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

FORM 10-Q

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

For the quarterly period ended April 30, 2022

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

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 201
Nashua, New Hampshire 03062
(Address of principal executive offices)

Tel: (603) 324-3000
(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
Warrants, each whole warrant exercisable for one share of Class A common stock	SKIL.WS	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 June 3, 2022 was 163,946,319.

SKILLSOFT CORP.

FORM 10-Q
FOR THE QUARTER ENDED APRIL 30, 2022
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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, 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, our pipeline, future capital expenditures, financial results, the impact of regulatory changes, existing and evolving business strategies and acquisitions and dispositions, demand for our services and competitive strengths, goals, the benefits of new initiatives, growth of our business and operations, 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. All forward-looking disclosure is speculative by its nature.

There are important risks, uncertainties, events and factors that could cause our actual results or performance to differ materially from those in the forward-looking statements contained in this document, including:

- our ability to realize the benefits expected from the business combination between Skillsoft, Churchill Capital Corp. II, and Global Knowledge, and other recent transactions, including our acquisitions of Pluma and Codecademy;
- the impact of U.S. and worldwide economic trends, financial market conditions, geopolitical events, natural disasters, climate change, public health crises, the ongoing COVID-19 pandemic (including any variant), political crises, or other catastrophic events on our business, liquidity, financial condition and results of operations;
- our ability to attract and retain key employees and qualified technical and sales personnel;
- our reliance on third parties to provide us with learning content, subject matter expertise and content productions and the impact on our business if our relationships with these third parties are terminated;
- fluctuations in our future operating results;
- our ability to successfully identify, consummate and achieve strategic objectives in connection with our acquisition opportunities and realize the benefits expected from the acquisition;
- the demand for, and acceptance of, our products and for cloud-based technology learning solutions in general;
- our ability to compete successfully in competitive markets and changes in the competitive environment in our industry and the markets in which we operate;
- our ability to market existing products and develop new products;
- a failure of our information technology infrastructure or any significant breach of security, including in relation to the migration of our key platforms from our systems to cloud storage;
- future regulatory, judicial and legislative changes in our industry;
- our ability to comply with laws and regulations applicable to our business, including shifting global privacy, data protection, and cyber and information security laws and regulations, as well as state privacy and data protection laws, such as those in California, Colorado, and Virginia;
- a failure to achieve and maintain effective internal control over financial reporting;
- fluctuations in foreign currency exchange rates;
- our ability to protect or obtain intellectual property rights;
- our ability to raise additional capital;
- the impact of our indebtedness on our financial position and operating flexibility;
- our ability to meet future liquidity requirements and comply with restrictive covenants related to long-term indebtedness;
- our ability to successfully defend ourselves in legal proceedings; and
- our ability to continue to meet applicable listing standards.

Additional information regarding factors that could cause results to differ can be found in our Annual Report on Form 10-K for our fiscal year ended January 31, 2022 (filed April 18, 2022) and our other filings with the Securities and Exchange Commission. Actual results and events in future periods may differ materially from those expressed or implied by the forward-looking statements in this Form 10-Q.

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 purpose only, are not forecasts and may not reflect actual results. Additionally, statements as to market share, industry data and our market position are based on the most currently available data available to us and our estimates regarding market position or other industry data 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.

Our forward-looking statements speak only as of the date made and we do not undertake to update these forward-looking statements unless required by applicable law. With regard to these risks, uncertainties and assumptions, the forward-looking events discussed in this document may not occur, and we caution you against unduly relying on these forward-looking statements.

PART I – FINANCIAL INFORMATION

ITEM 1. UNAUDITED FINANCIAL STATEMENTS.

SKILLSOFT CORP.
UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS
(IN THOUSANDS, EXCEPT NUMBER OF SHARES)

	Successor April 30, 2022	Successor January 31, 2022
ASSETS		
Current assets:		
Cash and cash equivalents	$ 75,571	$ 154,672
Restricted cash	5,084	14,251
Accounts receivable, less reserves of approximately $300 and $600 as of April 30, 2022 and January 31, 2022 respectively	127,259	212,463
Prepaid expenses and other current assets	49,903	45,837
Total current assets	257,817	427,223
Property and equipment, net	17,633	18,084
Goodwill	1,179,926	871,504
Intangible assets, net	939,725	869,487
Right of use assets	17,090	19,925
Other assets	15,866	15,725
Total assets	$ 2,428,057	$ 2,221,948
LIABILITIES AND SHAREHOLDER'S EQUITY		
Current liabilities:		
Current maturities of long-term debt	$ 6,404	$ 4,800
Borrowings under accounts receivable facility	27,990	74,629
Accounts payable	29,855	25,661
Accrued compensation	33,904	51,115
Accrued expenses and other current liabilities	46,550	51,017
Lease liabilities	5,486	6,895
Deferred revenue	297,447	331,605
Total current liabilities	447,636	545,722
Long-term debt	616,463	462,185
Warrant liabilities	18,093	28,199
Deferred tax liabilities	95,065	99,911
Long term lease liabilities	11,711	13,355
Deferred revenue - non-current	1,708	1,248
Other long-term liabilities	11,697	11,430
Total long-term liabilities	754,737	616,328
Commitments and contingencies	—	—
Shareholders' equity:		
Shareholders' common stock - Class A common shares, $0.0001 par value: 375,000,000 shares authorized and 163,760,305 shares issued and outstanding at April 30, 2022 and 133,258,027 shares issued and outstanding at January 31, 2022	14	11
Additional paid-in capital	1,495,820	1,306,146
Accumulated deficit	(268,872)	(247,229)
Accumulated other comprehensive (loss) income	(1,278)	970
Total shareholders' equity	1,225,684	1,059,898
Total liabilities and shareholders' equity	$ 2,428,057	$ 2,221,948

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

SKILLSOFT CORP.
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

	Successor Three Months Ended April 30, 2022	Predecessor (SLH) Three Months Ended April 30, 2021
Revenues:		
Total revenues	$ 163,914	$ 91,701
Operating expenses:		
Costs of revenues	47,634	24,521
Content and software development	22,773	16,607
Selling and marketing	44,883	28,502
General and administrative	29,720	12,362
Amortization of intangible assets	43,854	34,943
Recapitalization and acquisition-related costs	13,442	1,932
Restructuring	3,985	537
Total operating expenses	206,291	119,404
Operating loss	(42,377)	(27,703)
Other income (expense), net	1,003	(352)
Fair value adjustment of warrants	10,106	—
Interest income	166	10
Interest expense	(12,281)	(11,449)
Loss before benefit from income taxes	(43,383)	(39,494)
Benefit from income taxes	(21,740)	(2,089)
Net loss	(21,643)	(37,405)
Loss per share:		
Class A and B – Basic and Diluted (SLH)	*	(9.35)
Ordinary – Basic and Diluted (Successor)	(0.15)	*
Weighted average common share outstanding:		
Class A and B – Basic and Diluted (SLH)	*	4,000
Ordinary – Basic and Diluted (Successor)	142,209	*

*Not applicable

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

SKILLSOFT CORP.
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(IN THOUSANDS)

	Successor Three Months Ended April 30, 2022	Predecessor (SLH) Three Months Ended April 30, 2021
Comprehensive loss:		
Net loss	$ (21,643)	$ (37,405)
Other comprehensive loss — Foreign currency adjustment, net of tax	(2,248)	(228)
Comprehensive loss	$ (23,891)	$ (37,633)

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

SKILLSOFT CORP.
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
(IN THOUSANDS, EXCEPT NUMBER OF SHARES)

	Ordinary Shares					
	Number of Shares	Par Value	Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total Shareholder's Equity
Balance January 31, 2021 (Predecessor (SLH))	4,000,000	$ 40	$ 674,333	$ (93,722)	$ (682)	$ 579,969
Translation adjustment	—	—	—	—	(228)	(228)
Net loss	—	—	—	(37,405)	—	(37,405)
Balance April 30, 2021 (Predecessor (SLH))	4,000,000	40	674,333	(131,127)	(910)	542,336

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

SKILLSOFT CORP.
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF SHAREHOLDER'S EQUITY
(IN THOUSANDS, EXCEPT NUMBER OF SHARES)

	Ordinary Shares					
	Number of Shares	**Par Value**	**Additional Paid-In Capital**	**Accumulated Deficit**	**Accumulated Other Comprehensive Income**	**Total Shareholder's Equity**
Balance January 31, 2022 (Successor)	133,258,027	$ 11	$ 1,306,146	$ (247,229)	$ 970	$ 1,059,898
Share-based compensation	—	—	6,898	—	—	6,898
Common stock issued	179,167	—	—	—	—	—
Shares repurchased for tax withholding upon vesting of restricted stock-based awarded	(51,316)	—	(309)	—	—	(309)
Common stock issued in conjunction with Codecademy acquisition	30,374,427	3	182,547	—	—	182,550
Fair value adjustment for equity awards attributed to Codecademy acquisition	—		538	—	—	538
Translation adjustment	—	—	—	—	(2,248)	(2,248)
Net loss	—	—	—	(21,643)	—	(21,643)
Balance April 30, 2022 (Successor)	163,760,305	14	1,495,820	(268,872)	(1,278)	1,225,684

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

SKILLSOFT CORP.
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(IN THOUSANDS)

	Successor Three Months Ended April 30, 2022	Predecessor (SLH) Three Months Ended April 30, 2021
Cash flows from operating activities:		
Net loss	$ (21,643)	$ (37,405)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Share-based compensation	6,898	—
Depreciation and amortization	2,533	2,419
Amortization of intangible assets	43,854	34,943
Change in bad debt reserve	(320)	(293)
(Benefit from) provision for income taxes – non-cash	(26,434)	(3,355)
Non-cash interest expense	415	335
Fair value adjustment to warrants	(10,106)	—
Right-of-use asset	2,836	477
Changes in current assets and liabilities, net of effects from acquisitions:		
Accounts receivable	84,107	87,373
Prepaid expenses and other current assets	(367)	(2,481)
Accounts payable	2,042	2,781
Accrued expenses, including long-term	(22,768)	(19,422)
Lease liability	(3,053)	(864)
Deferred revenue	(50,112)	(24,832)
Net cash provided by operating activities	7,882	39,676
Cash flows from investing activities:		
Purchase of property and equipment	(1,613)	(386)
Internally developed software - capitalized costs	(2,286)	(1,494)
Acquisition of Codecademy, net of cash acquired	(198,633)	—
Net cash used in investing activities	(202,532)	(1,880)
Cash flows from financing activities:		
Shares repurchased for tax withholding upon vesting of restricted stock-based awarded	(309)	—
Proceeds from issuance of term loans, net of fees	157,088	—
Principal payments on capital lease obligation	—	(263)
Proceeds from accounts receivable facility, net of borrowings	(46,639)	(2,876)
Principal payments on Term loans	(1,601)	(1,300)
Net cash provided by (used in) financing activities	108,539	(4,439)
Effect of exchange rate changes on cash and cash equivalents	(2,157)	(140)
Net (decrease) increase in cash, cash equivalents and restricted cash	(88,268)	33,217
Cash, cash equivalents and restricted cash, beginning of period	168,923	74,443
Cash, cash equivalents and restricted cash, end of period	$ 80,655	$ 107,660
Supplemental disclosure of cash flow information:		
Cash and cash equivalents	$ 75,571	$ 105,004
Restricted cash	5,084	2,656
Cash, cash equivalents and restricted cash, end of period	$ 80,655	$ 107,660

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

SKILLSOFT CORP.
UNAUDITED SUPPLEMENTAL DISCLOSURES OF CASH FLOWS INFORMATION
(IN THOUSANDS)

	Successor	Predecessor (SLH)
	Three Months Ended April 30, 2022	Three Months Ended April 30, 2021
Supplemental disclosure of cash flow information and non-cash investing and financing activities:		
Cash paid for interest	$ 11,272	$ 11,050
Cash paid for income taxes, net of refunds	$ (1,284)	$ 838
Unpaid capital expenditures	$ 260	$ 212
Fair value of shares issued in connection with Codecademy acquisition	$ 182,550	$ —

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

SKILLSOFT CORP.
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(1) Organization and Description of Business

The Company

Skillsoft Corp. ("Successor")

On October 12, 2020, Software Luxembourg Holding S.A. ("Software Luxembourg" or "Predecessor (SLH)") and Churchill Capital Corp II, a Delaware corporation ("Churchill"), entered into an Agreement and Plan of Merger (the "Skillsoft Merger Agreement"). Pursuant to the terms of the Skillsoft Merger Agreement, a business combination between Churchill and Software Luxembourg was effected through the merger of Software Luxembourg with and into Churchill (the "Skillsoft Merger"), with Churchill being the surviving company. At the effective time of the Skillsoft Merger (the "Effective Time"), (a) each Class A share of Software Luxembourg, with nominal value of $0.01 per share ("Skillsoft Class A Shares"), outstanding immediately prior to the Effective Time, was automatically canceled and Churchill issued as consideration therefor (i) such number of shares of Churchill's Class A common stock, par value $0.0001 per share (the "Churchill Class A common stock") as would be transferred pursuant to the Class A First Lien Exchange Ratio (as defined in the Skillsoft Merger Agreement), and (ii) Churchill's Class C common stock, par value $0.0001 per share (the "Churchill Class C common stock"), as would be transferred pursuant to the Class C Exchange Ratio (as defined in the Skillsoft Merger Agreement), and (b) each Class B share of Software Luxembourg, with nominal value of $0.01 per share ("Skillsoft Class B Shares"), was automatically canceled and Churchill issued as consideration therefor such number of shares of Churchill Class A common stock equal to the Per Class B Share Merger Consideration (as defined in the Skillsoft Merger Agreement). Immediately following the Effective Time, Churchill redeemed all of the shares of Class C common stock issued to the holders of Skillsoft Class A Shares for an aggregate redemption price of (i) $505,000,000 in cash and (ii) indebtedness under the Existing Second Out Credit Agreement (as defined in the Skillsoft Merger Agreement), as amended by the Existing Second Out Credit Agreement Amendment (as defined in the Skillsoft Merger Agreement), in the aggregate principal amount equal to the sum of $20,000,000 to be issued by the Surviving Corporation (as defined in the Skillsoft Merger Agreement) or one of its subsidiaries, in each case, pro rata among the holders of Churchill Class C common stock issued in connection with the Skillsoft Merger.

As part of the closing of the Skillsoft Merger, the Company consummated PIPE investments and issued 53,000,000 shares of its Class A common stock and warrants to purchase 16,666,667 shares of its Class A common Stock for aggregate gross proceeds of $530 million. In connection with the consummation of these investments, the Company reclassified amounts recorded for stock subscriptions and warrants which previously had been accounted for as liabilities of $78.2 million as additional paid in capital.

