

Condensed Consolidated Interim Financial Statements
(In U.S. dollars)

D2L INC.

For the three and nine months ended October 31, 2025 and 2024
(Unaudited)

D2L INC.

Condensed Consolidated Interim Statements of Financial Position
(In U.S. dollars)

As at October 31, 2025 and January 31, 2025
(Unaudited)

	October 31, 2025	January 31, 2025
Assets		
Current assets:		
Cash and cash equivalents	$ 110,454,708	$ 99,184,514
Trade and other receivables (note 3)	20,923,640	26,430,586
Uninvoiced revenue	3,477,381	2,756,998
Prepaid expenses	7,720,645	7,564,837
Deferred commissions	5,179,955	5,106,976
	147,756,329	141,043,911
Non-current assets:		
Other receivables (note 3)	311,073	422,589
Prepaid expenses	427,666	308,235
Deferred income taxes	15,728,822	18,115,730
Right-of-use assets	7,235,246	7,450,545
Property and equipment	6,628,788	7,125,272
Deferred commissions	7,008,174	6,909,439
Loan receivable from associate (note 5)	9,674,620	9,123,399
Intangible assets	16,471,270	17,135,529
Goodwill	26,607,669	25,286,222
Total assets	$ 237,849,657	$ 232,920,871
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities	$ 30,157,206	$ 30,504,085
Deferred revenue	105,537,445	97,454,306
Lease liabilities	1,520,183	1,201,604
Contingent consideration (note 4)	—	4,927,193
	137,214,834	134,087,188
Non-current liabilities:		
Deferred income taxes	3,614,403	4,110,030
Lease liabilities	9,509,437	9,977,941
	13,123,840	14,087,971
	150,338,674	148,175,159
Shareholders' equity:		
Share capital (note 6)	362,842,377	367,487,956
Additional paid-in capital	47,930,726	48,263,266
Accumulated other comprehensive loss	(5,526,550)	(7,456,599)
Deficit	(317,735,570)	(323,548,911)
	87,510,983	84,745,712
Related party transactions (note 9)		
Investment in associate (note 12)		
Subsequent event (note 14)		
Total liabilities and shareholders' equity	$ 237,849,657	$ 232,920,871

See accompanying notes to the condensed consolidated interim financial statements.

On behalf of the Board of Directors:

(signed) John Baker, Director

(signed) J. Ian Giffen, Director

D2L INC.

Condensed Consolidated Interim Statements of Comprehensive Income
(In U.S. dollars, except share amounts)

For the three and nine months ended October 31, 2025 and 2024
(Unaudited)

	Three months ended October 31,		Nine months ended October 31,	
	2025	2024	2025	2024
Revenue:				
Subscription and support	$ 49,389,054	$ 46,751,998	$ 147,267,924	$ 133,723,027
Professional services and other	4,679,098	7,547,470	14,407,355	18,239,685
	54,068,152	54,299,468	161,675,279	151,962,712
Cost of revenue:				
Subscription and support	14,275,420	12,777,133	38,592,118	36,651,859
Professional services and other	3,722,465	4,132,232	11,894,808	11,870,394
	17,997,885	16,909,365	50,486,926	48,522,253
Gross profit	36,070,267	37,390,103	111,188,353	103,440,459
Expenses:				
Sales and marketing	14,068,857	12,806,266	43,583,813	40,302,476
Research and development	11,806,300	11,139,920	35,537,535	35,294,478
General and administrative	6,601,265	8,651,729	22,817,979	25,231,988
	32,476,422	32,597,915	101,939,327	100,828,942
Income from operations	3,593,845	4,792,188	9,249,026	2,611,517
Interest and other income (expense):				
Interest expense	(168,141)	(235,892)	(626,985)	(550,438)
Interest income	753,537	870,355	2,040,008	2,899,093
Other income (expense)	168,174	(122,043)	743,342	(122,000)
Gain on SkillsWave disposal transaction	—	—	—	917,395
Foreign exchange gain	923,498	224,145	2,337,838	307,859
	1,677,068	736,565	4,494,203	3,451,909
Income before income taxes	5,270,913	5,528,753	13,743,229	6,063,426
Income tax expense (recovery):				
Current	276,760	246,162	1,250,679	602,830
Deferred	607,925	(264,457)	2,157,309	(396,134)
	884,685	(18,295)	3,407,988	206,696
Income for the period	4,386,228	5,547,048	10,335,241	5,856,730
Other comprehensive (loss) gain:				
Foreign currency translation (loss) gain	(867,826)	137,532	1,930,049	(2,335,326)
Comprehensive income	$ 3,518,402	$ 5,684,580	$ 12,265,290	$ 3,521,404
Earnings per share – basic (note 7)	$ 0.08	$ 0.10	$ 0.19	$ 0.11
Earnings per share – diluted (note 7)	$ 0.08	$ 0.10	$ 0.18	$ 0.10
Weighted average number of common shares – basic (note 7)	54,827,899	54,453,244	54,796,488	54,282,281
Weighted average number of common shares – diluted (note 7)	56,094,770	56,032,694	56,066,842	55,828,067

See accompanying notes to the condensed consolidated interim financial statements.

D2L INC.

