D2L

Transform the way the world learns

JOHN BAKER, FOUNDER & CEO
JOSH HUFF, CFO

December 2023

D2L has a fiscal year ended January 31
All figures are U.S. dollar denominated, unless otherwise noted



Disclaimer

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.

Forward-Looking Information

This presentation and the accompanying oral statements, including in response to questions, contains “forward-looking information” within the meaning of applicable securities laws. Forward-looking information may relate to our future financial outlook and anticipated events or results and may include information regarding our financial position, business strategy, growth strategies, addressable markets, budgets, operations, financial results, taxes, dividend policy, plans and objectives. Particularly, information regarding our expectations of future results, performance, achievements, prospects or opportunities or the markets in which we operate is forward-looking information. 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. The Company has based the forward-looking information on its current expectations and projections about future events and financial trends that it believes might affect its financial condition, results of operations, business strategy and financial needs.

This forward-looking information includes, but is not limited to, 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; the markets in which the Company operates; industry trends and the Company’s competitive position; expansion of the Company’s product offerings; trends in research and development expenses as a percentage of revenue; the Company’s medium term target operating model; the timing and pace for achieving profitability; expectation of margin expansion and Free Cash Flow growth; and expectations regarding the growth of the Company’s customer base, revenue and revenue generation potential, including our outlook for the year ending January 31, 2024 ("Fiscal 2024"). 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 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; business and industry trends, including the success of current and future product development initiatives; positive social development and attitudes toward the pursuit of higher education; the Company’s ability to maintain positive relationships with its customer base and strategic partners; the Company’s ability to adapt and develop solutions that keep pace with continuing changes in technology, education and customer needs; the ability to patent new technologies and protect intellectual property rights; the Company’s ability to comply with security, cybersecurity and accessibility laws, regulations and standards; the assumptions underlying the judgments and estimates impacting on financial statements; the availability of capital resources for, and the permissibility under the Company’s credit facility of, repurchases of outstanding Subordinate Voting Shares under its NCIB; and the Company’s ability to retain key personnel; and the factors and assumptions discussed under the “Financial Outlook - Medium Term Target Operating Model” section of the Company’s Management’s Discussion and Analysis (“MD&A”) for the 12 months ended January 31, 2023 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 presentation. 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, or at “Summary of Factors Affecting Our Performance” of the Company’s Management’s Discussion and Analysis (“MD&A”) for the three and nine months ended October 31, 2023, or in the “Risk Factors” section of the Company’s most recently filed Annual Information Form, each of which is available under our profile on SEDAR at www.sedar.com. If any of these risks or uncertainties materialize, or if assumptions underlying the forward-looking information prove incorrect, actual results might vary materially from those anticipated in the forward-looking information. Given these risks and uncertainties, investors are cautioned not to place undue reliance on forward-looking information. Any forward-looking information that is contained in this presentation 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.

Non-IFRS Financial Measures and Other Measures

The information presented within this presentation 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 in order to facilitate operating performance comparisons from period to period, to prepare annual operating budgets and forecasts, and assess our ability to meet our capital expenditures and working capital requirements. For reconciliations of, and further explanations on the composition and uses of, such non-IFRS financial measures, including those used as components of non-IFRS ratios, please refer to the “Non-IFRS Financial Measures” and the “Non-IFRS Financial Measures – Explanation and Reconciliation of Non-IFRS Financial Measures” parts of the Company’s annual MD&A for the year ended January 31, 2023 as available under the Company's profile on SEDAR at www.sedar.com, which reconciliations and further explanations are incorporated herein by reference.

The information presented in this presentation also includes key performance indicators used by management such as Annual Recurring Revenue and Constant Currency Annual Recurring Revenue. An explanation of the composition of such measures is described in the "Non-IFRS and Other Financial Measures - Key Performance Indicators" part of the Company’s MD&A for the three and nine months ended October 31, 2023 as available under the Company's profile on SEDAR at www.sedar.com, which explanations are incorporated herein by reference.

All figures are U.S. dollar denominated, unless otherwise noted. Certain totals, subtotals and percentages may not reconcile due to rounding.



Our vision is a better world where learning can be accessible, engaging, and inspiring.

Our mission is to help transform the way the world learns.

A global learning technology leader

24
years transforming learning

1,240+
customers

40+
countries

18M+
users

1) Figures are as of January 31, 2023, except Users which is as of December 2023.