On June 11, 2021 ("acquisition date"), Churchill completed its acquisition of Software Luxembourg, and changed its corporate name from Churchill to Skillsoft Corp. (the "Company"). In addition, the Company changed its fiscal year end from December 31 to January 31. Also on June 11, 2021, the Company completed the acquisition of Albert DE Holdings Inc. ("Global Knowledge" or "GK" and such acquisition, the "Global Knowledge Merger"), a worldwide leader in IT and professional skills development.

Software Luxembourg Holding ("Predecessor (SLH)")

Software Luxembourg, a public limited liability company incorporated and organized under the laws of the Grand Duchy of Luxembourg, was established on August 27, 2020 for the purpose of acquiring the ownership interest in Pointwell Limited ("Pointwell"), an Irish private limited company, through a plan of reorganization under Chapter 11 subsequent to August 27, 2020.

Successor and Predecessor Periods

The Skillsoft Merger was considered a business combination under ASC 805, *Business Combinations* and is accounted for using the acquisition method of accounting, whereby Churchill was determined to be the accounting acquirer and Software Luxembourg Holding was determined to be the predecessor for financial reporting purposes. References to "Successor" or "Successor Company" relate to the consolidated financial position and results of operations of Skillsoft subsequent to June 11, 2021, the date when the acquisitions of Predecessor (SLH) and Global Knowledge were completed. References to "Predecessor (SLH)" relate to the consolidated financial position and results of operations of Software Luxembourg Holding between August 28, 2020 and June 11, 2021 (its last date of operations prior to the merger). Operating results for the acquired business on June 11, 2021 were credited to the Predecessor (SLH) in the accompanying consolidated statement of operations. The funds received from the PIPE investments and transferred for the business combinations closing on June 11, 2021 were recorded in the Successor period of the consolidated statement of cash flows.

In the accompanying footnotes references to “the Company” relate to Successor and Predecessor (SLH) for the same periods.

Description of Business

The Company provides, through its Skillsoft, Global Knowledge (“GK”), and SumTotal brands, enterprise learning solutions designed to prepare organizations for the future of work, overcome critical skill gaps, drive demonstrable behavior-change, and unlock the potential in their people. Skillsoft offers a comprehensive suite of premium, original, and authorized partner content, featuring one of the broadest and deepest libraries of leadership & business, technology & developer, 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. Skillsoft’s offerings are delivered primarily through Percipio, the Company’s award-winning, AI-driven, immersive learning platform purpose built to make learning easier, more accessible, and more effective.

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 2022 is the fiscal year ended January 31, 2022).

Basis of Financial Statement Preparation

The accompanying condensed consolidated financial statements include the accounts of Skillsoft (Successor) and Software Luxembourg (Predecessor (SLH)) and their 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 8 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 stockholders’ equity (deficit) and cash flows in conformity with accounting principles generally accepted in the United States of America (“U.S. 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 Company’s Annual Report on Form 10-K for the fiscal year ended January 31, 2022.

The Company is an “emerging growth company,” as defined in Section 2(a) of the Securities Act of 1933, as amended, as modified by the Jumpstart Our Business Startups Act of 2012 (the “JOBS” Act”), and it may take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not emerging growth companies including, but not limited to, not being required to comply with the independent registered public accounting firm attestation requirements of Section 404 of the Sarbanes-Oxley Act, reduced disclosure obligations regarding executive compensation in its periodic reports and proxy statements, and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved.

Principles of Consolidation

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

Use of Estimates

The preparation of condensed consolidated financial statements in conformity with U.S. 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 to the financial statements included in the Company's Annual Report on Form 10-K for the fiscal year ended January 31, 2022. There have been no changes to these policies during the three months ended April 30, 2022.

Recently Adopted Accounting Guidance

On October 28, 2021, the Financial Accounting Standards Boards ("FASB") issued ASU 2021-08 – *Business Combinations (Topic 805): Accounting for Contract Assets and Contract Liabilities from Contracts with Customers* ("ASU 2021-08"). ASU 2021-08 requires an acquirer in a business combination to recognize and measure deferred revenue from acquired contracts using the revenue recognition guidance in Accounting Standards Codification Topic 606, rather than the prior requirement to record deferred revenue at fair value. ASU 2021-08 allows for immediate adoption on a retrospective basis for all business combinations that have occurred since the beginning of the annual period that includes the interim period of adoption. The Company elected to adopt ASU 2021-08 early on a retrospective basis, effective at the beginning of the Successor period on June 11, 2021.

The adoption of ASU 2021-08 also resulted in the increase of goodwill by $123.5 million attributable to the acquisitions of Software Luxembourg, Global Knowledge and Pluma Inc. during the period ended July 31, 2021, as a result of the revised measurement of deferred revenue for acquisitions.

(3) Business Combinations

(a) Software Luxembourg Holdings S.A. ("Predecessor (SLH)")

On June 11, 2021, Software Luxembourg Holding S.A. merged with and into Churchill Capital Corp II which subsequently changed its name to Skillsoft Corp.

The Skillsoft Merger was considered a business combination under ASC 805, *Business Combinations* and was accounted for using the acquisition method of accounting, whereby Churchill was determined to be the accounting acquirer based on its rights to nominate six members of the initial Board of Directors, the size of its voting interest and its rights to appoint the Chief Executive Officer of Skillsoft Corp. and other members of management of the combined company prior to closing.

Under the acquisition method, the acquisition date fair value of the consideration paid by the Company was allocated to the assets acquired and the liabilities assumed based on their estimated fair values.

The following summarizes the purchase consideration (in thousands):

Description		Amount
Class A common stock issued	$	258,000
Class B common stock issued*		48,375
Cash payments		505,000
Second Out Term Loan		20,000
Cash settlement of seller transaction costs		1,308
Total Purchase Price	$	832,683

* Shares of Class B common stock were converted into Successor Class A common stock at the time of the Skillsoft Merger.

The Company preliminarily recorded the fair value of the purchase price to tangible and identifiable intangible assets acquired and liabilities assumed as follows (in thousands):

Description	Preliminary Purchase Price Allocation	Adjustments (1)(2)	Updated Preliminary Purchase Price Allocation
Cash, cash equivalents and restricted cash	$ 120,273	$ —	$ 120,273
Current assets	118,847	706	119,553
Property and equipment	10,825	1,632	12,457
Intangible assets	769,799	(4,701)	765,098
Long term assets	18,629	—	18,629
Total assets acquired	1,038,373	(2,363)	1,036,010
Current liabilities	(49,056)	(350)	(49,406)
Debt, including accounts receivable facility	(552,977)	—	(552,977)
Deferred revenue	(123,300)	(114,047)	(237,347)
Deferred and other tax liabilities	(99,699)	15,920	(83,779)
Long term liabilities	(18,325)	1	(18,324)
Total liabilities assumed	(843,357)	(98,476)	(941,833)
Net assets acquired	195,016	(100,839)	94,177
Goodwill	637,667	100,839	738,506
Total purchase price	$ 832,683	$ —	$ 832,683

(1) The increase in deferred revenue (and the corresponding increase to Goodwill by the same amount) is the result of the adoption of ASU 2021-08 in the quarter ended October 31, 2021.

(2) All other changes represent measurement period adjustments attributable to the Company's review of inputs and assumptions utilized in valuation models and additional information being obtained on preacquisition liabilities, since the initial purchase price allocation. The measurement period adjustments did not have a significant impact on the Company's results of operations in prior periods.

The preliminary values allocated to identifiable intangible assets and their estimated useful lives are as follows (in thousands):

Description	Amount	Life
Trademark/tradename – Skillsoft	$ 84,700	indefinite
Trademark/tradename – SumTotal	5,800	9.6 years
Courseware	186,600	5 years
Proprietary delivery and development software	114,598	2.5-7.6 years
Publishing Rights	41,100	5 years
Customer relationships	271,400	12.6 years
Backlog	60,900	4.6 years
Total	$ 765,098	

Values and useful lives assigned to intangible assets were based on estimated value and use of these assets by a market participant. The customer relationships and backlog were valued using the income approach. The trade names were valued using the relief from royalty method. The content and software were valued using the replacement cost approach.

Goodwill represents the excess of the purchase price over the net identifiable tangible and intangible assets acquired. The Company determined that the acquisition of the Predecessor (SLH) resulted in the recognition of goodwill primarily because the acquisition is expected to help the Company to meet its long-term operating profitability objectives through achievement of synergies. The majority of goodwill is not deductible for tax purposes.

The acquired intangible assets and goodwill are subject to review for impairment if indicators of impairment develop and, in the case of goodwill and indefinite-lived intangible assets, at least annually.

The Company incurred $9.8 million in acquisition-related expenses, which primarily consisted of transaction fees and legal, accounting and other professional services that are included in "Recapitalization and acquisition-related costs" in the audited consolidated statement of operations for the year ended January 31, 2022 and the related notes included in the Company's Annual Report on Form 10-K filed with the Securities and Exchange Commission (the "SEC") on April 18, 2022. Approximately $4.3 million was reported in the period from February 1, 2021 to June 11, 2021 (Predecessor (SLH)) and $5.5 million was reported in the period from June 12, 2021 to January 31, 2022 (Successor).

(b) Albert DE Holdings, Inc. ("Global Knowledge" or "GK")

On June 11, 2021, GK and its subsidiaries were acquired by Skillsoft, in conjunction with, and just subsequent to, its merger with Churchill Capital Corp II (then becoming merged Company).

The acquisition was accounted for as a business combination under ASC 805, *Business Combinations*, utilizing the acquisition method. Under the acquisition method, the acquisition date fair value of the consideration paid by the Company was allocated to the assets acquired and the liabilities assumed based on their estimated fair values.

The following summarized the purchase consideration (in thousands):

Description	Amount
Cash consideration	$ 170,199
Warrants Issued	14,000
Joinder Term Loans	70,000
Cash settlement of seller transaction costs	4,251
Total Purchase Price	$ 258,450

The Company preliminarily recorded the fair value of the purchase price to tangible and identifiable intangible assets acquired and liabilities assumed as follows (in thousands):

Description	Preliminary Purchase Price Allocation	Adjustments (1)(2)	Updated Preliminary Purchase Price Allocation
Cash, cash equivalents	$ 17,524	$ 157	$ 17,681
Current assets	47,849	(2,347)	45,502
Property and equipment	5,531	1,625	7,156
Intangible assets	185,800	—	185,800
Long term assets	12,401	(3,106)	9,295
Total assets acquired	269,105	(3,671)	265,434
Current liabilities	(74,463)	10,944	(63,519)
Deferred revenue	(23,018)	(8,191)	(31,209)
Deferred and other tax liabilities	(16,934)	(8,571)	(25,505)
Long term liabilities	(4,248)	2,177	(2,071)
Total liabilities assumed	(118,663)	(3,641)	(122,304)
Net assets acquired	150,442	(7,312)	143,130
Goodwill	108,008	7,312	115,320
Total Purchase Price	$ 258,450	$ —	$ 258,450

(1) *The increase in deferred revenue (and the corresponding increase to Goodwill by the same amount) is the result of the adoption of ASU 2021-08 in the quarter ended October 31, 2021.*

(2) *All other changes represent measurement period adjustments attributable to the Company's review of inputs and assumptions utilized in valuation models and additional information being obtained on preacquisition liabilities, since the initial purchase price allocation. The measurement period adjustments did not have a significant impact on the Company's results of operations in prior periods.*

The preliminary values allocated to identifiable intangible assets and their estimated useful lives are as follows (in thousands):

Description		Amount	Life
Trademark/tradename	$	25,400	indefinite
Courseware		1,500	3 years
Proprietary delivery and development software		2,500	0.6 years
Vendor relationships		43,900	2.6 years
Customer relationships		112,500	10.6 years
Total	$	185,800	

Values and useful lives assigned to intangible assets were based on estimated value and use of these assets by a market participant. The customer relationships and vendor relationships were valued using the income approach. The trade name was valued using the relief from royalty method. The courseware and proprietary delivery software were valued using the replacement cost approach.

Goodwill represents the excess of the purchase price over the net identifiable tangible and intangible assets acquired. The Company determined that the acquisition of GK resulted in the recognition of goodwill primarily because the acquisition is expected to help the Company to meet its long-term operating profitability objectives through achievement of synergies. The majority of goodwill is not deductible for tax purposes.

The acquired intangible assets and goodwill are subject to review for impairment if indicators of impairment develop and otherwise at least annually.

The Company incurred $1.0 million in acquisition-related expenses, which primarily consisted of transaction fees and legal, accounting and other professional services that are included in “Recapitalization and acquisition-related costs” in the audited consolidated statement of operations for the year ended January 31, 2022 and the related notes included in the Company’s Annual Report on Form 10-K filed with the SEC on April 18, 2022. Approximately $1.0 million was reported in the period from June 12, 2021 to January 31, 2021 (Successor). The Company incurred additional $1.5 million in GK integration related expenses in the three months ended April 30, 2022, which is included in “Recapitalization and acquisition-related costs” in the accompanying consolidated statement of operations.

(c) Ryzac, Inc. (“Codecademy”)

On April 4, 2022, the Company acquired Ryzac, Inc (“Codecademy”). Codecademy is a learning platform providing high-demand technical skills to approximately 40 million registered learners in nearly every country worldwide. The platform offers interactive, self-paced courses and hands-on learning in 14 programming languages across multiple domains such as application development, data science, cloud and cybersecurity.

The acquisition was accounted for as a business combination under ASC 805, *Business Combinations*, utilizing the acquisition method. Under the acquisition method, the acquisition date fair value of the consideration paid by the Company was allocated to the assets acquired and the liabilities assumed based on their estimated fair values.

The following summarizes the purchase consideration (in thousands):

Description		Amount
Cash payments	$	202,119
Class A common stock issued		182,550
Cash settlement of seller transaction costs and other		1,315
Total Purchase Price	$	385,984

The Company preliminarily recorded the fair value of the purchase price to tangible and identifiable intangible assets acquired and liabilities assumed as follows (in thousands):

Description		Preliminary Purchase Price Allocation
Cash, cash equivalents and restricted cash	$	4,262
Current assets		3,671
Property and equipment		385
Intangible assets		112,000
Total assets acquired		120,318
Current liabilities		(4,290)
Deferred revenue		(18,396)
Deferred tax liabilities		(21,615)
Total liabilities assumed		(44,301)
Net assets acquired		76,017
Goodwill		309,967
Total purchase price	$	385,984

The preliminary values allocated to identifiable intangible assets and their estimated useful lives are as follows (in thousands):

Description		Amount	Life
Tradename	$	44,000	13.8 years
Developed Technology		40,000	5 years
Content		18,000	5 years
Customer relationships		10,000	5.8 years
Total	$	112,000	

Values and useful lives assigned to intangible assets were based on estimated value and use of these assets by a market participant. The customer relationships were valued using the income approach. The trade name was valued using the relief from royalty method. The courseware and proprietary delivery software were valued using the replacement cost approach.

