



D2L INC.

Management's Discussion and Analysis

For the years ended January 31, 2026 and 2025

Dated: April 1, 2026

MANAGEMENT'S DISCUSSION AND ANALYSIS

This Management's Discussion and Analysis ("MD&A") comments on the financial performance and financial condition of D2L Inc. ("D2L" or the "Company") for the years ended January 31, 2026 and 2025.

Unless otherwise stated or the context otherwise indicates, all references to "D2L", the "Company", "we", "us" or "our" refer to D2L Inc., together with our subsidiaries, on a consolidated basis. This MD&A also refers to our fiscal years. Our fiscal year commences on February 1st of each year and ends on January 31st of the following year. Our recently completed fiscal year, which ended on January 31, 2026, is referred to as "Fiscal 2026" or similar words. Our previous fiscal year, which ended on January 31, 2025, is referred to as "Fiscal 2025" or similar words. Other fiscal years are referenced by the applicable calendar year during which the fiscal year ends.

The information in this MD&A should be read in conjunction with the Company's audited annual consolidated financial statements (the "Annual Financial Statements") and the related notes thereto for the years ended January 31, 2026 and 2025, which have been prepared in accordance with IFRS Accounting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

Additional information relating to D2L, including the Company's Annual Information Form for the year ended January 31, 2026 ("AIF"), can be found on SEDAR+ at www.sedarplus.com. All amounts are in thousands of United States dollars except where otherwise indicated and per share amounts.

Forward-Looking Information

This MD&A includes statements containing "forward-looking information" within the meaning of applicable securities laws. 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, statements under the heading "*Financial Outlook*" and information regarding: the Company's financial position, financial results, business strategy, performance, achievements, prospects, objectives, opportunities, business plans and growth strategies; the Company's budgets, operations and taxes; judgments and estimates impacting the financial statements; the markets in which the Company operates; industry trends and the Company's competitive position; expansion of the Company's product offerings; the anticipated impacts of future acquisitions; trends in research and development expenses, sales and marketing expenses, and general and administrative expenses, each as a percentage of revenue; planned expenditures in sales and marketing and research and development activities; the timing and pace for achieving scalability; expectations regarding the growth of the Company's customer base, revenue, and revenue generation potential and expectations regarding costs, including as a percentage of revenue; and the Company's equity investment in, and loan to, SkillsWave Corporation ("**SkillsWave**").

Forward-looking information is based on certain assumptions, expectations and 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 win business from new customers and expand business from existing customers; the timing of new customer wins and expansion decisions by existing customers; the Company's ability to generate revenue and expand its business while controlling costs and expenses; the Company's ability to manage growth effectively; the Company's assumptions regarding the principal competitive factors in our markets; the Company's ability to hire and retain personnel effectively; the effects of foreign currency exchange rate fluctuations on our operations; the ability to seek out, enter into and successfully integrate acquisitions, including the acquisition of H5P Group AS ("**H5P**"); 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 Company's ability to predict future learning trends and technology; 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 assumptions underlying the judgments and estimates impacting on financial statements; certain accounting matters, including the impact of changes in or the adoption of new accounting standards; the Company's ability to retain key personnel; the factors and assumptions discussed under the "Financial Outlook" section below; and that the list of factors included in the "Summary of Factors Affecting Our Performance" section below, and the "Risk Factors" section of the Company's AIF, 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 MD&A. 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 and other factors, including but not limited to the risks identified herein, including "Summary of Factors Affecting Our Performance" below or in the "Risk Factors" section of the Company's AIF. 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.

Given these risks and uncertainties, investors are cautioned not to place undue reliance on forward-looking information, including any financial outlook. Any forward-looking information that is contained in this MD&A speaks only as of the date of such statement, and the Company undertakes no obligation to update any forward-looking information or to publicly announce the results of any revisions to any of those statements to reflect future events or developments, except as required by applicable securities laws. Comparisons of results for current and any prior periods are not intended to express any future trends or indications of future performance, unless specifically expressed as such, and should only be viewed as historical data.

Non-IFRS and Other Financial Measures

Non-IFRS Financial Measures and Non-IFRS Financial Ratios

The information presented within this MD&A refers to certain non-IFRS financial measures (including non-IFRS ratios) including Adjusted EBITDA, Adjusted EBITDA Margin, Adjusted Gross Profit, Adjusted Gross Margin, Free Cash Flow, Free Cash Flow Margin, and Constant Currency Revenue. These measures are not recognized measures under IFRS and do not have a standardized meaning prescribed by IFRS. Non-IFRS financial measures should not be considered in isolation nor as a substitute for analysis of the Company's financial information reported under IFRS and are unlikely to be comparable to similar measures presented by other issuers. Rather, these measures are provided as additional information to complement those IFRS measures by providing further understanding of the Company's results of operations, financial performance and liquidity from management's perspective and thus highlight trends in its core business that may not otherwise be apparent when relying solely on IFRS measures. The Company believes that securities analysts, investors and other interested parties frequently use non-IFRS financial measures in the evaluation of the Company. The Company's management also uses non-IFRS financial measures to facilitate operating performance comparisons from period to period, to prepare annual operating budgets and forecasts, and to assess our ability to meet our capital expenditures and working capital requirements.

Constant Currency Revenue

"Constant Currency Revenue" is defined as our total revenue with foreign-currency-denominated revenues translated at the historical exchange rates from the comparable prior period into our U.S. dollar functional currency.

Constant Currency Revenue is used by management as a supplemental measure to review and assess operating performance and to provide a more complete understanding of factors and trends affecting the Company's business. Management believes that Constant Currency Revenue is a useful measure of operating performance to review and assess the revenue growth of the

Company by removing the impact of period-over-period changes in foreign currency exchange rates. The exclusion of this impact allows for greater comparability between reporting periods.

Adjusted EBITDA and Adjusted EBITDA Margin

“Adjusted EBITDA” is defined as income (loss), excluding interest, taxes, depreciation and amortization (or EBITDA), adjusted for stock-based compensation, foreign exchange gains and losses, non-recurring expenses, transaction-related costs, fair value adjustment of acquired deferred revenue, income (loss) from equity accounted investee, change in fair value on the loan receivable from associate, impairment charges and other income and losses.

“Adjusted EBITDA Margin” is calculated as Adjusted EBITDA expressed as a percentage of total revenue.

Adjusted EBITDA and Adjusted EBITDA Margin are used by management as supplemental measures to review and assess operating performance and to provide a more complete understanding of factors and trends affecting the Company’s business. Management believes that Adjusted EBITDA and Adjusted EBITDA Margin are useful measures of operating performance and the Company’s ability to generate cash-based earnings, as they provide a more relevant picture of operating results by excluding the effects of financing and investing activities, which removes the effects of interest, depreciation and amortization expenses, change in fair value on the loan receivable from associate, as well as other expenses, as described, that are not reflective of the Company’s underlying business.

During Fiscal 2025, the Company recognized a gain on the disposal of a majority ownership stake in SkillsWave, the Company’s share of net loss from the retained investment in SkillsWave (which was accounted for using the equity method of accounting), and incurred expenses related to the divestiture of SkillsWave. See the *“Related Party Transactions”* section below for more details of the transaction. In addition, the Company incurred acquisition-related and post-combination compensation expenses related to the acquisition of H5P. See *“Recent Developments – Acquisition of H5P Group AS”* for more details of these costs. These transaction-related costs are recorded in General and administrative expenses in the audited annual consolidated statements of comprehensive income. These gains and expenses are not considered to be reflective of ordinary operations and the costs pertaining to the post-combination compensation from the H5P acquisition were substantially complete by the end of Fiscal 2026.

During Fiscal 2025, the Company recognized a fair value adjustment on the opening deferred revenue balance acquired as part of the H5P acquisition as required under IFRS 3, Business Combinations. This adjustment is recorded in Subscription and support revenue in the audited annual consolidated statements of comprehensive income. This adjustment is not reflective of ordinary operations and was substantially completed by the end of Fiscal 2026.

On a quarterly basis, the Company uses the Black-Scholes valuation model to determine the fair value of the conversion option associated with the loan receivable from SkillsWave and assessed the present value of the expected future cash flows from the financial asset. This assessment resulted in an adjustment to the fair value of the loan during the current reporting period, which was recognized within the audited annual consolidated statements of comprehensive income. This adjustment was not reflective of the Company’s main business operations and is not expected to impact the Company’s future results beyond the maturity date of the loan on June 28, 2029.

Free Cash Flow and Free Cash Flow Margin

“Free Cash Flow” is defined as cash flows from (used in) operating activities excluding payments of acquisition-related compensation, less net additions to property and equipment. The definition of Free Cash Flow has been updated in the current reporting period to exclude payments of acquisition-related compensation to provide a more relevant picture of the Company’s operating performance.

“Free Cash Flow Margin” is calculated as Free Cash Flow expressed as a percentage of total revenue.

Free Cash Flow and Free Cash Flow Margin are used by management as supplemental measures to review and assess operating performance and to provide a more complete understanding of factors and trends affecting the Company’s business. Management believes that Free Cash Flow and Free Cash Flow Margin are useful measures of operating performance to review and assess the cash available for the Company to pursue strategic business opportunities.

Adjusted Gross Profit and Adjusted Gross Margin

“**Adjusted Gross Profit**” is defined as gross profit excluding related stock-based compensation expenses and amortization from acquired intangible assets, specifically acquired technology.

“**Adjusted Gross Margin**” is calculated as Adjusted Gross Profit expressed as a percentage of total revenue.

Adjusted Gross Profit and Adjusted Gross Margin are used by management as supplemental measures to review and assess operating performance and to provide a more complete understanding of factors and trends affecting the Company’s business. Management believes that Adjusted Gross Profit and Adjusted Gross Margin are useful measures of operating performance to review and assess the gross profitability of the Company, as they provide a more relevant picture of gross profitability by excluding the effects of non-cash, stock-based compensation expenses and amortization from recently acquired intangible assets, specifically acquired technology.

During Fiscal 2025, the Company completed a business combination and applied the acquisition method of accounting. As part of the acquisition, the Company acquired intangible assets, specifically being acquired technology, with a fair value of \$11.8 million. Amortization from acquired intangible assets is calculated using the straight-line method over a seven-year useful life into Cost of revenue. Management believes that Adjusted Gross Profit and Adjusted Gross Margin provide a more relevant picture of gross profitability when this amortization is also excluded.

Reconciliation of Non-IFRS Financial Measures

Constant Currency Revenue

The following table reconciles revenue to Constant Currency Revenue, for the periods indicated:

(in thousands of U.S. dollars)	Three months ended January 31,		Fiscal year ended January 31,	
	2026	2025	2026	2025
Total revenue for the period	55,796	53,313	217,471	205,276
Positive impact of foreign exchange rate changes over the prior period	(1,083)	—	(627)	—
Constant Currency Revenue	54,713	53,313	216,844	205,276

Adjusted EBITDA and Adjusted EBITDA Margin

The following table reconciles income to Adjusted EBITDA for the period, and discloses Adjusted EBITDA Margin, for the periods indicated:

(in thousands of U.S. dollars, except for percentages)	Three months ended January 31,		Fiscal year ended January 31,	
	2026	2025	2026	2025
(Loss) income for the period	(1,371)	19,865	8,964	25,722
Stock-based compensation	2,563	2,583	10,350	9,695
Foreign exchange (gain) loss	(613)	454	(2,951)	146
Non-recurring expenses ⁽¹⁾	588	784	1,798	2,954
Transaction-related costs ⁽²⁾	269	614	2,237	2,686
Fair value adjustment of acquired deferred revenue ⁽³⁾	28	379	394	1,018
Change in fair value of loan receivable from associate ⁽⁴⁾	4,853	496	4,302	376
Loss from equity accounted investee	—	21	—	438
Net interest income	(254)	(594)	(1,667)	(2,942)
Income tax expense (recovery)	706	(16,442)	4,114	(16,235)
Other income	—	(40)	—	(40)
Depreciation and amortization	1,329	1,308	5,311	4,262
Adjusted EBITDA	8,098	9,428	32,852	28,080
Adjusted EBITDA Margin	14.5%	17.7%	15.1%	13.7%

Notes:

- (1) These expenses relate to non-recurring activities, such as changes in workforce or technology whereby certain functions were realigned to optimize operations and certain legal fees incurred that are not indicative of continuing operations.
- (2) These expenses include certain legal and professional fees that were incurred in connection with other strategic transactions, and post-combination compensation costs from previous acquisition transactions. In the prior fiscal year, these expenses included certain legal and professional fees that were incurred in connection with the disposal of our majority ownership stake in SkillsWave and our acquisition of H5P. These expenses were net of a gain of \$0.9 million recognized for the fiscal year ended January 31, 2025 on the disposal of our majority ownership stake in SkillsWave. These expenses would not have been incurred if not for these transactions and are not considered to be indicative of expenses associated with the Company's continuing operations.
- (3) At the date of acquisition, the Company recognized a fair value adjustment on the opening deferred revenue balance acquired as part of the H5P acquisition as required under IFRS 3, Business Combinations. This adjustment is not reflective of ordinary operations and is expected to be substantially completed by the end of Fiscal 2026.
- (4) On a quarterly basis, the Company determines the fair value of the loan advanced to SkillsWave. The adjustments to the fair value of the loan are not reflective of the Company's main business operations and will not impact the Company's future results beyond the maturity date of the loan on June 28, 2029. See note 11 of the Annual Financial Statements for further details.

