

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

FORM 10-K

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

For the fiscal year ended January 31, 2024

or

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

For the transition period from _____ to _____
Commission File Number: 001-38960

Skillsoft Corp.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

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

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

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

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

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

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

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 <input type="checkbox"/>	Accelerated filer <input checked="" type="checkbox"/>
Non-accelerated filer <input type="checkbox"/>	Smaller reporting company <input checked="" type="checkbox"/>
Emerging growth company <input checked="" type="checkbox"/>	

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 has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements.

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b).

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

The aggregate market value of the common equity held by non-affiliates of the registrant, computed by reference to the last reported price at which the registrant's common equity was sold on July 31, 2023 (the last day of the registrant's most recently completed second quarter) was: \$89 million.

The number of shares of registrant's common stock outstanding as of April 8, 2024 was: 8,093,911.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's Proxy Statement to be delivered to stockholders in connection with its 2024 Annual Meeting of Stockholders are incorporated by reference into Part III of this Form 10-K.

SKILLSOFT CORP.
FORM 10-K
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CAUTIONARY NOTES REGARDING FORWARD-LOOKING STATEMENTS

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

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

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

INDUSTRY AND MARKET DATA

Within this Form 10-K, we reference information and statistics regarding market share, industry data and our market position. Certain of this information has been obtained from various independent third-party sources, including independent industry publications, news reports, reports by market research firms and other independent sources. We believe that these external sources and estimates are reliable, but have not independently verified them. In addition, certain of this information and statistics are based on our own internal surveys and assessments, which are developed in good faith using reasonable estimates. These data are based on the most current 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.

PART I

Item 1. *Business*

ABOUT SKILLSOFT

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

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

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

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

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

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

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

TRANSFORMATIVE LEARNING EXPERIENCES

There is a distinct Skillsoft experience that we create, one that we believe from our research and work with customers leads to workforce transformation and growth. The experience is designed around four foundational pillars:

- **Absorbing** — Skillsoft learning experiences draw people in and become a daily habit.
- **Trusted** — Organizations trust that we curate experiences from vetted experts, creating high-quality, skill-building journeys that help employees become experts in their given field.
- **Connected** — Learning alongside peers, anytime, anywhere, through a blend of individual and shared experiences, creates a more cohesive company culture and builds cohorts of learners that advance together.
- **Exponential** — We measure success not in terms of consumption or adoption, but rather in terms of outsized Return on Investment ("ROI") — driven by workforce transformations that increase productivity and retention and drive continuous growth.

Our transformative learning experiences are designed to help learners strengthen current skills and embrace new ones so they can stay in-demand and grow. Our more than 1,250 skill-based learning paths are frequently updated with the latest insights and knowledge. Our aim is to continually refresh and add to courses, so that our customers and learners benefit from the most current trends and thought leadership.

We deliver robust, cloud-based, turnkey, and fully customizable learning solutions for enterprise-wide knowledge and up-to-date, mission-critical skills training. As an organization, we're committed to the advancement of human potential through learning and development. We strive to make sure both individuals and organizations have exactly what they need to unleash that potential. Learning with Skillsoft is designed to help organizations grow a cross-skilled, more capable, adaptive, and engaged workforce — a workforce that performs. We believe that when organizations and their people grow together, it leads to greater employee engagement, stronger retention, and a more competitive workforce.

WHAT WE OFFER

Massive shifts and skills disruption in the business landscape have made skills transformation a critical element for business success. The world is rapidly and constantly changing, which necessitates rapidly, constantly — and effectively — skilling and reskilling the workforce. Talent leaders are focused on enabling their current workforce while also preparing for the future workforce.

Organizations are recognizing that hiring to fill skills and talent gaps is time-consuming, expensive, and unsustainable. Meaningful enterprise transformation – and the workforce transformation that underpins it – requires an approach to skills development that must include a combination of:

- Technology skills that equip learners to take full advantage of the opportunities and advantages of technology innovations;
- Leadership and business skills that enable leaders to know how to manage teams through change while staying focused on execution; and
- Compliance and risk management skills that empower every worker to understand how their behavior affects enterprise safety and risks.

Much of the corporate learning market is fragmented, disjointed, and comprised of many point solutions, making it difficult and complex for organizations to build effective learning programs, let alone ones that are transformative. Skillsoft offers a single-source, holistic, enterprise-wide approach to skills development that enables customers to (i) benchmark and track current skill needs and progress, individually and enterprise-wide, (ii) identify skills gaps and rapidly deploy personalized skill pathways with a trusted and experienced partner, and (iii) leverage a true end-to-end solution that we believe can effectively drive large-scale transformation across the organization.

LEADERSHIP AND BUSINESS SKILLS

Today's challenges — and opportunities — require a new generation of leaders who are agile, resilient, and digitally fluent.

Developing leaders requires behavior change, and the confidence in their ability to effect that change. By giving leaders knowledge and the ability to use this understanding in their daily jobs, we help our customers empower their leaders to successfully deliver on strategic initiatives, drive results, and achieve their personal goals. Skillsoft's transformative leadership development programs bring together curated content and coaching that can be scaled and delivered to every level of leadership throughout an organization, and tools like Skillsoft Aspire Journeys to reinforce key concepts.

Skillsoft has designed its Leadership Program to be scalable to reach all levels across a global audience, aligned to an organization's own leadership competency models, customizable to achieve each organization's objectives, personalized to drive demonstrable behavior change, and measurable to help prove value.

Skillsoft Coaching

As businesses look to retain top talent and fill the talent pipeline, developing talent that drives measurable outcomes is an integral part of skilling at every level, across organizations. To succeed in today's climate of digital transformation and hybrid workforces, businesses must prepare all employees to be leaders, not only in their roles, but also at their company. And in a world that has become rapidly virtualized, one-to-one coaching plays a critical role in driving behavior change throughout the employee lifecycle. Through Skillsoft Coaching (formerly Pluma), companies can pair professionals at all levels, from individual contributors to C-level executives, with International Coaching Federation ("ICF") accredited executive-quality coaches who focus on developing behaviors and skills needed to lead successfully. Our approximately 400 qualified coaches span six continents and cover nearly 30 languages.

Skillsoft CAISY™ Conversation AI Simulator

Effective, empathetic conversational skills are critical for managers at all levels. Skillsoft CAISY™, an innovative GenAI-based coaching solution, makes crucial conversations easier through experiential, active learning so organizations can prepare employees across the business to achieve sustainable change through behaviors and actions. Scenario-based practice is designed to mimic real-life situations, making communication more natural. From providing constructive feedback to a direct report to resolving customer concerns, CAISY helps people build confidence along with conversational skills.

CAISY transforms power skills development, enabling learners to create a safe practice environment, choose relevant, engaging learning experiences, build agility, and receive real-time feedback.

TECHNOLOGY SKILLS THROUGH CODECADEMY

According to Skillsoft's 2023-2024 IT Skills & Salary Report, 66% of Information Technology ("IT") decision-makers experience critical skills gaps on their teams, and nearly 10% are not sure whether they have gaps or not.

The need for technology skills building is both real and urgent. As businesses have accelerated the move to cloud-based applications, the rapid transition has come with vulnerabilities and on-going Development Operations ("DevOps") requirements not enough people can fill. Business transformation is impeded by a workforce lacking the necessary skills to execute mission-critical projects. Meanwhile, disruptive technologies like GenAI continue to emerge and evolve, meaning that organizational leaders need to frequently catch up where skilling is concerned.

Leaders across industries need increased confidence in their organization's ability to respond to new threats and opportunities as they arise.

To address this pressing need, Skillsoft is building on the brand equity of Codecademy (acquired in April 2022), to offer an immersive, self-paced, interactive learning environment. Interactive, hands-on courses in 14 programming languages across multiple domains such as web development and data science, including HTML & CSS, Python, JavaScript, Java, SQL, Bash/Shell, Ruby, C++, R, C#, PHP, Go, Swift, and Kotlin, and emerging AI technologies, enable organizations and individual learners to build skills throughout the employee lifecycle. As the momentum behind GenAI continues to accelerate, these offerings will support technology learners at all levels and across functions.

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There are myriad resources available for technology classes. However, technical teams need more than classes — they need practice applying new skills in real-time. That is why learning programs that close the gap between a course and applying knowledge on the job are a high priority. Skillsoft’s integrated Tech Skills curriculum spans multiple forms of learning, from practice labs, live instructor training, on-demand courses, and bootcamps, to certificate preparation and coding practice. Our hands-on coding environment is designed to build confidence quickly. Using spaced repetition principles, we create personalized coding practice experiences so learners can retain more and gain immediate gratification and corrective feedback.

COMPLIANCE

At Skillsoft, we believe an effective online compliance training program is not just about rules — it is about people and their behavior. Compliance training courses for employees can protect them and communicate a company’s values and principles so leaders can focus on improving safety outcomes, growing revenue, and reducing risk. Skillsoft’s compliance training helps organizations empower employees to make the right decisions and transform corporate culture.

Skillsoft offers compliance training across industries and for multiple risk areas. Each is designed to help enable customers to execute a mature compliance training program — one that supports a culture of compliance that goes beyond mitigating risk and becomes a competitive advantage — guided by the latest best practices for employee development. Skillsoft combines a continuously updated library of customizable legal and safety compliance content with purpose-built technology and value-added services for total compliance coverage. Customers can add company-specific policy documents and their own custom videos with self-service course configuration tools.

Skillsoft Compliance offers scalability to reach a global audience, subject matter expertise, and continuously added and updated content that is available anytime, anywhere.

SKILL BENCHMARKS

The ability to benchmark an organization’s overall skills, as well as any given individual on a team, is critical to an organization’s transformational success. Our proprietary Skill Benchmark Assessments provides a starting point on the current state of skills as an overall enterprise, as well as the specific skill levels of each individual. This baseline enables customers to continually measure the impact skills transformation is having on both business and team.

Skill Benchmark Assessments take an innovative, criterion-based approach to assessing skill proficiency. While traditional, normative-based assessments compare learners’ knowledge to the average of other learners, this may not match the level of proficiency each organization requires to be successful. Skillsoft’s tests measure capabilities against specific objectives defined by leading subject matter experts. This allows organizations and learners to determine if they are objectively proficient in certain skill areas and successfully retaining and applying gained knowledge in the workplace.

SKILLSOFT PERCIPIO PLATFORM

Skillsoft’s advanced learning platform, Percipio, is designed to facilitate deeper learning through better experiences using the power of AI. The platform is built to be open, personal, and connected, creating a unified experience across organizations, but one that is personalized to both customer and employee needs. For example, central to the Skillsoft learning experience are microlearning videos, optimized for mobile and designed for the way people learn online.

The platform offers more than 1,250 customizable Aspire Journeys, a pre-curated set of role-based and skill-based learning paths, that lead employees on their own path. With its modern, intuitive design, customers can easily configure the platform to add custom, third-party content, allowing learners to access the best of Skillsoft, their organization, and other providers.

Because it’s mobile-first and cloud-based, it’s available anytime, anywhere, on any device. With AI-driven recommendations, learners can watch, read, listen, and practice anytime, even in the flow of work, while celebrating their accomplishments along the way. We believe our platform helps customers build a culture of future-fit, self-motivated, capable learners, ready to add exponential value to their organization.

INSTRUCTOR-LED TRAINING

Instructor-led training (“ILT”), also known as Skillsoft Global Knowledge, helps customers create a unique blended learning approach designed to allow them to reach strategic business goals. Combining digital learning content with an instructor-led course can take the mastery of a topic to a higher level.

Live courses, whether delivered in-person or via digital channels, enable discussions and role-playing, offer more engagement and focus, encourage peer-to-peer learning, easily adapt to the needs of each class, and create networking opportunities.

The addition of instructor-led training to the Skillsoft platform offers learners a centralized portal to register and access live courses alongside their other assignments.

CODECADEMY FOR CONSUMERS

Designed to help individuals unlock the power of technology training, Codecademy delivers the most hands-on and comprehensive technology skilling solution for proactive transformation. Codecademy allows learners to learn, practice, and apply new in-demand technology skills across AI, Machine Learning, Cloud, Cybersecurity, DevOps, Programming, and more, in a unified interactive learning environment.

With Codecademy, Skillsoft supports one of the largest global communities of digital learners. We offer an industry-leading suite of learning solutions for consumers to quickly acquire new programming languages and technical skills, including expertise in 14 programming languages across multiple domains. The immersive learning platform with interactive, self-paced courses and hands-on learning drive learner engagement and retention. Customers also have access to additional high-quality content that builds on Skillsoft’s robust and diverse library.

PROFESSIONAL SERVICES

At Skillsoft, we strive to help customers unlock the full value of their skilling strategy — so they can focus on creating a future-fit workforce. Our Professional Services team is available for expanded engagements to help customers build and connect transformative learning experiences to their specific business needs and goals.

The team combines deep expertise, implementation services, learning and development program design, and custom content development to help customers increase employee engagement, create a culture of learning and recognition, and cultivate effective leaders.

DELIVERING TRANSFORMATIVE LEARNING EXPERIENCES

SERVING ORGANIZATIONS

In today's talent management paradigm, many employees are reassessing their relationship to work — and to their employer. Organizations are being asked to demonstrate value in new ways, with new metrics, and for more employees. In fact, employers have identified talent retention and acquisition as a primary risk factor. Employees seek personal growth — in their abilities, in their careers, and ultimately in their fulfillment at work. Employers require business growth — not only financially, but growth that prepares the organization to meet new challenges, head-on.

At Skillsoft, we propel organizations and people to grow together through transformative learning experiences. And we're here to help customers retain those critical team members by offering continuous learning and development opportunities.

We serve thousands of organizations, including approximately 60% of the Fortune 1000. With Skillsoft, these customers don't just accelerate learning — they invest in their employees in a way that inspires them to invest their energy and time in-kind. Learning with Skillsoft grows a cross-skilled, more capable, adaptive, and engaged workforce — a workforce that we believe performs.

To survive and thrive in a time of massive skills disruption, we believe virtually every organization needs to commit not just to skilling, but to skills transformation. But, we recognize that organizations may be at different stages of their skills transformation journey and work with them to develop a more strategic, unified, and outcome-driven approach to skill building — a critical element for business success.

SERVING LEARNERS

The nature of work is changing and many employees have found themselves on unfamiliar ground. A sweeping moment of re-evaluation has caused workers to redefine life paths and reassess their relationship to work. But one thing that both employees and employers are looking for today is growth.

Through transformative journeys personalized to individual goals, Skillsoft helps catalyze career growth, on-the-job readiness, and deeper engagement with work. We strive to empower learners all around the world. Our extensive library of multimodal content combined with our advanced learning platform, Percipio, makes it easy to find exactly what they're looking for now — from technology skills to power skills — and what they'll need to know to grow, both personally and professionally.

At Skillsoft, we serve more than 90 million learners, either through their organization's contractual relationship with Skillsoft or direct-to-consumer through Codecademy. Learners have access to quality content from trusted experts, career mentoring and coaching, and transformative learning experiences to help them hone and build in-demand skills, drive their own advancement, and embrace the joy of lifelong learning.

MARKET OPPORTUNITY

Skillsoft's market opportunity is large and growing rapidly. According to Arizton Advisory & Intelligence, the global market for corporate e-learning was \$78 billion in 2022, and is expected to grow at a 15% compound annual growth rate to \$183 billion in 2028.

Digital transformation, which was already affecting industries around the globe, only accelerated during the pandemic and has not abated in its aftermath, due in large part to the rapid adoption of AI. The need for skilling, upskilling, and reskilling workforces continues to grow as organizations grapple with talent acquisition and retention. There is a new — and necessary — focus on building and nurturing a sustainable workforce.

This dovetails with the social contract that is emerging between organizations and individuals. Expectations are that employers will afford the workforce greater flexibility and autonomy, while concurrently investing in holistic employee experiences with opportunities for learning and growth at the center. We believe these new and renewed priorities will continue to drive demand for Skillsoft's transformative learning experiences.

The corporate learning market is always evolving, and Skillsoft has demonstrated its ability to evolve with it. We believe the reskilling revolution has the potential to impact nearly every industry, every company, and every knowledge worker, creating long-term tailwinds for Skillsoft to deliver profitable growth:

- **The global workforce is being radically transformed** – 1.1 billion jobs are likely to be transformed by technology in the next decade (*World Economic Forum, Reskilling Revolution: Preparing 1 Billion People for Tomorrow's Economy, 2023*);
- **Enterprise learning is a C-suite priority** – 81% of organizations view investments in learning as the most promising strategy to deliver on their goals in the next five years (*World Economic Forum, The Future of Jobs Report, May 2023*);
- **Effective strategies to address skills gaps are paramount** – 60% of organizations identify skills gaps as the single most important factor limiting the transformation of their business (*World Economic Forum, The Future of Jobs Report, May 2023*);
- **Re-skilling and up-skilling are strategic enterprise-wide imperatives** – the average half-life of skills is now less than five years, requiring organizations to prioritize learning and development investments to maintain a productive and engaged workforce (*Boston Consulting Group, Reskilling for a Rapidly Changing World, September 2023*); and
- **Emerging technologies like GenAI create a new catalyst for growth** – 89% of executives rank AI and GenAI as a top-three technology priority for 2024, with most leaders expecting that almost half of their workforce will need to be reskilled in GenAI over the next three years (*Boston Consulting Group, From Potential to Profit with GenAI, January 2024*).

OUR COMPETITION

The corporate digital learning market is large and fragmented. Many of our peers are smaller than us and do not have the long history we have of serving our customers. The market is highly competitive and we expect it to remain so due to its highly attractive qualities such as: (i) increased demand for high quality, deep, and broad digital content solutions, (ii) the market's whitespace opportunity, which we believe is material given the estimated size of the total addressable market and the magnitude of our peers, and (iii) the increased importance of continuous reskilling and upskilling to succeed in a skills-centric economy. Our direct and indirect competitors include, among others:

- Within our Leadership and Business offering, vendors such as LinkedIn Learning, CrossKnowledge, and Harvard ManageMentor, as well as OpenSesame;
- Within our Skillsoft Coaching offering, vendors like BetterUp, EZRAx, and CoachHub;
- Within our Technology Skills offering, vendors such as Pluralsight, Udemy, Safari (O'Reilly), Coursera, and Udacity;
- Within our Compliance offering, vendors such as Navex Global as well as LRN, SAI Global, J.J. Keller, and UL-PURESafety; and
- Within our Instructor-Led Training offering, vendors such as Learning Technologies Group, QA, Fast Lane, and Educate 360.

COMPETITIVE ADVANTAGES

Skillsoft offers far more than traditional online learning. We deliver immersive learning experiences that we believe enable organizations to transform their workforce and thrive in a time of profound skills disruption. We do this through a portfolio of high-quality content, an AI-powered platform that is personalized and connected to customer needs, and a broad ecosystem of partners. We believe we have significant competitive advantages that will fuel Skillsoft's growth now and going forward.

One critical area in which we believe we have a competitive advantage is with respect to the rapid global adoption of GenAI. We believe there is a significant need for skilling to effectively, efficiently, and ethically deploy this new technology. Skillsoft has integrated GenAI into our comprehensive curriculum, which covers both general AI knowledge and technical courses. Furthermore, Skillsoft has improved its Codecademy platform to prioritize interactive learning for skill development. Additionally, in fiscal 2024, we brought to market Skillsoft CAISY™, and have rapidly scaled this market-leading innovation to offer more than 60 GenAI-based conversational simulations.

Today's customers seek full-suite capabilities from fewer vendors, and full-stack skills from their workforce. Our new Lean into Learning report confirms this. Trending topics range from technical "hard skills" like Cloud Security and Java Programming, to cross-discipline "power skills" like Communication Essentials and Working Effectively as a Team.

Organizations also require a broader skilling framework lens beyond just catalogs of courses. At Skillsoft, we start by understanding each customer's skills taxonomy, exactly what skills are the top priority for their organization. And, we provide 500+ Skill Benchmarks, skill diagnostic evaluations to help learners and organizations accurately measure competencies, benchmarking tools and assessments to identify gaps, reinforce skills, and quantify the impact.

The concept of training has evolved, and skills have become mission-critical organizational assets. That is why customers are looking for more than "content libraries." Today, they are most interested in skilling solutions designed to address the most critical use cases — like onboarding, reskilling, performance management, and leadership development — that enable them to transform their workforce.

Given this, our content is expert-curated, multimodal, and digitally delivered, enabling learning anywhere, any time, and on any device. "Bite-sized" microlearning experiences are designed for time-pressed corporate customers and learners. Content is available in 30 languages, fully localized for accuracy and relevance, and can be customized and branded for customers. Learning experiences, including Skillsoft Aspire Journeys and Skillsoft Digital Badges (over 42 million issued to date), provide consistency for the learner. And, Skillsoft Coaching, instructor-led training, hands-on learning, and professional services enhance our digital course curricula to deliver a fuller, more powerful — and more transformative — skilling experience.

No matter the industry, even though nearly every company today is a technology company to at least some extent, power skills such as empathy, resilience, and agility, are in high demand. For example, our *IT Skills & Salary* report found that Communication was one of the most important — and in-demand — skills for technology professionals. And finally, employee health and engagement, as well as Environmental, Social and Governance ("ESG"), are top of mind for organizational leaders as they grapple with labor and skills shortages, and the priorities of younger generations of workers. Skillsoft's transformative learning experiences support these important and timely focuses.

In the 2023 Fortune/Deloitte CEO Report, Talent and Labor were cited most often as the biggest challenges CEOs face, along with, "Keeping up with the pace of global change," "Resisting the urge to tap the brakes on hiring, investing, M&A, and growth initiatives," and finally "Leading transformation." At Skillsoft, we are in the business of workforce transformation that drives and enables strategic business imperatives.

Unlike many in the digital learning market, we are a "one-stop shop" for enterprise skilling, with a breadth of learning experiences designed to drive workforce transformation across the entire organization — from Leadership and Business ("L&B") Skills to Technology Skills to Compliance. This enables us to address some of today's most pressing strategic issues. For example, our customers can combine Skillsoft's technology learning experiences with our compliance content to help safeguard against cybersecurity threats. In addition, customers can create a learning experience within Diversity, Equity, and Inclusion ("DEI") modules by integrating compliance content with leadership and business learning journeys. All three of these rich libraries are enhanced by an AI-fueled learning experience platform and enterprise-grade customer support and service.

SKILLSOFT AND ESG, A RESPONSIBLE BUSINESS FOR A SUSTAINABLE FUTURE

For more than 25 years, Skillsoft has been a digital learning solutions innovator. By its very nature, our industry has helped organizations reduce their carbon footprints by curtailing unnecessary travel, printing, and other activities that can tax environmental resources. We have helped organizations digitally transform and support distributed workforces. And, we have had the honor of training hundreds of millions of people. We support our customers to advance their own understanding and expertise in ESG practices — whether that is through our Diversity, Equity, and Inclusion curriculum, our Corporate Sustainability learning experiences, or our Global Code of Conduct Solution.

As an organization, we have developed meaningful ESG goals, focusing on the areas in which we feel we can make the greatest impact. We have made a commitment to focus on three of the United Nations' Sustainable Development Goals, including Quality Education, Gender Equality, and Decent Work and Economic Growth.