Goodwill represents the excess of the purchase price over the net identifiable tangible and intangible assets acquired. The Company determined that the acquisition of Codecademy resulted in the recognition of goodwill primarily because the acquisition is expected to help the Company to meet its long-term operating profitability objectives through achievement of synergies. The goodwill is not deductible for tax purposes.

The acquired intangible assets and goodwill are subject to review for impairment if indicators of impairment develop and otherwise at least annually.

The Company incurred $7.7 million in acquisition-related expenses, which primarily consisted of transaction fees and legal, accounting and other professional services that are included in “Recapitalization and acquisition-related expenses” in the accompanying consolidated statement of operations for three months ended April 30, 2022 (Successor).

Unaudited Pro Forma Financial Information

The following unaudited pro forma financial information summarizes the results of operations for the Company as though the acquisitions of Skillsoft, Global Knowledge and Codecademy had occurred on February 1, 2021 (in thousands):

Unaudited Pro Forma Statement of Operations

		Three months ended April 30, 2022
Revenue	$	171,972
Net loss		(35,347)

Unaudited Pro Forma Statement of Operations

		Three months ended April 30, 2021
Revenue	$	168,151
Net loss		(32,250)

The unaudited pro forma financial information does not assume any impacts from revenue, cost or other operating synergies that could be generated as a result of the acquisitions. The unaudited pro forma financial information is for informational purposes only and is not necessarily indicative of the results of operations that would have been achieved had the acquisitions been consummated on February 1, 2021.

Other Acquisitions

On June 30, 2021, the Company acquired Pluma, Inc. The acquisition enhances the Company's leadership development offerings, adds a new modality to its blended learning model, and allows the Company to now offer a premium individualized coaching experience. Cash paid for Pluma in the Successor period was lower than the agreed upon purchase price of Pluma for $22 million due to a contractual holdback and working capital adjustment. The fair value of the net assets acquired included $17.8 million of goodwill and $8.7 million of identified intangible assets, which had a weighted average life of 7.4 years. The goodwill is not deductible for tax purposes. The business is reported as part of the Company's Skillsoft reportable segment. Pro forma information and acquisition expenses have not been presented because such information is not material to the financial statements.

Measurement Period

The preliminary purchase price allocations for the acquisitions described above are based on initial estimates and provisional amounts. In accordance with ASC 805-10-25-13, if the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the acquirer shall report in its financial statements provisional amounts for the items for which the accounting is incomplete. During the measurement period, acquirer shall adjust the provisional amounts recognized at the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the measurement of the amounts recognized as of that date. For the Skillsoft, Global Knowledge and Pluma acquisitions that occurred during the period ended January 31, 2022, the Company continues to refine its inputs and estimates inherent in (i) deferred income taxes, and (ii) the accuracy and completeness of contingent and other liabilities. For the Codecademy acquisition, which occurred in the three months ended April 30, 2022, the Company is still evaluating and refining inputs and estimates inherent in (i) the valuation of intangible assets, (ii) deferred income taxes, (iii) valuation of tangible assets and (iv) the accuracy and completeness of liabilities.

(4) Intangible Assets

Intangible assets consisted of the following (in thousands):

	April 30, 2022 (Successor)			January 31, 2022 (Predecessor (SLH))		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Developed software/ courseware	$ 376,066	$ 66,005	$ 310,061	$ 315,856	$ 47,323	$ 268,533
Customer contracts/ relationships	396,400	22,167	374,233	386,400	12,902	373,498
Vendor relationships	43,900	25,492	18,408	43,900	21,219	22,681
Trademarks and trade names	51,300	1,234	50,066	7,300	780	6,520
Publishing rights	41,100	7,284	33,816	41,100	5,229	35,871
Backlog	60,900	15,051	45,849	60,900	6,554	54,346
Skillsoft trademark	84,700	—	84,700	84,700	—	84,700
Global Knowledge trademark	25,400	2,808	22,592	25,400	2,062	23,338
Total	$ 1,079,766	$ 140,041	$ 939,725	$ 965,556	$ 96,069	$ 869,487

Amortization expense related to the existing finite-lived intangible assets is expected to be as follows (in thousands):

Fiscal Year	Amortization Expense
2023 (remaining 9 months)	$ 142,028
2024	165,083
2025	141,573
2026	135,341
2027	87,270
Thereafter	183,730
Total	$ 855,025

Amortization expense related to intangible assets in the aggregate was $43.9 million and $34.9 million for the three months ended April 31, 2022 (Successor) and April 30, 2021 (Predecessor (SLH)), respectively.

Fresh-start Reporting for Intangible Assets (Predecessor (SLH))

In accordance with ASC 852, with the application of fresh-start reporting, the Company allocated its reorganization value to its individual assets based on their estimated fair values in conformity with ASC 805, including those of intangible assets.

Intangible assets were measured based upon estimates of the future performance and cash from the Successor Company at emergence. Values and useful lives assigned to intangible assets were based on estimated value and use of these assets by a market participant. The customer contracts/relationships and backlog were valued using the income approach. The trademarks and trade names were valued using the relief from royalty method. The income approach determines fair value by estimating the after-tax cash flows attributable to an identified asset over its useful life (Level 3 inputs) and then discounting these after-tax cash flows back to a present value. The developed software/courseware and publishing rights were valued using the replacement cost approach. The cost approach determines fair value by estimating the cost to replace or reproduce an asset at current prices and is reduced for functional and economic obsolescence.

Impairment of Goodwill and Intangible Assets

Goodwill represents the excess of the purchase price in a business combination over the fair value of net tangible and intangible assets acquired. Goodwill in fresh-start accounting results when the reorganization value of the emerging entity exceeds what can be attributed to specific tangible or identified intangible assets. The Company tests goodwill for impairment during the fourth quarter every year in accordance with ASC 350, *Intangibles — Goodwill* ("ASC 350"). 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 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 a comparison of the carrying value of the reporting unit to its estimated fair value. If the carrying value of a reporting unit's goodwill exceeds its implied fair value, an impairment loss equal to the difference is recorded, not to exceed the amount of goodwill allocated to the reporting unit. 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 segment management regularly reviews the operating results of that component.

Intangible assets arising from business combinations are generally recorded based upon estimates of the future performance and cash flows from the acquired business. The Company uses an income approach to determine the estimated fair value of certain identifiable intangible assets including customer relationships and trade names and uses a cost approach for other identifiable intangible assets, including developed software/courseware. The income approach determines fair value by estimating the after-tax cash flows attributable to an identified asset over its useful life (Level 3 inputs) and then discounting these after-tax cash flows back to a present value. The cost approach determines fair value by estimating the cost to replace or reproduce an asset at current prices and is reduced for functional and economic obsolescence. Developed technology represents patented and unpatented technology and know-how. Customer contracts and relationships represents established relationships with customers, which provide a ready channel for the sale of additional content and services. Trademarks and tradenames represent acquired product names and marks that the Company intends to continue to utilize.

The Company reviews 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. The Company reviews indefinite-lived intangible assets, including goodwill and certain trademarks, during the fourth quarter of each 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.

During the three months ended April 30, 2022, the Global Knowledge business experienced a decline in bookings compared to the corresponding period in the prior year, which will likely lead to lower revenue for the reporting unit for the three months ended July 31, 2022 due to the lag of bookings converting into GAAP revenue. When considering whether events or changes in circumstances might indicate that the carrying amount of Global Knowledge reporting unit goodwill and other intangible assets may not be recoverable, the Company concluded that no such events and changes in circumstances were present during the three months ended April 30, 2022 since its long-term outlook for the Global Knowledge business has not changed as the Company continues to invest in its salesforce and product offerings. Based on these considerations, management does not believe there are indicators of impairment as of April 30, 2022. In the event the Company continues to experience operating performance in its Global Knowledge business that is below its expectations in future periods, such factors could result in a decline in the fair value of the reporting unit, and the Company may be required to record impairments of goodwill and other identified intangible assets.

A roll forward of goodwill is as follows:

Description	Skillsoft	SumTotal	GK	Consolidated
Goodwill, net January 31, 2022 (Successor)	$ 680,500	$ 75,693	$ 115,311	$ 871,504
Foreign currency translation adjustment	(102)	(99)	(730)	(931)
Acquisition of Codecademy	309,967	—	—	309,967
Measurement period adjustments	—	—	(614)	(614)
Goodwill, net April 30, 2022 (Successor)	$ 990,365	$ 75,594	$ 113,967	$ 1,179,926

As of April 30, 2022 and January 31, 2022, there were no accumulated impairment losses for the Skillsoft, SumTotal or Global Knowledge segments.

(5) Taxes

For the three months ended April 30, 2022 (Successor), the Company recorded a tax benefit of $21.7 million on pretax loss of $43.4 million. The tax benefit reflects the impact of non-deductible items, current period changes in the Company's valuation allowance on its deferred tax assets and the impact of foreign rate differential.

For the three months ended April 30, 2021 (Predecessor (SLH)), the Company recorded a tax benefit of $2.1 million on pretax loss of $39.5 million. The tax benefit reflects current period changes to unrecognized tax positions, foreign rate differential, and changes in the Company's valuation allowance on its deferred tax assets.

(6) Restructuring

In connection with strategic initiatives implemented during the period ended April 30, 2022 (Successor) and April 30, 2021 (Predecessor (SLH)), the Company's management approved and initiated plans to reduce its cost structure and better align operating expenses with existing economic conditions and the Company's operating model. The Company recorded $4.0 million and $0.5 million of restructuring charges during the three months ended April 30, 2022 (Successor) and April 30, 2021 (Predecessor (SLH)), respectively, which is included in the statement of operations as restructuring. Substantially all of this charge represents the severance costs of terminated employees.

(7) Leases, Commitments and Contingencies

Leases

The Company measured Skillsoft and Global Knowledge's legacy lease agreements as if the leases were new at the acquisition date and applied the provisions of Topic 842. This resulted in the recognition of right-of-use (ROU) assets and lease liabilities of $17.1 million and $17.2 million, respectively, as of April 30, 2022. All leases are classified as operating leases, except an equipment lease agreement for the Company's hosting services and storage, which qualifies as a finance lease under U.S. GAAP, and ended on December 31, 2021.

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 twelve 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.

Operating lease ROU assets and 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 Company elected the package of practical expedients permitted under the transition guidance which were applied consistently to all of the Company's leases that commenced before the acquisition date. The Company also elected the short-term lease recognition exemption for all qualifying leases, where ROU assets and lease liabilities are not recognized for leases with the remaining terms of less than one year.

The operating leases are included in the caption "Right of use assets", "Lease Liabilities", and "Long-term lease liabilities" on the Company's consolidated balance sheets as of April 30, 2022. The weighted-average remaining lease term of the Company's operating leases is 5.8 years as of April 30, 2022. 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 $1.6 million for the period from February 1, 2021 to April 30, 2021 (Predecessor (SLH)). The lease costs were $2.4 million and related cash payments were $2.6 million for the period from February 1, 2022 to April 30, 2022 (Successor). Lease costs are included within content and software development, selling and marketing, and general and administrative lines on the consolidated statements of operations, and the operating leases related cash payments were included in the operating cash flows and the finance lease related cash payments were included in the financing cash flows on the consolidated statements of cash flows. Short-term lease costs and variable lease costs are not material.

The table below reconciles the undiscounted future minimum lease payments under non-cancellable leases to the total lease liabilities recognized on the consolidated balance sheets as of April 30, 2022 (Successor):

Fiscal Year Ended January 31 (in thousands):	Operating Leases
2023 (excluding 3 months ended April 30, 2022)	$ 5,098
2024	4,618
2025	3,193
2026	1,388
2027	1,130
Thereafter	4,699
Total future minimum lease payments	20,126
Less effects of discounting	(2,929)
Total lease liabilities	$ 17,197
Reported as of April 30, 2022	
Lease liabilities	$ 5,486
Long-term lease liabilities	11,711
Total lease liabilities	$ 17,197

Litigation

From time to time, the Company is a party to or may be threatened with litigation in the ordinary course of its business. The Company regularly analyzes current information, including, as applicable, the Company's defense and insurance coverage and, as necessary, provides accruals for probable and estimable liabilities for the eventual disposition of these matters.

On March 14, 2022, a putative Company stockholder filed a complaint in the United States District Court for the Eastern District of New York, captioned Newton v. Skillsoft Corp., et al., No. 1:22-cv-01383 (E.D.N.Y.), against the Company and the members of its Board of Directors. The complaint generally alleges that the definitive proxy statement filed by the Company with the SEC in connection with the Codecademy acquisition contained misstatements and omissions in violation of Section 14(a) of the Securities Exchange Act of 1934 and Rule 14a-9 promulgated thereunder by the SEC. The complaint seeks, among other things, equitable relief and an award of attorneys' fees and expenses. In addition, the Company has received six demand letters from putative stockholders asserting similar claims.

The items noted above, and any potential liability, do not currently meet the accounting criteria of probable and estimable. Therefore the Company has not accrued any related liability as of April 30, 2022.

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 consolidated financial statements.

(8) Long-Term Debt

Debt consisted of the following (in thousands):

	Successor April 30, 2022		Successor January 31, 2022	
Term Loan - current portion	$	6,404	$	4,800
Current maturities of long-term debt	$	6,404	$	4,800
Term Loan - long-term portion		630,795		474,000
Less: Original Issue Discount - long-term portion		(9,294)		(6,724)
Less: Deferred Financing Costs - long-term portion		(5,038)		(5,091)
Long-term debt	$	616,463	$	462,185

Term Loan (Successor)

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") to Skillsoft Finance II, the proceeds of which, together with cash on hand, were used to refinance existing debt. 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 parties thereto as Term B-1 Lenders, which amended the Credit Agreement, as amended by the First Amendment, the "Amended Credit Agreement".

The First Amendment provides 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) provides for early opt-in to Secured Overnight Financing Rate (SOFR)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) provides 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.

The Company received $153.2 million of net proceeds (net of $4.0 million of financing costs and $2.8 million of original issuance discounts) from the Term Loan Facility on April 4, 2022. The Company used the net proceeds and cash on hand for the closing of the Codecademy acquisition on April 4, 2022.

The refinancing was accounted for as a modification for certain lenders and an extinguishment for other lenders and debt issuance costs and lender fees were accounted for in proportion to whether the related principal balance was considered modified or extinguishments. Accordingly, both newly incurred and deferred financing costs and original issuance discounts of $0.1 million and $2.8 million, respectively, will be amortized as additional interest expense over the term of the Term Loan. Furthermore, $3.9 million of third-party costs incurred were recognized as interest expenses in the accompanying statement of operations for the three months ended April 30, 2022.

