

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 July 31, 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.)

300 Innovative Way, Suite 2210  
Nashua, NH 03062  
(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  Accelerated filer   
Non-accelerated filer  Smaller reporting company   
Emerging growth 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 September 4, 2024 was 8,230,259.

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SKILLSOFT CORP.  
FORM 10-Q  
FOR THE QUARTER ENDED JULY 31, 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 (as amended) 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)

	July 31, 2024	January 31, 2024
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 122,652	\$ 136,308
Restricted cash	7,491	10,215
Accounts receivable, net of allowance for credit losses of approximately \$618 and \$562 as of July 31, 2024 and January 31, 2024, respectively	110,042	185,638
Prepaid expenses and other current assets	60,873	53,170
Total current assets	301,058	385,331
Property and equipment, net	4,319	6,639
Goodwill	317,071	317,071
Intangible assets, net	484,294	539,293
Right of use assets	5,336	8,044
Other assets	14,314	17,256
Total assets	<u>\$ 1,126,392</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	40,406	44,980
Accounts payable	14,072	14,512
Accrued compensation	28,602	31,774
Accrued expenses and other current liabilities	23,724	29,939
Lease liabilities	2,613	3,049
Deferred revenue	226,573	282,570
Total current liabilities	342,394	413,228
Long-term debt	575,364	577,487
Deferred tax liabilities	45,891	52,148
Long-term lease liabilities	7,156	9,251
Deferred revenue - non-current	1,688	2,402
Other long-term liabilities	12,477	13,531
Total long-term liabilities	642,576	654,819
Commitments and contingencies		
Shareholders' equity:		
Shareholders' common stock - Class A common shares, \$0.0001 par value: 18,750,000 shares authorized and 8,504,829 shares issued and 8,205,052 shares outstanding at July 31, 2024, and 8,380,436 shares issued and 8,080,659 shares outstanding at January 31, 2024	1	1
Additional paid-in capital	1,556,865	1,551,005
Accumulated equity (deficit)	(1,388,680)	(1,321,478)
Treasury stock, at cost - 299,777 shares as of July 31, 2024 and January 31, 2024	(10,891)	(10,891)
Accumulated other comprehensive income (loss)	(15,873)	(13,050)
Total shareholders' equity	141,422	205,587
Total liabilities and shareholders' equity	<u>\$ 1,126,392</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)

	<u>Three Months Ended July 31,</u>		<u>Six Months Ended July 31,</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
<b>Revenues:</b>				
Total revenues	\$ 132,223	\$ 141,187	\$ 260,016	\$ 276,741
<b>Operating expenses:</b>				
Costs of revenues	32,471	40,467	66,942	78,291
Content and software development	14,993	17,863	30,499	34,898
Selling and marketing	40,684	40,411	82,976	86,338
General and administrative	19,395	25,085	44,704	50,381
Amortization of intangible assets	31,788	39,221	63,371	77,466
Acquisition and integration related costs	921	937	2,418	2,328
Restructuring	11,299	2,501	12,266	7,719
Total operating expenses	<u>151,551</u>	<u>166,485</u>	<u>303,176</u>	<u>337,421</u>
Operating income (loss)	(19,328)	(25,298)	(43,160)	(60,680)
Other income (expense), net	(418)	(934)	1,799	(1,309)
Fair value adjustment of warrants	—	793	—	3,645
Fair value adjustment of interest rate swaps	(6,506)	6,935	1,240	7,205
Interest income	1,045	871	1,973	1,516
Interest expense	(16,415)	(16,255)	(32,693)	(32,191)
Income (loss) before provision for (benefit from) income taxes	(41,622)	(33,888)	(70,841)	(81,814)
Provision for (benefit from) income taxes	(2,056)	(1,889)	(3,639)	(6,273)
Income (loss) from continuing operations	(39,566)	(31,999)	(67,202)	(75,541)
Gain (loss) on sale of business	—	—	—	(682)
Net income (loss)	<u>\$ (39,566)</u>	<u>\$ (31,999)</u>	<u>\$ (67,202)</u>	<u>\$ (76,223)</u>
<b>Net income (loss) per share:</b>				
Ordinary – Basic and diluted - continuing operations	\$ (4.84)	\$ (4.00)	\$ (8.26)	\$ (9.39)
Ordinary – Basic and diluted - discontinued operations	—	—	—	(0.09)
Ordinary – Basic and diluted	<u>\$ (4.84)</u>	<u>\$ (4.00)</u>	<u>\$ (8.26)</u>	<u>\$ (9.48)</u>
<b>Weighted average common shares outstanding:</b>				
Ordinary – Basic and diluted	<u>8,180</u>	<u>8,005</u>	<u>8,135</u>	<u>8,042</u>

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)

	<u>Three Months Ended July 31,</u>		<u>Six Months Ended July 31,</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Comprehensive income (loss):				
Net income (loss)	\$ (39,566)	\$ (31,999)	\$ (67,202)	\$ (76,223)
Foreign currency adjustment, net of tax	64	496	(2,823)	1,371
Total comprehensive income (loss)	<u>\$ (39,502)</u>	<u>\$ (31,503)</u>	<u>\$ (70,025)</u>	<u>\$ (74,852)</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)

	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, 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>	8,278,715	(299,777)	1	1,530,426	(1,016,417)	(10,891)	(13,919)	489,200
Share-based compensation	—	—	—	5,827	—	—	—	5,827
Common stock issued	67,693	—	—	—	—	—	—	—
Shares repurchased for tax withholding upon vesting of restricted stock-based awards	(23,241)	—	—	(592)	—	—	—	(592)
Translation adjustment	—	—	—	—	—	—	496	496
Net income (loss)	—	—	—	—	(31,999)	—	—	(31,999)
<b>Balance July 31, 2023</b>	<u>8,323,167</u>	<u>(299,777)</u>	<u>\$ 1</u>	<u>\$ 1,535,661</u>	<u>\$ (1,048,416)</u>	<u>\$ (10,891)</u>	<u>\$ (13,423)</u>	<u>\$ 462,932</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>	8,394,098	(299,777)	1	1,558,076	(1,349,114)	(10,891)	(15,937)	182,135
Share-based compensation	—	—	—	(814)	—	—	—	(814)
Common stock issued	158,368	—	—	—	—	—	—	—
Shares repurchased for tax withholding upon vesting of restricted stock-based awards	(47,637)	—	—	(397)	—	—	—	(397)
Translation adjustment	—	—	—	—	—	—	64	64
Net income (loss)	—	—	—	—	(39,566)	—	—	(39,566)
<b>Balance July 31, 2024</b>	<u>8,504,829</u>	<u>(299,777)</u>	<u>\$ 1</u>	<u>\$ 1,556,865</u>	<u>\$ (1,388,680)</u>	<u>\$ (10,891)</u>	<u>\$ (15,873)</u>	<u>\$ 141,422</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>Six Months Ended July 31,</b>	
	<b>2024</b>	<b>2023</b>
<b>Cash flows from operating activities:</b>		
Net income (loss)	\$ (67,202)	\$ (76,223)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Amortization of intangible assets	63,371	77,466
Share-based compensation	6,339	14,955
Depreciation	1,404	2,761
Non-cash interest expense	1,080	1,024
Non-cash property, equipment, software and lease impairment charges	2,293	4,808
Provision for credit loss expense (recovery)	56	4
(Gain) loss on sale of business	—	682
Provision for (benefit from) income taxes – non-cash	(6,271)	(6,913)
Fair value adjustment of warrants	—	(3,645)
Fair value adjustment of interest rate swaps	(1,240)	(7,205)
Change in assets and liabilities:		
Accounts receivable	75,004	73,172
Prepaid expenses and other current assets, including long-term	(3,016)	(520)
Right-of-use assets	1,351	145
Accounts payable	(603)	(4,241)
Accrued expenses and other liabilities, including long-term	(9,568)	(17,379)
Lease liabilities	(2,539)	(1,081)
Deferred revenues	(56,962)	(55,825)
Net cash provided by (used in) operating activities	3,497	1,985
<b>Cash flows from investing activities:</b>		
Purchase of property and equipment	(399)	(3,406)
Internally developed software - capitalized costs	(8,796)	(5,951)
Sale of SumTotal, net of cash transferred	—	(5,137)
Net cash provided by (used in) investing activities	(9,195)	(14,494)
<b>Cash flows from financing activities:</b>		
Shares repurchased for tax withholding upon vesting of restricted stock-based awards	(479)	(881)
Payments to acquire treasury stock	—	(8,046)
Proceeds from accounts receivable facility, net of borrowings	(4,574)	399
Principal payments on Term loans	(3,202)	(3,202)
Net cash provided by (used in) financing activities	(8,255)	(11,730)
Effect of exchange rate changes on cash and cash equivalents		
Net increase (decrease) in cash, cash equivalents and restricted cash	(16,380)	(24,711)
Cash, cash equivalents and restricted cash, beginning of period	146,523	177,556
Cash, cash equivalents and restricted cash, end of period	\$ 130,143	\$ 152,845
<b>Supplemental disclosure of cash flow information:</b>		
Cash and cash equivalents	\$ 122,652	\$ 147,927
Restricted cash	7,491	4,918
Cash, cash equivalents and restricted cash, end of period	\$ 130,143	\$ 152,845

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

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

	<u>Six Months Ended July 31,</u>	
	<u>2024</u>	<u>2023</u>
Supplemental disclosure of cash flow information and non-cash investing and financing activities:		
Cash paid for interest	\$ 32,486	\$ 32,804
Cash paid (received) for income taxes, net of refunds	1,430	5,111

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, 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. We will cease to qualify as an emerging growth company as of January 31, 2025. As a result, beginning with our Form 10-K for fiscal 2025, we will be subject to the provisions of Section 404(b) of the Sarbanes-Oxley Act and our independent registered public accounting firm will formally attest to the effectiveness of our internal controls over financial reporting.

#### 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 in our Form 10-K for the fiscal year ending 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 (dollars in thousands and weighted average remaining life in years):

	July 31, 2024				January 31, 2024			
	Weighted Average Remaining Life	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Weighted Average Remaining Life	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Developed software/courseware	2.2	\$ 359,094	\$ 203,997	\$ 155,097	2.7	\$ 355,247	\$ 172,578	\$ 182,669
Customer contracts/relationships	9.1	268,729	78,116	190,613	9.5	269,300	59,091	210,209
Trademarks and trade names	11.9	52,742	8,190	44,552	12.4	52,863	6,184	46,679
Publishing rights	1.9	41,100	25,779	15,321	2.4	41,100	21,668	19,432
Backlog	1.4	49,700	47,534	2,166	1.9	49,700	45,941	3,759
Skillssoft trademark	Indefinite	76,545	—	76,545	Indefinite	76,545	—	76,545
Total intangible assets		<u>\$ 847,910</u>	<u>\$ 363,616</u>	<u>\$ 484,294</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 (six months remaining)	\$ 63,348
2026	123,499
2027	77,986
2028	37,548
2029	27,854
Thereafter	77,514
Total future amortization	<u>\$ 407,749</u>

Amortization expense related to intangible assets in the aggregate was \$31.8 million, \$63.4 million, \$39.2 million and \$77.5 million for the three and six months ended July 31, 2024 and the three and six months ended July 31, 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.

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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 six months ended July 31, 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	Talent Development		Consolidated
	Solutions	Global Knowledge	
Goodwill January 31, 2024	\$ 287,650	\$ 29,421	\$ 317,071
Increase (decrease)	—	—	—
Goodwill July 31, 2024	\$ 287,650	\$ 29,421	\$ 317,071
Accumulated impairment, July 31, 2024	\$ 698,405	\$ 84,694	\$ 783,099

**(4) Taxes**

For the three and six months ended July 31, 2024, for continuing operations, the Company recorded a tax benefit of \$2.1 million and \$3.6 million, respectively, on a pretax loss of \$41.6 million and \$70.8 million, respectively. For the three and six months ended July 31, 2023, for continuing operations, the Company recorded a tax benefit of \$1.9 million and \$6.3 million, respectively, on a pretax loss of \$33.9 million and \$81.8 million, respectively. 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**

On July 11, 2024, the Company announced a comprehensive resource reallocation plan. In connection with this and other strategic initiatives implemented during the three and six months ended July 31, 2024 and July 31, 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 following is a summary of restructuring charges by segment for the three and six months ended July 31, 2024 and July 31, 2023 (in thousands):

	Three Months Ended July 31,		Six Months Ended July 31,	
	2024	2023	2024	2023
Talent Development Solutions	\$ 8,883	\$ 727	\$ 10,014	\$ 5,440
Global Knowledge	2,416	1,773	2,252	2,279
<b>Total</b>	<b>\$ 11,299</b>	<b>\$ 2,501</b>	<b>\$ 12,266</b>	<b>\$ 7,719</b>

These restructuring charges are presented separately in the accompanying condensed consolidated statements of operations. The restructuring charges for the six months ended July 31, 2024 and July 31, 2023 are substantially all related to severance costs of terminated employees and lease termination and lease impairment charges. As of July 31, 2024 and January 31, 2024, the Company had restructuring charge liabilities of \$8.0 million and \$3.3 million, respectively. Management anticipates further restructuring charges during the remainder of fiscal 2025 as the identified resource reallocation measures initiated in mid- July 2024 are fully implemented.

**(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 July 31, 2024 and January 31, 2024 was 5.9% 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 6.3 years as of July 31, 2024. Lease costs for minimum lease payments are recognized on a straight-line basis over the lease term. The lease costs were \$1.4 million and related cash payments were \$1.4 million for the six months ended July 31, 2024. The lease costs were \$2.9 million and related cash payments were \$1.4 million for the six months ended July 31, 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.

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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 July 31, 2024 (in thousands):

Fiscal year ended January 31:	
2025 (six months remaining)	\$ 1,804
2026	2,134
2027	1,583
2028	1,510
2029	1,326
Thereafter	3,158
Total future minimum lease payments	11,515
Effects of discounting	(1,746)
Total lease liabilities	\$ 9,769
Current lease liabilities	
	\$ 2,613
Long-term lease liabilities	
	7,156
Total lease liabilities	\$ 9,769

### 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):

	July 31, 2024	January 31, 2024
Term Loan - current portion	\$ 6,404	\$ 6,404
Current maturities of long-term debt	<u>\$ 6,404</u>	<u>\$ 6,404</u>
Term Loan - long-term portion	\$ 584,995	\$ 588,197
Original issue discount - long-term portion	(6,242)	(6,942)
Deferred financing costs - long-term portion	(3,389)	(3,768)
Long-term debt	<u>\$ 575,364</u>	<u>\$ 577,487</u>

The Company's debt outstanding as of July 31, 2024 matures as shown below (in thousands):

Future principal payments due for fiscal years ended January 31:	
2025 (six months remaining)	\$ 3,202
2026	4,803
2027	6,404
2028	8,005
2029	568,985
Thereafter	—
Total payments	<u>591,399</u>
Current portion	(6,404)
Unamortized original issue discount and issuance costs	(9,631)
Long-term portion	<u>\$ 575,364</u>

Refer to Note 14 "Long-Term Debt" in our 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 \$5.0 million on July 31, 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 8.46% at July 31, 2024. As of July 31, 2024, \$40.4 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 July 31, 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 8,504,829 shares of Class A common stock were issued and 8,205,052 shares were outstanding. As of July 31, 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 2024 Form 10-K, for information related to the equity and liability-classified warrants.

### Share Repurchase Authorization

On July 10, 2024, the Company's board of directors authorized Skillsoft to repurchase up to \$10 million of its Class A common stock, with an objective to manage potential dilution from future vesting of employee equity grants. The share repurchase authorization will terminate on July 11, 2028 and does not obligate the Company to purchase any minimum number of shares of Common Stock, and the authorization may be suspended, modified, or discontinued at any time without prior notice. As of July 31, 2024, no Class A common stock had been repurchased under the share repurchase authorization.

### 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 July 31,					
	2024			2023		
	Before Tax	Income Tax	Net	Before Tax	Income Tax	Net
Balance as of beginning-of-period	\$ (15,937)	\$ —	\$ (15,937)	\$ (13,919)	\$ —	\$ (13,919)
Translation adjustment	64	—	64	496	—	496
Balance as of end-of-period	<u>\$ (15,873)</u>	<u>\$ —</u>	<u>\$ (15,873)</u>	<u>\$ (13,423)</u>	<u>\$ —</u>	<u>\$ (13,423)</u>
	Six Months Ended July 31,					
	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	(2,823)	—	(2,823)	1,371	—	1,371
Balance as of end-of-period	<u>\$ (15,873)</u>	<u>\$ —</u>	<u>\$ (15,873)</u>	<u>\$ (13,423)</u>	<u>\$ —</u>	<u>\$ (13,423)</u>

**(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 July 31, 2024, a total of 1,367,132 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. As of July 31, 2024, a total of 160,000 shares of common stock were available for issuance under the Inducement Plan.