Growth, scale, stability and strong fundamentals

Growth



13%

Q3-24 Subscription & Support Revenue Growth[1]

Subscription & Support Revenue growth to $41.5 million

Scale



$180M+

ANNUAL RECURRING REVENUE[2]

Advantage of scale supports our market position across Higher Ed, K-12 and Corporate

Stability & Visibility



89%

Recurring Revenue in Q3-24[1]

Recurring subscription model is predictable, measurable, and built to scale

Stickiness



3-5

Year term for a majority of subscription revenue contracts

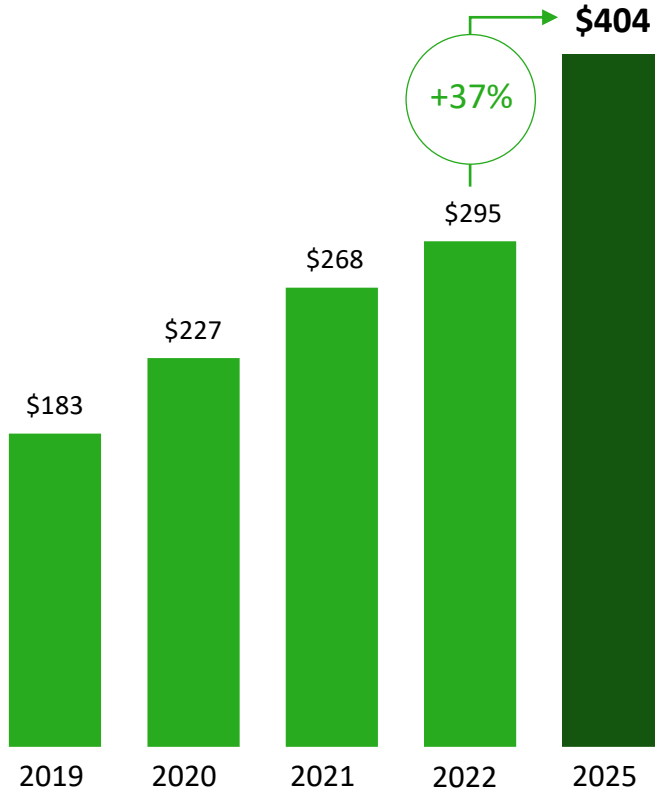
Attractive long-term return on investment on sales and marketing investments given long customer tenure

1) Refers to the period ended October 31, 2023.
2) Refers to the period ended October 31, 2023. A Key Performance Indicator. See “Non-IFRS and Other Financial Measures - Key Performance Indicators" in the Company’s MD&A for the period ended October 31, 2023.

All denominations are in U.S. dollars

EdTech: large market with accelerating growth

GLOBAL EDTECH SPEND[1]
(US$ billions)



Learning Environments[1]

$43B

in 2025

Global Education & Adult Training[1]

