



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

D2L INC.

Three months ended April 30, 2026 and 2025
(Unaudited)

D2L INC.

Condensed Consolidated Interim Statements of Financial Position

(In U.S. dollars)

As at April 30, 2026 and January 31, 2026

(Unaudited)

	April 30, 2026	January 31, 2026
Assets		
Current assets:		
Cash and cash equivalents	\$ 95,699,241	\$ 119,210,190
Trade and other receivables (note 3)	29,461,310	26,446,779
Uninvoiced revenue	3,153,391	3,365,404
Prepaid expenses	9,463,596	8,929,070
Deferred commissions	5,959,787	6,046,380
	143,737,325	163,997,823
Non-current assets:		
Other receivables (note 3)	227,312	274,542
Prepaid expenses	511,635	480,900
Deferred income taxes	14,480,657	16,447,851
Right-of-use assets	7,527,005	7,879,566
Property and equipment	6,320,549	6,712,449
Deferred commissions	7,009,682	7,111,530
Loan receivable from associate (note 5)	4,821,800	4,821,800
Intangible assets	15,829,945	16,577,630
Goodwill	27,319,436	27,619,673
Total assets	\$ 227,785,346	\$ 251,923,764
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 31,174,963	\$ 40,057,268
Deferred revenue	96,177,276	111,638,604
Lease liabilities	1,592,050	1,641,257
	128,944,289	153,337,129
Non-current liabilities:		
Deferred income taxes	3,356,839	3,487,856
Lease liabilities	9,739,747	10,118,128
	13,096,586	13,605,984
	142,040,875	166,943,113
Shareholders' equity:		
Share capital (note 6)	360,660,505	359,412,845
Additional paid-in capital	44,981,734	49,129,311
Accumulated other comprehensive loss	(4,272,450)	(3,954,805)
Deficit	(315,625,318)	(319,606,700)
	85,744,471	84,980,651
Related party transactions (note 9)		
Investment in associate (note 12)		
Subsequent event (note 13)		
Total liabilities and shareholders' equity	\$ 227,785,346	\$ 251,923,764

See accompanying notes to the condensed consolidated interim financial statements.

On behalf of the Board of Directors:

(signed) John Baker, Director

(signed) J. Ian Giffen, Director

D2L INC.

Condensed Consolidated Interim Statements of Comprehensive Income

(In U.S. dollars, except share amounts)

For the three months ended April 30, 2026 and 2025

(Unaudited)

	2026	2025
Revenue:		
Subscription and support	\$ 52,722,709	\$ 47,735,572
Professional services and other	4,406,906	5,099,599
	57,129,615	52,835,171
Cost of revenue:		
Subscription and support	13,848,832	11,840,420
Professional services and other	3,627,306	3,964,545
	17,476,138	15,804,965
Gross profit	39,653,477	37,030,206
Expenses:		
Sales and marketing	15,523,375	13,668,739
Research and development	13,077,156	11,459,714
General and administrative	8,046,967	8,386,362
	36,647,498	33,514,815
Income from operations	3,005,979	3,515,391
Interest and other income (expense):		
Interest expense	(149,871)	(220,129)
Interest income	756,914	717,052
Other income	7,106	142,789
Fair value gain on loan receivable from associate (note 5)	—	172,270
Foreign exchange gain	120,650	1,536,516
	734,799	2,348,498
Income before income taxes	3,740,778	5,863,889
Income taxes expense:		
Current	312,761	571,177
Deferred	1,758,346	2,024,408
	2,071,107	2,595,585
Income for the period	1,669,671	3,268,304
Other comprehensive (loss) income:		
Foreign currency translation (loss) gain	(317,645)	2,760,468
Comprehensive income	\$ 1,352,026	\$ 6,028,772
Earnings per share – basic (note 7)	\$ 0.03	\$ 0.06
Earnings per share – diluted (note 7)	\$ 0.03	\$ 0.06
Weighted average number of common shares – basic (note 7)	54,399,915	54,689,330
Weighted average number of common shares – diluted (note 7)	56,467,387	56,137,363

See accompanying notes to the condensed consolidated interim financial statements.

D2L INC.

