meeting of the Committee, the members of the Committee present may appoint a chair from their number for such meeting.

Financial Literacy of Members

At the time of their appointment to the Committee, each member of the Committee shall have, or shall acquire within a reasonable time following appointment to the Committee, the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company’s financial statements.

Further, at least one member of the Committee shall have experience as a certified public accountant, chief financial officer or corporate controller of similar experience, or demonstrably meaningful experience overseeing such functions as a senior executive officer.

3. Meetings

Frequency of Meetings

The Committee shall meet as often as the Committee considers appropriate to fulfill its responsibilities, but in any event at least once per fiscal quarter.

Quorum

No business may be transacted by the Committee at a meeting unless a quorum of the Committee is present. A majority of members of the Committee shall constitute a quorum.

Calling of Meetings

The Committee Chair, any member of the Committee, the Company's external auditors, the Chair of the Board, the 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.

Minutes; Reporting to the Board

The Committee shall maintain minutes or other records of meetings and activities of the Committee in sufficient detail to convey the substance of all discussions held. Upon approval of the minutes by the Committee, the minutes shall be circulated to the members of the Board. However, the Committee Chair may report orally to the Board on any matter in their view requiring the immediate attention of the Board.

Attendance of Non-Members

The Company's external auditors are entitled to receive 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.

Meetings Without Management and Executive Sessions

As part of each meeting of the Committee, the Committee shall hold an *in camera* session, at which management and non-independent directors of the Board are not present, and the agenda for each Committee meeting will afford an opportunity for such a session.

The Committee shall also periodically meet separately, at unscheduled or regularly scheduled meetings or portions of meetings, in executive session or otherwise with each of the Company's external auditor and management, as the Committee deems appropriate.

Access to Management and Books and Records

The Committee shall have free and unrestricted access at all times, either directly or through its duly appointed representatives, to the Company's management and employees and the books and records of the Company.

4. Responsibilities

The Committee shall have the functions and responsibilities set out below as well as any other functions that are specifically delegated to the Committee by the Board and that the Board is authorized to delegate by applicable laws and regulations. In addition to these functions and responsibilities, the Committee shall

perform the functions and responsibilities required of an audit committee by any exchange upon which securities of the Company are traded, or any governmental or regulatory body exercising authority over the Company, as are in effect from time to time (collectively, the “**Applicable Requirements**”) or as the Board otherwise deems necessary or appropriate.

Financial Reports

(a) General

The Committee is responsible for overseeing the Company’s financial statements and financial disclosures. Management is responsible for the preparation, presentation and integrity of the Company’s financial statements and financial disclosures and for the appropriateness of the accounting principles and the reporting policies used by the Company. The Company’s external auditors are responsible for auditing the Company’s annual financial statements and for reviewing the Company’s unaudited interim financial statements.

(b) Review of Annual Financial Reports

The Committee shall review the annual audited financial statements of the Company, the auditors’ report thereon and the related management’s discussion and analysis of the Company’s financial condition and financial performance (“**MD&A**”). After completing its review, if advisable, the Committee shall approve and recommend the annual financial statements and the related MD&A for Board approval.

(c) Review of Interim Financial Reports

The Committee shall review the interim financial statements of the Company, the auditors’ review report thereon, if any, and the related MD&A. After completing its review, if advisable, the Committee shall approve and recommend the interim financial statements and the related MD&A for Board approval.

(d) Review Considerations

In conducting its review of the annual financial statements or the interim financial statements, the Committee shall:

- (i) meet with management and the auditors to discuss the financial statements and MD&A;
- (ii) review the disclosures in the financial statements;
- (iii) review the audit report or review report, if any, prepared by the external auditors;
- (iv) discuss with management, the auditors and internal legal counsel, as requested, any litigation claim or other contingency that could have a material effect on the Company’s financial statements;
- (v) regularly review the Company’s critical accounting policies followed and critical accounting and other significant estimates and judgements underlying the financial statements as presented by management;
- (vi) consider the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus;
- (vii) review management’s process for formulating sensitive accounting estimates and the reasonableness of these estimates;

- (viii) review significant recorded and unrecorded audit adjustments;
- (ix) review any material effects of regulatory accounting initiatives or off-balance sheet structures on the financial statements as presented by management, including requirements relating to complex or unusual transactions, significant changes to accounting principles and alternative treatments under applicable generally accepted accounting principles (“GAAP”);
- (x) review any material changes in accounting policies and any significant changes in accounting practices and their impact on the financial statements as presented by management;
- (xi) inquire at least annually of 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;
- (xii) review with the auditors alternative accounting treatments that have been discussed with management;
- (xiii) review with management any significant changes in GAAP, as well as emerging accounting and auditing issues, and their potential effects;
- (xiv) review with management matters that may have a material effect on the financial statements;
- (xv) review management’s report on the effectiveness of internal controls over financial reporting;
- (xvi) review the factors identified by management as factors that may affect future financial results;
- (xvii) review results of the Company’s whistleblower program; and
- (xviii) review any other matters, related to the financial statements, that are brought forward by the auditors, management or which are required to be communicated to the Committee under accounting policies, auditing standards or Applicable Requirements.