$7.3T

in 2025

Key Catalysts

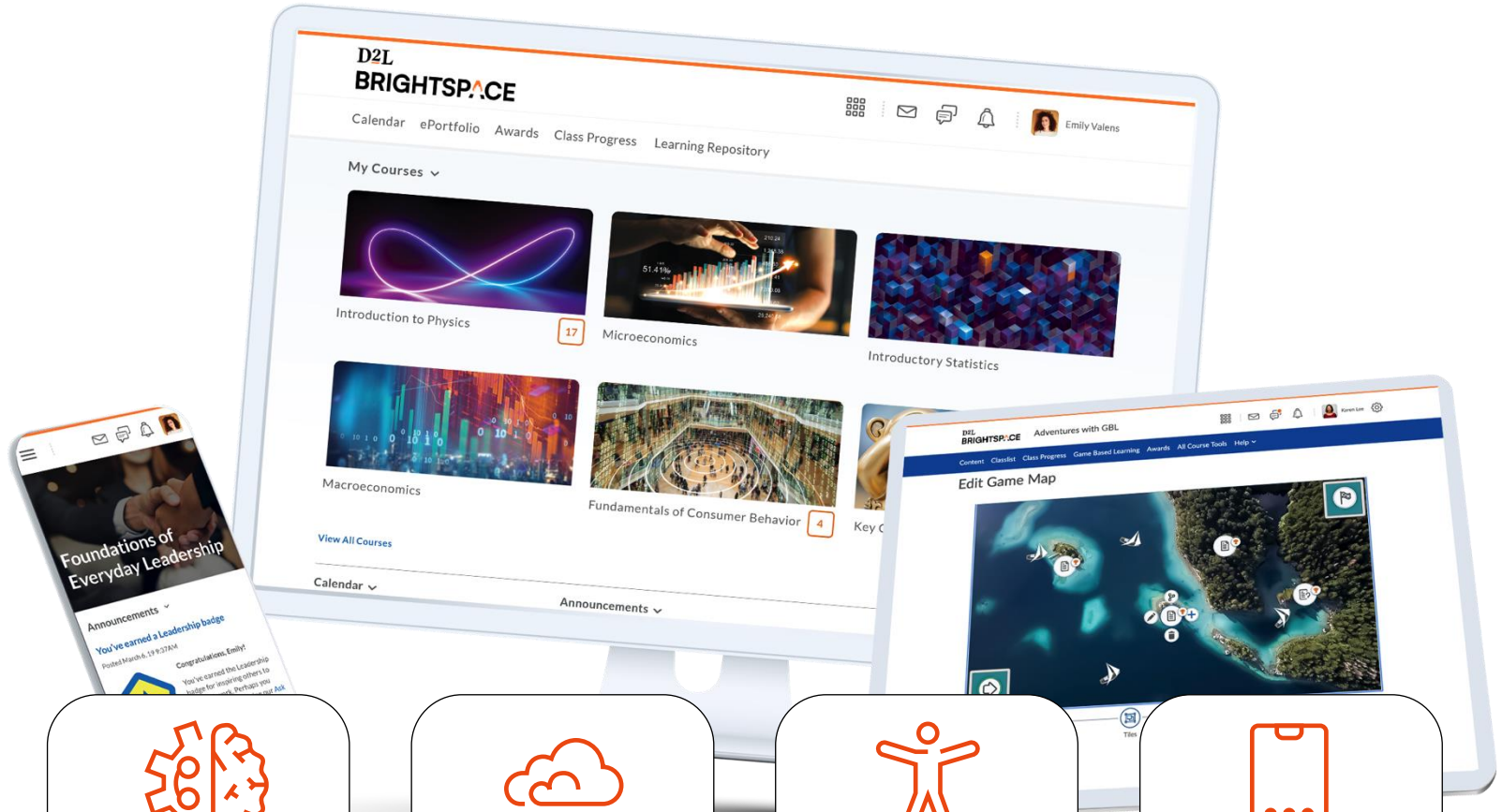
Digitization of learning

Upskilling the workforce

Addressing learning loss and inequity exacerbated by COVID

1) HolonIQ; for the period 2019 to 2025; figures are in U.S. dollars

D2L Brightspace



EASE-OF-USE

ARTIFICIAL INTELLIGENCE

PURE CLOUD

ACCESSIBLE

MOBILE

RELIABLE

Our products and services

Create



Provide easy-to-use authoring tools for efficient and effective learning

Brightspace Creator+

- Adaptive Video
- Widgets
- Interactives

Teach

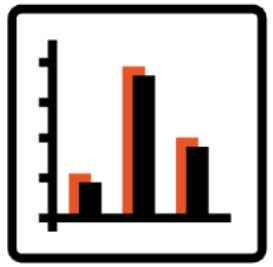


Provide access to high quality education through technology

D2L Brightspace

- Assessment, Feedback & Personalization
- Content & Instruction Tools
- Progress Dashboards
- Data Streaming
- Gamification, Awards & Badges

Measure



Empower and enable learners & educators through data and insights

Brightspace Performance+

- Predictive Analytics
- Adaptive Learning

Grow



Enable lifelong learning and corporate workforce engagement

D2L Wave

- Upskilling platform
- Curated catalog of micro-credentials

A modern learning platform uniquely serving multiple markets

Education



K-12



Higher Education

~20% ARR[1]

~60% ARR[1]

Corporate



Corporations



Associations & Government

~20% ARR[1]

Ministry of Ontario

NYC Department of Education

Calgary Catholic School District

Gwinnett County Public Schools

Carleton University

Southern New Hampshire

Minnesota State University

University of Suffolk

(ISC)[2]