At Skillsoft, we enable customers around the world to be more responsible in the way they train their workforce, offering a full spectrum of coursework spanning almost every ESG area – from more than 500 course hours on sustainability, to content co-developed with several Corporate Social Responsibilities ("CSR") partners, while serving as one of the world's largest compliance content businesses. Further, our CSR efforts span the globe — from local organizations like Green Our Planet and the Be.A.Shero foundation, to global organizations like Special Olympics and iamtheCODE.

GROWTH STRATEGY

Our growth strategy is to win with organizations that see talent as critical to solving their most difficult challenges and capturing their biggest opportunities – and they invest in their talent accordingly.

Over the past several years, Skillsoft has brought together four unique, well-respected organizations aligned to a valuable and growing market in which skilling has become a strategic, C-level imperative. Core to our approach is a strategic alignment with organizations that understand that skill-building is intrinsic and central to their growth plans. They represent the future and by working with them to achieve their goals, we believe we become indispensable.

We are executing a growth strategy focused on long-term mutual value that is differentiated by customer type. Organizations around the globe are on different journeys when it comes to skills investments. With strategic segmentation and a customer engagement focus, Skillsoft is able to meet them where they are today, fulfill current use cases, and build a sustainable skilling solution for the future. We believe this differentiation, offering a true solution rather than merely content or platform, will enable us to grow and win. We have the ability to expand customer relationships and capture more share from our large and loyal installed base. Underpinning our own growth plans are three strategic priorities:

- **Lead in Enterprise Workforce Transformation** — Deliver transformative learning experiences that include high-quality content, a platform that is personalized and connected to customer needs, and a broad ecosystem of partners to achieve our customers' desired business outcomes as they address critical use cases like onboarding, reskilling, leadership preparedness, turnover reduction, and succession planning.
- **Win in Technical Skills** — Help customers proactively grow technical skills and close the skills gap through learning experiences with instructional variety to match how their technology teams learn — meeting learners where they are: whether they are new to the workforce, mid-stage and looking to reinforce, or redesigning their careers, looking to pivot and gain entirely new skills.
- **Advance Our Culture of Leadership and Learning** — Be recognized as a role model of learning and development powered by usage of our own products. Lead by example in emerging areas of focus, such as GenAI, ESG, and DEI.

We believe executing against this strategy will position us to further differentiate Skillsoft in the market, extend our competitive advantages, and deliver long-term profitable growth and value creation. Helping us to execute this strategy are the following key qualities:

- **Strong foundation for growth as an established global leader** – (i) loyal, blue chip customer base underpinned by long-term relationships and recurring, multi-year contracts, (ii) comprehensive suite of multi-modal learning solutions spanning the largest and most critical subject matter areas, (iii) well-regarded AI-enabled learning experience platform and an early mover in bringing GenAI innovations to market;
- **Large and growing market opportunity where we are uniquely positioned to win** – (i) \$78 billion total addressable market that we currently project is growing at a 15% compound annual growth rate through 2028 with multiple vectors to gain market share, (ii) global leadership position supporting the world's largest enterprises with solutions that address the most acute and pronounced workforce transformation needs of those organizations that are leveraging skills development as a strategic advantage ("Skills Champions"), (iii) durable competitive advantage through the creation and ownership of our content IP; and,
- **Attractive business model with a scalable financial profile** – (i) primarily subscription-based recurring revenue model, (ii) opportunity for further margin expansion with operating leverage as the business scales, (iii) low capital intensity drives high unlevered free cash flow conversion.

CUSTOMER GROWTH AND SUCCESS

At Skillsoft, our commitment to serving customers is paramount. It is at the heart of our entire Go-To-Market motion, from Marketing to Sales, Professional Services to Customer Success. In a time of rapid transformation — driven in large part by new technologies like GenAI — organizations around the globe face large-scale skills disruption. With a dedicated focus on business outcomes and value realization, we recognize the importance of being a trusted partner, empowering our customers to achieve their most critical strategic objectives through skilling.

Our customer-centric focus prompts us to leverage the latest data science and marketing technology. Here is how we are evolving our approach to marketing:

- **Elevating Brand Presence** - We amplify our brand globally, leading conversations on AI, and partnering with industry giants like Microsoft, Accenture, and the World Economic Forum to deliver cutting-edge thought leadership.
- **Targeting Our Message** - We hone in on *Skills Champions*, those organizations that are leveraging skills development as a strategic advantage, with precision-targeted messaging focused on key topics such as AI adoption and digital fluency, ensuring maximum impact and engagement.
- **Capitalizing on Account-based Marketing ("ABM")** - Our sophisticated ABM strategy drives growth within our customer base both programmatically and through high-touch personalized programs in partnership with Customer Success to accelerate skills development and maturity.
- **Engaging Consumers** - Our robust consumer flywheel actively engages with Codecademy users and key buyers, capitalizing on the transformative shifts in technical skilling.
- **Positioning Skillsoft as a Transformation Partner** - We do not just offer content or platforms; we provide comprehensive solutions tailored to specific industries, solidifying our position as a leader in workforce transformation.
- **Harnessing the Power of AI** - We leverage GenAI to enhance productivity, drive efficiencies, and foster innovation within our marketing endeavors.

Our customers' success is our own, and today's customers are challenged by unprecedented skills disruption. This is why we have built a global field organization, comprising more than 600 dedicated sales, success, and services professionals who are adept at helping companies drive enterprise-wide skills transformations. We strive to understand each customer's business, aligning our solutions with their most pressing current needs and their strategic objectives, and consistently measure our customer's progress to ensure success.

Our customer engagement model, powered by an unwavering commitment to delivering measurable outcomes for our customers, enables long-term growth. We continue to:

- **Drive Strategic Acquisition** - With an integrated, collaborative team of sales representatives and industry specialists working together at each stage of the sales process, we ensure that we are effectively reaching out to companies seeking holistic skills transformation solutions that go beyond content and platform. We are positioned to help these companies link professional development to key organizational goals, like onboarding, reskilling, leadership preparedness, governance, and employee retention.
- **Manage the Customer Journey** - Our Customer Success team builds and maintains strong relationships with customers, partnering closely to understand evolving business goals and to align learning solutions to meaningful business value. With their partnership and guidance, customers are able to meet learning and development objectives, and achieve skills transformation at scale.
- **Drive Impact with Professional Services** - With a dedicated team of consultants, we define, design, and deliver customized learning experiences that drive skills development and impact to organizations. Our team works to ensure the seamless integration of our platform into our customers' ecosystems and deliver bespoke solutions to meet the unique requirements of their business, industry, and geography.
- **Utilize Global Partnerships** - We have direct sales coverage throughout North America most of Europe and dedicated teams in India, Australia/New Zealand, and Singapore. For the remaining markets, particularly the major markets of Asia (Japan, Korea, Southeast Asia), Latin America, the Middle East and Africa, we leverage strategic partnerships with direct resellers and Original Equipment Manufacturers ("OEMs"). Our strategic partner network provides comprehensive global coverage, broadens our market reach, and drives revenue growth.
- **Enhance eCommerce Offerings** - Content is readily accessible worldwide through our enhanced eCommerce platforms, *learn.percipio.com* and *codecademy.com*, ensuring seamless learning experiences for consumers and small teams alike. With solutions available in multiple modalities, anywhere and on any device, Skillsoft can effectively democratize learning for the entire workforce of each customer.

SEASONALITY

Our business is subject to significant seasonality in bookings and billings, with the fourth fiscal quarter typically representing nearly 40% of annual volume. Our Content & Platform segment experiences the most seasonality, with the fourth fiscal quarter typically representing approximately 45% of annual volume. We generally recognize revenue from subscription fees ratably over the term of the contract; thus, while our billings are seasonal, revenue recognition is not subject to significant seasonality. However, accounts receivable and deferred revenue balances, as well as cash flow, are impacted significantly by our seasonality.

INTELLECTUAL PROPERTY

Our success is contingent upon the protection of our rights in intellectual property. We rely upon a combination of copyright and trademark laws as well as license agreements, intellectual property assignment agreements, confidentiality procedures, and employee invention assignment agreements to protect our proprietary rights. In certain cases, we have also entered into, and will continue to enter into, confidentiality agreements with our employees, consultants and third parties to protect the distribution of confidential information. We believe our intellectual property rights are a crucial component of our business.

As of January 31, 2024, we did not have any patents and pending patent applications in the United States or abroad. We have an ongoing trademark and service mark registration program pursuant to which we register our brand names and product names, taglines, and logos in the United States and other countries to the extent we deem appropriate. We also have common law rights in some unregistered trademarks that were established over years of use.

HUMAN CAPITAL RESOURCES

At Skillsoft, our values are borne with purpose, shaped by our people, and lived every day:

- One team - We can only succeed when we unite under one mission.
- Open & Respectful - We assume positive intent and ensure everyone feels welcome.
- Curious - Knowledge is power, and humility is the engine of learning.
- Ready - We must expect change and prepare for it always.
- True - We earn the trust of the people we work with and serve — every day.

We are committed to employing a diverse workforce that brings a variety of experiences, ideas, and perspectives. Our workforce is diverse when it comes to experience. We have learning professionals who have been in the industry — and at Skillsoft — for years, providing us with a wealth of institutional knowledge. We have young “digital natives,” who fuel innovation. We have integrated employees from multiple companies, enabling us to implement a broader set of best practices.

We encourage all of Skillsoft’s employees to take advantage of the same transformative learning experiences we deliver to our enterprise customers worldwide. As of January 31, 2024, we have 2,262 full-time employees, 39 part-time employees, 17 part-time project-based employees, for a total of 2,318 employees. None of our valued employees are members of unions.

AVAILABLE INFORMATION

Our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, are made available free of charge through our website at investor.skillsoft.com, as soon as reasonably practicable after such documents are electronically filed with, or furnished to, the Securities and Exchange Commission (the “SEC”). The contents of our website are not, however, a part of this Form 10-K or intended to be incorporated by reference in any other report or document we file with the SEC. The SEC maintains an Internet site, www.sec.gov, that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC.

Item 1A. Risk Factors

An investment in our securities involves a high degree of risk. You should carefully consider the following risk factors, together with all of the other information included in this Annual Report on Form 10-K (this “Form 10-K” or “Annual Report”), before making an investment decision. The occurrence of one or more of the events or circumstances described in these risk factors and elsewhere in this Annual Report or subsequent filings that we make with the SEC, alone or in combination with other events or circumstances, may have an adverse effect on our business, cash flows, financial condition, and results of operations. You should also carefully consider the following risk factors in addition to the other information included in this Annual Report, including matters addressed in the section entitled “Cautionary Note Regarding Forward-Looking Statements”. We may face additional risks and uncertainties that are not presently known to us or that we currently deem immaterial, which may also impair our business, cash flows, financial condition, and results of operations. Therefore, the risk factors below should not be considered a complete list of potential risks that we may face. The following discussion should be read in conjunction with the financial statements and notes to the financial statements included herein.

Risks Related to Our Business and Operations

The market for online learning solutions may not grow as we expect, which may harm our business and results of operations.

Our future success will depend in part on the growth, if any, in the demand for online learning solutions. It is difficult to predict learner or partner demand for our platform, learner or partner adoption and renewal, the rate at which existing learners and partners may expand their engagement with our platform, the size and growth rate of the market for our platform, the entry of competitive offerings into the market, or the success of existing competitive offerings. It may take customers a substantial amount of time and resources to fully transition to an online platform or companies may face delays in doing so due to budget constraints, weakening economic conditions, or other factors. We cannot assure you that adoption of our platform will also increase as market demand increases. If the market for online learning solutions does not grow as we expect or our platform does not achieve widespread adoption, it could result in reduced customer spending, learner and partner attrition, and decreased revenue, any of which would adversely affect our business and results of operations.

Increased competition may result in decreased demand for our products and services, which may result in reduced revenue and gross profits and loss of market share.

The market for corporate learning and talent development solutions is highly fragmented, rapidly evolving, and competitive. In addition to increased competition from new companies entering the market, established providers are entering the market through acquisitions of smaller entities, which directly compete with us, and this trend is expected to continue. We may also face competition from publishing companies, educational institutions, vendors of enterprise application software, and human resource outsourcing, including those vendors with whom we have formed development and marketing alliances. Our primary sources of direct competition are:

- enterprise software application providers with solutions they have developed to meet the needs of human capital management;
- technology companies that offer learning courses covering their own products;
- suppliers of digital or distance learning solutions;
- free learning content;
- internal education and training departments and human resources outsourcing of potential customers;
- value-added resellers and network integrators; and
- educational institutions.

Growing competition may result in price reductions, reduced revenue and gross profits, and loss of market share, any one of which would have a material adverse effect on our business. Current and potential competitors have and may have substantially greater financial, technical, sales, marketing, and other resources, as well as greater name recognition, and we may face increasing price pressures from competitors as buyers demand more value for their learning and talent development budgets. Accordingly, we may be unable to provide digital learning and talent development solutions that compare favorably with new technology-led techniques, other interactive training software or human capital management platforms, or new learning solutions. Our future success will depend upon the extent to which we are able to develop and implement products which address emerging market requirements on a cost effective and timely basis. Product development is risky because it is difficult to foresee developments in technology, coordinate technical personnel, and identify and eliminate design flaws. Any significant delay in releasing new products could have a material adverse effect on the ultimate success of our products and could reduce sales of predecessor products.

Emerging technologies also impact the competitive landscape for learning and talent development solutions. New content development methodologies and/or features and functionality, including artificial intelligence ("AI") and machine learning ("ML"), that enhance the learner experience could adversely impact our ability to compete in the market. Large language model programs such as OpenAI's ChatGPT have the potential to decrease the cost of producing content significantly and may decrease the willingness of buyers to purchase learning solutions altogether. New market entrants that provide technologies that improve the content delivery and/or management of learning solutions could also increase the level of competition in the market. In addition, even if companies implement technology-based learning solutions, they may still choose to design, develop, deliver, or manage all or part of their learning and development programs internally. If the shift to technology-based learning is not realized, or if companies do not use the products and services of third parties to develop, deliver, or manage their learning and development needs, then some of our products and services may not achieve commercial success.

Lower priced solutions from competitors and access to free content will put pricing pressure on our solutions, and our ability to compete and maintain pricing will be dependent on our ability to differentiate our learning content and the learner experience our platform delivers.

We have a history of losses, and we may not be able to generate sufficient revenue to achieve or maintain profitability in the future.

We incurred net losses of \$349.3 million and \$725.0 million during the fiscal years ended January 31, 2024, and January 31, 2023, respectively, and we had an accumulated deficit of \$1.3 billion as of January 31, 2024. Our losses may continue as we make significant investments toward growing our business. We have invested, and expect to continue to invest, substantial financial and other resources in developing our platform, including expanding our platform offerings, developing or acquiring new platform features and services, integrating AI into our product offerings, expanding into new markets and geographies, and increasing our sales and marketing efforts. These expenditures will make achieving and maintaining profitability more difficult, and these efforts may also be more costly than we expect and may not result in increased revenue or growth in our business. Any failure to increase our revenue sufficiently to keep pace with our investments and other expenses could prevent us from achieving or maintaining profitability or positive cash flow on a consistent basis. As a result, we can provide no assurance as to whether or when we will achieve profitability. If we are not able to achieve and maintain profitability, the value of our business and our Class A common stock could decline significantly, and you could lose some or all of your investment.

We depend on senior leadership to manage and operate the business, and if we fail to retain and attract highly qualified employees our business could be harmed.

Our success is dependent on the personal efforts and abilities of our senior management.

Our compensation philosophies are designed to attract and retain senior management in a manner aligned with our financial performance. We compensate senior management through a combination of short-term cash and long-term equity participation incentives. The inability to meet the short-term incentives and prolonged stock price declines could adversely affect our ability to offer competitive compensation.

Failure to retain these executives, or the loss of certain additional senior management personnel or other key employees and the associated loss of institutional knowledge and expertise, could have a material adverse effect on our business and future prospects.

Skillsoft is a global business, and our success is also dependent, in part, on our ability to attract and retain qualified sales, marketing, and operational personnel capable of supporting a larger and more diverse worldwide customer base associated with our growth initiatives. The loss of a significant number of our technology, content or sales personnel and their services, particularly with respect to AI, could be disruptive to our innovation, development efforts and/or customer relationships. In addition, if any of our key employees joins a competitor or decides to otherwise compete with us, we may experience a material disruption of our operations and business strategy, which may cause us to lose customers or increase operating expenses and may divert our attention as we seek to recruit replacements for the departed employees.

Issues in the development and use of artificial intelligence (inclusive of GenAI) and machine learning may result in liability or reputational harm.

We are building AI into many of our products and service offerings. AI presents new risks and challenges that could affect its use or application, and therefore our business. The challenges presented by AI include, but are not limited to, the following:

- investing in AI is expensive, but insufficient investment in AI may cause us to fall behind competitors;
- ineffective or inadequate AI development or deployment practices by us or others could result in incidents that impair the acceptance of AI solutions or cause harm to customers and users;
- the costs of our AI products and services are likely to increase;
- our AI may fail to work properly or be expensive to maintain;
- datasets used in AI may be overbroad, insufficient, or contain biased information;
- content generated by AI systems may be offensive, illegal, or otherwise harmful;
- intellectual property rights relating to AI are currently unclear;
- AI developments could subject us to regulatory action, legal liability, new applications of existing data protection, privacy, and intellectual property laws, and other laws;
- some AI scenarios present ethical issues or may have broad impacts on society;
- AI solutions may have unintended consequences or are controversial because of their impact on human rights, privacy, employment, or other social, economic, or political issues; and
- the use of AI applications may result in cybersecurity incidents.

Demand for our products and services is susceptible to general global market and economic conditions.

Weakness in the United States, the European Union and/or the worldwide economy has had and could continue to have a negative effect on demand for our products and our results of operations. For example, certain of our key markets, including the United States, have experienced, and may continue to experience, historically high rates of inflation and our operating costs have increased and may continue to increase. We sell our products to organizations and consumers whose decisions fluctuate based on general economic and business conditions. The revenue growth and potential profitability of our business depends on demand for digital learning content and enterprise human capital management application software generally, and for learning and talent development solutions in particular. Companies may not view training products and services as critical to the success of their businesses. If companies experience declines in their business or anticipate that they will experience such declines, whether as a result of adverse economic conditions, competitive issues or other factors, they may decrease or forgo employee education and training expenditures to lower their expenses and may do so before limiting other types of expenditures. In addition, during economic downturns, companies may slow the rate at which they pay us or may become unable to pay their debts as they become due, which would have a negative effect on our results of operations and financial condition.

In addition, a portion of our customer contract value is attributable to the number of users of our products at each of our customers, which in turn is influenced by the employment and hiring patterns of our customers and potential customers globally. To the extent economic uncertainty or weak economic conditions cause our customers and potential customers to freeze or reduce their headcount, demand for our products and services may be negatively affected. Additionally, economic downturns have historically resulted in overall reductions in spending on information technology and learning and talent development solutions as well as pressure from customers and potential customers for extended billing terms. If economic, political, or market conditions deteriorate, or if there is uncertainty around these conditions, our customers and potential customers may elect to decrease their information technology and people development budgets by deferring or reconsidering product purchases, which would limit our ability to grow our business and negatively affect our operating results.

New products introduced by us may not be successful.

An important part of our growth strategy is the continued development and enhancement of our existing offerings and the introduction of new learning content and the delivery of enhanced platform features and functionality, which includes the integration of AI into our products and services. These activities can open new revenue streams, ensure the currency of our content portfolio, and support customer renewals and upgrades. Despite our efforts, we cannot assure you that we will be successful in updating and enhancing our current learning assets, developing and introducing new learning content, or delivering enhanced or new platform features and functionality, or that what we develop or introduce will be met with commercial acceptance. The failure to successfully introduce new, and enhance existing, learning content and platform functionality will not only hamper our growth prospects, but may also adversely impact our net income due to the development and marketing expenses associated with those offerings. Further, even if we are successful in introducing new learning content and platform functionality, our new offerings could decrease the market share of our existing offerings, resulting in lower growth than anticipated. There can be no assurance that sales reductions will not occur or become more significant in the future as we increase our presence in existing markets.

We rely on third parties to provide us with learning content, subject matter expertise, and have production relationships with third parties for our courses and learning content, and our relationships with these third parties may be terminated or fail to meet our requirements.

We rely on independent third parties and subject matter experts to provide us with some of the learning content for certain of our courses and learning assets based on learning objectives and specific instructional design templates which we develop. We also have arrangements with content development partners for the production of our learning courseware and other digital learning assets. If these development partners and content providers/subject matter experts were to stop working with us, we cannot predict whether content would be available from reliable alternative sources or that we could enter into development partner relationships on reasonable terms and in a timely manner. In addition, a reliance on third-party subject matter experts and delivery partner organizations that could change their subject matter personnel, content, offerings, leadership, quality, or event schedule at any time, could cause revenue interruption. If one or more of these publishers were to terminate their license with us, we may not be able to find substitute publishers for such content or we may be forced to pay increased royalties to these publishers to continue our licenses with them.

In the event that we are unable to maintain or expand our current development relationships or enter into new development relationships, our operating results and financial condition could be materially adversely affected. In addition, the collaborative nature of the development process under these arrangements may result in longer development times and less control over the timing of delivery of certain product offerings. Our strategic partners may from time to time renegotiate the terms of their agreements with us, which could result in changes to the royalty or other economic terms, which could reduce our gross margins.

The partners we rely on as part of the production process and for content or subject matter expertise may compete with us, which could harm our results of operations. Our agreements with these third parties generally do not restrict them from developing content for our competitors or from competing directly with us.

Acquisitions of businesses or technologies may not produce the benefits we anticipate and could harm our current operations.

We have in the past acquired and may in the future seek to identify and acquire businesses or technologies that we believe will contribute to our future growth. We may not, however, be successful in identifying or consummating attractive acquisition opportunities. Moreover, any acquisitions we do consummate may not produce benefits commensurate with the purchase price we pay or our expectations for the acquisition. Acquisitions involve numerous risks, including:

- difficulties in integrating the technologies, operations, business systems, financial controls, and personnel of the acquired company;
- failure to realize expected synergies or capture the value required for the acquisition to be successful;
- difficulties in retaining or transitioning customers and employees of the acquired company;
- diversion of management time and focus;
- the incurrence of unanticipated expenses associated with the acquisition or the assumption of unknown liabilities or unanticipated financial, accounting or other problems of the acquired company; and
- accounting charges related to the acquisition, including restructuring charges, transaction costs, write-offs of in-process research and development costs, and subsequent impairment charges relating to goodwill or other intangible assets acquired in the transaction.

Goodwill recorded in connection with our acquisitions is subject to impairment, which could reduce our earnings.

We review our goodwill for impairment at least annually and when events or changes in circumstances indicate that the carrying value may not be recoverable. Should we experience business challenges or significant negative industry or general economic trends, we could recognize additional impairment to our goodwill. Any impairment of the value of goodwill will result in a charge against earnings, which could have a material adverse impact on our reported results of operations and financial condition.