Condensed Consolidated Interim Statements of Changes in Shareholders' Equity
(In U.S. dollars, except share amounts)

For the nine months ended October 31, 2025 and 2024
(Unaudited)

	Share Capital		Additional paid-in	Accumulated other	Deficit	Total
	Shares	Amount	capital	comprehensive loss		
Balance, January 31, 2025	54,653,174	$ 367,487,956	$ 48,263,266	$ (7,456,599)	$ (323,548,911)	$ 84,745,712
Issuance of Subordinate Voting Shares on exercise of options	190,351	1,301,022	(634,604)	—	—	666,418
Issuance of Subordinate Voting Shares on settlement of restricted share units	552,972	1,178,458	(7,290,160)	—	—	(6,111,702)
Stock-based compensation (note 8)	—	—	7,786,922	—	—	7,786,922
Reduction in excess tax benefit on stock-based compensation	—	—	(194,698)	—	—	(194,698)
Repurchase of share capital for cancellation under the NCIB (note 6)	(636,900)	(7,125,059)	—	—	(22,122)	(7,147,181)
Change in share repurchase commitment under the ASPP (note 6)	—	—	—	—	(4,499,778)	(4,499,778)
Other comprehensive income	—	—	—	1,930,049	—	1,930,049
Income for the period	—	—	—	—	10,335,241	10,335,241
Balance, October 31, 2025	54,759,597	$ 362,842,377	$ 47,930,726	$ (5,526,550)	$ (317,735,570)	$ 87,510,983
Balance, January 31, 2024	53,978,085	$ 364,830,884	$ 47,485,107	$ (4,998,317)	$ (350,437,401)	$ 56,880,273
Issuance of Subordinate Voting Shares on exercise of options	410,397	3,443,979	(1,804,429)	—	—	1,639,550
Issuance of Subordinate Voting Shares on settlement of restricted share units	374,307	1,416,155	(4,602,395)	—	—	(3,186,240)
Stock-based compensation (note 8)	—	—	7,111,782	—	—	7,111,782
Repurchase of share capital for cancellation under the NCIB (note 6)	(306,880)	(2,402,141)	—	—	—	(2,402,141)
Change in share repurchase commitment under the ASPP (note 6)	—	—	—	—	(859,724)	(859,724)
Other comprehensive loss	—	—	—	(2,335,326)	—	(2,335,326)
Income for the period	—	—	—	—	5,856,730	5,856,730
Balance, October 31, 2024	54,455,909	$ 367,288,877	$ 48,190,065	$ (7,333,643)	$ (345,440,395)	$ 62,704,904

See accompanying notes to the condensed consolidated interim financial statements.

D2L INC.

Condensed Consolidated Interim Statements of Cash Flows
(In U.S. dollars)

For the nine months ended October 31, 2025 and 2024
(Unaudited)

	2025	2024[1]
Operating activities:		
Income for the period	$ 10,335,241	$ 5,856,730
Items not involving cash:		
Depreciation of property and equipment	1,186,384	1,285,970
Depreciation of right-of-use assets	1,090,408	945,223
Amortization of intangible assets	1,704,825	723,100
Gain on disposal of property and equipment	(18,817)	(51,476)
Stock-based compensation (note 8)	7,786,922	7,111,782
Net interest income	(1,413,023)	(2,348,655)
Income tax expense	3,407,988	206,696
Gain on SkillsWave disposal transaction (note 9)	—	(917,395)
Fair value gain on loan receivable from associate (note 5)	(551,221)	(120,885)
Loss from equity accounted investee	—	416,850
Changes in operating assets and liabilities:		
Trade and other receivables	7,694,586	3,784,969
Uninvoiced revenue	(646,394)	(37,023)
Prepaid expenses	(79,076)	3,503,610
Deferred commissions	135,685	296,245
Accounts payable and accrued liabilities	(4,943,216)	(6,065,785)
Deferred revenue	6,371,799	11,573,770
Right-of-use assets and lease liabilities	—	(44,962)
Post-combination compensation payments	(2,220,000)	(345,000)
Interest received	2,021,647	2,878,878
Interest paid	(15,531)	(19,343)
Income taxes paid	(1,436,071)	(596,646)
Cash flows from operating activities	30,412,136	28,036,653
Financing activities:		
Payment of lease liabilities	(1,520,184)	(1,344,625)
Proceeds from exercise of stock options	666,418	1,639,550
Taxes paid on settlement of restricted share units	(6,111,702)	(3,186,240)
Repurchase of share capital for cancellation under the NCIB (note 6)	(7,147,181)	(2,402,141)
Lease incentive received	—	103,128
Cash flows used in financing activities	(14,112,649)	(5,190,328)
Investing activities:		
Purchase of property and equipment	(450,798)	(521,775)
Proceeds from disposal of property and equipment	18,817	51,476
Acquisition of business, net of cash acquired (note 13)	(222,986)	(22,308,927)
Payment of contingent consideration (note 4)	(5,103,665)	(249,436)
Transfer of cash on disposal of SkillsWave	—	(1,483,357)
Proceeds from sale of majority ownership stake in SkillsWave (note 9)	—	809,038
Issuance of loan to SkillsWave (note 5)	—	(5,000,000)
Cash flows used in investing activities	(5,758,632)	(28,702,981)
Effect of exchange rate changes on cash and cash equivalents	729,339	(2,834,512)
Increase (decrease) in cash and cash equivalents	11,270,194	(8,691,168)
Cash and cash equivalents, beginning of period	99,184,514	116,943,499
Cash and cash equivalents, end of period	$ 110,454,708	$ 108,252,331

(1) The comparative information has been restated to conform with current year presentation.

