

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

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**FORM 10-Q**

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended April 30, 2024

or

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from \_\_\_\_ to \_\_\_\_

Commission File Number: 001-38960

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**Skillsoft Corp.**

(Exact name of registrant as specified in its charter)

Delaware  
(State or other jurisdiction of  
incorporation or organization)

83-4388331  
(I.R.S. Employer Identification No.)

7887 E. Bellevue Ave, Suite 600  
Greenwood Village, Colorado 80111  
(Address of principal executive offices) (Zip Code)

Tel: (603) 821-3902  
(Registrant's telephone number, including area code)

**Securities registered pursuant to Section 12(b) of the Act:**

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Class A Common Stock, par value \$0.0001 per share	SKIL	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐  
Non-accelerated filer ☐  
Emerging growth company ☒

Accelerated filer ☒  
Smaller reporting company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

The number of shares of registrant's common stock outstanding as of June 4, 2024 was 8,182,809.

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SKILLSOFT CORP.

FORM 10-Q  
FOR THE QUARTER ENDED APRIL 30, 2024  
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## CAUTIONARY NOTES REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q (this “Form 10-Q”) includes statements that are, or may be deemed to be, “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, which are intended to be covered by the safe harbors created by those laws. All statements, other than statements of historical facts, are forward-looking statements. These forward-looking statements include but are not limited to, statements that address activities, events or developments that we expect or anticipate may occur in the future, including such things as our outlook, our product development and planning, future capital expenditures, financial results, the impact of regulatory changes, our current and evolving business strategies, including with respect to acquisitions and dispositions, demand for our services, our competitive strengths, the benefits of new initiatives, growth of our business and operations, the effectiveness of our products, the outcome of litigation proceedings and claims, the state and future of skilling in the workplace, our ability to successfully implement our plans, strategies, objectives, expectations and intentions are forward-looking statements. Also, when we use words such as “may”, “will”, “would”, “anticipate”, “believe”, “estimate”, “expect”, “intend”, “plan”, “project”, “forecast”, “seek”, “outlook”, “target”, “goal”, “probably”, or similar expressions, we are making forward-looking statements. Such statements are based upon the current beliefs and expectations of Skillsoft’s management and are subject to significant risks and uncertainties. Actual results may differ materially from those set forth in the forward-looking statements. All forward-looking disclosure is speculative by its nature, and we caution you against unduly relying on these forward-looking statements.

Factors that could cause or contribute to such differences include those described under “Part I - Item 1A. Risk Factors” in our Annual Report on Form 10-K for the fiscal year ended January 31, 2024 (the “2024 Form 10-K”). These factors should not be construed as exhaustive and should be read in conjunction with the other cautionary statements included in the Annual Report and in our other periodic filings with the Securities and Exchange Commission. The forward-looking statements contained in this Form 10-Q represent our estimates only as of the date of this filing and should not be relied upon as representing our estimates as of any subsequent date. While we may elect to update these forward-looking statements in the future, we specifically disclaim any obligation to do so, whether to reflect actual results, changes in assumptions, changes in other factors affecting such forward-looking statements, or otherwise, except as required by law.

Although we believe that the assumptions underlying our forward-looking statements are reasonable, any of these assumptions, and therefore also the forward-looking statements based on these assumptions, could themselves prove to be inaccurate. Given the significant uncertainties inherent in the forward-looking statements included in this document, our inclusion of this information is not a representation or guarantee by us that our objectives and plans will be achieved. Annualized, pro forma, projected and estimated numbers are used for illustrative purposes only, are not forecasts and may not reflect actual results.

## INDUSTRY AND MARKET DATA

Within this Form 10-Q, we reference information and statistics regarding market share, industry data and our market position. Certain of this information has been obtained from various independent third-party sources, including independent industry publications, news reports, reports by market research firms and other independent sources. We believe that these external sources and estimates are reliable but have not independently verified them. In addition, certain of this information and statistics are based on our own internal surveys and assessments, which are developed in good faith using reasonable estimates. These data are based on the most current information available to us and our estimates regarding market position or other industry statistics included in this document or otherwise discussed by us involve risks and uncertainties and are subject to change based on various factors, including as set forth above.

**PART I – FINANCIAL INFORMATION**
**ITEM 1. UNAUDITED FINANCIAL STATEMENTS.**

**SKILLSOFT CORP.**  
**UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS**  
(in thousands, except number of shares)

	April 30, 2024	January 31, 2024
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 142,020	\$ 136,308
Restricted cash	7,584	10,215
Accounts receivable, net of allowance for credit losses of approximately \$603 and \$562 as of April 30, 2024 and January 31, 2024, respectively	110,643	185,638
Prepaid expenses and other current assets	58,287	53,170
Total current assets	318,534	385,331
Property and equipment, net	5,695	6,639
Goodwill	317,071	317,071
Intangible assets, net	511,399	539,293
Right of use assets	6,775	8,044
Other assets	21,386	17,256
Total assets	<u>\$ 1,180,860</u>	<u>\$ 1,273,634</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Current liabilities:		
Current maturities of long-term debt	\$ 6,404	\$ 6,404
Borrowings under accounts receivable facility	42,411	44,980
Accounts payable	13,378	14,512
Accrued compensation	17,000	31,774
Accrued expenses and other current liabilities	24,657	29,939
Lease liabilities	3,241	3,049
Deferred revenue	243,701	282,570
Total current liabilities	350,792	413,228
Long-term debt	576,422	577,487
Deferred tax liabilities	49,173	52,148
Long-term lease liabilities	7,362	9,251
Deferred revenue - non-current	1,574	2,402
Other long-term liabilities	13,402	13,531
Total long-term liabilities	647,933	654,819
Commitments and contingencies		
Shareholders' equity:		
Shareholders' common stock - Class A common shares, \$0.0001 par value: 18,750,000 shares authorized and 8,394,098 shares issued and 8,094,321 shares outstanding at April 30, 2024, and 8,380,436 shares issued and 8,080,659 shares outstanding at January 31, 2024	1	1
Additional paid-in capital	1,558,076	1,551,005
Accumulated equity (deficit)	(1,349,114)	(1,321,478)
Treasury stock, at cost - 299,777 shares as of April 30, 2024 and January 31, 2024	(10,891)	(10,891)
Accumulated other comprehensive income (loss)	(15,937)	(13,050)
Total shareholders' equity	182,135	205,587
Total liabilities and shareholders' equity	<u>\$ 1,180,860</u>	<u>\$ 1,273,634</u>

The accompanying notes are an integral part of these condensed consolidated financial statements.

**SKILLSOFT CORP.**  
**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**  
(in thousands, except per share amounts)

	<b>Three Months Ended April 30,</b>	
	<b>2024</b>	<b>2023</b>
Revenues:		
Total revenues	\$ 127,793	\$ 135,554
Operating expenses:		
Costs of revenues	34,471	37,824
Content and software development	15,506	17,035
Selling and marketing	42,292	45,927
General and administrative	25,309	25,296
Amortization of intangible assets	31,583	38,245
Acquisition and integration related costs	1,497	1,391
Restructuring	967	5,218
Total operating expenses	151,625	170,936
Operating income (loss)	(23,832)	(35,382)
Other income (expense), net	2,217	(375)
Fair value adjustment of warrants	—	2,852
Fair value adjustment of interest rate swaps	7,746	270
Interest income	928	645
Interest expense	(16,278)	(15,936)
Income (loss) before provision for (benefit from) income taxes	(29,219)	(47,926)
Provision for (benefit from) income taxes	(1,583)	(4,384)
Income (loss) from continuing operations	(27,636)	(43,542)
Gain (loss) on sale of business	—	(682)
Net income (loss)	\$ (27,636)	\$ (44,224)
Net income (loss) per share:		
Ordinary – Basic and diluted - continuing operations	\$ (3.42)	\$ (5.34)
Ordinary – Basic and diluted - discontinued operations	—	(0.08)
Ordinary – Basic and diluted	\$ (3.42)	\$ (5.42)
Weighted average common shares outstanding:		
Ordinary – Basic and diluted	8,089	8,158

The accompanying notes are an integral part of these condensed consolidated financial statements.

**SKILLSOFT CORP.**  
**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)**  
(in thousands)

	<b>Three Months Ended April 30,</b>	
	<b>2024</b>	<b>2023</b>
Comprehensive income (loss):		
Net income (loss)	\$ (27,636)	\$ (44,224)
Foreign currency adjustment, net of tax	(2,887)	875
Total comprehensive income (loss)	<u>\$ (30,523)</u>	<u>\$ (43,349)</u>

The accompanying notes are an integral part of these condensed consolidated financial statements.

**SKILLSOFT CORP.**  
**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY (DEFICIT)**  
(in thousands, except number of shares)

	<b>Ordinary Shares</b>		<b>Common Stock</b>	<b>Additional Paid-in Capital</b>	<b>Accumulated Equity (Deficit)</b>	<b>Treasury Stock</b>	<b>Accumulated Other Comprehensive Income (Loss)</b>	<b>Total Shareholders' Equity (Deficit)</b>
	<b>Number of Shares</b>	<b>In Treasury</b>						
<b>Balance January 31, 2023</b>	8,264,308	(81,514)	\$ 1	\$ 1,521,587	\$ (972,193)	\$ (2,845)	\$ (14,794)	\$ 531,756
Share-based compensation	—	—	—	9,128	—	—	—	9,128
Common stock issued	22,538	—	—	—	—	—	—	—
Shares repurchased for tax withholding upon vesting of restricted stock-based awards	(8,131)	—	—	(289)	—	—	—	(289)
Repurchase of common stock	—	(218,263)	—	—	—	(8,046)	—	(8,046)
Translation adjustment	—	—	—	—	—	—	875	875
Net income (loss)	—	—	—	—	(44,224)	—	—	(44,224)
<b>Balance April 30, 2023</b>	<u>8,278,715</u>	<u>(299,777)</u>	<u>\$ 1</u>	<u>\$ 1,530,426</u>	<u>\$ (1,016,417)</u>	<u>\$ (10,891)</u>	<u>\$ (13,919)</u>	<u>\$ 489,200</u>

The accompanying notes are an integral part of these condensed consolidated financial statements.

**SKILLSOFT CORP.**  
**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY (DEFICIT) - continued**  
(in thousands, except number of shares)

	Ordinary Shares		Common Stock	Additional Paid-in Capital	Accumulated Equity (Deficit)	Treasury Stock	Accumulated Other Comprehensive Income (Loss)	Total Shareholders' Equity (Deficit)
	Number of Shares	In Treasury						
<b>Balance January 31, 2024</b>	8,380,436	(299,777)	\$ 1	\$ 1,551,005	\$ (1,321,478)	\$ (10,891)	\$ (13,050)	\$ 205,587
Share-based compensation	—	—	—	7,153	—	—	—	7,153
Common stock issued	20,596	—	—	—	—	—	—	—
Shares repurchased for tax								
withholding upon vesting of								
restricted stock-based awards	(6,934)	—	—	(82)	—	—	—	(82)
Translation adjustment	—	—	—	—	—	—	(2,887)	(2,887)
Net income (loss)	—	—	—	—	(27,636)	—	—	(27,636)
<b>Balance April 30, 2024</b>	<u>8,394,098</u>	<u>(299,777)</u>	<u>\$ 1</u>	<u>\$ 1,558,076</u>	<u>\$ (1,349,114)</u>	<u>\$ (10,891)</u>	<u>\$ (15,937)</u>	<u>\$ 182,135</u>

The accompanying notes are an integral part of these condensed consolidated financial statements.