Free Cash Flow and Free Cash Flow Margin

The following table reconciles cash flow from (used in) operating activities to Free Cash Flow, and discloses Free Cash Flow Margin, for the periods indicated:

(in thousands of U.S. dollars, except for percentages)	Three months ended January 31,		Fiscal year ended January 31,	
	2026	2025	2026	2025
Cash flows from (used in) operating activities	12,542	(135)	42,954	27,902
Acquisition-related compensation ⁽¹⁾	—	—	2,220	345
Net additions to property and equipment	(314)	(453)	(746)	(923)
Free Cash Flow	12,228	(588)	44,428	27,324
Free Cash Flow Margin	21.9%	-1.1%	20.4%	13.3%

Note

- (1) Prior year comparatives have been restated to conform with current year presentation by excluding the impact of acquisition-related compensation.

The cash flows from operating activities of the Company are seasonal in nature. Cash flows from operating activities have a seasonal low in the first quarter each year and a seasonal high in the second and third quarters 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. Moderate period-to-period fluctuations in cash flows from operating activities are expected as the Company manages its working capital balances. In the current period, the Company experienced strong working capital management which positively impacted Free Cash Flow and Free Cash Flow Margin for the three months and fiscal year ended January 31, 2026.

Adjusted Gross Profit and Adjusted Gross Margin

The following table reconciles gross profit to Adjusted Gross Profit, and discloses Adjusted Gross Margin, for the periods indicated:

(in thousands of U.S. dollars, except for percentages)	Three months ended January 31,		Fiscal year ended January 31,	
	2026	2025	2026	2025
Gross profit for the period	37,744	36,523	148,932	139,964
Stock based compensation	160	154	681	596
Amortization from acquired intangible assets	434	444	1,741	1,000
Adjusted Gross Profit	38,338	37,121	151,354	141,560
Adjusted Gross Margin	68.7%	69.6%	69.6%	69.0%

Adjusted Gross Margin for the year ended January 31, 2026 was negatively impacted by the migration of a database technology which negatively impacted Adjusted Gross Profit in the second half of Fiscal 2026 by approximately 200 basis points relative to the otherwise realized Adjusted Gross Margin in the period.

Key Performance Indicators

Management uses a number of metrics, including the key performance indicators identified below, to help us evaluate our business, measure our performance, identify trends affecting our business, formulate business plans and make strategic decisions. Our key performance indicators may be calculated in a manner different than similar key performance indicators used by other issuers. These metrics are estimated operating metrics and not projections, nor actual financial results, and are not indicative of current or future performance.

Annual Recurring Revenue and Constant Currency Annual Recurring Revenue

We define Annual Recurring Revenue (“**ARR**”) as the annualized equivalent value of subscription revenue from all existing customer contracts as at the date being measured, exclusive of the implementation period. Our calculation of ARR assumes that customers will renew their contractual commitments as those commitments come up for renewal. We believe ARR provides a reasonable, real-time measure of performance in a subscription-based environment and provides us with visibility for potential growth in our cash flows. We believe that increasing ARR reflects the continued strength of our business and the successful execution of our strategy. Increasing ARR will continue to be our focus on a go-forward basis.

We define Constant Currency Annual Recurring Revenue as foreign-currency-denominated ARR translated at the historical exchange rates from the comparable prior period into our U.S. dollar functional currency.

(in millions of U.S. dollars, except percentages)	As at January 31,		Change %
	2026	2025	
	\$	\$	
ARR	219.8	200.2	9.8%
Constant Currency Annual Recurring Revenue	214.1	200.2	6.9%

ARR and Constant Currency Annual Recurring Revenue grew by 9.8% and 6.9%, respectively, year-over-year, due to continued strength in ARR bookings from our global Higher Education and Corporate markets, and was partially offset by higher-than-typical churn, particularly in our U.S. K-12 market. Excluding the K-12 market, ARR increased by approximately 13.8% from the comparative period in the prior year, and grew 10.5% year-over-year on a constant currency basis.

Net Revenue Retention Rate and Constant Currency Net Revenue Retention Rate

We calculate Net Revenue Retention Rate (“**NRR**”) for a fiscal year by considering all customers at the beginning of a fiscal year, and dividing our annual subscription revenue attributable to this group of customers at the end of the fiscal year, by the annual subscription revenue attributable to this group of customers in the prior fiscal year. By implication, this ratio, expressed as a percentage, excludes any sales from new customers acquired during the fiscal year, but does include incremental sales from the existing base of customers during the fiscal year being measured. This calculation contemplates all changes to ARR for the designated group of customers, which includes customer terminations and non-renewals, customer consolidations, changes in quantities of users, changes in pricing, additional applications purchased or applications no longer used. We believe that measuring the ability to retain and expand revenue generated from the existing customer base is a key indicator of the long-term value we provide to customers. NRR for the fiscal year ended January 31, 2026 was 103.8% (100.0% for the fiscal year ended January 31, 2025), representing a year-over-year increase of 380 basis points, primarily due to the impact of period-over-period changes in foreign currency exchange rate fluctuations.

Constant Currency NRR is defined as foreign-currency-denominated NRR translated at the historical exchange rates from the comparable prior period into our U.S. dollar functional currency. Management believes that Constant Currency NRR is a useful measure of operating performance to review and assess the Company’s ability to retain and expand revenue generated from the existing customer base by removing the impact of period-over-period changes in foreign currency exchange rate fluctuations. The exclusion of this impact allows for greater comparability between reporting periods. Constant Currency NRR for the fiscal year ended January 31, 2026 was 100.9% (102.7% for the fiscal year ended January 31, 2025), representing a year-over-year decrease of 180 basis points.

Higher-than-typical churn within our U.S. K-12 market resulted in a decrease of our NRR relative to the prior year. Excluding the K-12 market, Constant Currency NRR would have been 103.7%, which the Company views as a more normalized representation of the Company’s performance in retaining and growing existing customers in Fiscal 2026.

Gross Revenue Retention Rate

We calculate Gross Revenue Retention Rate for a fiscal year by subtracting downgrades, cancellations and terminations over the fiscal year from ARR at the beginning of the year, and dividing the result by the ARR from the beginning of the year. For clarity, the Gross Revenue Retention Rate calculation does not include incremental sales from the existing base of customers during the fiscal year being measured. As we continue to increase our product and service offerings, we are providing more visibility into underlying customer and revenue retention rates, in addition to our ability to grow revenue from our existing customers. As a result, Gross Revenue Retention Rate is a key measure to provide insight into the Company's success retaining existing customers and is a key indicator of the long-term value we provide to customers. Gross Revenue Retention Rate for the fiscal year ended January 31, 2026 was 92.1% (93.5% for the fiscal year ended January 31, 2025), down by 140 basis points year-over-year.

During Fiscal 2026, the Company experienced higher-than-typical churn within our U.S. K-12 market which caused a decrease in our Gross Revenue Retention Rate relative to historical performance. Excluding the K-12 market, Gross Revenue Retention Rate would have been 94.4%, which the Company views as a more normalized representation of the Company's retention performance in Fiscal 2026.

During Fiscal 2025, the Company retired a services subscription offering relating to curriculum design and now provides this type of service through one-time professional services engagements to customers. Excluding the \$2.6M impact of this subscription retirement, Gross Revenue Retention Rate would have been 94.9%, which the Company reviews as a more normalized representation of the Company's retention performance in Fiscal 2025.

Overview

D2L's mission is to transform the way the world learns. We deliver personalized, flexible and modern learning experiences for people of all ages. Our learning technology is powered by more than 25 years of expertise and a vision for the future of work and learning. We focus on creating a unique learner-centric platform, informed by learning science, that holds the capacity to increase adoption, retention, engagement, and learning outcomes. Our core cloud-based learning innovation platform, Brightspace, serves three distinct markets: Higher Education, Corporate, and Kindergarten to Grade 12 Schools ("K-12"). Our technology is easy to use and accessible for people across these markets who use our platform for online learning, supporting learning in the classroom, and for professional development and training. D2L Brightspace Core functionality is extended through D2L Lumi, our human-centered artificial intelligence ("AI") offering; Creator+, our easy-to-use authoring and interactive learning tools; Performance+, our advanced analytics package; Course Merchant, our storefront for courses; and H5P, for building learning interactives. Our learning technology leverages intelligent features like AI, smart workflow design and automation to help educators better understand the unique needs, activities, and performance of each learner, and integrates seamlessly with other technologies to enable our customers to deliver individualized and personalized learning programs at scale.

Our solutions are sold through a subscription model and structured with a minimum user level commitment. The majority of our customers enter into contracts with a term of three to five years. Our contracts are priced on a per user basis (excluding certain users such as administrators and teachers) that varies depending on the size of the organization, complexity, and required services. During Fiscal 2026, we generated revenues of \$217.5 million, up \$12.2 million or 5.9%, from Fiscal 2025.

We sell our platform primarily through our direct sales force in North America, Europe, and Australia, as well as through a mix of direct and indirect channel partners in other countries around the world. As of January 31, 2026, our customer list was comprised of approximately 1,500 customers (up from approximately 1,430 as at January 31, 2025) – representing colleges, universities, K-12 school districts and companies in more than 40 countries, resulting in significant diversification, with no customer representing more than 10% of our annual revenue. We define a "customer" as an entity with an active annual contract for our enterprise 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. For example, a higher educational consortium contracted on behalf of its member institutions, is counted as a single customer even though the consortium encompasses multiple individual institutions. Our platform was used worldwide by more than 21 million users, with a multitude of customers across our target markets and regions.

Summary of Factors Affecting Our Performance

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

Ability to retain and up-sell existing customers

Our relationships with existing customers present an opportunity to up-sell additional functionality and expand users. Our future revenue growth and ability to achieve and maintain profitability is dependent upon our ability to maintain existing customer relationships and to continue to expand our customers' use of our platform. This will be impacted by the growth in demand for our products, the features and pricing of our competitors' offerings, and macroeconomic conditions and geopolitical events.

Ability to attract new customers

In order to grow our business, we must attract new customers. This will be impacted by the growth in demand for our products, the features and pricing of our competitors' offerings, and macroeconomic conditions and geopolitical events.

Scaling our sales and marketing efforts

Our ability to achieve future revenue growth will largely depend on the effectiveness of our sales and marketing efforts, both domestically and internationally. Investments in our sales and marketing organization occur in advance of experiencing any benefits from such investments, which may make it difficult to determine if we are efficiently allocating our resources in these areas.

Investment in technology

Our success is dependent upon our ability to sustain technological innovation. We intend to continue investing in our research and development teams and rely on our customer relationships and knowledge to continually innovate our product and solution offerings, thereby meeting our customers' evolving needs. Investments in our research and development will occur in advance of experiencing any benefits from such investments, which may make it difficult to determine if we are efficiently allocating our resources in these areas. Our continued success will depend on our ability to keep pace with technological and marketplace changes and to introduce, on a timely and cost-effective basis, new and enhanced services that satisfy changing customer requirements.

International expansion

We believe there is significant opportunity to expand usage of our platform outside of North America. Our future success will depend in part upon our ability to continue to deepen our presence in international markets, expand into new geographic regions, and we will face risks expanding and entering markets in which we have limited or no experience, which may have additional complexity, which may be prone to greater market uncertainty, and in which we may not have brand recognition. Further, our international expansion in some markets will rely upon the successful use of indirect channel partners with whom we have limited operating experience.

Strategic investments

Our success is dependent upon our ability to continue making strategic investments to support our growth, both organically and inorganically. We intend to continue consideration of select acquisitions, investments, and other strategic relationships that we believe are consistent with our mission, aligned with our portfolio vision, and that help us achieve our financial goals. Our results of operations may be significantly impacted by 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. These investments may also 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. Further, 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. See the “*Risk Factors*” section of the Company’s AIF for a discussion on acquisitions, investments and divestitures and their potential effect on our results of operations.