See accompanying notes to the condensed consolidated interim financial statements.

D2L Inc. (the "Company" or "D2L") was incorporated on January 2, 2011 under the laws of Ontario, Canada and continued under the Canadian Business Corporations Act, effective June 20, 2014. The address of the Company's head office is 137 Glasgow Street, Suite 560, Kitchener, ON, Canada, N2G 4X8. D2L Inc. and its subsidiaries provide cloud-based learning software for higher education institutions, kindergarten to grade 12 (K-12) schools and districts, and private sector enterprises.

The Company's shares are listed on the Toronto Stock Exchange ("TSX") under the stock symbol "DTOL".

1. Basis of presentation:

(a) Statement of compliance and consolidation:

These unaudited condensed consolidated interim financial statements (the "Interim Financial Statements") have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting, as issued by the International Accounting Standards Board. They do not include all the information required for a complete set of financial statements prepared in accordance with IFRS Accounting Standards ("IFRS") as issued by the International Accounting Standards Board and should be read in conjunction with the annual audited consolidated financial statements of the Company for the year ended January 31, 2025 (the "Annual Financial Statements"). Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Company's financial position and performance since the Annual Financial Statements.

These Interim Financial Statements were authorized for issuance by the Board of Directors on December 10, 2025.

1. Basis of presentation (continued):

(b) Basis of consolidation:

These Interim Financial Statements include the accounts of D2L Inc. and its wholly-owned subsidiaries:

Name of subsidiary	Place of incorporation and main operations	Functional currency
D2L Corporation	Canada	Canadian dollars
D2L Commerce Inc.	Canada	Canadian dollars
D2L Ltd.	United States of America	U.S. dollars
D2L Europe Ltd	United Kingdom	British pound sterling
D2L EU B.V.	Netherlands	Euro
D2L Australia Pty Ltd	Australia	Australian dollar
D2L Asia Pte. Ltd.	Singapore	Singapore dollar
D2L Brasil Soluções de Tecnologia para Educação Ltda.	Brazil	Brazilian real
D2L India Private Limited	India	Indian rupee
D2L Sistemas de Aprendizaje Innovadores, Sociedad De Responsabilidad Limitada De Capital Variable	Mexico	Mexican peso
Connected Shopping Ltd ("Connected Shopping")	United Kingdom	British pound sterling
H5P Group AS ("H5P"), acquired on July 9, 2024	Norway	Norwegian krone

SkillsWave Corporation ("SkillsWave") was a wholly owned subsidiary incorporated on April 2, 2024, until the disposal of D2L's controlling interest on June 28, 2024, at which time the Company recognized an equity investment in SkillsWave. See Note 9(c) for additional details.

Balances and transactions between the Company and its controlled subsidiaries, which are related parties of the Company, have been eliminated upon consolidation and are not disclosed.

(c) Seasonality of interim operations:

The operations of the Company can be seasonal in nature. Cash flows from operations have a seasonal low in the first quarter each year and a seasonal high in the second and third 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.

The results of operations for any interim period are not necessarily indicative of operations for the full fiscal year or any future period.

1. Basis of presentation (continued):

(d) Use of estimates and judgments:

The preparation of these Interim Financial Statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect amounts reported in the consolidated financial statements and accompanying notes. Estimates and underlying assumptions are reviewed on an ongoing basis. Actual results may differ from these estimates. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. The significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the Annual Financial Statements.

2. Material accounting policies:

The accounting policies followed in these Interim Financial Statements are consistent with the accounting policies outlined in Note 2 of the Company's Annual Financial Statements, except where otherwise noted.

New and amended standards and interpretations adopted by the Company

Effective February 1, 2025, the Company adopted the following amended accounting standard:

Amendments to IAS 21, The Effects of Changes in Foreign Exchange Rates, which clarify the impact of using an estimated exchange rate on financial statements when a currency is not exchangeable. The adoption of the amendments to this standard did not have a material impact on the Company's unaudited condensed consolidated interim financial statements.

There are no updates to information provided in the Annual Financial Statements about the standards issued but not yet effective that could potentially impact the Company.

3. Trade and other receivables:

The trade and other receivables, net of allowance, are as follows:

	As at October 31, 2025	As at January 31, 2025
Trade receivables	$ 20,487,948	$ 26,088,607
Allowance for doubtful accounts	(437,567)	(430,245)
Net trade receivables	20,050,381	25,658,362
Other receivables	1,184,332	1,194,813
Trade and other receivables	$ 21,234,713	$ 26,853,175
Comprised of:		
Current	$ 20,923,640	$ 26,430,586
Non-current	$ 311,073	$ 422,589

As at October 31, 2025, no customers accounted for more than 10% of net trade receivables (as at January 31, 2025 - no customer accounted for more than 10% of net trade receivables).

Other receivables are comprised primarily of sublease receivables, income tax receivables, and interest receivables. All receivables are classified as current, with the exception of a portion of the sublease receivables classified as non-current, in line with the timing of contractual sublease payments. The Company assesses the need for an allowance against other receivables at each reporting date. In each period presented, the Company has concluded that the other receivables balances are collectible and accordingly has not recorded an allowance.

4. Financial instruments:

Fair value of financial instruments:

Fair value is the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date. The Company measures fair value on a recurring basis based on a fair value hierarchy that requires it to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. A financial instruments' categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. The three levels of inputs that may be used to measure fair value are as follows:

- Level 1 - Quoted prices in active markets for identical assets or liabilities.
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 - Unobservable inputs.