**SKILLSOFT CORP.**  
**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(in thousands)

	<b>Three Months Ended April 30,</b>	
	<b>2024</b>	<b>2023</b>
Cash flows from operating activities:		
Net income (loss)	\$ (27,636)	\$ (44,224)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Amortization of intangible assets	31,583	38,245
Share-based compensation	7,153	9,128
Depreciation	760	1,144
Non-cash interest expense	536	664
Non-cash property, equipment, software and lease impairment charges	—	4,819
Provision for credit loss expense (recovery)	41	70
(Gain) loss on sale of business	—	682
Provision for (benefit from) income taxes – non-cash	(2,932)	(4,934)
Fair value adjustment of warrants	—	(2,852)
Fair value adjustment of interest rate swaps	(7,746)	(270)
Change in assets and liabilities:		
Accounts receivable	74,826	73,624
Prepaid expenses and other current assets, including long-term	(1,206)	297
Right-of-use assets	1,270	43
Accounts payable	(1,107)	(4,340)
Accrued expenses and other liabilities, including long-term	(19,830)	(16,367)
Lease liabilities	(1,684)	(156)
Deferred revenues	(39,091)	(34,109)
Net cash provided by (used in) operating activities	14,937	21,464
Cash flows from investing activities:		
Purchase of property and equipment	(153)	(1,636)
Internally developed software - capitalized costs	(4,364)	(2,683)
Sale of SumTotal, net of cash transferred	—	(5,137)
Net cash used in investing activities	(4,517)	(9,456)
Cash flows from financing activities:		
Shares repurchased for tax withholding upon vesting of restricted stock-based awards	(82)	(296)
Payments to acquire treasury stock	—	(7,155)
Proceeds from accounts receivable facility, net of borrowings	(2,569)	5,544
Principal payments on Term loans	(1,601)	—
Net cash provided by (used in) financing activities	(4,252)	(1,907)
Effect of exchange rate changes on cash and cash equivalents	(3,087)	(557)
Net increase (decrease) in cash, cash equivalents and restricted cash	3,081	9,544
Cash, cash equivalents and restricted cash, beginning of period	146,523	177,556
Cash, cash equivalents and restricted cash, end of period	\$ 149,604	\$ 187,100
Supplemental disclosure of cash flow information:		
Cash and cash equivalents	\$ 142,020	\$ 178,049
Restricted cash	7,584	9,051
Cash, cash equivalents and restricted cash, end of period	\$ 149,604	\$ 187,100

The accompanying notes are an integral part of these condensed consolidated financial statements.

**SKILLSOFT CORP.**  
**UNAUDITED SUPPLEMENTAL DISCLOSURES OF CASH FLOWS INFORMATION**  
(in thousands)

	<b>Three Months Ended April 30,</b>	
	<b>2024</b>	<b>2023</b>
Supplemental disclosure of cash flow information and non-cash investing and financing activities:		
Cash paid for interest	\$ 16,499	\$ 15,956
Cash paid (received) for income taxes, net of refunds	(73)	1,993

The accompanying notes are an integral part of these condensed consolidated financial statements.

## NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### (1) Description of Business and Basis of Presentation

#### Description of Business

Skillsoft Corp. (together with its consolidated subsidiaries, “Skillsoft”, “we”, “us”, “our” and the “Company”) has been listed on the New York Stock Exchange under the ticker symbol “SKIL” since June 14, 2021. Through a portfolio of high-quality content, an AI-enabled platform that is personalized and connected to customer needs, and a broad ecosystem of partners, Skillsoft drives continuous growth and performance for employees and their organizations by overcoming critical skills gaps, unlocking human potential, and developing the workforce.

With more than 150,000 expert-led skills-building courses in modalities ranging from video and audio to instructor-led training, coaching, practice labs, and a generative Artificial Intelligence (“GenAI”)-powered conversation simulator, Skillsoft offers transformative learning experiences for leaders to frontline workers, readers to hands-on learners.

References in the accompanying footnotes to the Company’s fiscal year refer to the fiscal year ended January 31 of that year (e.g., fiscal 2024 is the fiscal year ended January 31, 2024).

#### SumTotal

Refer to Note 4 “Discontinued Operations” in our fiscal 2024 Form 10-K for information regarding the SumTotal business and its 2022 sale.

#### Reverse Stock Split

On September 29, 2023, we effected a 1-for-20 reverse stock split of our common stock and proportionately decreased the number of authorized shares of common stock. All fiscal 2024 shares, outstanding options, warrants, restricted stock unit (“RSU”), and per share information throughout this Form 10-Q have been retroactively adjusted to reflect the reverse stock split. The shares of common stock retain a par value of \$0.0001 per share. Accordingly, an amount equal to the par value of the decreased shares resulting from the reverse stock split was reclassified from “Common stock” to “Additional paid-in capital”.

#### Basis of Financial Statement Preparation

The accompanying condensed consolidated financial statements include the accounts of Skillsoft and its wholly owned subsidiaries. These financial statements are unaudited. However, in the opinion of management, the condensed consolidated financial statements reflect all normal and recurring adjustments necessary for their fair statement. Interim results are not necessarily indicative of results expected for any other interim period or a full year. We prepared the accompanying unaudited condensed consolidated financial statements in accordance with the instructions for Form 10-Q and Article 10 of Regulation S-X and, therefore, include all information and footnotes necessary for a complete presentation of operations, comprehensive income (loss), financial position, changes in shareholders’ equity (deficit) and cash flows in conformity with accounting principles generally accepted in the United States of America (“GAAP”). The financial statements contained in these interim financial statements should be read in conjunction with the audited consolidated financial statements and the notes thereto included in the 2024 Form 10-K.

Certain amounts reported in prior years have been reclassified to conform to the presentation in the current year. These reclassifications had no effect on total assets, total liabilities, total stockholders’ equity, or net income (loss) for the prior years.

The Company is an “emerging growth company,” as defined in Section 2(a) of the Securities Act, as modified by the Jumpstart Our Business Startups Act of 2012 (the “JOBS Act”), and has and may in the future take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not emerging growth companies including, but not limited to, not being required to comply with the independent registered public accounting firm attestation requirements of Section 404 of the Sarbanes-Oxley Act, reduced disclosure obligations regarding executive compensation in its periodic reports and proxy statements, and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved.

#### Principles of Consolidation

The accompanying condensed consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries. All material intercompany transactions and balances have been eliminated in consolidation.

#### Use of Estimates

The preparation of condensed consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the dates of the condensed consolidated financial statements and the reported amounts of revenues and expenses during the reported periods. Actual results could differ from our estimates.

## (2) Summary of Significant Accounting Policies

The Company's significant accounting policies are discussed in Note 2—Summary of Significant Accounting Policies included in the 2024 Form 10-K and should be read in connection with the reading of these interim unaudited financial statements.

### Recently Issued Accounting Guidance

In December 2023, the FASB issued ASU 2023-07, *Improvements to Reportable Segment Disclosures*, which will require disclosure of significant segment expenses and other segment items. The Company will adopt this guidance effective January 31, 2025. We are currently evaluating the impact of this amended disclosure guidance.

In December 2023, the FASB also issued ASU 2023-09, *Improvements to Income Tax Disclosures*, which will require additional information in the rate reconciliation table and additional disclosures about income taxes paid. The Company will adopt this guidance effective February 1, 2025. We are currently evaluating the impact of this amended disclosure guidance.

## (3) Intangible Assets

Intangible assets consisted of the following (in thousands):

	April 30, 2024			January 31, 2024		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Developed software/courseware	\$ 359,608	\$ 190,734	\$ 168,874	\$ 355,247	\$ 172,578	\$ 182,669
Customer contracts/relationships	268,652	68,541	200,111	269,300	59,091	210,209
Trademarks and trade names	52,704	7,174	45,530	52,863	6,184	46,679
Publishing rights	41,100	23,724	17,376	41,100	21,668	19,432
Backlog	49,700	46,737	2,963	49,700	45,941	3,759
Skillssoft trademark	76,545	—	76,545	76,545	—	76,545
Total intangible assets	<u>\$ 848,309</u>	<u>\$ 336,910</u>	<u>\$ 511,399</u>	<u>\$ 844,755</u>	<u>\$ 305,462</u>	<u>\$ 539,293</u>

Amortization expense related to the existing finite-lived intangible assets is expected to be as follows (in thousands) for the fiscal years ended January 31:

	Amortization Expense
2025 (nine months remaining)	\$ 94,318
2026	122,328
2027	76,810
2028	36,812
2029	27,339
Thereafter	77,247
Total future amortization	<u>\$ 434,854</u>

Amortization expense related to intangible assets in the aggregate was \$31.6 million and \$38.2 million for the three months ended April 30, 2024 and April 30, 2023, respectively.

### Impairment Review Requirements and Assumption Uncertainty

The Company reviews intangible assets subject to amortization if any adverse conditions exist or a change in circumstances has occurred that would indicate impairment or a change in remaining useful life. The Company reviews indefinite lived intangible assets, including goodwill, on the annual impairment test date (January 1) or more frequently if there are indicators of impairment.

In connection with the impairment evaluation, the Company may first consider qualitative factors to determine whether the existence of events or circumstances indicates that it is more likely than not (i.e., a likelihood of more than 50%) that the fair value of a reporting unit is less than its carrying amount. Performing a quantitative goodwill and indefinite lived intangible impairment test is not necessary if an entity determines based on this assessment that it is not more likely than not that the fair value of a reporting unit is less than its carrying amount. If the Company fails or elects to bypass the qualitative assessment, the goodwill impairment test must be performed.

This test requires:

1. For our identifiable intangibles subject to amortization:
  - a. If management believes there are unfavorable changes to assumptions and factors that occurred that would indicate impairment or a change in the remaining useful life;
  - b. An estimate of the undiscounted future cash flows attributable to the amortizable intangibles are projected and compared to the carrying values;
  - c. If the undiscounted future cash flows are less than the carrying values;
  - d. The fair values for identifiable intangibles, including any indefinite lived intangibles, are fair valued using the income approach; and
  - e. If the fair values of the identifiable intangibles are less than their carrying values, an impairment equal to the difference is recorded.
2. Next a comparison of the carrying value of the reporting unit to its estimated fair value is completed. If the carrying value of a reporting unit exceeds its fair value, an impairment loss equal to the difference is recorded, not to exceed the amount of goodwill allocated to the reporting unit.

The fair value of our reporting units is determined using a weighted average valuation model of the income approach (discounted cash flow approach) and market approach. The income approach requires management to make certain assumptions based upon information available at the time the valuations are performed. Actual results could differ from these assumptions. We pay particular attention to ensure the assumptions used are reflective of what a market participant would have used in calculating fair value considering the then current economic conditions.

In determining reporting units, the Company first identifies its operating segments, and then assesses whether any components of these segments constitute a business for which discrete financial information is available and where management regularly reviews the operating results.

The Company completed the qualitative assessment discussed above for the three months ended April 30, 2024 and concluded that there were no indicators of impairment for our reporting units.