Condensed Consolidated Interim Statements of Changes in Shareholders' Equity

(In U.S. dollars, except share amounts)

For the three months ended April 30, 2026 and 2025

(Unaudited)

	Share Capital Shares	Amount	Additional paid-in capital	Accumulated other comprehensive loss	Deficit	Total
Balance, January 31, 2026	54,472,285	\$ 359,412,845	\$ 49,129,311	\$ (3,954,805)	\$ (319,606,700)	\$ 84,980,651
Issuance of Subordinate Voting Shares on exercise of options	163	2,064	(2,064)	—	—	—
Issuance of Subordinate Voting Shares on settlement of restricted share units	475,529	4,301,869	(7,721,557)	—	—	(3,419,688)
Stock-based compensation (note 8)	—	—	3,630,599	—	—	3,630,599
Reduction in excess tax benefit on stock-based compensation	—	—	(54,555)	—	—	(54,555)
Repurchase of share capital for cancellation under the NCIB (note 6)	(444,300)	(3,056,273)	—	—	—	(3,056,273)
Change in share repurchase commitment under the ASPP (note 6)	—	—	—	—	2,311,711	2,311,711
Other comprehensive loss	—	—	—	(317,645)	—	(317,645)
Income for the period	—	—	—	—	1,669,671	1,669,671
Balance, April 30, 2026	54,503,677	\$ 360,660,505	\$ 44,981,734	\$ (4,272,450)	\$ (315,625,318)	\$ 85,744,471
Balance, January 31, 2025	54,653,174	\$ 367,487,956	\$ 48,263,266	\$ (7,456,599)	\$ (323,548,911)	\$ 84,745,712
Issuance of Subordinate Voting Shares on exercise of options	13,734	120,279	(88,253)	—	—	32,026
Issuance of Subordinate Voting Shares on settlement of restricted share units	370,200	1,328,952	(5,292,603)	—	—	(3,963,651)
Stock-based compensation (note 8)	—	—	3,213,041	—	—	3,213,041
Reduction in excess tax benefit on stock-based compensation	—	—	(715,104)	—	—	(715,104)
Repurchase of share capital for cancellation under the NCIB (note 6)	(168,800)	(1,811,339)	—	—	—	(1,811,339)
Change in share repurchase commitment under the ASPP (note 6)	—	—	—	—	(3,750,461)	(3,750,461)
Other comprehensive income	—	—	—	2,760,468	—	2,760,468
Income for the period	—	—	—	—	3,268,304	3,268,304
Balance, April 30, 2025	54,868,308	\$ 367,125,848	\$ 45,380,347	\$ (4,696,131)	\$ (324,031,068)	\$ 83,778,996

See accompanying notes to the condensed consolidated interim financial statements.

D2L INC.

Condensed Consolidated Interim Statements of Cash Flows

(In U.S. dollars)

For the three months ended April 30, 2026 and 2025

(Unaudited)

	2026	2025
Operating activities:		
Income for the period	\$ 1,669,671	\$ 3,268,304
Items not involving cash:		
Depreciation of property and equipment	415,737	392,558
Depreciation of right-of-use assets	390,517	347,334
Amortization of intangible assets	559,411	557,631
Gain on disposal of property and equipment	(402)	(16,825)
Stock-based compensation (note 8)	3,630,599	3,213,041
Net interest income	(607,043)	(496,923)
Income tax expense	2,071,107	2,595,585
Fair value gain on loan receivable from associate (note 5)	—	(172,270)
Changes in operating assets and liabilities:		
Trade and other receivables	(3,007,365)	3,684,970
Uninvoiced revenue	225,918	(133,791)
Prepaid expenses	(591,103)	153,112
Deferred commissions	146,956	369,573
Accounts payable and accrued liabilities	(6,586,883)	(1,189,037)
Deferred revenue	(15,514,330)	(14,399,467)
Right-of-use assets and lease liabilities	(60,840)	—
Interest received	752,047	710,627
Interest paid	(15,165)	(1,633)
Income taxes paid	(307,301)	(738,303)
Cash flows used in operating activities	(16,828,469)	(1,855,514)
Financing activities:		
Payment of lease liabilities	(527,655)	(487,522)
Net proceeds from sub-lease receivable	47,451	—
Proceeds from exercise of stock options	—	32,026
Taxes paid on settlement of restricted share units	(3,419,688)	(3,963,651)
Repurchase of share capital for cancellation under the NCIB (note 6)	(3,056,273)	(1,811,339)
Cash flows used in financing activities	(6,956,165)	(6,230,486)
Investing activities:		
Purchase of property and equipment	(44,667)	(1,737)
Proceeds from disposal of property and equipment	402	16,825
Cash flows (used in) from investing activities	(44,265)	15,088
Effect of exchange rate changes on cash and cash equivalents	317,950	1,413,232
Decrease in cash and cash equivalents	(23,510,949)	(6,657,680)
Cash and cash equivalents, beginning of period	119,210,190	99,184,514
Cash and cash equivalents, end of period	\$ 95,699,241	\$ 92,526,834

See accompanying notes to the condensed consolidated interim financial statements.