Canadian Marketing Association

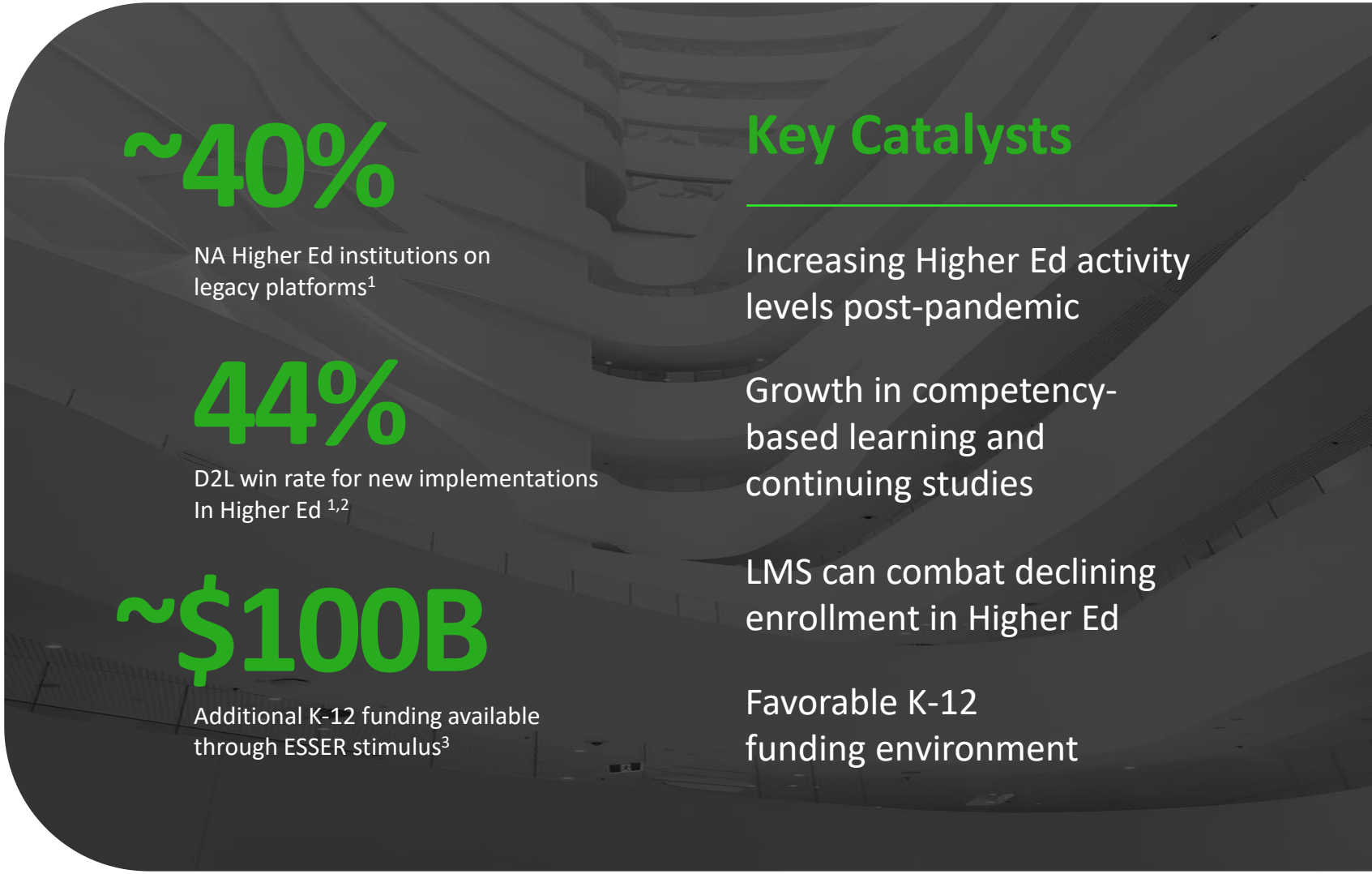
Gay Lea

Harvard Business Publishing

1) Represents % of total Annual Recurring Revenue for the period ended January 31, 2023

Strong and growing presence in education

- Scalable cloud platform with mobile-first experience
- Ease of use, intuitive design and advanced personalization
- Flexibility of learning modalities on single platform
- Partners in learning and next generation innovation



~40%

NA Higher Ed institutions on legacy platforms[1]

44%

D2L win rate for new implementations In Higher Ed [1,2]

~$100B

Additional K-12 funding available through ESSER stimulus[3]

Key Catalysts

Increasing Higher Ed activity levels post-pandemic

Growth in competency-based learning and continuing studies

LMS can combat declining enrollment in Higher Ed

Favorable K-12 funding environment

1) MindWires Higher Education LMS Market Dynamics Year-End 2022 Report. Legacy platforms refers to Moodle and Blackboard.
2) Across NA, Europe, Middle East, LATAM, and Oceania
3) U.S. Department of Education - Education Stabilization Fund Transparency Portal, as of December 2022

Robust international opportunity

~80%

of Higher Ed institutions on legacy systems[1]