Observable inputs are based on market data obtained from independent sources.

The Company estimated the fair value of its financial instruments as described below:

The carrying values of cash and cash equivalents, trade and other receivables, uninvoiced revenue and accounts payable and accrued liabilities approximate their fair values due to their short-term nature.

The loan receivable from the associate and the contingent consideration are classified as Level 3 financial instruments as the inputs are not observable and there is no market-based activity. There were no changes in the categorization of financial instruments in the current or prior periods of these Interim Financial Statements.

The fair value of the loan receivable from associate was determined using valuation techniques, including a discounted cash flow model for future expected cash flows of the instrument at a rate commensurate with an estimated market rate for a debt instrument with similar terms and features to value the principal and interest payments, and the Black-Scholes valuation model to determine the value of the conversion feature. These valuation techniques involve significant judgment as a result of a high degree of subjectivity and estimation uncertainty associated with the determination of the significant assumptions used. Refer to note 5 for additional information on the assumptions and estimates used, as well as the changes in the loan receivable from associate balance during the period.

4. Financial instruments (continued):

The fair value of the contingent consideration has been calculated based on expected future revenue from existing customers and discount rates. The following table shows a reconciliation from the opening balance to the ending balance as at October 31, 2025 for contingent consideration. As at October 31, 2025, the Company has fully paid the contingent consideration in the amount of $5,103,665 to the selling shareholders, representing the final settlement of obligations arising from the two acquisitions completed in prior years.

Balance at January 31, 2025	$ 4,927,193
Payments made during the period relating to Connected Shopping	(203,665)
Payments made during the period relating to H5P	(4,900,000)
Fair value change through other income	(25,073)
Accretion expense through interest expense	199,916
Effects of movement in exchange rates	1,629
Balance at October 31, 2025	–

5. Loan receivable from associate:

Pursuant to the transaction outlined in Note 9(c), during the year ended January 31, 2025, the Company provided a loan to SkillsWave (the "SkillsWave Loan") in the principal amount of $9,500,000 maturing in five years and bearing interest at the Canadian prime rate per annum. Principal and interest are payable at maturity. The principal and accrued interest are convertible at the option of the Company, in whole or in part, into non-voting shares of SkillsWave at a pre-determined price per share, to the extent that such shares, together with any shares acquired at closing and retained by the Company, do not exceed a maximum 37.5% ownership interest in SkillsWave on a fully diluted basis. The SkillsWave Loan is secured by all assets of SkillsWave constituting a first priority security interest, subject only to permitted liens.

5. Loan receivable from associate (continued):

The SkillsWave Loan was initially measured at its fair value and has subsequently been measured at fair value through profit or loss. The fair value of the loan receivable from associate reflects the value of the discounted principal and interest payments, and the value of the conversion option. The Company uses the Black-Scholes valuation model to determine the fair value of the conversion option. Inputs into this model include the fair value of the underlying share price, the exercise price of the option, the expected term of the loan, the expected dividend yield, the risk-free interest rates, and the expected volatility of the fair value of the underlying share price. Assumptions were used for certain inputs into this model. The fair value of the non-controlling, non-voting shares, which considered both a non-voting discount and an illiquidity discount, was used to reflect the share price at the valuation date. The expected term of the loan was the remaining loan term at the valuation date. The risk-free rate used was based on Government of Canada bond yields consistent with the remaining loan term at the valuation date. The expected volatility was determined by using the historical volatility of publicly traded comparable companies.

During the three and nine months ended October 31, 2025, the Company recognized fair value gains of $167,574 and $551,221, respectively ($120,885 for the three and nine months ended October 31, 2024) in Other income within the condensed consolidated interim statement of comprehensive income. The fair value gains were computed based on the fair value of the conversion option using the aforementioned inputs and the present value of the expected future cash flows. The fair value gains recognized during the three and nine months ended October 31, 2025 were primarily comprised of interest income accrued on the loan. The loan receivable balance of $9,674,620 is recorded as “Loan receivable from associate” in the condensed consolidated interim statement of financial position.

Assumptions used in the fair value of the loan receivable from associate are assessed by the Company on a quarterly basis. Key unobservable inputs include the discount rate used and the fair value of the share price. The estimated fair value of the loan receivable decreases as the discount rate increases and the estimated fair value of the loan receivable increases as the fair value of the underlying share price increases. The estimated sensitivity to changes in the key unobservable inputs to the estimated fair value of the loan receivable, holding all other inputs constant, are presented below. Positive figures represent an increase to the fair value gain recorded in Other income within the condensed consolidated interim statement of comprehensive income for the period ended October 31, 2025.

Assumption	Sensitivity	Increase (decrease) to income before income taxes
Fair value of the share price	+10%	$ 718,517
Fair value of the share price	-10%	$ (682,448)
Discount rate	+10%	$ (376,594)
Discount rate	-10%	$ 401,884

6. Share capital:

(a) Authorized share capital as at October 31, 2025 and January 31, 2025:

- Unlimited number of Subordinate Voting Shares, entitled to one vote per share, non-cumulative participating dividend rights, not convertible into any other class of shares

- Unlimited number of Multiple Voting Shares, entitled to 10 votes per share, non-cumulative participating dividend rates, convertible into Subordinate Voting Shares at the option of the holder and automatically in certain situations, subject to certain restrictions

- Unlimited number of preferred shares, issuable in series. The Board of Directors may, subject to certain restrictions, fix the number of preferred shares in a series and determine the designation of certain rights, including but not limited to: any right to receive dividends; any terms or conditions of redemption or purchase; any conversion rights; any retraction rights; and any rights on the Company's liquidation, dilution and winding up.