During the fourth quarter of fiscal 2024, we identified triggering events for impairment primarily attributable to the impact of the observed prolonged and substantial decline in the Company's stock price and market capitalization, competitive market analysis and observable industry multiples, which increased our discount rate assumption. In addition, the estimated future cash flows for our two reporting units declined. These declines when comparing fiscal 2024 to fiscal 2023 were due primarily to: (i) increased competition that drove down the growth rate and expectations for the industry in which the Content & Platform reporting unit operates; and (ii) our Instructor-Led Training reporting unit experiencing continued declines in bookings and GAAP revenues. As a result, the Company recorded aggregate impairment losses of \$60.5 million associated with its intangible assets and a \$141.7 million goodwill impairment. After these impairments, the Company has \$317.1 million of goodwill and \$539.5 million of intangible assets on its balance sheet which may be subject to future impairment. For additional information on goodwill impairments, see Note 5 to our Consolidated Financial Statements.

A material weakness was previously identified in the Company's internal control over financial reporting, which has since been remediated. If additional material weaknesses in our internal control over financial reporting are identified in the future, we may fail to meet our reporting obligations and our consolidated financial statements may contain a material misstatement, which, could result in the loss of investor confidence and negatively impact our stock price and financial condition.

As a public company, we are required to maintain internal controls over financial reporting and to report any material weaknesses in such internal controls. Section 404 of the Sarbanes-Oxley Act ("SOX") requires that we evaluate and determine the effectiveness of our internal controls over financial reporting. Our internal controls over financial reporting will not prevent or detect all errors and fraud. Because of the inherent limitations in all control systems, no evaluation can provide absolute assurance that misstatements due to error or fraud will not occur or that all control issues and instances of fraud will be detected.

In connection with the preparation of our consolidated financial statements as of January 31, 2023 and for the fiscal year then ended, management concluded there was a matter that constituted a material weakness in our internal controls over financial reporting relating to the Global Knowledge North America financial close processes that has since been remediated. Management additionally noted that no material errors were identified in the financial statements as a result of the material weaknesses.

As a result of the material weakness, management hired additional qualified accounting and financial personnel with extensive experience in technical accounting and financial reporting and implemented remediation procedures and controls within the financial close process. Based on these improvements, management concluded the material weakness had been remediated as of January 31, 2024. While our previous material weakness has been remediated, we cannot assure you that the measures we have taken to date, and actions we may take in the future, will be sufficient to prevent or avoid potential future material weaknesses. Our current controls and any new controls that we develop may become inadequate because of changes in conditions in our business. Further, additional weaknesses in our disclosure controls and internal controls over financial reporting may be discovered in the future. Any failure to develop or maintain effective controls or any difficulties encountered in their implementation or improvement could harm our operating results or cause us to fail to meet our reporting obligations and may result in a restatement of our annual or interim financial statements. This could also subject us to litigation or investigations requiring management resources and payment of legal and other expenses and negatively impact the price of our common stock.

Our independent registered public accounting firm is expected to formally attest to the effectiveness of our internal controls over financial reporting when the Company is scheduled to cease being an emerging growth company under applicable rules of the SEC, which we expect to occur as of our fiscal year ending January 31, 2025. At such time, our independent registered public accounting firm may issue a report that is adverse in the event it is not satisfied with the level at which our internal controls over financial reporting is documented, designed or operating. Ineffective disclosure controls and procedures and internal controls over financial reporting could also cause investors to lose confidence in our reported financial information, which would likely have a negative effect on the trading price of our common stock. In addition, if we are unable to continue to meet these requirements, we may not be able to remain listed on the NYSE.

Disruption to or failures of our platform could result in our customers becoming unsatisfied with our platform and could harm our reputation.

The performance and reliability of our platform and the underlying technology are critical to our operations, reputation, and ability to attract and retain partners and learners. Our partners rely on our platform to offer their courses and programs online, and learners must access our platform on a frequent and reliable basis. Our platform is complex and relies on infrastructure provided by third parties, and may contain defects, errors, or vulnerabilities, or may not perform as contemplated. These errors, defects, disruptions, breaches, or other performance problems with our platform could damage our or our partners' reputations, decrease partner and learner satisfaction and retention, negatively impact our ability to attract new learners and partners, and could result in large indemnity payments to learners and partners for losses suffered or incurred in connection with any such defects or errors on our platform, or other liabilities relating to or arising from our platform. In addition, sustained or recurring disruptions in our platform or its underlying technology could adversely affect our and our partners' compliance with applicable regulations and accrediting body standards.

Further, if we fail to accurately predict the rate or timing of the growth of our platform or use of our other systems or networks, we may be required to incur significant additional costs to maintain reliability. We also depend on the development and maintenance of the Internet infrastructure, including maintenance of reliable Internet networks with the necessary speed, data capacity, and security. If we experience failures in our technology infrastructure or do not expand our technology infrastructure successfully, then our ability to attract and retain partners and learners, our growth prospects, and our business would suffer.

We have experienced, and expect that in the future we will experience, interruptions, delays, and outages in service and availability from time to time due to a variety of factors, including infrastructure changes, human or software errors, website hosting disruptions, and capacity constraints, which could affect the availability of services on our platform and prevent or inhibit the ability of learners to access or complete courses and programs on our platform. Any disruption in its services, or any failure of a third-party provider to handle the demands of our platform, could significantly harm our business and damage our reputation. We do not have control over the operations of the facilities of the third-party providers that we use, and these facilities may be vulnerable to damage or interruption from natural disasters, cybersecurity attacks, terrorist attacks, power outages, and similar events or acts of misconduct.

We are regularly subject to cybersecurity and other similar attacks. If our security measures are breached or unauthorized access to customer data is otherwise obtained, our platforms may be perceived as insecure, we may lose existing customers or fail to attract new customers, our reputation may be harmed, and we may incur significant liabilities.

Our platform collects, stores, manages and otherwise processes third-party data, including our customers' data, and our own data. Our products and services, as well as our technologies, systems and networks have been subject to, and may in the future be subject to, cyberattacks, computer viruses, ransomware or other malware, fraud, worms, social engineering, denial-of-service attacks, malicious software programs, insider threats and other cybersecurity incidents that have in the past, and may in the future, result in the unauthorized access, disclosure, acquisition, use, loss or destruction of sensitive personal or business data belonging to us and our customers.

Cybersecurity incidents can be caused by human error from our workforce or that of our third-party service providers, by malicious third parties, acting alone or in groups, or by more sophisticated organizations. Cyberattacks may now be crafted with AI tools to directly attack information systems with increased speed and/or efficiency compared to a human threat actor or create more effective phishing emails. In addition, vulnerabilities could be introduced from the result of incorporating the output of an AI tool, such as AI generated source code, that includes a threat. The risk of state-sponsored or geopolitical-related cybersecurity incidents has also increased recently due to geopolitical tensions or incidents, such as the Russian invasion of Ukraine, the armed conflict in Israel and the Gaza Strip and other international discord.

Unauthorized access to, or other security breaches of, our platforms or the other systems or networks used in our business, including those of our vendors, contractors, or those with which we have strategic relationships, could result in the loss, compromise or corruption of data, loss of business, reputational damage adversely affecting customer or investor confidence, regulatory investigations and orders, litigation, indemnity obligations, damages for contract breach, penalties for violation of applicable laws or regulations, significant costs for remediation, and other liabilities.

Our platform and the other systems or networks used in our business are also at risk for breaches as a result of third-party action, or employee, vendor, or contractor error or malfeasance. Security is one of the learning curricula we provide on our platform, which may cause our platform to be a target for hackers and others, and which may cause our brand, credibility, and reputation to be particularly sensitive to any security breaches. We have incurred and expect to continue to incur significant expenses to prevent security breaches, including deploying additional personnel and protection technologies, training employees, and engaging third-party experts and consultants. However, since the techniques used to obtain unauthorized access or to sabotage systems change frequently and generally are not identified until after they are launched against a target, we may be unable to anticipate these techniques or to implement adequate preventative measures. We may also experience security breaches that may remain undetected for an extended period and, therefore, have a greater impact on our platform, the proprietary and other confidential data contained therein or otherwise stored or processed in our operations, and ultimately on our business.

We cannot assure you that any of our efforts to manage cybersecurity risk, including adoption of a comprehensive incident response plan and process for detecting, mitigating, and investigating security incidents that we regularly test through table-top exercises, testing of our security protocols through additional techniques, such as penetration testing, debriefing after security incidents, in efforts to improve our security and responses, and regular briefing of our directors and officers on our cybersecurity risks, preparedness, and management, will be effective in protecting us from such attacks.

While we maintain insurance to cover operational risks, such as cyber risk and technology outages, our insurance may not be sufficient to cover all liability from cybersecurity incidents. These risks will likely increase as we expand our hosted offerings, integrate our products, services and solutions and store and process more data. Moreover, delayed sales, lower margins or lost customers resulting from disruptions caused by cyberattacks, overly burdensome preventative security measures or failure to fully meet information security control certification requirements could materially and adversely affect our financial results, stock price and reputation.

Failure to effectively optimize, retain, expand, and continue to increase the productivity of our direct sales teams and develop and expand our indirect sales channel may impede our growth.

We will need to continue to increase the productivity and enhance the efficiency and effectiveness of our sales and marketing infrastructure in order to grow our customer base and our business. Identifying, recruiting, and onboarding these people and partners requires significant time, expense, and attention. Our business will be seriously harmed, and our financial resources will be wasted, if our efforts do not generate a corresponding increase in revenue, and we may be required to sacrifice near-term growth and divert management time and attention in order to drive growth. In particular, if we are unable to successfully optimize our sales structure to strengthen core competencies, align incentives, improve retention, and grow new business, we may not be able to significantly increase our revenue, profitability, and/or free cash flows, or we may experience declines.

The market for instructor-led, synchronous, learning may continue to decline.

During fiscal 2024 and fiscal 2023, our instructor-led training business, which accounted for 27% of our revenues in fiscal 2024, experienced a decline in bookings and revenue. The future success of instructor-led training will depend on our ability to offer customers the learning solutions they need in the format they desire and trust. It remains unclear what evolving customer preferences will be on the in-classroom learning market and other instructor-led training, including synchronous remote learning.

A loss of our status as an authorized training provider with one or more key technology vendors could adversely affect our business.

Our instructor-led training business derives a large portion of its revenue in any financial reporting period from delivering corporate training as an authorized training provider for certain technology companies and has a concentrated portfolio of relationships with these technology companies. Our status as an authorized training partner for certain key technology companies provides certain benefits, including, among others, the ability to use official curricula created by key technology vendors, subsidies, marketing support and other financial incentives provided by these technology vendors to support training on their products, representation on official training websites operated by the technology vendors, and the ability to issue certified training certificates from the technology vendors. Our operating results depend to a significant degree on our ability to maintain our status as an authorized training partner with such key technology vendors, and an inability to retain such status, or a significant change in our relationship with one or more of our technology vendors, could significantly reduce our revenue.

Our worldwide operations are subject to risks that could negatively impact our future operating results.

We expect that international operations will continue to account for a large portion of our revenue and are subject to inherent risks, including:

- difficulties or delays in developing and supporting non-English language versions of our products and services;
- difficulties in staffing and managing foreign subsidiary operations;
- multiple, conflicting and changing governmental laws and regulations, including different data privacy and protection laws;
- the influence of works councils or similar employee representative bodies on the procurement process and customer investment decisions;
- protectionist laws and business practices that may favor local competitors;
- difficulties in finding and managing local resellers;
- foreign currency fluctuations, including the Euro, pound sterling, Canadian dollar, Australian dollar, Indian rupee, Singapore dollar and related currencies;
- potential adverse tax consequences; and
- the absence or significant lack of legal protection for intellectual property rights.

Any of these factors could have a material adverse effect on our future operations outside of the United States, which could negatively impact our future operating results. We intend to expand our international operations and continue to establish a worldwide partner and learner base. Our expansion efforts into international markets may not be successful.

Additionally, our business and financial conditions have been, and may continue to be, impacted by worldwide macroeconomic and geopolitical conditions outside of our control, such as inflation, recessionary pressures, interest rate and exchange rate fluctuations, and volatility in the global financial markets, including instability in the banking sector. If we are not able to effectively prepare for and respond to changes in such conditions, our business, results of operations and financial condition could be materially adversely impacted.

Increasing scrutiny and evolving expectations from customers, partners, regulators, investors, and other stakeholders with respect to our environmental, social and governance practices may impose additional costs on us, expose us to new or additional risks, or harm our reputation.

Companies are facing increasing scrutiny from customers, partners, regulators, and investors related to their environmental, social and governance (“ESG”) practices and disclosure. Additionally, public interest and legislative pressure related to public companies’ ESG practices continues to grow. If our ESG practices fail to meet regulatory requirements or investor or other industry stakeholders’ evolving expectations as they relate to the environment, health and safety, diversity, labor conditions and human rights, product quality, supply chain management, corporate governance and transparency and employing ESG strategies in our operations, our reputation and employee retention may be negatively impacted, and customers may be unwilling to do business with us. Additionally, any disclosure we make may include our policies and practices on a variety of ESG matters, including corporate governance, environmental compliance, employee health and safety practices, human capital management, and workforce inclusion and diversity. It is possible that stakeholders may not be satisfied with our ESG reporting, our ESG practices or our speed of adoption. We could also incur additional costs and devote additional resources to monitor, report and implement various ESG practices. If we fail, or are perceived to be failing, to meet the standards included in any sustainability disclosure or the expectations of our various stakeholders, it could negatively impact our reputation, customer and learner acquisition and retention, access to capital, and employee retention.

Our business is subject to the risks of pandemics, earthquakes, fires, floods and other natural catastrophic events, and to interruption by man-made problems such as power disruptions, computer viruses, data security breaches, terrorism or wars.

Our operations are subject to interruption by natural disasters, flooding, fires, power shortages, public health epidemics, terrorism, political unrest, cyber-attacks, geopolitical instability, wars, the effects of climate change and other events beyond our control. A significant natural disaster, such as a hurricane, fire or flood, occurring at our headquarters, at one of our other facilities or where a partner or service provider is located could adversely affect our business, results of operations and financial condition. Climate change could result in an increase in the frequency or severity of natural disasters. Further, if a natural disaster or man-made problem were to affect our service providers, this could adversely affect the ability of our customers to use our products and platform. Natural disasters, public health epidemics or pandemics, and geopolitical events, such as the war in Ukraine, the Israel-Hamas war, and military conflicts in the Middle East or other parts of the world, could cause disruptions in our businesses, national economies or the world economy as a whole, and may also negatively affect the financial resources available to learners or the operating budgets of our partners or customers, any of which could in turn negatively impact our business and operating results.

We also rely on our network and third-party infrastructure and enterprise applications and internal technology systems for our sales and marketing activities and operations. Although we maintain incident management and disaster response plans, in the event of a major disruption caused by a natural disaster or man-made problem, we may be unable to continue our operations and may endure system interruptions, reputational harm, delays in our development activities, lengthy interruptions in service, breaches of data security and loss of critical data, any of which could adversely affect our business, results of operations and financial condition.

Legal, Regulatory and Related Risks

Regulatory and legislative developments on the use of artificial intelligence and machine learning could adversely affect the use of such technologies in our products and services.

We use AI in our product and service offerings and throughout our business generally. As the regulatory framework for machine learning technology and artificial intelligence evolves, our business, financial condition, and results of operations may be adversely affected. The regulatory framework for artificial intelligence, machine learning technology, and automated decision making is evolving. It is possible that new laws and regulations will be adopted in the United States and in other jurisdictions, or that existing laws and regulations may be interpreted in ways that would affect the operation of our learning platforms and the way in which we use artificial intelligence and machine learning technology. Further, the cost to comply with such laws or regulations could be significant and would increase our operating expenses, which could adversely affect our business, financial condition and results of operations.

Failure or perceived failure to comply with regulations relating to some career training services could result in the imposition of penalties or the interruption of our ability to provide services in certain jurisdictions.

In many jurisdictions in which we operate, some career training services are subject to licensing requirements. We do not believe that the services we provide are subject to such licensing requirements. Regulators could disagree with our assessment regarding the applicability of licensure requirements and take enforcement action against us, including by imposing penalties or prohibiting us from offering career-related training services in a relevant jurisdiction until we are able to obtain the requisite license. For example, regulatory action has in the past been taken against us in respect of licensing requirements applicable to providers of career training services in certain jurisdictions and regulatory inquiries have occasionally been made about our licensure.

Existing or future laws and regulations relating to privacy or data security could increase the cost of our products, limit their use and adoption, and subject us or our customers to litigation, regulatory investigations and penalties, and other potential liabilities.

The U.S. federal government and various state governments have adopted or proposed laws and regulations governing the collection, use, storage, sharing and processing of personal data. Several foreign jurisdictions, including but not limited to the European Union (“EU”) and its member states, the United Kingdom (“UK”), Korea, Japan, Singapore, Australia, and India, have adopted legislation (including directives or regulations) that increase or change the requirements governing the collection, use, disclosure, and other processing of personal data of individuals in these jurisdictions. In some cases, these laws impose obligations not only on many of our customers, but also directly on us. These laws and regulations are complex and their scope and number are expanding, with new laws and regulations proposed frequently. Some of the existing laws and regulations also are frequently updated, at times due to differing economic conditions and changes in political climate, and they are subject to different and sometimes conflicting interpretations. Monitoring and abiding by these laws and regulations entails costs that may be unpredictable, risks of penalties and reputational damage in the event of noncompliance, and may increase the cost and operational complexity of selling and delivering our solutions.

For example, the EU’s General Data Protection Regulation (“GDPR”) imposes obligations on our customers and directly on us. Among other obligations under the GDPR, we are required to: provide detailed disclosures to individuals about how we collect, use, and share their personal data; contractually commit to data protection measures in our contracts with customers; maintain adequate data security measures; notify regulators and affected individuals of certain personal data breaches; meet extensive privacy governance and documentation requirements; and honor individuals’ expanded data protection rights, including their rights to access, correct, and delete their personal data. Companies that violate the GDPR can face fines of up to the greater of 20 million euros or 4% of their worldwide annual revenue, and restrictions on data processing. Our customers’ or our vendors’ failure to comply with the GDPR could lead to significant fines imposed by regulators or restrictions on our ability to process personal information as needed to provide our services. We may also be obligated to assist our customers with their own compliance obligations under the GDPR. Given our receipt of personal data in the United States, the GDPR’s restrictions on cross-border transfers of personal data as well as attendant privacy and security requirements complicate our operations and make them more expensive to implement.

Moreover, although the GDPR allows companies, subject to strict data protection requirements, to transfer personal data outside of the European Economic Area (“EEA”), the sufficiency of those requirements has faced ongoing legal challenges by privacy advocates in the EU, with a new challenge recently threatened. These challenges seek to invalidate the mechanisms on which we rely to transfer personal data from the EEA. Loss of our ability to lawfully transfer personal data out of the EEA to any other jurisdictions may cause reluctance or refusal by current or prospective European customers to use our products. Additionally, countries outside of the EEA have passed or are considering passing laws requiring local data residency (retaining personal data within those countries), which could increase the cost and complexity of delivering our services.

In addition, many U.S. states have passed laws giving residents rights similar to the individual rights given under the GDPR, including the right to access and delete their personal information, to opt-out of certain personal information sharing, and to receive detailed information about how their personal information is used and disclosed. These state laws have various enforcement mechanisms, including in some cases private rights of action as well as government agency enforcement authorities. Claims against us under these laws and their implementing regulations could expose us to significant fines and judgments, as well as reputational harm. The number of states with such laws has rapidly increased over the past five years and is anticipated to continue to increase. The U.S. Congress, while slower to act in recent years, also may pass comparable legislation, with potentially greater penalties, and more rigorous compliance requirements relevant to our business.

The costs of compliance with, and other burdens imposed by, privacy and data security laws and regulations may limit the use and adoption of our products and services, lead to negative publicity, reduce overall demand for our products and services, make it more difficult to meet expectations of or commitments to customers, require us to take on more onerous obligations in our contracts with customers, lead to significant fines, penalties or liabilities for noncompliance, or slow the pace at which we close sales transactions, any of which could harm our business. These laws could also impact our ability to offer, or our customers' ability to deploy, our products and services in certain locations. The costs, burdens, and potential liabilities imposed by existing privacy laws could be compounded if other jurisdictions either in the United States or abroad begin to adopt similar or more stringent laws.

Furthermore, concerns regarding data privacy and security may cause our customers' customers to resist providing data that allows our customers to use our products and services more effectively. Even the perception that the privacy of personal information is not satisfactorily protected or does not meet regulatory requirements could inhibit sales of our products or services and could limit adoption of our cloud-based solutions.

Any of these matters could materially adversely affect our business, financial condition, or operational results.

We may be unable to protect our proprietary rights. Unauthorized use of our intellectual property may result in development of products or services that compete with ours. Claims that we infringe upon the intellectual property rights of others could result in costly litigation or royalty payments to third parties or require us to reengineer or cease sales of our products or services.

Our success depends to a degree upon the protection of our rights in intellectual property. We rely upon a combination of trade secret, copyright, and trademark laws to protect our proprietary rights. We have also entered into, and will continue to enter into, confidentiality agreements with our employees, consultants and third parties to seek to limit and protect the distribution of confidential information. However, we may not have signed protective agreements in every case.

Although we have taken steps to protect our proprietary rights, these steps may be inadequate. Existing trade secret, copyright, and trademark laws offer only limited protection. Moreover, the laws of other countries in which we market our products may afford little or no effective protection of our intellectual property. Additionally, unauthorized parties may copy aspects of our products, services, or technology or obtain and use information that we regard as proprietary. Other parties may also breach protective contracts we have executed or will in the future execute. We may not become aware of, or have adequate remedies in the event of, a breach related to such agreements. Litigation may be necessary in the future to enforce or to determine the validity and scope of our intellectual property rights or to determine the validity and scope of the proprietary rights of others. Even if we were to prevail, such litigation could result in substantial costs and diversion of management and technical resources.

Additionally, third parties have in the past and could in the future claim that our current or future products and services infringe upon their intellectual property rights. Any claim, could result in costly litigation or require us to reengineer or cease sales of our products or services, any of which could have a material adverse effect on our business. The risk of such claims is exacerbated by the fact that certain learning content is provided by third parties over whom we exert limited control. Infringement claims could also result in an injunction barring the sale of our products and services or require us to enter into royalty or licensing agreements. Licensing agreements, if required, may not be available on terms acceptable to us. From time to time, we learn of parties that claim broad intellectual property rights in the learning and talent development area that might implicate our offerings. These parties or others could initiate actions against us in the future.

Failure to comply with anti-bribery, anti-corruption, and anti-money laundering laws and regulations relating to our international operations could subject us to penalties and other adverse consequences.