Foreign currency

Our presentation and functional currency is the U.S. dollar, and we derive the majority of our revenues in U.S. dollars and the majority of our expenses in non-U.S. dollars. Our head office and a large portion of our employees are located in Canada, along with additional presence in the United Kingdom, Australia and Norway. As a result, a significant amount of our expenses are incurred in Canadian dollars, British pound sterling, Australian dollars and Norwegian krone. Our results of operations may be significantly impacted by a change in the value of the U.S. dollar relative to the Canadian dollar, British pound sterling, Australian dollar or Norwegian krone, as well as other currencies for countries in which we have a significant presence. See the “*Risk Factors*” section of the Company’s AIF for a discussion on exchange rate fluctuations and their potential negative effect on our results of operations.

Components of Results of Operations

Revenue

D2L generates revenue from the following two primary sources:

Recurring subscription and support revenue

Subscription and support revenue is derived from fees earned from customers for accessing D2L’s learning technologies, and includes purchases of application support beyond that included with all subscriptions, and fees earned for usage beyond contracted user counts. The majority of our customers enter into subscription and support contracts with us that have a term of three to five years, and on average there is a three-to-four-month lag between contract signing and commencement of contract term and associated revenue recognition. Accordingly, subscription and support revenue is generally recognized rateably over the contract term. D2L’s contracts with customers typically include a fixed amount of consideration and are generally non-cancelable, or cancelable with a penalty, and without any refund-type provisions.

Professional services and other revenue

Professional services and other revenue include fees from consultation services to support the implementation of, integration of, and training related to the learning technologies, as well as complementary services such as content creation and learning consultancy, and occasionally, termination fees due when contracts are cancelled for convenience. These professional services are either delivered at or around the inception of the contract with the customer when the subscription and support agreement commences, or as follow-on services during the term of the subscription and support agreement. D2L recognizes the revenue as the services are rendered.

Cost of revenue

D2L incurs cost of revenue from the following two primary sources:

Cost of recurring subscription and support

Cost of recurring subscription and support primarily consists of costs related to providing D2L’s cloud-based applications and delivering application support to customers. Significant expenses included in these costs include cloud technology and networking expenses; employee wages and benefits expenses, including stock-based compensation; payments to outside service providers, including partner royalties; an allocated proportion of overhead costs; and amortization from acquired intangible assets, specifically acquired technology.

We expect that the cost of revenue will increase in absolute dollars as the number of customers utilizing our learning technologies increases along with the costs of supporting those customers. Over the medium-term, we expect that cost of revenue will increase on an absolute dollar basis but generally decrease as a percentage of total revenues.

Cost of professional services and other

Cost of professional services and other largely consists of costs related to the provision of consultation services both around the inception of, or as a follow-on during, the term of the subscription agreement. Significant expenses included in these costs include employee wages and benefit expenses, including stock-based compensation, contractor expenses, and an allocated proportion of overhead costs.

We expect that the cost of revenue will increase in absolute dollars as the number of customers utilizing our learning technologies increases along with the costs of servicing those customers. Over the medium-term, we expect that cost of revenue will increase on an absolute dollar basis but remain consistent or slightly decrease as a percentage of total revenues.

Sales and marketing

Sales and marketing expenses consist primarily of employee-related expenses, including salaries, benefits, and stock-based compensation, as well as expenses for product marketing and lead generation, brand marketing, sponsorship activities, and travel and event-related expenses. These expenses also include an allocated proportion of overhead costs.

We plan to continue investing in sales and marketing to attract new customers, retain existing customers, and increase revenues from both new and existing customers. We expect our sales and marketing costs will generally decrease as a percentage of total revenues over the medium-term as total revenues increase.

Research and development

Research and development expenses consist primarily of employee-related expenses, including salaries, benefits, and stock-based compensation, for product management, product development and product design; contractor fees; as well as an allocated proportion of overhead costs.

Our research and development team is focused on both continuous improvement of our existing platform, as well as developing new product features and solutions. We will continue to invest in research and development, and over the medium-term expect that these expenses will generally decrease as a percentage of total revenues as total revenues increase.

General and administrative

General and administrative expenses consist of employee-related expenses, including salaries, benefits, and stock-based compensation, for our administrative, finance, legal, human resources, information technology, operations and strategy teams. These expenses also include non-personnel costs such as professional fees, insurance-related expenses, general office expenses, credit impairment losses, as well as an allocated proportion of overhead costs. When applicable, these expenses also include legal, professional and certain other fees related to acquisitions.

Our general and administration expenses also include the costs to comply with rules and regulations applicable to companies listed on a Canadian securities exchange including costs related to compliance and reporting obligations pursuant to rules of the Canadian securities commissions. We expect our general and administrative expenses will generally decrease as a percentage of total revenues over the medium-term as total revenues increase.

Interest and other income (expense)

Interest and other income (expense) consists of interest income; interest expense; other income (expenses), fair value changes on the loan receivable from associate; foreign exchange gain (loss); and the gain on the disposal of our majority ownership stake in SkillsWave in the prior year.

Other comprehensive income (loss)

Other comprehensive income (loss) comprises gains or losses on the translation of the accounts of our foreign, wholly-owned subsidiaries into our U.S. dollar functional currency.

Changes in foreign currency exchange rates from period to period may cause volatility in our earnings as well as impact comparability of our results from period to period.

Results of Operations

The following table provides a summarized view of our consolidated statements of comprehensive income for the periods indicated:

(in thousands of U.S. dollars, except per share amounts)	Three months ended January 31,		Fiscal year ended January 31,	
	2026	2025	2026	2025
Revenue	55,796	53,313	217,471	205,276
Cost of revenue	18,052	16,790	68,539	65,312
Gross profit	37,744	36,523	148,932	139,964
Operating expenses				
Sales and marketing	14,357	13,641	57,941	53,943
Research and development	12,441	11,353	47,978	46,648
General and administrative	7,640	7,943	30,458	33,175
Total operating expenses	34,438	32,937	136,377	133,766
Income from operations	3,306	3,586	12,555	6,198
Interest and other (expenses) income	(3,971)	(163)	523	3,289
(Loss) income before income taxes	(665)	3,423	13,078	9,487
Income tax expense (recovery)	706	(16,442)	4,114	(16,235)
(Loss) income for the period	(1,371)	19,865	8,964	25,722
Other comprehensive income (loss)	1,572	(124)	3,502	(2,459)
Comprehensive income	201	19,741	12,466	23,263
(Loss) earnings per share - basic	(0.03)	0.36	0.16	0.47
(Loss) earnings per share - diluted	(0.02)	0.35	0.16	0.46

Note: The operating results of H5P have been consolidated into the Company's results subsequent to the acquisition date of July 9, 2024.

Review of Operations

Revenue

(in thousands of U.S. dollars, except percentages)	Three months ended January 31,			Fiscal year ended January 31,		
	2026	2025	Change	2026	2025	Change
	\$	\$	%	\$	\$	%
Revenue						
Subscription and support revenue	51,084	46,846	9.0%	198,352	180,569	9.8%
Professional services and other revenue	4,712	6,467	-27.1%	19,119	24,707	-22.6%
Total revenue	55,796	53,313	4.7%	217,471	205,276	5.9%
Percentage of total revenue						
Subscription and support revenue	91.6%	87.9%		91.2%	88.0%	
Professional services and other revenue	8.4%	12.1%		8.8%	12.0%	
Total revenue	100.0%	100.0%		100.0%	100.0%	

For the three months ended January 31, 2026, subscription and support revenue was \$51.1 million compared to \$46.8 million for the same period of the prior year, representing an increase of \$4.2 million or 9.0%. For Fiscal 2026, subscription and support revenue was \$198.4 million, compared to \$180.6 million in Fiscal 2025, representing an increase of \$17.8 million or 9.8%. The increases in subscription and support revenue were primarily attributable to revenue from new customers, coupled with expansion

from existing customers, and was partially moderated by higher-than-typical churn within the U.S. K-12 market. As a key performance indicator closely aligned to subscription revenue, ARR (see “*Non-IFRS and Other Financial Measures – Key Performance Indicators*”) as at January 31, 2026 reached \$219.8 million (up \$19.6 million or 9.8% from \$200.2 million as at January 31, 2025).

Professional services and other revenue for the three months ended January 31, 2026 was \$4.7 million, a decrease of \$1.8 million or 27.1%, from the \$6.5 million earned in the same period of the prior year. This decline was partially driven by a \$0.9 million one-time revenue adjustment in the prior year quarter related to the re-evaluation of the completion progress of certain professional service engagements. Excluding the impact of this adjustment, the decrease in professional services and other revenue was \$0.8 million or 14.8%. For Fiscal 2026, professional services and other revenue was \$19.1 million, versus \$24.7 million for Fiscal 2025, representing a decrease of \$5.6 million or 22.6%. Included in the prior year professional services revenue was \$0.8 million from the re-evaluation of the completion progress of certain professional services engagements. Excluding this adjustment, the decrease for the period was \$4.8 million or 19.9%, relative to the same period of the prior year. These reductions reflect a more cautious spending environment, particularly for curriculum advisory services in the U.S. Higher Education market, with customers less frequently committing to and consuming larger professional services engagements due to current macroeconomic conditions. We continue to actively monitor these dynamics and are focused on adapting our go-to-market approach to align with evolving customer priorities and spending patterns.

Constant Currency Revenue (a non-IFRS financial measure, see “*Non-IFRS and Other Financial Measures – Non-IFRS Financial Measures and Non-IFRS Financial Ratios*”) was \$54.7 million and \$216.8 million for the three months and year ended January 31, 2026, respectively. This compares to \$53.3 million and \$205.3 million in the corresponding periods of the prior year, reflecting growth of \$1.4 million or 2.6% and \$11.6 million or 5.6%, respectively. The increases for both the three month period and year were driven primarily by growth in subscription and support revenue over the same periods of the prior year, as demonstrated by the 6.9% increase in Constant Currency Annual Recurring Revenue (see “*Non-IFRS and Other Financial Measures – Key Performance Indicators*”) for Fiscal 2026. These increases were partially offset by the impact of lower professional services and other revenue compared to the same periods in the prior year.

Cost of revenue

(in thousands of U.S. dollars, except percentages)	Three months ended January 31,			Fiscal year ended January 31,		
	2026	2025	Change	2026	2025	Change
	\$	\$	%	\$	\$	%
Cost of revenue						
Cost of subscription and support	14,345	12,533	14.5%	52,937	49,185	7.6%
Cost of professional services and other	3,707	4,257	-12.9%	15,602	16,127	-3.3%
Total cost of revenue	18,052	16,790	7.5%	68,539	65,312	4.9%
Percentage of total cost of revenue						
Cost of subscription and support	25.7%	23.5%		24.3%	24.0%	
Cost of professional services and other	6.6%	8.0%		7.2%	7.9%	
Total percentage of total revenue	32.4%	31.5%		31.5%	31.8%	

Cost of subscription and support revenue for the three months ended January 31, 2026 was \$14.3 million, reflecting an increase of \$1.8 million or 14.5% compared to the same period in the prior year. For Fiscal 2026, cost of subscription and support revenue increased by \$3.8 million or 7.6% to \$52.9 million compared to Fiscal 2025. The Fiscal 2026 costs included \$1.7 million of amortization from acquired intangible assets, compared to \$1.0 million in Fiscal 2025. Excluding the impact of these costs, the increase year-over-year was \$3.0 million, or 6.2%. The year-over-year increases for both periods were primarily attributable to the migration of a database technology commencing in the third quarter of this fiscal year, which we expect will begin moderating once the database technology engineering is completed within Fiscal 2027. Higher partner-related costs in line with partner-related revenue growth also drove the year-over-year increases seen in cost of subscription and support revenue. These increases were partially mitigated by continued realization of cost optimization and efficiency efforts in our cloud technology delivery.

Cost of professional services and other for the three months ended January 31, 2026 was \$3.7 million, representing a decrease of \$0.6 million or 12.9% compared to the same period in the prior year. This decrease was primarily driven by reduced salaries and benefits expenses from lower headcount to support professional services and other revenue activities. For Fiscal 2026, cost of professional services and other decreased by \$0.5 million or 3.3% to \$15.6 million compared to Fiscal 2025. This decrease was mainly attributable to reduced partner-related cost of revenue, as a service previously delivered through a partner transitioned to being provided internally.