A roll forward of goodwill is as follows (in thousands):

Description	Content & Platform	Instructor-Led Training	Consolidated
Goodwill January 31, 2024	\$ 287,650	\$ 29,421	\$ 317,071
Increase (decrease)	—	—	—
Goodwill April 30, 2024	<u>\$ 287,650</u>	<u>\$ 29,421</u>	<u>\$ 317,071</u>
Accumulated impairment, April 30, 2024	\$ 698,405	\$ 84,694	\$ 783,099

#### (4) Taxes

For the three months ended April 30, 2024, for continuing operations, the Company recorded a tax benefit of \$1.6 million on a pretax loss of \$29.2 million. For the three months ended April 30, 2023, for continuing operations, the Company recorded a tax benefit of \$4.4 million on a pretax loss of \$47.9 million. For each period, the tax benefit reflects the effect of non-deductible items, current period changes in the Company's valuation allowance on its deferred tax assets and the impact of foreign tax rate differential.

#### (5) Restructuring

In connection with strategic initiatives implemented during the three months ended April 30, 2024 and April 30, 2023, the Company's management approved and initiated plans to reduce its cost structure and better align operating expenses with existing economic conditions and the Company's operating model. The Company recorded restructuring charges of \$1.0 million (by segment was \$1.2 million for Content and Platform and \$(0.2) million for Instructor-Led Training) during the three months ended April 30, 2024 and \$5.2 million (by segment was \$4.7 million for Content and Platform and \$0.5 million for Instructor-Led Training) for the three months ended April 30, 2023. These restructuring charges are presented separately in the accompanying condensed consolidated statements of operations. The restructuring charges for the three months ended April 30, 2024 are substantially all related to severance costs of terminated employees. The restructuring charges for the three months ended April 30, 2023 were substantially all related to severance costs of terminated employees and lease termination and lease impairment charges. As of April 30, 2024 and January 31, 2024, the Company had restructuring charge liabilities of \$1.4 million and \$3.3 million, respectively. Management has completed the majority of restructuring actions as of April 30, 2024; however, the Company will continue to evaluate its cost structure to align operating expenses with existing economic conditions and its operating model which could result in further restructuring actions.

#### (6) Leases, Commitments and Contingencies

##### Leases

The Company's lease portfolio includes office space, training centers, and vehicles to support its research and development activities, sales operations and other corporate and administrative functions in North America, Europe and Asia. The Company's leases have remaining terms of one year to ten years. Some of the Company's leases include options to extend or terminate the lease prior to the end of the agreed upon lease term. For purposes of calculating lease liabilities, lease terms include options to extend or terminate the lease when it is reasonably certain that the Company will exercise such options.

All of the Company's leases are classified as operating leases. Our right-of-use ("ROU") assets and lease liabilities are recognized based on the present value of the future minimum lease payments over the expected lease term. As the Company's operating leases generally do not provide an implicit rate, the Company uses an estimated incremental borrowing rate in determining the present value of future payments. The incremental borrowing rate represents an estimate of the interest rate the Company would incur at the acquisition date to borrow an amount equal to the lease payments on a collateralized basis over the term of a lease within a particular location and currency environment. The weighted average incremental borrowing rate for its operating leases as of April 30, 2024 and January 31, 2024 was 5.0% and 5.7%, respectively.

The operating leases are included in the captions "Right of use assets", "Lease liabilities", and "Long-term lease liabilities" on the Company's condensed consolidated balance sheets. The weighted-average remaining lease term of the Company's operating leases is 6.1 years as of April 30, 2024. Lease costs for minimum lease payments are recognized on a straight-line basis over the lease term. The lease costs were \$0.9 million and related cash payments were \$1.2 million for the three months ended April 30, 2024. The lease costs were \$1.4 million and related cash payments were \$1.3 million for the three months ended April 30, 2023. Lease costs are included within the content and software development, selling and marketing, and general and administrative lines on the condensed consolidated statements of operations, and the operating leases related cash payments were included in the operating cash flows on the condensed consolidated statements of cash flows. Short-term lease costs and variable lease costs are not material.

See Note 5 for a discussion related to restructuring charges associated with lease termination and lease impairment charges.

The below reconciles the undiscounted future minimum lease payments under non-cancellable leases to the total lease liabilities recognized on the condensed consolidated balance sheet as of April 30, 2024 (in thousands):

Fiscal year ended January 31:		
2025 (nine months remaining)	\$	3,057
2026		1,987
2027		1,513
2028		1,474
2029		1,303
Thereafter		3,121
Total future minimum lease payments		12,455
Effects of discounting		(1,852)
Total lease liabilities	\$	10,603
Current lease liabilities	\$	3,241
Long-term lease liabilities		7,362
Total lease liabilities	\$	10,603

### Litigation

On November 21, 2023, the Company was named as a nominal defendant in a shareholder derivative action filed in the Delaware Court of Chancery captioned *Norcross v. Prosus N.V., et al.* The plaintiff, a Company shareholder, alleges that the Company's directors and controlling shareholders breached their fiduciary duties to plaintiffs by causing the Company to acquire Codecademy at an above-market price. Plaintiff seeks monetary damages as compensation for the harm caused by the alleged breaches. We currently cannot estimate any possible loss that may result from this action.

In addition, the Company is, from time to time, party to general legal proceedings and claims, which arise in the ordinary course of business including those relating to commercial and contractual disputes, employment matters, intellectual property, and other business matters. When appropriate, management consults with legal counsel and other appropriate experts to assess claims. If, in management's opinion, we have incurred a probable loss as determined in accordance with GAAP, an estimate is made of the loss and the appropriate accrual is reflected in our condensed consolidated financial statements. Currently, there are no material amounts accrued. While it is not possible to quantify the financial impact or predict the outcome of all pending claims and litigation, management does not anticipate that the outcome of any current proceedings or known claims, either individually or in aggregate, will materially affect the Company's financial position, results of operations or cash flows.

### Guarantees

The Company's software license arrangements and hosting services are typically warranted to perform in a manner consistent with general industry standards that are reasonably applicable and substantially in accordance with the Company's product documentation under normal use and circumstances. The Company's arrangements also include certain provisions for indemnifying customers against liabilities if its products or services infringe a third party's intellectual property right. The Company has entered into service level agreements with some of its hosted application customers warranting certain levels of uptime reliability and such agreements permit those customers to receive credits against monthly hosting fees or terminate their agreements in the event that the Company fails to meet those levels for an agreed upon period of time.

To date, the Company has not incurred any material costs as a result of such indemnifications or commitments and has not accrued any liabilities related to such obligations in the accompanying condensed consolidated financial statements.

## (7) Long-Term Debt

Debt consisted of the following (in thousands):

	April 30, 2024	January 31, 2024
Term Loan - current portion	\$ 6,404	\$ 6,404
Current maturities of long-term debt	\$ 6,404	\$ 6,404
Term Loan - long-term portion	\$ 586,596	\$ 588,197
Original issue discount - long-term portion	(6,594)	(6,942)
Deferred financing costs - long-term portion	(3,580)	(3,768)
Long-term debt	\$ 576,422	\$ 577,487

The Company's debt outstanding as of April 30, 2024 matures as shown below (in thousands):

Future principal payments due for fiscal years ended January 31:

2025 (nine months remaining)	\$ 4,803
2026	4,803
2027	6,404
2028	8,005
2029	568,985
Thereafter	-
Total payments	593,000
Current portion	(6,404)
Unamortized original issue discount and issuance costs	(10,174)
Long-term portion	\$ 576,422

Refer to Note 14 "Long-Term Debt" in our fiscal 2024 Form 10-K for information regarding the Company's term loan and accounts receivable facility.

The reserve balance associated with the accounts receivable facility was \$5.1 million at April 30, 2024 and is classified as restricted cash on the condensed consolidated balance sheet. The interest rate on borrowings outstanding under the accounts receivable facility was 8.43% at April 30, 2024. As of April 30, 2024, \$42.4 million was drawn under the accounts receivable facility and is classified as a current liability on the balance sheet.

## (8) Shareholders' Equity

### Common Stock

As of April 30, 2024, the Company's authorized share capital consisted of 18,750,000 shares of Class A common stock and 10,000,000 shares of preferred stock, with a par value \$0.0001 each, and 8,394,098 shares of Class A common stock were issued and 8,094,321 shares were outstanding. As of April 30, 2024, the Company had no shares of preferred stock or Class C common stock outstanding. Except as required by law, holders of shares of Class C common stock are not entitled to vote any such shares.

Subject to applicable law, the Company may declare dividends to be paid ratably to holders of Class A common stock out of the Company's assets that are legally available to be distributed as dividends in the discretion of the Company's board of directors. Holders of Class C common stock are generally not entitled to dividends.

### Warrants

Refer to Note 16 "Shareholders' Equity" in our fiscal 2024 Form 10-K, for information related to the equity and liability-classified warrants.

### Accumulated Other Comprehensive Income (Loss)

Accumulated Other Comprehensive Income (Loss) associated with foreign currency translation adjustments consisted of the following (in thousands):

	Three Months Ended April 30,					
	2024			2023		
	Before Tax	Income Tax	Net	Before Tax	Income Tax	Net
Balance as of beginning-of-period	\$ (13,050)	\$ —	\$ (13,050)	\$ (14,794)	\$ —	\$ (14,794)
Translation adjustment	(2,887)	—	(2,887)	875	—	875
Balance as of end-of-period	\$ (15,937)	\$ —	\$ (15,937)	\$ (13,919)	\$ —	\$ (13,919)

## (9) Stock-Based Compensation

### Equity Incentive Plans

In June 2021, Skillsoft adopted the 2020 Omnibus Incentive Plan (“2020 Plan”). The 2020 Plan provides for the grant of incentive stock options, nonqualified stock options, stock appreciation rights, restricted stock, restricted stock units, other equity-based awards, and cash-based incentive awards to employees, directors, and consultants of the Company. Under the 2020 Plan, 655,295 shares were initially made available for issuance. The 2020 Plan includes an annual increase on January 1 each year beginning on January 1, 2022, in an amount equal to 5.0% of the total number of shares of common stock outstanding on December 31 of the preceding calendar year. The Compensation Committee may act prior to January 1 of a given year to provide that there will be no January 1 increase for such year or that the increase for such year will be a lesser number of shares of common stock than provided for in the 2020 Plan. As of April 30, 2024, a total of 590,444 shares of common stock were available for issuance under the 2020 Plan.

In May 2024, Skillsoft adopted the Skillsoft Corp. 2024 Employment Inducement Incentive Award Plan (the “Inducement Plan”). The Inducement Plan provides for the inducement grants of nonqualified stock options, stock appreciation rights, restricted stock, restricted stock units, other equity-based awards, and cash-based incentive awards to new hires, or individuals being rehired following a bona fide period of non-employment with the Company, in compliance with Section 303A.08 of the New York Stock Exchange Listed Company Manual. Under the Inducement Plan, 200,000 shares are available for issuance.

### Stock Options

Under the 2020 Plan, all employees are eligible to receive incentive share options and all employees, directors and consultants are eligible to receive non-statutory share options. The options generally vest over four years and have a term of ten years. Vested options under the plan generally expire not later than 90 days following termination of employment or service or twelve months following an optionee’s death or disability. The fair value of stock options is determined on the grant date and amortized over the vesting period on a straight-line basis.