(b) Issued:

As at October 31, 2025, the Company had 27,369,009 Subordinate Voting Shares and 27,390,588 Multiple Voting Shares issued and outstanding. No preferred shares were issued and outstanding.

As at January 31, 2025, the Company had 27,262,586 Subordinate Voting Shares and 27,390,588 Multiple Voting Shares issued and outstanding. No preferred shares were issued and outstanding.

(c) Normal course issuer bid:

On December 4, 2024, the Company renewed its normal course issuer bid ("NCIB"). The Company can repurchase for cancellation up to 1,745,338 of the Company's Subordinate Voting Shares, representing approximately 10% of the "public float" (within the meaning of the rules of the TSX), during the twelve-month period commencing December 9, 2024.

In connection with the NCIB, the Company entered into an automatic share purchase plan ("ASPP"), pursuant to which the Company may provide, in advance, a form to instruct its broker to make purchases under the NCIB during self-imposed trading blackout periods, without consultation with the Company. The form provides the broker with predefined trading terms, including share price, time period and other limitations as may be imposed in advance by the Company, subject to rules and policies of the TSX and applicable securities laws. In addition to a daily purchase restriction, the ASPP permits the broker to make a weekly block purchase within the parameters set by the Company, to facilitate more efficient execution of the NCIB.

6. Share capital (continued):

During the three and nine months ended October 31, 2025, the Company repurchased and cancelled 223,500 and 636,900 Subordinate Voting Shares, respectively (2024 – 68,600 and 306,880, respectively) under the NCIB for an aggregate purchase price of $2,791,151 and $7,147,181 respectively (2024 – $645,204 and $2,402,141, respectively). The excess of the repurchase price over the average book value of the common shares, amounting to $22,122 for the three and nine months ended October 31, 2025 (nil for the three and nine months ended October 31, 2024), was charged to deficit, with the remaining amount recorded as a reduction of share capital.

As at January 31, 2025, the Company recognized a liability of $1,097,603 (January 31, 2024 – $2,264,410) for the repurchase of Subordinate Voting Shares under the ASPP within accounts payable and accrued liabilities, as an estimate of the maximum number of shares that could be repurchased during the then-current blackout period. As at October 31, 2025, the Company has reassessed the liability as $5,597,381 (October 31, 2024 – $3,124,134) for the repurchase of Subordinate Voting Shares under an ASPP within accounts payable and accrued liabilities, as an estimate to the maximum number of shares that could be repurchased during the then-current blackout period. This resulted in a change to the original estimate made as at January 31, 2025 in the amount of $4,499,778 (October 31, 2024 - $859,724), which was charged to deficit in the current period.

7. Earnings per share:

Earnings per share is calculated by dividing earnings for the period by the weighted average number of fully paid Subordinate Voting Shares and Multiple Voting Shares outstanding throughout the period.

	Three months ended October 31,		Nine months ended October 31,	
	2025	2024	2025	2024
Income for the period	$ 4,386,228	$ 5,547,048	$ 10,335,241	$ 5,856,730
Weighted average number of outstanding shares – basic	54,827,899	54,453,244	54,796,488	54,282,281
Weighted average number of outstanding shares – dilutive	56,094,770	56,032,694	56,066,842	55,828,067
Earnings per share – basic	$ 0.08	$ 0.10	$ 0.19	$ 0.11
Earnings per share – dilutive	$ 0.08	$ 0.10	$ 0.18	$ 0.10

The Company has four categories of potentially dilutive securities: stock options, restricted stock units ("RSUs"), performance stock units ("PSUs"), and deferred share units ("DSUs").

7. Earnings per share (continued):

For the three and nine month periods ended October 31, 2025, 165,168 and 166,429 potentially dilutive instruments, respectively (2024 – 229,589 and 418,416 potentially dilutive instruments, respectively) have been excluded from the weighted average number of diluted common shares as their effect would have been anti-dilutive.

8. Stock-based compensation:

Total stock-based compensation expense recognized in the Company's condensed consolidated statements of comprehensive income was as follows:

	Three months ended October 31, 2025	2024	Nine months ended October 31, 2025	2024
Cost of subscription and support	$ 59,828	$ 62,714	$ 220,760	$ 194,681
Cost of professional services and other	87,076	84,613	300,318	247,899
Sales and marketing	475,454	358,335	1,388,472	822,815
Research and development	701,073	556,352	2,442,056	1,952,392
General and administrative	741,184	1,133,279	3,435,316	3,893,995
	$ 2,064,615	$ 2,195,293	$ 7,786,922	$ 7,111,782

(a) Legacy stock option plan:

During the three and nine months ended October 31, 2025, the Company recognized stock-based compensation expense of $10,088 and $58,752 respectively (2024 – $36,006 and $137,028, respectively) related to stock options. A summary of stock option activity for the nine months ended October 31, 2025 is presented below:

	Number of stock options outstanding	Weighted average exercise price	Weighted average remaining contractual life (years)
Balance, January 31, 2025	1,133,642	$ 7.11	4.43
Options forfeited	(28,031)	7.51	–
Options exercised	(244,273)	5.47	–
Balance, October 31, 2025	861,338	$ 7.56	4.26
Exercisable, end of period	853,263	$ 7.54	4.25