Gross profit

(in thousands of U.S. dollars, except percentages)	Three months ended January 31,			Fiscal year ended January 31,		
	2026	2025	Change	2026	2025	Change
	\$	\$	%	\$	\$	%
Gross profit						
Subscription and support	36,739	34,312	7.1%	145,415	131,383	10.7%
Professional services and other	1,005	2,211	-54.6%	3,517	8,581	-59.0%
Total gross profit	37,744	36,523	3.3%	148,932	139,964	6.4%
Gross profit margin						
Subscription and support	71.9%	73.2%		73.3%	72.8%	
Professional services and other	21.3%	34.2%		18.4%	34.7%	
Total gross profit margin	67.6%	68.5%		68.5%	68.2%	

Gross profit earned on subscription and support for the three months ended January 31, 2026 was \$36.7 million, up from \$34.3 million earned for the same period in the prior year, representing a period-over-period increase of \$2.4 million or 7.1%. For Fiscal 2026, gross profit earned on subscription and support increased year-over-year by \$14.0 million or 10.7% to \$145.4 million. The increases in gross profit were primarily driven by the increases in our subscription and support revenue and was partially offset by the increase in the related costs of revenue due to the factors outlined above.

As a percentage of revenue, gross profit margin for subscription and support for the three months ended January 31, 2026 decreased by 130 basis points to 71.9% from 73.2% in the same period of the prior year. This decrease was largely driven by the database technology migration noted above, which increased costs as expected in the second half of Fiscal 2026. The Company expects these additional costs to scale down over the course of Fiscal 2027. The gross profit margin decline for the three month period was also compounded by the impact of higher revenues compared to the same period in the prior year. For Fiscal 2026, gross profit margin for subscription and support increased by 50 basis points to 73.3% over Fiscal 2025. The increase was mainly attributable to growth in subscription and support revenue and efficiency gains in our cloud technology delivery prior to the database technology migration impact in the second half of the year, and was partially offset by the aforementioned database technology migration costs commencing in the third quarter of Fiscal 2026. The increase in gross profit margin for subscription and support for the year was partially offset by the impact of higher revenue year-over-year.

For the three months ended January 31, 2026, gross profit recognized on professional services and other was \$1.0 million, down from \$2.2 million earned for the same period of the prior year, representing a period-over-period decrease of \$1.2 million or 54.6%. The prior year margin included a \$0.9 million one-time revenue adjustment from re-evaluating the completion progress of certain professional services engagements. Excluding the impact of this adjustment, gross profit recognized on professional services and other for the period decreased by \$0.3 million or 21.2% relative to the same period of the prior year. For Fiscal 2026, gross profit recognized on professional services and other was \$3.5 million, down from \$8.6 million recognized for the same period of the prior year, representing a year-over-year decrease of \$5.1 million or 59.0%. Excluding the impact of a prior-year professional services revenue adjustment of \$0.8 million from the re-evaluation of the completion progress of certain professional services engagements, the decrease in gross profit recognized on professional services and other for the period was \$4.2 million or 54.6%, relative to the same period of the prior year. The decreases in gross profit for both periods were largely attributable to lower revenues in professional services and other, and was partially offset by period-over-period decreases in the cost of professional services and other as discussed above.

As a percentage of revenue, gross profit margin for professional services and other for the three months ended January 31, 2026 decreased by 1,290 basis points to 21.3% from 34.2% in the same period of the prior year. Excluding the impact of the one-time, professional services revenue adjustment in Fiscal 2025 discussed above, gross profit margin for professional services and other decreased 170 basis points relative to the same period of the prior year to 21.3% from 23.0%. For Fiscal 2026, gross profit margin for professional services and other decreased by 1,630 basis points over Fiscal 2025 to 18.4%. Excluding the impact of the aforementioned one-time, professional services revenue adjustment, gross profit margin for professional services and other was down 1,410 basis points to 18.4% from 32.5% relative to the same period of the prior year. The decreases in gross profit margin for both periods were mainly attributable to lower gross profit due to the factors discussed above and were partially offset by the impact of lower professional services and other revenue compared to the same periods in the prior year. Moderate period-to-period fluctuations are expected based on the volume and composition of the professional services engagements delivered and seasonality of the delivery in the period.

Adjusted Gross Profit (a non-IFRS financial measure, see “Non-IFRS and Other Financial Measures – Non-IFRS Financial Measures and Non-IFRS Financial Ratios”) for the three-month period ended January 31, 2026 was \$38.3 million, an increase of \$1.2 million or 3.3% from the same period in the prior year. For Fiscal 2026, Adjusted Gross Profit was \$151.4 million, an increase of \$9.8 million or 6.9% from Fiscal 2025. The increases for both periods were primarily the result of higher gross profit earned on subscription and support, and was partially offset by the decline in gross profit from professional services and other due to the same factors mentioned above.

Adjusted Gross Margin (a non-IFRS ratio, see “Non-IFRS and Other Financial Measures – Non-IFRS Financial Measures and Non-IFRS Financial Ratios”) for the three-month period ended January 31, 2026 was 68.7% compared to 69.6% in the same period of the prior year, representing a 90 basis points decrease. This decrease was primarily attributable to period-over-period growth in total revenues, which outpaced increases in gross profit due to lower gross profit contribution from professional services and other as compared to the prior year. The Adjusted Gross Margin for Fiscal 2026 increased by 60 basis points from 69.0% to 69.6%. The increase in Adjusted Gross Margin for Fiscal 2026 was mainly attributable to higher gross profit from subscription and support, and was partially mitigated by the impact of higher total revenues over the same period.

Operating expenses

(in thousands of U.S. dollars, except percentages)	Three months ended January 31,			Fiscal year ended January 31,		
	2026	2025	Change	2026	2025	Change
	\$	\$	%	\$	\$	%
Operating expenses						
Sales and marketing	14,357	13,641	5.2%	57,941	53,943	7.4%
Research and development	12,441	11,353	9.6%	47,978	46,648	2.9%
General and administrative	7,640	7,943	-3.8%	30,458	33,175	-8.2%
Total operating expenses	34,438	32,937	4.6%	136,377	133,766	2.0%
Percentage of total revenue						
Sales and marketing	25.8%	25.6%		26.7%	26.3%	
Research and development	22.3%	21.3%		22.1%	22.7%	
General and administrative	13.6%	14.9%		14.0%	16.2%	
Total percentage of total revenue	61.7%	61.8%		62.8%	65.2%	

Sales and marketing expenses for the three months ended January 31, 2026 were \$14.4 million, up \$0.7 million or 5.2% compared to the same period in the prior year. Included in sales and marketing expenses for the period was \$0.6 million of stock-based compensation compared to \$0.4 million in the same period of the prior year. Excluding the impact of stock-based compensation, sales and marketing expenses increased by \$0.5 million compared to the same period of the prior year. This increase was mainly attributable to greater salaries and benefits expenses associated with higher headcount. For Fiscal 2026, sales and marketing expenses were \$58.0 million, an increase of \$4.0 million or 7.4%, from the expenses incurred in Fiscal 2025. Included in sales and marketing expenses for Fiscal 2026 was \$1.9 million of stock-based compensation, compared to \$1.2 million in Fiscal 2025. Excluding the impact of stock-based compensation, sales and marketing expenses increased by \$3.3 million or 6.3% due to

higher salaries and benefits expenses, higher conference and marketing program costs, and increased travel costs associated with international sales events during Fiscal 2026.

Research and development expenses were \$12.4 million versus \$11.4 million for the same period in the prior year, representing an increase of \$1.1 million or 9.6%. Research and development expenses increased by \$1.3 million or 2.9% to \$48.0 million for Fiscal 2026 from Fiscal 2025. Excluding the impact of \$3.1 million of stock-based compensation during the period (\$2.7 million during Fiscal 2025), research and development expenses increased by \$0.9 million or 1.9% in Fiscal 2026. The increases for the both the three months and year ended January 31, 2026 were primarily attributable to higher salaries and benefits expenses relating to increased headcount compared to the same periods in the prior year.

General and administrative expenses decreased from \$7.9 million to \$7.6 million for the three months ended January 31, 2026 as compared to the same period in the prior year, representing a decrease of \$0.3 million or 3.8%. Included in general and administrative expenses for the period was \$1.2 million of stock-based compensation, compared to \$1.4 million in the same period of the prior year. Excluding the impact of these costs, the decrease for the period was \$0.1 million or 1.5%. The decrease was mainly attributable to lower salaries and benefits expenses, and was partially offset by higher bad debt expense period-over-period. For Fiscal 2026, general and administrative expenses were \$30.5 million compared to \$33.2 million in Fiscal 2025, a decrease of \$2.7 million or 8.2%. Included in general and administrative expenses for Fiscal 2026 was a decrease of \$0.7 million of stock-based compensation expense compared to the same period of the prior year. Excluding the impact of stock-based compensation, the decrease was \$2.1 million or 7.4% year-over-year, and was largely driven by lower non-recurring legal and professional fees and lower salaries and benefits expenses. The decrease was partially offset by higher consulting fees associated with various system implementations to scale the Company's operations during Fiscal 2026.

Interest and other (expense) income

(in thousands of U.S. dollars, except percentages)	Three months ended January 31,			Fiscal year ended January 31,		
	2026	2025	Change	2026	2025	Change
	\$	\$	%	\$	\$	%
Net interest income	254	594	-57.2%	1,667	2,942	-43.3%
Other income (expense)	15	194	-92.3%	207	(48)	531.3%
Fair value loss on loan receivable from associate	(4,853)	(497)	876.5%	(4,302)	(376)	1,044.1%
Foreign exchange gain (loss)	613	(454)	235.0%	2,951	(146)	2,121.2%
Gain on SkillsWave disposal transaction	—	—	0.0%	—	917	-100.0%
Total net interest and other (expense) income	(3,971)	(163)	-2,336.8%	523	3,289	-84.1%
Total percentage of total revenue	-7.1%	-0.3%		0.2%	1.6%	

Net interest income earned for the three months ended January 31, 2026 decreased from \$0.6 million to \$0.3 million, representing a period-over-period decrease of \$0.3 million. For Fiscal 2026, net interest income decreased by \$1.3 million to \$1.7 million year-over-year. The decreases were mainly the result of lower interest rates in interest-bearing investments when compared to the equivalent prior periods.

Fair value loss on loan receivable from associate for the three months ended January 31, 2026 was \$4.9 million, representing a period-over-period increase of \$4.4 million. For Fiscal 2026, fair value loss on loan receivable increased by \$3.9 million to \$4.3 million. The increase in the loss was primarily driven by updates to the key valuation inputs used in the measuring the fair value of the loan receivable. These updates reflect the associate's current financial performance and future financial outlook. Refer to note 11 of the Annual Financial Statements for a detailed discussion of the assumptions used in valuing the loan receivable balance.

Foreign exchange gain for the three months ended January 31, 2026 increased by \$1.1 million to \$0.6 million over a foreign exchange loss of \$0.5 million recognized in the same period of the prior year. For Fiscal 2026, foreign exchange gain was \$3.0

million, representing a period-over-period increase of \$3.1 million from a foreign exchange loss of \$0.1 million in the same period of the prior year. The changes period-over-period were mainly attributable to the translation of U.S. dollar-denominated monetary balances into our subsidiaries' functional currency, which resulted in more foreign exchange gains when compared to the prior period, due to fluctuations in currency values.

Gain on SkillsWave disposal transaction was recognized in Fiscal 2025 on the divestiture of the Company's majority ownership stake in SkillsWave and for which there was no corresponding impact in the current period.

(Loss) income for the period

Loss for the three month period ended January 31, 2026 was \$1.4 million, compared to income of \$19.9 million in the same period of the prior year, representing a decrease in income of \$21.2 million. The decrease period-over-period was largely due to a \$17.1 million change in income tax expense, resulting from prior year revisions to estimates of the Company's taxable profits available to utilize deferred income tax assets based on the Company's increased profitability, which led to the recognition of previously unrecognized deferred income tax assets during Fiscal 2025 and for which current year revisions had a relatively smaller beneficial impact in Fiscal 2026. An increase in the fair value loss on loan receivable from associate also drove the decrease in income seen period-over-period. For Fiscal 2026, income was \$9.0 million, compared to income of \$25.7 million in Fiscal 2025, representing a decrease of \$16.8 million. The decrease year-over-year was driven by the same factors affecting the three-month results, namely the change in income tax expense, and higher fair value loss on the loan receivable from associate. This decrease was partially offset by the impact of increased income from operations, which was \$6.4 million higher in Fiscal 2026 compared to Fiscal 2025.