We are subject to the U.S. Foreign Corrupt Practices Act ("FCPA"), the UK Bribery Act, and other anti-corruption, anti-bribery, and anti-money laundering laws in various jurisdictions both domestic and abroad. We leverage third parties, including channel partners, to sell subscriptions to our solutions and conduct our business abroad. We and our third-party intermediaries may have direct or indirect interactions with officials and employees of government agencies or state-owned or affiliated entities and may be held liable for the corrupt or other illegal activities of these third-party business partners and intermediaries, our employees, representatives, contractors, channel partners, and agents, even if we do not explicitly authorize such activities. While we have policies and procedures to address compliance with such laws, we cannot guarantee that all of our employees and agents will not take actions in violation of our policies and applicable law, for which we may be ultimately held responsible. Any violation of the FCPA, the UK Bribery Act, or other applicable anti-bribery, anti-corruption laws, and anti-money laundering laws could result in whistleblower complaints, adverse media coverage, investigations, loss of export privileges, severe criminal or civil sanctions, or suspension or debarment from U.S. or other government contracts, all of which may have an adverse effect on our reputation, business, operating results, and prospects.

We could also be affected by nationalization of our international operations, unstable governments, unfamiliar or biased legal systems, intergovernmental disputes or animus against the United States. Any determination that our operations or activities did not comply with applicable U.S. or foreign laws or regulations could result in the imposition of fines and penalties, interruptions of business, terminations of necessary licenses and permits, and other legal and equitable sanctions.

Our ability to use our net operating loss carryforwards and certain other tax attributes may be limited.

As of January 31, 2024, we had U.S. federal, state and foreign net operating loss ("NOL") carryforwards of \$225.3 million, \$295.3 million, and \$70.7 million, respectively. Our NOL carryforwards will expire at various dates beginning in 2025. As such, there is a risk that such NOL carryforwards could expire unused and be unavailable to offset future tax liabilities if we do not achieve sufficient profitability prior to expiration of the NOLs. This may require us to pay taxes in future years even if our NOL carryforwards were otherwise sufficient to offset our taxable income in such years. There is also a risk that due to regulatory and economic changes, such as suspensions on the use of NOL carryforwards, or other unforeseen reasons, our existing NOL carryforwards, including those not currently subject to expiration, could expire or otherwise be unavailable to offset future tax liabilities. We have recorded a full valuation allowance related to certain of our NOL carryforwards and other deferred tax assets due to the uncertainty of the realization of the future benefits of these assets. If our NOL carryforwards and other tax attributes expire before utilization or are subject to limitations, our business and financial results could be harmed.

In addition, under Section 382 of the Internal Revenue Code, if a corporation undergoes an "ownership change," the corporation's ability to use its pre-change NOL carryforwards and other deferred tax assets to offset its post-change taxable income, or reduce its tax liability, may be limited. In general, an "ownership change" occurs when there is a cumulative change in our equity ownership by "5 percent shareholders" that exceeds 50 percentage points over a rolling three-year period. Certain of our NOL carryforwards are subject to this limitation as a result of these ownership changes, and if it is determined that we have in the past experienced additional ownership changes or we experience such ownership changes in the future, which may be outside our control, our ability to use our NOL carryforwards and other deferred tax assets to reduce future taxable income and tax liabilities may be further limited. Similar limitations may apply under state and foreign tax laws.

Changes in tax laws, unfavorable resolution of tax examinations, or exposure to additional tax liabilities could have a material adverse effect on our results of operations, financial condition, and liquidity.

We operate in a number of tax jurisdictions globally, including in the U.S. and Ireland. Governments in the jurisdictions in which we operate implement changes to tax laws and regulations periodically. Any implementation of tax laws that fundamentally change the taxation of corporations in the U.S. or Ireland and other applicable jurisdictions could materially impact our effective tax rate and could have a significant adverse impact on our financial results. In addition, our effective tax rate could fluctuate due to changes in the mix of earnings and losses in countries with differing statutory tax rates. Our tax expense could also be impacted by changes in non-deductible expenses, changes in the tax treatment of equity-based compensation, changes in the valuation of deferred tax assets and liabilities and our ability to utilize them, the applicability of withholding taxes, effects from acquisitions, and the evaluation of new information that results in a change to a tax position taken in a prior period.

In August 2022, the U.S. enacted the Inflation Reduction Act of 2022 (“IRA”) which, among other provisions, implemented a 15% minimum tax on book income of certain large corporations. Based on our evaluation of the IRA, we do not believe we will be subject to the 15% book minimum tax in 2024. However, we will continue to monitor the application of the minimum tax and other provisions of the IRA in future periods.

We are also subject to examinations of our tax returns by tax authorities in various jurisdictions around the world. We regularly assess the likelihood of adverse outcomes resulting from ongoing tax examinations to determine the adequacy of our provision for taxes. These assessments can require a high degree of judgment and estimation. Intercompany transactions associated with the sale of services and intellectual property and cost share arrangements are complex and affect our tax liabilities. The calculation of our tax liabilities involves dealing with uncertainties in the application of complex tax laws and regulations in multiple jurisdictions. Successful unilateral or multi-jurisdictional actions by various tax authorities, including in the context of our current or future corporate operating structure and third-party and intercompany arrangements (including transfer pricing and the manner in which we develop, value and use our intellectual property), may increase our worldwide effective tax rate, result in additional taxes or other costs or have other material consequences, which could harm our operations, financial results and condition. A difference in the ultimate resolution of tax uncertainties from what is currently estimated could have an adverse effect on our financial results and condition.

Risks Related to our Indebtedness and Certain Other Obligations

Our degree of leverage could adversely affect our ability to raise additional capital to fund our operations, limit our ability to react to changes in the economy or our industry, expose us to interest rate risk, and prevent us from meeting obligations on our indebtedness.

Our degree of leverage could have potentially adverse consequences, including making it more difficult for us to make payments on our indebtedness; increasing our vulnerability to general economic and industry conditions; requiring a substantial portion of cash flow from operations to be dedicated to the payment of principal and interest on our indebtedness, thereby reducing our ability to use our cash flow to fund our operations, capital expenditures, research and development and future business opportunities; exposing us to the risk of increased interest rates under our credit facilities to the extent such facilities have variable rates of interest; limiting our ability to make strategic acquisitions and investments; limiting our ability to refinance our indebtedness as it becomes due; and limiting our ability to adjust quickly or at all to changing market conditions and placing us at a disadvantage compared to our competitors who are less highly leveraged.

Our debt agreements contain restrictions that limit our flexibility in operating our business.

Our financing agreements contain various covenants that limit our ability to engage in specific types of transactions. These covenants limit our and our subsidiaries’ ability to incur or guarantee additional debt and issue or sell certain preferred stock; pay dividends on, redeem or repurchase our capital stock; make certain acquisitions or investments; incur or assume certain liens; enter into transactions with affiliates; and sell assets to, or merge or consolidate with, another company. A breach of any of these covenants could result in a default under our debt instruments.

We may not be able to generate sufficient cash to service all of our indebtedness, and we may be forced to take other actions to satisfy our obligations under our indebtedness, which may not be successful.

Our ability to make scheduled payments on or to refinance our debt obligations depends on our financial condition and operating performance, which is subject to prevailing economic and competitive conditions and to certain financial, business and other factors beyond our control. We cannot assure you that we will maintain a level of cash flow from operating activities sufficient to permit us to pay the principal, premium, if any, and interest on our indebtedness.

Additionally, our subsidiaries may not be able to, or may not be permitted to, make distributions or debt repayments to enable us to make payments in respect of our indebtedness. Each such subsidiary is a distinct legal entity and, under certain circumstances, legal and contractual restrictions may limit our ability to obtain cash from them. While our existing credit agreements limit the ability of our guarantor subsidiaries to incur consensual encumbrances and include restrictions on their ability to pay dividends or make other intercompany payments to us, these limitations are subject to certain qualifications and exceptions. In the event that we do not receive cash from our subsidiaries, we will be unable to make required principal and interest payments on our indebtedness.

If our cash flow and capital resources are insufficient to fund our debt service obligations and operating lease obligations, we may be forced to reduce or delay investments and capital expenditures, or to sell assets, seek additional capital or restructure or refinance our indebtedness. These alternative measures may not be successful and may not permit us to meet our scheduled debt service obligations. In the absence of such operating results and resources, we could face substantial liquidity issues and might be required to dispose of material assets or operations to meet our debt service and other obligations. Our existing credit agreements restrict our ability to dispose of assets and use the proceeds from the disposition. We may not be able to consummate those dispositions or to obtain the proceeds that we could otherwise realize from such dispositions and any such proceeds that are realized may not be adequate to meet any debt service obligations then due.

Risks Related to Ownership of Our Class A common stock

Because there are no current plans to pay cash dividends on our Class A common stock for the foreseeable future, you may not receive any return on investment unless you sell your Class A common stock for a price greater than that which you paid for it.

Skillsoft intends to retain future earnings, if any, for future operations, expansion and debt repayment and there are no current plans to pay any cash dividends for the foreseeable future. The declaration, amount and payment of any future dividends on shares of Class A common stock will be at the sole discretion of Skillsoft's Board of Directors which may take into account general and economic conditions, our financial condition and results of operations, our available cash and current and anticipated cash needs, capital requirements, contractual, legal, tax, and regulatory restrictions, implications on the payment of dividends by us to our stockholders or by our subsidiaries to us and such other factors as they may deem relevant. In addition, our ability to pay dividends is limited by covenants of Skillsoft's existing and outstanding indebtedness and may be limited by covenants of any future indebtedness Skillsoft incurs. As a result, stockholders must rely on their sales of Class A common stock after appreciation, which may never occur, as the only way to realize any future gains on their investments.

Future sales, or the perception of future sales, by Skillsoft or its stockholders in the public market could cause the market price for our Class A common stock to decline.

As of April 8, 2024, Skillsoft had a total of 8,080,659 shares of Class A common stock outstanding and warrants to purchase an aggregate of 3,098,332 shares of Class A common stock outstanding. We have registered the resale of 4,575,763 shares of Class A common stock beneficially owned by certain securityholders, and the market price of our Class A common stock could drop significantly if the holders of these shares sell them or are perceived by the market as intending to sell them. These sales, or the possibility that these sales may occur, also might make it more difficult for Skillsoft to sell equity securities in the future at a time and at a price that it deems appropriate.

We might require additional capital to support our growth, and this capital might not be available on acceptable terms, if at all.

We intend to continue to make investments to support our growth and may require additional funds to respond to business challenges, including the need to develop new features or enhance our existing platform or acquire complementary businesses, technologies, and content. Accordingly, we may need to engage in equity or debt financings to secure additional funds. If we raise additional funds through further issuances of equity or convertible debt securities, our existing stockholders could suffer dilution, and any new equity securities we issue could have rights, preferences, and privileges superior to those of holders of our ordinary shares. Any debt financing secured by us in the future could involve restrictive covenants relating to our capital-raising activities and other financial and operational matters, which may make it more difficult for us to obtain additional capital and to pursue business opportunities, including potential acquisitions. In addition, we may not be able to obtain additional financing on terms favorable to us, if at all. If we are unable to obtain adequate financing or financing on terms satisfactory to us when we require it, our ability to continue to support our growth and to respond to business challenges could be significantly impaired.

Our business and operations could be negatively affected if we become subject to any securities litigation or stockholder activism, which could cause us to incur significant expense, hinder execution of business and growth strategy, and impact our stock price.

In the past, following periods of volatility in the market price of a company's securities, particularly for companies who have recently "gone public" through a deSPAC transaction, securities class action litigation has often been brought against that company. Stockholder activism, which could take many forms or arise in a variety of situations, has been increasing recently. Volatility in the stock price of our common stock or other reasons may in the future cause us to become the target of securities litigation or stockholder activism. Securities litigation and stockholder activism, including potential proxy contests, could result in substantial costs and divert management's and our board of directors' attention and resources from our business. Additionally, such securities litigation and stockholder activism could give rise to perceived uncertainties as to our future, adversely affect our relationships with service providers and make it more difficult to attract and retain qualified personnel. Also, we may be required to incur significant legal fees and other expenses related to any securities litigation and activist stockholder matters. Further, our stock price could be subject to significant fluctuation or otherwise be adversely affected by the events, risks and uncertainties of any securities litigation and stockholder activism.

Anti-takeover provisions in our organizational documents could delay or prevent a change of control.

Certain provisions of our Charter and bylaws may have an anti-takeover effect and may delay, defer or prevent a merger, acquisition, tender offer, takeover attempt or other change of control transaction that a stockholder might consider in its best interest, including those attempts that might result in a premium over the market price for the shares held by our stockholders.

These provisions provide for, among other things:

- a staggered board, which means that our board of directors is classified into three classes of directors with staggered three-year terms and directors are only able to be removed from office for cause;
- the ability of our board of directors to issue one or more series of preferred stock;
- advance notice for nominations of directors by stockholders and for stockholders to include matters to be considered at our annual meetings;
- certain limitations on convening special stockholder meetings;
- limiting the ability of stockholders to act by written consent; and
- providing that our board of directors is expressly authorized to make, alter or repeal our bylaws.

These anti-takeover provisions could make it more difficult for a third party to acquire Skillsoft, even if the third-party's offer may be considered beneficial by many of our stockholders. As a result, our stockholders may be limited in their ability to obtain a premium for their shares. These provisions could also discourage proxy contests and make it more difficult for you and other stockholders to elect directors of your choosing and to cause Skillsoft to take other corporate actions you desire.

The Charter designates the Court of Chancery of the State of Delaware as the sole and exclusive forum for certain types of actions and proceedings that may be initiated by our stockholders, which could limit our stockholders' ability to obtain a favorable judicial forum for disputes with Skillsoft or its directors, officers, employees or stockholders.

The Charter provides that, subject to limited exceptions, any (1) derivative action or proceeding brought on behalf of Skillsoft, (2) action asserting a claim of breach of a fiduciary duty owed by any director, officer, stockholder or employee to Skillsoft or its stockholders, (3) action asserting a claim arising pursuant to any provision of the Delaware General Corporate Law ("DGCL") or the Charter or our bylaws or (4) action asserting a claim governed by the internal affairs doctrine shall, to the fullest extent permitted by law, be exclusively brought in the Court of Chancery of the State of Delaware or, if such court does not have subject matter jurisdiction thereof, another state or federal court located within the State of Delaware. Any person or entity purchasing or otherwise acquiring any interest in shares of Skillsoft's capital stock shall be deemed to have notice of and to have consented to the provisions of the Charter described above. This choice of forum provision may limit a stockholder's ability to bring a claim in a judicial forum that it finds favorable for disputes with Skillsoft or its directors, officers or other employees, which may discourage such lawsuits against Skillsoft and its directors, officers and employees. Alternatively, if a court were to find these provisions of the Charter inapplicable to, or unenforceable in respect of, one or more of the specified types of actions or proceedings, then Skillsoft may incur additional costs associated with resolving such matters in other jurisdictions, which could adversely affect Skillsoft's business and financial condition. Notwithstanding the foregoing, the Charter will not apply to suits brought to enforce any liability or duty created by the Exchange Act, or any other claim for which the federal district courts of the United States of America shall be the sole and exclusive forum. While Section 22 of the Securities Act creates concurrent jurisdiction for federal and state courts over all suits brought to enforce any duty or liability created by the Securities Act or the rules and regulations thereunder, Section 27 of the Exchange Act creates exclusive federal jurisdiction over all suits brought to enforce any duty or liability created by the Exchange Act or the rules and regulations thereunder.

Any person or entity purchasing or otherwise acquiring any interest in any shares of our capital stock shall be deemed to have notice of and to have consented to the forum provisions in the Charter. If any action, the subject matter of which is within the scope of the forum provisions, is filed in a court other than a court located within the State of Delaware (a "foreign action") in the name of any stockholder, such stockholder shall be deemed to have consented to: (x) the personal jurisdiction of the state and federal courts located within the State of Delaware in connection with any action brought in any such court to enforce the forum provisions (an "enforcement action"); and (y) having service of process made upon such stockholder in any such enforcement action by service upon such stockholder's counsel in the foreign action as agent for such stockholder.

This choice-of-forum provision may limit a stockholder's ability to bring a claim in a judicial forum that it finds favorable for disputes with Skillsoft or its directors, officers, stockholders, agents or other employees, which may discourage such lawsuits. We note that there is uncertainty as to whether a court would enforce this provision, and the enforceability of similar choice of forum provisions in other companies' charter documents has been challenged in legal proceedings. Further, investors cannot waive compliance with the federal securities laws and the rules and regulations thereunder. It is possible that a court could find these types of provisions to be inapplicable or unenforceable, and if a court were to find this provision of the Charter inapplicable or unenforceable with respect to one or more of the specified types of actions or proceedings, we may incur additional costs associated with resolving such matters in other jurisdictions, which could materially and adversely affect our business, financial condition and results of operations and result in a diversion of the time and resources of our management and board of directors.

The New York Stock Exchange ("NYSE") may not continue to list our securities, which could limit investors' ability to make transactions in our securities and subject us to additional trading restrictions.

Our Class A common stock is currently listed on the NYSE and we are, therefore, subject to its continued listing requirements, including requirements with respect to the market value of publicly-held shares, market value of listed shares, minimum bid price per share, and minimum stockholder's equity, among others, and requirements relating to board and committee independence. There can be no assurance that we will be able to comply with the continued listing standards of the NYSE.

Given heightened volatility in the equity capital markets and the fact that the Company's stock had at times in fiscal 2023 traded near the \$1.00 minimum share price requirement, our Board recommended, and our stockholders subsequently approved, that the Company effect a reverse stock split as one potential mechanism to address any potential future compliance requirements with the NYSE's continued listing standards. On September 29, 2023, the Company filed a Certificate of Amendment to the Company's Certificate of Incorporation with the Secretary of State of the State of Delaware to effect a 1-for-20 reverse stock split (the "Reverse Stock Split") of the Company's issued and outstanding shares of Class A common stock. As a result of the Reverse Stock Split, every twenty (20) shares of Class A common stock issued and outstanding were converted into one (1) share of Class A common stock. During fiscal 2024, the price of our Class A common stock decreased to \$14.02 per share, as adjusted for the Reverse Stock Split, as of January 31, 2024. If we are unable to maintain the price of our Class A common stock above \$1.00 per share or maintain compliance with the other continued listing standards of the NYSE, our Class A common stock would be subject to delisting.

On October 24, 2023, the NYSE provided notice to us that it would halt trading in our warrants, and the following day, the NYSE provided notice to us and publicly announced that it had determined to commence proceedings to delist our warrants from the NYSE noting that our warrants were no longer suitable for listing based on an "abnormally low" price level. Our warrants were subsequently delisted from the NYSE and currently trade on the over-the-counter market.

If the NYSE delists our Class A common stock from trading on its exchange for failure to meet the listing standards, our stockholders could face significant material adverse consequences including:

- a limited availability of market quotations for our securities;
- reduced liquidity for our securities;
- a determination that the Class A common stock is a "penny stock" which will require brokers trading in such securities to adhere to more stringent rules and possibly result in a reduced level of trading activity in the secondary trading market for our securities;
- a limited amount of news and analyst coverage; and
- a decreased ability to issue additional securities or obtain additional financing in the future.

Prosus and its affiliates may have interests that differ from those of other stockholders.

As of April 8, 2024, Prosus holds approximately 37.8% of the number of shares and voting power of Skillsoft's outstanding Class A common stock.

Pursuant to the terms of the Prosus Subscription Agreement, and subject to any required approval of Skillsoft's stockholders pursuant to the applicable rules and listing standards of the NYSE (which Skillsoft will use reasonable best efforts to obtain), if Skillsoft intends to issue New Securities (as defined in the Prosus Subscription Agreement) to any person, then, at least fifteen (15) business days prior to the issuance of the New Securities, Skillsoft shall deliver Prosus an offer (the "Offer") to issue New Securities to Prosus for cash in an aggregate amount, on a pro forma basis after giving effect to the issuance of the New Securities, that would result in Prosus maintaining beneficial ownership (within the meaning of Rule 13d-3 under the Exchange Act) of at least the percentage of the issued and outstanding shares of Class A common stock that it beneficially owns immediately prior to the issuance of such New Securities on a fully-diluted and as-converted basis but, solely prior to the expiration of the earlier of (i) June 11, 2024 and (ii) the occurrence of a Significant Event (as defined in the Prosus Subscription Agreement), not to the extent such issuance would result in Prosus having beneficial ownership of more than 35% of the issued and outstanding shares of Class A common stock on a fully-diluted and as converted basis (excluding any warrants issued to Prosus pursuant to the Prosus Subscription Agreement). Accordingly, Prosus may maintain its beneficial ownership in the Company at least through June 11, 2024.

So long as Prosus and its affiliates continue to directly or indirectly own a significant amount of Skillsoft's outstanding Class A common stock, Prosus may be able to exert substantial influence on Skillsoft and may be able to exercise its influence in a manner that is not in the interests of Skillsoft's other stakeholders. Additionally, Prosus and its affiliates are in the business of making investments in companies and owning real estate and may from time to time acquire and hold interests in businesses that compete directly or indirectly with Skillsoft or that supply Skillsoft with goods and services. Prosus or its affiliates may also pursue acquisition opportunities that may be complementary to, or competitive with, Skillsoft's business, and as a result those acquisition opportunities may not be available to Skillsoft.

Stockholders should consider that the interests of Prosus may differ from their interests in material respects.

Item 1B. Unresolved Staff Comments

None.

Item 1C. Cybersecurity

We have implemented an enterprise-wide information security program designed to identify, protect, detect, respond to, and manage reasonably foreseeable cybersecurity risks and threats. Our program utilizes various security tools to safeguard our information systems, aiding in prevention, identification, escalation, investigation, resolution, and recovery from vulnerabilities and security incidents. Examples of such security tools include internal reporting systems, monitoring and detection tools, third-party penetration testing and security assessments and a bug bounty program engaging security researchers. In addition, we have adopted a comprehensive incident response plan and process for detecting, mitigating, and investigating cybersecurity incidents, which employees, under the leadership of the Company's Chief Information Security Officer ("CISO"), regularly test through table-top exercises, testing of our security protocols through additional techniques such as penetration testing, debriefing after security incidents to improve our security and responses, and regular briefing to our directors and officers on our cybersecurity risks and preparedness.

Our global information security program is led by our CISO, who brings over 20 years of industry experience. Regular reports on cybersecurity threats, assessments, and findings are provided by the CISO to senior management and relevant teams. In addition, the CISO provides quarterly updates to the Board Audit Committee. The Board oversees annual enterprise risk assessments, with the Audit Committee specifically tasked with overseeing cybersecurity risks.

Additionally, we maintain a third-party security program to assess, prioritize, and mitigate risks associated with our vendors and partners. We also rely on third parties to implement appropriate security measures.

Regular risk assessments evaluate cybersecurity and technology threats, employing a widely adopted risk management model to prioritize risks and develop corresponding security controls. Our information security program undergoes regular reviews, audits, tests, and exercises to ensure effectiveness and enhance security measures.