(e) **Other Financial Disclosures**

The Committee is responsible for reviewing financial disclosure in a prospectus or other securities offering document of the Company, as well as press releases disclosing, or based upon, financial results of the Company and any other publicly disseminated material financial disclosure, including, in accordance with the Company’s Disclosure Policy, material financial outlook (e.g., earnings guidance) and forward-oriented financial information (e.g., forecasted financial statements) provided to analysts, rating agencies or otherwise publicly disseminated, and material non-GAAP financial measures, non-GAAP ratios, total of segments measures, capital management measures, and supplementary financial measures (each as defined in National Instrument 52-112 – *Non-GAAP and Other Financial Measures Disclosure*).

The Committee is responsible for ensuring that satisfactory procedures are in place for the review of the Company’s public disclosure of financial information extracted or derived from the Company’s financial statements and periodically assessing those procedures.

External Auditors

(a) General

The Committee shall be directly responsible for oversight of the work of the auditors, including the auditors' work in preparing or issuing an audit report, performing other audit, review or attest services or any other related work. When a change of auditors is proposed, the Committee shall review all issues related to the change, including the information required to be disclosed by applicable legal requirements and the planned steps for an orderly transition.

(b) Nomination and Compensation

The Committee shall review and, if advisable, recommend for Board approval the Company's external auditors to be nominated and the compensation of such external auditor. The Committee shall have ultimate authority to approve all audit engagement terms, 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) **Internal Audit Function**

The Committee shall periodically review, assess, and consider the approval of the creation and the mandate, plan, budget and staffing of an internal audit department. The Committee shall direct management to make changes it deems advisable in respect of the internal audit function.

The Committee shall review the appointment, performance and replacement of a senior internal auditing executive and the activities, organization structure and qualifications of the persons responsible for such internal audit function.

(l) **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.

Internal Controls

(a) **General**

The Committee shall review the Company's system of internal controls.

(b) **Establishment, Review and Approval**

The Committee shall oversee management's implementation and maintenance of appropriate systems of internal controls in accordance with Applicable Requirements, including internal controls over financial reporting and disclosure and oversee management's review, evaluate and approve these procedures as appropriate. The Committee shall periodically consider and review with management and the auditors:

- (i) the effectiveness of, or weaknesses or deficiencies in: the design or operation of the Company's internal controls (including computerized information system controls and security); the overall control environment for managing business risks; and accounting, financial and disclosure controls (including, without limitation, controls over financial reporting), non-financial controls, and legal and regulatory controls and

the impact of any identified weaknesses in internal controls on management's conclusions;

- (ii) any significant changes in internal controls over financial reporting that are disclosed, or considered for disclosure, including those in the Company's periodic regulatory filings;
- (iii) any material issues raised by any inquiry or investigation by the Company's regulators;
- (iv) the Company's fraud prevention and detection program, including deficiencies in internal controls that may impact the integrity of financial information, or may expose the Company to other significant internal or external fraud losses and the extent of those losses and any disciplinary action in respect of fraud taken against management or other employees who have a significant role in financial reporting; and
- (v) any related significant issues and recommendations of the auditors together with management's responses thereto, including the timetable for implementation of recommendations to correct weaknesses in internal controls over financial reporting and disclosure controls.

Risk Management

The Committee shall be responsible for overseeing management's identification and assessment of the principal risks to the operations of the Company and the establishment and management of appropriate systems to manage such risks with a view to achieving a proper balance between risks incurred and potential return to holders of securities of the Company and to the long-term viability of the Company. In this regard, the Committee shall require management to report on a quarterly basis to the Committee, and the Committee shall review such reports provided by management, on the risks inherent in the business of the Company (including appropriate crisis preparedness, business continuity, information system controls, cybersecurity and disaster recovery plans), the appropriate degree of risk mitigation and risk control, overall compliance with and the effectiveness of the Company's risk management policies, and residual risks remaining after implementation of risk controls. The Committee shall report to the Board on a quarterly basis, with respect to the principal risks faced by the Company and the steps implemented by management to manage these risks.

Compliance with Legal and Regulatory Requirements

The Committee shall review reports from the Company's Corporate Secretary / General 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.

Whistleblower Procedures

The Committee shall establish procedures for (a) the receipt, retention, and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters; and (b) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.

Any such complaints or concerns that are received shall be reviewed by the Committee and, if the Committee determines that the matter requires further investigation, it will direct the Chair of the Committee to engage outside advisors, as necessary or appropriate, to investigate the matter and will work with management and the general counsel to reach a satisfactory conclusion.

Audit Committee Disclosure

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

Delegation

The Committee may, to the extent permissible by Applicable Requirements, designate a sub-committee to review any matter within this mandate as the Committee deems appropriate.

5. Conflicts of Interest

The Committee shall review the Company's policies relating to the avoidance of conflicts of interest and review and approve all payments to be made pursuant to any related party transactions involving executive officers and members of the Board of the Company or any significant shareholders of the Company, as may be necessary or desirable under the Applicable Requirements. The Committee shall consider the results of any review of these policies and procedures by the Company's external auditors.

6. Outside Advisors

The Committee may conduct or authorize investigations into or studies of matters within the Committee's scope of responsibilities and duties as described above, and may seek, retain and terminate accounting, legal, consulting or other expert advice from a source independent of management, at the expense of the Company, with notice to 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 Corporate Governance and Nominating Committee regarding same, present the updated Charter to the Board for approval.