D2L INC.

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

Three months ended April 30, 2026 and 2025

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

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

1. Basis of presentation:

(a) Statement of compliance and consolidation:

These unaudited condensed consolidated interim financial statements (the “Interim Financial Statements”) have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting, as issued by the International Accounting Standards Board. They do not include all the information required for a complete set of financial statements prepared in accordance with IFRS Accounting Standards (“IFRS”) as issued by the International Accounting Standards Board and should be read in conjunction with the annual audited consolidated financial statements of the Company for the year ended January 31, 2026 (the “Annual Financial Statements”). Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Company's financial position and performance since the Annual Financial Statements.

These Interim Financial Statements were authorized for issuance by the Board of Directors on June 9, 2026.

D2L INC.

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

Three months ended April 30, 2026 and 2025

1. Basis of presentation (continued):

(b) Basis of consolidation:

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

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

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

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

(c) Seasonality of interim operations:

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

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

D2L INC.

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

Three months ended April 30, 2026 and 2025

1. Basis of presentation (continued):

(d) Use of estimates and judgments:

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

2. Material accounting policies:

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

New and amended standards and interpretations adopted by the Company

Effective February 1, 2026, the Company adopted the following amended accounting standards:

Amendments to IFRS 9, Financial Instruments, and IFRS 7, Classification and Measurement of Financial Instruments, clarifying when a financial asset or a financial liability is recognized and derecognized. The amendments also provide an exception for certain financial liabilities settled using an electronic payment system when the entity has no practical ability to withdraw, stop, or cancel the payment instruction; the entity has no practical ability to access the cash used for settlement, and the settlement risk associated with the electronic payment system is insignificant. The Company has elected to apply this option and derecognizes financial liabilities prior to the settlement date when the relevant conditions have been met. The adoption of the amendments to these standards did not have a material impact on the Company's Interim Financial Statements.

New and amended standards and interpretations issued not yet effective

The Company is currently assessing the impacts of IFRS 18, Presentation and Disclosure in the Financial Statements, on its consolidated financial statements.

D2L INC.

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

Three months ended April 30, 2026 and 2025

3. Trade and other receivables:

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

	As at April 30, 2026	As at January 31, 2026
Trade receivables	\$ 29,372,756	\$ 26,368,632
Allowance for doubtful accounts	(927,454)	(801,388)
Net trade receivables	28,445,302	25,567,244
Other receivables	1,243,320	1,154,077
Trade and other receivables	\$ 29,688,622	\$ 26,721,321
Comprised of:		
Current	\$ 29,461,310	\$ 26,446,779
Non-current	\$ 227,312	\$ 274,542

As at April 30, 2026, one customer accounted for more than 10% of the net trade receivables (January 31, 2026 - no customer accounted for more than 10% of net trade receivables).

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

D2L INC.

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

Three months ended April 30, 2026 and 2025

4. Financial instruments:

Fair value of financial instruments:

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

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

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

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

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

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

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

D2L INC.

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

Three months ended April 30, 2026 and 2025

5. Loan receivable from associate:

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

The SkillsWave Loan was initially measured at fair value and is subsequently measured at fair value through profit or loss. The fair value reflects the discounted principal and interest payments and the value of the conversion option. As at April 30, 2026, the Company reassessed the fair value of the SkillsWave Loan using valuation methodologies consistent with those applied as at January 31, 2026, including a discounted cash flow model and the Black-Scholes option pricing model. Certain assumptions, inputs and qualitative factors were updated to reflect conditions as at April 30, 2026, including SkillsWave’s forecast results, ability to access external financing, credit risk, the number of conversion options exercisable into non-voting shares and the fair value of the underlying shares. The Company concluded that these updates did not result in a material change to the fair value of the SkillsWave Loan. Accordingly, no fair value gain or loss was recognized during the three months ended April 30, 2026 (2025 – fair value gain of \$172,270). The loan receivable balance of \$4,821,800 (January 31, 2026 – \$4,821,800) is recorded as “Loan receivable from associate” in the condensed consolidated interim statements of financial position.

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. Positive figures would represent a fair value gain recorded within the condensed consolidated interim statements of comprehensive income for the period ended April 30, 2026.