Prior to the maturity thereof, the Initial Term Loans will be subject to quarterly amortization payments of 0.25% of the principal amount. The Amended Credit Agreement requires that any prepayment of the Initial Term Loans in connection with a repricing transaction shall be subject to (i) a 2.00% premium on the amount of Initial Term Loans prepaid if such prepayment occurs prior to July 16, 2022 and (ii) a 1.00% premium on the amount of Initial Term Loans prepaid in connection with a Repricing Transaction (as defined in the Amended Credit Agreement), if such prepayment occurs on or after July 16, 2022 but on or prior to January 16, 2023. The proceeds of the Term B-1 Loans were used by the Company to finance, in part, the Codecademy acquisition, and to pay costs, fees, and expenses related thereto.

All obligations under the Amended Credit Agreement, and the guarantees of those obligations (as well as certain cash management obligations and interest rate hedging or other swap agreements), are secured by substantially all of Skillsoft Finance II's personal property as well as those assets of each subsidiary guarantor.

Loan Parties are subject to various affirmative and negative covenants and reporting obligations under the Term Loan Facility. These include, among others, limitations on indebtedness, liens, sale and leaseback transactions, investments, fundamental changes, assets sales, restricted payments, affiliate transactions, and restricted debt payments. Events of default under the Term Loan Facility include non-payment of amounts due to the lenders, violation of covenants, materially incorrect representations, defaults under other material indebtedness, judgments and specified insolvency-related events, certain ERISA events, and invalidity of loan or collateral documents, subject to, in certain instances, specified thresholds, cure periods and exceptions. As of April 30, 2022, the Company is in compliance with all covenants.

The Company's debt outstanding as of April 30, 2022 matures as shown below (in thousands):

Fiscal year ended January 31:		
2023	$	4,803
2024		6,404
2025		6,404
2026		6,404
2027		6,404
Thereafter		606,780
Total payments		637,199
Less: Current portion		(6,404)
Less: Unamortized original issue discount and issuance costs		(14,332)
Long-term portion	$	616,463

Accounts Receivable Facility (Predecessor and Successor)

On December 20, 2018, the Company entered into a $75.0 million receivables credit agreement, with a termination date of the earliest of 5 years from closing or 45 days before the revolving credit facility maturity or 180 days before the maturity of any term indebtedness greater than $75 million. There are four classes of available receivables for sale with advance rates between 50.0% and 85.0%. The lenders require the Company to deposit receipts from sold receivables to a restricted concentration account. Receivables that have been sold to the lenders must be transferred to the restricted concentration account within two business days of being collected by the Company. The Company accounts for these transactions as borrowings, as the assets being transferred contain the rights to future revenues. Under these agreements, the Company receives the net present value of the accounts receivable balances being transferred. The interest rate on borrowings outstanding under these agreements was 3.7% at April 30, 2022. Borrowings and repayments under these agreements are presented as cash flows from financing activities in the accompanying consolidated statements of cash flows.

On September 19, 2019, the Company amended the receivables credit agreement to include Class "B" lending. This increased the facility borrowing capacity to up to $90.0 million. In conjunction with this, it increased the advance rate to 95% across the four classes of available receivables. All other terms and conditions remained materially the same.

On August 27, 2020, the Company amended its accounts receivable facility. In connection with the amendment, additional capacity under the previous accounts receivable facility which had been extended by the private equity sponsor of the Company's prior owner was eliminated, reducing the maximum capacity of the facility from $90 million to $75 million. The maturity date for the remaining $75 million facility was extended to the earlier of (i) December 2024 or (ii) 90 days prior to the maturity of any corporate debt. The Company submits a monthly reconciliation on each month's settlement date detailing what was collected from the prior months borrowing base and what receivables are being sold during the new borrowing base period to replenish them. If additional receivables are sold to replenish receipts, the funds from the concentration account will be returned to the Company from the restricted concentration account by the administration agent. The reserve balances were $3.9 million at April 30, 2022 and are classified as restricted cash on the balance sheet.

(9) Shareholders' Equity

Skillsoft Corp. (Successor)

Capitalization

As of April 30, 2022, the Company's authorized share capital consisted of 375,000,000 shares of Class A common stock, 3,840,000 shares of Class C common stock and 10,000,000 shares of preferred stock, with a par value of $0.0001 each. As of April 30, 2022, 163,760,305 shares of Class A common stock were issued and outstanding.

The number of authorized shares of Class A common stock or preferred stock authorized for issuance may be increased by the affirmative vote of the holders of a majority in voting power of the Company's capital stock entitled to vote thereon. Except as required by law, holders of share 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

In connection with the formation of the Company and subsequent acquisitions of Software Luxembourg and Global Knowledge, warrants to purchase common stock were issued to investors, sellers of Global Knowledge and an executive of the Company. Warrants that are not subject to ASC 718, Stock Compensation and (i) contained features that could cause the warrant to be puttable to the Company for cash or (ii) had terms that prevented the conversion of the warrant from being fixed in all circumstances, are classified as a liability on the Company's balance sheet and measured at fair value, with changes in fair value being recorded in the income statement, whereas all other warrants meet the equity scope exception and are classified as equity and not remeasured.

A summary of liability classified warrants is as follows (in thousands, except per share amounts):

Type	Underlying Common Shares	Strike Price	Redemption Price	Expiration Date	Fair Value at April 30, 2022
Private Placement Warrants – Sponsor	16,300	$ 11.50	None	6/11/26	$ 18,093

A summary of equity classified warrants is as follows (in thousands, except per share amounts):

Type	Underlying Common Shares	Strike Price	Redemption Price	Expiration Date
Public Warrants	23,000	$ 11.50	$ 18.00	6/11/26
Private Placement Warrants (PIPE)	16,667	$ 11.50	$ 18.00	6/11/26
Private Placement Warrants (Global Knowledge)	5,000	$ 11.50	None	10/12/25
Private Placement Warrants (CEO)	1,000	$ 11.50	None	6/11/26
Total	45,667			

Software Luxembourg Holding S.A. (Predecessor (SLH))

Reorganization

On August 27, 2020 Pointwell (which had been a direct wholly owned subsidiary of Evergreen Skills Lux S.à r.l.), and certain of its subsidiaries, completed a reorganization. As a result of the reorganization, ownership of Pointwell was transferred to the Company's lenders and no consideration or right to future consideration was provided to the former equity holders of Pointwell. In addition, the shared-based compensation plans of Pointwell were cancelled with no consideration provided.

In Settlement of Predecessor's first and second lien debt obligations, the holders of the Predecessors first lien received a total of 3,840,000 Class A common shares. The Predecessor's second lien holders received a total of 160,000 Class B common shares and a total of 705,882 warrants to purchase additional common shares. The predecessor warrants were valued using a probability-based approach that considered management's estimate of the probability of (i) a sale of the company that met certain conditions that caused the warrants to be cancelled for no consideration, (ii) a sale of the company that did not meet certain conditions that caused the warrants to be cancelled for no consideration and (iii) warrants being held to maturity, with the last two scenarios utilizing a Black-Scholes model to estimate fair value.

The warrants included a provision whereby, in the event of a sale of the Predecessor meeting certain conditions ("Favored Sale"), the warrants would be cancelled for no consideration, however, in such an event, the holders of Class B shares would receive a higher share of any consideration paid in the form of common stock by the acquiring company. The conditions of the Favored Sale were established in anticipation of a Churchill merger and mirror the ultimate agreement executed on October 12, 2020. The Board of Directors and required level of warrant holders amended the warrants such that the deadline for a Favored Sale to occur was extended to October 12, 2020. An amendment to extend the date by which a Favored Sale could occur represented a modification to both the warrants and the participation right held by the Class B holders. Management measured the impact of the modification to both the freestanding warrants and the participation right held by the Class B holders by comparing their fair values immediately before and after the modification. The net impact of the increase in the value of the participation right held by Class B stockholders, of $13.3 million, and the decrease in the value of the warrants, of $7.4 million, is reflected as a decrease of $5.9 million in earnings attributable to Class A common stockholders and an increase to $5.9 million earnings attributable to Class B common stockholders for earnings per share purposes. The $7.4 million decrease in the value of warrants is reflected as a capital contribution and is reflected as an increase to additional-paid-in-capital in the period from August 28, 2020 through October 31, 2020 (Predecessor SLH).

As a result of the Skillsoft Merger, the warrants were terminated for no consideration on June 11, 2021.

Share Capital

As of January 31, 2021 the Predecessor's authorized share capital consisted of 1,000,000,000 common shares with a par value $0.01 each. This consists of 800,000,000 Class A shares and 200,000,000 Class B shares. As of January 31, 2021, 4,000,000 common shares were issued and outstanding. This consists of 3,840,000 Class A shares and 160,000 Class B shares.

(10) Stock-based compensation

Equity Incentive Plans

In June 2021, Skillsoft Corp adopted the 2020 Omnibus Incentive Plan ("2020 Plan") and issued Stock Options, RSUs and PSUs to employees. 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 Award and Cash-Based Incentive Awards to employees, directors, and consultants of the Company. Under the 2020 Plan, 13,105,902 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 5.0% of the total number of shares of common stock outstanding on December 31 of the preceding calendar year. As of April 30, 2022 a total of 9,958,495 shares of common stock were available for issuance under the 2020 Plan.

Stock Options

Under the 2020 Plan all employees, directors and consultants are eligible to receive incentive share options or 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 optionees' 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 table summarizes the stock option activity for the three months ended April 30, 2022:

	Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value (In thousands)
Outstanding, January 31, 2022	2,825,752	$ 10.76	9.4	
Granted	—	—	—	
Exercised	—	—	—	
Forfeited	—	—	—	
Expired	—	—	—	
Outstanding, April 30, 2022	2,825,752	$ 10.76	9.2	$ —
Vested and Exercisable, April 30, 2022	187,500	$ 10.75		$ —

The total unrecognized equity-based compensation costs related to the stock options was $7.6 million, which is expected to be recognized over a weighted-average period of 3.2 years.

The grant date fair value of the stock options was determined using the Black Scholes model with the following assumptions:

	Three Months Ended April 30, 2022
Risk-free interest rates	1.0 %
Expected dividend yield	—
Volatility factor	30 - 31 %
Expected lives (years)	6.1
Weighted average fair value of options granted	$ 3.36

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. Restricted stock units vest ratably over a three or four-year period, subject to continued employment through each anniversary. The fair value of restricted stock units is determined on the grant date and is amortized over the vesting period on a straight-line basis.

The following table summarizes the RSU activity for the three months ended April 30, 2022:

	Shares	Weighted-Average Grant Date Fair Value	Aggregate Intrinsic Value (in thousands)
Unvested balance, January 31, 2022	5,091,852	$ 10.26	
Granted	4,001,733	8.51	
Vested	(166,667)	10.75	
Forfeited	(263,223)	9.39	
Unvested balance, April 30, 2022	8,663,695	$ 8.36	$ 46,351

The total unrecognized stock-based compensation costs related to RSUs was $64.2 million, which is expected to be recognized over a weighted-average period of 2.9 years.

Market-based Restricted Stock Units

Market-based restricted stock units (“MBRSUs”) vest over a four-year performance period, subject to continued employment through each anniversary and achievement of a share price threshold ($12.50 for 20 out of 30 consecutive trading days prior to the fourth anniversary). 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 table summarizes the MBRSU activity for the three months ended April 30, 2022:

	Shares	Weighted-Average Grant Date Fair Value	Aggregate Intrinsic Value (in thousands)
Unvested balance, January 31, 2022	1,095,978	$ 8.43	
Granted	304,821	7.54	
Vested	—	—	
Forfeited	(94,736)	7.33	
Unvested balance, April 30, 2022	1,306,063	$ 7.55	$ 6,987

The total unrecognized stock-based compensation costs related to MBRSUs was $6.2 million, which is expected to be recognized over a weighted-average period of 1.5 years.

Performance-based Restricted Stock Units

The Company issued 49,876 performance-based restricted stock units that have a grant-date fair value of $0.5 million during the period from June 12, 2021 to January 31, 2022. Of the 49,876 performance-based restricted stock units, 12,500 shares were vested and 12,500 shares were canceled on January 31, 2022. The remaining 24,876 shares will vest upon the achievement of specified corporate goals. There was no stock-based compensation expense recognized for the remaining 24,876 shares in the three months ended April 30, 2022 as the corporate goals were not achieved before April 30, 2022.

Stock-based Compensation Expense

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

	Successor	Predecessor (SLH)
	Three Months Ended April 30, 2022	Three Months Ended April 30, 2021
Cost of revenues	$ 13	$ —
Content and software development	1,575	—
Selling and marketing	1,477	—
General and administrative	5,427	—
Total	$ 8,492	$ —

The stock-based compensation for the three months ended April 30, 2022 includes $1.6 million of fair value adjustment for the cash consideration exceeded the fair value of the legacy Codecademy options, which is classified as a post-combination expense.

(11) Revenue

Disaggregated Revenue and Geography Information

The following is a summary of revenues by type for the three months ended April 30, 2022 (Successor) and April 30, 2021 (Predecessor (SLH)) (in thousands):

	Successor Three Months Ended April 30, 2022	Predecessor (SLH) Three Months Ended April 30, 2021
SaaS subscription services	$ 103,033	$ 78,575
Software maintenance	4,454	4,064
Professional services	10,964	8,191
Software licenses and other	410	871
Instructor led training	45,053	—
Total net revenues	$ 163,914	$ 91,701

The following table sets forth our revenues by geographic region for the three months ended April 30, 2022 (Successor) and April 30, 2021 (Predecessor (SLH)) (in thousands):

	Successor Three Months Ended April 30, 2022	Predecessor (SLH) Three Months Ended April 30, 2021
Revenue:		
United States	$ 106,685	$ 70,170
Other Americas	9,996	4,461
Europe, Middle East and Africa	41,318	12,113
Asia-Pacific	5,915	4,957
Total net revenues	$ 163,914	$ 91,701

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

Deferred Revenue

Deferred revenue activity for the three months ended April 30, 2022 was as follows (in thousands):

Deferred revenue at January 31, 2022 (Successor)	$ 332,853
Billings deferred	111,820
Recognition of prior deferred revenue	(163,914)
Acquisition of Codecademy	18,396
Deferred revenue at April 30, 2022 (Successor)	$ 299,155

Deferred revenue performance obligations relate predominately 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 three months ended April 30, 2022 was as follows (in thousands):

Deferred contract acquisition costs at January 31, 2022 (Predecessor (SLH))	$	16,917
Contract acquisition costs		5,096
Recognition of contract acquisition costs		(4,339)
Deferred contract acquisition costs at April 30, 2022 (Successor)	$	17,674

(12) Fair Value Measurements

FASB 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 inputs that reflect the assumptions that market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the Company. Unobservable inputs are inputs 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 estimates of assumptions that market participants would use in pricing the asset or liability.