**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 six months ended July 31, 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	(17,649)	215.00	—	—
Expired	(34,375)	215.00	—	—
Outstanding, July 31, 2024	<u>36,826</u>	215.00	5.8	—
Vested and exercisable, July 31, 2024	29,141	215.00	5.5	—

The total unrecognized equity-based compensation costs related to the stock options was \$0.4 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 0.9 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 six months ended July 31, 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	462,030	15.88	—
Vested	(178,964)	76.60	—
Forfeited	(70,984)	61.43	—
Unvested balance, July 31, 2024	<u>948,080</u>	39.03	16,307

The total unrecognized stock-based compensation costs related to time-based RSUs was \$24.5 million, which is expected to be recognized over a weighted-average period of 2.6 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 six months ended July 31, 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	10,000	12.94	—
Vested	—	—	—
Forfeited	(18,695)	61.52	—
Unvested balance, July 31, 2024	<u>174,047</u>	70.36	2,994

The total unrecognized stock-based compensation costs related to MBRSUs was \$1.3 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 July 31,		Six Months Ended July 31,	
	2024	2023	2024	2023
Cost of revenues	\$ 132	\$ 238	\$ 298	\$ 335
Content and software development	914	1,744	2,204	3,756
Selling and marketing	797	(667)	2,053	1,015
General and administrative (1)	(2,657)	4,512	1,784	9,849
Total	<u>\$ (814)</u>	<u>\$ 5,827</u>	<u>\$ 6,339</u>	<u>\$ 14,955</u>

(1) Stock-based compensation expense during the three months ended July 31, 2024 was reduced by \$6.0 million due to forfeitures of share-based payments, including unvested equity-based awards associated with the former Chief Executive Officer whose employment with the Company ended on May 9, 2024.

**(10) Revenue**

**Revenue Components and Performance Obligations**

**SaaS 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 and six months ended July 31, 2024 and July 31, 2023 (in thousands):

	Three Months Ended July 31,		Six Months Ended July 31,	
	2024	2023	2024	2023
SaaS subscription services	\$ 95,642	\$ 98,032	\$ 188,804	\$ 191,851
Virtual, on-demand and classroom	30,571	37,999	60,289	74,980
Professional services	6,010	5,156	10,923	9,910
Total net revenues	<u>\$ 132,223</u>	<u>\$ 141,187</u>	<u>\$ 260,016</u>	<u>\$ 276,741</u>

Generally, SaaS 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 and six months ended July 31, 2024 and July 31, 2023 (in thousands):

Revenue:	Three Months Ended July 31,		Six Months Ended July 31,	
	2024	2023	2024	2023
United States	\$ 88,384	\$ 92,936	\$ 173,332	\$ 182,023
Europe, Middle East and Africa	32,457	35,741	63,802	70,276
Other Americas	5,545	7,331	11,896	14,327
Asia-Pacific	5,837	5,179	10,986	10,115
Total net revenues	<u>\$ 132,223</u>	<u>\$ 141,187</u>	<u>\$ 260,016</u>	<u>\$ 276,741</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 six months ended July 31, 2024 was as follows (in thousands):

Deferred revenue as of January 31, 2024	\$ 284,972
Billings deferred	203,305
Recognition of prior deferred revenue	(260,016)
Deferred revenue as of July 31, 2024	<u>\$ 228,261</u>

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

### Deferred Contract Acquisition Costs

Deferred contract acquisition cost activity for the six months ended July 31, 2024 was as follows (in thousands):

Deferred contract acquisition costs as of January 31, 2024	\$ 36,667
Contract acquisition costs	8,110
Recognition of contract acquisition costs	(11,130)
Deferred contract acquisition costs as of July 31, 2024	<u>\$ 33,647</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 July 31, 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	\$ 122,652	\$ —	\$ —	\$ 122,652
Restricted cash	7,491	—	—	7,491
Interest rate swaps - asset (liability)	—	2,442	—	2,442
Total assets and (liabilities) recorded at fair value	<u>\$ 130,143</u>	<u>\$ 2,442</u>	<u>\$ —</u>	<u>\$ 132,585</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 July 31, 2024. Refer to Note 2 "Summary of Significant Accounting Policies - Cash, Cash Equivalents, and Restricted Cash" in our 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 value 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 exposure to changes in interest payments, attributable to fluctuations 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 and six months ended July 31, 2024, the Company recognized a non-cash loss of \$6.5 million and a non-cash gain of \$1.2 million attributable to the Interest Rate Swaps, respectively. For the three and six months ended July 31, 2023, the Company recognized a non-cash gain of \$6.9 million and \$7.2 million attributable to the Interest Rate Swaps, respectively.

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 the end of a 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 July 31, 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 July 31, 2024 was \$476.2 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: Talent Development Solutions (formerly known as Content & Platform) and Global Knowledge (formerly known as Instructor-Led Training). Both 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 Talent Development Solutions 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, Talent Development Solutions 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 Global Knowledge business offers training solutions covering information technology and business skills for corporations and their employees. Global Knowledge 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. Global Knowledge offers a wide breadth of training topics and delivery modalities both on a transactional and subscription basis.

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The following presents summary results for each of the segments for the three and six months ended July 31, 2024 and July 31, 2023:

	Three Months Ended July 31,		Six Months Ended July 31,	
	2024	2023	2024	2023
<b>Talent Development Solutions</b>				
Revenues	\$ 101,652	\$ 103,188	\$ 199,727	\$ 201,761
Operating expenses	119,772	122,077	241,149	251,601
Operating income (loss)	(18,120)	(18,889)	(41,422)	(49,840)
<b>Global Knowledge</b>				
Revenues	30,571	37,999	60,289	74,980
Operating expenses	31,779	44,408	62,027	85,820
Operating income (loss)	(1,208)	(6,409)	(1,738)	(10,840)
<b>Consolidated</b>				
Revenues	132,223	141,187	260,016	276,741
Operating expenses	151,551	166,485	303,176	337,421
Operating income (loss)	(19,328)	(25,298)	(43,160)	(60,680)
Other income (expense), net	(418)	(934)	1,799	(1,309)
Interest expense, net	(15,370)	(15,384)	(30,720)	(30,675)
Fair value adjustment of warrants	—	793	—	3,645
Fair value adjustment of interest rate swaps	(6,506)	6,935	1,240	7,205
(Provision for) benefit from income taxes	2,056	1,889	3,639	6,273
Net income (loss) from continuing operations	(39,566)	(31,999)	(67,202)	(75,541)
Gain (loss) on sale of business	—	—	—	(682)
Net income (loss)	\$ (39,566)	\$ (31,999)	\$ (67,202)	\$ (76,223)

Talent Development Solutions' segment depreciation for the three and six months ended July 31, 2024 was \$0.5 million and \$1.0 million, respectively. Talent Development Solutions' segment depreciation for the three and six months ended July 31, 2023 was \$0.6 million and \$1.4 million, respectively.

Global Knowledge's segment depreciation for the three and six months ended July 31, 2024 was \$0.2 million and \$0.4 million, respectively. Global Knowledge's segment depreciation for the three and six months ended July 31, 2023 was \$0.5 million and \$0.9 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 July 31, 2024 and January 31, 2024 (in thousands):

	July 31, 2024	January 31, 2024
Talent Development Solutions	\$ 1,028,073	\$ 1,168,671
Global Knowledge	98,319	104,963
Total assets	\$ 1,126,392	\$ 1,273,634

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

	July 31, 2024	January 31, 2024
United States	\$ 1,537	\$ 3,311
Rest of world	2,782	3,328
Total long-lived tangible assets	\$ 4,319	\$ 6,639

### (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 July 31,		Six Months Ended July 31,	
	2024	2023	2024	2023
Net income (loss) from continuing operations	\$ (39,566)	\$ (31,999)	\$ (67,202)	\$ (75,541)
Net income (loss) from discontinued operations	—	—	—	(682)
Net income (loss)	<u>\$ (39,566)</u>	<u>\$ (31,999)</u>	<u>\$ (67,202)</u>	<u>\$ (76,223)</u>
Weighted average common shares outstanding:				
Ordinary – Basic and diluted	8,180	8,005	8,135	8,042
Net income (loss) per share:				
Ordinary – Basic and diluted - Continuing operations	\$ (4.84)	\$ (4.00)	\$ (8.26)	\$ (9.39)
Ordinary – Basic and diluted - Discontinued operations	—	—	—	(0.09)
Ordinary – Basic and diluted	<u>\$ (4.84)</u>	<u>\$ (4.00)</u>	<u>\$ (8.26)</u>	<u>\$ (9.48)</u>

During the three and six months ended July 31, 2024 and July 31, 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, which excludes the effect of the treasury stock method (in thousands):

	Three Months Ended July 31,		Six Months Ended July 31,	
	2024	2023	2024	2023
Common stock underlying warrants	3,098	3,098	3,098	3,098
Stock options	63	101	72	105
RSUs	1,002	1,094	986	877
Total	<u>4,163</u>	<u>4,293</u>	<u>4,156</u>	<u>4,080</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

As previously announced, effective April 16, 2024, the Board of Directors of the Company appointed Ronald W. Hovsepian as the Company's interim Principal Executive Officer and Executive Chairman. On September 4, 2024, the Company entered into a letter agreement with Mr. Hovsepian, pursuant to which he will serve as our Executive Chair and Chief Executive Officer.

In addition to the above, the Company has completed an evaluation of all subsequent events after the balance sheet date of July 31, 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 July 31, 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 July 31, 2024, compared with January 31, 2024, and the results of operations for the three and six months ended July 31, 2024, compared with the corresponding periods 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 (as amended) 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 invigorate 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 the most 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 is 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 have 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 July 31,</b>		<b>Six Months Ended July 31,</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
<b>Revenues:</b>				
Total revenues	100.0%	100.0%	100.0%	100.0%
<b>Operating expenses:</b>				
Costs of revenues	24.6%	28.7%	25.7%	28.3%
Content and software development	11.3%	12.7%	11.7%	12.6%
Selling and marketing	30.8%	28.6%	31.9%	31.2%
General and administrative	14.7%	17.8%	17.3%	18.2%
Amortization of intangible assets	24.0%	27.8%	24.4%	28.0%
Acquisition and integration related costs	0.7%	0.7%	0.9%	0.8%
Restructuring	8.5%	1.8%	4.7%	2.8%
Total operating expenses	114.6%	118.1%	116.6%	121.9%
Operating income (loss)	(14.6)%	(18.1)%	(16.6)%	(21.9)%
Other income (expense), net	(0.3)%	(0.7)%	0.7%	(0.5)%
Fair value adjustment of warrants	0.0%	0.6%	0.0%	1.3%
Fair value adjustment of interest rate swaps	(4.9)%	4.9%	0.5%	2.6%
Interest income	0.8%	0.6%	0.8%	0.5%
Interest expense	(12.4)%	(11.5)%	(12.6)%	(11.6)%
Income (loss) before provision for (benefit from) income taxes	(31.4)%	(24.2)%	(27.2)%	(29.6)%
Provision for (benefit from) income taxes	(1.6)%	(1.3)%	(1.4)%	(2.3)%
Income (loss) from continuing operations	(29.8)%	(22.9)%	(25.8)%	(27.3)%
Gain (loss) on sale of business	0.0%	0.0%	0.0%	(0.2)%
Net income (loss)	(29.8)%	(22.9)%	(25.8)%	(27.5)%

**Revenues**

We provide, through our Talent Development Solutions and Global Knowledge 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 Talent Development Solutions 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. Talent Development Solutions' offerings are predominantly delivered through Percipio, our award-winning, 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 Global Knowledge 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. Global Knowledge'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 and coaching 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 July		Dollar		Six Months Ended July 31,		Dollar	
	31,		Increase (Decrease)	Percent Change	2024		Increase (Decrease)	Percent Change
	2024	2023			2024	2023		
<b>SaaS subscription revenues:</b>								
Talent Development Solutions	\$ 95,642	\$ 98,032	\$ (2,390)	(2.4)%	\$ 188,804	\$ 191,851	\$ (3,047)	(1.6)%
Total subscription revenues	95,642	98,032	(2,390)	(2.4)%	188,804	191,851	(3,047)	(1.6)%
<b>Non-subscription revenues:</b>								
Global Knowledge	30,571	37,999	(7,428)	(19.5)%	60,289	74,980	(14,691)	(19.6)%
Talent Development Solutions	6,010	5,156	854	16.6%	10,923	9,910	1,013	10.2%
Total non-subscription revenues	36,581	43,155	(6,574)	(15.2)%	71,212	84,890	(13,678)	(16.1)%
Total revenues	\$ 132,223	\$ 141,187	\$ (8,964)	(6.3)%	\$ 260,016	\$ 276,741	\$ (16,725)	(6.0)%

The total decline in revenues, when comparing the three and six months ended July 31, 2024 and 2023, in our Global Knowledge segment was primarily due to weaker market demand, as well as a higher mix of reseller business, which is recorded in revenue net of fees. When comparing these same periods, the reduction in our Talent Development Solutions segment total revenues was primarily the result of actions taken by us to focus on the more profitable parts of this market.

### Operating Expenses

For the corporate level operating expenses that we can directly attribute to our two segments, such costs are allocated accordingly between Talent Development Solutions and Global Knowledge. However, in other cases, these corporate level operating expenses are reported in the Talent Development Solutions segment.

On July 11, 2024, the Company announced a comprehensive resource reallocation plan expected to result in more than \$45 million of annualized cost savings, of which we intend to reinvest up to half in strategic growth initiatives.

### 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 July		Dollar		Six Months Ended July 31,		Dollar	
	31,		Increase (Decrease)	Percent Change	2024		Increase (Decrease)	Percent Change
	2024	2023			2024	2023		
Cost of revenues	\$ 32,471	\$ 40,467	\$ (7,996)	(19.8)%	\$ 66,942	\$ 78,291	\$ (11,349)	(14.5)%
Content and software development expenses	14,993	17,863	(2,870)	(16.1)%	30,499	34,898	(4,399)	(12.6)%
Selling and marketing expenses	40,684	40,411	273	0.7%	82,976	86,338	(3,362)	(3.9)%
General and administrative expenses	19,395	25,085	(5,690)	(22.7)%	44,704	50,381	(5,677)	(11.3)%
Amortization of intangible assets	31,788	39,221	(7,433)	(19.0)%	63,371	77,466	(14,095)	(18.2)%
Acquisition and integration related costs	921	937	(16)	(1.7)%	2,418	2,328	90	3.9%
Restructuring	11,299	2,501	8,798	351.8%	12,266	7,719	4,547	58.9%
Total operating expenses	\$ 151,551	\$ 166,485	\$ (14,934)	(9.0)%	\$ 303,176	\$ 337,421	\$ (34,245)	(10.1)%



### 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):

	Dollar				Dollar			
	Three Months Ended July 31,		Increase (Decrease)	Percent Change	Six Months Ended July 31,		Increase (Decrease)	Percent Change
	2024	2023			2024	2023		
Courseware, instructor fees and outside services	\$ 15,215	\$ 21,778	\$ (6,563)	(30.1)%	\$ 32,174	\$ 41,450	\$ (9,276)	(22.4)%
Compensation and benefits	13,444	14,123	(679)	(4.8)%	27,019	27,539	(520)	(1.9)%
Hosting and software maintenance	2,914	2,926	(12)	(0.4)%	5,878	5,785	93	1.6%
Facilities, utilities and other	898	1,640	(742)	(45.2)%	1,871	3,517	(1,646)	(46.8)%
Total cost of revenues	\$ 32,471	\$ 40,467	\$ (7,996)	(19.8)%	\$ 66,942	\$ 78,291	\$ (11,349)	(14.5)%

The decreases in courseware, instructor fees and outside services and compensation and benefits, when comparing the three and six months ended July 31, 2024 to the same periods in 2023, were primarily attributable to the decline in our Talent Development Solutions and Global Knowledge segment revenues as discussed in *Subscription and Non-Subscription Revenue* above. The decrease in facilities and utilities expenses, when comparing the three and six months ended July 31, 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):

	Dollar				Dollar			
	Three Months Ended July 31,		Increase (Decrease)	Percent Change	Six Months Ended July 31,		Increase (Decrease)	Percent Change
	2024	2023			2024	2023		
Compensation and benefits	11,266	\$ 13,128	\$ (1,862)	(14.2)%	\$ 22,962	\$ 26,004	\$ (3,042)	(11.7)%
Consulting and outside services	2,996	2,962	34	1.1%	5,401	5,277	124	2.3%
Facilities, utilities and other	88	817	(729)	(89.2)%	561	2,090	(1,529)	(73.2)%
Software maintenance	643	956	(313)	(32.7)%	1,575	1,527	48	3.1%
Total content and software development expenses	\$ 14,993	\$ 17,863	\$ (2,870)	(16.1)%	\$ 30,499	\$ 34,898	\$ (4,399)	(12.6)%

The decreases in compensation and benefits, when comparing the three and six months ended July 31, 2024 to the same periods in 2023, were primarily a result of lower headcount (a portion of which was attributable to the comprehensive resource reallocation plan discussed above) and 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.