Assumption	Sensitivity	Increase (decrease) to income before income taxes
Discount rate on principal and interest payments	+10%	\$ (341,170)
Discount rate on principal and interest payments	-10%	\$ 380,605

D2L INC.

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

Three months ended April 30, 2026 and 2025

6. Share capital:

(a) Authorized share capital as at April 30, 2026 and January 31, 2026:

- Unlimited number of Subordinate Voting Shares, entitled to one vote per share, non-cumulative participating dividend rights, not convertible into any other class of shares
- Unlimited number of Multiple Voting Shares, entitled to 10 votes per share, non-cumulative participating dividend rates, convertible into Subordinate Voting Shares at the option of the holder and automatically in certain situations, subject to certain restrictions
- Unlimited number of preferred shares, issuable in series. The Board of Directors may, subject to certain restrictions, fix the number of preferred shares in a series and determine the designation of certain rights, including but not limited to: any right to receive dividends; any terms or conditions of redemption or purchase; any conversion rights; any retraction rights; and any rights on the Company's liquidation, dilution and winding up.

(b) Issued:

As at April 30, 2026, the Company had 27,113,089 Subordinate Voting Shares and 27,390,588 Multiple Voting Shares issued and outstanding. No preferred shares were issued and outstanding.

As at January 31, 2026, the Company had 27,081,697 Subordinate Voting Shares and 27,390,588 Multiple Voting Shares issued and outstanding. No preferred shares were issued and outstanding.

(c) Normal course issuer bid:

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

On December 9, 2025, the Company renewed its NCIB. The Company can repurchase for cancellation up to 1,474,527 of the Company's Subordinate Voting Shares, representing approximately 10% of the "public float" (within the meaning of the rules of the TSX), during the twelve-month period commencing December 12, 2025.

D2L INC.

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

Three months ended April 30, 2026 and 2025

6. Share capital (continued):

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 ended April 30, 2026, the Company repurchased and cancelled 444,300 (2025 – 168,800) Subordinate Voting Shares under the NCIB for an aggregate purchase price of \$3,056,273 (2025 – \$1,811,339), which was recorded as a reduction of share capital.

As at January 31, 2026, the Company recognized a liability of \$6,097,244 (January 31, 2025 – \$1,097,603) 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 April 30, 2026, the Company has recorded the liability as \$3,785,533 (April 30, 2025 – \$4,848,064) for the repurchase of Subordinate Voting Shares under an ASPP within accounts payable and accrued liabilities, as an estimate to the maximum number of shares that could be repurchased during the then-current blackout period. This resulted in a change of the liability made as at January 31, 2026 in the amount of \$2,311,711, which was released from deficit for the three months ended April 30, 2026 (2025 – \$3,750,461 was charged to deficit).

7. Earnings per share:

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

	April 30, 2026	April 30, 2025
Income for the period	\$ 1,669,671	\$ 3,268,304
Weighted average number of outstanding shares - basic	54,399,915	54,689,330
Weighted average number of outstanding shares - dilutive	56,467,387	56,137,363
Earnings per share – basic	\$ 0.03	\$ 0.06
Earnings per share – dilutive	\$ 0.03	\$ 0.06

D2L INC.

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

Three months ended April 30, 2026 and 2025

7. Earnings per share (continued):

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

For the three months period ended April 30, 2026, 260,668 (2025 – 160,585) potentially dilutive instruments have been excluded from the weighted average number of diluted common shares as their effect would have been anti-dilutive.

8. Stock-based compensation:

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

	2026	2025
Cost of subscription and support	\$ 113,621	\$ 77,694
Cost of professional services and other	158,230	128,288
Sales and marketing	613,338	388,062
Research and development	1,026,190	898,946
General and administrative	1,719,220	1,720,051
	<u>\$ 3,630,599</u>	<u>\$ 3,213,041</u>

During the three months ended April 30, 2026, total stock-based compensation expense consists of \$1,929 (2025 – \$27,368) relating to stock options, \$3,375,984 (2025 – \$2,998,899) relating to RSUs, \$23,760 (2025 – \$3,192) relating to PSUs, and \$228,926 (2025 – \$183,582) relating to DSUs.

D2L INC.