Successor Company Warrants

In connection with the formation of the Company and subsequent acquisitions of Software Luxembourg and Global Knowledge, warrants to purchase common stock were issued to investors, sellers of Global Knowledge and an executive of the Company. Warrants that are not subject to ASC 718, Stock Compensation and (i) contained features that could cause the warrant to be puttable to the Company for cash or (ii) had terms that prevented the conversion of the warrant from being fixed in all circumstances, are classified as a liability on the Company's balance sheet and measured at fair value, with changes in fair value being recorded in the income statement, whereas all other warrants meet the equity scope exception and are classified as equity and not remeasured.

A summary of liability classified warrants is as follows (in thousands, except per share amounts):

Type	Underlying Common Shares		Strike Price	Redemption Price	Expiration Date		Fair Value at April 30, 2022
Private Placement Warrants – Sponsor	16,300	$	11.50	None	6/11/26	$	18,093

The Company classifies certain Private Placement Warrants as liabilities in accordance with ASC Topic 815. The Company estimates the fair value of the Private Placement Warrants using a Black-Scholes option pricing model. The fair value of the Private Placement Warrants utilized Level 3 inputs as it is based on significant inputs not observable in the market. The fair value of the Private Placement

Warrants classified as liabilities were estimated at April 30, 2022 using a Black-Scholes options pricing model and the following assumptions:

		April 30, 2022
Risk-free interest rates		2.88 %
Expected dividend yield		—
Volatility factor		50 %
Expected lives (years)		4.1
Value per unit	$	1.11

Predecessor Company (SLH) Warrants

At each relevant measurement date, the Predecessor warrants were valued using a probability-based approach that considered management's estimate of the probability of (i) a sale of the company that met certain conditions that caused the warrants to be cancelled for no consideration, (ii) a sale of the company that did not meet certain conditions that caused the warrants to be cancelled for no consideration and (iii) warrants being held to maturity, with the last two scenarios utilizing a Black-Scholes model to estimate fair value. As a result of the Skillsoft Merger, the Predecessor warrants were terminated for no consideration on June 11, 2021.

The following table summarizes the Company's assets and liabilities that are measured at fair value on a recurring basis as of April 30, 2022 and are categorized using the fair value hierarchy (in thousands):

		Total	(Level 3)
Private Placement Warrants – Sponsor	$	18,093	18,093
Total liabilities recorded at fair value	$	18,093	18,093

The following tables reconcile Level 3 instruments for which significant unobservable inputs were used to determine fair value:

		For the Three Months Ended April 30, 2022
Balance as of January 31, 2022 (Successor)	$	28,199
Unrealized gains recognized as other income		(10,106)
Balance as of April 30, 2022 (Successor)	$	18,093

		For the Three Months Ended April 30, 2021
Balance as of January 31, 2021 (Predecessor (SLH))	$	900
Unrealized losses recognized as other income		(100)
Balance as of April 30, 2021 (Predecessor (SLH))	$	800

Other Fair Value Instruments

The Company currently invests excess cash balances primarily in cash deposits held at major banks. The carrying amounts of cash deposits, trade receivables, trade payables and accrued liabilities, as reported on the consolidated balance sheet as of April 30, 2022, approximate their fair value because of the short maturity of those instruments.

The Company considered the fair value of its external borrowings and believes their carrying values approximate fair value at April 30, 2022 based on the recent issuance of additional Term loans timing on April 4, 2022.

(13) 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, or decision-making group, in deciding how to allocate resources and in assessing performance. The Company’s chief operating decision maker (CODM) is its Chief 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 three segments: Skillsoft content, SumTotal and Global Knowledge. All of the Company’s businesses 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 used 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 Skillsoft 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 technical skill areas assumed in the Codecademy acquisition. In addition, Skillsoft offers Percipio, an intelligent online learning experience platform that delivers an immersive learning experience. 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 SumTotal business provides a unified, comprehensive and configurable solution that allows organizations to attract, develop and retain talent. SumTotal’s solution impacts a company’s workforce throughout the entire employee lifecycle and helps companies succeed in an evolving business climate. SumTotal’s primary solutions are Talent Acquisition, Learning Management, Talent Management and Workforce Management.

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 (classroom, virtual, on-demand) both on a transactional and subscription basis.

The following table presents summary results for each of the businesses for the three months ended April 30, 2022 (Successor) and April 30, 2021 (Predecessor (SLH)), (in thousands):

	Successor Three Months Ended April 30, 2022	Predecessor (SLH) Three Months Ended April 30, 2021
Skillsoft Content		
Revenues	$ 87,276	$ 67,057
Operating expenses	126,090	93,127
Operating income (loss)	(38,814)	(26,070)
SumTotal		
Revenues	31,585	24,644
Operating expenses	28,548	26,277
Operating income (loss)	3,037	(1,633)
Global Knowledge		
Revenues	45,053	—
Operating expenses	51,653	—
Operating income (loss)	(6,600)	—
Consolidated		
Revenues	163,914	91,701
Operating expenses	206,291	119,404
Operating income (loss)	(42,377)	(27,703)
Non-operating (expense) income	1,003	(352)
Fair value adjustment of warrants	10,106	—
Interest expense, net	(12,115)	(11,439)
Reorganization items, net	—	—
Benefits from (provision for) income taxes	21,740	2,089
Net (loss) income	$ (21,643)	$ (37,405)

SumTotal segment revenue for the three months ended April 30, 2022 (Successor) and April 30, 2021 (Predecessor (SLH)) includes content-related revenue of $2.9 million and $1.0 million, respectively, attributable to cross selling for customers that use the SumTotal platform to consume Skillsoft content.

Skillsoft content segment depreciation for the three months ended April 30, 2022 (Successor) and April 30, 2021 (Predecessor (SLH)) was $0.9 million and $1.2 million, respectively.

SumTotal segment depreciation for the three months ended April 30, 2022 (Successor) and April 30, 2021 (Predecessor (SLH)) was $1.1 million and $1.2 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 table sets forth the Company's segment assets as of April 30, 2022 and January 31, 2022 (in thousands):

	April 30, 2022	January 31, 2022
Skillsoft	$ 1,895,258	$ 1,650,190
SumTotal	201,046	226,856
Global Knowledge	331,753	344,902
Corporate	—	—
Consolidated	$ 2,428,057	$ 2,221,948

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The following table sets forth the Company's long-lived tangible assets by geographic region as of April 30, 2022 and January 31, 2022 (in thousands):

	April 30, 2022	January 31, 2022
United States	$ 14,560	$ 14,735
Ireland	279	313
Rest of world	2,794	3,036
Total	$ 17,633	$ 18,084

(14) 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 tables set forth the computation of basic and diluted earnings per share (in thousands, except number of shares and per share data):

	Successor	Predecessor (SLH)
	Three Months Ended April, 30 2022	Three Months Ended April, 30 2021
Net loss	$ (21,643)	$ (37,405)
Weighted average common shares outstanding:		
Class A and B – Basic and Diluted (Predecessor (SLH))	*	4,000
Ordinary – Basic and Diluted (Successor)	142,209	*
Net loss per share:		
Class A and B – Basic and Diluted (Predecessor (SLH))	*	$ (9.35)
Ordinary – Basic and Diluted (Successor)	$ (0.15)	*

* Not Applicable

Warrants to purchase 705,882 common shares have been excluded from the Predecessor (SLH) period since, for periods of losses, the impact would be anti-dilutive and, for periods of income, no shares would be added to diluted earnings per share under the treasury stock method as the strike price of these awards are above the fair market value of underlying shares for all periods presented.

During the three months ended April 30, 2022 (Successor) and April 30, 2021 (Predecessor (SLH)), 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 table contains share/unit totals with a potentially dilutive impact (in thousands):

	Successor	Predecessor (SLH)
Warrants to purchase common shares	61,967	706
Stock Options	2,826	—
RSUs	9,995	—
Total	74,788	706

(15) Related Party Transactions

Predecessor (SLH) Related Party Transactions

Upon emergence from Chapter 11 on August 27, 2020, the Company's exit credit facility consisting of $110 million of First Out Term Loans and $410 million of Second Out Term Loans was financed in whole by the Company's Class A shareholders. Class A shareholders had the ability to trade their debt positions independently from their equity positions, however, the substantial majority of First Out and Second Out term loans were held by Class A shareholders. In connection with the Company's refinancing on July 16, 2021, the First and Second Out terms loans were repaid in full.

Successor Related Party Transactions

Strategic Support Agreement

In connection with the closing of the Skillsoft Merger on June 11, 2021, the Company entered into a strategic support agreement with its largest shareholder, pursuant to which the shareholder agreed to provide certain business development and investor relations support to the Company for one year after closing of the transaction.

Agreements with Affiliated Entities

Our largest shareholder has a broad portfolio of investments, within and outside of Ed-tech, where it controls or exerts influence over such investments through ownership and in some cases board seats.

On December 10, 2022, Skillsoft entered into a distribution and resale agreement with a company that is majority-owned by our largest shareholder and its affiliates. On February 18, 2022, SumTotal entered into a reseller agreement with a portfolio company of our largest shareholder that also has a common board member. Due to the timing of these two new agreements, no consideration was due to either party for the fiscal year ended January 31, 2022 and the three months ended April 30, 2022.

The Company also entered into an agreement for a technical partnership with a portfolio company of our largest shareholder that also has a common board member that includes a collaboration for an interface between Percipio and its products. Neither party is due any consideration under this agreement.

Agreements with Largest Shareholder

In December 2021, Skillsoft entered into a commercial agreement to provide off-the-shelf Skillsoft products to the Company's largest shareholder and its affiliates for $0.7 million over three years.

Codecademy Transaction

Our largest shareholder also owned an interest in Codecademy which we acquired on April 4, 2022, as discussed in Note 3 and elsewhere.

Consulting Services

In December 2021, Skillsoft engaged The Klein Group, LLC (the "Klein Group") to act as a consultant to advise the Company in connection with the transaction with Codecademy, to assist management in its evaluation of the business opportunity and structuring and negotiation of a potential transaction. Pursuant to this engagement, Skillsoft paid the Klein Group a transaction fee equal to $2.0 million in connection with the Codecademy acquisition. Michael Klein, a member of our Board, is the Chief Executive Officer of the Klein Group and the Klein Group is closely affiliated with our second largest shareholder.

(16) Subsequent Events

The Company has completed an evaluation of all subsequent events after the balance sheet date of April 30, 2022 through the date this Quarterly Report on Form 10-Q was filed with the SEC, to ensure that this filing includes appropriate disclosure of events both recognized in the financial statements as of April 30, 2022, 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 discussion of the financial condition and results of operations of Skillsoft (as defined below) is a supplement to and should be read in conjunction with Skillsoft's condensed consolidated financial statements and related notes appearing elsewhere in this Quarterly Report and with Skillsoft's Annual Report on Form 10-K filed with the Securities and Exchange Commission (the "SEC") on April 18, 2022. This discussion may contain forward-looking statements based upon current expectations that involve risks and uncertainties. Skillsoft's actual results may differ materially from those anticipated in these forward-looking statements as a result of various factors, including those set forth under "Risk Factors" in Part II, Item 1A of this report. Unless otherwise noted, amounts referenced in this discussion, other than in reference to share numbers, are in thousands.

Completion of the Business Combinations

On June 11, 2021, Churchill Capital Corp II and Software Luxembourg Holding S.A., a global leader in digital learning and talent management solutions, completed a business combination and subsequent acquisition of Albert DE Holdings Inc. ("Global Knowledge" and such acquisition, the "Global Knowledge Merger"), a worldwide leader in IT and professional skills development. The combined company operates as Skillsoft Corp. ("Skillsoft", "we", "us", "our" and the "Company") and is listed on the New York Stock Exchange under the ticker symbol "SKIL" beginning on June 14, 2021.

On December 22, 2021, the Company announced a definitive agreement to acquire Codecademy, a leading online learning platform for technical skills. Codecademy is an innovative and popular learning platform providing high-demand technical skills to approximately 40 million registered learners in nearly every country worldwide. The platform offers interactive, self-paced courses and hands-on learning in 14 programming languages across multiple domains such as application development, data science, cloud and cybersecurity. The Codecademy acquisition closed on April 4, 2022 for total consideration of approximately $386.0 million, consisting of the issuance of 30,374,427 common shares and a net cash payment of $198.6 million.

Company's Business following the Business Combinations

Skillsoft is a global leader in corporate digital learning, serving more than 75% of the Fortune 1000, customers in over 160 countries, and a community of learners of more than 90 million globally. Skillsoft's primary learning solutions include: (i) Percipio, an intelligent and immersive digital learning platform; (ii) Global Knowledge, a global provider of authorized information technology & development training and professional skills; (iii) Codecademy, an online learning platform for technical skills that uses an innovative, scalable approach to online coding education; (iv) Pluma, a digital platform that provides individualized executive-quality coaching that is personal yet scalable; and (v) SumTotal, a SaaS-based Human Capital Management ("HCM") solution with a leading Talent Development platform.

The Company provides enterprise learning solutions designed to prepare organizations for the future of work, enable them to overcome critical skill gaps, drive demonstrable behavior-change, and unlock the potential in one of their most important assets: their people. The Company's award-winning, AI-driven, immersive learning platform, Percipio, is purpose built to make learning easier, more accessible, and more effective. Percipio is an open, modern and extensible platform designed to meet the needs of the enterprise customer. Skillsoft offers a comprehensive suite of premium, original, and authorized partner content, including one of the broadest and deepest libraries of leadership & business, technology & developer, and compliance curricula. With access to a broad spectrum of learning options (including video, audio, books, bootcamps, live events, practice labs and individualized coaching), organizations can meaningfully increase learner engagement and retention. In addition, we believe our recent acquisition of Codecademy will further strengthen our content library, enhance the Percipio platform, broaden our customer reach and create significant cross selling opportunities, positioning us for faster growth.

The corporate digital learning industry is rapidly growing, driven by significant tailwinds as organizations focus on upskilling, reskilling, and future-proofing their workforces and the accelerated shift from in-person training to digital training due, in part, to the significant and likely permanent shift to largely remote and distributed workforces triggered by the COVID-19 pandemic and increased emphasis on talent driven by the "great resignation." The war for talent, labor shortages, wage inflation, hybrid work, early retirements, and burnout among those who stay behind all contribute to this growing demand. According to a January 2021 report by McKinsey, 87% of companies worldwide either currently have skills gaps or believe they will within the next few years, and core skills are changing at an unprecedented pace. In a recent survey conducted by Deloitte, the vast majority of CEO's cited labor and skills shortages as the number one threat to their business in the coming year – ahead of the pandemic, supply chain disruption, inflation and market instability, cybersecurity, and political instability. According to the Organization for Economic Co-operation and Development, technology will radically transform 1.1 billion jobs by 2030. CEOs, Chief People Officers, and the companies they and their teams lead need to transform their current workforce into one adapted for tomorrow's demands. We believe these factors present a significant market opportunity for our solutions.