Adjusted EBITDA and Adjusted EBITDA Margin

Adjusted EBITDA (a non-IFRS financial measure, see "*Non-IFRS and Other Financial Measures – Non-IFRS Financial Measures and Non-IFRS Financial Ratios*") decreased by \$1.3 million to \$8.1 million for the three months ended January 31, 2026 from \$9.4 million in the same period of the prior year. Excluding the impact of professional services and other revenue of \$0.9 million from the re-evaluation of the completion progress of certain professional services engagements in Fiscal 2025, there was a \$0.4 million decrease from the same period of the prior year. The decrease was primarily driven by increased operating expenses compared to the equivalent period in the prior year due to the factors discussed in "*Operating expenses*," and was partially offset by increased gross profit over the same period.

For Fiscal 2026, Adjusted EBITDA was \$32.9 million, an increase of \$4.8 million from Fiscal 2025. Excluding the impact of professional services revenue of \$0.8 million from the re-evaluation of the completion progress of certain professional services engagements in Fiscal 2025, Adjusted EBITDA increased by \$5.6 million from the same period of the prior year. The increase in Adjusted EBITDA for year ended January 31, 2026 was primarily attributable to increased gross profit when compared to the same period in the prior year as a result of factors discussed in "*Gross profit*," and was partially offset by increased operating expenses over the same period.

Adjusted EBITDA Margin (a non-IFRS financial measure, see "*Non-IFRS and Other Financial Measures – Non-IFRS Financial Measures and Non-IFRS Financial Ratios*") was 14.5% for the three months ended January 31, 2026, representing a decrease of 320 basis points from the corresponding period in the prior year. Excluding the impact of professional services revenue of \$0.9 million relating to the re-evaluation of the completion progress of certain professional services engagements in Fiscal 2025, Adjusted EBITDA Margin would have decreased by 140 basis points year-over-year from 15.9% to 14.5%. This decrease was the result of decreased Adjusted EBITDA discussed above, combined with the impact of increased total revenue period-over-period.

Adjusted EBITDA Margin was 15.1% for the year ended January 31, 2026, representing an increase of 140 basis points over the corresponding period in the prior year. Excluding the impact of professional services revenue of \$0.8 million from the re-evaluation of the completion progress of certain professional services engagements in Fiscal 2025, Adjusted EBITDA Margin would have been increased by 180 basis points to 15.1% from 13.7% in the corresponding period of the prior year. The increase in Adjusted EBITDA Margin was the result of the increase in Adjusted EBITDA discussed above and was partially moderated by the impact of higher total revenue over the same period.

Selected Annual Information

Fiscal year ended January 31,

(in thousands of U.S. dollars, except per share amounts)

	2026	2025	2024
Revenue	217,471	205,276	182,380
Income (loss) for the year	8,964	25,722	(3,542)
Adjusted EBITDA	32,852	28,080	7,862
Free Cash Flow ⁽¹⁾	44,428	27,324	9,932
Cash flows from operations	42,954	27,902	15,659
Earnings (loss) per share – basic	0.16	0.47	(0.07)
Earnings (loss) per share – diluted	0.16	0.46	(0.07)
Total assets	251,924	232,921	197,124
Total non-current liabilities	13,606	14,088	12,606

Note

- (1) Fiscal 2025 comparative has been restated to conform with current year presentation by excluding the impact of acquisition-related compensation from the calculation of free cash flow.

Total Assets

Fiscal 2026 compared to Fiscal 2025

Total assets as at January 31, 2026 were \$251.9 million compared to \$232.9 million as at January 31, 2025, representing an increase of \$19.0 million or 8.2% period-over-period. The increase was primarily driven by an increase in cash of \$20.0 million, which is further discussed in “*Liquidity, Capital Resources and Financing – Cash Flows*” below. In addition, total assets benefited from a \$2.3 million increase in Goodwill arising from favourable foreign currency translation adjustments. Prepaid expenses also increased by \$1.5 million due to increased payments to service providers and partners at the end of the fiscal year. This increase to total assets was partially offset by a \$4.3 million reduction in the fair value of the loan receivable from associate.

Fiscal 2025 compared to Fiscal 2024

Total assets as at January 31, 2025 were \$232.9 million compared to \$197.1 million as at January 31, 2024, representing an increase of \$35.8 million or 18.2% year-over-year. The increase was primarily the result of the Company’s ability to generate cash flow from operating activities, as evidenced by its Free Cash Flow of \$27.3 million for Fiscal 2025. The cash available was used to pursue a strategic business opportunity to acquire H5P for net cash consideration of \$23.0 million. This resulted in acquiring additional intangible assets and goodwill in the amounts of \$18.2 million and \$15.6 million, respectively. The Company also recognized an increase in deferred income tax assets of \$17.6 million, which was driven by revisions to estimates of the Company’s future taxable profits available to utilize previously unrecognized tax attributes. The increase in total assets was partially offset by cash flows used in financing activities of \$8.6 million and a \$2.8 million reduction in prepaid expenses due to timing of prepayments compared to the prior year and amortization of the balance. A \$2.6 million reduction in right-of use-assets and property and equipment due to depreciation of the balances also reduced total assets year-over-year.

Total Non-Current Liabilities

Fiscal 2026 compared to Fiscal 2025

Total non-current liabilities as at January 31, 2026 were \$13.6 million compared to \$14.1 million as at January 31, 2025, representing a decrease of \$0.5 million. The decrease was primarily due to a lower deferred income tax liability balance year-over-year due to the reversal of timing differences in the current period, and was partially offset by an increase of the non-current portion of lease liabilities due to lease additions and modifications made during the period.

Fiscal 2025 compared to Fiscal 2024

Total non-current liabilities as at January 31, 2025 were \$14.1 million compared to \$12.6 million as at January 31, 2024, representing an increase of \$1.5 million. The increase was primarily due to the recognition of a deferred income tax liability arising from the intangible assets acquired from H5P. For more details, refer to note 22 in the Annual Financial Statements. This increase was partially offset by a reduction of the non-current portion of lease liabilities due to lease payments made during the period.

Quarterly Results of Operations

The following tables set forth selected unaudited quarterly statements of operations data for each of the eight quarters ended January 31, 2026. The information for each of these quarters have been prepared on the same basis as the Annual Financial Statements. This data should be read in conjunction with our Annual Financial Statements and related notes. These quarterly operating results are not necessarily indicative of our operating results for a full year or any future period.

(in thousands of U.S. dollars, except per share amounts)	3 Months Ended,							
	Jan 31,	Oct 31,	Jul 31,	Apr 30,	Jan 31,	Oct 31,	July 31,	April 30,
	2026	2025	2025	2025	2025	2024	2024	2024
	\$	\$	\$	\$	\$	\$	\$	\$
Revenue	55,796	54,068	54,772	52,835	53,313	54,299	49,168	48,495
Cost of revenue	18,052	17,998	16,684	15,805	16,790	16,909	15,795	15,818
Gross profit	37,744	36,070	38,088	37,030	36,523	37,390	33,373	32,677
Operating expenses								
Sales and marketing	14,357	14,069	15,846	13,669	13,641	12,806	14,591	12,905
Research and development	12,441	11,806	12,272	11,460	11,353	11,140	11,864	12,291
General and administrative	7,640	6,601	7,830	8,386	7,943	8,652	8,481	8,099
Total operating expenses	34,438	32,476	35,948	33,515	32,937	32,598	34,936	33,295
Income (loss) from operations	3,306	3,594	2,140	3,515	3,586	4,792	(1,563)	(618)
Interest and other (expenses) income	(3,971)	1,677	469	2,349	(163)	737	1,502	1,214
(Loss) income before income taxes	(665)	5,271	2,609	5,864	3,423	5,529	(61)	596
Income tax expense (recovery)	706	885	(72)	2,596	(16,442)	(18)	201	24
(Loss) income for the period	(1,371)	4,386	2,681	3,268	19,865	5,547	(262)	572
(Loss) earnings per share – basic	(0.03)	0.08	0.05	0.06	0.36	0.10	(0.00)	0.01
(Loss) earnings per share – diluted	(0.02)	0.08	0.05	0.06	0.35	0.10	(0.00)	0.01
Gross profit margin	67.6%	66.7%	69.5%	70.1%	68.5%	68.9%	67.9%	67.4%

Revenue

Our total quarterly revenue increased sequentially for the first three periods presented, largely due to revenue from new customers and strong expansion from existing customers. Total quarterly revenue remained relatively stable from the quarters ending October 31, 2024 to October 31, 2025 at an average of \$53.9 million, before increasing to \$55.8 million during the most recent quarter. The growth in revenue over the periods presented has been due to the Company continuing to see revenue from new customers coupled with revenue retention and expansion from existing customers. Subscription and support revenue grew sequentially over all quarters except the quarter ended October 31, 2025, while declines in professional services and other revenue over the quarters ending January 31, 2025 to July 31, 2025 partially offset those gains.

Cost of revenue

Average cost of revenue was \$15.8 million for the first two quarters presented, which then increased to an average of \$16.5 million for the quarters between October 31, 2024 to July 31, 2025, in line with the trends in revenue seen over the same periods. Cost of revenue during these periods was maintained despite growth in revenues due to ongoing cost optimization and scaling efficiencies in our cloud technology delivery. Cost of revenue increased to an average of \$18.0 million for the two most recent

quarters, which resulted from the costs associated with the migration of a database technology as discussed in the “*Results of Operations – Cost of revenue*” section above.

Gross profit

Our total quarterly gross profit grew sequentially across the periods presented, with the exception of the quarters ended January 31, 2025 and October 31, 2025. The period-over-period increases in gross profit levels were mainly the result of growth in our subscription and support revenue from new and existing customers across all periods except the quarter ending October 31, 2025, coupled with cost optimization efforts in our cloud technology and service delivery. The decrease in gross profit during the quarter ended October 31, 2025 was primarily driven by the higher costs of revenue for subscription and support, recovering slightly in the quarter ended January 31, 2026 as a result of higher revenues during the period.

Gross profit margin averaged 67.6% for the first two quarters presented, increasing to an average of 69.2% for the next four quarters ended October 31, 2024 to July 31, 2025, largely the result the increases in gross profit described above. For the most recent quarters ended October 31, 2025, and January 31, 2026, gross profit margin declined to an average 67.2%, which was primarily attributable to higher costs of revenue as described in “*Cost of revenue*” above.

Operating expenses

Total operating expenses have been relatively stable over the quarters presented, with slight increases aligned with the growth of our operations. Operating expense have averaged \$33.8 million for the past eight quarters and \$34.1 million since April 30, 2025. This stability reflects our ability to scale our operations and realize cost efficiencies as the Company grows. Operating expenses were highest during the quarters ended July 31, 2024 and July 31, 2025, periods during which the Company typically expects operating expenses to be elevated due to increased travel and event-related costs incurred from our annual in-person customer conference, D2L Fusion. In addition, there were higher legal and professional fees associated with the divestiture of the Company’s majority ownership stake in SkillsWave and acquisition of H5P which impacted the three months ended July 31, 2024, with additional acquisition-related costs from these transactions occurring in subsequent periods, such as post-combination compensation, up to the period ended July 31, 2025. During the most recent quarter ended January 31, 2026, operating expenses grew slightly from the immediately preceding quarter as a result of an increase in salaries and benefits costs associated with higher headcount.

Liquidity, Capital Resources and Financing

Overview

The general objectives of our capital management strategy is to ensure financial stability and sufficient liquidity to increase shareholder value through organic growth and investment in sales, marketing and product development, and inorganic growth when it supports our organic growth strategy.

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

Working capital

Our primary source of cash flows is revenue from operations. Our approach to managing working capital (defined as total current assets less total current liabilities) is, to the extent possible, ensure that we maintain sufficient liquidity to meet our liabilities as they become due. We do so by monitoring cash flow and performing budget-to-actual analysis on a monthly basis. As at January 31, 2026, our cash balance was \$119.2 million and our working capital surplus was \$10.7 million (\$99.2 million and \$7.0 million as at January 31, 2025, respectively). The increase in working capital of \$3.7 million year-over-year was mainly due to the increase in cash and cash equivalents and in prepaid expenses as outlined in “*Total assets*” above, and was partially offset by an increase in accounts payable and accrued liabilities and an increase in deferred revenue. Accordingly, we believe there is sufficient liquidity to meet our current and short-term financial obligations as outlined in the “*Contractual Obligations*” section of this MD&A, as

well as to continue making investments in sales and marketing and research and development activities in support of our overall growth strategy.