### 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):

	Dollar				Dollar			
	Three Months Ended July 31,		Increase (Decrease)	Percent Change	Six Months Ended July 31,		Increase (Decrease)	Percent Change
	2024	2023			2024	2023		
Compensation and benefits	\$ 29,584	\$ 27,036	\$ 2,548	9.4%	\$ 61,157	\$ 60,870	\$ 287	0.5%
Advertising and promotions	6,228	7,670	(1,442)	(18.8)%	11,733	14,305	(2,572)	(18.0)%
Software maintenance	3,575	3,230	345	10.7%	7,336	6,219	1,117	18.0%
Consulting and outside services	784	1,148	(364)	(31.7)%	1,432	2,442	(1,010)	(41.4)%
Facilities, utilities and other	513	1,327	(814)	(61.3)%	1,318	2,502	(1,184)	(47.3)%
Total S&M expenses	\$ 40,684	\$ 40,411	\$ 273	0.7%	\$ 82,976	\$ 86,338	\$ (3,362)	(3.9)%

The decreases in advertising and promotions and consulting and outside services, when comparing the three and six months ended July 31, 2024 to the same periods in 2023, were primarily attributable to proactive reductions in branding initiatives and paid media spend. The decrease in facilities and utilities expenses, when comparing the three and six months ended July 31, 2024 to the same periods 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. In addition, the increase in compensation and benefits, when comparing the three and six months ended July 31, 2024 to the same period in 2023, was primarily due to a S&M executive forfeiture of a share-based payment award that lowered stock-compensation expense during the three months ended July 31, 2023.

### 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):

	Dollar				Dollar			
	Three Months Ended July 31,		Increase (Decrease)	Percent Change	Six Months Ended July 31,		Increase (Decrease)	Percent Change
	2024	2023			2024	2023		
Compensation and benefits	\$ 12,251	\$ 16,754	\$ (4,503)	(26.9)%	\$ 29,033	\$ 31,535	\$ (2,502)	(7.9)%
Consulting and outside services	4,355	5,135	(780)	(15.2)%	9,739	11,718	(1,979)	(16.9)%
Insurance	723	944	(221)	(23.4)%	1,444	2,247	(803)	(35.7)%
Facilities, utilities and other	515	916	(401)	(43.8)%	1,150	2,177	(1,027)	(47.2)%
Software maintenance	1,279	1,087	192	17.7%	2,598	1,980	618	31.2%
Franchise, sales, and property tax	272	249	23	9.2%	740	724	16	2.2%
Total G&A expenses	\$ 19,395	\$ 25,085	\$ (5,690)	(22.7)%	\$ 44,704	\$ 50,381	\$ (5,677)	(11.3)%

The decreases in compensation and benefits, when comparing the three and six months ended July 31, 2024 to the same periods in 2023, were primarily a result of lower stock-compensation expense due to forfeitures and lower grants of share-based payment awards, partially offset by severance costs for the former Chief Executive Officer whose employment with the Company ended on May 9, 2024. The Company's integration and restructuring activities, including cost savings from consolidation of our facilities and lower insurance also contributed to the overall decline in G&A expenses. When comparing these same periods, the reduction in consulting and outside services were partially offset by an increases to compensation and benefits (even though it declined in total as discussed above). Further, while increases in software maintenance, when comparing these same periods, primarily reflect investments in technology.

### 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 and six months ended July 31, 2024 to the same periods 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

As discussed above, on July 11, 2024, the Company announced a comprehensive resource reallocation plan. In connection with this plan and 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 and six months ended July 31, 2024 totaling \$11.3 million and \$12.3 million, respectively, are substantially all related to severance costs of terminated employees and lease termination and lease impairment charges. The restructuring charges for the three and six months ended July 31, 2023 totaling \$2.5 million and \$7.7 million, respectively, 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):

	Dollar				Dollar			
	Three Months Ended July 31,		Increase (Decrease)	Percent Change	Six Months Ended July 31,		Increase (Decrease)	Percent Change
	2024	2023			2024	2023		
Other income (expense), net	\$ (418)	\$ (934)	\$ 516	(55.2)%	\$ 1,799	\$ (1,309)	\$ 3,108	(237.4)%
Interest income	1,045	871	174	20.0%	1,973	1,516	457	30.1%
Interest expense	(16,415)	(16,255)	(160)	1.0%	(32,693)	(32,191)	(502)	1.6%

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 and six months ended July 31, 2024 compared to the corresponding prior year periods, 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 and six months ended July 31, 2024 to the corresponding periods 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 and six months ended July 31, 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.

[Table of Contents](#)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 six months ended July 31, 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):

	Three Months Ended July 31,		Dollar		Six Months Ended July 31,		Dollar	
	2024	2023	Increase (Decrease)	Percent Change	2024	2023	Increase (Decrease)	Percent Change
	Provision for (benefit from) income taxes	\$ (2,056)	\$ (1,889)	\$ (167)	8.8%	\$ (3,639)	\$ (6,273)	\$ 2,634
Effective income tax rate	4.9%	5.6%			5.1%	7.7%		

The effective income tax rate for the three and six months ended July 31, 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 July 31, 2024, we had \$122.7 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 July 31, 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 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 July 31, 2024, \$40.4 million was drawn under our accounts receivable facility.

Share Repurchase Authorization

On July 10, 2024, the Board of Directors authorized and approved a share repurchase authorization for up to \$10 million of the Company's outstanding shares of Class A common stock. The share repurchase authorization commenced on July 11, 2024, and will terminate on the fourth anniversary of such date. Under the share repurchase authorization, we may purchase shares of Class A common stock in the open market, in private negotiated transactions, or by other means from time to time. We cannot predict when or if we will repurchase any shares of Class A common stock. The timing and number of shares of Class A common stock that may be purchased will depend on a variety of factors, including the share price of the Class A common stock, general market conditions, alternative uses for capital, our financial performance, and other considerations. This authorization does not obligate us to purchase any minimum number of shares of Class A common stock, and the authorization may be suspended, modified, or discontinued at any time without prior notice. As of July 31, 2024, no Class A common stock had been repurchased under the share repurchase authorization.

## Cash Flows

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

	Six Months Ended July 31,	
	2024	2023
Net cash provided by (used in) operating activities	\$ 3,497	\$ 1,985
Net cash provided by (used in) investing activities	(9,195)	(14,494)
Net cash provided by (used in) financing activities	(8,255)	(11,730)
Effect of foreign currency exchange rates on cash and cash equivalents	(2,427)	(472)
Net increase (decrease) in cash and cash equivalents and restricted cash	\$ (16,380)	\$ (24,711)

### Cash flows from operating activities

The increase in cash flows from operating activities in the six months ended July 31, 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 six months ended July 31, 2024 include \$8.8 million of cash payments for internally developed software.

Cash flows from investing activities for the six months ended July 31, 2023 include \$5.6 million of cash payments for internally developed software and net cash transferred of \$5.1 million related to the completion of the SumTotal sale.

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.

The decrease in cash flows used in investing activities was primarily due to the purchase of property and equipment and the sale of our former SumTotal business during the six months ended July 31, 2023, partially offset by our increased investment in internally developed software during the six months ended July 31, 2024.

### 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.

The decrease in cash flows used in financing activities was primarily due to the acquisition of treasury stock during the six months ended July 31, 2023, partially offset by payments on our accounts receivable facility during the six months ended July 31, 2024.

## Contractual and Commercial Obligations

The scheduled maturities of our debt and future minimum rental commitments under non-cancelable lease agreements as of July 31, 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	\$ 591,399	\$ 3,202	\$ 11,207	\$ 576,990	\$ —
Operating leases	11,515	1,804	3,717	2,836	3,158
Total	\$ 602,914	\$ 5,006	\$ 14,924	\$ 579,826	\$ 3,158

## 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.

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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 \$3.3 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 \$0.7 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 \$7.6 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 \$2.5 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 July 31, 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 July 31, 2024.

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

As of 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. In connection with our Form 10-K for the fiscal year ending January 31, 2025, our independent registered public accounting firm will 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 and six months ended July 31, 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 (as amended) 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 and six months ended July 31, 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="#">Transition and Separation Agreement dated May 23, 2024, between Jeffery Tarr and Skillsoft Corp</a>				
10.2#	<a href="#">First Amendment to Skillsoft Corp. 2020 Omnibus Incentive Plan</a>	8-K	001-38960	10.1	07/19/2024
10.3#	<a href="#">Form of Transition Award Agreement</a>	8-K	001-38960	10.1	07/26/2024
10.4*#	<a href="#">Letter Agreement to Serve as Chair and CEO dated September 4, 2024, between Ronald W. Hovsepian and Skillsoft Corp</a>				
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.

# Represents management compensation plan, contract or arrangement.

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: September 9, 2024

**SKILLSOFT CORP.**

(Registrant)

By: /s/ Richard George Walker

Richard George Walker

Chief Financial Officer

(Principal Financial Officer)

May 23, 2024

**Jeffrey R. Tarr**

Dear Jeff:

The purpose of this letter (this "Agreement") is to confirm the terms of the remainder of your employment with Skillssoft Corp. (the "Company") and your separation from employment, as discussed with you on April 9, 2024, as follows:

**1. Transition Period and Separation Date.**

(a) Effective as of April 16, 2024 (the "Transition Date") through the date that your employment terminates (the "Separation Date"), you will continue to be employed by the Company on a full-time basis as an advisor to the Executive Chairman of the Company. Provided that you comply with your obligations under this Agreement, the Separation Date was May 9, 2024. The period beginning on the Transition Date and concluding on the Separation Date is hereinafter referred to as the mutually agreed upon "Transition Period", and as such the transition will not constitute "Good Reason" for purposes of the Second Amended and Restated Executive Employment Agreement between you and the Company, dated December 3, 2023 (the "Employment Agreement").

(b) During the Transition Period, you will perform the duties as may reasonably be assigned to you from time to time by the Executive Chairman of the Company or his designee, and assist with the transition of your duties and responsibilities to any Company designees. You will continue to devote your best professional efforts to the Company, and to abide by all Company policies and procedures as in effect from time to time.

(c) During the Transition Period, you will continue to receive your current base salary, payable in accordance with the Company's regular payroll practices, and to participate in all employee benefit plans and programs of the Company in accordance with the terms of those plans and programs.

**2. Final Compensation.** You will receive, on the Separation Date, pay for all work you performed for the Company through the Separation Date, to the extent not previously paid, as well as pay, at your final base rate of pay, for any vacation days you had earned but not used as of the Separation Date, determined in accordance with Company policy and as reflected on the books of the Company. You will receive the payments described in this Section 2 regardless of whether or not you sign this Agreement.

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3. **Severance Benefits.** In consideration of your acceptance of this Agreement and subject to your meeting in full your obligations hereunder, including your obligation to execute and not revoke the waiver and release of claims attached hereto as Exhibit A (the “Initial Release”) and the waiver and release of claims attached hereto as Exhibit B (the “Post-Employment Release”) and, together with the Initial Release, the “Releases”), in each case, within the time period specified therein, and your compliance with your Continuing Obligations (as defined below) and in full consideration of any rights you may have under the Employment Agreement:

(a) The Company will pay you an amount (the “Severance Payments”) equal to two (2) times the sum of (i) your annual base salary as in effect on the Separation Date, plus (ii) your target annual bonus as in effect on the Separation Date, payable over a period of twenty-four (24) months following the Separation Date. Severance Payments will be made in the form of salary continuation, and will begin on the next regular Company payday which is at least five (5) business days following the later of the effective date of the Post-Employment Release or the date it is received by the Company. The first payment will be retroactive to the day following the Separation Date.

(b) If you are enrolled in the Company’s group medical, dental and/or vision plans on the Separation Date, you may elect to continue your participation and that of your eligible dependents in those plans for a period of time pursuant to the federal law known as “COBRA” or similar applicable state law (together, “COBRA”). You may make such an election whether or not you accept this Agreement. However, if you accept this Agreement and you timely elect to continue your participation and that of your eligible dependents in such plans, the Company will pay for the monthly cost of your COBRA continuation coverage for the Company’s group medical, dental and/or vision insurance premiums (as applicable), with such continuation on the same basis as in effective for active employees with the same coverage (the “Monthly Premium Payment”), until the earlier of (i) the end of the twelve (12)-month period beginning on the first day of the month following the Separation Date or (ii) the date you and your dependents are no longer entitled to coverage under COBRA or the Company’s plans. Monthly Premiums Payments will begin on the next regular Company payday which is at least five (5) business days following the later of the effective date of the Post-Employment Release or the date it is received by the Company. The first payment will be retroactive to the day following the Separation Date. Notwithstanding the foregoing, in the event that the Company’s payment of the Monthly Premium Payments, as described in this Section would subject the Company to any tax or penalty under Section 105(h) of the Internal Revenue Code of 1986, as amended (the “Code”), the Patient Protection and Affordable Care Act, as amended, any regulations or guidance issued thereunder, or any other applicable law, in each case, as determined by the Company, then the Company will not be required to provide the Monthly Premium Payments.

(c) You will receive a \$100,000 annual bonus in respect of fiscal year 2025, which amount will be paid at the same time as the first of the Severance Payments is made to you pursuant to Section 3(a) above.

(d) Any equity awards outstanding as of the Separation Date shall be treated as follows, provided that in all cases you shall be permitted to satisfy the payment of any withholding taxes through net share withholding in accordance with the definitive award agreements governing such awards:

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i. Your outstanding Options (as defined in the Employment Agreement), whether vested or unvested, will be forfeited for no consideration on the Separation Date.

ii. Your outstanding RSUs (as defined in the Employment Agreement) that vest solely based on the passage of time, and that are scheduled to vest over the period that is one (1) year following the Separation Date (the "RSU Severance Eligible Awards") will continue to vest over such one (1)-year period in accordance with the vesting schedule set forth in the applicable award agreement governing such RSU Severance Eligible Award.

iii. Your outstanding PSUs (as defined in the Employment Agreement) that have a Measurement Date (as defined in the applicable award agreement governing such PSU) within the one (1)-year period following the Separation Date (the "PSU Severance Eligible Awards") will be eligible to vest on the Separation Date based on achievement of the performance criteria applicable to the PSUs through the Separation Date. Whether any PSU Severance Eligible Awards vest on the Separation Date will be determined by using the performance criteria contained in the applicable award agreement, whereby the Separation Date will be treated as the Closing Date (as defined in the applicable award agreement) for purposes of calculating whether the applicable performance metrics have been achieved.

iv. Your outstanding RSUs and PSUs that have not vested in accordance with Sections 3(d)(ii) or (iii) before the consummation of a Change in Control (such awards, the "CIC Eligible Awards") will remain outstanding for a period of three (3) months following the Separation Date and will be eligible for the treatment set forth in Section 4 of the Employment Agreement upon the consummation of a Change in Control (as defined in the Employment Agreement) within such three (3)-month period following the Separation Date. Upon the expiration of such three (3)-month period following the Separation Date, to the extent not vested in connection with a Change in Control within such three (3)-month period, the CIC Eligible Awards will automatically terminate and be forfeited with no consideration due to you; provided, however, for the avoidance of doubt, if there is no Change in Control within the three (3) months following the Separation Date, the RSU Severance Eligible Awards will continue to remain outstanding and eligible to vest pursuant to the terms of this Agreement. The provisions of Section 15 of the Employment Agreement are hereby incorporated by reference and shall be given full force and effect in the event that any future Change in Control could trigger excise taxes under Section 280G of the Code.

(e) The Company shall reimburse you (or pay directly) for reasonable attorneys' fees and advisory fees actually incurred by you in connection with the negotiation and execution of this Agreement; provided that the aggregate reimbursement in respect of the foregoing shall not exceed \$18,500 (payable directly by the Company to your attorney following the Company's receipt of invoices from your attorney).

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(f) The Company hereby agrees to indemnify you and hold you harmless to the maximum extent provided or allowable under the Company's organizational documents against and in respect of any and all actions, suits, proceedings, claims, demands, judgments, costs, expenses (including reasonable attorneys' fees), losses, and damages resulting from your good faith performance (i) of your duties and obligations with the Company during your employment, and (ii) of your services before the Employment Term relating to the Merger Agreement or the Closing (as such terms are defined in the Employment Agreement). Furthermore, the Company agrees that its 2021 Indemnity Agreement with you (the "Indemnity Agreement") shall remain in full force and effect.

**4. Acknowledgement of Full Payment and Withholding.**

(a) You acknowledge and agree that the payments provided under Section 2 of this Agreement are in complete satisfaction of any and all compensation or benefits due to you from the Company, whether for services provided to the Company or otherwise, through the Separation Date and that, except as expressly provided under this Agreement, no further compensation or benefits are owed or will be paid to you.

(b) All payments made by the Company under this Agreement shall be reduced by any tax or other amounts required to be withheld by the Company under applicable law and all other lawful deductions authorized by you.