8. Stock-based compensation (continued):

A summary of stock option activity for the nine months ended October 31, 2024 is presented below:

	Number of stock options outstanding	Weighted average exercise price	Weighted average remaining contractual life (years)
Balance, January 31, 2024	2,103,812	$ 6.25	4.63
Options forfeited	(165,517)	5.50	–
Options exercised	(670,453)	5.17	–
Balance, October 31, 2024	1,267,842	$ 6.92	4.48
Exercisable, end of period	1,131,316	$ 6.66	4.27

Options outstanding and options exercisable as at October 31, 2025 by range of exercise price are as follows:

	Options outstanding			Options exercisable	
Range of exercise prices	Weighted average exercise price	Number of stock options	Weighted average remaining contractual life (years)	Weighted average exercise price	Number of stock options
$5.00 - $6.00	$ 5.16	392,217	3.10	$ 5.16	392,217
$6.01 - $7.00	6.50	202,673	4.92	6.50	202,673
$7.01 - $8.00	–	–	–	–	–
$8.01 - $9.00	8.48	48,448	4.56	8.48	46,031
$9.01 - $10.00	9.55	58,000	5.32	9.55	52,342
$10.01 - $14.00	13.77	160,000	5.76	13.77	160,000
	$ 7.56	861,338	4.26	$ 7.54	853,263

8. Stock-based compensation (continued):

(b) Long Term Incentive Plan:

Restricted share units

During the three and nine months ended October 31, 2025, the Company recognized stock-based compensation expense of $1,791,336 and $6,957,132 respectively (2024 – $2,082,761 and $6,321,021, respectively) related to RSUs.

A summary of RSU activity for the period ended October 31, 2025 is presented below:

	Number of RSUs outstanding	Weighted average grant date fair value per RSU (in CAD)
Balance, January 31, 2025	2,838,480	$ 9.19
RSUs granted	1,370,152	12.53
RSUs forfeited	(426,651)	9.87
RSUs settled	(1,175,458)	8.57
Balance, October 31, 2025	2,606,523	$ 11.11
Vested but not yet settled, October 31, 2025	–	$ –

A summary of RSU activity for the period ended October 31, 2024 is presented below:

	Number of RSUs outstanding	Weighted average grant date fair value per RSU (in CAD)
Balance, January 31, 2024	2,720,188	$ 8.48
RSUs granted	1,571,258	9.86
RSUs forfeited	(377,761)	8.97
RSUs settled	(805,975)	7.88
Balance, October 31, 2024	3,107,710	$ 9.28
Vested but not yet settled, October 31, 2024	–	–

8. Stock-based compensation (continued):

Performance share units

During the three and nine months ended October 31, 2025, the Company recognized stock-based compensation expense of $12,033 and $27,408 respectively (2024 – $14,332 and $22,981 respectively) related to PSUs.

A summary of PSU activity for the period ended October 31, 2025 is presented below:

	Number of PSUs outstanding	Weighted average grant date fair value per PSU (in CAD)
Balance, January 31, 2025	9,016	$ 9.24
PSUs granted	6,833	12.25
PSUs forfeited	(9,016)	9.24
Balance, October 31, 2025	6,833	$ 12.25
Vested but not yet settled, October 31, 2025	–	–

A summary of PSU activity for the period ended October, 2024 is presented below:

	Number of PSUs outstanding	Weighted average grant date fair value per PSU (in CAD)
Balance, January 31, 2024	–	–
PSUs granted	9,016	$ 9.24
Balance, October 31, 2024	9,016	$ 9.24
Vested but not yet settled, October 31, 2024	–	–

8. Stock-based compensation (continued):

(c) Deferred Share Unit Plan:

During the three and nine months ended October 31, 2025, the Company recognized stock-based compensation expense of $251,158 and $743,630 respectively (2024 – $62,192 and $630,750, respectively) related to DSUs.

A summary of DSU activity for the period ended October 31, 2025 is presented below:

	Number of DSUs outstanding	Weighted average grant date fair value per DSU (in CAD)
Balance, January 31, 2025	372,158	$ 8.63
DSUs granted	91,785	14.74
DSUs forfeited	—	—
Balance, October 31, 2025	463,943	$ 9.84
Vested but not yet settled, October 31, 2025	355,034	$ 8.46

A summary of DSU activity for the period ended October 31, 2024 is presented below:

	Number of DSUs outstanding	Weighted average grant date fair value per DSU (in CAD)
Balance, January 31, 2024	330,318	$ 7.58
DSUs granted	131,522	10.17
DSUs forfeited	(41,066)	6.66
Balance, October 31, 2024	420,774	$ 8.48
Vested but not yet settled, October 31, 2024	294,649	$ 7.78

9. Related party transactions:

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. The following transactions were carried out with related parties:

(a) The Company recognized revenue of $22,340 and $65,920 for the three and nine months ended October 31, 2025, respectively (2024 - $20,439 and $61,325, respectively) related to service agreements with Virtual High School Ontario ("VHS"), a corporation controlled by family members of John Baker, the Company's Chief Executive Officer ("CEO"), and in which John Baker had a minority interest. As at October 31, 2025, the Company had $1,683 (January 31, 2025 – nil) in trade receivables from this related party. The VHS Agreement was renewed on December 6, 2024 to extend the term to July 30, 2027.