Cash flows

The following table presents cash and cash equivalents as at January 31, 2026 and 2025, and cash flows from (used in) operating, investing, and financing activities for Fiscal 2026, Fiscal 2025 and the three months ended January 31, 2026 and 2025:

(in thousands of U.S. dollars)	Three months ended January 31,		Fiscal year ended January 31,	
	2026	2025	2026	2025
Cash and cash equivalents	119,210	99,185	119,210	99,185
Net cash from (used in):				
Operations	12,542	(135)	42,954	27,902
Investing	(314)	(5,626)	(6,073)	(34,329)
Financing	(4,969)	(3,379)	(19,082)	(8,569)
Effect of exchange rate changes on cash and cash equivalents	1,497	72	2,226	(2,763)
Net increase (decrease) in cash and cash equivalents	8,756	(9,068)	20,026	(17,759)

Cash flows from (used in) operations

Cash flows from (used in) operating activities for the three months ended January 31, 2026 were \$12.5 million, compared to \$0.1 million of cash flows used in the same period of the prior year, representing an increase of \$12.7 million. For Fiscal 2026, cash flows from operating activities were \$43.0 million compared to \$27.9 million in Fiscal 2025, representing an increase of \$15.1 million. The increases in operating cash flows were primarily attributable to improved year-over-year gross profit and the ability to scale operations and realize cost efficiencies as the Company grows, as described above in the “Review of operations” section, as well as higher cash flows from changes in working capital management. This increase was partially offset by post-combination compensation payments occurring during the current year associated with prior year acquisitions, higher payments of income taxes, and lower interest income received compared to the prior year.

The Company’s Free Cash Flow (a non-IFRS financial measure, see “Non-IFRS and Other Financial Measures – Non-IFRS Financial Measures and Non-IFRS Financial Ratios”) was \$12.2 million for the three months ended January 31, 2026, compared to negative Free Cash Flow of \$0.6 million in the same period of the prior year, representing a change in Free Cash Flow of \$12.8 million. For Fiscal 2026, Free Cash Flow was \$44.4 million, compared to \$27.3 million for Fiscal 2025, representing an increase of \$17.1 million. The increases were mainly driven by increases in cash flows from operating activities as discussed above.

For the three months ended January 31, 2026, Free Cash Flow Margin (a non-IFRS ratio, see “Non-IFRS and Other Financial Measures – Non-IFRS Financial Measures and Non-IFRS Financial Ratios”) was 21.9% compared to negative Free Cash Flow Margin of 1.1% in the same period of the prior year, representing an increase of 2,300 basis points. For Fiscal 2026, Free Cash Flow Margin was 20.4%, compared to 13.3% in Fiscal 2025, representing an increase of 710 basis points. The period-over-period increases were primarily the result of increased Free Cash Flow when compared to the prior periods based on the factors discussed above. The increases were partially offset by the impact of increased total revenue over the same periods.

Cash flows used in investing activities

Cash flows used in investing activities for the three months ended January 31, 2026 were \$0.3 million, compared to cash flows used in investing activities of \$5.6 million for the same period of the prior year, representing a decrease in cash flows used of \$5.3 million. For Fiscal 2026, cash flows used in investing activities were \$6.1 million, representing a decrease of \$28.3 million compared to cash flows used for investing activities of \$34.3 million in Fiscal 2025. The decreases were mainly driven by cash used to purchase H5P and the advancement of a loan to an associate in Fiscal 2025, and was partially offset by cash used for

payments of contingent consideration in Fiscal 2026. For more details, refer to note 22 and note 11 in the Annual Financial Statements.

Cash flows used in financing activities

Cash flows used in financing activities were \$5.0 million for the three months ended January 31, 2026, an increase of \$1.6 million compared to \$3.4 million of cash flows used in the same period of the prior year. For Fiscal 2026, cash flows used in financing activities were \$19.1 million, compared to cash flows used in financing activities of \$8.6 million in Fiscal 2025, representing an increase in cash flows used of \$10.5 million. The increases for both periods were primarily attributable to greater outflows related to the repurchase of shares as part of our normal course issuer bid (“NCIB”), lower proceeds from the exercise of stock options, and higher taxes paid on the settlement of restricted share units when compared to the same periods of the prior year.

Subordinate Voting Shares repurchased for cancellation under normal course issuer bid

On December 4, 2024, the Company renewed its NCIB. The Company can repurchase for cancellation up to 1,745,338 of the Company’s Subordinate Voting Shares, representing approximately 10.0% of the “public float” (within the meaning of the rules of the Toronto Stock Exchange (“TSX”)), during the twelve-month period commencing December 9, 2024.

On December 9, 2025, the Company announced the renewal of its NCIB. The Company can repurchase for cancellation up to 1,474,527 of the Company’s Subordinate Voting Shares, representing approximately 10.0% of the “public float” (within the meaning of the rules of the TSX), during the twelve-month period commencing December 12, 2025.

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.

During the three months and year ended January 31, 2026, the Company repurchased and cancelled 355,800 and 992,700 Subordinate Voting Shares, respectively, under the NCIB for aggregate purchase prices of \$3.9 million and \$11.0 million, respectively, representing the cancellation of 3.6% of the opening Subordinate Voting Shares outstanding over the course of Fiscal 2026. During the three months and year ended January 31, 2025, the Company repurchased and cancelled 94,600 and 401,480 Subordinate Voting Shares, respectively, under the NCIB for aggregate purchase prices of \$1.2 million and \$3.6 million, respectively, representing the cancellation of 1.5% of the opening Subordinate Voting Shares outstanding over the course of Fiscal 2025.

As at January 31, 2025, the Company recognized a liability of \$1.1 million for the repurchase of Subordinate Voting Shares under an 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 January 31, 2026, the Company has recorded the liability as \$6.1 million for the repurchase of Subordinate Voting Shares under an 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. This resulted in a change of the liability made as at January 31, 2025 in the amount of \$5.0 million, reflective of an increased authorized share repurchase capacity year-over-year, which was charged to deficit in Fiscal 2026.

Contractual obligations

The following are the remaining contractual maturities of financial liabilities as at January 31, 2026. The amounts are gross and undiscounted and include contractual interest payments, if any:

(in thousands of U.S. dollars)	Payments due by period				
	Total	< 1 year	1-3 years	4-5 years	After 5 years
	\$	\$	\$	\$	\$
Accounts payable and accrued liabilities	40,057	40,057	—	—	—
Operating commitments ⁽¹⁾	136,144	25,976	44,421	43,589	22,158
Total contractual obligations	176,201	66,033	44,421	43,589	22,158

Note:

- (1) Includes lease commitments and commitments with third-party technology services providers. In December 2024, the Company entered into a multi-year contract with a hosting services provider whereby the minimum committed spend was \$140 million over the term of the contract.

Financial Outlook

Financial Guidance FY2027

D2L is initiating financial guidance for the year ended January 31, 2027 (“**Fiscal 2027**”). D2L plans to continue making measured investments for growth in Fiscal 2027 while scaling its operations for increasing levels of profitability. Specifically, for Fiscal 2027, the Company is issuing the following guidance:

- Subscription and support revenue in the range of \$212 million to \$214 million, implying growth of 7-8% over Fiscal 2026;
- Total revenue in the range of \$231 million to \$234 million, implying growth of 6-8% over Fiscal 2026; and
- Adjusted EBITDA in the range of \$33 million to \$35 million, implying an Adjusted EBITDA Margin of 15% at the midpoint.

The Company expects revenue growth and Adjusted EBITDA Margin to increase as Fiscal 2027 progresses, enabling the Company’s performance in the second half of the year to improve relative to performance in the first half of the year.

These targets demonstrate the Company’s continued emphasis on balancing growth and profitability, including increased revenue and Adjusted EBITDA in Fiscal 2027 relative to Fiscal 2026. Further, these targets are based upon the current operations of the Company and do not include the impact of any future incremental acquisition transaction(s), which, if any occur, would be expected to be additive to the revenue and profits earned by D2L in the period. The achievement of the Adjusted EBITDA guidance is based upon continued efficiencies and scale in our operations as we grow our revenue. Given the momentum in our core markets, we are carefully balancing near-term improvements in operating efficiency with appropriate investment capacity to most effectively meet our medium-term objectives and advance our long-term goal of market leadership. The anticipated revenue growth rates in Fiscal 2027 are impacted, in part, by the level of ARR churn experienced in Fiscal 2026 within the US K-12 market, and the resulting impact of such activity on the corresponding revenue recognition in Fiscal 2027.

Medium Term Outlook and Target Operating Model

In April 2025, management presented a medium-term target operating model outlining the levels of growth and profitability the Company expects to achieve by Fiscal 2028 as outlined below.

	Fiscal 2028
Revenue Growth	10% to 15%
Adjusted EBITDA Margin	18% to 20%

As we operate the business over the remainder of this period, we will continue to balance growth and profitability, including making measured investments in future growth and optimizing our operations for increased profitability.

We continue to expect to achieve 10-15% growth in annual revenue by Fiscal 2028 based upon existing customer retention and expansion, continued acquisition of new customers, ongoing product development, and strategic acquisitions as further described in the “*Financial Outlook – Medium Term Outlook and Target Operating Model*” section of the Fiscal 2025 MD&A.

Our current revenue growth rates, both the rate achieved in Fiscal 2026 and our guidance in Fiscal 2027, are lower than the target operating model based upon higher-than-normal levels of customer churn in our U.S. K-12 market, and lower activity levels within the North America Higher Education market. We expect both factors to moderate in impact by Fiscal 2028, supporting higher revenue growth relative to current levels.

We continue to expect to achieve 18-20% Adjusted EBITDA Margin by Fiscal 2028 based upon increases to Adjusted Gross Margin and operating leverage in our business model as further described in the Fiscal 2025 MD&A.

Our current Adjusted EBITDA Margin levels, both the margin reported in Fiscal 2026 and our guidance for Fiscal 2027, are lower than the target operating model based upon short-term pressure to our subscription gross margin levels resulting from the migration of a database technology, which moderates in Fiscal 2028, and continued investment in go-to-market and product development to scale our revenues and profits towards our Fiscal 2028 targets. As the impact of these factors moderates in Fiscal 2028, the Company expects to achieve an improvement in Adjusted EBITDA Margin relative to current levels.

Off-Balance Sheet Arrangements

We have no off-balance sheet arrangements.

Recent Developments

Dissolution of Connected Shopping Ltd.

Connected Shopping Ltd., a wholly owned subsidiary of the Company, was dissolved on December 2, 2025 as part of an internal legal entity simplification. Prior to dissolution, all operations, assets, and liabilities were transferred to D2L Europe Ltd. The derecognition of the subsidiary did not have a material impact on the Annual Financial Statements.

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. This transaction aligns with the Company’s commitment to expand its learning platform with a focus on technologies that improve learning outcomes. The operating results of H5P 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 \$26.1 million, a purchase price holdback of \$0.9 million, and contingent consideration with a fair value at the date of acquisition of \$4.5 million, resulting in total consideration of \$31.5 million. 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 \$0.7 million of the purchase price holdback to the selling shareholders. During the year ended January 31, 2026, the Company paid the remaining purchase price holdback of \$0.2 million to the selling shareholders.

The contingent consideration of \$4.5 million reflects the present value of the expected contractual payment of \$4.9 million. The contingent consideration is payable to the selling shareholders upon meeting certain customer retention targets by the first

anniversary date following the acquisition. During the current year, the Company fully paid the contingent consideration in the amount of \$4.9 million to the selling shareholders.

There are also payments of up to \$2.5 million 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 year ended January 31, 2026, the Company paid \$1.9 million to the selling shareholders, settling the obligation.

The details of the net assets acquired and other information are disclosed in note 22 of the Company's Annual Financial Statements.

Contingencies

From time to time, we may be contingently liable with respect to litigation and claims that arise in the normal course of operations. We are of the opinion that current litigation will not have a significant effect on the financial position, results of operations, or cash flows of D2L. As at January 31, 2026, no material contingencies have been identified with respect to litigation or claims.

Related Party Transactions

Service Arrangements with Related Parties

In the normal course of business, we obtain select services from and provide select services to related parties as reviewed and approved by our Board of Directors (the "**Board**"), as further described below. Note 17 of the Annual Financial Statements provides additional details on our related party transactions:

Services we receive:

Catalyst – Lease of Premises

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 Chief Executive Officer ("**CEO**"), has a minority interest in Catalyst. The Catalyst transaction was approved by the independent members of the Board, 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 \$0.4 million and \$1.6 million for the three months and year ended January 31, 2026, respectively (2025 – \$0.4 million and \$1.8 million).