Although we have experienced cybersecurity incidents in the past, as of the date of this report, we have not experienced any cybersecurity incidents that resulted in a material effect on our business, results of operations, or financial condition. Despite our continuing efforts, we cannot guarantee that our cybersecurity safeguards will prevent breaches or breakdowns of our or our third-party service providers' information technology systems, particularly in the face of continually evolving cybersecurity threats and increasingly sophisticated threat actors. A cybersecurity incident may materially affect our business, results of operations or financial condition, including where such an incident results in reputational, competitive or business harm or damage to our Company, significant costs or the Company being subject to government investigations, litigation, fines or damages. For more information, see "We are regularly subject to cybersecurity and other similar attacks. If our security measures are breached or unauthorized access to customer data is otherwise obtained, our platforms may be perceived as insecure, we may lose existing customers or fail to attract new customers, our reputation may be harmed, and we may incur significant liabilities."

Item 2. Properties

Our United States headquarters are located in Greenwood Village, Colorado, where we lease an aggregate of 9,450 square feet. The lease for this location currently runs through September 2028. In addition to our United States headquarters, our other primary facilities are located in Paris, France, Hyderabad, India, Nieuwegein, the Netherlands, Cairo, Egypt, Dublin, Ireland, and Nashua, New Hampshire.

Our worldwide headquarters are located in Dublin, Ireland, where we currently lease and occupy a 5,416 square foot facility, which primarily houses our main content development center. We also lease small sales offices and classroom training facilities in several other countries throughout Europe, the Middle East, and Asia-Pacific regions.

We believe that our existing facilities are adequate to meet our current needs and that suitable additional or substitute space will be available on commercially reasonable terms when needed.

Item 3. Legal Proceedings

Incorporated by reference herein is information regarding legal proceedings as set forth under “Litigation” contained in Note 13 – “Leases, Commitments and Contingencies” in the Notes to the Consolidated Financial Statements in Item 8 of Part II of this Form 10-K.

Item 4. Mine Safety Disclosures

Not applicable.

PART II

Item 5. Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Our Class A common stock is traded on the New York Stock Exchange under the symbol “SKIL”. According to the records of our transfer agent, we had 142 stockholders of record as of April 8, 2024.

On September 29, 2023, we effected a 1-for-20 reverse stock split, previously approved by our board and our shareholders. Beginning with the opening of trading on October 2, 2023, our Class A common stock traded on the NYSE on a split-adjusted basis under new CUSIP number 83066P309. As a result of this reverse stock split, every twenty (20) shares of Class A common stock issued and outstanding converted into one (1) share of Class A common stock. No fractional shares were issued in connection with the reverse stock split. Stockholders who otherwise would have been entitled to receive fractional shares were entitled to receive a cash payment (without interest or deduction) in an amount equal to their respective pro rata share of the proceeds from the sale by our transfer agent of the aggregate of all fractional shares at the then-prevailing prices on the open market. The reverse stock split proportionally reduced the number of authorized shares of Class A common stock, but did not change the par value of the Class A common stock.

On October 24, 2023, the NYSE provided notice to us that it would halt trading in our warrants, and the following day, the NYSE provided notice to us and publicly announced that it had determined to commence proceedings to delist our warrants from the NYSE noting that our warrants were no longer suitable for listing based on an “abnormally low” price level. On October 26, 2023, our warrants commenced trading on the over-the-counter market under the symbol “SKILW” and were subsequently delisted from the NYSE.

On September 7, 2022, our Board of Directors authorized the Company to repurchase up to \$30 million of our common stock, which authorization expired September 7, 2023. From inception through April 19, 2023, we repurchased 299,777 of our shares for \$10.9 million. The Company did not repurchase any common stock during the quarter ended January 31, 2024.

We have never declared or paid cash dividends on our Class A common stock, and we do not anticipate paying any cash dividends in the foreseeable future. We currently intend to retain future earnings, if any, to fund the growth of our business, make payments on our outstanding debt obligations and/or repurchase shares.

Item 6. Reserved

Item 7. 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 (“Skillsoft”, “we”, “us”, “our” and the “Company”) should be read in conjunction with Skillsoft’s audited consolidated financial statements and the accompanying notes appearing elsewhere in this Annual Report. 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 I, Item 1A of this report. Unless otherwise noted, amounts referenced in this discussion, other than in reference to share numbers, are in thousands.

Significant Transactions
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 and is listed on the New York Stock Exchange under the ticker symbol “SKIL”.

On April 4, 2022, the Company acquired 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. Total consideration for the acquisition was approximately \$386.0 million, consisting of the issuance of 1,518,721 shares of Class A common stock and a net cash payment of \$203.4 million.

Discontinued Operations

On August 15, 2022, we completed the sale of our SumTotal business to a third party. Net proceeds from the sale were \$174.9 million, after final working capital adjustments in April 2023. The disposal of SumTotal assets met the criteria to be reported as held for sale and discontinued operations. As a result, SumTotal’s results of operations are presented, net of tax, separate from the results of continuing operations for all periods presented.

Results of Operations

Our financial results for the fiscal years ended January 31, 2024 and January 31, 2023 and the period from June 12, 2021 to January 31, 2022 are referred to as the “Successor” periods. Our financial results for the period from February 1, 2021 to June 11, 2021 is referred to as the “Predecessor” period. Our results of operations as reported in our Consolidated Financial Statements for these periods are prepared in accordance with accounting principles generally accepted in the United States (“GAAP”).

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

	Fiscal 2024	Fiscal 2023	Fiscal 2022	
	Successor	Successor	Successor	Predecessor
	From	From	From	From
	February 1, 2023 to	February 1, 2022 to	June 12, 2021 to	February 1, 2021
	January 31, 2024	January 31, 2023	January 31, 2022	to June 11, 2021
Revenues:				
Total revenues	100.0%	100.0%	100.0%	100.0%
Operating expenses:				
Costs of revenues	27.7%	27.4%	28.7%	21.5%
Content and software development	12.3%	12.6%	8.7%	14.6%
Selling and marketing	30.8%	31.2%	26.4%	33.6%
General and administrative	17.3%	19.8%	20.1%	16.1%
Amortization of intangible assets	27.6%	30.7%	25.3%	45.4%
Impairment of goodwill and intangible assets	36.6%	115.5%	0.0%	0.0%
Acquisition and integration related costs	0.9%	5.5%	5.6%	6.5%
Restructuring	2.5%	2.2%	1.0%	(0.6)%
Total operating expenses	155.7%	244.9%	115.8%	137.1%
Operating loss	(55.7)%	(144.9)%	(15.8)%	(37.0)%
Other income (expense), net	(0.4)%	0.8%	(0.5)%	(0.2)%
Fair value adjustment of warrants	0.9%	4.2%	5.0%	0.9%
Fair value adjustment of interest rate swaps	0.5%	(0.3)%	0.0%	0.0%
Interest income	0.6%	0.1%	0.0%	0.1%
Interest expense	(11.8)%	(9.6)%	(6.6)%	(16.4)%
Income (loss) before provision for (benefit from) income taxes	(65.9)%	(149.7)%	(17.9)%	(52.6)%
Provision for (benefit from) income taxes	(2.9)%	(7.4)%	(1.2)%	(3.4)%
Income (loss) from continuing operations	(63.0)%	(142.3)%	(16.7)%	(49.2)%
Gain (loss) on sale of business	(0.1)%	10.2%	0.0%	0.0%
Income (loss) from discontinued operations, net of tax	0.0%	1.5%	3.4%	1.1%
Net income (loss)	(63.1)%	(130.6)%	(13.3)%	(48.1)%

Revenues

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

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

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

Subscription and Non-Subscription Revenue

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

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

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

	Fiscal 2024	Fiscal 2023	Fiscal 2022	
	Successor	Successor	Successor	Predecessor
	From	From	From	From
	February 1, 2023 to January 31, 2024	February 1, 2022 to January 31, 2023	June 12, 2021 to January 31, 2022	February 1, 2021 to June 11, 2021
SaaS and subscription revenues:				
Content & Platform	\$ 384,022	\$ 365,447	\$ 208,229	\$ 97,406
Total subscription revenues	384,022	365,447	208,229	97,406
Non-subscription revenues:				
Instructor-Led Training	148,387	170,746	132,586	—
Content & Platform	20,828	18,931	11,028	5,088
Total non-subscription revenues	169,215	189,677	143,614	5,088
Total revenues	\$ 553,237	\$ 555,124	\$ 351,843	\$ 102,494

Total revenues remained relatively flat, when comparing fiscal 2024 to fiscal 2023. A decline in revenues in our Instructor-Led Training segment was primarily due to weaker market demand, particularly in Europe, as well as a higher mix of reseller business, which is recorded in revenue net of fees. The decrease was partially offset by both organic growth in our Content & Platform segment due to higher bookings in the prior two years, as revenue from our subscription offerings is typically recognized over the twelve months that follow a booking, and the inclusion of Codecademy's revenues earned subsequent to its acquisition on April 4, 2022.

The increases in total revenues, when comparing fiscal 2023 to the Successor and Predecessor periods in fiscal 2022, were primarily the result of the inclusion of Instructor-Led Training's revenues earned subsequent to the merger on June 11, 2021, inclusion of Codecademy's revenues earned subsequent to its acquisition on April 4, 2022 and organic growth in our Content & Platform segment due to higher bookings in the prior year. Our Instructor-Led Training business experienced a decline in bookings and revenues during fiscal 2023 compared to the prior year primarily due to changes in training programs at two large technology partners.

Operating Expenses

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

Summary of operating expenses

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

	Fiscal 2024		Fiscal 2023		Fiscal 2022			
	Successor		Successor		Successor	Predecessor		
	From February 1, 2023 to January 31, 2024		From February 1, 2022 to January 31, 2023		From June 12, 2021 to January 31, 2022	From February 1, 2021 to June 11, 2021		
Cost of revenues	\$	153,157	\$	152,015	\$	100,726	\$	22,043
Content and software development expenses		68,031		69,796		30,568		15,012
Selling and marketing expenses		170,982		173,281		92,994		34,401
General and administrative expenses		95,896		109,572		70,840		16,471
Amortization of intangible assets		152,511		170,260		89,049		46,492
Impairment of goodwill and intangible assets		202,233		641,362		—		—
Acquisition and integration related costs		5,063		30,663		19,587		6,641
Restructuring		13,978		12,294		3,575		(576)
Total operating expenses	\$	861,851	\$	1,359,243	\$	407,339	\$	140,484

Cost of revenues

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

	Fiscal 2024		Fiscal 2023		Fiscal 2022			
	Successor		Successor		Successor	Predecessor		
	From February 1, 2023 to January 31, 2024		From February 1, 2022 to January 31, 2023		From June 12, 2021 to January 31, 2022	From February 1, 2021 to June 11, 2021		
Courseware, instructor fees and outside services	\$	78,663	\$	79,889	\$	53,708	\$	7,500
Compensation and benefits		55,563		53,798		35,223		10,451
Hosting and software maintenance		11,403		10,622		4,638		2,508
Facilities, utilities and other		7,528		7,706		7,157		1,584
Total cost of revenues	\$	153,157	\$	152,015	\$	100,726	\$	22,043

The inclusion of Codecademy's compensation and benefits, facilities, utilities and other expenses subsequent to its acquisition on April 4, 2022 increased cost of revenues when comparing fiscal 2024 to fiscal 2023. The decrease in courseware, instructor fees and outside services when comparing these same periods was partially offset by rising third-party costs and product mix in our Instructor-Led Training segment. Refer to *Subscription and Non-Subscription Revenue* above for information related to: 1) the organic growth in our Content & Platform segment, which contributed to the increase in hosting and software maintenance; and 2) the decline in our Instructor-Led Training segment. The decrease in facilities and utilities expenses, when comparing fiscal 2024 to fiscal 2023, was primarily attributable to cost savings from consolidation of our facilities.

The increases in the first three cost of revenues categories immediately above, when comparing fiscal 2023 to the Successor and Predecessor periods in fiscal 2022, were primarily the result of inclusion of Instructor-Led Training's expenses incurred subsequent to the merger on June 11, 2021 and inclusion of Codecademy's expenses incurred subsequent to its acquisition on April 4, 2022. These increases were partially offset by cost of revenues declines in our Instructor-Led Training segment and a decrease in royalties to publishers. Refer to *Subscription and Non-Subscription Revenue* above for additional information related to the decline in our Instructor-Led Training segment. When comparing these same periods, the decrease in facilities and utilities expenses was primarily attributable to cost savings from consolidation of our facilities.

Content and software development

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

	Fiscal 2024		Fiscal 2023		Fiscal 2022	
	Successor		Successor		Predecessor	
	From February 1, 2023 to January 31, 2024	From February 1, 2022 to January 31, 2023	From June 12, 2021 to January 31, 2022	From February 1, 2021 to June 11, 2021	From February 1, 2021 to June 11, 2021	From February 1, 2021 to June 11, 2021
Compensation and benefits	\$ 51,748	\$ 50,307	\$ 17,252	\$ 8,428	\$ 8,428	\$ 8,428
Consulting and outside services	11,190	14,683	10,708	5,065	5,065	5,065
Software maintenance	2,916	2,770	1,177	621	621	621
Facilities, utilities and other	2,177	2,036	1,431	898	898	898
Total content and software development expenses	\$ 68,031	\$ 69,796	\$ 30,568	\$ 15,012	\$ 15,012	\$ 15,012

The decrease in consulting and outside services, when comparing fiscal 2024 to fiscal 2023, was primarily attributable to expense reductions and savings from the Company's integration and restructuring activities, partially offset by the inclusion of Codecademy's compensation and benefits, software maintenance, facilities, utilities and other expenses incurred subsequent to its acquisition on April 4, 2022. Refer to *Subscription and Non-Subscription Revenue* above for additional information related to the organic growth in our Content & Platform segment.

The increase in compensation and benefits and software maintenance expenses, when comparing fiscal 2023 to the Successor and Predecessor periods in fiscal 2022, was primarily the result of organic growth in our Content & Platform segment, and to a lesser extent, the inclusion of Instructor-Led Training's expenses incurred subsequent to the merger on June 11, 2021 and inclusion of Codecademy's expenses incurred subsequent to its acquisition on April 4, 2022. Refer to *Subscription and Non-Subscription Revenue* above for additional information related to the organic growth in our Content business. The increase in compensation and benefits expenses, when comparing these same periods was also attributable to higher merits and stock-based compensation (a result of grants to key employees during fiscal 2023) as well as the impact from the shift from consulting and outside services to lower cost internal resources. In addition, the decrease in facilities and utilities expenses was primarily attributable to cost savings from consolidation of our facilities.

Selling and marketing

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

	Fiscal 2024		Fiscal 2023		Fiscal 2022	
	Successor		Successor		Predecessor	
	From February 1, 2023 to January 31, 2024	From February 1, 2022 to January 31, 2023	From June 12, 2021 to January 31, 2022	From February 1, 2021 to June 11, 2021	From February 1, 2021 to June 11, 2021	From February 1, 2021 to June 11, 2021
Compensation and benefits	\$ 121,749	\$ 123,634	\$ 70,276	\$ 24,987	\$ 24,987	\$ 24,987
Advertising and promotions	27,198	29,480	12,713	4,695	4,695	4,695
Software maintenance	13,137	8,739	3,178	1,850	1,850	1,850
Consulting and outside services	4,389	7,521	4,067	1,379	1,379	1,379
Facilities, utilities and other	4,509	3,907	2,760	1,490	1,490	1,490
Total S&M expenses	\$ 170,982	\$ 173,281	\$ 92,994	\$ 34,401	\$ 34,401	\$ 34,401

The decrease in advertising and promotions, when comparing fiscal 2024 to fiscal 2023, was primarily attributable to a reduction in branding initiatives and the decline in compensation and benefits was primarily a result of lower stock-based compensation expense due to forfeitures of share-based payment awards. This was partially offset by the increase in software maintenance, which was primarily a result of investments in our go-to-market transformation activities and enablement programs. Also contributing to the increases in software maintenance and facilities, utilities and other expenses, when comparing fiscal 2024 to fiscal 2023, were the inclusion of Codecademy's expenses subsequent to its acquisition on April 4, 2022.

The increase in total S&M expenses, excluding facilities and utilities, when comparing fiscal 2023 to the Successor and Predecessor periods in fiscal 2022, was primarily the result of inclusion of Instructor-Led Training's expenses incurred subsequent to the merger on June 11, 2021, inclusion of Codecademy's expenses incurred subsequent to its acquisition on April 4, 2022 and investments in go-to-market personnel, enablement programs and increases in travel post COVID-19. When comparing these same periods, the decrease in facilities and utilities expenses was primarily attributable to cost savings from consolidation of our facilities.

General and administrative

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

	Fiscal 2024		Fiscal 2023		Fiscal 2022	
	Successor		Successor		Predecessor	
	From February 1, 2023 to January 31, 2024	From February 1, 2022 to January 31, 2023	From June 12, 2021 to January 31, 2022	From February 1, 2021 to June 11, 2021		
Compensation and benefits	\$ 63,355	\$ 62,042	\$ 47,341	\$ 10,732		
Consulting and outside services	20,570	30,714	11,670	3,391		
Insurance	3,704	5,920	5,258	518		
Facilities, utilities and other	3,673	6,586	3,734	768		
Software maintenance	4,267	3,467	2,244	419		
Franchise, sales, and property tax	327	843	593	643		
Total G&A expenses	\$ 95,896	\$ 109,572	\$ 70,840	\$ 16,471		

The decrease in total G&A expenses, when comparing fiscal 2024 to fiscal 2023, was primarily attributable to expense reductions and savings from the Company's integration and restructuring activities, including cost savings from consolidation of our facilities and lower insurance.

The increase in total G&A expenses, excluding franchise, sales, and property tax, when comparing fiscal 2023 to the Successor and Predecessor periods in fiscal 2022, was primarily the result of inclusion of Instructor-Led Training's expenses incurred subsequent to the merger on June 11, 2021, inclusion of Codecademy's expenses incurred subsequent to its acquisition on April 4, 2022 and increased executive staffing, advisory, director and officers liability insurance and other organizational costs associated with being a public company. These increases were partially offset by lower variable discretionary compensation. When comparing these same periods, the decrease in franchise, sales, and property tax was primarily attributable to declines in our Instructor-Led Training business. Refer to *Subscription and Non-Subscription Revenue* above for additional information related to the declines in our Instructor-Led Training segment.

Amortization of intangible assets

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

The decrease in amortization of intangible assets, when comparing fiscal 2024 to fiscal 2023, was primarily due to certain intangible assets becoming fully amortized or written down as discussed below in *Impairment of goodwill and intangible assets*. The increase in amortization of intangible assets, when comparing fiscal 2023 to the Successor and Predecessor periods in fiscal 2022, was primarily due to the intangible assets from the business combinations completed in June 2021 and April 2022.

Impairment of goodwill and intangible assets

Impairment review requirements and assumption uncertainty

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

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

This test requires:

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

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The fair value of our reporting units is determined using a weighted average valuation model of the income approach (discounted cash flow approach) and market approach. The income approach requires management to make certain assumptions based upon information available at the time the valuations are performed. Actual results could differ from these assumptions. Management takes care to ensure the assumptions used are reflective of what a market participant would have used in calculating fair value considering the then current economic conditions. This process was followed below both when triggering events for impairment occurred and during our annual impairment test as of January 1st.

Impairment for fiscal year ended January 31, 2024

During the fourth quarter of fiscal 2024, we identified triggering events for impairment primarily attributable to the impact of the observed prolonged and substantial decline in the Company's stock price and market capitalization, industry analysis and observable industry multiples, which increased our discount rate assumption. In addition, the estimated future cash flows for our two reporting units declined. These declines when comparing fiscal 2024 to fiscal 2023 were due primarily to: (i) increased competition that drove down the growth experience and expectations for the industry in which the Content & Platform reporting unit operates; and (ii) our Instructor-Led Training reporting unit experiencing continued declines in bookings and GAAP revenues.

For the reasons discussed above, for our identifiable intangibles subject to amortization, management believed there were unfavorable changes to assumptions and factors that occurred during fiscal 2024 that would indicate impairment or a change in the remaining useful life. Our estimated undiscounted future cash flows attributable to the amortizable intangibles are projected to be less than the carrying values for the Instructor-Led Training reporting unit. Therefore, we updated the fair values for identifiable intangibles, including the indefinite lived intangible in our Content & Platform reporting unit, that are fair valued using the income approach, as of January 1, 2024. We compared the fair values to their carrying values, which resulted in aggregate impairment losses of \$60.5 million during the fourth quarter of fiscal 2024.

Management next estimated the fair value of the Content & Platform and Instructor-Led Training reporting units using the weighted average valuation model discussed in *Impairment review requirements and assumption uncertainty* above. For the reasons discussed, the discount rate applied to the analysis increased from prior year, which drove a lower fair value of our reporting units, resulting in goodwill being impaired for the Content & Platform and Instructor-Led Training reporting units as of January 1, 2024, as the fair values fell below their respective carrying values. As such, the Company recorded goodwill impairment of \$129.1 million for the Content & Platform segment and \$12.6 million for the Instructor-Led Training segment during the fourth quarter of fiscal 2024.

Impairment for fiscal year ended January 31, 2023

During the second quarter of fiscal 2023, we identified triggering events for impairment in the Instructor-Led Training reporting unit due primarily to a significant decline in bookings and GAAP revenue. Management believed the poor performance was due to a variety of factors, including: (i) reduced corporate spending as customers braced for the potential of a recessionary environment; (ii) difficulty maintaining adequate sales capacity in a challenging labor market for employers; and (iii) evolving customer preferences with respect to training in a post-COVID environment.

For the Instructor-Led Training reporting unit, as of July 31, 2022, the estimated undiscounted future cash flows attributable to the amortizable intangibles were greater than the carrying values. In addition, the fair values for indefinite lived intangibles, were also greater than its carrying values. Therefore, during the second quarter of fiscal 2023, management concluded there was no impairment of identifiable intangibles.

Management next estimated the fair value of the Instructor-Led Training reporting unit as of July 31, 2022, using the weighted average valuation model discussed in *Impairment review requirements and assumption uncertainty* above. For the reasons described, the estimated future cash flows declined, and when applied to the analysis drove a lower fair value of the Instructor-Led Training reporting unit. As a result, the Company recorded a \$70.5 million goodwill impairment for the three months ended July 31, 2022.

During the third quarter of fiscal 2023, we identified triggering events for impairment attributable primarily to deterioration in the equity markets evidenced by sustained declines in the Company's stock price, those of its peers, and major market indices. In addition, interest rates had risen, which increased our discount rate assumption. Furthermore, the Company lowered its projected operating results primarily due to underperformance of Instructor-Led Training business and macroeconomic uncertainty.

As of October 31, 2022, the estimated undiscounted future cash flows attributable to the amortizable intangibles were greater than the carrying values. In addition, the fair values for indefinite lived intangibles, were also greater than their carrying values. Therefore, during the third quarter of fiscal 2023 there was no impairment of identifiable intangibles.

Management next estimated the fair value of the Content & Platform and Instructor-Led Training reporting units as of October 31, 2022, using the weighted average valuation model discussed in *Impairment review requirements and assumption uncertainty* above. For the reasons discussed, the valuation results indicated that for each of the Content & Platform and Instructor-Led Training reporting units, the fair value fell below their respective carrying value. Therefore, the Company recorded a \$569.3 million goodwill impairment for the Content & Platform segment and an additional \$1.6 million goodwill impairment for the Instructor-Led Training segment during the three months ended October 31, 2022.