(b) On October 15, 2021, D2L Corporation, a subsidiary of the Company, entered into a lease agreement with Catalyst 137 Kitchener L.P ("Catalyst") for office space in Kitchener, Ontario (the "Kitchener Lease"). John Baker, the Company's CEO, has a minority interest in Catalyst. The Catalyst transactions were 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 Kitchener Lease.

The term of the Kitchener Lease is 11.5 years, which commenced on February 1, 2022. The Company recognized lease-related expenses, including right-of-use asset amortization, interest expense and common area maintenance fees, of $412,394 and $1,181,033 for the three and nine months ended October 31, 2025, respectively (2024 - $440,313 and $1,302,738, respectively).

The Company infrequently rents additional space at Catalyst for ad hoc events. The ad hoc rental costs paid by D2L were nil and $7,743 for the three and nine months ended October 31, 2025 (2024 – nil).

D2L Corporation has the following cash flow commitment relating to the Kitchener Lease:

	CAD	USD
November 1, 2025 – January 31, 2026	$ 474,368	$ 338,701
February 1, 2026 – January 31, 2027	1,937,954	1,383,709
February 1, 2027 – January 31, 2028	2,020,311	1,442,512
February 1, 2028 – January 31, 2029	2,106,390	1,503.974
February 1, 2029 – July 31, 2033	10,629,665	7,589,636
Total undiscounted commitment	$ 17,168,688	$ 12,258,532

9. Related party transactions (continued):

(c) On June 28, 2024, the Company sold 70% of its equity interest in SkillsWave, a previously wholly-owned subsidiary, to a corporation owned by John Baker, the Company's CEO, for cash consideration of $809,038 (C$1,120,000). Upon the loss of control of SkillsWave, the Company has determined that it has significant influence over SkillsWave as a result of its remaining 30% equity interest and the retention of its right to minority Board representation. The fair value of the Company's retained investment in SkillsWave was $438,098 and the carrying value of the net assets disposed of was $329,741. As a result, the transaction generated a gain of $917,395, recorded in the condensed consolidated interim statement of comprehensive income for the prior period presented.

The Company has additional commercial arrangements with SkillsWave, as described in the Company's Annual Financial Statements. Activity for the three and nine months ended October 31, 2025 included upskilling education services received from SkillsWave in the amount of $166,862 and $278,929, respectively (2024 – $126,749 and $155,058, respectively). As at October 31, 2025, the Company had $116,398 (January 31, 2025 – $155,126) in trade and other payables to this related party. The services received by D2L during the current period are consistent with the services it had previously received from the upskilling education business (the "Wave Service Offering"), prior to the transition of the Wave Service Offering from the Company to SkillsWave on June 28, 2024.

The Company also entered into a customer contract with SkillsWave for use of the Company's products and services dated September 18, 2024 for a term of 28 months which began on October 1, 2024 and will end on January 31, 2027. The Company recognized revenue of $2,270 and $13,647 for the three and nine months ended October 31, 2025, respectively (2024 – $727 and $727, respectively) and had nil in trade receivables as at October 31, 2025 (January 31, 2025 – nil) from this related party.

10. Employee benefits:

The total employee compensation comprising of salaries and benefits, excluding grants and tax credits, for the three and nine months ended October 31, 2025 was $29,832,937 and $91,005,597, respectively (2024 - $29,764,125 and $89,085,793, respectively).

The Company has a defined contribution pension plan for its eligible employees. The total cost recognized for the Company's defined contribution plan for the three and nine months ended October 31, 2025 was $760,491 and $2,363,098 respectively (2024 - $671,869 and $2,148,849, respectively).

11. Operating segments:

The Company reports segment information based on internal reports used by the chief operating decision maker ("CODM") to make operating and resource decisions and to assess performance. The CODM is the Chief Executive Officer. The CODM makes decisions and assesses performance of the Company on a consolidated basis such that the Company is a single reportable operating segment.

Geographic information:

Revenue by geographic region, based on the physical location of the customer for the period, is as follows:

	Three months ended October 31,		Nine months ended October 31,	
	2025	2024	2025	2024
Canada	$ 13,046,639	$ 12,277,003	$ 37,577,839	$ 34,624,503
United States	29,582,367	31,460,488	91,067,994	87,261,215
Rest of world	11,439,146	10,561,977	33,029,446	30,076,994
Total	$ 54,068,152	$ 54,299,468	$ 161,675,279	$ 151,962,712

For each period presented, there was no single customer with revenue in excess of 10% of the Company's total revenue.

Non-current assets includes property and equipment, right-of-use assets, intangible assets, and goodwill that are attributable to individual geographic segments, based on the location of the respective operations:

Property and equipment:

	October 31, 2025	January 31, 2025
Canada	$ 6,393,927	$ 6,891,302
United States	74,984	79,080
Rest of world	159,877	154,890
Total	$ 6,628,788	$ 7,125,272

11. Operating segments (continued)

Right-of-use-assets:

	October 31, 2025	January 31, 2025
Canada	$ 6,862,431	$ 7,283,950
Rest of world	372,815	166,595
Total	$ 7,235,246	$ 7,450,545

Intangible assets:

	October 31, 2025	January 31, 2025
Canada	$ 383,034	$ 426,800
United Kingdom	16,088,236	16,708,729
Total	$ 16,471,270	$ 17,135,529

Goodwill:

	October 31, 2025	January 31, 2025
Canada	$ 6,799,311	$ 6,573,234
United Kingdom	19,808,358	18,712,988
Totals	$ 26,607,669	$ 25,286,222

12. Investment in associate:

The Company has recognized an investment in associate related to its 30% ownership interest in SkillsWave which has been accounted for using the equity method of accounting. As a result of the Company's share of SkillsWave's cumulative net losses, the investment in associate was reduced to nil and the Company had unrecognized losses of SkillsWave of $360,705 and $813,727 for the three and nine months ended October 31, 2025 (nil for the three and nine months ended October 31, 2024). The Company's cumulative unrecognized share of losses in SkillsWave as at October 31, 2025 was $1,052,085 (as at January 31, 2025 – the investment in associate was reduced to nil and we had unrecognized losses of SkillsWave of $238,358). For the three and nine months ended October 31, 2025, the Company has recorded nil (2024: $320,086 and $416,850, respectively) reflecting its share of the loss recognized by SkillsWave within 'Other income (expense)' in the Condensed Consolidated Interim Statements of Comprehensive Income.

The associate had no contingent liabilities or capital commitments as at October 31, 2025.

13. Acquisition of H5P Group AS:

On July 9, 2024, D2L Europe Ltd, an indirect subsidiary of the Company, acquired all of the outstanding shares of H5P, a provider of interactive content creation software used by educators and organizations globally to improve learning by creating and enriching course materials. The transaction aligns with the Company's commitment to expand its learning platform with a focus on technologies to improve learning outcomes. The operating results of the acquired company have been consolidated into the Company's results subsequent to the acquisition date.

The acquisition was accounted for as a business combination under the acquisition method. The purchase price consists of initial cash consideration of $26,067,103, a purchase price holdback of $896,285, and contingent consideration with a fair value at the date of acquisition of $4,529,000, resulting in total consideration of $31,492,388. The purchase price holdback was subject to a post-closing purchase price adjustment based on H5P's final working capital and debt balances on close. During the year ended January 31, 2025, the Company paid $673,299 of the purchase price holdback to the selling shareholders. During the nine months ended October 31, 2025, the Company paid the remaining purchase price holdback of $222,986 to the selling shareholders.

The contingent consideration of $4,529,000 reflects the present value of the expected contractual payment of $4,900,000. During the current period, the Company fully paid the contingent consideration in the amount of $4,900,000 to the selling shareholders.

13. Acquisition of H5P Group AS (continued):

The Company has prepared a final purchase price allocation of the assets acquired and the liabilities assumed of H5P based on management's best estimates of fair value:

Cash	$	3,758,176
Net trade and other receivables		655,110
Prepaid expenses		93,295
Property and equipment		10,777
Right-of-use assets		77,020
Intangible assets:		
Acquired technology		11,800,000
Customer relationships		4,300,000
Brand		2,100,000
Total assets		22,794,378
Less:		
Accounts payable and accrued liabilities		(702,483)
Deferred revenue		(1,889,175)
Lease liabilities		(77,020)
Deferred income taxes		(4,261,479)
Total liabilities		(6,930,157)
Separately identifiable net assets	$	15,864,221
Goodwill		15,628,167
Total consideration	$	31,492,388

Accounts receivable, representing a portion of the 'Trade and other receivables' line above, comprise of gross total contractual amounts due of $715,280, all of which had been collected in full as of October 31, 2025.

Amortization of the customer relationships and acquired technology that was acquired is calculated using the straight-line method over their respective useful lives of ten and seven years, respectively. The brand was determined to have an indefinite useful life.

The goodwill recognized upon acquisition is attributable to expected synergies in adding H5P to the Company's product offerings, and the estimated fair value of an assembled workforce. The entire goodwill balance is not deductible for tax purposes.

There are also payments of up to $2,500,000 in the form of post-combination compensation due 60 days after the first anniversary date following the acquisition, subject to the continued employment of specific employees throughout the period. During the current period, the Company paid $1,875,000 to the selling shareholders, settling the obligation.

13. Acquisition of H5P Group AS (continued):

The Company incurred acquisition-related costs for the three and nine months ended October 31, 2025 of nil and $809,976, respectively (2024 - $1,011,664 and $1,473,008 respectively) consisting of post-combination compensation in the current periods, compared to the prior year periods which included both professional fees and post-combination compensation. These costs are recorded within 'General and Administrative' expenses in the condensed consolidated interim statements of comprehensive income.

If this acquisition had occurred on February 1, 2024, the Company estimates that the pro-forma consolidated revenue and pro-forma consolidated net income would have been $154,161,902 and $4,415,008, respectively, for the three and nine months ended October 31, 2024. In determining these amounts, management has assumed that the fair value adjustments that arose on the date of acquisition would have been the same had the acquisition occurred on February 1, 2024. The pro-forma net income includes the impact of post-combination expenses, including post-combination compensation and amortization from acquired intangible assets.

14. Subsequent event:

On December 9, 2025, the Company announced that the TSX has accepted the Company's notice to renew its NCIB. The NCIB provides that, during the twelve-month period commencing December 12, 2025 and ending on the earlier of December 11, 2026 and the completion of purchases under the NCIB, the Company may repurchase, through a designated broker on the TSX or as otherwise permitted, and cancel up to 1,474,572 of the Company's Subordinate Voting Shares, representing approximately 10.0% of the 14,745,277 total "public float" (within the meaning of the rules of the TSX).