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

Three months ended April 30, 2026 and 2025

8. Stock-based compensation (continued):

(a) Legacy stock option plan

A summary of stock option activity for the three months ended April 30, 2026 is presented below:

	Number of stock options outstanding	Weighted average exercise price	Weighted average remaining contractual life (years)
Balance, January 31, 2026	843,002	\$ 7.58	4.07
Options forfeited	(1,940)	7.37	—
Options exercised	(824)	5.16	—
Balance, April 30, 2026	840,238	\$ 7.59	3.83
Exercisable, end of period	840,238	\$ 7.59	3.83

A summary of stock option activity for the three months ended April 30, 2025 is presented below:

	Number of stock options outstanding	Weighted average exercise price	Weighted average remaining contractual life (years)
Balance, January 31, 2025	1,133,642	\$ 7.11	4.43
Options forfeited	(7,049)	6.63	—
Options exercised	(25,449)	5.33	—
Balance, April 30, 2025	1,101,144	\$ 7.15	4.28
Exercisable, end of period	1,012,702	\$ 6.87	4.14

D2L INC.

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

Three months ended April 30, 2026 and 2025

8. Stock-based compensation (continued):

Options outstanding and exercisable as at April 30, 2026 by range of exercise price are as follows:

Options outstanding and exercisable			
Range of exercise prices	Weighted average exercise price	Number of stock options	Weighted average remaining contractual life (years)
\$5.00 - \$6.00	\$ 5.16	380,069	2.68
\$6.01 - \$7.00	6.50	200,347	4.44
\$8.01 - \$9.00	8.48	42,322	4.54
\$9.01 - \$10.00	9.55	57,500	4.83
\$10.01 - \$14.00	13.77	160,000	5.27
	\$ 7.59	840,238	3.83

(b) Long Term Incentive Plan:

Restricted share units

A summary of RSU activity for the period ended April 30, 2026 is presented below:

	Number of RSUs outstanding	Weighted average grant date fair value per RSU (in CAD)
Balance, January 31, 2026	2,500,271	\$ 11.18
RSUs granted	1,305,939	8.05
RSUs forfeited	(29,159)	11.23
RSUs settled	(1,023,603)	10.17
Balance, April 30, 2026	2,753,448	\$ 10.07
Vested but not yet settled, April 30, 2026	—	\$ —

D2L INC.

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

Three months ended April 30, 2026 and 2025

8. Stock-based compensation (continued):

A summary of RSU activity for the period ended April 30, 2025 is presented below:

	Number of RSUs outstanding	Weighted average grant date fair value per RSU (in CAD)
Balance, January 31, 2025	2,838,480	\$ 9.19
RSUs granted	1,293,862	12.25
RSUs forfeited	(28,791)	9.96
RSUs settled	(796,533)	9.16
Balance, April 30, 2025	3,307,018	\$ 10.39
Vested but not yet settled, April 30, 2025	—	\$ —

9. Related party transactions:

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

- (a) The Company recognized revenue of \$22,493 for the period ended April 30, 2026 (2025 - \$21,430) related to service agreements with Virtual High School Ontario ("VHS"), a corporation controlled by family members of John Baker, the Company's Chief Executive Officer ("CEO"), and in which John Baker had a minority interest. As at April 30, 2026, the Company had a nil balance (January 31, 2026 – nil) in trade and other receivables from this related party. The VHS Agreement was renewed on December 6, 2024 to extend the term to July 30, 2027.
- (b) On October 15, 2021, D2L Corporation, a subsidiary of the Company, entered into a lease agreement with Catalyst 137 Kitchener L.P. ("Catalyst") for office space in Kitchener, Ontario (the "Kitchener Lease"). John Baker, the Company's CEO, has a minority interest in Catalyst. The Catalyst transactions were approved by the independent members of the Board of Directors, John Baker abstaining, following declaration of his conflict of interest. John Baker did not participate in the negotiation of the terms of the Kitchener Lease.

The term of the Kitchener Lease is 11.5 years, which commenced on February 1, 2022. The Company recognized lease-related expenses, including right-of-use asset amortization, interest expense and common area maintenance fees, of \$417,456 for the period ended April 30, 2026 (2025 – \$402,465).

D2L INC.

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

Three months ended April 30, 2026 and 2025

9. Related party transactions (continued):

The Company infrequently rents additional space at Catalyst for ad hoc events. The ad hoc rental costs paid by the Company were \$10,988 in the current period (2025 – \$7,743).

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

	CAD	USD
May 1, 2026 - January 31, 2027	\$ 1,463,585	\$ 1,071,125
February 1, 2027 - January 31, 2028	2,020,311	1,478,565
February 1, 2028 - January 31, 2029	2,106,390	1,541,562
February 1, 2029 – January 31, 2030	2,196,192	1,607,284
February 1, 2030 – July 31, 2033	8,433,473	6,172,038
Total undiscounted commitment	\$ 16,219,951	\$ 11,870,574

- (c) The Company has an investment in associate, SkillsWave, by holding significant influence over the company through its 30% equity ownership interest in the company and right to minority Board representation. Refer to note 12 for additional details.