**5. Status of Employee Benefits, Paid Time Off, Expenses, and Resignations.**

(a) Except for any right you may have to continue your participation and that of your eligible dependents in the Company's medical, dental, and vision plans under COBRA and except as provided for in Section 3(b) of this Agreement, your participation in all employee benefit plans of the Company will end as of the Separation Date, in accordance with the terms of those plans. You acknowledge that you will not continue to earn paid time off or other similar benefits after the Separation Date. You will receive information about your COBRA continuation rights under separate cover.

(b) Within four (4) weeks following the Separation Date, you must submit your final expense reimbursement statement reflecting all business expenses you incurred through the Separation Date, if any, for which you seek reimbursement, and, in accordance with Company policy, reasonable substantiation and documentation for the same. The Company will reimburse you for your authorized and documented expenses within thirty (30) days of receiving such statement pursuant to its regular business practice.

(c) Effective as of the Transition Date, you will be deemed to have irrevocably resigned from any and all positions or offices that you held with the Company or any of its Affiliates, without any further action required therefor, with the exception of your position as an advisor to the Executive Chairman as provided under this Agreement (collectively, the "Resignations"). The Company, on its own behalf and on behalf of its Affiliates, hereby accepts the Resignations as of the Transition Date, and you agree to sign and return such documents confirming the Resignations as the Company or any of its Affiliates may reasonably require.

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## 6. Continuing Obligations and Non-Disparagement.

(a) You acknowledge that you continue to be bound by your obligations under any employment or other agreement concerning confidentiality, non-competition and/or assignment of rights to intellectual property by and between you and the Company or any of its Affiliates, including but not limited to the Employment Agreement, that survive the termination of your employment by necessary implication or the terms thereof (the “Continuing Obligations”).

(b) Subject to Section 1(b) of each of the Releases, you agree that, for a period of five (5) years following the Separation Date, you will not disparage or criticize the Company or its Affiliates (as defined below), or any of their business, management or products or services, and that you will not otherwise do or say anything that could disrupt the good morale of employees of the Company or any of its Affiliates or harm the interests or reputation of the Company or any of its Affiliates. The Company agrees, for a period of five (5) years following the Separation Date, (i) that its officers and directors as of the Separation Date will not disparage or criticize you and (ii) not to disparage or criticize you in authorized corporate communications to third parties. Notwithstanding the foregoing, nothing herein shall prevent either you or any of the Company’s directors or officers from testifying truthfully in any legal or administrative proceeding where such testimony is compelled or requested, or from otherwise complying with applicable legal requirements. In addition, nothing in this Agreement limits or interferes with your ability to disclose or discuss, either orally or in writing, the underlying facts of any alleged discriminatory or unfair employment practices, and disclosure of any of the foregoing does not constitute disparagement.

(c) For the purposes of this Agreement, “Affiliates” means all persons and entities directly or indirectly controlling, controlled by or under common control with the Company, where control may be by management authority, equity interest or otherwise.

7. **Return of Company Documents and Other Property.** In signing this Agreement, you agree that, no later than May 16, 2024, you will return to the Company any and all documents, materials and information (whether in hardcopy, on electronic media or otherwise) related to the business of the Company and its Affiliates (whether present or otherwise), and all keys, access cards, credit cards, computer hardware and software, telephones and telephone-related equipment and all other property of the Company or any of its Affiliates in your possession or control. Further, you agree that you will not retain any copy or derivation of any documents, materials or information (whether in hardcopy, on electronic media or otherwise) of the Company or any of its Affiliates. Recognizing that your employment with the Company will terminate as of the Separation Date, you agree that you will not, following the Separation Date, for any purpose, deliberately attempt to access or use any computer or computer network or system of the Company or any of its Affiliates, including without limitation the electronic mail system. Further, you agree to disclose to the Company, on or before the Separation Date, all passwords necessary or desirable to obtain access to, or that would assist in obtaining access to, all information which you have password-protected on any computer equipment, network or system of the Company or any of its Affiliates.

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8. **Employee Cooperation.** You agree to cooperate with the Company and its Affiliates hereafter with respect to all matters arising during or related to your employment, including but not limited to all matters in connection with any governmental investigation, litigation or regulatory or other proceeding which may have arisen or which may arise following the signing of this Agreement. The Company agrees to reimburse you, on an after-tax basis, for all reasonable expenses, including legal fees, actually incurred in complying with Company requests hereunder, provided that you shall be permitted to redact invoices for legal services to preserve attorney-client privilege.

9. **Release of Claims.** In consideration of your continued employment with the Company during the Transition Period as contemplated hereunder, the severance payments and benefits provided to you under this Agreement, to which you would not otherwise be entitled, and other good and valuable consideration, the receipt and sufficiency of which you hereby acknowledge, you agree to execute and return to the Company each of the Releases within the applicable time period specified therein (but in no event prior to the Separation Date in the case of the Post-Employment Release). The execution and non- revocation of each Release is a condition to the receipt of the severance payments and benefits provided under Section 3 of this Agreement.

10. **Section 409A.** It is the intent of the parties that payments and benefits under this Agreement comply with or be exempt from Section 409A of the Code, and the regulations and guidance thereunder (collectively, "Section 409A") and the provisions of this Agreement will be interpreted and construed in favor of complying with any applicable requirements of Section 409A as necessary in order to avoid the imposition of additional tax and interest under Section 409A; provided, that nothing herein shall be construed as a representation, promise or guarantee by the Company as to the tax treatment of any payment or benefit that may be paid or provided pursuant to this Agreement and in no event shall the Company have any liability relating to a failure of any payment or benefit under this Agreement to comply with, or be exempt from, the requirements of Section 409A. To the extent that any reimbursements under this Agreement are subject to Section 409A, any such reimbursements shall be paid to you no later than December 31 of the year following the year in which the expense was incurred. To the extent permitted under Section 409A, each payment made under this Agreement shall be treated as a separate payment and any right to a series of installment payments under this Agreement shall be treated as a right to a series of separate payments. Because at the time of your separation from service within the meaning of Section 409A (which the parties recognize and agree to be the Transition Date), you are a "specified employee" within the meaning of Section 409A, any and all amounts payable in connection with such separation from service that constitute deferred compensation subject to Section 409A, as determined by the Company in its sole discretion, and that would (but for this sentence) be payable within six (6) months following such separation from service, shall instead be paid with interest thereon, in all respects pursuant to the terms and conditions set forth in Section 16(c) of the Employment Agreement.

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## 11. Miscellaneous.

(a) This Agreement constitutes the entire agreement between you and the Company, and supersedes all prior and contemporaneous communications, agreements and understandings, whether written or oral, with respect to your employment, its termination and all related matters, excluding only the Continuing Obligations, the definitive award agreements governing the equity awards described in Section 3(d) above, the Indemnity Agreement, the 2020 Securities Assignment Agreement between you and Churchill Sponsor II LLC, and your rights and obligations with respect to the securities of the Company, all of which shall remain in full force and effect in accordance with their terms. This Agreement shall, however, govern in the event of any inconsistency with any of those surviving agreements.

(b) If any portion or provision of this Agreement shall to any extent be declared illegal or unenforceable by a court of competent jurisdiction, then the remainder of this Agreement, or the application of such portion or provision in circumstances other than those as to which it is so declared illegal or unenforceable, shall not be affected thereby, and each portion and provision of this Agreement shall be valid and enforceable to the fullest extent permitted by law; provided, however, and for the avoidance of doubt, in no event shall the Company be required to provide payments or benefits to you pursuant to Section 3 of this Agreement if all or part of either Release is held to be invalid or unenforceable due to an action that you initiate.

(c) This Agreement may not be modified or amended, and no breach shall be deemed to be waived, unless agreed to in writing by you and a duly authorized officer or director of the Company. The captions and headings in this Agreement are for convenience only, and in no way define or describe the scope or content of any provision of this Agreement. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, legal representatives, successors, and permitted assigns.

(d) The obligation of the Company to make payments to you or on your behalf under this Agreement, and your right to retain the same, is expressly conditioned upon your continued full performance of your obligations under this Agreement, including your execution and non-revocation of each Release, and the Continuing Obligations.

(e) This is a Delaware contract and shall be governed and construed in accordance with the laws of the State of Delaware, without regard to any conflict of laws principles that would result in the application of the laws of another jurisdiction. You agree that any dispute shall be brought only in, and you agree to submit to the exclusive jurisdiction of, the courts of and in the state in which either you had your primary work location or the Company's headquarters is located (or any other court having jurisdiction) in connection with any dispute arising out of, connected with, or relating to this Agreement or your employment or other association with the Company or the termination of the same.

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(f) This Agreement may be executed in any number of counterparts, any of which may be executed and transmitted by DocuSign, facsimile, electronic mail (including "pdf"), and any other means of electronic transmission complying with the U.S. federal E-SIGN Act of 2000, and each of which shall be deemed to be an original, but all of which together shall be deemed to be one and the same instrument. The Company shall send you any correspondence relating to this Agreement either by email to [jtarr@jtarr.net](mailto:jtarr@jtarr.net) or to the following address: Jeffrey Tarr, 4341 Preserve Pkwy N, Greenwood Village, CO 80121.

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If the terms of this Agreement are acceptable to you, please sign this Agreement in the space provided and return it to the Company. The enclosed copy of this letter, which you should also sign and date, is for your records.

Sincerely,  
Skillsoft Corp.

By: /s/ Ronald W. Hovsepian  
Ron Hovsepian  
Director

Accepted and agreed:

Signature: /s/ Jeffrey R. Tarr  
Jeffrey R. Tarr

Date: 5/23/2024 | 3:37 PM PDT

September 4, 2024

Ronald W. Hovsepien  
 195 Underwood Street  
 Holliston, MA 01746

Dear Ron:

I am pleased to formally offer you the role of Executive Chair and Chief Executive Officer of Skillsoft Corp. (the “Company”). This is a full-time, exempt position, reporting to the Board of Directors of the Company (the “Board”). Capitalized terms not defined herein shall have the respective meanings ascribed to them in Annex I, which is incorporated herein by reference. This letter (the “Agreement”) memorializes the specific terms and conditions regarding your employment with the Company and is effective as of September 4, 2024 (the “Effective Date”):

<b>Job Title</b>	Executive Chair and Chief Executive Officer.
<b>Reporting To</b>	Solely and directly to the Board.
<b>Authorities</b>	Customary authorities and duties provided to a CEO (all executives of the Company shall report directly or indirectly to you, provided that executives may report directly to the Board or any committee thereof with respect to any matter reasonably requested by the Board or such committee from time to time as circumstances warrant).
<b>Outside Activities</b>	You are not precluded from (i) serving on the boards of directors of not-for-profit entities, (ii) serving on the boards of directors of other corporations as the Board may approve from time to time for so long as such directorship does not interfere or conflict with your responsibilities to the Company, <u>provided</u> , that any determination regarding such interference or conflict shall be made in the Company’s reasonable good faith discretion, and upon a finding of any such interference or conflict, you agree and acknowledge that you shall resign from such directorship as soon as practicable, (iii) engaging in other civic, charitable, non-profit, industry or trade associations, or religious activities (including periodic speaking engagements which do not interfere or conflict with your responsibilities to the Company), or (iv) devoting a reasonable amount of time to your personal and family investments which do not interfere or conflict with your responsibilities to the Company. For the avoidance of doubt, the following boards or advisory relationships have been approved: Ansys, Valo Health, Machinery Partners, Cibo and FL 100 (and any successor entities unless a conflict would then occur).
<b>Location</b>	Remote; however, it is understood that you will travel at the Company’s sole expense to various office locations as required to perform your duties.
<b>Start Date</b>	Your “ <u>Start Date</u> ” in your new role was April 16, 2024.



<b>Base Salary</b>	As of the Start Date, your annual base salary is \$772,500, less applicable withholdings, to be paid semi-monthly in accordance with the regular payroll practices of the Company and subject to adjustment (for increases but not decreases) from time to time by the Board in its discretion (as adjusted, from time to time, the " <u>Base Salary</u> ").
<b>Annual Bonus Opportunity</b>	With respect to each fiscal year you are employed by the Company, you shall be eligible to participate in an annual cash bonus program in which other senior executives at the Company participate, pursuant to which you will be eligible to earn a target annual bonus equal to 100% of your Base Salary (the " <u>Target Bonus</u> "), subject to a maximum payout and other details established by the Board. For the avoidance of doubt, any annual bonus earned in respect of fiscal year 2025 will not be prorated. The annual bonus payments shall be made at the same time as made to other senior executives generally and in all events during the fiscal year following the fiscal year to which the bonus relates.
<b>Signing Bonus</b>	The Company shall pay you a one-time signing bonus of \$1,500,000 (the " <u>Signing Bonus</u> "), subject to all applicable tax reporting and withholding requirements, payable upon the Company's first regular payroll date that is at least five (5) business days following the Effective Date. The Company shall pay you (or your estate) the Signing Bonus in the event of your termination with Good Reason or termination by the Company without Severance Cause or upon your death or termination for Disability prior to scheduled payment of the Signing Bonus.

<p><b>New Hire and Subsequent Equity Grants</b></p>	<p>In connection with your commencement of employment, the Company shall grant you an award of 500,000 time-based restricted stock units (the “<u>Initial RSUs</u>”) within 30 days following the Effective Date. The Initial RSUs will vest ratably over a four-year period in equal quarterly installments (rounded down to the nearest whole share, other than with respect to the final vesting date) beginning on the three-month anniversary of the Start Date (i.e., a quarterly installment shall be deemed vested as of the Effective Date), subject to your continued employment through the applicable vesting date, except as expressly set forth herein. In the event of a Change in Control (as defined in the Company’s 2020 Omnibus Incentive Plan (as may be amended from time to time, the “<u>Plan</u>”) during your employment and prior to the time that all of the Initial RSUs have vested, the then-unvested Initial RSUs that would otherwise be scheduled to vest over the 18-month period immediately following such Change in Control shall become vested as of such Change in Control (notwithstanding any provision in the Plan or award agreement to the contrary and, for the avoidance of doubt, no action by any acquiror or the Company shall adversely impact the vesting schedule of any such awards), and any Initial RSUs that remain unvested as of such Change in Control will be assumed or substituted for in accordance with Section 11(b) of the Plan (or shall vest immediately if not assumed or substituted for).</p> <p>You will be eligible for grants of equity awards after 2025 consistent with grants made to other senior executives of the Company and commensurate with your position at the Company relative to such other executives, subject to Company performance and other factors as may be determined by the Board or any committee thereof.</p> <p>With respect to time-vesting restricted stock units and other time-vesting equity awards granted to you following the Effective Date that are not Initial RSUs, in the event of a Change in Control during your employment and prior to the time that all of such awards have vested, the then-unvested time-vesting restricted stock unit and other unvested time-vesting equity awards granted to you after the Effective Date that are not Initial RSUs and that would otherwise be scheduled to vest over the 12-month period immediately following such Change in Control shall become vested as of such Change in Control, and any time-vesting restricted stock unit and other time-vesting equity awards granted to you following the Effective Date that are not Initial RSUs that remain unvested as of such Change in Control will be assumed or substituted for in accordance with Section 11(b) of the Plan (or shall vest immediately if not assumed or substituted for).</p> <p>The Initial RSUs shall be subject to the terms and conditions of the Plan and a related award agreement.</p> <p>The Initial RSU award agreement shall include non-competition and non-solicitation clauses applicable during employment and for 12 months thereafter. In the event of any conflict between the scope of any non-competition and non-solicitation clauses contained in award agreements and scope of such clauses in the Restrictive Covenants Agreement (defined and described below), the scope of such clauses in the Restrictive Covenants Agreement shall control.</p> <p>No right to any shares is earned or accrued until such time that vesting occurs, nor does the grant confer any right to continued vesting or employment.</p>
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<p><b>Performance-Based Award</b></p>	<p>You will be eligible to earn a performance-based award (the “<u>Performance Award</u>”) based on the thirty (30)-consecutive trading day volume-weighted average price (based on volume and price) of a share of the Company’s common stock (“<u>30-day VWAP</u>”) and certain additional time-based vesting criteria, in each case, as described below.</p>
	<p>The amount of the Performance Award will be determined as follows:</p> <ul style="list-style-type: none"> <li>● If the Company achieves a 30-day VWAP of \$30.00 or greater on or prior to April 16, 2026 (the “<u>Full First Tranche</u>”), the amount of the Performance Award that is earned will be \$6,000,000.</li> <li>● If the Company achieves a 30-day VWAP of \$30.00 or greater after December 31, 2026 but on or prior to December 31, 2028 (the “<u>Reduced First Tranche</u>”), the amount of the Performance Award that is earned will be \$3,000,000.</li> <li>● If the Company achieves a 30-day VWAP of \$40.00 or greater on or prior to December 31, 2028 (the “<u>Second Tranche</u>”), the amount of the Performance Award that is earned will be an additional \$4,000,000.</li> <li>● If the Company achieves a 30-day VWAP of \$50.00 or greater on or prior to December 31, 2028 (the “<u>Third Tranche</u>”), the amount of the Performance Award that is earned will be an additional \$4,000,000.</li> <li>● If the Company achieves a 30-day VWAP of \$70.00 or greater on or prior to December 31, 2028 (the “<u>Fourth Tranche</u>”), the amount of the Performance Award that is earned will be an additional \$2,000,000.</li> <li>● If the Company achieves a 30-day VWAP of \$100.00 or greater on or prior to December 31, 2028 (the “<u>Fifth Tranche</u>”), the amount of the Performance Award that is earned will be an additional \$4,000,000.</li> </ul> <p>The earned portion of the Performance Award, if any, will be subject to the following vesting conditions:</p> <ul style="list-style-type: none"> <li>● 50% of any Tranche of the Performance Award that is earned, if any, will vest upon the achievement of the applicable 30-day VWAP hurdle, as set forth above, and</li> <li>● 50% of any Tranche of the Performance Award that is earned, if any, will vest on the one (1)-year anniversary of the achievement of the applicable 30-day VWAP hurdle, as set forth above,</li> </ul> <p>in each case, subject to your continued employment through the applicable vesting date, except as expressly provided in this Agreement.</p> <p>Any Tranche of the Performance Award that is earned and vests will be paid out in cash or, if so determined by the Board (or a committee thereof), shares of the Company’s common stock under the Plan (or any other equity plan then in effect) in accordance with the terms of the Plan (or such other plan), in any case, within thirty (30) days following the applicable vesting date. If the Performance Award is paid out in shares of the Company’s common stock, the number of shares will be determined based on the closing price of a share of the Company’s common stock on the payment date.</p>