The Company infrequently rents additional space from Catalyst for ad hoc events. The ad hoc rental costs paid by D2L were less than \$0.1 million in Fiscal 2026 (2025 – nil).

During Fiscal 2026, the Company received a lease incentive amounting to nil (2025 – \$0.1 million). The lease incentive represents a reimbursement from the lessor for applicable leasehold improvements.

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

(in thousands of dollars)	CAD \$	USD \$
February 1, 2026 - January 31, 2027	1,938	1,423
February 1, 2027 - January 31, 2028	2,020	1,483
February 1, 2028 – January 31, 2029	2,106	1,547
February 1, 2029 – January 31, 2030	2,196	1,613
February 1, 2030 – July 31, 2033	8,434	6,192
Total undiscounted commitment	16,694	12,258

SkillsWave – Upskilling Education Services

On June 28, 2024, a corporation owned by John Baker, the Company’s CEO, acquired 70% of the equity interest in SkillsWave from the Company in exchange for cash consideration. SkillsWave was a wholly-owned subsidiary of the Company incorporated on April 2, 2024 and provides upskilling solutions to employers. As a result of the divestiture transaction, the Company has an investment in an associate, SkillsWave, by holding significant influence over the company through its 30% equity ownership interest in the company and the right to minority Board representation. The transactions with SkillsWave discussed herein were approved by the Board, John Baker abstaining, following declaration by John Baker of his conflict of interest. Please refer to notes 17(c) and 21 of the Annual Financial Statements for more details describing the divestiture transaction and the Company’s equity method of accounting for the investment in associate, respectively.

Subsequent to the divestiture of SkillsWave, D2L received upskilling education services from SkillsWave in the amount of \$0.1 million and \$0.4 million (2025 - \$0.1 million and \$0.3 million) for the three months and year ended January 31, 2026, respectively. As at January 31, 2026, the Company had less than \$0.1 million (2025 – \$0.2 million) in trade and other payables to this related party. The services received by D2L during Fiscal 2026 are consistent with the services it had previously received from the wave service offering internally, prior to the transition of the wave service offering from the Company to SkillsWave on June 28, 2024.

Services we provide:

Virtual High School (Ontario) – Subscription and Support Services

We provide e-Learning subscription and support services to VirtualHighSchool.com Inc. (“VHS”), a corporation in which John Baker had a minority interest. 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. The Virtual High School Agreement was approved by the Board, John Baker abstaining, following declaration by John Baker of his conflict of interest.

Revenue recognized by us pursuant to the Virtual High School Agreement was less than \$0.1 million and \$0.1 million for the three months and year ended January 31, 2026, respectively (2025 – less than \$0.1 million and \$0.1 million, respectively). As at January 31, 2026, the Company had nil (January 31, 2025 - nil) in trade receivables from this related party. The VHS Agreement was renewed on November 23, 2023 for an additional three-year term and was further amended on December 6, 2024 to extend the term to July 30, 2027. The renewal was approved by the Board, John Baker abstaining, following declaration by John Baker of his conflict of interest.

SkillsWave – Loan Receivable

On June 28, 2024, the Company provided a loan to SkillsWave (the “**SkillsWave Loan**”) in the principal amount of \$9.5 million 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. The SkillsWave Loan is secured by all assets of SkillsWave constituting a first priority security interest, subject only to permitted liens.

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. The Company estimated the fair value of the underlying share price used in the Black-Scholes model based on an enterprise valuation of SkillsWave using a discounted cash flow methodology, reflecting assumptions around its forecast results and its ability to access external financing.

Assumptions were used for certain inputs into this model. The fair value of the non-controlling and 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. The number of conversion options exercisable into non-voting shares of SkillsWave was based on the 37.5% maximum ownership interest limit in SkillsWave, and reflected the marketability and liquidity of the underlying shares given its current status as an early stage, private company.

As at January 31, 2026, the Company re-assessed the fair value of the loan receivable. Certain valuation inputs used in measuring the fair value of the SkillsWave Loan were updated, including the discount rate applied to the principal and interest payments based on SkillsWave's current credit risk, the number of conversion options exercisable into non-voting shares and the fair value of the underlying share price to assess the value of the conversion option.

During the year ended January 31, 2026, the Company recognized a fair value loss of \$4.3 million (2025 – \$0.4 million, which was reclassified from other income (expense) to reflect current year presentation) within the consolidated statements of comprehensive income. The fair value loss was computed based on the fair value of the conversion option using the aforementioned inputs and the present value of the expected future cash flows from the loan receivable principal and interest. The ending loan receivable balance of \$4.8 million (2025 – \$9.1 million) is recorded as "Loan receivable from associate" in the consolidated statements 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 applied to the principal and interest payments and the number of conversion options exercisable into non-voting shares of SkillsWave. The estimated fair value of the loan receivable decreases as the discount rate increases. The estimated fair value of the loan receivable increases as the number of conversion options exercisable into non-voting shares of SkillsWave increases, implying an increase in the assumed marketability and liquidity of the underlying shares. The estimated sensitivity to changes in the discount rate applied on the principal and interest payments to the estimated fair value of the loan, holding all other inputs constant, are presented below. Negative figures represent an increase to the fair value loss recorded within the consolidated statements of comprehensive income for the year ended January 31, 2026.

Assumption	Sensitivity	Increase (decrease) to income (loss) before income taxes
(in thousands of U.S. dollars)	%	\$
Discount rate	+ 10%	(350)
Discount rate	- 10%	387

Changes in the fair value of the loan receivable from associate are added back in the calculation of the Company's Adjusted EBITDA.

SkillsWave – Commercial Agreements

On June 28, 2024, the Company also entered into the following commercial arrangements with SkillsWave: (i) a Shared Technology License Agreement permitting SkillsWave the use of a perpetual, irrevocable, non-exclusive, royalty-free, non-transferrable and non-sublicensable license to use certain technology of D2L in connection with the conduct of its business; (ii) an Assignment and Guarantee Agreement whereby D2L assigns and transfers its rights, obligations, interests and liabilities in a customer agreement to SkillsWave, and in consideration of the assignment and release, D2L guarantees for the benefit of the customer all of SkillsWave's financial obligations and liabilities in respect of the period from the effective date of June 28, 2024 to August 21, 2026 under and subject to the terms and conditions of the customer agreement; further, and as a result of entering into such arrangement, SkillsWave cross-indemnifies D2L for any claims made under the Assignment and Guarantee Agreement; and (iii) a Transition Services Agreement ("Transition Services Agreement") with SkillsWave to provide administrative services on a cost recovery basis to support the orderly transition of the upskilling education business from the Company to SkillsWave. The TSA terminated by January 31, 2025. The Company recognized nil for the three months ended January 31, 2026 (2025 – less than \$0.1 million) in connection with the provision of administrative services, and nil for the year ended January 31, 2026 (2025 – less than \$0.1 million) in connection with the provision of administrative services, within 'Other income (expense)' in the audited annual consolidated statements of comprehensive income.

The Company further 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 less than \$0.1 million for both the three months and year ended January 31, 2026 (2025 – less than \$0.1 million for each respective period) and had less than \$0.1 million in trade receivables as at January 31, 2026 (2025 - nil). The terms of the customer contract and the services provided by D2L during Fiscal 2026 are consistent with the terms provided to other customers that use the Company's products and services.

Financial Instruments and Other Instruments

Credit and concentration risk

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

As at January 31, 2026, no customer accounted for more than 10% of the net trade receivables. Furthermore, trade receivable balances are managed and analyzed on an ongoing basis to ensure allowances for doubtful accounts are established and maintained at an appropriate amount.

We estimate anticipated losses from doubtful accounts based on historical collection experience and an evaluation of the potential risk of loss associated with specific accounts. An impairment loss on trade receivables is calculated as the difference between the carrying amount and the amount we reasonably believe will be collected. Impairment losses are charged to general and administrative expense in the audited annual consolidated statement of comprehensive income. Receivables for which an impairment provision was recognized are written off against the corresponding provision when it is deemed permanently uncollectible.

The maximum exposure to credit risk at the reporting date is the carrying value of trade receivables and the SkillsWave Loan. The SkillsWave Loan is secured by a first priority security interest, subject only to permitted liens.

The Company is not currently in possession of any collateral as security.

Liquidity risk

We limit our liquidity risk associated with our financial liabilities through the use of cash flows generated from operations, combined with the strategic issuance of additional equity, as required, to meet the capital requirements of maturing financial liabilities.

Our accounts payable have contractual maturities of 30 days or are due on demand and subject to normal trade terms. Due to our significant cash and cash equivalent balances and trade and other receivable balances, we continue to expect that these sources will be sufficient to fund our anticipated cash requirements for working capital, contractual commitments, capital expenditures and operating needs for the next 12 months.

Foreign currency exchange risk

We are exposed to foreign currency exchange risk as a portion of our revenues and operating costs are realized in currencies other than our U.S. functional currency. Significant currencies to which our Company has exposure include the Canadian dollar (“CAD”), British pound sterling (“GBP”), Australian dollar (“AUD”), Singapore dollar (“SGD”), Brazilian real (“BRL”), Euro (“EUR”) and Norwegian krone (“NOK”). For the year ended January 31, 2026, if those currencies had strengthened 5% against the U.S. dollar, with all other variables held constant, operating income for the years would have been an estimated \$4.0 million lower (2025 - \$3.9 million lower). Conversely, if those currencies had weakened 5% against the U.S. dollar with all other variables held constant, there would be an equal, and opposite impact, on operating income.

Additional operating earnings volatility arises from the translation of our monetary assets and liabilities denominated in foreign currencies at the rate of exchange on each date of our audited annual consolidated statements of financial position and is recognized through other comprehensive income in the audited annual consolidated statements of comprehensive income. The summary quantitative data about our exposure to currency risk as at January 31, 2026 is as follows:

(In thousands of local currency)	CAD	GBP	AUD	SGD	BRL	EUR	NOK
Cash and cash equivalents	5,195	5,334	12,475	5,007	34,290	4,629	63,714
Trade and other receivables	6,302	787	908	843	2,080	779	613
Uninvoiced revenue	1,775	57	152	121	1,929	3	—
Accounts payable and accrued liabilities	24,526	1,298	2,040	272	1,063	55	12,154

We reduce our exposure to foreign currency exchange risk by holding cash denominated in the local currency sufficient to cover local currency expenditures, thereby creating a natural hedge. We have not currently entered into any arrangements to hedge our exposure to currency risk during the three months and year ended January 31, 2026.

Fair value risk

Financial instruments that potentially subject us to significant fair value risk consist primarily of cash and cash equivalents, trade and other receivables, uninvoiced revenue and accounts payable and accrued liabilities. For those financial instruments, their carrying values approximate their fair values due to their short-term nature. The SkillsWave Loan and the contingent consideration are classified as Level 3 financial instruments as the inputs are not observable and there is no market-based activity.

The fair value of the SkillsWave Loan 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 11 in the Annual Financial Statements for additional information on the assumptions and estimates used. Key unobservable inputs include the discount rate used and the fair value of the share price.

For contingent consideration payable in a business combination, the Company measured the financial instrument at its estimated fair value upon initial measurement and at each subsequent reporting date. Key unobservable inputs include estimated customer churn values and discount rates. During Fiscal 2026, the Company fully settled all contingent consideration, and no liability remains as at January 31, 2026.

Significant Accounting Judgments, Estimates and Assumptions

The preparation of our Annual Financial Statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the amounts reported in the Annual Financial Statements and accompanying notes. We review our estimates on an ongoing basis based on our best knowledge of current events and actions that we may undertake in the future. Revisions to estimates are recognized prospectively. Actual results could differ from those estimates.

We have determined that we operate in a single operating and reportable segment.

Areas requiring the most significant judgments, estimates and assumptions are outlined below.

Revenue recognition

Our main sources of revenue are recurring subscriptions and support revenue derived from fees earned from customers for accessing D2L's learning technologies, as well as professional services and other revenue from consultation services to support the implementation of and training related to the learning technologies. Many of the Company's contracts with customers contain promises to deliver multiple products and services. Determining whether such bundled products and services are considered (i) distinct performance obligations that should be separately recognized, or (ii) non-distinct and therefore should be combined with another good or service and recognized as a combined unit of accounting may require judgment. In general, the Company's professional services are capable of being distinct as they could be performed by third party service providers and do not involve significant customization.

The overall methodology used to determine the standalone selling price for each distinct performance obligation requires significant judgments and estimates within a contract with a customer. The methodology used to determine the standalone selling price depends on the nature of the products and services and how they are priced in contracts with customers. This allocation affects the amount and timing of revenue recognized for each performance obligation. Refer to note 2(a) in the Annual Financial Statements or additional information on the assumptions and estimates used.