The following summarizes the stock option activity for the three months ended April 30, 2024:

	Shares	Weighted - Average Exercise Price	Weighted - Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value (in thousands)
Outstanding, January 31, 2024	88,850	\$ 215.00	7.4	\$ —
Granted	—	—	—	—
Exercised	—	—	—	—
Forfeited	—	—	—	—
Expired	—	—	—	—
Outstanding, April 30, 2024	88,850	215.00	7.1	—
Vested and exercisable, April 30, 2024	55,533	215.00	7.1	—

The total unrecognized equity-based compensation costs related to the stock options was \$1.7 million based on the \$67.23 weighted average grant date fair value of the options, which is expected to be recognized over a weighted-average period of 1.1 years.

### Time-Based Restricted Stock Units

Restricted stock units (“RSUs”) represent a right to receive one share of the Company’s common stock that is both non-transferable and forfeitable unless and until certain conditions are satisfied. Other than RSUs granted to our non-employee directors, which vest upon the earlier of the anniversary of the grant date and the Company’s next annual meeting of stockholders, RSUs generally vest ratably over a three or four-year period, subject to continued employment through each anniversary. The fair value of RSUs is determined on the grant date and is amortized over the vesting period on a straight-line basis.

The following summarizes the time-based RSU activity for the three months ended April 30, 2024:

	Shares	Weighted - Average Grant Date Fair Value	Aggregate Intrinsic Value (in thousands)
Unvested balance, January 31, 2024	735,998	\$ 64.77	\$ 10,319
Granted	—	—	—
Vested	(20,596)	135.11	—
Forfeited	(15,819)	71.72	—
Unvested balance, April 30, 2024	699,583	62.55	5,030

The total unrecognized stock-based compensation costs related to time-based RSUs was \$28.9 million, which is expected to be recognized over a weighted-average period of 2.4 years.



### Market-Based Restricted Stock Units

Market-based restricted stock units (“MBRSUs”) vest over a three or four-year performance period, subject to continued employment through each anniversary and achievement of market conditions, specifically the Company's stock price and an objective relative total shareholder return. The fair value of MBRSUs that include vesting based on market conditions are estimated using the Monte Carlo valuation method. Compensation cost for these awards is recognized based on the grant date fair value which is recognized over the vesting period using the accelerated attribution method.

The following summarizes the MBRSUs activity for the three months ended April 30, 2024:

	Shares	Weighted - Average Grant Date Fair Value	Aggregate Intrinsic Value (in thousands)
Unvested balance, January 31, 2024	182,742	\$ 72.60	\$ 2,562
Granted	—	—	—
Vested	—	—	—
Forfeited	(589)	46.92	—
Unvested balance, April 30, 2024	182,153	72.68	1,310

The total unrecognized stock-based compensation costs related to MBRSUs was \$3.0 million, which is expected to be recognized over a weighted-average period of 1.2 years.

### Stock-Based Compensation Expense

The following summarizes the classification of stock-based compensation expense in the condensed consolidated statements of operations (in thousands):

	Three Months Ended April 30,	
	2024	2023
Cost of revenues	\$ 166	\$ 97
Content and software development	1,290	2,012
Selling and marketing	1,256	1,682
General and administrative	4,441	5,337
Total	\$ 7,153	\$ 9,128

## (10) Revenue

### Revenue Components and Performance Obligations

#### SaaS and Subscription Services

The Company offers subscriptions that provide customers access to a broad-based spectrum of learning options including access to cloud-based Software as a Service (“SaaS”) learning content and individualized coaching. The Company’s cloud-based subscription solutions normally do not provide customers with the right to take possession of the software supporting the platform or to download course content without continuing to incur fees for hosting services and, as a result, are accounted for as service arrangements. Access to the platform and course content represents a series of distinct services as the Company continually provides access to, and fulfills its obligation to, the end customer over the subscription term. The series of distinct services represents a single performance obligation that is satisfied over time. Accordingly, the fixed consideration related to subscription revenue is usually recognized on a straight-line basis over the contract term, beginning on the date that the service is made available to the customer. The Company’s subscription contracts typically vary from one year to three years. The Company’s cloud-based solutions arrangements are mostly non-cancellable, non-refundable, and are invoiced in advance of the subscription services being provided.

#### Virtual, On-Demand and Classroom

The Company’s virtual, on-demand and classroom training provides customers with technical training. Revenue is recognized in the period in which the services are performed. Billing is in advance of the services being provided or immediately after the services have been provided.

#### Professional Services

The Company also sells professional services related to its cloud solutions which are typically considered distinct performance obligations and are recognized over time as services are performed. For fixed-price contracts, revenue is recognized based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided (proportional performance method). These services usually consist of implementation, integration, and general consulting. Mostly, the Company’s professional service engagements are short in duration. Billing is commonly in advance of the services being provided.

## Disaggregated Revenue and Geography Information

The following is a summary of revenues by type for the three months ended April 30, 2024 and April 30, 2023 (in thousands):

	Three Months Ended April 30,	
	2024	2023
SaaS and subscription services	\$ 93,162	\$ 93,819
Virtual, on-demand and classroom	29,718	36,981
Professional services	4,913	4,754
Total net revenues	<u>\$ 127,793</u>	<u>\$ 135,554</u>

Generally, SaaS and subscription services revenues are recognized over the service period, while virtual, on demand, classroom and professional services revenues are recognized at the point they are delivered.

The following sets forth our revenues by geographic region for the three months ended April 30, 2024 and April 30, 2023 (in thousands):

Revenue:	Three Months Ended April 30,	
	2024	2023
United States	\$ 84,948	\$ 89,087
Europe, Middle East and Africa	31,345	34,535
Other Americas	6,351	6,996
Asia-Pacific	5,149	4,936
Total net revenues	<u>\$ 127,793</u>	<u>\$ 135,554</u>

Other than the United States, no single country accounted for more than 10% of revenue for all periods presented.

### Deferred Revenue

Deferred revenue activity for the three months ended April 30, 2024 was as follows (in thousands):

Deferred revenue at January 31, 2024	\$ 284,972
Billings deferred	88,096
Recognition of prior deferred revenue	(127,793)
Deferred revenue at April 30, 2024	<u>\$ 245,275</u>

Deferred revenue performance obligations relate predominantly to time-based SaaS and subscription services that are billed in advance of services being rendered.

### Deferred Contract Acquisition Costs

Deferred contract acquisition cost activity for the three months ended April 30, 2024 was as follows (in thousands):

Deferred contract acquisition costs at January 31, 2024	\$ 36,667
Contract acquisition costs	3,056
Recognition of contract acquisition costs	(5,442)
Deferred contract acquisition costs at April 30, 2024	<u>\$ 34,281</u>

## (11) Fair Value Measurements

ASC Topic 820, *Fair Value Measurements and Disclosures* ("ASC 820") establishes a fair value hierarchy that prioritizes the inputs used to measure fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs. Observable inputs are information that reflect the assumptions that market participants would use in pricing the asset or liability based on market data obtained from sources independent of the Company. Unobservable inputs are variables that reflect the Company's assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available in the circumstances.

The three levels of the fair value hierarchy established by ASC 820 in order of priority are as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company has the ability to access as of the reporting date. Active markets are those in which transactions for the asset or liability occur in sufficient frequency and volume to provide pricing information on an ongoing basis.
- Level 2: Pricing inputs other than quoted prices in active markets included in Level 1, which are either directly or indirectly observable as of the reporting date. These include quoted prices for similar assets or liabilities in active markets and quoted prices for identical or similar assets or liabilities in markets that are not active.
- Level 3: Unobservable inputs that reflect the Company's assumptions about the assumptions that market participants would use in pricing the asset or liability. Unobservable inputs shall be used to measure fair value to the extent that observable inputs are not available.

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The following summarizes the Company's assets and liabilities that are measured at fair value on a recurring basis as of April 30, 2024 and are categorized using the fair value hierarchy (in thousands):

Description	Level 1	Level 2	Level 3	Total
	Measurements	Measurements	Measurements	
Cash and cash equivalents	\$ 142,020	\$ —	\$ —	\$ 142,020
Restricted cash	7,584	—	—	7,584
Interest rate swaps - asset (liability)	—	8,948	—	8,948
Total assets and (liabilities) recorded at fair value	<u>\$ 149,604</u>	<u>\$ 8,948</u>	<u>\$ —</u>	<u>\$ 158,552</u>

#### Cash, Cash Equivalents and Restricted Cash

The cost of our cash, cash equivalents and restricted cash agreed to the estimated fair value as of April 30, 2024. Refer to Note 2 "Summary of Significant Accounting Policies - Cash, Cash Equivalents, and Restricted Cash" in our fiscal 2024 Form 10-K for additional detail.

#### Interest Rate Swaps

On June 17, 2022, the Company entered into two fixed-rate interest rate swap agreements to change the Secured Overnight Financing Rate ("SOFR")-based component of the interest rate on a portion of the Company's variable rate debt to a fixed rate (the "Interest Rate Swaps"). The Interest Rate Swaps have a combined notional amount of \$300.0 million and a maturity date of June 5, 2027. The objective of the Interest Rate Swaps is to eliminate the variability of cash flows in interest payments on \$300.0 million of variable rate debt attributable to changes in benchmark one-month SOFR interest rates. The hedged risk is the interest rate risk exposure to changes in interest payments, attributable to changes in benchmark SOFR interest rates over the interest rate swap term. The changes in cash flows of the interest rate swap are expected to offset changes in cash flows of the variable rate debt. The Interest Rate Swaps are not designated as a cash flow hedge and changes in the fair value of the interest rate swaps are recorded in earnings each period. For the three months ended April 30, 2024, the Company recognized a non-cash gain of \$7.7 million attributable to the Interest Rate Swaps. For the three months ended April 30, 2023, the Company recognized a non-cash gain of \$0.3 million attributable to the Interest Rate Swaps.

The inputs for determining fair value of the Interest Rate Swaps are classified as Level 2 inputs. Level 2 fair value is based on estimates using standard pricing models. These standard pricing models use inputs which are derived from or corroborated by observable market data such as interest rate yield curves, index forward curves, discount curves, and volatility surfaces. The counterparties to these derivative contracts are highly rated financial institutions which we believe carry only a minimal risk of nonperformance.

Depending on whether the Interest Rate Swaps are in an asset or liability position as of reporting period, they are included in either the captions "Other assets" or "Other long-term liabilities" on the Company's condensed consolidated balance sheets.

#### Other Fair Value Instruments

The Company currently invests excess cash balances primarily in money market funds invested in United States Treasury securities and United States Treasury securities repurchase agreements, as well as cash deposits held at major banks. The carrying amounts of cash and cash equivalents, trade receivables, trade payables and accrued liabilities, as reported on the condensed consolidated balance sheet as of April 30, 2024, approximate their fair value because of the short maturity of those instruments.

Our long-term debt is a financial instrument, and the fair value of the Company's outstanding principal as of April 30, 2024 was \$556.7 million. This fair value is determined based on inputs that are classified as Level 2 within the fair value hierarchy.

#### (12) Segment Information

ASC 280, *Segment Reporting*, establishes standards for reporting information about operating segments. Operating segments are defined as components of an enterprise about which separate financial information is available that is evaluated regularly by the chief operating decision maker ("CODM"), in determining how to allocate resources and in assessing performance. The Company's CODM is its Principal Executive Officer. The Company's CODM evaluates results using the operating segment structure as the primary basis for which the allocation of resources and financial results are assessed.