As of January 1, 2023, the estimated undiscounted future cash flows attributable to the amortizable intangibles appeared to be greater than the carrying values. In addition, the fair values for indefinite lived intangibles, were also greater than their carrying values. We performed our annual quantitative goodwill impairment test for our reporting units as of January 1, 2023, using the weighted average valuation model discussed in *Impairment review requirements and assumption uncertainty* above and, as of such date, the fair value was in excess of each reporting unit's carrying value. Therefore, no intangible or goodwill impairment was recognized during the fourth quarter of fiscal 2023.

Acquisition and integration related costs

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

Restructuring

In connection with the acquisition integration process and our workplace flexibility policy, we continued our initiatives and commitment to reduce our costs and better align operating expenses with existing economic conditions and our operating model to improve operating efficiency, competitiveness and business profitability. These included workforce reductions and consolidation of facilities as we adopted new work arrangements for certain locations. Our restructuring charges recognized during the three years ended January 31, 2024, have been primarily associated with lease termination and lease impairment charges and employee severance costs. The restructuring charges for the fiscal year ended January 31, 2024 (Successor), fiscal year ended January 31, 2023 (Successor), the period from June 12, 2021 through January 31, 2022 (Successor), and the period from February 1, 2021 through June 11, 2021 (Predecessor) totaling \$14.0 million, \$12.3 million, \$3.6 million and (\$0.6) million included \$3.6 million, \$3.6 million, \$0.2 million and \$0.1 million for lease termination and lease impairment charges as well as \$8.7 million, \$4.2 million, \$1.3 million and (\$1.4) million for severance costs of terminated employees, respectively.

Interest and other

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

	Fiscal 2024	Fiscal 2023	Fiscal 2022	
	Successor	Successor	Successor	Predecessor
	From	From	From	From
	February 1, 2023 to January 31, 2024	February 1, 2022 to January 31, 2023	June 12, 2021 to January 31, 2022	February 1, 2021 to June 11, 2021
Other income (expense), net	\$ (1,986)	\$ 4,438	\$ (1,881)	\$ (167)
Interest income	3,557	531	76	60
Interest expense	(65,335)	(53,493)	(23,190)	(16,763)

The other income (expense), net was primarily the foreign exchange gains and losses (specifically, resulting from foreign currency denominated transactions and the revaluation of foreign currency denominated assets and liabilities), which fluctuates as the U.S. dollar appreciates or depreciates against other currencies. Interest income for fiscal 2024, compared to fiscal 2023, increased primarily due to the use of money market investments to realize increased returns on cash balances. The increase in interest expense, when comparing fiscal 2024 to fiscal 2023 and when comparing fiscal 2023 to the Successor and Predecessor periods in fiscal 2022, was primarily due to the additional \$160 million of term loans in connection with the closing of the Codecademy acquisition on April 4, 2022, and higher interest rates. As a result of the interest rate swaps we executed on June 17, 2022, we have a fixed cash interest rate of 8.94% on \$300 million of our outstanding term loans.

Fair value adjustment of warrants

The gains attributable to warrants are primarily a result of the Company's underlying common stock performance during the Successor and Predecessor periods, 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.

Fair value adjustment of interest rate swaps

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

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

Gain on sale of business

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

Provision for (benefit from) income taxes

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

	Fiscal 2024	Fiscal 2023	Fiscal 2022	
	Successor	Successor	Successor	Predecessor
	From	From	From	From
	February 1, 2023 to January 31, 2024	February 1, 2022 to January 31, 2023	June 12, 2021 to January 31, 2022	February 1, 2021 to June 11, 2021
Provision for (benefit from) income taxes	\$ (16,265)	\$ (40,973)	\$ (4,304)	\$ (3,521)
Effective income tax rate	4.5%	4.9%	6.8%	6.5%

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

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The effective income tax rate for fiscal 2023 differed from the United States federal statutory rate of 21.0% due primarily to the impact of non-deductible items, foreign rate differential, changes in uncertain tax positions and changes in the valuation allowance on the Company's deferred tax assets. Due to the acquisition of Codecademy on April 4, 2022, the Company analyzed the realizability of its existing deferred tax assets with the addition of the Codecademy assets and liabilities. Based on this analysis the Company determined that a valuation allowance release of \$28.8 million was required and recorded in full as a discrete income tax benefit.

The effective income tax rates in fiscal 2022 differed from the United States federal statutory rate of 21.0% for the Successor period and the Luxembourg statutory rate of 24.9% for the Predecessor period due primarily to 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.

Liquidity and Capital Resources

Liquidity and sources of cash

As of January 31, 2024, we had \$136.4 million of cash and cash equivalents on hand. Our investment policy is approved by the Board of Directors and reviewed annually by the Audit Committee. Our current investment policy's primary objectives when investing excess cash are, in order of importance: (1) preservation of capital and protection of principal; (2) maintenance of liquidity that is sufficient to meet cash flow needs; and (3) maximize rate of return. Pursuant to this policy, as of January 31, 2024, most of our cash and cash equivalents were held at large financial institutions with high rating agency designations and our exposure to regional banks was not significant. We have funded operations primarily through the use of cash collected from our customers and the proceeds received from the Term Loan Facility, supplemented with borrowings under our accounts receivable facility. Our cash requirements vary depending on factors such as the growth of the business, changes in working capital and capital expenditures. We expect to operate the business and execute our strategic initiatives principally with funds generated from operations and supplemented by borrowings up to a maximum of \$75.0 million under our accounts receivable facility. We anticipate that we will have sufficient internal and external sources of liquidity to fund operations and anticipated working capital and other expected cash needs for at least the next twelve months, as well as for the foreseeable future with capital sources currently available.

Term Loan

On July 16, 2021, Skillsoft Finance II, Inc. ("Skillsoft Finance II"), a subsidiary of Skillsoft Corp., entered into a Credit Agreement (the "Credit Agreement"), by and among Skillsoft Finance II, as borrower, Skillsoft Finance I, Inc. ("Holdings"), the lenders party thereto and Citibank, N.A., as administrative agent and collateral agent, pursuant to which the lenders provided a \$480 million term loan facility (the "Term Loan Facility"). The proceeds of the facility, 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 party thereto as Term B-1 Lenders, which amended the Credit Agreement (as amended by the First Amendment, the "Amended Credit Agreement").

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

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

SumTotal proceeds

On August 15, 2022, we completed the sale of our SumTotal business to a third party. Net proceeds from the sale were \$174.9 million, after final working capital adjustments in April 2023. Under the terms of our Amended Credit Agreement, the net proceeds attributable to the sale of SumTotal required a mandatory prepayment of \$31.4 million which was made in August 2022. The remaining net cash proceeds attributable to the sale of SumTotal were subject to reinvestment provisions and could not be used for general corporate purposes. Under the terms of the Amended Credit Agreement, no additional repayment was required.

Accounts Receivable Facility

We also have access to up to \$75.0 million of borrowings under our accounts receivable facility, where borrowing can be made against eligible accounts receivable, with advance rates between 50.0% and 85.0%. Borrowings under the facility bear interest at 3.11% per annum plus the applicable Term SOFR rate. The maturity date of the accounts receivable facility is the earlier of (i) December 27, 2024 or (ii) 90 days prior to the maturity of any corporate debt. The accounts receivable facility requires a minimum outstanding balance of \$10 million at all times. Based on seasonality of billings and the characteristics of accounts receivable, some of which are not eligible for advances, we are not always able to access the full \$75.0 million of available capacity. As of January 31, 2024, \$45.0 million was drawn under our accounts receivable facility.

Share repurchase program

On September 7, 2022, our Board of Directors authorized the Company to repurchase up to \$30.0 million of our common stock, which authorization expired September 7, 2023. Although our Board of Directors authorized the share repurchase program, we were not obligated to repurchase any specific dollar amount or acquire any specific number of shares under the program. From inception through April 19, 2023, we repurchased 299,777 of our shares for \$10.9 million.

Cash Flows

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

	Fiscal 2024		Fiscal 2023		Fiscal 2022			
	Successor		Successor		Predecessor			
	From		From		From			
	February 1, 2023 to		February 1, 2022 to		June 12, 2021 to			
	January 31, 2024		January 31, 2023		January 31, 2022			
					February 1, 2021			
					to June 11, 2021			
Net cash provided by (used in) operating activities	\$	2,818	\$	(20,933)	\$	28,224	\$	33,811
Net cash used in investing activities		(23,040)		(42,184)		(571,605)		(2,991)
Net cash provided by (used in) financing activities		(10,812)		77,233		425,440		14,907
Effect of foreign currency exchange rates on cash and cash equivalents		1		(5,483)		(1,619)		203
Net increase (decrease) in cash and cash equivalents and restricted cash	\$	(31,033)	\$	8,633	\$	(119,560)	\$	45,930

Cash flows from operating activities

The increase in cash flows from operating activities in fiscal 2024, compared to fiscal 2023, was primarily the result of favorability in working capital, net of effects from acquisitions.

The decline in cash flows from operating activities in fiscal 2023, compared to the Successor and Predecessor periods in fiscal 2022, was primarily the result of costs associated with our acquisition and disposal activities as well as related integration, transformation, and restructuring efforts. In addition, changes in working capital, net of effects from acquisitions, and the additional expense associated with being a publicly traded company moderated cash flows from operating activities.

Cash flows from operating activities directly attributable to SumTotal, which was sold on August 15, 2022, were not significant for the periods presented herein.

Cash flows from investing activities

Cash flows from investing activities in fiscal 2024 include \$13.7 million of cash payments for internally developed software.

Cash flows from investing activities in fiscal 2023 include \$172.0 million of net cash proceeds from the sale of the SumTotal business, and \$198.9 million of cash payments related to the acquisition of Codecademy. See Note 3 "Business Combinations" and Note 4 "Discontinued Operations" for more details.

Cash flows from investing activities for the Successor and Predecessor periods in fiscal 2022 include cash paid of \$386.0 million related to the acquisition of Skillsoft, \$156.9 million related to the merger with Global Knowledge, and \$18.6 million related to the acquisition of Pluma. See Note 3 "Business Combinations" 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.

Capital expenditures for fiscal 2023 and the Successor period in fiscal 2022 included \$0.1 million, and \$4.8 million, respectively, attributable to the SumTotal business that was disposed of on August 15, 2022.

Cash flows from financing activities

Cash flows from financing activities consist primarily of borrowings and repayments under our Successor and Predecessor debt facilities and our accounts receivable facility and payments for share repurchases. The Company received \$157.1 million of net proceeds from the Term Loan Facility on April 4, 2022, which, combined with cash on hand, was used for the closing of the Codecademy acquisition. We were required to prepay \$31.4 million of principal outstanding under the Amended Credit Agreement from the proceeds of the SumTotal sale in August 2022. We received \$530 million of proceeds from PIPE equity investments and used the funds for the acquisitions of Skillsoft and Global Knowledge on June 11, 2021. See Note 3 "Business Combinations" for more details.

Contractual and Commercial Obligations

The scheduled maturities of our debt and future minimum rental commitments under non-cancelable lease agreements as of January 31, 2024 were as set forth below (in thousands):

	Payments due by Fiscal Year				
	Total	2025	2026-2027	2028-2029	Thereafter
Term Loan Facility	\$ 594,601	\$ 6,404	\$ 11,207	\$ 576,990	\$ —
Operating leases	14,431	3,656	4,885	2,769	3,121
Total	\$ 609,032	\$ 10,060	\$ 16,092	\$ 579,759	\$ 3,121

Contingencies

From time to time, we are a party to or may be threatened with litigation in the ordinary course of our business. We regularly analyze then current information, including, as applicable, our defense and insurance coverage and, as necessary, provide accruals for probable and estimable liabilities for the eventual disposition of these matters. For information regarding legal proceedings see Note 13 – "Leases, Commitments and Contingencies".

Critical Accounting Policies and Estimates

Our 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, 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, or results of operations could be impacted.

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

Revenue recognition

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

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

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

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

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

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

Intangible assets, including goodwill

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

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

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

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

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

For additional information on goodwill and intangibles, including impairments recorded during the fourth quarter of fiscal 2024, see Note 5 to our Consolidated Financial Statements.

Income taxes

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

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

Item 7A. *Quantitative and Qualitative Disclosures About Market Risk*

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

Interest Rate Risk

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

Based on the balance of our long-term debt and accounts receivable facility and taking into account the two interest rate swap agreements, a hypothetical 100 basis point increase or decrease in interest rates would result in approximately \$3.4 million additional or lower pre-tax interest expense on an annualized basis, respectively. To manage our exposure to interest rate risk on our long-term debt, we entered into two fixed-rate interest rate swap agreements to change the SOFR-based component of the interest rate on \$300.0 million of variable rate debt to a fixed rate. For further information regarding our long-term debt and interest rate swap agreements, see Note 14 and Note 20, respectively, to our consolidated financial statements.

Based on the balance of our cash and cash equivalents, a hypothetical 100 basis point increase or decrease in interest rates would result in an approximately \$0.7 million increase or decrease, respectively, on our interest income on an annualized basis.

Our interest rate swaps are not designated for hedge accounting and are carried on the statement of financial position at their fair value. Unrealized gains and losses from changes in fair value of the interest rate swaps are included in the statement of operations as they occur. A hypothetical 100 basis point increase or decrease in interest rates would result in an approximately \$8.7 million increase or decrease, respectively, on our fair value adjustment of interest rate swaps at a point in time.

Foreign Currency Risk

Our reporting currency and the functional currency of our wholly owned foreign subsidiaries is the U.S. dollar. Fluctuations in foreign currency exchange rates may cause us to recognize transaction gains and losses in other income/(expenses) in our consolidated statement of operations. The Company is exposed to foreign currency fluctuations, including the Euro, pound sterling, Canadian dollar, Australian dollar, Indian rupee, Singapore dollar and related currencies. To date, we have not entered into any hedging arrangements with respect to foreign currency risk or other derivative financial instruments, although we may choose to do so in the future. A hypothetical 10% increase or decrease in current exchange rates would have resulted in an impact of approximately \$3.8 million on our pre-tax income (loss) on an annualized basis.

Item 8. Financial Statements

**Skillsoft Corp.
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Report of Independent Registered Public Accounting Firm

To the Shareholders and the Board of Directors of Skillsoft Corp.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Skillsoft Corp. (Successor) as of January 31, 2024 and 2023, the related consolidated statements of operations, comprehensive income (loss), shareholders' equity (deficit) and cash flows for the years ended January 31, 2024 and 2023 and the period from June 12, 2021 through January 31, 2022 (Successor), the period from February 1, 2021 through June 11, 2021 of Software Luxembourg Holding S.A. (Predecessor), and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Successor at January 31, 2024 and 2023 and the results of its operations and cash flows for the years ended January 31, 2024 and 2023 and the period from June 12, 2021 through January 31, 2022 (Successor), and the results of Predecessor's operations and cash flows for the period from February 1, 2021 through June 11, 2021, in conformity with U.S. generally accepted accounting principles.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ Ernst & Young LLP

We have served as the Company's auditor since 2020.

Boston, Massachusetts

April 15, 2024

SKILLSOFT CORP.
CONSOLIDATED BALANCE SHEETS
(in thousands, except per share amounts)

	<u>Successor</u> <u>January 31, 2024</u>	<u>Successor</u> <u>January 31, 2023</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 136,308	\$ 170,359
Restricted cash	10,215	7,197
Accounts receivable, net of allowance for credit losses of approximately \$562 and \$221 as of January 31, 2024 and January 31, 2023, respectively	185,638	183,592
Prepaid expenses and other current assets	53,170	44,596
Total current assets	<u>385,331</u>	<u>405,744</u>
Property and equipment, net	6,639	10,150
Goodwill	317,071	457,744
Intangible assets, net	539,293	738,066
Right of use assets	8,044	14,633
Other assets	17,256	16,350
Total assets	<u>\$ 1,273,634</u>	<u>\$ 1,642,687</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Current maturities of long-term debt	\$ 6,404	\$ 6,404
Borrowings under accounts receivable facility	44,980	39,693
Accounts payable	14,512	18,338
Accrued compensation	31,774	34,325
Accrued expenses and other current liabilities	29,939	41,474
Lease liabilities	3,049	4,198
Deferred revenue	282,570	280,676
Total current liabilities	<u>413,228</u>	<u>425,108</u>
Long-term debt	577,487	581,817
Warrant liabilities	—	4,754
Deferred tax liabilities	52,148	73,976
Long-term lease liabilities	9,251	11,947
Deferred revenue - non-current	2,402	1,778
Other long-term liabilities	13,531	11,551
Total long-term liabilities	<u>654,819</u>	<u>685,823</u>
Commitments and contingencies		
Shareholders' equity:		
Shareholders' common stock - Class A common shares, \$0.0001 par value: 18,750,000 shares authorized and 8,380,436 shares issued and 8,080,659 shares outstanding at January 31, 2024, and 8,264,308 shares issued and 8,182,794 shares outstanding at January 31, 2023	1	1
Additional paid-in capital	1,551,005	1,521,587
Accumulated equity (deficit)	(1,321,478)	(972,193)
Treasury stock, at cost- 299,777 and 81,514 shares as of January 31, 2024 and January 31, 2023, respectively	(10,891)	(2,845)
Accumulated other comprehensive income (loss)	(13,050)	(14,794)
Total shareholders' equity	<u>205,587</u>	<u>531,756</u>
Total liabilities and shareholders' equity	<u>\$ 1,273,634</u>	<u>\$ 1,642,687</u>

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

SKILLSOFT CORP.
CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except number of shares)

	Fiscal 2024	Fiscal 2023	Fiscal 2022	
	Successor From February 1, 2023 to January 31, 2024	Successor From February 1, 2022 to January 31, 2023	Successor From June 12, 2021 to January 31, 2022	Predecessor From February 1, 2021 to June 11, 2021
Revenues:				
Total revenues	\$ 553,237	\$ 555,124	\$ 351,843	\$ 102,494
Operating expenses:				
Costs of revenues	153,157	152,015	100,726	22,043
Content and software development	68,031	69,796	30,568	15,012
Selling and marketing	170,982	173,281	92,994	34,401
General and administrative	95,896	109,572	70,840	16,471
Amortization of intangible assets	152,511	170,260	89,049	46,492
Impairment of goodwill and intangible assets	202,233	641,362	—	—
Acquisition and integration related costs	5,063	30,663	19,587	6,641
Restructuring	13,978	12,294	3,575	(576)
Total operating expenses	861,851	1,359,243	407,339	140,484
Operating income (loss)	(308,614)	(804,119)	(55,496)	(37,990)
Other income (expense), net	(1,986)	4,438	(1,881)	(167)
Fair value adjustment of warrants	4,754	23,158	17,441	900
Fair value adjustment of interest rate swaps	2,756	(1,554)	—	—
Interest income	3,557	531	76	60
Interest expense	(65,335)	(53,493)	(23,190)	(16,763)
Income (loss) before provision for (benefit from) income taxes	(364,868)	(831,039)	(63,050)	(53,960)
Provision for (benefit from) income taxes	(16,265)	(40,973)	(4,304)	(3,521)
Income (loss) from continuing operations	(348,603)	(790,066)	(58,746)	(50,439)
Gain (loss) on sale of business	(682)	56,619	—	—
Income (loss) from discontinued operations, net of tax	—	8,483	11,940	1,175
Net income (loss)	\$ (349,285)	\$ (724,964)	\$ (46,806)	\$ (49,264)
Net income (loss) per class (Predecessor only)				
Net income (loss) for Class A - Continuing operations				\$ (48,421)
Net income (loss) for Class A - Discontinued operations				1,128
Loss on modifications of terms of participation rights held by Class B shareholders and warrants				—
Net income (loss) attributable to Class A				(47,293)
Net income (loss) for Class B - Continuing operations				(2,018)
Net income (loss) for Class B - Discontinued operations				47
Gain on modifications of terms of participation rights held by Class B shareholders and warrants				—
Net income (loss) attributable to Class B				\$ (1,971)
Net income (loss) per share:				
Ordinary – Basic and diluted - Continuing operations	\$ (43.29)	\$ (99.45)	\$ (8.82)	*
Ordinary – Basic and diluted - Discontinued operations	(0.09)	8.19	1.79	*
Ordinary – Basic and diluted - Net income (loss)	\$ (43.38)	\$ (91.26)	\$ (7.03)	*
Class A – Basic and diluted - Continuing operations				\$ (12.61)
Class A – Basic and diluted - Discontinued operations				0.29
Class A – Basic and diluted - Net income (loss)				\$ (12.32)
Class B – Basic and diluted - Continuing operations				\$ (12.61)
Class B – Basic and diluted - Discontinued operations				0.29
Class B – Basic and diluted - Net income (loss)				\$ (12.32)
Weighted average common shares outstanding:				
Ordinary – Basic and diluted	8,052	7,944	6,657	*
Class A – Basic and diluted				3,840
Class B – Basic and diluted				160

* Not applicable

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

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

	<u>Fiscal 2024</u>	<u>Fiscal 2023</u>	<u>Fiscal 2022</u>	
	<u>Successor</u>	<u>Successor</u>	<u>Successor</u>	<u>Predecessor</u>
	<u>From</u>	<u>From</u>	<u>From</u>	<u>From</u>
	<u>February 1, 2023</u>	<u>February 1, 2022</u>	<u>June 12, 2021</u>	<u>February 1, 2021</u>
	<u>to</u>	<u>to</u>	<u>to</u>	<u>to</u>
	<u>January 31, 2024</u>	<u>January 31, 2023</u>	<u>January 31, 2022</u>	<u>June 11, 2021</u>
Comprehensive income (loss):				
Net income (loss)	\$ (349,285)	\$ (724,964)	\$ (46,806)	\$ (49,264)
Foreign currency adjustment, net of tax	1,744	(17,874)	970	(430)
Total comprehensive income (loss)	<u>\$ (347,541)</u>	<u>\$ (742,838)</u>	<u>\$ (45,836)</u>	<u>\$ (49,694)</u>