	<ul style="list-style-type: none"> <li>● In the event of a Change in Control during your employment and on or prior to December 31, 2028, the amount of the Performance Award that will be earned and will vest upon such Change in Control, if any, will be determined as follows (in each case, without duplication): If the Full First Tranche or the Reduced First Tranche of the Performance Award has already been earned but the Second Tranche of the Performance Award has not yet been earned as of the Change in Control, a prorated portion of the Second Tranche of the Performance Award, if any, based on the price per share in connection with such Change in Control by applying interpolation between the \$30.00 VWAP performance hurdle and the \$40.00 VWAP performance hurdle;</li> <li>● If the Second Tranche of the Performance Award has already been earned but the Third Tranche of the Performance Award has not yet been earned as of the Change in Control, a prorated portion of the Third Tranche of the Performance Award, if any, based on the price per share in connection with such Change in Control by applying interpolation between the \$40.00 VWAP performance hurdle and the \$50.00 VWAP performance hurdle;</li> </ul> <p>If the Third Tranche of the Performance Award has already been earned but the Fourth Tranche of the Performance Award has not yet been earned as of the Change in Control, a prorated portion of the</p> <ul style="list-style-type: none"> <li>● Fourth Tranche of the Performance Award, if any, based on the price per share in connection with such Change in Control by applying interpolation between the \$50.00 VWAP performance hurdle and the \$70.00 VWAP performance hurdle; or</li> <li>● If the Fourth Tranche of the Performance Award has already been earned but the Fifth Tranche of the Performance Award has not yet been earned as of the Change in Control, a prorated portion of the Fifth Tranche of the Performance Award, if any, based on the price per share in connection with such Change in Control by applying interpolation between the \$70.00 VWAP performance hurdle and the \$100.00 VWAP performance hurdle, and</li> <li>● In each case, upon such Change in Control, any unearned portion of the Performance Award will be automatically forfeited for no consideration.</li> </ul> <p>For the avoidance of doubt, you may only earn each of the Full First Tranche, the Reduced First Tranche, the Second Tranche, the Third Tranche, the Fourth Tranche, and the Fifth Tranche one time. Except as expressly provided in this Agreement, there shall be no interpolation of VWAP achievement between any two (2) thresholds described above and there shall be no double counting of earning any amount of the Performance Award hereunder. Any amount of the Performance Award that has not been earned on or prior to December 31, 2028 will be forfeited and you will have no further eligibility to earn any amount of the Performance Award following such date. Any earned portion of the Performance Award that has not yet time vested shall fully vest upon the Change in Control, subject to your continued employment through the Change in Control, except as expressly provided in this Agreement.</p> <p>The Board (or a committee thereof) will determine in good faith if the relevant 30-day VWAP thresholds have been satisfied and the resulting amount of the Performance Award, if any, that is earned.</p> <p>In the event of a change in the capitalization of the Company, the Board (or a committee thereof) shall make equitable adjustments to the Performance Award as it in good faith deems necessary or appropriate in order to preserve the intended economic benefits of the Performance Award.</p>
<p><b>Benefits/Expenses</b></p>	<p>During your employment, you will be eligible to participate in the Company's benefit plans and programs consistent with what the Company makes available to its other senior executives, including an executive physical and paid time off, subject to the Company's policies. During your employment, you shall be entitled to paid time off each calendar year pursuant to the Company's vacation policy. During your employment, you shall be authorized to incur necessary and reasonable travel, entertainment and other business expenses upon timely presentation of appropriate documentation, all in accordance with the Company's policies applicable to senior executives generally. Travel will be at business class in your reasonable discretion. The Company shall reimburse or pay directly your legal fees reasonably and actually incurred in connection with the negotiation of this Agreement and ancillary documentation in an aggregate amount not to exceed \$90,000.</p>

<p><b>Severance</b></p>	<p>(A) In the event your employment is terminated by the Company without Severance Cause or by you with Good Reason (each as defined on <u>Annex I</u> attached hereto), the Company shall pay or provide to you: (i) (a) accrued salary, payable upon the next following payroll date after your termination of employment, (b) expense reimbursement payable pursuant to the Company expense reimbursement policies and (c) accrued benefits pursuant to the terms of the Company's employee benefit plans (the "<u>Accrued Obligations</u>"); (ii) payment of any accrued and unpaid Annual Bonus for the immediately prior year ("<u>Prior Year Bonus</u>") payable when Annual Bonuses are paid to senior executives for such year based on actual performance; (iii) continued payment of two (2) times the sum of (x) the Base Salary and (y) the Target Bonus (not taking into account any reductions in Base Salary or Target Bonus which would constitute Good Reason or were otherwise made in the prior twelve (12) months), for a period of twenty-four (24) months following your termination of employment; (iv) a pro-rata Target Bonus for the fiscal year in which your termination of employment occurs (the "<u>Pro Rata Bonus</u>"); and (v) payment or reimbursement for the employer portion of costs of your continued participation in the group health benefits in which you were enrolled at the time of your termination for up to twenty-four (24) months available as continuation coverage under COBRA (subject to you timely electing such COBRA continuation coverage after your termination) (the "<u>COBRA Amounts</u>").</p> <p>(B) In the event your employment is terminated by the Company without Severance Cause or by you with Good Reason during the six (6)-month period prior to a Change in Control and in connection with such Change in Control or within the 12-month period following a Change in Control (such period, the "<u>Initial RSU CIC Period</u>"), the Company shall provide you with, in addition to the benefits described in paragraph (A) above, 100% accelerated vesting of any outstanding and unvested Initial RSUs and other unvested time-vesting restricted stock unit or other unvested time-based equity awards granted to you following the Effective Date, if any. In the event of a termination of your employment pursuant to this clause (B), the severance payments set forth in clause (A) shall be paid to you in a cash lump sum within thirty (30) days following the effective date of your release, to the extent compliant with Section 409A (as defined below).</p> <p>(C) In the event your employment is terminated by the Company without Severance Cause or by you with Good Reason prior to a Change in Control and not within the Initial RSU CIC Period, you will be entitled to, in addition to the benefits described in paragraph (A) above, (i) accelerated vesting of any then-unvested Initial RSUs that would otherwise be scheduled to vest over the 18-month period immediately following such termination of employment, effective as of the termination date, and (ii) accelerated vesting of any then-unvested time-vesting restricted stock unit awards that are not Initial RSUs that would otherwise be scheduled to vest over the 12-month period immediately following such termination of employment, effective as of the termination date.</p>
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(D) In the event your employment is terminated by the Company without Severance Cause or by you with Good Reason prior to a Change in Control, you will be entitled to, in addition to the benefits described in paragraph (A), (B), and/or (C) above, as applicable, (i) accelerated time-based vesting of any portion of the Performance Award that has been earned based on performance but has not yet time-vested as of your termination of employment, (ii) if (w) the Full First Tranche or the Reduced First Tranche of the Performance Award has already been earned but the Second Tranche of the Performance Award has not yet been earned as of the termination date, a prorated portion of the Second Tranche of the Performance Award, if any, will be earned (for the avoidance of doubt, without duplication) and will immediately vest as of your termination of employment based on the VWAP over the thirty (30) consecutive trading days immediately preceding the date of your notice of termination of employment (the "Notice Date") by applying interpolation between the \$30.00 VWAP performance hurdle and the \$40.00 VWAP performance hurdle, (x) the Second Tranche of the Performance Award has already been earned but the Third Tranche of the Performance Award has not yet been earned as of the termination date, a prorated portion of the Third Tranche of the Performance Award, if any, will be earned (for the avoidance of doubt, without duplication) and will immediately vest as of your termination of employment based on the VWAP over the thirty (30) consecutive trading days immediately preceding the Notice Date by applying interpolation between the \$40.00 VWAP performance hurdle and the \$50.00 VWAP performance hurdle, (y) the Third Tranche of the Performance Award has already been earned but the Fourth Tranche of the Performance Award has not yet been earned as of the termination date, a prorated portion of the Fourth Tranche of the Performance Award, if any, will be earned (for the avoidance of doubt, without duplication) and will immediately vest as of your termination of employment based on the VWAP over the thirty (30) consecutive trading days immediately preceding the Notice Date by applying interpolation between the \$50.00 VWAP performance hurdle and the \$70.00 VWAP performance hurdle, or (z) the Fourth Tranche of the Performance Award has already been earned but the Fifth Tranche of the Performance Award has not yet been earned as of the termination date, a prorated portion of the Fifth Tranche of the Performance Award, if any, will be earned (for the avoidance of doubt, without duplication) and will immediately vest as of your termination of employment based on the VWAP over the thirty (30) consecutive trading days immediately preceding the Notice Date by applying interpolation between the \$70.00 VWAP performance hurdle and the \$100.00 VWAP performance hurdle, and (iii) notwithstanding your termination of employment, any Tranche of the Performance Award or portion thereof that has not been earned as of the date of your termination of employment (after taking into account any prorated portion earned pursuant to clause (ii)) will remain outstanding and eligible to be earned (for the avoidance of doubt, without duplication) pursuant to the terms of the Performance Award for six (6) months following your termination of employment and, upon the date that is six (6) months following your termination of employment, any unearned portion of the Performance Award will be automatically forfeited for no consideration; provided, for the avoidance of doubt, that any amount(s) of the Performance Award earned pursuant to this clause (iii) will not be subject to any time-based vesting conditions.

The severance benefits set forth in paragraphs (A), (B), (C) and (D) above (except for the payments and benefits set forth in subsection (A)(i) above) are contingent upon your execution and non-revocation of a release of claims in substantially the form set forth as Annex III hereto and your continued compliance in all material respects with your obligations under the Restrictive Covenants Agreement.

<b>Other Terminations</b>	<p>In the event of your voluntary termination (without Good Reason) or termination by the Company for Severance Cause, the Company shall provide you with the Accrued Obligations.</p> <p>In the event of your death or termination for Disability, the Company shall pay or provide you (or your estate, dependents or beneficiaries, as applicable) with (i) the Accrued Obligations, (ii) the Prior Year Bonus, (iii) the Pro Rata Bonus, (iv) the COBRA Amounts for 24 months (subject to you (or your beneficiaries) timely electing such COBRA continuation coverage after your termination), (v) accelerated vesting of a portion of any then-unvested Initial RSUs and any then-unvested time-vesting restricted stock unit and other time-vesting equity awards that are not Initial RSUs, which amount that will accelerate will be a pro-rated amount based on the amount of time between the prior vesting date (or, with respect to the Initial RSUs, if during the three-month period following the Start Date, the Start Date) and the date of termination, and (vi) the treatment of the Performance Award, as set forth in subsections (D)(i) and (D)(ii) of “Severance” above, contingent upon the execution and non-revocation of a release of claims in substantially the form set forth as <u>Annex III</u> hereto and continued compliance in all material respects with your obligations under the Restrictive Covenants Agreement.</p>
<b>Indemnification</b>	<p>The Company agrees to indemnify you, advance expenses and hold you harmless to the maximum extent provided or allowable under the Indemnity Agreement, dated June 11, 2021, between you and the Company, which is incorporated herein by reference. The Company shall provide you with coverage under its directors’ and officers’ liability insurance policy to the same extent provided to other members of the Board and officers.</p>
<b>Tax Withholding</b>	<p>You acknowledge that all payments made by the Company under this Agreement shall be reduced by any tax or other amounts required to be withheld by the Company under applicable law.</p>

**Section 280G**

Subject to the provisions of this Agreement, in the event that, solely in connection with a Change in Control occurring on or before December 31, 2026, it is determined that any payment or distribution by the Company to you or for your benefit (each, a “Payment”) would be subject to the excise tax imposed by Section 4999 of the Internal Revenue Code of 1986, as amended (the “Code”) (the “Excise Tax”), then you shall be entitled to receive an additional payment (a “Gross-Up Payment”) in an amount sufficient to pay the Excise Tax on the Payments plus any federal, state, or local income taxes, employment taxes, and any Excise Tax imposed upon the Gross-Up Payment; provided, that (A) the Gross-Up Payment will not exceed \$10,000,000 in the aggregate if the price per share in connection with such Change in Control is less than \$40.00, and (without duplication) (B) the Gross-Up Payment will not exceed an amount between \$10,000,000 and \$13,000,000 determined using linear interpolation if the price per share in connection with such Change in Control is between \$40.00 and \$50.00, and (without duplication) (C) the Gross-Up Payment will not exceed \$13,000,000 in the aggregate if the price per share in connection with such Change in Control is equal to or greater than \$50.00.

If there is a Change in Control and any payment or benefit (including payments and benefits pursuant to this Agreement) that you would receive from the Company or otherwise, including any gross-up as described in the preceding paragraph (“Transaction Payment”) would (i) constitute a “parachute payment” within the meaning of Section 280G of the Code and (ii) but for this sentence, be subject to the excise tax imposed by Section 4999 of the Code (the “Excise Tax”), then the Company shall cause to be determined, before any amounts of the Transaction Payment are paid to you, which of the following two alternative forms of payment would result in the your receipt, on an after-tax basis, of the greater amount of the Transaction Payment notwithstanding that all or some portion of the Transaction Payment may be subject to the Excise Tax: (A) payment in full of the entire amount of the Transaction Payment (a “Full Payment”), or (B) payment of only a part of the Transaction Payment so that you receive the largest payment possible without the imposition of the Excise Tax (a “Reduced Payment”), and you shall be entitled to payment of whichever amount shall result in a greater after-tax amount for you. For purposes of determining whether to make a Full Payment or a Reduced Payment, the Company shall cause to be taken into account all applicable federal, state and local income and employment taxes and the Excise Tax (all computed at the highest applicable marginal rate, net of the maximum reduction in federal income taxes which could be obtained from a deduction of such state and local taxes). If a Reduced Payment is made, the reduction in payments and/or benefits shall occur in the following order: (1) first, reduction of cash payments, in reverse order of scheduled payment date (or if necessary, to zero), (2) then, reduction of non-cash and non-equity benefits provided to you, on a pro rata basis (or if necessary, to zero) and (3) then, cancellation of the acceleration of vesting of equity award compensation in the reverse order of the date of grant of your equity awards.

Unless you and the Company otherwise agree in writing, any determination required under this Section shall be made in writing by the Company’s independent public accountants (the “Accountants”), whose determination shall be conclusive and binding upon you and the Company for all purposes. For purposes of making the calculations required by this Section, the Accountants may make reasonable assumptions and approximations concerning applicable taxes and may rely on reasonable, good faith interpretations concerning the application of Sections 280G and 4999 of the Code. The Accountants shall provide detailed supporting calculations to the Company and you as requested by the Company or you. You and the Company shall furnish to the Accountants such information and documents as the Accountants may reasonably request in order to make a determination under this Section. The Company shall bear all costs the Accountants may reasonably incur in connection with any calculations contemplated by this Section, including any fees that may be reasonably incurred in connection with your seeking advice from such Accountants in connection with the foregoing. The Company shall make such Accountants available to you as needed by you in good faith in seeking such advice.

Notwithstanding the foregoing, in the event that no stock of the Company or its affiliates is readily tradable on an established securities market or otherwise (within the meaning of Section 280G of the Code) at the time of the Change in Control, the Company shall submit to a vote of shareholders for approval the portion of the Transaction Payments that equals or exceeds three times your “base amount” (within the meaning of Section 280G of the Code) (the “Excess Parachute Payments”) in accordance with Treas. Reg. §1.280G-1, and you shall cooperate with such vote of shareholders, provided that you may execute, but shall not be required to execute, any documentation subjecting your entitlement to all Excess Parachute Payments to such shareholder vote.