The Company has organized its business into two segments: Content & Platform and Instructor-Led Training. All of the Company's segments market and sell their offerings globally to businesses of many sizes, government agencies, educational institutions and resellers with a worldwide sales force positioned to offer the combinations that best meet customer needs. The CODM primarily uses revenues and operating income as measures to evaluate financial results and allocation of resources. The Company allocates certain operating expenses to the reportable segments, including general and administrative costs based on the usage and relative contribution provided to the segments. There are no intercompany revenue transactions reported between the Company's reportable segments.

The Content & Platform business engages in the sale, marketing and delivery of its content learning solutions, in areas such as Leadership and Business, Technology and Developer and Compliance. This includes individualized coaching as well as technical skill areas assumed in the Codecademy acquisition. In addition, Content & Platform offers Percipio, an artificial intelligence ("AI")-driven online learning platform that delivers an immersive learning experience through SaaS solutions. It leverages its highly engaging content, curated into nearly 700 learning paths (channels) that are continuously updated to ensure customers always have access to the latest information.

The Instructor-Led Training business offers training solutions covering information technology and business skills for corporations and their employees. Instructor-Led Training guides its customers throughout their lifelong technology learning journey by offering relevant and up-to-date skills training through instructor-led (in-person "classroom" or online "virtual") and self-paced ("on-demand"), vendor certified, and other proprietary offerings. Instructor-Led Training offers a wide breadth of training topics and delivery modalities both on a transactional and subscription basis.

The following presents summary results for each of the segments for the three months ended April 30, 2024 and April 30, 2023:

	Three Months Ended April 30,	
	2024	2023
<b>Content &amp; Platform</b>		
Revenues	\$ 98,075	\$ 98,573
Operating expenses	121,377	129,524
Operating income (loss)	(23,302)	(30,951)
<b>Instructor-Led Training</b>		
Revenues	29,718	36,981
Operating expenses	30,248	41,412
Operating income (loss)	(530)	(4,431)
<b>Consolidated</b>		
Revenues	127,793	135,554
Operating expenses	151,625	170,936
Operating income (loss)	(23,832)	(35,382)
Other income (expense), net	2,217	(375)
Interest expense, net	(15,350)	(15,291)
Fair value adjustment of warrants	—	2,852
Fair value adjustment of interest rate swaps	7,746	270
(Provision for) benefit from income taxes	1,583	4,384
Net income (loss) from continuing operations	(27,636)	(43,542)
Gain (loss) on sale of business	—	(682)
Net income (loss)	<u>\$ (27,636)</u>	<u>\$ (44,224)</u>

Content & Platform segment depreciation for the three months ended April 30, 2024 and April 30, 2023 was \$0.5 million and \$0.8 million, respectively.

Instructor-Led Training segment depreciation for the three months ended April 30, 2024 and April 30, 2023 was \$0.2 million and \$0.4 million, respectively.

The Company's segment assets primarily consist of cash and cash equivalents, accounts receivable, prepaid expenses, deferred taxes, property and equipment, goodwill and intangible assets. The following sets forth the Company's segment assets as of April 30, 2024 and January 31, 2024 (in thousands):

	April 30, 2024	January 31, 2024
Content & Platform	\$ 1,084,126	\$ 1,168,671
Instructor-Led Training	96,734	104,963
Total assets	<u>\$ 1,180,860</u>	<u>\$ 1,273,634</u>

The following sets forth the Company's long-lived tangible assets by geographic region as of April 30, 2024 and January 31, 2024 (in thousands):

	April 30, 2024	January 31, 2024
United States	\$ 2,729	\$ 3,311
Rest of world	2,966	3,328
Total long-lived tangible assets	<u>\$ 5,695</u>	<u>\$ 6,639</u>

### (13) Net Loss Per Share

Basic earnings per share is computed by dividing net income for the period by the weighted-average number of common shares outstanding during the period. Diluted earnings per share is computed by dividing net income for the period by the weighted-average number of common shares outstanding during the period, plus the dilutive effect of outstanding restricted stock-based awards, stock options, and shares issuable under the employee stock purchase plan using the treasury stock method.

The following sets forth the computation of basic and diluted earnings per share (in thousands, except per share data):

	Three Months Ended April 30,	
	2024	2023
Net income (loss) from continuing operations	\$ (27,636)	\$ (43,542)
Net income (loss) from discontinued operations	—	(682)
Net income (loss)	<u>\$ (27,636)</u>	<u>\$ (44,224)</u>
Weighted average common shares outstanding:		
Ordinary – Basic and diluted	8,089	8,158
Net income (loss) per share:		
Ordinary – Basic and diluted - Continuing operations	\$ (3.42)	\$ (5.34)
Ordinary – Basic and diluted - Discontinued operations	—	(0.08)
Ordinary – Basic and diluted	<u>\$ (3.42)</u>	<u>\$ (5.42)</u>

During the three months ended April 30, 2024 and April 30, 2023, the Company incurred net losses and, therefore, the effect of the Company's potentially dilutive securities was not included in the calculation of diluted loss per share as the effect would be anti-dilutive. The following contains share/unit totals with a potentially dilutive impact (in thousands):

	Three Months Ended April 30,	
	2024	2023
Common stock underlying warrants	3,098	3,098
Stock options	89	110
RSUs	900	1,155
Total	<u>4,087</u>	<u>4,363</u>

### (14) Related Party Transactions

#### *Agreement with Largest Shareholder*

On January 31, 2022, Skillsoft entered into a commercial agreement to provide off-the-shelf Skillsoft products to the Company's largest shareholder, MIH Learning B.V., and its affiliates for \$0.7 million over three years.

### (15) Subsequent Events

On May 9, 2024, the former Chief Executive Officer of the Company, Jeffrey R. Tarr's employment with the Company terminated. On May 23, 2024, the Company executed a separation agreement with Mr. Tarr.

Refer to Note 9 "Stock-Based Compensation" above for information related to the Inducement Plan, which was adopted in May 2024.

In addition to the above, the Company has completed an evaluation of all subsequent events after the balance sheet date of April 30, 2024 through the date this Quarterly Report on Form 10-Q was filed with the SEC, to ensure that this filing includes appropriate disclosure of events both recognized in the financial statements as of April 30, 2024, and events which occurred subsequently but were not recognized in the financial statements. The Company has concluded that no subsequent events have occurred that require disclosure, except as disclosed within these financial statements.

## ITEM 2. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following Management’s Discussion and Analysis (“MD&A”) is intended to help the reader understand the financial condition of Skillsoft Corp. as of April 30, 2024, compared with January 31, 2024, and the results of operations for the three months ended April 30, 2024, compared with the corresponding period in 2023. Unless otherwise stated or the context otherwise requires, “Skillsoft”, “Company”, “we”, “our” or “us” refers to Skillsoft Corp. and its consolidated subsidiaries.

The MD&A is provided as a supplement to, and should be read in conjunction with, the condensed consolidated financial statements and the accompanying notes to the condensed consolidated financial statements (“Notes”) presented in “Part I – Item 1. Financial Statements”; our Form 10-K for the year ended January 31, 2024 (“2024 Form 10-K”); and other reports filed with the Securities and Exchange Commission (“SEC”). For more detailed information on the risks and uncertainties associated with the Company’s business activities, see the risks described in “Part I – Item 1A. Risk Factors” in our 2024 Form 10-K.

Unless otherwise noted, amounts referenced in this discussion, other than in reference to share numbers, are in thousands.

### General

At Skillsoft, we propel organizations and people to grow together through transformative learning experiences. We drive continuous growth and performance for employees and their organizations by helping them overcome critical skills gaps, unlock human potential, and transform the workforce to meet today’s challenges and tomorrow’s opportunities.

We do this through a holistic, enterprise-wide approach to skills development that delivers measurable outcomes. At Skillsoft, we:

- Offer a framework and methodology to benchmark current skills profiles across the enterprise and track outcomes of new skills initiatives over time;
- Provide transformative learning experiences across knowledge domains, in modalities ranging from video and audio to instructor-led training, coaching, and practice labs; and
- Deliver personalized skill pathways tailored to the unique needs of every learner across the organization — from leaders to frontline workers.

Skillsoft serves as a trusted partner to approximately 60% of the Fortune 1000, supporting today’s sought-after competencies: leadership and business skills, technology skills, and essential safety and risk management compliance. We address the full continuum of market needs, from functional and tactical learning initiatives to enterprise-wide strategic skills transformations. We leverage various learning modalities adaptable to different employee preferences, schedules, and learning styles. Our content is continuously updated with the latest expert insights, information, and training methods.

Today’s learners want the right learning experience, delivered when, where, and how they want it. That’s why our approach is mobile-first, and our expert-curated, cloud-based content is served on an open platform that reaches learners wherever they are.

Additionally, we utilize modern and innovative technologies - including generative Artificial Intelligence (“GenAI”) - across our solutions to address new and emerging customer needs and to differentiate ourselves in the market.

We have a community of more than 90 million learners in more than 150 countries that learn in more than 30 languages. As often as they need or want, learners turn to Skillsoft to acquire critical job skills in the flow of work, and grow as leaders, employees, and people. We’ve helped fuel performance and career growth for more than 25 years.

For more details, refer to “Part I – Item 1. Business” in our 2024 Form 10-K.

## Results of Operations

Our results of operations as reported in our condensed consolidated financial statements for these periods are prepared in accordance with GAAP.

The following sets forth certain items from our condensed consolidated statements of operations as a percentage of total revenues for the periods indicated:

	<b>Three Months Ended April 30,</b>	
	<b>2024</b>	<b>2023</b>
<b>Revenues:</b>		
Total revenues	100.0%	100.0%
<b>Operating expenses:</b>		
Costs of revenues	27.0%	27.9%
Content and software development	12.1%	12.6%
Selling and marketing	33.1%	33.9%
General and administrative	19.7%	18.7%
Amortization of intangible assets	24.7%	28.2%
Acquisition and integration related costs	1.2%	1.0%
Restructuring	0.8%	3.8%
Total operating expenses	118.6%	126.0%
Operating income (loss)	(18.6)%	(26.0)%
Other income (expense), net	1.7%	(0.3)%
Fair value adjustment of warrants	0.0%	2.1%
Fair value adjustment of interest rate swaps	6.1%	0.2%
Interest income	0.7%	0.5%
Interest expense	(12.7)%	(11.8)%
Income (loss) before provision for (benefit from) income taxes	(22.8)%	(35.3)%
Provision for (benefit from) income taxes	(1.2)%	(3.2)%
Income (loss) from continuing operations	(21.6)%	(32.1)%
Gain (loss) on sale of business	0.0%	(0.5)%
Net income (loss)	(21.6)%	(32.6)%

## Revenues

We provide, through our Content & Platform and Instructor-Led Training segments, enterprise learning solutions designed to prepare organizations for the future of work, and to overcome critical skills gaps, drive demonstrable behavior-change, and unlock the potential in their people.

Our Content & Platform segment generates revenues from its comprehensive suite of premium, original, and authorized partner content, featuring one of the deepest libraries of leadership and business, technology and development, and compliance curricula. With access to a broad spectrum of learning options (including video, audio, books, bootcamps, live events, and practice labs), organizations can meaningfully increase learner engagement and retention. Content & Platform offerings are predominantly delivered through Percipio, our award-winning, artificial intelligence (“AI”)–driven, immersive learning platform purpose built to make learning easier, more accessible, and more effective. In addition, we also have proprietary platforms used for our Codecademy and Skillsoft Coaching offerings. Our learning solutions are typically sold on a subscription basis for a fixed term.