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

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

	Ordinary Shares		Common Stock	Additional Paid-in Capital	Accumulated Equity (Deficit)	Treasury Stock	Accumulated Other Comprehensive Income (Loss)	Total Shareholders' Equity (Deficit)
	Number of Shares	In Treasury						
Balance January 31, 2021 (Predecessor)	4,000,000	—	\$ 40	\$ 674,333	\$ (93,722)	—	\$ (682)	\$ 579,969
Translation adjustment	—	—	—	—	—	—	(430)	(430)
Net income (loss)	—	—	—	—	(49,264)	—	—	(49,264)
Balance June 11, 2021 (Predecessor)	4,000,000	—	40	674,333	(142,986)	—	(1,112)	530,275
Balance June 12, 2021 (Successor)	2,577,951	—	—	305,450	(200,423)	—	—	105,027
Issuance of shares, PIPE Investment	2,650,000	—	1	608,165	—	—	—	608,166
Issuance of shares, Skillsoft Merger consideration	1,425,000	—	—	306,375	—	—	—	306,375
Issuance of shares, Global Knowledge acquisition	—	—	—	14,000	—	—	—	14,000
Reclassify Public Warrants to equity	—	—	—	56,120	—	—	—	56,120
Reclassify Private Placement Warrants - CEO to equity	—	—	—	2,800	—	—	—	2,800
Cash payout for fractional shares	—	—	—	(1)	—	—	—	(1)
Share-based compensation	—	—	—	14,664	—	—	—	14,664
Common stock issued	16,667	—	—	—	—	—	—	—
Shares repurchased for tax withholding upon vesting of restricted stock-based awarded	(6,716)	—	—	(1,417)	—	—	—	(1,417)
Translation adjustment	—	—	—	—	—	—	970	970
Net income (loss)	—	—	—	—	(46,806)	—	—	(46,806)
Balance January 31, 2022 (Successor)	6,662,902	—	1	1,306,156	(247,229)	—	970	1,059,898
Share-based compensation	—	—	—	36,622	—	—	—	36,622
Common stock issued	128,821	—	—	—	—	—	—	—
Shares repurchased for tax withholding upon vesting of restricted stock-based awards	(46,136)	—	—	(4,276)	—	—	—	(4,276)
Common stock issued in connection with Codecademy acquisition	1,518,721	—	—	182,547	—	—	—	182,547
Fair value of share-based awards attributed to Codecademy acquisition	—	—	—	538	—	—	—	538
Repurchase of common stock	—	(81,514)	—	—	—	(2,845)	—	(2,845)
Translation adjustment	—	—	—	—	—	—	(17,874)	(17,874)
Deconsolidation of SumTotal	—	—	—	—	—	—	2,110	2,110
Net income (loss)	—	—	—	—	(724,964)	—	—	(724,964)
Balance January 31, 2023 (Successor)	8,264,308	(81,514)	1	1,521,587	(972,193)	(2,845)	(14,794)	531,756
Share-based compensation	—	—	—	31,067	—	—	—	31,067
Common stock issued	178,409	—	—	—	—	—	—	—
Shares repurchased for tax withholding upon vesting of restricted stock-based awards	(62,281)	—	—	(1,649)	—	—	—	(1,649)
Repurchase of common stock	—	(218,263)	—	—	—	(8,046)	—	(8,046)
Translation adjustment	—	—	—	—	—	—	1,744	1,744
Net income (loss)	—	—	—	—	(349,285)	—	—	(349,285)
Balance January 31, 2024 (Successor)	8,380,436	(299,777)	\$ 1	\$ 1,551,005	\$ (1,321,478)	\$ (10,891)	\$ (13,050)	\$ 205,587

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

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

	Fiscal 2024	Fiscal 2023	Fiscal 2022	
	Successor From February 1, 2023 to January 31, 2024	Successor From February 1, 2022 to January 31, 2023	Successor From June 12, 2021 to January 31, 2022	Predecessor From February 1, 2021 to June 11, 2021
Cash flows from operating activities:				
Net income (loss)	\$ (349,285)	\$ (724,964)	\$ (46,806)	\$ (49,264)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:				
Impairment of goodwill and intangible assets	202,233	641,362	—	—
Amortization of intangible assets	152,511	176,690	95,922	50,902
Share-based compensation	31,067	36,622	14,664	—
Depreciation	3,330	6,508	6,556	3,572
Non-cash interest expense	2,074	2,098	817	487
Non-cash property, equipment, software and lease impairment charges	5,230	—	—	—
Provision for credit loss expense (recovery)	341	375	274	(174)
(Gain) loss on sale of business	682	(56,619)	—	—
Provision for (benefit from) income taxes – non-cash	(22,066)	(43,082)	(12,782)	(5,886)
Fair value adjustment of warrants	(4,754)	(23,158)	(17,441)	(900)
Fair value adjustment of interest rate swaps	(2,756)	1,554	—	—
Change in assets and liabilities, net of effects from acquisitions:				
Accounts receivable	(2,091)	(1,560)	(86,583)	88,622
Prepaid expenses and other assets, including long-term	(4,601)	(13,588)	(19,732)	1,828
Right-of-use assets	2,940	3,715	3,807	748
Accounts payable	(3,848)	(5,982)	1,983	(4,866)
Accrued expenses and other liabilities, including long-term	(6,425)	(20,797)	31,081	(18,592)
Lease liabilities	(3,966)	(2,335)	(5,023)	(1,301)
Deferred revenues	2,202	2,228	61,487	(31,365)
Net cash provided by (used in) operating activities	2,818	(20,933)	28,224	33,811
Cash flows from investing activities:				
Purchase of property and equipment	(4,181)	(4,913)	(6,286)	(641)
Internally developed software - capitalized costs	(13,722)	(10,352)	(3,712)	(2,350)
Sale of SumTotal, net of cash transferred	(5,137)	171,995	—	—
Acquisition of Codecademy, net of cash received	—	(198,914)	—	—
Acquisition of Global Knowledge, net of cash received	—	—	(156,926)	—
Acquisition of Skillsoft, net of cash received	—	—	(386,035)	—
Acquisition of Pluma, net of cash received	—	—	(18,646)	—
Net cash used in investing activities	(23,040)	(42,184)	(571,605)	(2,991)
Cash flows from financing activities:				
Shares repurchased for tax withholding upon vesting of restricted stock-based awards	(1,649)	(4,279)	(1,417)	—
Payments to acquire treasury stock	(8,046)	(2,845)	—	—
Proceeds from issuance of term loans, net of fees	—	157,088	464,290	—
Proceeds from accounts receivable facility, net of borrowings	5,287	(34,936)	40,352	16,577
Principal payments on Term loans	(6,404)	(37,795)	(1,200)	—
Proceeds from equity investment (PIPE)	—	—	530,000	—
Principal payments on capital lease obligation	—	—	(994)	(370)
Repayment of First and Second Out loans	—	—	(605,591)	(1,300)
Net cash provided by (used in) financing activities	(10,812)	77,233	425,440	14,907
Effect of exchange rate changes on cash and cash equivalents	1	(5,483)	(1,619)	203
Net increase (decrease) in cash, cash equivalents and restricted cash	(31,033)	8,633	(119,560)	45,930
Cash, cash equivalents and restricted cash, beginning of period	177,556	168,923	288,483	74,443
Cash, cash equivalents and restricted cash, end of period	\$ 146,523	\$ 177,556	\$ 168,923	\$ 120,373
Supplemental disclosure of cash flow information:				
Cash and cash equivalents	\$ 136,308	\$ 170,359	\$ 154,672	\$ 117,299
Restricted cash	10,215	7,197	14,251	3,074
Cash, cash equivalents and restricted cash, end of period	\$ 146,523	\$ 177,556	\$ 168,923	\$ 120,373

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

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

	Fiscal 2024	Fiscal 2023	Fiscal 2022	
	Successor From February 1, 2023 to January 31, 2024	Successor From February 1, 2022 to January 31, 2023	Successor From June 12, 2021 to January 31, 2022	Predecessor From February 1, 2021 to June 11, 2021
Supplemental disclosure of cash flow information and non-cash investing and financing activities:				
Cash paid for interest	\$ 64,229	\$ 49,078	\$ 12,967	\$ 16,439
Cash paid (received) for income taxes, net of refunds	5,839	4,165	1,568	1,161
Unpaid capital expenditures	—	596	153	39
Shares issued in connection with business combination	—	182,550	306,375	—
PIPE subscription liability and warrants reclassified to equity	—	—	134,286	—
Debt issued in connection with business combinations	—	—	90,000	—
Warrants issued in connection with business combinations	—	—	14,000	—

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

SKILLSOFT CORP.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(1) Description of Business and Basis of Presentation

Description of Business

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

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

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

Successor and Predecessor Periods

On June 11, 2021 (“acquisition date”), Churchill Capital Corp II, a Delaware corporation (“Churchill”) completed its acquisition of Software Luxembourg Holding S.A. (“Software Luxembourg” or “Predecessor”, and such acquisition, the “Skillssoft Merger”), and changed its corporate name from Churchill to Skillssoft Corp. (“Skillssoft”). 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. The Skillssoft Merger was considered a business combination under Accounting Standards Codification (“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 condensed consolidated financial position and results of operations of Skillssoft subsequent to June 11, 2021, the date when the acquisitions of Predecessor and Global Knowledge were completed. References to “Predecessor” relate to the condensed consolidated financial position and results of operations of Software Luxembourg Holding S.A. 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 in the accompanying condensed 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 condensed consolidated statement of cash flows.

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

Reverse Stock Split

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

Basis of Financial Statement Preparation

The accompanying consolidated financial statements include the accounts of Skillssoft (Successor) and Software Luxembourg (Predecessor) and its wholly owned subsidiaries. We prepared the accompanying consolidated financial statements in accordance with the instructions for Form 10-K and Article 10 of Regulation S-X and, therefore, include all information and footnotes necessary for a complete presentation of operations, comprehensive income (loss), financial position, changes in shareholders’ equity (deficit) and cash flows in conformity with accounting principles generally accepted in the United States of America (“GAAP”).

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

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

Principles of Consolidation

The accompanying 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 consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the dates of the 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

Revenue Recognition

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

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

Revenue from virtual, on-demand and classroom training, and individualized coaching is recognized in the period in which the services are rendered.

The Company also sells professional services related to its cloud solutions which are typically considered distinct performance obligations and are recognized over time as services are performed. For fixed-price contracts, revenue is recognized over time based on a measure of progress that reasonably reflects our progress toward satisfying the performance obligation.

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

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

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

Deferred Revenue

The Company records as deferred revenue amounts that have been billed in advance for products or services to be provided. Deferred revenue includes the unrecognized portion of revenue associated with service fees for which the Company has received payment or for which amounts have been billed and are due for payment.

Deferred Contract Acquisition Costs

The Company defers sales commissions, and associated fringe costs, such as payroll taxes, paid to direct sales personnel and other incremental costs of obtaining contracts with customers, provided the Company expects to recover those costs. The Company determines whether costs should be deferred based on its sales compensation plans if the commissions are in fact incremental and would not have occurred absent the customer contract.

Sales commissions for renewal of a subscription contract are not considered commensurate with the commissions paid for the acquisition of the initial subscription contract given the substantive difference in commission rates between new and renewal contracts. Commissions paid upon the initial acquisition of a contract are amortized over an estimated period of benefit, which assumes a level of renewals and typically exceeds the original contract term, while commissions paid related to renewal contracts are amortized over the contractual term of the renewal. Amortization is recognized on a straight-line basis upon commencement of the transfer of control of the services, commensurate with the pattern of revenue recognition.

The period of benefit for commissions paid for the acquisition of initial subscription contracts is determined by taking into consideration the initial estimated customer life and the technological life of the Company's platform and related significant features. The Company determines the period of benefit for renewal subscription contracts by considering the average contractual term for renewal contracts. Amortization of deferred contract acquisition costs is included within sales and marketing expense in the consolidated statements of operations.

Foreign Currency Translation

Assets and liabilities recorded in foreign currencies are translated at the exchange rate on the balance sheet date. Revenue and expenses are translated at average rates of exchange prevailing during the year. Translation adjustments resulting from this process are recorded to other comprehensive income (loss). Foreign currency gains or losses on transactions denominated in a currency other than an entity's functional currency are recorded in other income/(expenses) in the accompanying statements of operations. For the fiscal years ended January 31, 2024 (Successor) and 2023 (Successor), the period from June 12, 2021 through January 31, 2022 (Successor), and the period from February 1, 2021 through June 11, 2021 (Predecessor), gains (losses) arising from transactions denominated in foreign currencies other than an entity's functional currency were approximately \$1.5 million, \$3.8 million, (\$2.4) million, and (\$0.1) million, respectively.

Cash, Cash Equivalents and Restricted Cash

The Company considers all highly liquid investments with original maturities of 90 days or less at the time of purchase to be cash equivalents. Cash equivalents also include amounts in transit from certain payment processors for credit and debit card transactions, which typically settle within five business days. As of January 31, 2024 and January 31, 2023, the Company did not have any available-for-sale investments.

At January 31, 2024 and January 31, 2023, the Company had approximately \$136.3 million and \$170.4 million of cash and cash equivalents, respectively and \$10.2 million and \$7.2 million of restricted cash, respectively, primarily related to the accounts receivable facility. Under the terms of the accounts receivable facility, the Company has three accounts considered restricted, an interest reserve account, a foreign exchange reserve account and a concentration account. The interest reserve account requires three months interest on the greater of the facility balance or facility balance floor (the facility balance floor was \$10.0 million as of January 31, 2024). The foreign exchange reserve account requires the Company to restrict cash for an amount equivalent to the change in the translated value of our foreign receivables included in the borrowing base from the date first utilized. The concentration account requires the Company to deposit receipts from the receivables used in the borrowing base until the Company submits a monthly reconciliation report. At that time, the funds may be returned if they are replaced with new receivables.

Acquisition and Integration Related Costs

The Company expenses acquisition and integration related costs as incurred, which consist of professional fees for legal, investment banking and other advisor costs incurred in connection with the business combinations completed in April 2022 and June 2021 and the subsequent integration-related activities.

Risks and Uncertainties

The Company is subject to a number of risks and uncertainties common to companies in similar industries and stages of development, including, but not limited to, the uncertainty of economic, political and market conditions; data security and privacy risk; regulatory risks; management of growth; dependence on key individuals; management of international operations; intellectual property risks; competition from substitute products and services of larger companies; product development risk; ability to keep pace with technological developments; and customer adoption of new products. We record a loss contingency when it is deemed probable and reasonably estimable, based on our best estimate.

Property and Equipment

The Company records property and equipment at cost. Depreciation and amortization are charged to operations based on the cost of property and equipment over their respective estimated useful lives on a straight-line basis, as follows:

Description	Estimated Useful Lives (years)
Computer equipment	3
Furniture and fixtures	5
Leasehold improvements	Lesser of 7 years or life of lease

Expenditures for maintenance and repairs are expensed as incurred, while expenditures for renewals or betterments are capitalized. The Company evaluates the carrying amount of our property and equipment whenever events or circumstances indicate that the carrying value of such assets may not be recoverable. As of January 31, 2024, the Company believes the carrying amounts of its property and equipment are recoverable and no impairment exists.

Leases

We determine if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use (“ROU”) assets and operating lease liabilities in our consolidated balance sheets. ROU assets represent our right to use an underlying asset for the lease term and lease liabilities represent our obligation to make payments arising from the agreement. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the term. As most of our leases do not provide an implicit rate, we generally use our incremental borrowing rate based on the estimated rate of interest for collateralized borrowing over a similar term of the obligation at commencement date. The ROU asset excludes incentives. When it is reasonably certain we will exercise options to extend or terminate contained in the lease agreements, we reflect it in our ROU assets and lease liabilities. Lease expense is recognized on a straight-line basis over the contractual term. If the Company has agreements with both lease and non-lease components, generally we account for them separately.

Content and Software Development Expenses

Content and software development expenses consist primarily of personnel and contractor related expenditures to develop the Company’s content, platform and other product offerings and the Company’s policy is to expense costs as incurred. The Company outsources certain aspects of content production to third parties who produce original content on behalf of Skillsoft. Third party costs incurred in these development efforts with external resources may include prepayments and are recognized as expense in proportion to the level of services completed.

Software development costs are expensed as incurred, except for costs attributable to upgrades and enhancements that qualify for capitalization. See the “Capitalized Software Development Costs” section below for further discussion on this matter.

For the fiscal years ended January 31, 2024 (Successor) and 2023 (Successor), the period from June 12, 2021 through January 31, 2022 (Successor) and the period from February 1, 2021 through June 11, 2021 (Predecessor), the Company incurred \$26.3 million, \$32.1 million, \$15.5 million, and \$7.8 million, respectively of proprietary content development expenses.

Capitalized Software Development Costs

The Company capitalizes certain internal use software development costs related to its SaaS platform incurred during the application development stage when management with the relevant authority authorizes and commits to the funding of the project, it is probable that the project will be completed, and the software will be used as intended. The Company also capitalizes costs related to specific upgrades and enhancements when it is probable that the expenditures will result in additional functionality. Costs related to preliminary project activities and to post-implementation activities are expensed as incurred. Internal use software is amortized on a straight-line basis over its estimated useful life, which is generally 3 to 5 years. Management evaluates the useful lives of these assets on an annual basis and tests for impairment whenever events or changes in circumstances occur that could impact the recoverability of the assets. Capitalized costs are recorded as intangible assets in the accompanying balance sheets. For the fiscal years ended January 31, 2024 (Successor) and 2023 (Successor), the period from June 12, 2021 through January 31, 2022 (Successor) and the period from February 1, 2021 through June 11, 2021 (Predecessor), the Company capitalized \$13.7 million, \$7.3 million, \$2.9 million, and \$1.7 million, respectively, and recognized amortization of \$4.9 million, \$1.2 million, \$0.2 million, and \$0.2 million, respectively.

Content Partner Expenses

For the fiscal years ended January 31, 2024 (Successor) and 2023 (Successor), the period from June 12, 2021 through January 31, 2022 (Successor), and the period from February 1, 2021 through June 11, 2021 (Predecessor), the Company recognized \$30.9 million, \$30.9 million, \$25.7 million, and \$6.2 million, respectively of royalty and course material expenses for third party content used or provisioned in the Company’s content library.

Derivative Instruments

We account for debt and equity issuances as either equity-classified or liability-classified instruments based on an assessment of each instrument’s specific terms and applicable authoritative guidance in the Financial Accounting Standards Board (“FASB”) ASC 480, *Distinguishing Liabilities from Equity* (“ASC 480”) and ASC 815, *Derivatives and Hedging* (“ASC 815”). The assessment considers whether the instruments are freestanding financial instruments pursuant to ASC 480, meet the definition of a liability pursuant to ASC 480, and whether the instruments meet all of the requirements for equity classification under ASC 815, including whether the instruments are indexed to our own common stock and whether the holders could potentially require “net cash settlement” in a circumstance outside of our control, among other conditions for equity classification. This assessment, which requires the use of professional judgment, is conducted at the time of issuance of the instruments and as of each subsequent quarterly period end date while the instruments are outstanding.

For issued or modified instruments that meet all of the criteria for equity classification, the instruments are required to be recorded as a component of additional paid-in capital at the time of issuance. For issued or modified instruments that do not meet all the criteria for equity classification, the instruments are required to be recorded at their initial fair value on the date of issuance, and each balance sheet date thereafter. Changes in the estimated fair value of the instruments are recognized as a non-cash gain or loss on the statements of operations.

Fair Value of Financial Instruments

Financial instruments consist mainly of cash and cash equivalents, restricted cash, accounts receivable, accounts payable, debt interest rate cap derivatives and warrants. The carrying amount of accounts receivable is net of an allowance for doubtful accounts, which is based on historical collections and known credit risks. See Note 20 for a discussion related to the fair value of the Company's borrowing agreements.

Short-Term and Long-Term Debt

Short-term debt has contractual or expected maturities of one year or less. Long-term debt has contractual or expected maturities greater than one year. The Company amortizes deferred debt financing costs (including issuance costs and creditor fees) and original issuance discounts, both recorded as a reduction to the carrying amount of the related debt liability, as interest expense over the terms of the underlying obligations using the effective interest method.

Financial Instruments

The Company accounts for debt and equity issuances as either equity-classified or liability-classified instruments based on an assessment of each instrument's specific terms and applicable accounting guidance. The assessment considers whether the instruments are freestanding financial instruments that meet the definition of a liability, whether the instruments meet all of the requirements for equity classification, including whether an instrument is indexed to the Company's own common stock and whether the holders could potentially require "net cash settlement" in a circumstance outside of the Company's control, among other conditions for equity classification. This assessment, which requires the use of professional judgment, is conducted at the time of issuance of the instrument and as of each subsequent quarterly period end date while the instrument is outstanding.

For issued or modified instruments that meet all of the criteria for equity classification, the instruments are required to be recorded as a component of additional paid-in capital at the time of issuance. For issued or modified instruments that do not meet all the criteria for equity classification (which includes 790,000 of private placement warrants held by the sponsors for Churchill), the instruments are required to be recorded at their initial fair value on the date of issuance, and each balance sheet date thereafter. Changes in the estimated fair value of the instruments are recognized as a non-cash gain or loss on the statements of operations.

The Company has elected to not designate their derivatives as hedging relationships. As such, the changes in the fair value of the derivatives are recorded directly in the statement of operations.

Concentrations of Credit Risk and Off-Balance-Sheet Risk

For the fiscal years ended January 31, 2024 (Successor) and 2023 (Successor), the period from June 12, 2021 through January 31, 2022 (Successor) and the period from February 1, 2021 through June 11, 2021 (Predecessor), no customer individually comprised greater than 10% of revenue. As of January 31, 2024 (Successor) and 2023 (Successor), no customer individually comprised more than 10% of accounts receivable.

The Company considers its customers' financial condition and generally does not require collateral. The Company maintains a reserve for doubtful accounts and sales credits that is the Company's best estimate of potentially uncollectible trade receivables. Provisions are made based upon a specific review of all significant outstanding invoices that are considered potentially uncollectible in whole or in part. For those invoices not specifically reviewed or considered uncollectible, reserves are recorded utilizing different rates, based upon the age of the receivable, historical experience, and other currently available evidence. The allowances are adjusted as additional information becomes known or payments are made.

The Company has no off-balance-sheet arrangements nor concentration of credit risks such as foreign exchange contracts, option contracts or other foreign hedging arrangements.

Intangible Assets, Goodwill and Indefinite-Lived Intangible Impairment Assessments

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

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

In addition, the Company reviews the carrying values of its indefinite-lived intangible assets, including goodwill and certain trademarks, during the fourth fiscal 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. See Note 5 for a discussion of impairment charges recognized for the fiscal years ended January 31, 2024 (Successor) and 2023 (Successor).

Restructuring Charges

Liabilities for restructuring costs include, but are not limited to, one-time involuntary termination benefits provided to employees under the terms of a benefit arrangement that, in substance, are not an ongoing benefit arrangement or a deferred compensation contract, which are recognized on the communication date and certain contract termination costs, including operating lease termination costs which are recognized on the termination date or cease-use date for ongoing lease payments.

In addition, the Company accounts for certain employee-related restructuring charges as an ongoing benefit arrangement, based on its prior practices and policies for the calculation and payment of severance benefits. The Company recognizes employee-related restructuring charges when the likelihood of future payment is probable, and the amount of the severance benefits is reasonably estimable.

ASC 842 amended ASC 420 to exclude costs to terminate a contract that is a lease from the scope of ASC 420. The Company evaluates right-of-use ("ROU") assets abandonment and impairment in accordance with ASC 360, *Property, Plant, and Equipment* and recognizes ROU assets abandonment related amortization and write-offs as restructuring charges in its statements of operations.

Stock-Based Compensation Expense

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 sufficient 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.

Advertising Costs

Costs incurred for production and communication of advertising initiatives are expensed when incurred. Advertising expenses amounted to approximately \$15.4 million, \$15.8 million, \$8.2 million, and \$2.8 million for the fiscal years ended January 31, 2024 (Successor) and 2023 (Successor), the period from June 12, 2021 through January 31, 2022 (Successor), and the period from February 1, 2021 through June 11, 2021 (Predecessor), respectively.