<p><b>Section 409A</b></p>	<p>The intent of the parties is that payments and benefits under this Agreement comply with, or be exempt from, Section 409A of the Code (“<u>Section 409A</u>”), and this Agreement shall be interpreted and construed in accordance with such intent. The Company and its affiliates shall not be liable for any tax, interest, penalty, or damages that you may incur in connection with Section 409A. If the parties in good faith agree that this Agreement is not in compliance with Section 409A, the parties agree to take good faith reasonable actions to modify this Agreement to comply with Section 409A while endeavoring to maintain the intended economic benefits.</p> <p>With respect to any payment or benefit under this Agreement that constitutes deferred compensation subject to Section 409A, and to the extent necessary to avoid adverse tax consequences under Section 409A, a termination of employment shall not be deemed to have occurred for purposes of any term of this Agreement providing for the payment of any amounts or benefits upon or following a termination of employment unless such termination of employment is also a “separation from service” within the meaning of Section 409A and references to a “termination,” “termination of employment,” or like terms will mean such a “separation from service.”</p> <p>Notwithstanding anything to the contrary in this Agreement, if you are deemed on the date of a termination of employment to be a “specified employee” within the meaning of that term under Section 409A, then with regard to any payment or the provision of any benefit that is considered deferred compensation under Section 409A payable on account of a “separation from service,” such payment or benefit shall not be made or provided until the date that is the earlier of (i) the expiration of the six (6)-month period measured from the date of your “separation from service”, and (ii) your date of death, to the extent required under Section 409A. Upon the expiration of the foregoing delay period, all payments and benefits delayed pursuant to this paragraph (whether they would have otherwise been payable in a single sum or in installments in the absence of such delay) shall be paid or reimbursed to you in a lump sum, and any remaining payments and benefits due under this Agreement shall be paid or provided in accordance with the normal payment dates specified for them herein.</p> <p>Each payment made under this Agreement shall be treated as a separate payment and the right to a series of installment payments under this Agreement is to be treated as a right to a series of separate payments. Whenever a payment under this Agreement specifies a payment period with reference to a number of days, the actual date of payment within the specified period shall be within the sole discretion of the Company.</p> <p>With respect to any payment or benefit under this Agreement that constitutes deferred compensation subject to Section 409A and that is not otherwise exempt from the application of Section 409A, then, if the period during which you may consider, sign or revoke the release of claims spans two calendar years, the payment of such payment or benefit will not be made or begin until the later calendar year.</p> <p>In no event shall the Company or any of its affiliates have any liability relating to the failure or alleged failure of any payment or benefit under this Agreement to comply with, or be exempt from, the requirements of Section 409A.</p>
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As a condition of employment, you agree to sign and abide by the Restrictive Covenants Agreement attached hereto as Annex II (the “Restrictive Covenants Agreement”), which is incorporated herein by reference. This Agreement is also contingent upon your full and complete disclosure to the Company of any and all agreements (non-competition, non-solicitation, employment, confidentiality or otherwise) with any prior employer, clients, principals, partners or others which could in any way limit you either contractually or otherwise from engaging in any business activities required or contemplated by the Company in this Agreement. The Company reserves the right to withdraw this Agreement in the event that it determines or believes that any contractual or other obligation (i) may materially limit your ability to engage in business activities for the Company, or (ii) may be breached by virtue of your entering into this Agreement or becoming employed by the Company. Further, you agree that you will not disclose to or use on behalf of the Company any confidential or proprietary information of a third party without that party’s consent.

You represent and warrant that your signing of this Agreement and the performance of your obligations under it will not breach or be in conflict with any other agreement to which you are a party or are bound, and that you are not now subject to any covenants against competition or similar covenants or any court order that could affect the performance of your obligations under this Agreement.

Please note this Agreement is meant to confirm the terms and conditions we discussed. You should be aware that your employment with the Company constitutes at-will employment. As a result, your employment can be terminated by the Company at any time, with or without Severance Cause or Restrictive Covenant Cause, and you may terminate your employment for any reason hereunder with thirty (30) days prior written notice.

This Agreement, along with the Restrictive Covenants Agreement and any applicable award agreements, sets forth the terms of your employment with the Company and supersedes any prior representations or agreements, whether written or oral, between you and any other representative of the Company, and shall be governed by the laws of the Commonwealth of Massachusetts without regard to its conflict of laws principles. This Agreement may not be modified or amended except by a written agreement, signed by an officer of the Company and by you.

If the foregoing is acceptable to you, please sign this letter in the space provided and return it to me. At the time you sign and return it, this Agreement will take effect as a binding agreement between you and the Company on the basis set forth above.

We look forward to the continued benefit of your expertise and leadership.

Sincerely,

\_\_\_\_\_  
Rich Walker  
Chief Financial Officer

ACCEPTED:

\_\_\_\_\_  
Ronald W. Hovsepian

\_\_\_\_\_  
Date

**ANNEX I**  
**Defined Terms**

“Affiliates” means all persons and entities directly or indirectly controlling, controlled by or under common control with the Company, where control may be by management authority, equity interest or otherwise.

“Disability” shall mean that you, at the time notice of termination by the Company is provided, have been unable to perform your duties under this Agreement for a period of not less than six (6) consecutive months as a result of illness or injury, as determined for purposes of the Company’s long-term disability income insurance and subject to such condition resulting in you being disabled within the meaning of Section 409A. The Company’s notice of termination shall specify the nature of the Disability.

“Good Reason” shall mean any of the following events or conditions occurring without your express written consent prior to such event or condition, provided that you shall have given notice of such event or condition asserted to give rise to Good Reason within a period not to exceed 60 days after your knowledge of the initial existence of such event or conditions, and the Company has not remedied such event or condition within 60 days after receipt of such notice, and you shall have terminated employment within 30 days after the period in which the Company is entitled to cure the asserted Good Reason: (i) a material demotion, material reduction in responsibility or material change in reporting, or the assignment of duties to you that are substantially inconsistent with your position, including removal from your position as Executive Chair (other than as a result of your failure to be re-elected to the Board by the Company’s shareholders); (ii) a reduction in your base salary or your then-current target bonus percentage; (iii) the Company’s failure to pay material compensation when due and payable; (iv) a material breach by the Company of this Agreement or any other material compensation agreement with you; or (v) a requirement that your principal place of employment no longer be remote or that you spend a significant amount of your work time from a location that is not your remote work location.

“Restrictive Covenant Cause” shall mean the occurrence of anything constituting Severance Cause and shall also mean (x) the Board’s good faith determination that it has a reasonable basis for dissatisfaction with your employment for reasons such as lack of capacity or diligence, failure to conform to usual standards of conduct, or other culpable or inappropriate behavior or (y) other grounds for discharge that are reasonably related, in the Board’s honest judgment, to the needs of the business of the Company and its Affiliates.

“Severance Cause” shall mean the occurrence of any one of the following, as determined by the Board: (i) gross negligence or willful and material misconduct in the performance of, or your abuse of alcohol or drugs rendering you unable to perform, the material duties and services required for your position with the Company, which neglect or misconduct, if remediable, remains unremedied for 15 days following written notice of such by the Company to you; (ii) your indictment of or plea of nolo contendere for any crime involving moral turpitude or a felony; (iii) your commission of an act of material deceit or fraud with respect to the Company intended to result in your personal and unauthorized enrichment; or (iv) your material and intentional violation of the written policies of the Company or any of its Affiliates as in effect from time to time, your breach of a material obligation of yours to the Company pursuant to your duties and obligations under the Company’s organizational documents, or your material breach of an obligation of yours to the Company or any of its Affiliates pursuant to this Agreement or any award or other agreement between you and the Company or any of its Affiliates. By way of clarification, but not limitation, for purposes of this definition of the term Severance Cause, materiality shall be determined relative to this Agreement and your employment, rather than the financial status of the Company as a whole. No act or failure to act shall be treated as willful unless done or not done without good faith and without a reasonable belief that such action or inaction was in the best interests of the Company. The Company’s notice of termination shall specify the nature of the Severance Cause determination and, unless the action or failure or act is not by its nature curable by you, you shall have not less than fifteen (15) days to cure, and, if cured to the reasonable satisfaction of the Company, such action or failure to act shall not constitute Severance Cause. Poor performance shall not in and of itself constitute Severance Cause and you shall not be terminated for Severance Cause absent a 3/4 vote of the Board (excluding you) to terminate you for Severance Cause.



**ANNEX II**  
**Restrictive Covenants Agreement**

This Restrictive Covenants Agreement (this “Agreement”) is made and entered into as of September 4, 2024 by and among Skillsoft Corp. (“Skillsoft”), on its own behalf and on behalf of all members of the Company Group (as defined below), as may exist from time to time, and Ronald W. Hovsepian (“I” or “me”) and is appended as Annex II to that certain letter agreement, dated as of the date hereof, by and between the parties hereto (the “Letter Agreement”).

1. *General.*

I acknowledge the importance to the Company Group of protecting their Confidential Information (as defined below) and other legitimate business interests, including the valuable trade secrets and goodwill that they have developed or acquired. As a condition of my employment with Skillsoft, its subsidiaries, or their successors (together with Skillsoft, the “Company Group”), and in consideration of my employment with the Company Group, my receipt of the compensation now and hereafter paid to me by the Company Group, including but not limited to my equity award, my access to and use of the Company Group’s Confidential Information (as defined below), and other good and valuable consideration, the receipt and sufficiency of which I hereby acknowledge, I agree that the following restrictions on my activities during and after my employment are reasonable and necessary to protect the legitimate interests of the Company Group:

2. *Confidential Information.*

A. *Company Group Information.* I agree at all times during the term of my employment and other associations with the Company Group and thereafter, to hold in strictest confidence, and not to use, except for the benefit of the Company Group, or to disclose to any person, firm or corporation without written authorization of the Board of Directors of Skillsoft (the “Board”), any Confidential Information of the Company Group, except (i) as required or reasonably appropriate in the course of my employment with the Company Group, (ii) under a non-disclosure agreement duly authorized and executed by the Company Group, (iii) as otherwise required by applicable law, regulation, court order or subpoena, or legal process or (iv) as reasonably appropriate pursuant to any legal process between me and the Company Group. I understand and agree that this restriction will continue to apply after the cessation of my employment for any reason. I understand that “Confidential Information” means any non-public confidential or proprietary information the Company Group has taken steps to protect that relates to the actual or anticipated business or research and development of the Company Group, technical data, trade secrets or know-how, including, but not limited to, research, product plans or other information regarding Company Group’s products or services and markets therefor, customer lists and customers (including, but not limited to, customers of the Company Group on whom I called or with whom I became acquainted during the term of my employment or other associations with the Company Group), software, developments, inventions, processes, formulas, technology, designs, drawings, engineering, hardware configuration information, marketing, finances or other business information. I further understand that Confidential Information does not include any of the foregoing items which have become publicly known or otherwise known within the industry of the Company Group and made generally available through no wrongful act of mine or of others who were under confidentiality obligations as to the item or items involved or improvements or new versions thereof.

B. *Former Employer Information.* I agree that I will not, during my employment with the Company Group, improperly use or disclose any proprietary information or trade secrets of any former employer or other person or entity and that I will not bring onto the premises of the Company Group any unpublished document or proprietary information belonging to any such employer, person or entity unless consented to in writing by such employer, person or entity.

C. *Third Party Information.* I recognize that the Company Group has received and in the future will receive from third parties their confidential or proprietary information subject to a duty on the Company Group's part to maintain the confidentiality of such information and to use it only for certain limited purposes. I agree to hold all such confidential or proprietary information in the strictest confidence and not to disclose it to any person, firm or corporation or to use it except as necessary in carrying out my work for the Company Group consistent with the Company Group's agreement with such third party.

D. *Non-Interference.* I understand that the provisions of Section 2 of this Agreement (i) do not prohibit me from (x) reporting in good faith a possible violation of any law or regulation to a government agency, or (y) communicating with any governmental agency or entity, or communicating with any official or staff person of a governmental agency or entity, concerning any other matters relevant to such governmental agency or entity, including but not limited to agencies or entities such as the Department of Justice, the Securities and Exchange Commission, the Congress, and any agency Inspector General, or (ii) require me to furnish notice to the Company Group of any of the foregoing. I further understand that nothing in this Agreement shall interfere with my right to file a charge, cooperate or participate in an investigation or proceeding conducted by the U.S. Equal Employment Opportunity Commission or other regulatory or law enforcement agency. Finally, I understand that the Confidentiality provisions of this Agreement do not prohibit me from lawfully exercising my rights under Section 7 of the National Labor Relations Act to engage in concerted protected activity. I further understand and acknowledge that I shall not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that is made (a) in confidence to a federal, state, or local government official or to an attorney solely for the purpose of reporting or investigating a suspected violation of law, or (b) in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. I understand and acknowledge further that an individual who files a lawsuit for retaliation by an employer for reporting a suspected violation of law may disclose the trade secret to the attorney of the individual and use the trade secret information in the court proceeding, if the individual files any document containing the trade secret under seal; and does not disclose the trade secret, except pursuant to court order.

### 3. *Inventions.*

A. *Inventions Retained and Licensed.* I have attached hereto, as Exhibit A, a list describing all inventions, original works of authorship, developments, improvements, and trade secrets which were made by me prior to my employment with the Company Group (collectively referred to as "Prior Inventions"), which belong to me, which relate to the Company Group's proposed business, products or research and development, and which are not assigned to the Company Group hereunder; or, if no such list is attached, I represent that there are no such Prior Inventions. If in the course of my employment with the Company Group, I incorporate into a Company Group product, process or service a Prior Invention owned by me or in which I have an interest, I hereby grant to the Company Group a nonexclusive, royalty-free, fully paid-up, irrevocable, perpetual, worldwide license to make, have made, modify, use and sell such Prior Invention as part of or in connection with such product, process or service, and to practice any method related thereto.

B. *Assignment of Inventions.* I agree that I will promptly make full written disclosure to the Company Group, will hold in trust for the sole right and benefit of the Company Group, and hereby assign and agree to assign to the Company Group, or its designee, all my right, title, and interest in and to any and all inventions, original works of authorship, developments, concepts, improvements, designs, discoveries, ideas, trademarks or trade secrets, whether or not patentable or registrable under copyright or similar laws, which I may solely or jointly conceive or develop or reduce to practice, or cause to be conceived or developed or reduced to practice, during the period of time I am in the employ of the Company Group (collectively referred to as "Inventions"), except as provided in Section 3(F) below. I further acknowledge that all original works of authorship which are made by me (solely or jointly with others) within the scope of and during the period of my employment with the Company Group and which are protectable by copyright are "works made for hire," as that term is defined in the United States Copyright Act. I understand and agree that the decision whether or not to commercialize or market any invention developed by me solely or jointly with others is within the Company Group's sole discretion and for the Company Group's sole benefit and that no royalty will be due to me as a result of the Company Group's efforts to commercialize or market any such invention.

C. *Inventions Assigned to the United States.* I agree to assign to the United States government all my right, title, and interest in and to any and all Inventions whenever such full title is required to be in the United States by a contract between the Company Group and the United States or any of its agencies.

D. *Maintenance of Records.* I agree to keep and maintain adequate and current written records of all Inventions made by me (solely or jointly with others) during the term of my employment or other associations with the Company Group. The records will be in the form of notes, sketches, drawings, and any other format that may be specified by the Company Group. The records will be available to and remain the sole property of the Company Group at all times. This shall not apply to any Inventions referenced in Section 3(F).

E. *Patent and Copyright Registrations.* I agree to assist the Company Group, or its designee, at the Company Group's expense, in every proper way to secure the Company Group's rights in the Inventions and any copyrights, patents, mask work rights or other intellectual property rights relating thereto in any and all countries, including the disclosure to the Company Group of all pertinent information and data with respect thereto, the execution of all applications, specifications, oaths, assignments and all other instruments which the Company Group shall deem necessary in order to apply for and obtain such rights and in order to assign and convey to the Company Group, its successors, assigns, and nominees the sole and exclusive rights, title and interest in and to such Inventions, and any copyrights, patents, mask work rights or other intellectual property rights relating thereto. I further agree that my obligation to execute or cause to be executed, when it is in my power to do so, any such instrument or papers shall continue after the termination of this Agreement. I agree that I will not charge the Company Group for time spent in complying with these obligations (i) as long as I am employed by a member of the Company Group, and (ii) following my termination of engagement with the Company Group. If the Company Group is unable because of my mental or physical incapacity or for any other reason to secure my signature to apply for or to pursue any application for any United States or foreign patents or copyright registrations covering Inventions or original works of authorship assigned to the Company Group as above, then I hereby irrevocably designate and appoint the Company Group and its duly authorized officers and agents as my agent and attorney in fact, to act for and in my behalf and stead to execute and file any such applications and to do all other lawfully permitted acts to further the prosecution and issuance of letters patent or copyright registrations thereon with the same legal force and effect as if executed by me.