5 of the top 10 universities[2] - COLOMBIA

5 of the top 10 universities[2] - NETHERLANDS

75% of public higher education institutions[2] - SINGAPORE



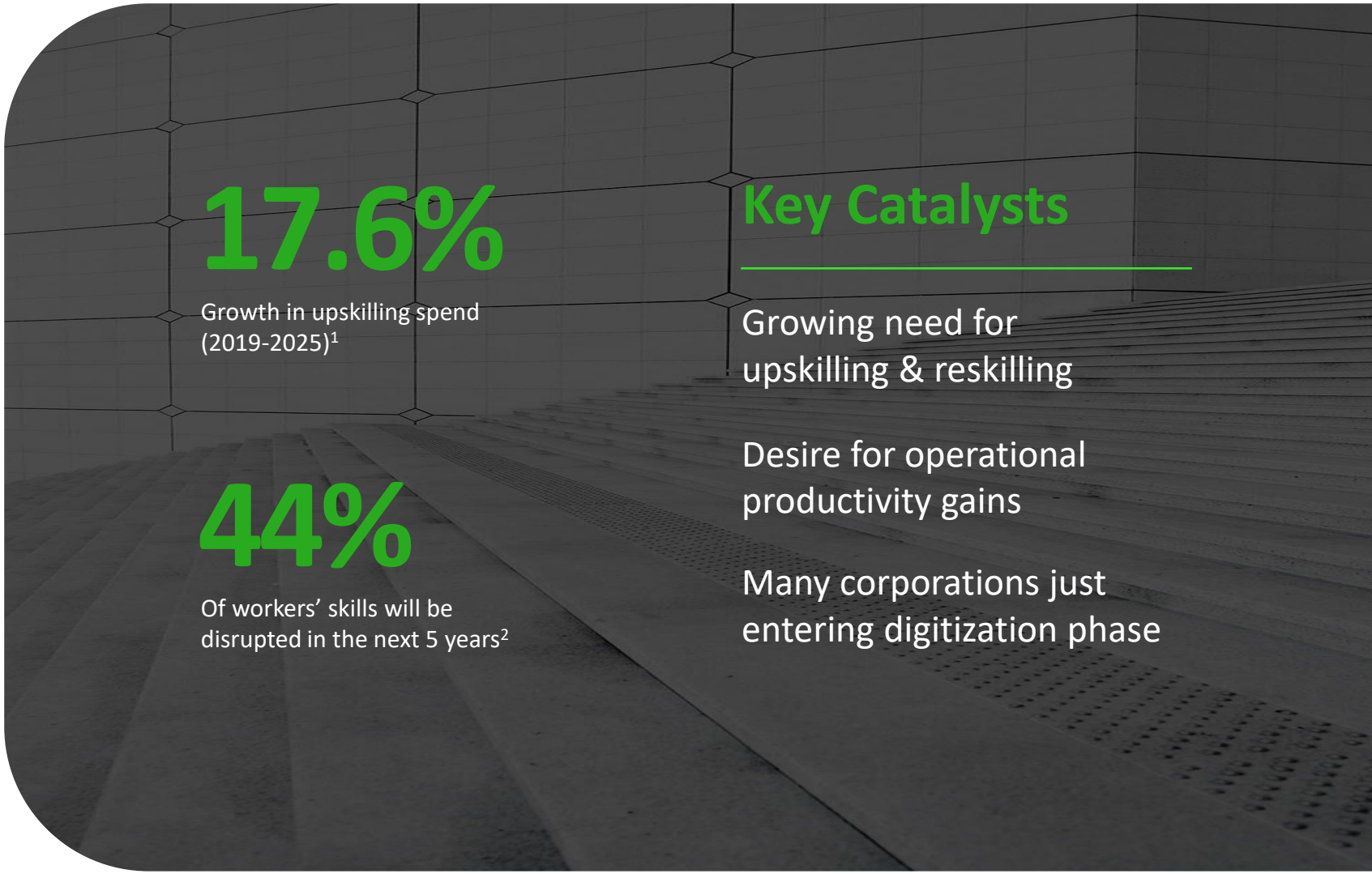
MARKET SHARE BY LMS PLATFORM[1]

	Moodle	Blackboard	Canvas	Brightspace
Europe	71%	6%	7%	2%
LATAM	75%	7%	6%	2%
Middle East	73%	17%	3%	1%
Oceania	60%	16%	11%	5%

1) MindWires Higher Education LMS Market Dynamics Year-End 2022 Report. Legacy platforms refers to Moodle and Blackboard.
2) Management estimates based on publicly available data.

Expanding corporate customer base

- Scalable cloud platform with mobile-first experience
- Ease of use, intuitive design and advanced personalization
- Flexibility of multiple use cases on single platform
- Integrated catalog and ecommerce solution for commercialization



1) HolonIQ
2) 2023 World Economic Forum's Future of Jobs Report

New Integrated Solution for Organization-Wide Learning

D2L FOR BUSINESS



Skill Mapping and Pathways



Curated Learning



Customized Learning



Learning Analytics

The top threat to growth of a business is the inability to find and retain talent.

70%

of businesses are having a hard time hiring people with the right skills.

HR Reporter

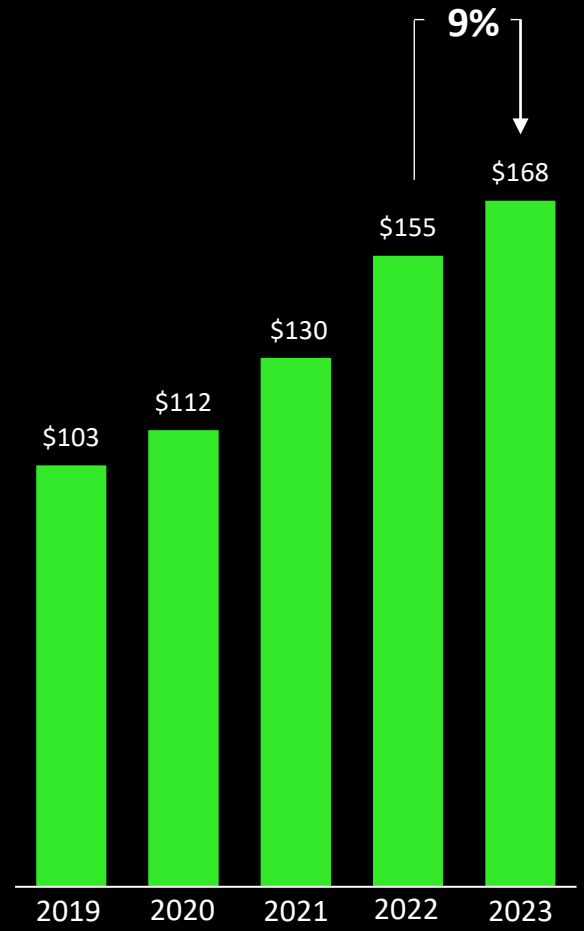
Track record of growth

TOTAL REVENUE
(US$ millions)