Results of Operations

Our financial results for the three months ended April 30, 2022 are referred to as those of the "Successor" period. Our financial results for the three months ended April 30, 2021 are referred to as those of the "Predecessor (SLH)" period. Our results of operations as reported in our Condensed Consolidated Financial Statements for these periods are prepared in accordance with GAAP. Although we are required by GAAP to report on our results for the three months ended April 30, 2022 and 2021 separately, we do not believe that reviewing the results of the periods in isolation would be useful in identifying trends in or reaching conclusions regarding our overall operating performance.

The table below presents the results for the three months ended April 30, 2022 and 2021.

(In thousands)	Successor Three Months Ended April 30, 2022	Predecessor (SLH) Three Months Ended April 30, 2021
Revenues:		
Total revenues	$ 163,914	$ 91,701
Operating expenses:		
Costs of revenues	47,634	24,521
Content and software development	22,773	16,607
Selling and marketing	44,883	28,502
General and administrative	29,720	12,362
Amortization of goodwill and intangible assets	43,854	34,943
Recapitalization and acquisition-related costs	13,442	1,932
Restructuring	3,985	537
Total operating expenses	206,291	119,404
Operating loss	(42,377)	(27,703)
Interest and other expense, net	(11,112)	(11,791)
Fair value adjustment to warrants	10,106	—
Loss before benefit from income taxes	(43,383)	(39,494)
Benefit from income taxes	(21,740)	(2,089)
Net loss	$ (21,643)	$ (37,405)

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

	Successor	Predecessor (SLH)
	Three Months Ended April 30, 2022	Three Months Ended April 30, 2021
Revenues:		
Total revenues	100.0%	100.0%
Operating expenses:		
Costs of revenues	29.1%	26.7%
Content and software development	13.9%	18.1%
Selling and marketing	27.4%	31.1%
General and administrative	18.1%	13.5%
Amortization of intangible assets	26.8%	38.1%
Recapitalization and acquisition-related costs	8.2%	2.1%
Restructuring	2.4%	0.6%
Total operating expenses	125.9%	130.2%
Operating loss	(25.9)%	(30.2)%
Interest and other expense, net	(6.8)%	(12.9)%
Fair value adjustment to warrants	6.2%	0.0%
Loss before benefit from income taxes	(26.5)%	(43.1)%
Benefit from income taxes	(13.3)%	(2.3)%
Net loss	(13.2)%	(40.8)%

Revenues

We provide, through our Skillsoft, Global Knowledge, and SumTotal brands, enterprise learning solutions designed to prepare organizations for the future of work, overcome critical skill gaps, drive demonstrable behavior-change, and unlock the potential in their people.

Skillsoft generates revenues from its comprehensive suite of premium, original, and authorized partner content, featuring one of the deepest libraries of leadership & business, technology & 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. Skillsoft's offerings are delivered through Percipio, our award-winning, AI-driven, immersive learning platform purpose built to make learning easier, more accessible, and more effective. These learning solutions are typically sold on a subscription basis for a fixed term.

Global Knowledge generates revenues from virtual, in-classroom, and on-demand training solutions in information technology geared at foundational, practitioner and expert information technology professionals. Global Knowledge's digital and in-classroom learning solutions provide enterprises, government agencies, educational institutions, and individual customers a broad selection of customizable courses to meet their technology and development needs.

SumTotal generates revenues from its unified, comprehensive and configurable SaaS talent management solution that allows organizations to attract, develop and retain the best talent. SumTotal also sells professional services related to the talent management solution, and occasionally provide perpetual and term-based licenses for on-premise versions of the solution.

The following table sets forth the percentage of our revenues attributable to geographic regions for the periods indicated:

	Successor Three Months Ended April 30, 2022	Predecessor (SLH) Three Months Ended April 30, 2021
Revenues:		
United States	65.1%	76.5%
Other Americas	6.1%	4.9%
Europe, Middle East and Africa	25.2%	13.2%
Asia-Pacific	3.6%	5.4%
Total revenues	100.0%	100.0%

Subscription and Non-Subscription Revenue

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 five years and is generally non-cancellable for the term of the subscription. The fixed fee is generally paid upfront. These contracts typically consist of subscriptions to our various offerings which provide continuous access to our SaaS platforms and associated content over the contract term. Subscription revenues are inclusive of maintenance revenue for SumTotal. Subscription revenue is usually recognized ratably over the contract term.

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

The following table sets forth (i) SaaS subscription and (ii) non-subscription revenue for our business units for the periods indicated:

(In thousands)	Successor Three Months Ended April 30, 2022	Predecessor (SLH) Three Months Ended April 30, 2021
SaaS subscription revenues:		
Content	$ 82,523	$ 63,644
SumTotal	24,964	18,995
Total subscription revenues	107,487	82,639
Non-subscription revenues:		
Content	4,754	3,413
Global Knowledge	45,053	—
SumTotal	6,620	5,649
Total non-subscription revenues	56,427	9,062
Total revenues	$ 163,914	$ 91,701

Revenue by Product and Service Type

The following is a summary of our revenues by product and service type for the periods indicated:

(In thousands, except percentages)	Successor Three Months Ended April 30, 2022	Predecessor (SLH) Three Months Ended April 30, 2021	Dollar Increase/ (Decrease)	Percent Change
Revenues:				
SaaS subscription services	$ 103,033	$ 78,575	$ 24,458	31.1%
Software maintenance	4,454	4,064	390	9.6%
Professional services	10,964	8,191	2,773	33.9%
Software licenses and other	410	871	(461)	(52.9)%
Instructor led training	45,053	—	45,053	100.0%
Total revenues	$ 163,914	$ 91,701	$ 72,213	78.7%

Revenues increased $72.2 million, or 78.7%, for the three months ended April 30, 2022, compared to the same period in 2021. The primary reason for the increase in GAAP revenue is due to the inclusion of Global Knowledge revenue for the period subsequent to its acquisition on June 11, 2021, which resulted in an increase of $45.1 million for the three months ended April 30, 2022. Revenues for the three months ended April 30, 2021 were also lower due to the application of fresh-start reporting in August 2020, which required deferred revenue as of August 28, 2020 to be reduced to its estimated fair value, which is derived from the estimated costs to fulfill contractual obligations at the time of a change in control rather than the value of contractual billings to customers. The application of fresh-start reporting resulted in a decrease in GAAP revenue of approximately $19.9 million in the three months ended April 30, 2021. We adopted ASU 2021-08 – *Business Combinations (Topic 805): Accounting for Contract Assets and Contract Liabilities from Contracts with Customers* ("ASU 2021-08"), effective at the beginning of the Successor period on June 11, 2021. ASU 2021-08 requires an acquirer in a business combination to recognize and measure deferred revenue from acquired contracts using the revenue recognition guidance in Topic 606, rather than the prior requirement to record deferred revenue at a lower fair value. As a result of the adoption of ASU 2021-08, we did not experience a decline in revenue subsequent to June 11, 2021 attributable to a fair value adjustment as we did with the application of fresh-start reporting in the prior year. After normalizing for the impact of the acquisition of Global Knowledge and fresh-start reporting, revenues were slightly higher due to (i) the inclusion of Pluma revenue and one month of Codecademy revenue due to their acquisitions on June 30, 2021 and April 3, 2022, respectively, and (ii) organic growth due to higher bookings in the prior year, as revenue from our subscription offerings is typically recognized over the twelve months that follow a booking.

Operating expenses

(In thousands, except percentages)	Successor Three Months Ended April 30, 2022	Predecessor (SLH) Three Months Ended April 30, 2021	Dollar Increase/ (Decrease)	Percent Change
Cost of revenues	$ 47,634	$ 24,521	$ 23,113	94.3%
Content and software development	22,773	16,607	6,166	37.1%
Selling and marketing	44,883	28,502	16,381	57.5%
General and administrative	29,720	12,362	17,358	140.4%
Amortization of intangible assets	43,854	34,943	8,911	25.5%
Recapitalization and acquisition-related costs	13,442	1,932	11,510	595.8%
Restructuring	3,985	537	3,448	642.1%
Total operating expenses	$ 206,291	$ 119,404	$ 86,887	72.8%

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; instructor fees, course materials, logistics costs and overhead costs associated with virtual, in-classroom, and on-demand training solutions. The table below provides details regarding the changes in components of cost of revenues.

(In thousands, except percentages)	Successor Three Months Ended April 30, 2022	Predecessor (SLH) Three Months Ended April 30, 2021	Dollar Increase/ (Decrease)	Percent Change
Compensation and benefits	$ 20,042	$ 13,188	$ 6,854	52.0%
Royalties	7,230	4,850	2,380	49.1%
Hosting and software maintenance	3,536	3,029	507	16.7%
Courseware, reseller fees and outside services	12,682	1,024	11,658	1138.5%
Facilities and utilities	3,873	2,347	1,526	65.0%
Other	271	83	188	226.5%
Total cost of revenues	$ 47,634	$ 24,521	$ 23,113	94.3%

The increases in all components of cost of revenues for the three months ended April 30, 2022, compared to the same period in 2021, were primarily the result of the inclusion of Global Knowledge's expenses incurred subsequent to its acquisition on June 11, 2021. The increase in hosting and software maintenance expenses was offset by the decrease in server licensing costs, which was the result of the migration of Percipio from our servers to cloud storage.

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 table below provides details regarding the changes in components of content and software development expenses.

(In thousands, except percentages)	Successor Three Months Ended April 30, 2022	Predecessor (SLH) Three Months Ended April 30, 2021	Dollar Increase/ (Decrease)	Percent Change
Compensation and benefits	$ 16,384	$ 10,808	$ 5,576	51.6%
Consulting and outside services	4,325	3,673	652	17.8%
Facilities and utilities	1,185	1,308	(123)	(9.4)%
Software Maintenance	862	722	140	19.4%
Other	17	96	(79)	(82.3)%
Total content and software development expenses	$ 22,773	$ 16,607	$ 6,166	37.1%

The increase in compensation and benefits for the three months ended April 30, 2022, compared to the same period in 2021, was primarily due to increased headcount within our content development team in 2022, and the inclusion of Codecademy compensation expenses incurred subsequent to its acquisition on April 4, 2022. The increase in consulting and outside services expenses for the three months ended April 30, 2022, compared to the same period in 2021, was due to the inclusion of Global Knowledge's expenses incurred in the three months ended April 30, 2022 and increased third party software development costs.

Selling and marketing

Selling and marketing, or 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 table below provides details regarding the changes in components of S&M expenses.

(In thousands, except percentages)	Successor Three Months Ended April 30, 2022	Predecessor (SLH) Three Months Ended April 30, 2021	Dollar Increase/ (Decrease)	Percent Change
Compensation and benefits	$ 31,881	$ 21,211	$ 10,670	50.3%
Advertising and promotions	8,142	3,485	4,657	133.6%
Facilities and utilities	1,566	1,704	(138)	(8.1)%
Consulting and outside services	2,041	1,139	902	79.2%
Software Maintenance	1,146	893	253	28.3%
Other	107	70	37	52.9%
Total S&M expenses	$ 44,883	$ 28,502	$ 16,381	57.5%

The increases in compensation and benefits, advertising and promotions, and consulting and outside services expenses for the three months ended April 30, 2022, compared to the same period in 2021, were primarily the result of the inclusion of Global Knowledge’s S&M expenses incurred subsequent to its acquisition on June 11, 2021. Also contributing to the increase in advertising and promotions expenses was higher events related spend in the three months ended April 30, 2022, compared to the same period in 2021.

General and administrative

General and administrative, or 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 table below provides details regarding the changes in components of G&A expenses.

(In thousands, except percentages)	Successor Three Months Ended April 30, 2022	Predecessor (SLH) Three Months Ended April 30, 2021	Dollar Increase/ (Decrease)	Percent Change
Compensation and benefits	$ 17,455	$ 7,690	$ 9,765	127.0%
Consulting and outside services	6,716	2,861	3,855	134.7%
Facilities and utilities	1,988	748	1,240	165.8%
Franchise, sales, and property tax	730	520	210	40.4%
Insurance	1,935	371	1,564	421.6%
Software Maintenance	423	100	323	323.0%
Other	473	72	401	556.9%
Total G&A expenses	$ 29,720	$ 12,362	$ 17,358	140.4%

The increases in compensation and benefits, facilities and utilities, and software maintenance expenses for the three months ended April 30, 2022, compared to the same period in 2021, were primarily the result of the inclusion of Global Knowledge’s G&A expenses incurred subsequent to its acquisition on June 11, 2021. Also contributing to the increase in compensation and benefits expenses was the stock-based compensation related to the stock options and restricted stock units granted to key employees. The increase in consulting and outside services expenses for the three months ended April 30, 2022, compared to the same period in 2021, was primarily due to increased legal, audit and tax services attributable to being publicly listed as well as integration-related costs related to the combination of Skillsoft and Global Knowledge. The increase in insurance expenses for the three months ended April 30, 2022, compared to the same period in 2021, was due to the higher directors and officers insurance policies attributable to the Company following the June 2021 business combinations.

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 increase in amortization of intangible assets for the three months ended April 30, 2022, compared to the same period in 2021, was primarily due to the intangible assets that arose from the business combinations completed in June 2021.

Recapitalization and acquisition-related costs

Recapitalization and acquisition-related costs consist of professional fees for legal, investment banking and other advisor costs incurred in connection with our business combination completed in June 2021, and subsequent acquisition related activities driven by the Codecademy acquisition and related debt issuance.

Restructuring

In connection with the acquisition integration process, we continued our initiatives and commitment to reduce our costs and better align operating expenses with existing economic conditions and our operating model. During the three months ended April 30, 2022, we recorded restructuring charges of $4.0 million for employee severance costs.

In January 2021, we committed to a restructuring plan that encompassed a series of measures intended to improve our operating efficiency, competitiveness and business profitability. These included workforce reductions mainly within our SumTotal business, and consolidation of facilities as we are adopting new work arrangements for certain locations. During the three months ended April 30, 2021, we recorded restructuring charges of $0.5 million for employee severance cost adjustments.

Interest and other expense

Interest and other expense, net, consists of gain and loss on derivative instruments, interest income, interest expense, and other expense and income.

(In thousands, except percentages)	Successor Three Months Ended April 30, 2022	Predecessor (SLH) Three Months Ended April 30, 2021	Dollar (Increase)/ Decrease	Percent Change
Other income (expense), net	$ 1,003	$ (352)	$ 1,355	(384.9)%
Interest income	166	10	156	1560.0%
Interest expense, net	(12,281)	(11,449)	(832)	7.3%
Interest and other expense, net	$ (11,112)	$ (11,791)	$ (679)	5.8%

The net other income (expense) 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) recognized during the three months ended April 30, 2022 and 2021, which fluctuate as the U.S. dollar appreciates or depreciates against other currencies. The increase in interest expense for the three months ended April 30, 2022, compared to the same period in 2021, was due to $3.9 million of financing costs recognized as interest expense in the three months ended April 30, 2022. The $3.9 million of financing costs were incurred in connection with the $160 million of Term B-1 Loans under the Amended Credit Agreement. The increase was offset by savings from lower interest rates under the Successor's credit agreement.