F. *Exception to Assignments.* I understand that the provisions of this Agreement requiring assignment of Inventions to the Company Group do not apply to any invention which qualifies fully under the exceptions set forth in Exhibit B. I will advise the Company Group promptly in writing of any inventions that I believe meet the criteria in Exhibit B and not otherwise disclosed on Exhibit A.

4. *Conflicting Employment.* I agree that, during the term of my employment with the Company Group, I will not engage in any other employment, occupation or consulting directly or indirectly related to the business in which the Company Group is now involved or becomes involved during the term of my employment, nor will I engage in any other activities that conflict with my obligations to the Company Group; provided this will not preclude me from engaging in other civic, charitable, non-profit, industry or trade associations, or religious activities that do not conflict with the business interests of the Company Group and do not otherwise compete with the business of the Company Group that are disclosed to the Company Group in accordance with the terms set forth in Section 7(A)(1).

5. *Returning Company Group Documents.* I agree that, at the time of leaving the employ of the Company Group, or at such earlier time or times as an authorized officer of Skillsoft may specify, I will promptly deliver to the Company Group (and will not keep in my possession, recreate or deliver to anyone else) any and all devices, records, data, notes, reports, proposals, lists, correspondence, specifications, drawings blueprints, sketches, materials, equipment, other documents or property, or reproductions of any aforementioned items developed by me pursuant to my employment with the Company Group or otherwise belonging to the Company Group, its successors or assigns (other than de minimis items), including, without limitation, those records maintained pursuant to Section 3(D). In the event of the termination of my employment, I agree to sign and deliver the "Termination Certification" attached hereto as Exhibit C to Skillsoft promptly following such termination. I agree to disclose to Skillsoft, at the time of leaving the employ of the Company Group, or at such earlier time or times as an authorized officer of Skillsoft may specify, all passwords necessary or desirable to obtain access to, or that would assist in obtaining access to, any information which I have password-protected on any computer equipment, network or system of the Company Group. Notwithstanding the foregoing, I shall be permitted to retain my contacts, calendars and correspondence of purely personal nature and any information and documentation related to my compensation or otherwise needed by me to prepare my personal tax returns.

6. *Notification of New Employer.* In the event that I leave the employ of the Company Group, I hereby agree to provide notification to my new employer about my rights and obligations under this Agreement, including a copy of this Restrictive Covenants Agreement.

7. *Non-Competition; Non-Solicitation of Customers and Employees; Non-Disparagement*

A. I agree that, during the term of my employment with the Company Group, I will not personally, on the behalf of any persons, third parties, or entities or for the benefit of any persons, third parties, or entities:

(1) be employed or engaged in (x) any other business or undertaking (except a Permitted Investment (as defined herein)) or (y) any civic, charitable, non-profit, industry or trade associations, religious or other activity unless such undertaking (i) does not interfere with my duties to the Company Group, does not conflict with the business interests of the Company Group and does not otherwise compete with the business of the Company Group (and is disclosed to the Company Group) or (ii) is approved by the Board prior to the date of this Agreement or from time to time thereafter (such approval, in the case of charitable, pro bono, educational activities or for-profit boards of directors, not to be unreasonably withheld).

(2) "Permitted Investment" means an investment:

(a) comprising not more than three percent (3%) of the shares or other capital of a company (whether listed or not); provided, that the relevant company in which the investment is made either (i) does not carry on a business which competes with the Company Group or (ii) does compete with the Company Group, but the investment is a passive investment in shares or other securities of the relevant company which are listed on a securities exchange; or

(b) which is approved or consented to by the Board.

B. I agree that during the term of my employment with the Company Group and for a period of twenty-four (24) months following my termination of employment (such employment and post-employment periods, in the aggregate, the “Non-Solicitation Period”), I will not, personally, on my own behalf, on behalf of or in conjunction with any other person, firm, company or other entity or for the benefit of any other person, firm, company or other entity, (i) solicit, attempt to solicit, induce, attempt to induce, encourage or attempt to encourage, any customer or client of the Company Group to terminate or diminish his, her or its engagement with any of them, or (ii) seek to persuade any such customer or client, or any prospective customer or client of the Company Group, to conduct with anyone else any business activity which such customer or client or prospective customer or client could conduct, with any member of the Company Group; provided, however, that these restrictions will only apply to those customers and clients who:

(1) are, or were, in the twenty-four (24) months immediately prior to the activity restricted by this Section 7(B), a customer or client of the Company Group, or whose business has been solicited on behalf of any member of the Company Group by any of its officers, employees or agents within such twenty-four (24)-month period, other than by form letter, blanket mailing or published advertisement; and

(2) are customers or clients of the Company Group (i) with whom I had material business dealings or performed work for during the twenty-four (24) month period immediately prior to the activity restricted by this Section 7(B) and/or, (ii) that I obtained or acquired the Company Group’s Confidential Information about by virtue of my employment with the Company Group.

C. I agree that during the Non-Solicitation Period, I will not, personally on my own behalf, on behalf of or in conjunction with any other person, firm, company or other entity, or for the benefit of any other person, firm, company or other entity, (i) hire or engage, or solicit, attempt to solicit, induce, attempt to induce, encourage, attempt to encourage, recruit or attempt to recruit for hiring or engagement, any employee of any member of the Company Group or seek to persuade any such employee to discontinue employment, or (ii) solicit or encourage any consultant providing services to any member of the Company Group to terminate or diminish such consultant’s engagement with any of them. For purposes of this Agreement, an “employee” or “consultant” of any member of the Company Group is any such individual with whom (i) I worked with, (ii) over whom I exercised managerial authority, or (iii) about whom I obtained or acquired Confidential Information about by virtue of my employment with the Company Group, during the twenty-four (24)-month period immediately prior to the activity restricted by this Section 7(C); provided that this Section 7(C) shall not apply to the solicitation or engaging of any employee, agent, or independent contractor pursuant to a blanket solicitation not specifically targeted at that employee, agent, or independent contractor and shall not prohibit me from providing personal references upon request. Notwithstanding any of the foregoing, activities engaged in by me on behalf of the Company Group are not restricted by the covenants described in Sections 7(B) and 7(C).

D. I agree that during the term of my employment with the Company Group and for a period of twenty-four (24) months following my termination of employment, except for a termination without Restrictive Covenant Cause (as defined in the Letter Agreement) (the employment and post-employment periods, in the aggregate, the “Non-Competition Period”), I will not, except as an owner of Permitted Investments, personally on my own behalf or on behalf of or in conjunction with any other person, firm, company or other entity, or the benefit of any other person, firm, company or other entity, whether as an owner, partner, investor, consultant, agent, employee, co-venturer or otherwise, in any Restricted Capacity:

- (1) be employed by or provide any services to a “Competitor” (as defined below) of the Company Group (including, for avoidance of doubt, in the same or substantially similar line(s) of business(es) that I supported while working for the Company Group), within the “Restricted Territory” (as defined below);
- (3) start or operate a business in the Restricted Territory which is, or is actively planning to be, set up with the objective of being a Competitor; or
- (4) have any ownership interest in a Competitor, except that of a Permitted Investment, as defined in Section 7(A)(2).

For purposes of this Agreement, the following definitions apply:

“Competitor” means a person or entity that operates, is actively planning to operate, a business in competition with the business of the Company Group by providing products and services provided by the Company Group, or products and services that the Company Group is actively developing or in the process of providing at any time during the period of my employment with the Company Group or, with respect to the portion of the Non-Competition Period that follows the termination of my employment, within the twenty-four (24)-month period immediately prior to the termination date of my employment with the Company Group provided that, subject to your advance notification of such activity to the Board and subject to your continuing obligation to comply with Section 2 hereof with respect to Confidential Information, it shall not constitute a competitive activity for you, following the end of the employment period, to serve (i) as a member of the board of directors for any entity whose revenues from a business that competes with that of the Company Group (as being conducted immediately prior to my termination of employment) do not exceed 5% of its revenues, and whose competitive business represents less than 5% of the revenues of the Company or (ii) as an advisor or employee of any unit, division, subsidiary or affiliate of a Competitor which is not competitive to the Company Group provided (i) I am not providing services or directing any other to provide services to a unit, division, subsidiary or affiliate of the Competitor which is competitive with the business of the Company Group, (ii) I render no services to or on behalf of, and have no professional communications with any person engaging in services for or on behalf of, the competitive unit, division or subsidiary of the Competitor and (iii) I am not responsible (directly or indirectly) for the competitive unit, division or subsidiary of the Competitor and no person engaging in services for or on behalf of, the competitive unit, division or subsidiary of the Competitor reports to me (directly or indirectly).

“Restricted Capacity” means (a) any capacity during my employment with the Company Group or (b) with respect to the portion of the Non-Competition Period that follows the termination of my employment, any capacity to the extent involving any of the types of services that I provided to the Company Group at any time within the twenty-four (24)-month period immediately prior to the termination date of my employment with the Company Group.

“Restricted Territory” means any geographic areas: (i) in which the Company Group conducts business or provides products or services or is actively planning to do business providing products or services at the time of my termination of employment; or (ii) with respect to the portion of the Non-Competition Period that follows the termination of my employment, in any geographic areas I was assigned and/or responsible for during the during the twenty-four (24)-month period prior to the termination date of my employment with the Company Group.

E. I agree that at no time after the termination of my employment with the Company Group shall I personally, on my own behalf, on behalf of or in conjunction with any other person, firm, company or other entity, or for the benefit of any other person, firm, company or other represent myself as being employed by the Company Group, other than as a former employee of the Company Group.

F. Subject to the first sentence of Section 2(D) of this Agreement, I agree that at no time during the term of my employment with the Company Group and for a period of five (5) years thereafter shall I make any public statements, representations, or other communications, directly or indirectly, in writing, orally, or otherwise, or take any action which may, directly or indirectly, criticize, denigrate, or disparage any member of the Company Group or any of such members' respective officers or directors, products, processes, policies, practices, standards of business conduct, or areas or techniques of research, manufacturing, or marketing. The foregoing shall not be violated by truthful statements in connection with legal process or inquiry by a governmental authority. I shall be permitted to make truthful statements in the course of performing my duties for the Company Group (including performance reviews) and to rebut false or misleading statements made about me by any of the foregoing individuals or entities. Likewise, Skillsoft agrees that at the time of my termination of employment, Skillsoft shall instruct the members of the Board and Skillsoft's officers not to publicly criticize, denigrate or disparage me. Notwithstanding the foregoing, nothing in this Agreement shall preclude members of the Board or Skillsoft's officers from making truthful statements that are required by applicable law, regulation, or legal process or to rebut false or misleading statements made by me.

G. I agree that the restrictions imposed on me by this Section 7 extend to any actions by me (1) on my own account; (2) on behalf of any firm, company or other person; (3) whether alone or jointly with any other person; or (4) as a director, manager, partner, shareholder, employee or consultant of any other person.

H. In signing this Agreement, I hereby give the Company Group assurance that I have carefully read and considered all of the restraints imposed on me hereunder, and have not relied on any agreements or representations, express or implied, that are not set forth expressly in this Agreement, and have signed this Agreement knowingly and voluntarily. I agree without reservation, after taking legal advice and having regard to all the circumstances that the restrictions in this Section 7 are reasonable and necessary but no more than sufficient for the protection of the goodwill of the businesses of the Company Group and the legitimate commercial interests of the Company Group and are reasonable in respect to subject matter, length of time and geographic area, and that they do not unreasonably impose limitations on my ability to earn a living. I therefore agree that the Company Group, in addition to any other remedies available to it, will be entitled to seek preliminary and permanent injunctive relief against any breach or threatened breach by me of any such covenants, without having to post bond. So that the Company Group may enjoy the full benefit of the covenants contained in this Section 7, I agree that the Non-Solicitation Period will be tolled, and will not run, during the period of any breach by me of such covenants with respect to such covenant and so long as the Company Group makes reasonable attempts to cause me to cease such violation. I agree that each member of the Company Group will have the right to enforce my obligations to such member of the Company Group under this Agreement. The Company Group and I agree that:

(1) each restriction shall be read and construed independently of the other restrictions so that if one or more are found to be void or unenforceable as an unreasonable restraint of trade or for any other reason the remaining restrictions shall not be affected; and

(2) if any restriction is found by any court of competent jurisdiction to be unenforceable by reason of its being extended over too great a time, too large a geographic area or too great a range of activities but would be valid and enforceable if some part of it were deleted or reformed, the restriction shall apply with the deletions or reformations that are necessary to make it valid and enforceable to the maximum extent permitted by law.

I. The Company Group and I agree that this Section 7 shall not prohibit me from making a Permitted Investment.

J. I acknowledge and agree that any claimed breach of this Agreement or other violation of law attributed to the Company Group, or change, whether material or immaterial, to the terms of my engagement, or my position, title, duties, salary, benefits, and/or compensation with the Company Group (other than material failure to pay or provide any compensation, vesting or severance amounts then due and owing that has not been cured following thirty (30) days' written notice thereof to the Board), shall not affect my obligations under this Agreement, or affect the validity or enforceability of this Agreement.

8. *Conflict of Interest Guidelines.* I agree to diligently adhere to the Conflict of Interest Guidelines attached as Exhibit D hereto.

9. *Representations.* I represent that my performance of all the terms of this Agreement will not breach any agreement to keep in confidence proprietary information acquired by me in confidence or in trust prior to my employment by the Company Group. I hereby represent and warrant that I have not entered into, and I will not enter into, any oral or written agreement in conflict herewith and the Company Group acknowledges that I executed an employment agreement with my prior employer that contained, non-solicit, non-compete and confidentiality provisions which I represent I will not be in breach of as a result of my employment with the Company Group.

10. Mutual Arbitration Agreement and Equitable Relief.

A. *Arbitration.* The Federal Arbitration Act (9 U.S.C. § 1 *et seq.*) applies to Section 10's arbitration agreement which evidences commerce. Any and all controversies, claims or disputes involving me and the Company Group and/or any (1) past present, or future parents, subsidiaries, affiliates, related companies, and d/b/a's; (2) any officers, directors, shareholders, employees or agents, (3) any benefit plans of the Company Group in their capacity as such or otherwise; or (4) any successors and assign, arising under or with respect to this Agreement or arising out of, relating to or resulting from my past, current, or future employment with the Company Group or termination from the Company group (collectively, "Covered Claims") shall be resolved by a single arbitrator exclusively through final and binding arbitration between me and the Company Group and not by way of court or jury trial. The arbitrator, and not any federal, state, or local court or agency, shall have exclusive authority to resolve any dispute relating to the interpretation, validity, scope, applicability, enforceability, or waiver of this arbitration agreement including, but not limited to, any claim that all or any part of Section 10 is void or voidable. However, the preceding sentence does not apply to any claims under the Ending Forced Arbitration of Sexual Assault and Sexual Harassment Act, and it does not apply to the Class Action Waiver or PAGA Individual Action Requirement below. Notwithstanding any other clause or language in this Agreement and/or any rules or procedures that might otherwise apply because of this Agreement (including without limitation the AAA Rules discussed below) or any amendments and/or modifications to those rules, any claim that the Class Action Waiver, PAGA Individual Action Requirement, or any portion of the Class Action Waiver or PAGA Individual Action Requirement is unenforceable, inapplicable, unconscionable, or void or voidable, will be determined only by a court of competent jurisdiction and not by an arbitrator. This arbitration clause shall survive the termination of my employment with the Company Group.



B. *Limitations and Claims not covered.* Claims not covered by this arbitration agreement include: (1) claims for workers' compensation benefits, state disability insurance and unemployment insurance benefits; however, it applies to discrimination or retaliation claims based upon seeking such benefits; (2) claims for benefits under employee benefit plans covered by the Employee Retirement Income Security Act of 1974 ("ERISA"); (3) disputes that an applicable federal statute expressly states cannot be arbitrated or subject to a pre-dispute arbitration agreement; (4) disputes between the parties that may not be subject to pre-dispute arbitration agreement as provided by the Dodd-Frank Wall Street Reform and Consumer Protection Act (Public Law 111-203); and (5) disputes that may not be subject to pre-dispute arbitration agreement under the Ending Forced Arbitration of Sexual Assault and Sexual Harassment Act (at the election of Employee). If any claim(s) not covered under this Agreement above are combined with claims that are covered under this Agreement, to the maximum extent permitted under applicable law, the covered claims will be arbitrated and continue to be covered under this Agreement.

C. *Class and Collective Actions.* I agree that Covered Claims will only be arbitrated on an individual basis only, and that Company Group and I both waive any right for any Covered Claim to be brought, heard, decided, or arbitrated as a class action, collective action, or one involving different employees and the arbitrator will have no authority to hear preside over any such claim ("Class Action Waiver"). I further agree to refrain from joining and to take all available measures to affirmatively opt out of any legal proceeding in which any person or entity asserts or attempts to assert a claim against the Company Group and/or any (i) past present, or future parents, subsidiaries, affiliates, related companies, and d/b/a's; (ii) any officers, directors, shareholders, employees or agents, (iii) any benefit plans of the Company Group in their capacity as such or otherwise; or (iv) any successors and assign. If there is a final judicial determination that the Class Action Waiver is unenforceable and that a class or collective action may proceed notwithstanding the existence of this Agreement, the Arbitrator is nevertheless without authority to preside over a class or collective action and, in that event, any class or collective action must be brought in a court of competent jurisdiction—not in arbitration.