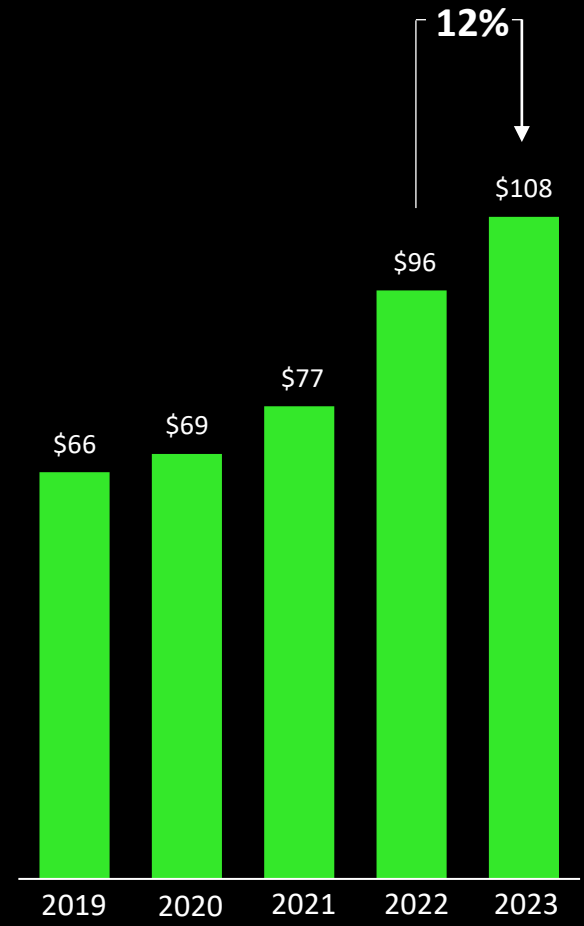
12 months ended Jan 31

ANNUAL RECURRING REVENUE[1]
(US$ millions)



12 months ended Jan 31

ADJUSTED GROSS PROFIT[2]
(US$ millions)

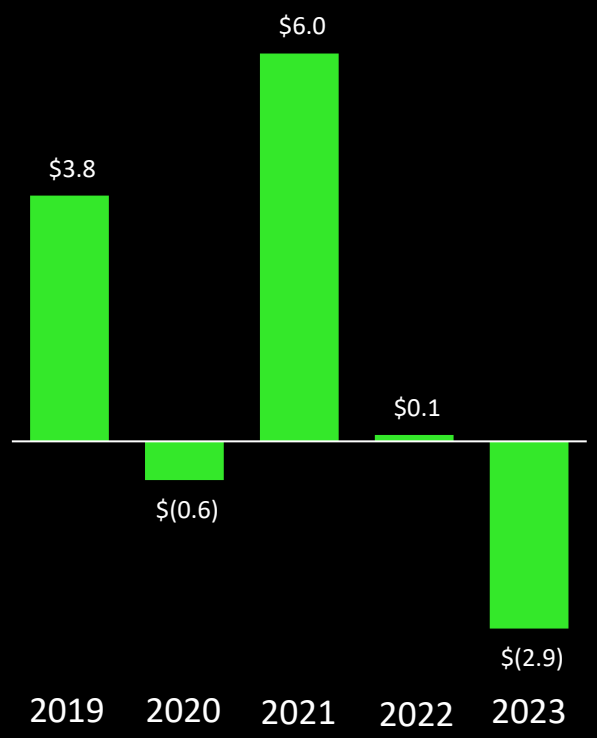


12 months ended Jan 31

Note: D2L has a fiscal year ending January 31
1) A Key Performance Indicator. See "Non-IFRS and Other Financial Measures - Key Performance Indicators" in the Company's MD&A for the year ended January 31, 2023.
2) A non-IFRS financial measure. See "Non-IFRS and Other Financial Measures" in the Company's MD&A for the year ended January 31, 2023.