The Company has additional commercial arrangements with SkillsWave, as described in the Company's Annual Financial Statements. Activity for the three months ended April 30, 2026 included upskilling education services received from SkillsWave in the amount of \$76,468 (2025 – \$60,186). As at April 30, 2026, the Company had \$14,224 (January 31, 2026 – \$30,323) in accounts payable and accrued liabilities to this related party. The services received by the Company during the current period are consistent with the services it had previously received from the upskilling education business (the **“Wave Service Offering”**), prior to the transition of the Wave Service Offering from the Company to SkillsWave on June 28, 2024.

The Company also entered into a customer contract with SkillsWave for use of the Company's products and services dated September 18, 2024 for a term of three years which began on October 1, 2024 and will end on January 31, 2027. The Company recognized revenue of \$2,549 for the three months ended April 30, 2026 (2025 – \$4,037) and had nil in trade and other receivables as at April 30, 2026 (January 31, 2026 – \$9,715).

As at January 31, 2026, the Company had recognized an amount payable of \$56,642 owed to SkillsWave, relating to an outstanding liability arising from the original disposal transaction and in accordance with the Asset Purchase Agreement dated June 28, 2024. During the three months ended April 30, 2026, the payable was settled in full. Excluding this amount owing, the Company does not expect any further obligations from this transaction.

D2L INC.

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

Three months ended April 30, 2026 and 2025

10. Employee benefits:

The total employee compensation comprising of salaries and benefits, excluding grants and tax credits, for the three months ended April 30, 2026 was \$32,004,731 (2025 - \$29,924,397).

The Company has a defined contribution pension plan for its eligible employees. The total cost recognized for the plan for the three months ended April 30, 2026 was \$775,354 (2025 - \$840,835).

11. Operating segments:

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

Geographic information:

Revenue by geographic region, based on the physical location of the customer for the three months ended April 30, is as follows:

	2026	2025
Canada	\$ 14,133,255	\$ 12,726,599
United States	30,910,638	29,821,566
Rest of world	12,085,722	10,287,006
Total	\$ 57,129,615	\$ 52,835,171

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

D2L INC.

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

Three months ended April 30, 2026 and 2025

11. Operating segments (continued):

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

Property and equipment:

	April 30, 2026	January 31, 2026
Canada	\$ 6,107,016	\$ 6,467,260
Rest of world	213,533	245,189
Total	\$ 6,320,549	\$ 6,712,449

Right-of-use assets:

	April 30, 2026	January 31, 2026
Canada	\$ 7,093,502	\$ 7,375,965
Rest of world	433,503	503,601
Total	\$ 7,527,005	\$ 7,879,566

Intangible assets:

	April 30, 2026	January 31, 2026
Canada	\$ 352,669	\$ 373,880
United Kingdom	15,477,276	16,203,750
Total	\$ 15,829,945	\$ 16,577,630

Goodwill:

	April 30, 2026	January 31, 2026
Canada	\$ 6,969,245	\$ 6,995,793
United Kingdom	20,350,191	20,623,880
Total	\$ 27,319,436	\$ 27,619,673

D2L INC.

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

Three months ended April 30, 2026 and 2025

12. Investment in associate:

The Company has recognized an investment in associate related to its 30% ownership interest in SkillsWave which has been accounted for using the equity method of accounting. As a result of the Company's share of SkillsWave's cumulative net losses, the investment in associate was reduced to nil and the Company had unrecognized losses of SkillsWave of \$410,868 for the three months ended April 30, 2026 (2025 – \$250,574). The Company's cumulative unrecognized share of losses in SkillsWave as at April 30, 2026 was \$1,845,692 (\$488,933 as at April 30, 2025).

The associate had no contingent liabilities or capital commitments as at April 30, 2026.

13. Subsequent event:

On June 9, 2026, the Company announced that the Board of Directors had approved a substantial issuer bid under which the Company has offered to repurchase for cancellation up to CAD \$20.0 million of its Subordinate Voting Shares at a price of not less than CAD \$10.50 and not more than CAD \$11.50 per share (the "Offer"). In connection with the Offer, the Company has temporarily suspended repurchase of common shares pursuant to the NCIB in accordance with applicable securities legislation.