D. *Private Attorney General Act ("PAGA") Individual Action Requirement.* The Company Group and I agree to arbitrate any PAGA claims on an individual basis only. Therefore, any Covered Claim brought by me to recover statutory penalties, or other individual relief must be arbitrated under this arbitration agreement ("PAGA Individual Action Requirement"). The arbitrator is without authority to preside over any PAGA claim by You on behalf of any other person or joined by or consolidated with another person's or entity's PAGA claim. This PAGA Individual Action Requirement clause will be severable from this Agreement if there is a final judicial determination that it is invalid, unenforceable, unconscionable, void or voidable. In such case, the PAGA action must be litigated in a civil court of competent jurisdiction—not in arbitration—but the portion of the PAGA Individual Action Requirement that is enforceable will be enforced in arbitration.

E. *Procedure.* The Company Group and I agree that either party may invoke arbitration, that any arbitration will be administered by the American Arbitration Association ("AAA"), and that the Employment Arbitration Rules and Mediation Procedures in effect at the time a demand for arbitration is filed will apply, except as follows: (1) I will not be responsible for any portion of AAA's initial filing fees in excess of the filing or initial appearance fees applicable to court actions in the jurisdiction where the arbitration will be conducted and the Company Group shall pay any remaining portion of the initial fee and will pay all costs and expenses unique to arbitration, including without limitation the arbitrator's fees; (2) unless the parties jointly agree otherwise, the arbitrator must be an attorney experienced in employment law and licensed to practice law in the state in which the arbitration is convened, or a retired judge from any jurisdiction; (3) the arbitrator may award any remedy to which a party is entitled under applicable law, but remedies will be limited to those that would be available to a party in their individual capacity for the claims presented to the Arbitrator, and no remedies that otherwise would be available to an individual under applicable law will be forfeited; (4) unless otherwise agreed in writing by the parties, the arbitrator shall apply the substantive federal, state, or local law applicable to the claims asserted and any such claims must be brought to arbitration within the statute of limitations for bringing such claims in court or before the appropriate administrative agency, as applicable; (5) the arbitrator shall have the authority to issue an award or partial award without conducting a hearing on the grounds that there is no claim on which relief can be granted or that there is no genuine issue of material fact to resolve at a hearing, consistent with Rules 12 and 56 of the Federal Rules of Civil Procedure; (6) either party may make an offer of judgment in a manner consistent with, and within the time limitations, consequences, and effects provided in Rule 68 of the Federal Rules of Civil Procedure; (7) the Federal Rules of Evidence shall apply to the proceeding; (8) the decision of the arbitrator shall be in writing, setting forth the reasons for the arbitrator's determination and shall be final and binding on all parties; (9) the arbitrator's authority shall be limited to deciding the case submitted by the Party bringing the arbitration and, therefore, no decision by any arbitrator shall serve as precedent in other arbitrations. The Employment Arbitration Rules and Mediation Procedures can be found on the AAA's website at: [www.adr.org/employment](http://www.adr.org/employment). Unless the parties jointly agree otherwise, the arbitration shall take place in take place in Boston, Massachusetts. Any party or witness who is unable to appear at the arbitration in person is permitted, in the arbitrator's discretion, to appear by telephone or video conference. Should either party fail to appear or participate in the arbitration proceedings, the arbitrator may decide the dispute on the evidence presented in the proceeding by the appearing party.

F. *Arbitration as the Exclusive Remedy.* Except as provided by this Agreement, arbitration shall be the sole, exclusive and final remedy for any dispute involving any Covered Claim between me and the Company Group. Accordingly, except as provided for by this Agreement, neither I nor the Company Group will be permitted to pursue court action regarding Covered Claims. Notwithstanding the foregoing, it is specifically understood and agreed that any party hereto may enforce any award rendered pursuant to the arbitration by bringing suit in any court of competent jurisdiction.

G. *Availability of Temporary Injunctive Relief in Aid of Arbitration.* Notwithstanding the exclusivity provisions above, either party may petition a court of law for temporary or preliminary injunctive relief to temporarily enforce a restriction in this Agreement or any other agreement regarding trade secrets, confidential information, non-competition, non-solicitation or no-hire covenants, pending resolution of the merits of any arbitrable controversy through arbitration. All determinations of final relief, however, will be decided in arbitration. The parties understand that any breach or threatened breach of such an agreement may cause irreparable injury and that money damages may not provide an adequate remedy, and the parties therefore consent to seeking the issuance of a temporary and/or preliminary injunction in such circumstances, acknowledging that an arbitration ultimately will resolve the parties' underlying dispute.

H. *Administrative Relief.* I understand that this Agreement does not prohibit me from making a report or filing an administrative charge with a local, state or federal administrative body such as a state human rights commission or department of fair employment and housing, including, the Equal Employment Opportunity Commission, US. Department of Labor, Securities and Exchange Commission, National Labor Relations Board, Occupational Safety and Health Administration, state unemployment board, the Workers' Compensation Board or any law enforcement agency. This Agreement does, however, preclude me from recovering money damages in the context of such a proceeding or pursuing a court action regarding any such claim. Nothing in this Agreement prevents or excuses a party from exhausting administrative remedies by filing any charges or complaints required by any governmental agency (including without limitation the Equal Employment Opportunity Commission and/or similar state or local agency) before bringing a claim in arbitration.

I. *Voluntary Nature of Agreement.* I acknowledge and agree that I am executing Section 10 and the Agreement to arbitrate voluntarily and without any duress OR UNDUE INFLUENCE BY The company group OR ANYONE ELSE. I FURTHER ACKNOWLEDGE and agree that I have carefully read Section 10 and that I have asked any questions NECESSARY for me to understand the terms, consequences and binding effect of Section 10's Agreement to arbitrate. I FURTHER ACKNOWLEDGE and AGREE THAT I fully understand THIS AGREEMENT to arbitrate, AND that ***I am knowingly, voluntarily and irrevocably waiving my right to bring a lawsuit in court and my right to a jury trial.*** Finally, I agree that I have been provided an opportunity to seek the advice of an attorney of my choice before signing this agreement. I ACKNOWLEDGE MY VOLUNTRILY ACCEPTANCE OF SECTION 10 BY MY SIGNATURE HERE:

\_\_\_\_\_  
Signature

Ronald W. Hovsepian

\_\_\_\_\_  
Name of Employee (typed or printed)

skillsoft<sup>®</sup>

11. *General Provisions.*

A. *Governing Law; Consent to Personal Jurisdiction.* This Agreement will be governed by the laws of the Commonwealth of Massachusetts.

B. *Entire Agreement.* This Agreement along with my offer letter to which this Agreement is appended (and the incentive award agreements referenced in the Letter Agreement), sets forth the entire agreement and understanding between the Company Group and me relating to the subject matter herein and supersedes all prior discussions or representations between us including, but not limited to, any representations made during my interview(s) or relocation negotiations, whether written or oral. No modification of or amendment to this Agreement, nor any waiver of any rights under this Agreement, will be effective unless in writing signed by the Company Group and me. Any subsequent change or changes in my duties, salary or compensation will not affect the validity or scope of this Agreement.

C. *Severability.* In the event that the provisions of Section 10 prohibiting class action, collective action, mass action, or other multi-party proceedings are deemed void or unenforceable, the parties' agreement to arbitrate and all of Section 10 shall be deemed void and of no effect, with the remainder of this Agreement surviving as if it did not include Section 10. If any other provision(s) of this Agreement are deemed void or unenforceable, the remaining provisions will continue in full force and effect.

D. *Successors and Assigns.* This Agreement will be binding upon my heirs, executors, administrators and other legal representatives and will be for the benefit of the Company Group, its successors, and its assigns.

E. *Acknowledgement.* I acknowledge that (1) the Company provided me with notice of the restrictive covenants contained in this Agreement by the earlier of (a) the date of a formal offer of employment from the Company Group or (b) ten (10) business days before the commencement of employment with the Company, (2) I have been and am hereby advised of my right to consult an attorney before signing this Agreement, and (3) I have carefully read this Agreement and understand and agree to all of the provisions in this Agreement.

[Signature Page Follows]

Date: \_\_\_\_\_

\_\_\_\_\_  
Signature

Ronald W. Hovsepian  
\_\_\_\_\_  
Name of Employee (typed or printed)



**Annex III  
Waiver and Release Agreement**

**SEPARATION AND RELEASE AGREEMENT**

1. **Parties.** The parties to this Separation and Release Agreement (this “Agreement”) are Ronald W. Hovsepian, the Employee (for yourself, your family, beneficiaries and anyone acting for you) (“you”), and your Employer, Skillsoft Corp. (the “Company”). Reference is made to the letter agreement, dated as of September 4, 2024 between you and the Company (the “Employment Agreement”), which conditions certain payments and benefits on your execution (and non-revocation) of a release of claims. Accordingly, in consideration of such payments and benefits, to which you are not otherwise entitled, you agree to the following:
2. **General Release.** On your own behalf and on behalf of your heirs, executors, administrators, beneficiaries, representatives, successors and assigns, and all others connected with or claiming through you, you hereby release the Company (plus its parents, subsidiaries, affiliates, predecessors, successors and any other entity related to it and all of its and their past, present, and future directors, officers, employees, shareholders, employee benefits plans, administrators, trustees, agents, representatives, consultants, predecessors, successors and assigns, and all those connected with any of them, in their official and individual capacities (collectively, the “Releasees”) from all causes of action, suits, rights and claims, demands, damages and compensation, whether at law or in equity, of any type to date, known or unknown, suspected or unsuspected, contingent or otherwise, to the fullest extent allowed by law, with respect to anything to do with your employment and/or other relationship with the Company or the end of your employment and/or other relationship with the Company, and including but not limited to those related to:
  - pay, compensation, or benefits (whether under the federal Fair Labor Standards Act or otherwise) including bonuses, commissions, equity, expenses, incentives, insurance, paid/unpaid leave, profit sharing, or separation pay/benefits, except as set forth in the Employment Agreement;
  - compensatory, emotional or mental distress damages, punitive or liquidated damages, attorney fees, costs, interest or penalties;
  - violation of express or implied employment contracts, covenants, promises or duties, intellectual property or other proprietary rights;
  - unlawful or tortious conduct such as assault or battery; background check violations; defamation; detrimental reliance; fiduciary breach; fraud; indemnification; intentional or negligent infliction of emotional distress; interference with contractual or other legal rights; invasion of privacy; loss of consortium; misrepresentation; negligence (including negligent hiring, retention, or supervision); personal injury; promissory estoppel; public policy violation; retaliatory discharge; safety violations; posting or records-related violations; wrongful discharge; or other federal, state or local statutory or common law matters;
  - discrimination, harassment or retaliation based on age (including Age Discrimination in Employment Act or “ADEA” claims), benefit entitlement, citizenship, color, concerted activity, disability, ethnicity, gender, gender identity and expression, genetic information, immigration status, income source, jury duty, leave rights, military status, national origin, parental status, reproductive health decisionmaking, protected off-duty conduct, race, religion, retaliation, sexual orientation, union activity, veteran status, whistleblower claims in court (including under Sarbanes-Oxley, Dodd-Frank, and the False Claims Act claims), other legally protected status or activity; or any allegation that payment under this Agreement was affected by any such discrimination, harassment or retaliation, failure to accommodate or failure to engage in the interactive process; or any claim pursuant to Title VII of the Civil Rights Act, the Americans With Disabilities Act, the Family and Medical Leave Act, or the Employee Retirement Income Security Act;

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<sup>1</sup> Note to Draft: To be updated for changes in law consistent with updates to the company’s general form.

- any participation in any class or collective action against any Releasee; and
  - all claims or rights arising under the Massachusetts Payment of Wages Law, G.L. c.149; the Massachusetts Fair Employment Practices Act, G.L. c.151B; and An Act Relative to Domestic Violence, M.G.L. ch. 149, s. 52E.
3. **Release Exclusions and Other Exceptions.** Nothing in this Agreement restricts your rights with respect to claims or disputes that arise after the date you sign this Agreement or the factual basis thereof, including but not limited to: claims for breach of this Agreement; and claims that cannot be waived, such as for unemployment or worker's compensation benefits. *Nothing in any part of this Agreement* limits your rights to: (i) file a charge or complaint with any administrative agency, such as the U.S. Equal Employment Opportunity Commission or the National Labor Relations Board, or a state fair employment practices agency, or the U.S. Securities and Exchange Commission (SEC), or communicate directly with or provide information (including testimony) to an agency, or otherwise participate in an agency proceeding; or (ii) communicate with law enforcement or your attorney. You nonetheless give up all rights to any money or other individual relief based on any agency or judicial decision, including class or collective action rulings. However, you may seek and receive money properly awarded by the SEC as a reward for providing information to that agency. In addition, nothing in this Agreement restricts your rights to claims or disputes with respect to the following: claims for vested accrued benefits and compensation under the Company's plans and arrangements; claims for indemnification or coverage under the Company's applicable directors' and officers' liability insurance policies; and claims for amounts due you under the Employment Agreement.
  4. **Promise Not To Sue.** A "promise not to sue" means you promise not to sue any Releasee in court. This is different from the General Release above. Besides releasing claims covered by the General Release, you agree never to sue any Releasee for any reason covered by the General Release. Despite this Promise Not To Sue, however, you may file suit to enforce this Agreement or to challenge its validity under the ADEA. If you sue a Releasee in violation of this Agreement you shall be required to pay that Releasee's reasonable attorney fees and other litigation costs incurred in defending against your suit.
  5. **Whistleblowing.** You agree that (i) no one has interfered with your ability to report within the Company possible violations of any law, and (ii) it is the Company's policy to encourage such reporting.
  6. **No Future Employment.** You recognize that your employment and/or other relationship with the Company has been permanently severed and that you have no right to be rehired by the Company under any circumstances, nor are you entitled to any preference in hiring based on your prior employment and/or other relationship with the Company or your signature on this Agreement.
  7. **Non-Admission.** Nothing contained in this Agreement nor any payment under this Agreement or the Employment Agreement are an admission that you have a viable claim against the Company or any other Releasee and you are not admitting any liability by signing this Agreement. Each Releasee denies all liability.
  8. **Applicable Law.** This Agreement shall be interpreted under federal law if that law governs, and otherwise under the laws of the Commonwealth of Massachusetts, without regard to its choice of law provisions.
  9. **Severability.** If a court finds any part of this Agreement unenforceable, that part shall be modified and the rest enforced. If a court (or arbitrator) finds any such part incapable of being modified, it shall be severed and the rest enforced.
  10. **Enforcement.** If you breach this Agreement, the Company shall be entitled to seek preliminary and permanent injunctive relief, plus any additional relief determined to be appropriate. A decision not to enforce this Agreement does not waive future enforcement.

- 11. Entire Agreement.** This Agreement is the complete understanding between you and the Company. It replaces any other agreements, representations or promises, written or oral, excluding your and the Company's obligations under the Employment Agreement or under any other agreement (including equity awards) between you and the Company that survive the termination of your employment and/or other relationship with the Company by the terms thereof.
- 12. Time to Consider.** You have 21 days to consider this Agreement after receiving it. You must sign and return this Agreement to the Company during this review period if you want to receive the separation pay/benefits listed at the beginning of this Agreement.
- 13. Time to Revoke.** After you sign this Agreement, you have seven (7) days to revoke it by sending written notice of revocation to the representative of the Company signing below. This Agreement is not effective or enforceable until the revocation period expires. If you revoke this Agreement, you will not receive the separation pay/benefits referenced at the beginning of this Agreement.
- 14. Other Representations.** You agree:
- You have received all pay, compensation, benefits, leave, time off, and/or expense reimbursements you are due to date, including for overtime or vacation/PTO;
  - You have not suffered any on-the-job injury for which you have not already filed a claim, and the end of your employment is not related to any such injury;
  - You do not have any pending lawsuits against the Company;
  - You were advised in writing, by getting a copy of this Agreement, to consult with an attorney before signing below;
  - You have had the opportunity to negotiate this Agreement with the Company, and this Agreement shall not be construed for or against either party as a drafter of its terms;
  - You have relied on your own informed judgment, or that of your attorney if any, in deciding whether to sign this Agreement; and
  - You are signing this Agreement knowingly and voluntarily and have not relied on any promises or representations, express or implied, that are not set forth expressly in this Agreement.

\_\_\_\_\_  
 Ronald W. Hovsepian

\_\_\_\_\_  
 (Date)

By:

\_\_\_\_\_  
 Skillssoft Corp.

\_\_\_\_\_  
 (Date)

Name: \_\_\_\_\_

Title: \_\_\_\_\_

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: September 9, 2024

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



I, Richard George 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: September 9, 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 July 31, 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: September 9, 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 July 31, 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: September 9, 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.