Our Instructor-Led Training segment generates revenues from virtual, in-classroom, and on-demand training solutions geared at foundational, practitioner and expert information technology professionals. Our offerings include authorized content from various partners aimed at providing professional certifications for individuals that successfully complete all requirements. Instructor-Led Training’s digital and in-classroom learning solutions provide enterprises, government agencies, and educational institutions a broad selection of customizable courses to meet their technology and development needs.

### Subscription and Non-Subscription Revenue

**Software as a service (“SaaS”) Subscription Revenue.** Represents revenue generated from contracts specifying a minimum fixed fee for services delivered over the life of the contract. The initial term of enterprise contracts is generally one to three years and is usually non-cancellable for the term of the subscription. The fixed fee is commonly paid upfront on an annual basis. These contracts typically consist of subscriptions to our various offerings which provide access to our SaaS platforms, associated content and services, over the contract term.

**Non-Subscription Revenue.** Primarily comprised of instructor-led training offerings, which consist of both in-person and virtual environments. Instructor-led training, including virtual offerings, are first scheduled, then delivered later, with revenue realized on the delivery date. Non-subscription revenues also include professional services related to implementation of our products and subsequent, ongoing consulting engagements. Our non-subscription services complement our subscription business in creating strong and comprehensive customer relationships.

The following is a summary of our revenues by product and service type for the periods indicated (in thousands, except percentages):

	Three Months Ended April 30,		Dollar	Percent
	2024	2023	Increase (Decrease)	Change
SaaS and subscription revenues:				
Content & Platform	\$ 93,162	\$ 93,819	\$ (657)	(0.7)%
Total subscription revenues	93,162	93,819	(657)	(0.7)%
Non-subscription revenues:				
Instructor-Led Training	29,718	36,981	(7,263)	(19.6)%
Content & Platform	4,913	4,754	159	3.3%
Total non-subscription revenues	34,631	41,735	(7,104)	(17.0)%
Total revenues	\$ 127,793	\$ 135,554	\$ (7,761)	(5.7)%

Total decline in revenues, when comparing the three months ended April 30, 2024 and April 30, 2023, mainly in our Instructor-Led Training segment was primarily due to weaker market demand, particularly in Europe, as well as a higher mix of reseller business, which is recorded in revenue net of fees.

### Operating Expenses

For the corporate level operating expenses that we can directly attribute to our two segments, such costs are allocated accordingly between Content & Platform and Instructor-Led Training. However, in other cases, these corporate level operating expenses are reported in the Content & Platform segment.

#### Summary of operating expenses

The following provides select operating expenses (in thousands, except percentages), which are discussed in the associated captions that immediately follow:

	Three Months Ended April 30,		Dollar	Percent
	2024	2023	Increase (Decrease)	Change
Cost of revenues	\$ 34,471	\$ 37,824	\$ (3,353)	(8.9)%
Content and software development expenses	15,506	17,035	(1,529)	(9.0)%
Selling and marketing expenses	42,292	45,927	(3,635)	(7.9)%
General and administrative expenses	25,309	25,296	13	0.1%
Amortization of intangible assets	31,583	38,245	(6,662)	(17.4)%
Acquisition and integration related costs	1,497	1,391	106	7.6%
Restructuring	967	5,218	(4,251)	(81.5)%
Total operating expenses	\$ 151,625	\$ 170,936	\$ (19,311)	(11.3)%



### Cost of revenues

Cost of revenues consists primarily of employee salaries and benefits for hosting operations, professional service and customer support personnel; royalties; hosting and software maintenance services; facilities and utilities costs; consulting services; and instructor fees, course materials, logistics costs and overhead costs associated with virtual, in-classroom, and on-demand training solutions. The following provides details regarding the changes in components of cost of revenues (in thousands, except percentages):

	Three Months Ended April 30,		Dollar	Percent
	2024	2023	Increase (Decrease)	Change
Courseware, instructor fees and outside services	\$ 16,959	\$ 20,485	\$ (3,526)	(17.2)%
Compensation and benefits	13,575	13,416	159	1.2%
Hosting and software maintenance	2,964	2,859	105	3.7%
Facilities, utilities and other	973	1,064	(91)	(8.6)%
Total cost of revenues	<u>\$ 34,471</u>	<u>\$ 37,824</u>	<u>\$ (3,353)</u>	<u>(8.9)%</u>

The decreases in courseware, instructor fees and outside services, when comparing the three months ended April 30, 2024 to the same period in 2023, were primarily attributable to the decline in our Instructor-Led Training segment revenue as discussed in *Subscription and Non-Subscription Revenue* above. When comparing the three months ended April 30, 2024 to the same period in 2023, both the compensation and benefits, and hosting and software maintenance categories increased primarily due to the investments in technology and our employees. The decrease in facilities and utilities expenses, when comparing the three months ended April 30, 2024 to the same period in 2023, was primarily attributable to cost savings from consolidation of our facilities.

### Content and software development

Content and software development expenses include costs associated with the development of new products and the enhancement of existing products, consisting primarily of employee salaries and benefits; development-related professional services; facilities costs; depreciation; and software maintenance costs. The following provides details regarding the changes in components of content and software development expenses (in thousands, except percentages):

	Three Months Ended April 30,		Dollar	Percent
	2024	2023	Increase (Decrease)	Change
Compensation and benefits	11,696	\$ 12,876	\$ (1,180)	(9.2)%
Consulting and outside services	2,405	2,315	90	3.9%
Facilities, utilities and other	473	1,273	(800)	(62.8)%
Software maintenance	932	571	361	63.2%
Total content and software development expenses	<u>\$ 15,506</u>	<u>\$ 17,035</u>	<u>\$ (1,529)</u>	<u>(9.0)%</u>

The decreases in compensation and benefits, when comparing the three months ended April 30, 2024 to the same period in 2023, were primarily a result of lower stock-compensation expense due to forfeitures and lower grants of share-based payment awards. The decrease in facilities and utilities expenses, when comparing these same periods, was primarily attributable to cost savings from consolidation of our facilities. These decreases were partially offset by the increase in software maintenance, which was primarily the result of investments in technology.

### Selling and marketing

Selling and marketing ("S&M") expenses consist primarily of employee salaries and benefits for selling, marketing and pre-sales support personnel; commissions; travel expenses; advertising and promotional expenses; consulting and outside services; facilities costs; depreciation; and software maintenance costs. The following provides details regarding the changes in components of S&M expenses (in thousands, except percentages):

	Three Months Ended April 30,		Dollar	Percent
	2024	2023	Increase (Decrease)	Change
Compensation and benefits	\$ 31,573	\$ 33,834	\$ (2,261)	(6.7)%
Advertising and promotions	5,505	6,635	(1,130)	(17.0)%
Software maintenance	3,761	2,989	772	25.8%
Consulting and outside services	648	1,294	(646)	(49.9)%
Facilities, utilities and other	805	1,175	(370)	(31.5)%
Total S&M expenses	<u>\$ 42,292</u>	<u>\$ 45,927</u>	<u>\$ (3,635)</u>	<u>(7.9)%</u>

The decreases in compensation and benefits, advertising and promotions and consulting and outside services, when comparing the three months ended April 30, 2024 to the same period in 2023, were primarily attributable to a reduction in branding initiatives. The decrease in facilities and utilities expenses, when comparing the three months ended April 30, 2024 to the same period in 2023, was primarily attributable to cost savings from consolidation of our facilities. These decreases were partially offset by the increase in software maintenance, which was primarily the result of investments in our go-to-market transformation activities and enablement programs.

### General and administrative

General and administrative (“G&A”) expenses consist primarily of employee salaries and benefits for executive, finance, administrative, and legal personnel; audit, legal and consulting fees; insurance; franchise, sales and property taxes; facilities costs; and depreciation. The following provides details regarding the changes in components of G&A expenses (in thousands, except percentages):

	Three Months Ended April 30,		Dollar	Percent
	2024	2023	Increase (Decrease)	Change
Compensation and benefits	\$ 16,782	\$ 14,781	\$ 2,001	13.5%
Consulting and outside services	5,384	6,583	(1,199)	(18.2)%
Insurance	721	1,303	(582)	(44.7)%
Facilities, utilities and other	635	1,261	(626)	(49.6)%
Software maintenance	1,319	893	426	47.7%
Franchise, sales, and property tax	468	475	(7)	(1.5)%
Total G&A expenses	\$ 25,309	\$ 25,296	\$ 13	0.1%

Total G&A expenses remained relatively flat, when comparing the three months ended April 30, 2024 to the same period in 2023, as investments in employees and technology were offset by expense reductions and savings from the Company's integration and restructuring activities, including cost savings from consolidation of our facilities and lower insurance. When comparing these same periods, the reduction in consulting and outside services also contributed to the increase in compensation and benefits.

### Amortization of intangible assets

Intangible assets arising from business combinations are developed technology, customer-related intangibles, trade names and other identifiable intangible assets with finite lives. These intangible assets are amortized over the estimated useful lives of such assets. We also capitalize certain internal use software development costs related to our SaaS platform incurred during the application development stage. The internal use software is amortized on a straight-line basis over its estimated useful life.

The decrease in amortization of intangible assets, when comparing the three months ended April 30, 2024 to the same period in 2023, was primarily due to certain intangible assets becoming fully amortized or written down as a result of impairment during the fourth quarter of fiscal 2024.

### Acquisition and integration related costs

Acquisition and integration related costs consist of professional fees for legal, investment banking and other advisor costs incurred in connection with the business combinations completed in April 2022 and June 2021 and the subsequent integration related activities. The changes in acquisition and integration related costs were primarily due to the timing of these aforementioned activities.

### Restructuring

In connection with the acquisition integration process and our workplace flexibility policy, we continued our initiatives and commitment to reduce our costs and better align operating expenses with existing economic conditions and our operating model to improve operating efficiency, competitiveness and business profitability. These included workforce reductions and consolidation of facilities as we adopted new work arrangements for certain locations. The restructuring charges for the three months ended April 30, 2024 totaling \$1.0 million are substantially all related to severance costs of terminated employees. The restructuring charges for the three months ended April 30, 2023 totaling \$5.2 million were substantially all related to severance costs of terminated employees and lease termination and lease impairment charges.

### Interest and other

Interest and other, net, consists of gain or loss on derivative instruments, interest income, interest expense, and other expense and income (in thousands, except percentages):

	<b>Three Months Ended April 30,</b>		<b>Dollar</b>	<b>Percent</b>
	<b>2024</b>	<b>2023</b>	<b>Increase (Decrease)</b>	<b>Change</b>
Other income (expense), net	\$ 2,217	\$ (375)	\$ 2,592	(691.2)%
Interest income	928	645	283	43.9%
Interest expense	(16,278)	(15,936)	(342)	2.1%

The other income (expense), net was primarily the foreign exchange gains and losses (specifically, resulting from foreign currency denominated transactions and the revaluation of foreign currency denominated assets and liabilities), which fluctuates as the U.S. dollar appreciates or depreciates against other currencies. Interest income for the three months ended April 30, 2024 compared to the corresponding prior year period, increased primarily due to the use of money market investments to realize increased returns on cash balances. The increase in interest expense, when comparing the three months ended April 30, 2024 to the corresponding period in 2023, was primarily due to higher interest rates. As a result of the interest rate swaps we executed on June 17, 2022, we have a fixed cash interest rate of 8.94% on \$300 million of our outstanding term loans.