Fair value adjustments to warrants

The gains attributable to warrants for the three months ended April 30, 2022 are due to a decline in the value of our common stock during the period, which decreased the fair value of our liability classified warrants that are marked to market at each balance sheet date, with gains and losses being recorded in current period earnings.

Benefit from income taxes

(In thousands, except percentages)	Successor Three Months Ended April 30, 2022	Predecessor (SLH) Three Months Ended April 30, 2021	Dollar Increase/ (Decrease)	Percent Change
Benefit from income taxes	$ (21,740)	$ (2,089)	$ 19,651	(940.7)%
Effective income tax rate	50.1%	5.3%		

The effective income tax rate for the three months ended April 30, 2022, differed from the United States federal statutory rate of 21.0% due primarily to the impact of non-deductible items, foreign rate differential, and changes in the valuation allowance on the Company's deferred tax assets. Due to the acquisition of Codecademy on April 4, 2022 the Company analzyed the realizability of it's existing deferred tax assets with the addition of the Codecademy assets and liabilities. Based on this analysis the Company determined that a valualtion allowance release of $21.6 million was required and recorded in full as a discrete income tax benefit for the three months ended April 30, 2022.

The effective income tax rate for the three months ended April 30, 2021, differed from the Luxembourg statutory rate of 24.9% due primarily to the impact of foreign earnings in lower tax jurisdictions and an increase in the valuation allowance on the Company's deferred tax assets, partially offset by a decrease in reserves for uncertain tax positions.

Liquidity and Capital Resources

Liquidity and Sources of Cash

As of April 30, 2022, we had $75.6 million of cash and cash equivalents on hand. We have funded operations primarily through the use of cash collected from our customers and the proceeds received from the Term Loan Facility (described below), supplemented from time to time with borrowings under our accounts receivable facility (described below). 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 from 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 12 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") to Skillsoft Finance II, the proceeds of which, together with cash on hand, were used to refinance existing debt. 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 parties thereto as Term B-1 Lenders, which amended the Credit Agreement (as amended by the First Amendment, the "Amended Credit Agreement").

The First Amendment provides 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) provides for early opt-in to the Secured Overnight Financing Rate (SOFR) 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) provides 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 will be subject to quarterly amortization payments of 0.25% of the principal amount. The Amended Credit Agreement requires that any prepayment of the Initial Term Loans in connection with a repricing transaction shall be subject to (i) a 2.00% premium on the amount of Initial Term Loans prepaid if such prepayment occurs prior to July 16, 2022 and (ii) a 1.00% premium on the amount of Initial Term Loans prepaid in connection with a Repricing Transaction (as defined in the Amended Credit Agreement), if such prepayment occurs on or after July 16, 2022 but on or prior to January 16, 2023. The proceeds of the Term B-1 Loans were used by the Company to finance, in part, the Codecademy acquisition, and to pay costs, fees, and expenses related thereto.

Accounts Receivable Facility

We also have access to up to $75.0 million of borrowings under our accounts receivables 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 3.00% per annum plus the greater of (i) the prime rate or (ii) the sum of 0.5% per annum plus the federal funds rate. The maturity date of the accounts receivable facility is the earlier of (i) December 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 million of capacity.

Cash Flows

The following table summarizes our cash flows for the period presented:

(In thousands)	Successor Three Months Ended April 30, 2022	Predecessor (SLH) Three Months Ended April 30, 2021
Net cash provided by operating activities	$ 7,882	$ 39,676
Net cash used in investing activities	(202,532)	(1,880)
Net cash provided by (used in) financing activities	108,539	(4,439)
Effect of foreign currency exchange rates on cash and cash equivalents	(2,157)	(140)
Net (decrease) increase in cash and cash equivalents	$ (88,268)	$ 33,217

Cash Flows from Operating Activities

The decrease in cash provided by operating activities for the three months ended April 30, 2022 compared to the corresponding period in the prior year was primarily due to (i) higher recapitalization and acquisition-related costs, driven by the Codecademy acquisition and related debt issuance, (ii) higher one-time restructuring and integration-related costs related to the combination of Skillsoft and Global Knowledge, (iii) higher annual incentive compensation payments, and (iv) the timing of corporate events and vendors payments compared to the prior year.

Cash Flows from Investing Activities

Cash flows from investing activities include cash paid of $201.7 million related to the acquisition of Codecademy. See Note 3 “Business Combinations” of the Notes to Unaudited Condensed Consolidated Financial Statements for more details. Our purchases of property and equipment largely consist of computer hardware and software, as well as capitalized software development costs, to support content and software development activities.

Cash Flows from Financing Activities

Cash flows from financing activities consist of borrowings and repayments under our Predecessor and Successor debt facilities and our accounts receivable facility. We received $153.2 million of net proceeds from the Amended Credit Agreement and used most of the proceeds for the acquisition of Codecademy on April 4, 2022.

Contractual and Commercial Obligations

The scheduled maturities of our debt and future minimum rental commitments under non-cancelable lease agreements as of April 30, 2022 were as set forth in the table below.

	Payments due by Fiscal Year				
(In thousands)	Total	2023 (1)	2024-2025	2026-2027	Thereafter
Term Loan Facility	$ 637,199	$ 4,803	$ 12,808	$ 12,808	$ 606,780
Operating leases	20,126	5,098	7,811	2,518	4,699
Total	$ 657,325	$ 9,901	$ 20,619	$ 15,326	$ 611,479

(1) Excluding payments made during the three months ended April 30, 2022.

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. We are presently not a party to any material legal proceedings.

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 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 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, stock-based compensation, accounting for warrants, 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, 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.

Impairment of Goodwill and Intangible Assets

Goodwill represents the excess of the purchase price in a business combination over the fair value of net tangible and intangible assets acquired. Goodwill in fresh-start accounting results when the reorganization value of the emerging entity exceeds what can be attributed to specific tangible or identified intangible assets. We test goodwill for impairment during the fourth quarter every year in accordance with ASC 350, Intangibles — Goodwill ("ASC 350"). 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 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 a comparison of the carrying value of the reporting unit to its estimated fair value. If the carrying value of a reporting unit's goodwill exceeds its implied fair value, an impairment loss equal to the difference is recorded, not to exceed the amount of goodwill allocated to the reporting unit. 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 segment management regularly reviews the operating results of that component.

Intangible assets arising from business combinations are generally recorded based upon estimates of the future performance and cash flows from the acquired business. We use an income approach to determine the estimated fair value of certain identifiable intangible assets including customer relationships and trade names and use a cost approach for other identifiable intangible assets, including developed software/courseware. The income approach determines fair value by estimating the after-tax cash flows attributable to an identified asset over its useful life (Level 3 inputs) and then discounting these after-tax cash flows back to a present value. The cost approach determines fair value by estimating the cost to replace or reproduce an asset at current prices and is reduced for functional and economic obsolescence. Developed technology represents patented and unpatented technology and know-how. Customer contracts and relationships represents established relationships with customers, which provide a ready channel for the sale of additional content and services. Trademarks and tradenames represent acquired product names and marks that we intend to continue to utilize.

We review 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.

We review indefinite-lived intangible assets, including goodwill and certain trademarks, during the fourth quarter of each 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.

During the three months ended April 30, 2022, our Global Knowledge business experienced a decline in bookings compared to the corresponding period in the prior year, which will likely lead to lower revenue for the reporting unit for the three months ended July 31, 2022 due to the lag of bookings converting into GAAP revenue. When considering whether events or changes in circumstances might indicate that the carrying amount of Global Knowledge reporting unit goodwill and other intangible assets may not be recoverable, we concluded that no such events and changes in circumstances were present during the three months ended April 30, 2022 since our long-term outlook for our Global Knowledge business has not changed as we continue to invest in our salesforce and product offerings. Based on these considerations, management does not believe there are indicators of impairment as of April 30, 2022. In the event we continue to experience operating performance in our Global Knowledge business that is below our expectations in future periods, such factors could result in a decline in the fair value of the reporting unit, and we may be required to record impairments of goodwill and other identified intangible assets.

Stock-based Compensation

We recognize compensation expense for stock options and time-based restricted stock units granted to employees on a straight-line basis over the service period that awards are expected to vest, based on the estimated fair value of the awards on the date of the grant. For restricted-stock units that have market conditions, we recognize compensation expense using an accelerated attribution method. We recognize forfeitures as they occur. We estimate the fair value of options utilizing the Black-Scholes model, which is dependent on several subjective variables, such as the expected option term and expected volatility over the expected option term. We determine the expected term using the simplified method. The simplified method sets the term to the average of the time to vesting and the contractual life of the options. Since we do not have a trading history of our common stock, the expected volatility is estimated by considering (i) the average historical stock volatilities of a peer group of public companies within our industry over a period equivalent to the expected term of the stock option grants and (ii) the implied volatility of warrants to purchase our common stock that are actively traded in public markets. The fair value of restricted stock units that vest based on market conditions are estimated using the Monte Carlo valuation method. These fair value estimates of stock related awards and assumptions inherent therein are estimates and, as a result, may not be reflective of future results or amounts ultimately realized by recipients of the grants.

Recent Accounting Pronouncements

Our recently adopted and to be adopted accounting pronouncements are set forth in Note 2 of the Notes to Unaudited Condensed Consolidated Financial Statements for the quarterly period ended April 30, 2022.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not applicable as a smaller reporting company.

ITEM 4. CONTROLS AND PROCEDURES

Controls and Procedures

Disclosure controls and procedures are controls and other procedures that are designed to ensure that information required to be disclosed in our reports filed or submitted under the Exchange Act, is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed in our reports filed or submitted under the Exchange Act is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosure.

Evaluation of Disclosure Controls and Procedures

As of the end of the period covered by this Quarterly Report on Form 10-Q, we conducted an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act). Based on the evaluation of these disclosure controls and procedures, our Chief Executive Officer and Chief Financial Officer concluded that, as of April 30, 2022, our disclosure controls and procedures were effective to ensure that the information required to be disclosed by us in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms.

Changes in Internal Control over Financial Reporting

Other than the implementation of certain changes commensurate with the scale of our operations subsequent to the completion of the Skillsoft Merger and the Global Knowledge Merger, there were no changes in our internal control over financial reporting during the period covered by this Quarterly Report on Form 10-Q that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

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 10 – “Leases, Commitments and Contingencies” in the Notes to the Unaudited Condensed Consolidated Financial Statements in Item 1 of Part I of this Form 10-Q.

ITEM 1A. RISK FACTORS.

In addition to the other information set forth in this Quarterly Report, you should carefully consider the factors discussed in Part I, Item 1A Risk Factors in our Annual Report on Form 10-K for our fiscal year ended January 31, 2022. The risks discussed in our Annual Report on Form 10-K could materially affect our business, financial condition and future results. The risks described in our Annual Report on Form 10-K are not the only risks facing us. 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.

None.

ITEM 6. EXHIBITS.

Exhibit Number	Description
10.1	Skillsoft Corp. 2020 Omnibus Incentive Plan (incorporated by reference to Exhibit 99.1 to the Company's Current Report on Form S-8 filed with the SEC on May 24, 2022).
10.2	Amendment No.1 to Credit Agreement, dated as of April 4, 2022, by and among Skillsoft Finance II, Inc., a Delaware corporation, as borrower, the other credit parties party thereto, the lenders party thereto and Citibank, N.A., as administrative agent (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on April 5, 2022).
10.3	Registration Rights Agreement, dated as of April 4, 2022, by and among Skillsoft Corp. and certain security holders named therein (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed with the SEC on April 5, 2022)
10.4*	Term Sheet for Employment Agreement with Apratim Purakayastha, dated May 15, 2021.
31.1*	Certification of Principal Executive Officer pursuant to Rules 13a-14(a) and 15(d)-14(a) under the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification of Principal Financial Officer pursuant to Rules 13a-14(a) and 15(d)-14(a) under the Securities Exchange Act of 1934, as adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1*	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.
32.2*	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.
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 or furnished herewith.

SIGNATURES

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

SKILLSOFT CORP.

Dated: June 9, 2022	By: /s/ Gary W. Ferrera Gary W. Ferrera Chief Financial Officer

Exhibit 10.4

EXECUTION VERSION

Term Sheet for Employment Agreement with Apratim Purakayastha ("Executive")

Job Title:	Chief Technology Officer
Reporting To:	Chief Executive Officer
Location:	Boston, Massachusetts; however, it is understood that Executive will travel to various office locations as required to perform Executive's duties.
Effective Date:	Executive acknowledges and agrees that this offer of employment is contingent upon the closing (the "Closing") of the transactions contemplated by that certain merger agreement, dated October 12, 2020, by and between Churchill Capital Corp II ("Churchill") and Software Luxembourg Holding S.A. ("Skillsoft"). and there is no guarantee the Closing will occur. This term sheet shall become effective on the date on which the Closing occurs (the "Effective Date").
Base Salary:	$450,000, less applicable withholdings, to be paid semi-monthly.
Company Bonus:	With respect to each fiscal year Executive is employed by Churchill or any of its subsidiaries (collectively, the "Company"), Executive shall be eligible to participate in an annual cash bonus program in which other senior executives at the Company participate, pursuant to which Executive will be eligible to earn a target annual bonus equal to 75% of Executive's salary, subject to a maximum payout and other details to be established as soon as practicable after the Effective Date. Notwithstanding the foregoing, the target annual bonus for the fiscal year in which the Closing occurs will equal the sum of (a) 100% of Executive's salary, multiplied by a fraction, the numerator of which is the number of days in such fiscal year during the period beginning on the first day of such fiscal year and ending on the day immediately preceding the date on which the Closing occurs, and the denominator of which is 365, plus (b) 75% of Executive's salary, multiplied by a fraction, the numerator of which is the number of days in such fiscal year beginning on the date on which the Closing occurs and ending on the last day of such fiscal year, and the denominator of which is 365.
Benefits:	Executive is eligible to participate in the Company's benefits 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 vacation policy.
Restrictive Covenants:	As a condition of employment, Executive will be required to sign the Restrictive Covenants Agreement attached hereto as Annex II.
Severance:	(A) In the event Executive's employment is terminated by the Company without Cause or by Executive for Good Reason (each as defined on Annex I attached hereto), Executive will be entitled to (i) accrued salary and other accrued benefits and (ii) 12 months' base salary and benefits continuation. (B) In the event Executive's employment is terminated by the Company without Cause or by Executive for Good Reason within the 12 month period following a Change in Control (as defined in the Churchill Capital Corp II 2020 Omnibus Incentive Plan), Executive will be entitled to 12 months' base salary and benefits continuation, (ii) a pro rata target bonus for the year in which termination occurs, (iii) target bonus for the fiscal year in which such termination occurs and (iv) accelerated vesting of outstanding equity awards. The severance payments set forth in paragraphs (A) and (B) above are contingent upon Executive's execution and non-revocation of a release of claims.