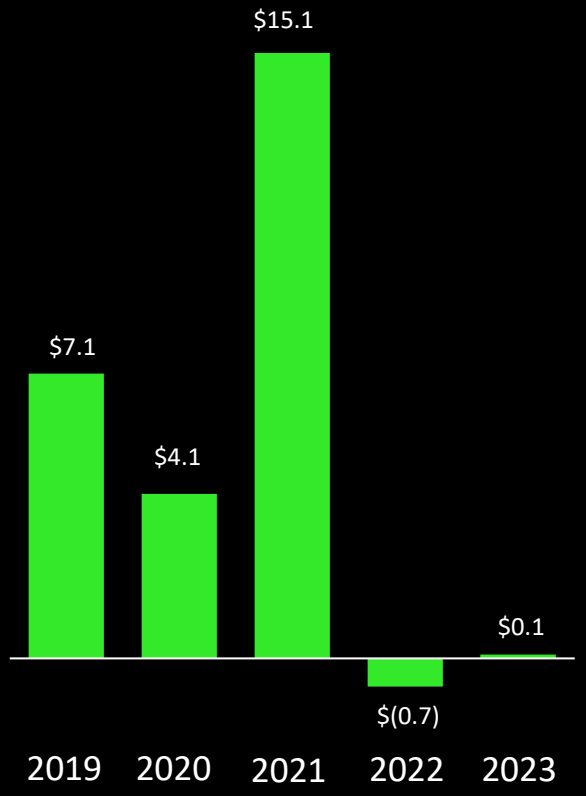
Balancing growth with profitability

ADJUSTED EBITDA[1]
(US$ millions)



12 months ended Jan 31

FREE CASH FLOW[1,2]
(US$ millions)



12 months ended Jan 31

Accelerating path to profitability

Delivering margin expansion and Free Cash Flow growth in FY24

Note: D2L has a fiscal year ending January 31
1) A non-IFRS financial measure. See "Non-IFRS and Other Financial Measures" in the Company's MD&A for the year ended January 31, 2023.
2) Cash Flow is defined as cash provided by (used in) operating activities less net additions to property and equipment.

Q3 2024 Highlights[1]