### Fair value adjustment of warrants

The gains attributable to warrants are primarily a result of the Company's underlying common stock performance during the three months ended April 30, 2023. As of January 31, 2024, the fair value of our liability-classified warrants was insignificant, however prior to then they were marked-to-market at each balance sheet date, with gains and losses being recorded in current period earnings..

### Fair value adjustment of interest rate swaps

We entered into two fixed-rate interest rate swap agreements on June 17, 2022 for a combined notional amount of \$300 million and a maturity date of June 5, 2027. The objective of the interest rate swaps is to eliminate fluctuations in cash flows for interest payments on \$300 million of variable rate debt attributable to changes in benchmark one-month Secured Overnight Financing Rate ("SOFR") interest rates. The interest rate swaps are not designated for hedge accounting and are carried on the statement of financial position at their fair value. Unrealized gains and losses from changes in fair value of the interest rate swaps, which arise from variations in the forward-looking yield curve, are included in the income statement as they occur.

The gains (losses) reflected for the change in value of the interest rate swaps are primarily attributable to increases (decreases) in the expectation for one-month SOFR interest rates through June 5, 2027, during the three months ended April 30, 2024 and 2023.

### Gain on sale of business

On June 12, 2022, we entered into the Purchase Agreement to sell our SumTotal business to a third party for \$200 million in cash, subject to adjustments set forth in the Purchase Agreement. The sale was completed on August 15, 2022. Net proceeds from the sale were \$174.9 million, after final working capital adjustments in April 2023. In accordance with ASC 810, Consolidation ("ASC 810"), we recorded a gain on sale upon completion of the transaction. The \$55.9 million gain, including a loss of \$0.7 million recognized in the first quarter of fiscal 2024, was calculated by measuring the difference between the fair value of consideration received less the carrying amount of assets and liabilities sold.

### Provision for (benefit from) income taxes

The following provides select provision for (benefit from) income taxes information (in thousands, except percentages):

	<b>Three Months Ended April 30,</b>		<b>Dollar</b>	<b>Percent</b>
	<b>2024</b>	<b>2023</b>	<b>Increase (Decrease)</b>	<b>Change</b>
Provision for (benefit from) income taxes	\$ (1,583)	\$ (4,384)	\$ 2,801	(63.9)%
Effective income tax rate	5.4%	9.1%		

The effective income tax rate for the three months ended April 30, 2024 and 2023 differed from the United States federal statutory rate of 21.0% due primarily to the impact of non-deductible items, foreign rate differential, changes in uncertain tax positions, and changes in the valuation allowance on the Company's deferred tax assets.

## Liquidity and Capital Resources

### *Liquidity and sources of cash*

As of April 30, 2024, we had \$142.0 million of cash and cash equivalents on hand. Our investment policy is approved by the Board of Directors and reviewed annually by the Audit Committee. Our current investment policy's primary objectives when investing excess cash are, in order of importance: (1) preservation of capital and protection of principal; (2) maintenance of liquidity that is sufficient to meet cash flow needs; and (3) maximize rate of return. Pursuant to this policy, as of April 30, 2024, most of our cash and cash equivalents were held at large financial institutions with high rating agency designations and our exposure to regional banks was not significant. We have funded operations primarily through the use of cash collected from our customers and the proceeds received from the Term Loan Facility, supplemented with borrowings under our accounts receivable facility. Our cash requirements vary depending on factors such as the growth of the business, changes in working capital and capital expenditures. We expect to operate the business and execute our strategic initiatives principally with funds generated from operations and supplemented by borrowings up to a maximum of \$75.0 million under our accounts receivable facility. We anticipate that we will have sufficient internal and external sources of liquidity to fund operations and anticipated working capital and other expected cash needs for at least the next twelve months, as well as for the foreseeable future with capital sources currently available.

### *Term Loan*

On July 16, 2021, Skillsoft Finance II, Inc. ("Skillsoft Finance II"), a subsidiary of Skillsoft Corp., entered into a Credit Agreement (the "Credit Agreement"), by and among Skillsoft Finance II, as borrower, Skillsoft Finance I, Inc. ("Holdings"), the lenders party thereto and Citibank, N.A., as administrative agent and collateral agent, pursuant to which the lenders provided a \$480 million term loan facility (the "Term Loan Facility"). The Term Loan Facility is scheduled to mature on July 16, 2028.

In connection with the closing of the Codecademy acquisition, Skillsoft Finance II entered into Amendment No. 1 to the Credit Agreement, dated as of April 4, 2022 (the "First Amendment"), among Skillsoft Finance II, Holdings, certain subsidiaries of Skillsoft Finance II, as guarantors, Citibank N.A., as administrative agent, and the financial institutions party thereto as Term B-1 Lenders, which amended the Credit Agreement (as amended by the First Amendment, the "Amended Credit Agreement").

The First Amendment provided for the incurrence of up to \$160 million of Term B-1 Loans (the "Term B-1 Loans") under the Amended Credit Agreement. In addition, the First Amendment, among other things, (a) provided for early opt-in to the SOFR subject to a 0.75% floor, for the existing term loans under the Credit Agreement (such existing term loans together with the Term B-1 Loans, the "Initial Term Loans") and (b) provided for the applicable margin for the Initial Term Loans at 4.25% with respect to base rate borrowings and 5.25% with respect to SOFR borrowings.

Prior to the maturity thereof, the Initial Term Loans are subject to quarterly amortization payments of \$1.6 million.

### *Accounts Receivable Facility*

We also have access to up to \$75.0 million of borrowings under our accounts receivable facility, where borrowing can be made against eligible accounts receivable, with advance rates between 50.0% and 85.0%. Borrowings under the facility bear interest at 3.11% per annum plus the applicable Term SOFR rate. The maturity date of the accounts receivable facility is the earlier of (i) December 27, 2024 or (ii) 90 days prior to the maturity of any corporate debt. The accounts receivable facility requires a minimum outstanding balance of \$10 million at all times. Based on seasonality of billings and the characteristics of accounts receivable, some of which are not eligible for advances, we are not always able to access the full \$75.0 million available capacity. As of April 30, 2024, \$42.4 million was drawn under our accounts receivable facility.

### *Cash Flows*

The following summarizes our cash flows for the periods presented (in thousands):

	Three Months Ended April 30,	
	2024	2023
Net cash provided by (used in) operating activities	\$ 14,937	\$ 21,464
Net cash used in investing activities	(4,517)	(9,456)
Net cash provided by (used in) financing activities	(4,252)	(1,907)
Effect of foreign currency exchange rates on cash and cash equivalents	(3,087)	(557)
Net increase (decrease) in cash and cash equivalents and restricted cash	\$ 3,081	\$ 9,544

**Cash flows from operating activities**

The decrease in cash flows from operating activities in the three months ended April 30, 2024 compared to the same period in 2023, was primarily the result of the timing of working capital settlements.

**Cash flows from investing activities**

Cash flows from investing activities in the three months ended April 30, 2024 include \$4.4 million of cash payments for internally developed software.

Cash flows from investing activities for the three months ended April 30, 2023 include \$2.7 million of cash payments for internally developed software.

Our purchases of property and equipment largely consist of computer hardware and software, as well as capitalized software development costs, to support content and software development activities.

**Cash flows from financing activities**

Cash flows from financing activities consist primarily of borrowings and repayments under our debt facilities and our accounts receivable facility, and payments for share repurchases.

**Contractual and Commercial Obligations**

The scheduled maturities of our debt and future minimum rental commitments under non-cancelable lease agreements as of April 30, 2024 were as set forth below (in thousands):

	Payments due by Fiscal Year				
	Total	Remainder of 2025	2026-2027	2028-2029	Thereafter
Term Loan Facility	\$ 593,000	\$ 4,803	\$ 11,207	\$ 576,990	\$ —
Operating leases	12,455	3,057	3,500	2,777	3,121
Total	<u>\$ 605,455</u>	<u>\$ 7,860</u>	<u>\$ 14,707</u>	<u>\$ 579,767</u>	<u>\$ 3,121</u>

**Contingencies**

From time to time, we are a party to or may be threatened with litigation in the ordinary course of our business. We regularly analyze then current information, including, as applicable, our defense and insurance coverage and, as necessary, provide accruals for probable and estimable liabilities for the eventual disposition of these matters. For information regarding legal proceedings see Note 6 - “Leases, Commitments and Contingencies”.

**Critical Accounting Policies and Estimates**

Our condensed consolidated financial statements and the related notes have been prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”). The preparation of these condensed consolidated financial statements requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosures of contingent assets and liabilities as of the date of the condensed consolidated financial statements, and the reported amounts of assets, liabilities, revenues and expenses during the reporting period. We regularly reevaluate our estimates and judgments, including those related to the following: business combinations, revenue recognition, impairment of goodwill and intangible assets, income tax assets and liabilities, and restructuring charges and accruals. We base our estimates and judgments on historical experience and various other factors we believe to be reasonable under the circumstances, the results of which form the basis for judgments about the carrying values of assets and liabilities and the amounts of revenues and expenses that are not readily apparent from other sources. To the extent that there are material differences between these estimates and actual results, our future financial statement presentation, financial condition, or results of operations could be impacted.

We believe the following critical accounting estimates most significantly affect the portrayal of our financial condition and involve our most difficult and subjective estimates and judgments.

**Revenue recognition**

The Company enters into contracts that provide customers access to a broad spectrum of learning options including cloud-based learning content, talent management solutions, virtual, on-demand and classroom training, and individualized coaching. The Company recognizes revenue that reflects the consideration that we expect to be entitled to receive in exchange for these services. We apply judgment in determining our customer’s ability and intent to pay, which is based on a variety of factors, including the customer’s historical payment experience, credit, or financial information. The Company is not required to exercise significant judgment in determining the timing for the satisfaction of performance obligations or the transaction price.

The Company's cloud-based solutions generally do not provide customers with the right to take possession of the software supporting the platform or to download course content without continuing to incur fees for hosting services and, as a result, are accounted for as service arrangements. Access to the platform and course content represents a series of distinct services as the Company continually provides access to, and fulfills its obligation to, the end customer over the subscription term. The series of distinct services represents a single performance obligation that is satisfied over time. Accordingly, the fixed consideration related to subscription revenue is generally recognized on a straight-line basis over the contract term, beginning on the date the service is made available to the customer. The Company's subscription contracts typically vary from one year to three years. The Company's cloud-based solutions arrangements are generally non-cancellable and non-refundable.

Revenue from virtual, on-demand and classroom training, and individualized coaching is recognized in the period in which the services are rendered. The Company also sells professional services related to its cloud solutions which are typically considered distinct performance obligations and are recognized over time as services are performed. For fixed-price contracts, revenue is recognized over time based on a measure of progress that reasonably reflects our advancement toward satisfying the performance obligation.

While the majority of the Company's revenue relates to SaaS subscription services where the entire arrangement fee is recognized on a ratable basis over the contractual term, the Company sometimes enters into contractual arrangements that have multiple distinct performance obligations, one or more of which have different periods over which the services or products are delivered. These arrangements may include a combination of subscriptions and non-subscription products such as professional services. The Company allocates the transaction price of the arrangement based on the relative estimated standalone selling price of each distinct performance obligation.