Indemnification:	The Company agrees to indemnify Executive and hold Executive 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 attorney's fees), losses and damages resulting from Executive's good faith performance of Executive's duties and obligations to the Company during the term of employment.
Equity Award:	As soon as practicable following the Effective Date, but not more than thirty (30) days following the Effective Date, but not more than thirty (30) days following the Effective Date, subject to approval by the Company's board of directors, Executive will be granted the following pursuant to the terms set forth in an award agreement: (i) 129,000 time-based restricted stock units ("RSUs") that will vest ratably on each of the first four anniversaries of the Effective Date, subject to Executive's continued employment through each vesting date. (ii) 129,000 performance-based RSUs subject to both time- and performance-based vesting conditions that will lapse: a. As to the time-vesting component, ratably in annual installments over the four-year period following the Effective Date, subject to Executive's continued employment through each vesting date; and b. As to the performance-vesting component, subject to the Company's stock trading at or above $12.50 per share as reported on the New York Stock Exchange for at least 20 out of 30 consecutive trading days prior to the fourth anniversary of the date of grant ("Share Price Threshold"). Upon achievement of the Share Price Threshold prior to the fourth anniversary of the grant, all RSUs that had previously satisfied the time-vesting component will become fully vested upon achievement of the Share Price Threshold, and all RSUs that had not satisfied the time-vesting component prior to achievement of the Share Price Threshold shall remain subject to the original time-vesting schedule. (iii) 259,000 options that will vest (a) 25% on the first anniversary of the Effective Date and (ii) the remaining 75% will vest ratably over the following 12 quarters, in each case subject to Executive's continued employment through each vesting date. The award agreement will include non-competition and non-solicitation clauses applicable during employment and for 12 months thereafter.
Section 280G:	Notwithstanding anything in this term sheet to the contrary, in the event that (A) there is a change of ownership or effective control or change in the ownership of a substantial portion of the assets of the Company (within the meaning of Section 280G of the Internal Revenue Code of 1986, as amended (the "<u>Code</u>") and (B) any payment or benefit made or provided to Executive or to Executive's benefit in connection with this term sheet or otherwise is determined to be subject to any excise tax ("<u>Excise Tax</u>") imposed by Section 4999 of the Code, then such payment or benefit shall be reduced to the minimum extent necessary to avoid imposition of such tax, but only if such reduction would cause the amount to be retained by Executive, to be greater than would be would be the case if Executive were required to pay such excise tax.

I agree that I will not disclose the terms of this term sheet or the Restrictive Covenants Agreement, except to my immediate family and my financial and legal counsel and advisors or as may be required by law or ordered by a court. I further agree that any disclosure to my financial and legal counsel and advisors will only be made after such counsel and advisors acknowledge and agree to maintain the confidentiality of this term sheet and its terms.

I hereby affirm and acknowledge that I am aware of the contingent nature of the Closing. I acknowledge and agree that this offer of employment is contingent upon the Closing, and there is no guarantee the Closing will occur. In the event the Closing does not occur, this term sheet will be null and void *ab initio*.

This term sheet, along with the Restrictive Covenants Agreement, sets forth the terms of my employment with the Company and supersedes any prior representations or agreements, whether written or oral, between myself and any other representative of the Company or Skillsoft and shall be governed by the laws of the State of Delaware without regard to its conflict of laws principles. This term sheet may not be modified or amended except by a written agreement, signed by an officer of the Company and by myself.

/s/ Apratim Purakayastha	5/15/2021
Apratim Purakayastha	Date
/s/ Peter Seibold	5/15/2021
Peter Seibold, on behalf of Churchill	Date

ANNEX I
Defined Terms

"Cause" shall mean the occurrence of any one of the following, as determined by the Board of Directors of the Company (the "Board"): (i) gross negligence or willful misconduct in the performance of, or Executive's abuse of alcohol or drugs rendering Executive unable to perform, the material duties and services required for Executive's position with the Company, which neglect or misconduct, if remediable, remains unremedied for 15 days following written notice of such by the Company to Executive; (ii) Executive's conviction or plea of nolo contendere for any crime involving moral turpitude or a felony; (iii) Executive's commission of an act of deceit or fraud intended to result in Executive's personal and unauthorized enrichment; or (iv) Executive's material violation of the written policies of the Company or any of its affiliates as in effect from time to time, Executive's breach of a material obligation of Executive's to the Company pursuant to Executive's duties and obligations under the Company's organizational documents, or Executive's material breach of a material obligation of Executive's to the Company or any of its affiliates pursuant to this term sheet or any award or other agreement between Executive and the Company or any of its affiliates. No act or failure to act, on Executive's part, shall be considered "willful" unless it is done, or omitted to be done, by Executive in bad faith or without reasonable belief that Executive's action or omission was in the best interests of the Company; and provided further that no act or omission by Executive shall constitute Cause hereunder unless the Company has given detailed written notice thereof to Executive, and Executive has failed to remedy such act or omission, as determined by the Board in its discretion. By way of clarification, but not limitation, for purposes of this definition of the term Cause, materiality shall be determined relative to this term sheet and Executive's employment, rather than the financial status of the Company as a whole.

"Good Reason" shall mean any of the following events or conditions occurring without Executive's express written consent prior to such termination, provided that Executive 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 the initial existence of such event or condition, and the Company has not remedied such event or condition within 60 days after receipt of such notice, and Executive 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 Executive that are substantially inconsistent with Executive's position; (ii) a reduction in Executive's base salary or Executive's then-current target bonus percentage; (iii) the Company's failure to pay material compensation when due and payable; or (iv) a relocation of Executive's principal place of employment by more than 50 miles.

ANNEX II
Restrictive Covenants Agreement

[See attached]

CHURCHILL CAPITAL CORP II
RESTRICTIVE COVENANTS AGREEMENT

1. *General*.

As a condition of my employment with Churchill Capital Corp II ("Churchill") its subsidiaries, affiliates, successors or assigns (together with Churchill, 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, and my access to and use of the Company Group's Confidential Information (as defined below), I agree to the following:

2. *Confidential Information*.

A. *Company Group Information*. I agree at all times during the term of my employment 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 Churchill (the "Board"), any Confidential Information of the Company Group, except (i) except as required in the course of my employment with the Company Group, (ii) under a non-disclosure agreement duly authorized and executed by the Company Group; or (iii) as otherwise required by applicable law, regulation or legal process. I understand that "Confidential Information" means any non-public information 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 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 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 Confidentiality provisions of this Agreement do not prohibit me from (i) reporting in good faith a possible violations of any law or regulation to a government agency; or (ii) making any other disclosures protected under the whistleblower provisions of any law, including but not limited to the Department of Justice, the Securities and Exchange Commission, the Congress, and any agency Inspector General. 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 an individual 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 related 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 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 any 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 in 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 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.

E. *Patent and Copyright Registrations*. I agree to assist the Company Group, or its designee, at the Company'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. 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, 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, 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 Certificate" attached hereto as Exhibit C.

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 directly or indirectly:

(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 set forth on Exhibit E or 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 or educational activities, 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 12 months thereafter, I will not, directly or indirectly, on my own behalf or on behalf of or in conjunction with any other person, firm, company or other entity, solicit, induce or encourage any customer or client of the Company Group who:

(1) is, or was, in the 12 months immediately prior to the termination date of my employment with the Company Group, a client or prospective client of the Company Group; and

(2) with whom I had business dealings during the course of my employment during the 12 month period prior to the termination date of my employment with the Company Group to cease to do business with or reduce its service or business relationship with the Company Group. Nothing in this Section 7(B) shall prohibit the solicitation or conducting of business not in direct or indirect competition with the business of the Company Group.

C. I agree that during the term of my employment with the Company Group and for a period of 12 months thereafter, I will not, directly or indirectly, on my own behalf or on behalf of or in conjunction with any other person, firm, company or other entity, solicit, induce or encourage any employee or consultant to leave employment of or service with the Company Group; provided Sections 7(B) and 7(C) shall not apply to (1) 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 or to hiring of any such employee, agent, or independent contractor who was first solicited or engaged pursuant to a blanket solicitation not specifically targeted at that employee, agent, or independent contractor, or (2) my serving as a reference at the request of an employee, agent, or independent contractor; and provided further that clause 7(B) shall not apply to my solicitation or attempted solicitation of a client that utilizes multiple service providers in the same space as it utilizes the services of the Company Group, so long as I do not encourage or cause such client to terminate or diminish its business relationship with the Company Group. Notwithstanding any of the foregoing, activities engaged in by or on behalf of the Company Group are not restricted by this covenant 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 12 months thereafter, I will not, except as an owner of Permitted Investments, directly or indirectly, on my own behalf or on behalf of or in conjunction with any other person, firm, company or other entity carry on, set up, be employed, engaged or have an ownership interest in any business in any region in which the Company Group operates which is, or is about to be, set up with the objective of being in competition with the business of the Company Group.

E. I agree that at no time after the termination of my employment with the Company Group shall I directly or indirectly represent myself as having an ownership interest in or being employed by the Company Group, other than as a former director or employee of the Company Group and (where applicable) as a minority shareholder or former minority shareholder of the Company Group.

F. The Company Group and I agree that at no time during or after the termination of my employment with the Company Group shall I make statements or representations, or otherwise communicate, directly or indirectly, in writing, orally, or otherwise, or take any action which may, directly or indirectly, disparage the Company Group, and the Company Group shall instruct its directors and officers to not make statements or representations, or otherwise communicate, directly or indirectly, in writing, orally, or otherwise, or take any action which may, directly or indirectly, disparage me. The foregoing shall not be violated by truthful statements to legal process or inquiry by a governmental authority.

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. I agree, 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 that they do not unreasonably impose limitations on my ability to earn a living. 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 to be void 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.

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 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, shall not cause this Agreement to terminate and 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.

10. *Arbitration and Equitable Relief*.

A. *Arbitration*. Any and all controversies, claims or disputes involving me and the Company Group and/or any current or former parent corporation, subsidiary, corporate affiliate, related company, agent, employee, officer, director, shareholder or benefit plan of the Company Group in their capacity as such or otherwise, 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 in their capacity as such or otherwise, 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 (collectively, "Covered Claims") shall be resolved exclusively through bi-lateral arbitration between me and the Company Group, including without limitation any claims relating to harassment or discrimination of any kind, the payment of wages or other compensation, any form of retaliation, the accommodation of a disability, or termination of employment. This arbitration clause shall survive the termination of my employment with the Company Group.

B. I agree that Covered Claims will only be arbitrated on an individual basis, and that Company Group and I both waive the right to participate in or receive money from any class, collective, or representative proceeding. I may not bring a claim on behalf of other individuals, and any arbitrator hearing my claim may not arbitrate any form of a class, collective, or representative proceeding. 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 its current or former parent corporations, subsidiaries, corporate affiliates, related companies, agents, employees, officers, directors, shareholders or benefit plans on behalf of any actual or potential class or collective of which I am a member.

C. *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) the Company Group will pay for any administrative or hearing fees charged by the arbitrator or AAA to the extent required by applicable law, except that I shall pay the first $200.00 of any filing fees associated with any arbitration I initiate; (2) 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; (3) the rights of the parties under the Procedure described in this Section 10(C) shall be the same as those available to them in a court of competent jurisdiction; (4) 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; (4) 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; and (5) under no circumstances shall the arbitrator have the power to proceed on a class action, collective action or mass action basis or to join multiple claimants in one proceeding without the consent of all participating parties. The Employment Arbitration Rules and Mediation Procedures can be found on the AAA's website at: www.adr.org/employment. The Parties further agree that the arbitration shall take place in New York County, with any party or witness who is unable to appear in person permitted in the arbitrator's discretion to appear by telephone. 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.

D. *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. Any action to enforce or set aside an arbitrator's adjudication of any dispute between the parties shall be brought exclusively in the state and federal courts sitting in New York, and the parties mutually submit to the personal jurisdiction of such courts for the purposes of such actions.

E. *Availability of Temporary Injunctive Relief in Aid of Arbitration*. Notwithstanding the exclusivity provisions above, either party may petition a court of law for temporary injunctive relief to remedy a violation of this Agreement or any other agreement regarding trade secrets, confidential information, or nonsolicitation. The parties understand that any breach or threatened breach of such an agreement will cause irreparable injury and that money damages will not provide an adequate remedy, and the parties therefore consent to the issuance of a temporary injunction in such circumstances, acknowledging that an arbitration ultimately will resolve the parties' underlying dispute. In the event either party seeks injunctive relief, the prevailing party shall be entitled to recover reasonable costs and attorneys' fees.

F. *Administrative Relief*. I understand that this Agreement does not prohibit me from 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, the Equal Employment Opportunity Commission, a state unemployment board of the Workers' Compensation Board. 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.

G. *Voluntary Nature of Agreement*. I ACKNOWLEDGE AND AGREE THAT I AM EXECUTING THIS AGREEMENT 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 THIS AGREEMENT AND THAT I HAVE ASKED ANY QUESTIONS NECESSARY FOR ME TO UNDERSTAND THE TERMS, CONSEQUENCES AND BINDING EFFECT OF THIS AGREEMENT. I FURTHER ACKNOWLEDGE AND AGREE THAT I FULLY UNDERSTAND THIS AGREEMENT, 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.

11. General Provisions.

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

B. *Entire Agreement*. This Agreement along with my binding term sheet to which this Agreement is appended, 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.

[Signature Page Follows]

Date: 5/15/2021

/s/ Apratim Purakayastha
Signature

Apratim Purakayastha
Name of Employee (typed or printed)

EXHIBIT 31.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF
THE SARBANES-OXLEY ACT OF 2002

I, Jeffrey R. Tarr, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Skillsoft Corp.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: June 9, 2022

/s/ Jeffrey R. Tarr
Jeffrey R. Tarr
Chief Executive Officer
(Principal Executive Officer)

EXHIBIT 31.2

**CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF
THE SARBANES-OXLEY ACT OF 2002**

I, Gary W. Ferrera, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Skillsoft Corp.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: June 9, 2022

/s/ Gary W. Ferrera
Gary W. Ferrera
Chief Financial Officer
(Principal Financial Officer)

EXHIBIT 32.1

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

In connection with the Quarterly Report of Skillsoft Corp. (the "Company") on Form 10-Q for the period ended April 30, 2022, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: June 9, 2022

/s/ Jeffrey R. Tarr
Jeffrey R. Tarr
Chief Executive Officer
(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.

EXHIBIT 32.2

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

In connection with the Quarterly Report of Skillsoft Corp. (the “Company”) on Form 10-Q for the period ended April 30, 2022, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: June 9, 2022	/s/ Gary W. Ferrera
	Gary W. Ferrera 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.