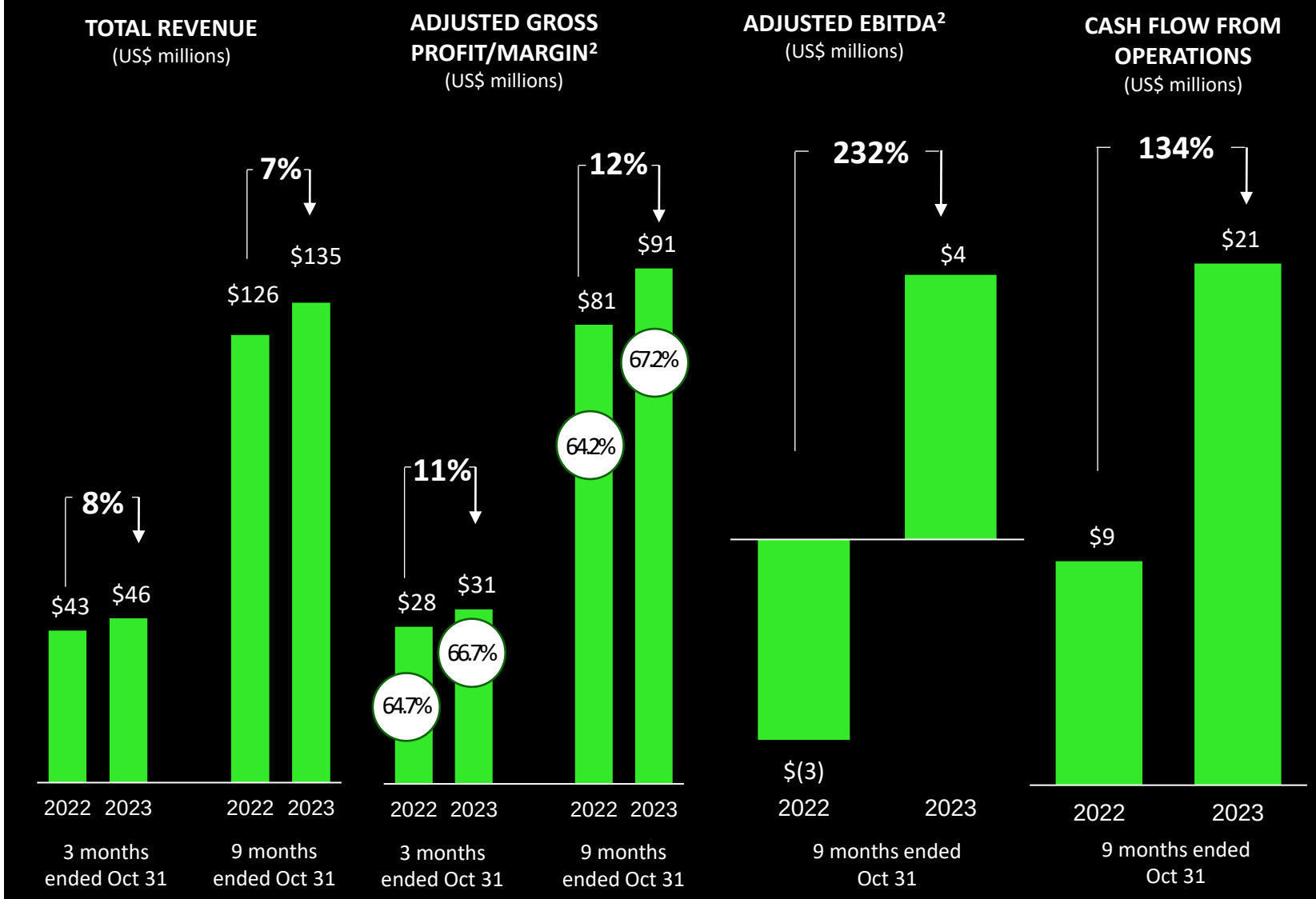
Solid quarter and YTD results

12% growth in Annual Recurring Revenue for Q3-24

13% increase in Subscription and Support revenue for Q3-24

18% increase in Subscription and Support gross profit for Q3-24

Strong balance sheet, with cash of US$123.1 million and no debt



Note: D2L has a fiscal year ending January 31

1) For further details, please refer to the Interim Financial Statements and MD&A for the period ended October 31, 2023.
2) A non-IFRS financial measure. See "Non-IFRS and Other Financial Measures" in the Company's MD&A for the period ended October 31, 2023.

Q3 2024 Financial Results

	Three months ended October 31,			Nine months ended October 31,		
	2023	2022	Change	2023	2022	Change
	$	$	%	$	$	%
Subscription & Support Revenue	41,450	36,565	13.4%	120,045	108,149	11.0%
Professional Services & Other Revenue	4,663	6,103	(23.6%)	14,766	17,563	(15.9%)
Total Revenue	46,113	42,668	8.1%	134,811	125,712	7.2%
Constant Currency Revenue[2]	46,098	42,668	8.0%	136,411	125,712	8.5%
Gross Profit	30,600	27,505	11.3%	90,161	80,444	12.1%
Adjusted Gross Profit[2]	30,747	27,609	11.4%	90,591	80,705	12.2%
Adjusted Gross Margin[1,2]	66.7%	64.7%		67.2%	64.2%	
Income (Loss) for the period	(387)	(2,625)	85.3%	(4,105)	(12,191)	66.3%
Adjusted EBITDA (Loss)[2]	2,122	(359)	691.1%	4,399	(3,329)	232.1%
Cash Flows From Operating Activities	15,318	8,131	88.4%	21,171	9,058	133.7%
Free Cash Flow[2]	14,244	7,339	94.1%	16,009	7,153	123.8%

Note: D2L has a fiscal year ending January 31
1) As a % of Revenue
2) A non-IFRS financial measure. See “Non-IFRS and Other Financial Measures” in the Company’s MD&A for the quarter ended October 31, 2023.

D2L's Outlook for FY24 & FY25[3]

	FY23 Actual	FY24 Guidance	Medium Term[4] (FY25)
Revenue Growth	11% (14% on a constant currency basis)	7-8% (Total) 10-11% (Subscription)	12-15%
Adjusted Gross Profit Margin[1,2]	64.2%	--	65-70%
Adjusted EBITDA[2,5]	($2.9M)	$6-8M (Top half of range)	--
Adjusted EBITDA Margin[1,2]	(1.7)%	--	13-16%
Free Cash Flow Margin[1,2]	0.1%	--	16-19%

Note: D2L has a fiscal year ending January 31
1) As a % of Revenue.
2) See "Non-IFRS and Other Financial Measures" in the Company's MD&A for the period ended October 31, 2023.
3) See "Forward-Looking Information" and "Financial Outlook - Medium Term Target Operating Model" section of the Company's MD&A for the year ended January 31, 2023 and "Financial Outlook" in the MD&A for the period ended October 31, 2023.
4) Target operating model as included in the Company's MD&A for the year ended January 31, 2023.
5) Dollar values in millions.

Key growth pillars

Expand customer base

28% customer growth FY2021 to FY2023

- Strategic investments in direct and indirect go-to-market strategies

Grow share of wallet

40+ customer success professionals

- Upsell add-on solutions
- Cross-sell new lines of business
- Adoption campaigns
- Education & support

Expand platform

Continued investments in R&D (26% of revenue in FY23)

- Enhance differentiation
- Mastery-based learning
- Analytics, AI, ML
- Open standards/ APIs

International expansion

~17% of revenues in FY23

- Regional presence in key markets
- Emerging market pricing strategies
- Digitization greenfield
- Expected to comprise greater share of revenue over time

M&A

Opportunistic acquisitions that reinforce mission

- Drive growth within base with increased upsell
- Expand target markets with additional functionality, resources and reach
- Enable new market entry
- Provide cross-sell opportunities

The learning platform for the future of work and learning

Singular cloud platform serving all education and corporate markets and where they intersect

Large addressable market driven by long-term growth trends, including corporate upskilling and digitization of learning

Success at scale with 1,240+ customers in more than 40 countries[1]

20+ years with a singular focus to be a category leader

Growing and predictable business with expanding customer base and new bookings growth

Loyal customers with a majority of subscription contract terms of 3-5 years



1) Figures as of January 31, 2023