Uncertain tax positions and recoverability of deferred tax assets

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. We establish provisions based on reasonable estimates for possible consequences of audits by the tax authorities. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority.

Deferred income tax assets are recognized for unused tax losses and deductible temporary differences to the extent it is probable that taxable income will be available against which the losses and deductible temporary differences can be utilized. The recognition of deferred tax assets requires the Company to assess future taxable income available to utilize deferred tax assets related to deductible or taxable temporary differences. The Company considers the nature and carry-forward period of deferred tax assets, the Company's recent earnings history and forecast of future earnings in performing this assessment. The actual deferred tax assets realized may differ from the amount recorded due to factors having a negative impact on operating results of the Company and lower future taxable income. Refer to note 15 in the Annual Financial Statements for additional information on the assumptions and estimates used.

Trade and other receivables

The recognition of trade and other receivables and loss allowances requires us to assess credit risk and collectability. We consider historical trends and any available information indicating a customer could be experiencing liquidity or going concern problems and the status of any contractual or legal disputes with customers in performing this assessment.

Impairment of non-financial assets

When non-financial assets are tested for impairment, the determination of the assets' recoverable amount involves the use of estimates. The recoverable amount is based on the greater of internal estimates of value-in-use calculations or the fair value of the assets less costs to sell which are determined using discounted cash flow models. Key assumptions on which management has based its determination of value-in-use include an estimated discount rate and long-term growth rate.

Initial measurement of lease liabilities

The Company applies judgments in determining the discount rate used to measure the lease liability at the commencement date. The discount rate is estimated using the Company's incremental borrowing rate, which reflects the interest that the Company would have to pay to borrow the funds necessary to obtain a similar asset at a similar term, with a similar security, in a similar economic environment. The Company applies judgments in determining the lease term for certain leases which contain extension or termination options. Judgment is required in the determination of whether it is reasonably certain that these options will be exercised, and therefore reflected in the lease term for purposes of calculating the lease liability and right-of-use asset.

Classification and measurement of loan receivable from associate

The Company has determined the business model of the loan receivable from associate as being held-to-collect, based on management's intent and strategic objective to collect contractual cash flows on the financial instrument. In evaluating whether its contractual cash flows represent solely payments of principal and interest ("SPPI"), the Company considers the contractual terms of the instrument, including assessing whether the financial asset contains contractual terms that could change the timing or amount of contractual cash flows such that they would not be consistent with a basic lending arrangement. The Company has determined the loan receivable from associate would not meet the SPPI test given the conversion option of the loan. Accordingly, the Company classifies and measures the financial asset as fair value through profit and loss.

Fair value of acquired intangible assets

The Company estimates the fair value of acquired technology, customer relationships and brand acquired in a business combination based on the present value of expected future cash flows. These valuation techniques involve significant judgment as a result of a high degree of subjectivity and estimation uncertainty associated with the selection of the appropriate valuation methodology and the determination of the significant assumptions used to determine the fair value of the acquired intangible assets at the acquisition date. The assumptions relate to projected future revenues and expenses attributable to the acquired technology, customer relationships, or brand; software technology migration rates; expected research and development costs to maintain the acquired technology; customer attrition rates; royalty rates; economic useful lives; future growth rates; tax rates; margin rates; and discount rates.

Fair value of contingent consideration

The Company measures the contingent consideration payable in a business combination at the estimated fair value upon initial measurement and at each subsequent reporting date. The fair value is estimated using the most likely outcome and the resulting expected contingent consideration to be paid, discounted to its present value.

Material Accounting Policies

The material accounting policies used in the preparation of our consolidated financial statements are described in note 2 of the Annual Financial Statements.

Recently Issued Accounting Standards

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 consolidated financial statements.

New and amended standards and interpretations issued but not yet effective

As at the date of this MD&A, we have not yet applied the following new and revised IFRS Standards that have been issued but are not yet effective:

- The IASB published amendments to IFRS 9, Financial Instruments, and IFRS 7, Classification and Measurement of Financial Instruments. The amendments clarify when a financial asset or a financial liability is recognized and derecognized and to provide an exception for certain financial liabilities settled using an electronic payment system. The amendments will be effective for annual periods beginning on or after February 1, 2026. The Company is currently assessing the impact of these amendments and is not expecting any significant impacts to our consolidated financial statements.
- The IASB published IFRS 18, Presentation and Disclosure in Financial Statements (replacing IAS 1, Presentation of Financial Statements), which includes improvements on how information is communicated in the financial statements, with a focus on information in the statement of income. The new standard is effective for annual periods beginning on or after February 1, 2027. The Company is currently assessing the impacts this standard will have on our consolidated financial statements.

Disclosure Controls and Internal Controls Over Financial Reporting

Disclosure Controls and Procedures

The Company's CEO and Chief Financial Officer ("**CFO**") are responsible for establishing and maintaining our disclosure controls and procedures, as that term is defined in National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings* ("**NI 52-109**"). The CEO and the CFO have designed disclosure controls and procedures, or caused them to be designed under their supervision, to provide reasonable assurance that: (i) material information relating to the Company is made known to them by others, particularly during the period in which the annual filings are being prepared; and (ii) information required to be disclosed by the Company in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation. The CEO and CFO have evaluated, or caused to be evaluated under their supervision, the effectiveness of our disclosure controls and procedures as at January 31, 2026 and based on the evaluation, the CEO and CFO have concluded that the disclosure controls and procedures were effective as of such date.

Internal Controls Over Financial Reporting

Our internal controls over financial reporting (as that term is defined in NI 52-109, (“**ICFR**”)) are designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. Management, including the CEO and CFO, does not expect that our ICFR will prevent or detect all errors and all fraud or will be effective under all future conditions. A control system is subject to inherent limitations and even those systems determined to be effective can provide only reasonable, but not absolute, assurance that the control objectives will be met with respect to financial statement preparation and presentation.

Our CEO and CFO have evaluated, or caused to be evaluated under their supervision, the effectiveness of our ICFR as at January 31, 2026 and based on the evaluation, the CEO and CFO have concluded that the ICFR were effective as of such date.

There have been no changes in our ICFR during the period beginning on November 1, 2025 and ended on January 31, 2026 that have materially affected, or are reasonably likely to materially affect, our ICFR.

Authorized Share Capital

As at January 31, 2026, our authorized share capital consists of (i) an unlimited number of Subordinate Voting Shares, (ii) an unlimited number of Multiple Voting Shares, and (iii) an unlimited number of preferred shares, issuable in series. The Subordinate Voting Shares and Multiple Voting Shares rank *pari passu* with respect to the payment of dividends, return of capital and distribution of assets in the event of the liquidation, dissolution or winding up of the Company.

As of March 23, 2026, 26,920,697 Subordinate Voting Shares, 27,390,588 Multiple Voting Shares, and employee stock options under the Company’s legacy option plan to purchase a total of 842,532 Subordinate Voting Shares are issued and outstanding. In addition, the Company had 2,480,694 restricted stock units (“**RSUs**”) issued and outstanding, 6,833 performance share units (“**PSUs**”) issued and outstanding and 465,775 deferred share units (“**DSUs**”) issued and outstanding under the Company’s Long Term Incentive Plan. These RSUs, PSUs and DSUs may ultimately be settled through the issuance of Subordinate Voting Shares on a 1:1 basis, a cash payment equal to the market price of the vested units being settled in cash, or a combination of shares and cash, all as determined by the Board.

Risk Factors

We are exposed to risks and uncertainties in our business that may impact on our financial performance, position or condition and cash flows, which impacts may be material, including the risk factors set forth below:

- 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.
- 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.
- 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.
- 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.
- If we are unable to increase sales of subscriptions to our platform to customers while mitigating the risks and costs associated with serving such customers, our business, financial condition, and results of operations could suffer.

- 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.
- Continued economic uncertainty, an economic slowdown or a recession could affect our results, and other adverse economic and market conditions and reductions in spending may adversely impact our business and results of operations.
- Macroeconomic conditions may make it difficult to evaluate our future prospects and may increase the risk that we will not make accurate predictions of our future growth.
- Tariffs, 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.
- Issues in the use, adoption or innovation of AI in our platform may result in reputational harm, liability, or affect our results of operations.
- 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.
- Acquisitions, investments or divestitures could divert our management's attention, result in additional dilution to our shareholders, and otherwise disrupt our operations and harm our results of operations.
- If we fail to maintain and execute a clear, coherent, and well-communicated company strategy, our business performance and long-term prospects may be adversely affected.
- 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.
- Our growth depends in part on the success of our relationships with third-parties.
- We rely upon Amazon Web Services ("**AWS**") to operate certain aspects of our service and any restriction of, disruption of, or interference with our use of AWS could impair our ability to deliver our platform and applications to our customers.
- Mergers or other strategic transactions involving our competitors or customers could weaken our competitive position, which could harm our results of operations.
- 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.
- If we are unable to hire, retain and motivate qualified employees, our business will suffer.
- Our large customers have substantial negotiating leverage, which may require that we agree to terms and conditions that negatively affect our financial results.
- The failure of information systems could adversely impact D2L's reputation and results of operations.
- Failure to effectively invest in 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.
- If we cannot maintain our Company's culture, 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 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.
- Natural disasters, public health crises, political crises, or other catastrophic or adverse events, including adverse and uncertain macroeconomic conditions may adversely affect our business, operating results, or financial position.
- We are subject to contractual clauses that require us to comply with certain provisions of the Family Educational Rights and Privacy Act ("**FERPA**"), and we are subject to the Children's Online Privacy Protection Act ("**COPPA**"), and if we fail to comply with these laws, our reputation and business could be harmed.
- We may face exposure to foreign currency exchange rate fluctuations.

- Our business can be impacted by government policy and regulatory actions.
- Our sales to government entities are subject to a number of challenges and risks, which could negatively impact our business.
- Our quarterly and annual results of operations may vary significantly and may be difficult to predict.
- Seasonality may cause our sales and customer growth to vary from quarter-to-quarter.
- Changes to our platform, services or networks may result in a loss of customers.
- 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.
- Changes in our pricing models could adversely affect our revenue, gross profit and financial position.
- 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.
- Our sales cycles can be unpredictable, and our sales efforts require considerable time and expense.
- We may not receive significant revenue as a result of our current research and development efforts.
- 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 rely upon SaaS and AI technologies from third-parties to operate our business, and interruptions or performance problems, security and privacy vulnerabilities, or regulatory issues with these technologies may adversely affect our business and results of operations.
- 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.
- We have incurred operating losses and negative cash flows in the past and may incur operating losses and negative cash flows in the future.
- If we fail to develop, maintain, and enhance our brand and reputation cost-effectively, our business and financial condition may be adversely affected.
- Our inability to update and align our licensing models and product delivery with disruptive technological developments—particularly the rapidly evolving influence of artificial intelligence on software and SaaS licensing models—could adversely affect our business.
- 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.
- The use of open source software in our products may expose us to additional risks and harm our intellectual property.
- Real or perceived errors, failures, vulnerabilities, or bugs in our platform could harm our business and results of 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.
- 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.
- Negative publicity and sharing of information through social media could result in damage to the Company's reputation and its business may suffer as a result.
- Increases in the cost of insurance, or reduced availability of coverage, may adversely affect our business and financial condition.
- Any failure to offer high-quality and continuous customer support may harm our relationships with our customers and our results of operations.

- 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.
- The Company is impacted by rising inflationary pressures.
- We might require additional capital to support our growth, and this capital might not be available on acceptable terms, if at all.
- 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 could be adversely impacted by changes in internet access for our users or laws specifically governing the internet.
- It may be difficult or impossible for investors to enforce judgments against foreign subsidiaries and non-resident directors or officers of the Company.
- Our international operations subject us to potentially adverse tax consequences.
- 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.
- 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.
- 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.
- 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 adoption of new accounting standards or interpretations could adversely affect the Company's financial results.
- 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.
- 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 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.
- Our financial condition may be adversely affected by geopolitical events.
- The Company has a certain degree of concentration of customers and customer sectors.
- 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.
- Sustainability efforts and disclosures may have adverse impacts on our business.
- The Company's holding company structure makes it dependent on the operations of its subsidiaries.
- The Company's ability to recover the SkillsWave Loan depends on SkillsWave's execution as an early-stage private company, and weaker financial performance could result in additional fair value losses and/or non-recovery of the loan despite the Company's first priority, security interest in SkillsWave's assets.

These risks are described in further detail in the section entitled "*Risk Factors*" in our AIF for Fiscal 2026.