Reimbursements received from customers for out-of-pocket expenses are recorded as revenues, with related costs recorded as cost of revenues. The Company presents revenues net of any taxes collected from customers and remitted to government authorities.

As the Company's contractual agreements predominantly call for advanced billing, contract assets are rarely generated.

#### ***Intangible assets, including goodwill***

We recognize the excess of the purchase price, plus the fair value of any noncontrolling interest in an acquiree, over the fair value of identifiable net assets acquired, which includes the fair value of specifically identifiable intangible assets, as goodwill.

The Company amortizes its finite-lived intangible assets, including customer contracts and internally developed software, over their estimated useful life. The Company reviews the carrying values of intangible assets subject to amortization at least annually to determine if any adverse conditions exist or a change in circumstances has occurred that would indicate impairment or a change in remaining useful life. Conditions that would indicate impairment and trigger a more frequent impairment assessment include, but are not limited to, a significant adverse change in legal factors or business climate that could affect the value of an asset, or an adverse action or assessment by a regulator.

In addition, the Company reviews the carrying values of its indefinite-lived intangible assets, including goodwill and certain trademarks, during the fourth quarter of each fiscal year for impairment, or more frequently if certain indicators are present or changes in circumstances suggest that impairment may exist and reassesses their classification as indefinite-lived assets.

If current discount rates rise or if relevant market-based inputs for our impairment assessment worsen, subsequent reviews of goodwill and intangibles could result in impairment. Factors that could result in an impairment include, but are not limited to, the following:

- Prolonged period of our estimated fair value of our reporting units exceeding our market capitalization;
- Lower expectations for future profitability of bookings or EBITDA, which in part, could be impacted by legislative, regulatory or tax changes that affect the cost of, or demand for, products and services as well as the loss of key personnel;
- Deterioration in key assumptions used in our income approach estimates of fair value, such as higher discount rates from higher stock market volatility; and
- Valuations of significant mergers or acquisitions of companies that provide relevant market-based inputs for our impairment assessment that could support less favorable conclusions regarding the estimated fair value of our reporting units.

#### ***Income taxes***

We provide for deferred income taxes resulting from temporary differences between the basis of assets and liabilities for financial reporting purposes as compared to tax purposes, using rates expected to be in effect when such differences reverse. We record valuation allowances to reduce deferred tax assets to the amount that is more likely than not to be realized.

We follow the authoritative guidance on accounting for and disclosure of uncertainty in tax positions which requires us to determine whether a tax position of the Company is more likely than not to be sustained upon examination, including resolution of any related appeals of litigation processes, based on the technical merits of the position. For tax positions meeting the more likely than not threshold, the tax amount recognized in the financial statements is reduced to the largest benefit that has a greater than fifty percent likelihood of being realized upon the ultimate settlement with the relevant taxing authority. Interest and penalties related to uncertain tax positions are included in the provision for income taxes in the condensed consolidated statements of operations.

#### ***Recently Issued Accounting Pronouncements***

Our recently issued accounting pronouncements are set forth in Note 2 to our condensed consolidated financial statements.

### ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We have exposures to market risks in the ordinary course of our business, including the effects of interest rate changes and foreign currency fluctuations. Information relating to quantitative and qualitative disclosures about these market risks is described below.

#### *Interest Rate Risk*

Interest rate risk is the risk of financial loss due to adverse changes in the value of assets and liabilities due to movements in interest rates. We are exposed to interest rate risk arising from our interest sensitive long-term debt and accounts receivable facility and to a lesser extent our cash and cash equivalents.

Based on the balance of our long-term debt and accounts receivable facility and taking into account the two interest rate swap agreements discussed below, a hypothetical 100 basis point increase or decrease in interest rates would result in approximately \$2.9 million additional or lower pre-tax interest expense on an annualized basis, respectively. To manage our exposure to interest rate risk on our long-term debt, we entered into two fixed-rate interest rate swap agreements to change the SOFR-based component of the interest rate on \$300.0 million of variable rate debt to a fixed rate. For further information regarding our long-term debt and interest rate swap agreements, see Note 7 and Note 11, respectively, to our condensed consolidated financial statements.

Based on the balance of our cash and cash equivalents, a hypothetical 100 basis point increase or decrease in interest rates would result in an approximately \$0.6 million increase or decrease, respectively, on our interest income on an annualized basis.

Our interest rate swaps are not designated for hedge accounting and are carried on the statement of financial position at their fair value. Unrealized gains and losses from changes in fair value of the interest rate swaps are included in the statement of operations as they occur. A hypothetical 100 basis point increase or decrease in interest rates would result in an approximately \$8.0 million increase or decrease, respectively, on our fair value adjustment of interest rate swaps at a point in time.

#### *Foreign Currency Risk*

Our reporting currency and the functional currency of our wholly owned foreign subsidiaries is the U.S. dollar. Fluctuations in foreign currency exchange rates may cause us to recognize transaction gains and losses in the caption "Other income (expense), net" in our condensed consolidated statement of operations. The Company is exposed to foreign currency fluctuations, including the Euro, pound sterling, Canadian dollar, Australian dollar, Indian rupee, Singapore dollar and related currencies. To date, we have not entered into any hedging arrangements with respect to foreign currency risk or other derivative financial instruments, although we may choose to do so in the future. A hypothetical 10% increase or decrease in current exchange rates would have resulted in an impact of approximately \$3.0 million on our pre-tax income (loss) on an annualized basis.

### ITEM 4. CONTROLS AND PROCEDURES

#### **Evaluation of Disclosure Controls and Procedures**

Management performed an evaluation of the effectiveness of our disclosure controls and procedures as of April 30, 2024. The evaluation was performed under the supervision and with the participation of our management, including our Principal Executive Officer ("PEO") and Chief Financial Officer ("CFO"), as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act").

Based on this evaluation, our PEO and CFO concluded that our disclosure controls and procedures were effective as of April 30, 2024.

#### **Changes in Internal Control over Financial Reporting**

After January 31, 2025, the Company will no longer qualify as an emerging growth company and will be subject to the provisions of Section 404(b) of the Sarbanes-Oxley Act for our fiscal year ending January 31, 2025 unless it qualifies as a non-accelerated filer for SEC reporting purposes. If the Company is subject to the provisions of Section 404(b), in connection with our Form 10-K for the fiscal year ending January 31, 2025, our independent registered public accounting firm is expected to formally attest to the effectiveness of our internal controls over financial reporting. During fiscal 2025 we will continue to execute the enhanced review and testing across all key controls.

There were no changes in our internal control over financial reporting identified in connection with the evaluation required by Rules 13a-15(d) and 15d-15(d) of the Exchange Act that occurred during the three months ended April 30, 2024 that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

#### **Limitations on the Effectiveness of Controls**

Because of the inherent limitations in a cost-effective control system, any control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that it will prevent or detect all misstatements, due to error or fraud, from occurring in the condensed consolidated financial statements. Additionally, management is required to use judgment in evaluating controls and procedures.

## **PART II – OTHER INFORMATION**

### **ITEM 1. LEGAL PROCEEDINGS.**

Incorporated by reference herein is information regarding legal proceedings as set forth under “Litigation” contained in Note 6 – “Leases, Commitments and Contingencies” in the Notes to the Unaudited Condensed Consolidated Financial Statements in Item 1 of Part I of this Form 10-Q.

### **ITEM 1A. RISK FACTORS.**

In addition to the other information set forth in this Quarterly Report, you should carefully consider the factors discussed in Part I, Item 1A. Risk Factors in our Annual Report on Form 10-K for our fiscal year ended January 31, 2024. Such risks and uncertainties are not the only ones facing our Company. Additional risks and uncertainties not currently known to us or that we currently deem to be insignificant also may materially and adversely affect our business, financial condition or operating results in the future.

### **ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS.**

None.

### **ITEM 3. DEFAULTS UPON SENIOR SECURITIES.**

None.

### **ITEM 4. MINE SAFETY DISCLOSURES.**

Not applicable.

### **ITEM 5. OTHER INFORMATION.**

#### **10b5-1 Trading Plans**

During the three months ended April 30, 2024, no director or officer of the Company adopted or terminated a “Rule 10b5-1 trading arrangement” or “non-Rule 10b5-1 trading arrangement,” as each term is defined in Item 408(a) of Regulation S-K.



**ITEM 6. EXHIBITS.**

The following list includes exhibits submitted with this Quarterly Report on Form 10-Q as filed with the SEC and those incorporated by reference to other filings.

<b>Exhibit No.</b>	<b>Description</b>	<b>Form</b>	<b>File No.</b>	<b>Exhibit</b>	<b>Filing Date</b>
10.1	<a href="#">Skillsoft Corp. 2024 Employment Inducement Incentive Award Plan</a>	S-8	333-279543	99.1	05/20/2024
10.2	<a href="#">Form of RSU Award Agreement under 2024 Employment Inducement Incentive Award Plan</a>	S-8	333-279543	99.2	05/20/2024
10.3	<a href="#">Form of PSU Award Agreement under 2024 Employment Inducement Incentive Award Plan</a>	S-8	333-279543	99.3	05/20/2024
31.1*	<a href="#">Certification of Principal Executive Officer pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934</a>				
31.2*	<a href="#">Certification of Principal Financial Officer pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934</a>				
32.1‡	<a href="#">Certification of Principal Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</a>				
32.2‡	<a href="#">Certification of Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</a>				
101.INS*	Inline XBRL Instance Document				
101.SCH*	Inline XBRL Taxonomy Extension Schema Document				
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document				
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document				
101.LAB*	Inline XBRL Taxonomy Extension Labels Linkbase Document				
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document				
104	Cover Page Interactive Data File (formatted in Inline XBRL and included as Exhibit 101)				

\* Filed herewith.

‡ Furnished herewith.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Dated: June 10, 2024

**SKILLSOFT CORP.**

(Registrant)

By: /s/ Richard George Walker

Richard George Walker

Chief Financial Officer

(Principal Financial Officer)

I, Ronald W. Hovsepian, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Skillsoft Corp.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: June 10, 2024

/s/ Ronald W. Hovsepian  
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Ronald W. Hovsepian  
Principal Executive Officer

I, Richard Walker, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Skillsoft Corp.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: June 10, 2024

/s/ Richard George Walker

Richard George Walker

Chief Financial Officer

(Principal Financial Officer)

**CERTIFICATION OF THE PRINCIPAL EXECUTIVE OFFICER PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED  
PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Skillsoft Corp. (the “Company”) on Form 10-Q for the period ended April 30, 2024, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: June 10, 2024

/s/ Ronald W. Hovsepian  
Ronald W. Hovsepian  
Principal Executive Officer

The foregoing certification is being furnished solely pursuant to 18 U.S.C. § 1350 and is not being filed as part of the Report or as a separate disclosure document.

**CERTIFICATION OF THE PRINCIPAL FINANCIAL OFFICER PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED  
PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Skillsoft Corp. (the “Company”) on Form 10-Q for the period ended April 30, 2024, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: June 10, 2024

/s/ Richard George Walker

Richard George Walker  
Chief Financial Officer  
(Principal Financial Officer)

The foregoing certification is being furnished solely pursuant to 18 U.S.C. § 1350 and is not being filed as part of the Report or as a separate disclosure document.