Income Taxes

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

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

Interest and penalties related to uncertain tax positions is included in the provision for income taxes in the consolidated statements of operations.

Recently Adopted Accounting Guidance

In June 2016, the FASB issued Accounting Standards Update ("ASU") 2016-13, *Financial Instruments-Credit Losses* ("ASU 2016-13"), which provided updated authoritative guidance with respect to the measurement of credit losses on financial instruments. This update changed the impairment model for most financial assets and certain other instruments by introducing a current expected credit loss ("CECL") model. The CECL model is a more forward-looking approach based on expected losses rather than incurred losses, requiring entities to estimate and record losses expected over the remaining contractual life of an asset. We adopted ASU 2016-13 effective February 1, 2023, and the adoption of the standard did not have a material impact on our consolidated financial statements. Related to ASU 2016-13, there is risk and judgment involved in determining estimates of our allowances for credit losses, which reduce the carrying value of an asset to produce an estimate of the net amount that will be collected over the asset's life. We evaluate the expected credit loss of an asset on an individual basis, except in cases when assets collectively share similar risk characteristics in which case, we pool them together. We evaluate and estimate our allowances for credit loss by considering reasonable, relevant, and supportable available information. The Company maintains an allowance based upon expected credit losses of outstanding accounts receivable. Management derives its estimate using a variety of factors, including historical collection and loss patterns; the current aging of receivables; customer specific credit risk factors (when warranted); and probable future economic conditions which inform adjustments to historical loss patterns. The provision for expected credit losses is recorded in general and administrative in the accompanying consolidated statements of operations. Accounts receivable deemed to be uncollectible are written off, net of expected or actual recoveries.

Changes in the allowance for credit loss on accounts receivable for the fiscal year ended January 31, 2024 were as follows (in thousands):

	Amount
Balance as of February 1, 2023	\$ 221
Additions to (reductions from) provision for credit loss expense	341
Balance as of January 31, 2024	<u>\$ 562</u>

Recently Issued Accounting Guidance

In December 2023, the FASB issued ASU 2023-07, *Improvements to Reportable Segment Disclosures*, which will require disclosure of significant segment expenses and other segment items. The Company will adopt this guidance effective February 1, 2025. We are currently evaluating the impact of this amended disclosure guidance.

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

(3) Business Combinations

(a) Software Luxembourg Holding S.A. (“Predecessor” or “Skillsoft Legacy”)

On June 11, 2021, Software Luxembourg Holding S.A. merged with and into Churchill Capital Corp II (Churchill) 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 their rights to nominate six members of the initial Board of Directors, the size of their voting interest and their 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	<u>\$ 832,683</u>

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

The Company 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)	Final 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	<u>\$ 832,683</u>	<u>\$ —</u>	<u>\$ 832,683</u>

(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. The measurement period adjustments did not have a significant impact on the Company’s results of operations in prior periods.

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

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

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 resulted in the recognition of goodwill primarily because the acquisition was expected to help the Company 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 costs, which primarily consisted of transaction fees and legal, accounting and other professional services. Approximately \$4.3 million was reported in the period from February 1, 2021 through June 11, 2021 (Predecessor) and \$5.5 million was reported in the period from June 12, 2021 through January 31, 2022 (Successor). These costs are included in the "acquisition and integration related costs" in the accompanying consolidated statements of operations.

(b) Albert DE Holdings, Inc. ("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 the 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
Additional Term Loans issued	70,000
Cash settlement of seller transaction costs	4,251
Total purchase price	\$ 258,450

The Company 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)	Final Purchase Price Allocation
Cash, cash equivalents	\$ 17,524	\$ (100)	\$ 17,424
Current assets	47,849	(2,442)	45,407
Property and equipment	5,531	1,625	7,156
Intangible assets	185,800	—	185,800
Long term assets	12,401	(3,325)	9,076
Total assets acquired	269,105	(4,242)	264,863
Current liabilities	(74,463)	10,910	(63,553)
Deferred revenue	(23,018)	(8,191)	(31,209)
Deferred and other tax liabilities	(16,934)	(6,162)	(23,096)
Long term liabilities	(4,248)	2,168	(2,080)
Total liabilities assumed	(118,663)	(1,275)	(119,938)
Net assets acquired	150,442	(5,517)	144,925
Goodwill	108,008	5,517	113,525
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. The measurement period adjustments did not have a significant impact on the Company's results of operations in prior periods.

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

Description	Amount	Life (in years)
Trademark/tradename	\$ 25,400	17.6
Courseware	1,500	3
Proprietary delivery and development software	2,500	0.6
Vendor relationships	43,900	2.6
Customer relationships	112,700	10.6
Total	\$ 186,000	

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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 was expected to help the Company 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.

For the year ended January 31, 2022, the Company incurred \$1.0 million in acquisition-related costs, which primarily consisted of transaction fees and legal, accounting and other professional services, substantially all of which were reported in the period from June 12, 2021 through January 31, 2022 (Successor). During the fiscal year ended January 31, 2023 (Successor) the Company incurred an additional \$3.0 million in acquisition-related costs in relation to the integration of GK. These costs are included in the "acquisition and integration related costs" in the accompanying consolidated statements of operations.

(c) Ryzac, Inc. ("Codecademy")

On April 4, 2022, the Company acquired Codecademy, 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	<u>\$ 385,984</u>

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

Description	Final Purchase Price Allocation
Cash, cash equivalents and restricted cash	\$ 4,053
Current assets	3,671
Property and equipment	385
Intangible assets	119,000
Total assets acquired	<u>127,109</u>
Current liabilities	(6,166)
Deferred revenue	(18,396)
Deferred tax liabilities	(21,621)
Total liabilities assumed	<u>(46,183)</u>
Net assets acquired	80,926
Goodwill	305,058
Total purchase price	<u>\$ 385,984</u>

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

Description	Amount	Life (in years)
Trade name	\$ 44,000	13.8
Developed technology	43,000	5.0
Content	17,000	5.0
Customer relationships	15,000	5.8
Total	<u>\$ 119,000</u>	

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.

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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 was expected to help the Company 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.

In the fiscal year ended January 31, 2023 (Successor), the Company incurred \$10.7 million in acquisition-related costs, which primarily consisted of transaction fees and legal, accounting, and other professional services. These costs are included in the "acquisition and integration related costs" in the accompanying consolidated statements of operations.

Other Acquisitions

On June 30, 2021, the Company acquired Pluma, Inc., the products and services of which subsequent to the acquisition are referred to as "Skillsoft Coaching". The acquisition enhanced the Company's leadership development offerings, added a new modality to its blended learning model, and allowed the Company to 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. Pro forma information and acquisition expenses have not been presented below because such information is not material to the financial statements.

Unaudited Pro Forma Financial Information

The unaudited pro forma financial information below is presented in accordance with Regulation S-X, Article 11 to enhance comparability for all periods by including operating results for Skillsoft, Global Knowledge and Codecademy as if the transactions had closed on February 1, 2021 (in thousands):

	Unaudited Pro Forma Statements of Operations Twelve Months Ended January 31,	
	2023	2022
Revenue	\$ 563,182	\$ 587,999
Net loss from continuing operations	(153,640)	(129,774)

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 combinations. 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. The pro forma financial information includes adjustments to reflect intangible asset amortization based on the economic values derived from definite-lived intangible assets and interest expense on the new debt financing. Other pro forma adjustments include the following:

- The adoption of ASU 2021-08 is reflected for all Successor and Predecessor periods presented for comparability.
- Impairment of goodwill of \$641 million has been excluded from the twelve months ended January 31, 2023.
- The pro forma results of operations exclude acquisition-related costs other than the transaction costs specific to the business combinations occurring in June 2021 and April 2022. These transaction costs are presented as if they occurred in February 2021.

(4) Discontinued Operations

On August 15, 2022, we completed a Stock Purchase Agreement (the “Purchase Agreement”), by and among Skillsoft, Skillsoft (US) Corporation (“Seller”), Amber Holding Inc. (“SumTotal”), and Cornerstone OnDemand, Inc. (“Buyer”), pursuant to which, subject to the certain terms and conditions contained therein, Seller sold, and Buyer purchased, all of Seller’s right, title and interest in and to one hundred percent (100%) of the outstanding shares of capital stock of SumTotal. Net proceeds from the sale were \$174.9 million, after final working capital adjustments in April 2023.

In connection with the sale, the parties to the Purchase Agreement entered into certain other agreements, including a transition services agreement pursuant to which each of Seller and Buyer agreed to provide the other party with certain transition services for a limited period following the closing.

The Company determined the sale of the SumTotal business met the criteria to be classified as discontinued operations, and its assets and liabilities held for sale, as of June 12, 2022. Accordingly, the Company classified the assets and liabilities of the discontinued operations as held for sale in its consolidated balance sheets at the lower of carrying amount or fair value less cost to sell. The presentation of the assets and liabilities in comparative periods retained their previous classification as current or long-term. No losses were recognized when the discontinued operations’ assets and liabilities were transitioned to held for sale, and depreciation and amortization ceased on such assets. The operating results of SumTotal are reported as discontinued operations, for all periods presented, as the disposition reflected a strategic shift that had a major effect on the Company’s operations and financial results.

The financial results of SumTotal are presented as Income from discontinued operations, net of tax in our consolidated statements of operations. The following presents financial results of SumTotal for all periods presented in our condensed consolidated statements of operations (in thousands):

	Fiscal 2023		Fiscal 2022	
	Successor	Successor	Successor	Predecessor
	From	From	From	From
	February 1, 2022 to	June 12, 2021 to	February 1, 2021	February 1, 2021
	January 31, 2023	January 31, 2022	to June 11, 2021	to June 11, 2021
Revenues:				
Total revenues	\$ 60,706	\$ 75,911	\$ 37,142	
Operating expenses:				
Costs of revenues	19,027	25,688	13,838	
Content and software development	12,246	16,114	9,072	
Selling and marketing	11,507	13,116	7,539	
General and administrative	730	1,164	746	
Amortization of intangible assets	6,345	6,873	4,410	
Acquisition and integration related costs	1,609	607	297	
Restructuring	42	121	(127)	
Total operating expenses	51,506	63,683	35,775	
Operating income from discontinued operations	9,200	12,228	1,367	
Other income (expense), net	2,681	31	(326)	
Interest income	12	18	4	
Interest expense	(1,443)	(1,176)	(57)	
Income (loss) from discontinued operations before income taxes	10,450	11,101	988	
Provision for (benefit from) income taxes	1,967	(839)	(187)	
Net income (loss) from discontinued operations	\$ 8,483	\$ 11,940	\$ 1,175	

In addition, the amounts described in other footnotes within these consolidated financial statements have been updated to reflect the amounts applicable to continuing operations, unless otherwise noted.

(5) Intangible Assets

Intangible assets consisted of the following (in thousands):

	January 31, 2024 (Successor)			January 31, 2023 (Successor)		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Developed software/courseware	\$ 355,247	\$ 172,578	\$ 182,669	\$ 374,057	\$ 123,219	\$ 250,838
Customer contracts/relationships	269,300	59,091	210,209	336,182	42,026	294,156
Vendor relationships	—	—	—	39,887	36,666	3,221
Trademarks and trade names	52,863	6,184	46,679	67,080	6,500	60,580
Publishing rights	41,100	21,668	19,432	41,100	13,449	27,651
Backlog	49,700	45,941	3,759	49,700	32,780	16,920
Skillsoft trademark	76,545	—	76,545	84,700	—	84,700
Total intangible assets	\$ 844,755	\$ 305,462	\$ 539,293	\$ 992,706	\$ 254,640	\$ 738,066

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

	Amortization Expense
2025	\$ 125,138
2026	121,264
2027	75,773
2028	36,336
2029	26,921
Thereafter	77,316
Total future amortization	\$ 462,748

Amortization expense related to intangible assets in the aggregate was \$152.5 million for the fiscal year ended January 31, 2024 (Successor), \$170.3 million for the fiscal year ended January 31, 2023 (Successor), \$89.0 million for the period from June 12, 2021 through January 31, 2022 (Successor), and \$46.5 million for the period from February 1, 2021 through June 11, 2021 (Predecessor).

Impairment Review Requirements and Assumption Uncertainty

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

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

This test requires:

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

The fair value of our reporting units is determined using a weighted average valuation model of the income approach (discounted cash flow approach) and market approach. The income approach requires management to make certain assumptions based upon information available at the time the valuations are performed. Actual results could differ from these assumptions. Management takes care to ensure the assumptions used are reflective of what a market participant would have used in calculating fair value considering the then current economic conditions. This process was followed below both when triggering events for impairment occurred and during our annual impairment test as of January 1st.

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.

Impairment for the Fiscal Year Ended January 31, 2024

During the fourth quarter of fiscal 2024, we identified triggering events for impairment primarily attributable to the impact of the observed prolonged and substantial decline in the Company's stock price and market capitalization, industry analysis and observable industry multiples, which increased our discount rate assumption. In addition, the estimated future cash flows for our two reporting units declined. These declines when comparing fiscal 2024 to fiscal 2023 were due primarily to: (i) increased competition that drove down the growth experience and expectations for the industry in which the Content & Platform reporting unit operates; and (ii) our Instructor-Led Training reporting unit experiencing continued declines in bookings and GAAP revenues.

For the reasons discussed above, for our identifiable intangibles subject to amortization, management believed there were unfavorable changes to assumptions and factors that occurred during fiscal 2024 that would indicate impairment or a change in the remaining useful life. Our estimated undiscounted future cash flows attributable to the amortizable intangibles are projected to be less than the carrying values for the Instructor-Led Training reporting unit. Therefore, we updated the fair values for identifiable intangibles, including the indefinite lived intangible in our Content & Platform reporting unit, that are fair valued using the income approach, as of January 1, 2024. We compared the fair values to their carrying values, which resulted in aggregate impairment losses of \$60.5 million during the fourth quarter of fiscal 2024.

Management next estimated the fair value of the Content & Platform and Instructor-Led Training reporting units using the weighted average valuation model discussed in *Impairment Review Requirements and Assumption Uncertainty* above. For the reasons discussed, the discount rate applied to the analysis increased from the prior year, which drove a lower fair value of our reporting units, resulting in goodwill being impaired for the Content & Platform and Instructor-Led Training reporting units as of January 1, 2024, as the fair values fell below their respective carrying values. As such, the Company recorded goodwill impairment of \$129.1 million for the Content & Platform segment and \$12.6 million for the Instructor-Led Training segment during the fourth quarter of fiscal 2024.

Impairment for the Fiscal Year Ended January 31, 2023

During the second quarter of fiscal 2023, we identified triggering events for impairment in the Instructor-Led Training reporting unit due primarily to a significant decline in bookings and GAAP revenue. Management believed the poor performance was due to a variety of factors, including: (i) reduced corporate spending as customers braced for the potential of a recessionary environment; (ii) difficulty maintaining adequate sales capacity in a challenging labor market for employers; and (iii) evolving customer preferences with respect to training in a post COVID environment.

For the Instructor-Led Training reporting unit, as of July 31, 2022, the estimated undiscounted future cash flows attributable to the amortizable intangibles were greater than the carrying values. In addition, the fair values for indefinite lived intangibles, were also greater than their carrying values. Therefore, during the second quarter of fiscal 2023, management concluded there was no impairment of identifiable intangibles.

Management next estimated the fair value of the Instructor-Led Training reporting unit as of July 31, 2022, using the weighted average valuation model discussed in *Impairment Review Requirements and Assumption Uncertainty* above. For the reasons described, the estimated future cash flows declined, and when applied to the analysis drove a lower fair value of the Instructor-Led Training reporting unit. As a result, the Company recorded a \$70.5 million goodwill impairment for the three months ended July 31, 2022.

During the third quarter of fiscal 2023, we identified triggering events for impairment attributable primarily to deterioration in the equity markets evidenced by sustained declines in the Company's stock price, those of its peers, and major market indices. In addition, interest rates had risen, which increased our discount rate assumption. Furthermore, the Company lowered its projected operating results primarily due to underperformance of Instructor-Led Training business and macroeconomic uncertainty.

As of October 31, 2022, the estimated undiscounted future cash flows attributable to the amortizable intangibles were greater than the carrying values. In addition, the fair values for indefinite lived intangible, were also greater than the carrying values. Therefore, during the third quarter of fiscal 2023 there was no impairment of identifiable intangibles.

Management next estimated the fair value of the Content & Platform and Instructor-Led Training reporting units as of October 31, 2022, using the weighted average valuation model discussed in *Impairment Review Requirements and Assumption Uncertainty* above. For the reasons discussed, the valuation results indicated that for each of the Content & Platform and Instructor-Led Training reporting units, the fair value fell below their respective carrying values. Therefore, the Company recorded a \$569.3 million goodwill impairment for the Content & Platform segment and an additional \$1.6 million goodwill impairment for the Instructor-Led Training segment during the three months ended October 31, 2022.

As of January 1, 2023, the estimated undiscounted future cash flows attributable to the amortizable intangibles appeared to be greater than the carrying values. In addition, the fair values for indefinite lived intangibles, were also greater than the carrying values. We performed our annual quantitative goodwill impairment test for our reporting units as of January 1, 2023, using the weighted average valuation model discussed in *Impairment Review Requirements and Assumption Uncertainty* above and, as of such date, the fair value was in excess of each reporting unit's carrying value. Therefore, no intangible or goodwill impairment was recognized during the fourth quarter of fiscal 2023.

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

Description	Content & Platform	Instructor-Led	
		Training	Consolidated
Acquisition of Skillsoft and GK	\$ 659,667	\$ 116,413	\$ 776,080
Foreign currency translation adjustment	(47)	(623)	(670)
Acquisition of Pluma	14,892	—	14,892
Measurement period adjustments	5,988	(479)	5,509
Goodwill January 31, 2022	680,500	115,311	795,811
Acquisition of Codecademy	309,967	—	309,967
Foreign currency translation adjustment	(126)	(392)	(518)
Impairment of goodwill	(569,256)	(72,106)	(641,362)
Measurement period adjustments	(3,745)	(2,409)	(6,154)
Goodwill January 31, 2023	417,340	40,404	457,744
Foreign currency translation adjustment	(541)	1,605	1,064
Impairment of goodwill	(129,149)	(12,588)	(141,737)
Goodwill January 31, 2024	<u>\$ 287,650</u>	<u>\$ 29,421</u>	<u>\$ 317,071</u>
Accumulated impairment, January 31, 2024	<u>\$ 698,405</u>	<u>\$ 84,694</u>	<u>\$ 783,099</u>

The following impairments of intangible assets have been reflected as decreases of gross carrying amounts within the table at the beginning of this note (in thousands):

	For the Year Ended January 31, 2024		
	Content & Platform	Instructor-Led Training	Consolidated
Customer contracts/relationships	\$ —	\$ 43,335	\$ 43,335
Skillsoft trademark	8,155	—	8,155
Global Knowledge trademark	—	9,006	9,006
Accumulated impairment, January 31, 2024	<u>\$ 8,155</u>	<u>\$ 52,341</u>	<u>\$ 60,496</u>

(6) Property and Equipment

Property and equipment consists of the following (in thousands):

	Successor	
	January 31, 2024	January 31, 2023
Computer equipment	\$ 5,889	\$ 6,078
Furniture and fixtures	2,632	1,812
Leasehold improvements	3,102	1,591
Construction in progress	662	3,692
	12,285	13,173
Accumulated depreciation	(5,646)	(3,023)
	<u>\$ 6,639</u>	<u>\$ 10,150</u>

Construction in progress at January 31, 2024 (Successor) and 2023 (Successor) consisted primarily of costs related to the purchase of certain assets that have not yet been put into service.

Depreciation expense related to property and equipment was \$3.3 million, \$5.0 million, \$4.2 million, and \$1.8 million for the fiscal years ended January 31, 2024 (Successor) and 2023 (Successor), the period from June 12, 2021 through January 31, 2022 (Successor), and the period from February 1, 2021 through June 11, 2021 (Predecessor), respectively.

(7) Taxes

The following table presents the domestic and foreign components of income (loss) before income taxes (in thousands):

	Fiscal 2024	Fiscal 2023	Fiscal 2022	
	Successor	Successor	Successor	Predecessor
	From	From	From	From
	February 1, 2023 to January 31, 2024	February 1, 2022 to January 31, 2023	June 12, 2021 to January 31, 2022	February 1, 2021 to June 11, 2021
Domestic	\$ (197,841)	\$ (129,542)	\$ (12,247)	\$ (21,838)
Foreign	(167,027)	(701,497)	(50,803)	(32,122)
Income (loss) before income taxes	<u>\$ (364,868)</u>	<u>\$ (831,039)</u>	<u>\$ (63,050)</u>	<u>\$ (53,960)</u>

Significant components of the income tax provision (benefit) consist of the following (in thousands):

	Fiscal 2024	Fiscal 2023	Fiscal 2022	
	Successor	Successor	Successor	Predecessor
	From	From	From	From
	February 1, 2023 to January 31, 2024	February 1, 2022 to January 31, 2023	June 12, 2021 to January 31, 2022	February 1, 2021 to June 11, 2021
CURRENT				
Federal	\$ 722	\$ (2,246)	\$ (8,786)	\$ 16,632
State	415	583	(5,571)	4,288
Foreign	4,664	4,716	643	1,267
Current tax provision (benefit)	<u>5,801</u>	<u>3,053</u>	<u>(13,714)</u>	<u>22,187</u>
DEFERRED				
Federal	11	(17,734)	12,853	(14,042)
State	(45)	(4,285)	5,601	(6,189)
Foreign	(22,032)	(22,007)	(9,044)	(5,477)
Deferred tax provision (benefit)	<u>(22,066)</u>	<u>(44,026)</u>	<u>9,410</u>	<u>(25,708)</u>
Income tax provision (benefit)	<u>\$ (16,265)</u>	<u>\$ (40,973)</u>	<u>\$ (4,304)</u>	<u>\$ (3,521)</u>

The Company's effective tax rate differed from the statutory rate as follows:

	Fiscal 2024	Fiscal 2023	Fiscal 2022	
	Successor	Successor	Successor	Predecessor
	From	From	From	From
	February 1, 2023 to January 31, 2024	February 1, 2022 to January 31, 2023	June 12, 2021 to January 31, 2022	February 1, 2021 to June 11, 2021
United States (21.0%) / Luxembourg (24.9%)	21.0%	21.0%	21.0%	24.9%
Increase (decrease) resulting from:				
US State income taxes, net of federal benefit	0.9%	0.4%	7.5%	2.5%
Foreign rate differential	1.8%	(6.2)%	(3.2)%	(10.0)%
Global Intangible Low-Taxed Income	(1.8)%	(0.7)%	1.1%	0.0%
Non-deductible expenses	(0.8)%	(0.1)%	(0.3)%	(0.3)%
Non-deductible officer compensation	0.0%	(0.1)%	(3.8)%	0.0%
Warrants	0.3%	0.6%	5.8%	0.0%
Transaction costs	0.0%	0.0%	(2.4)%	(0.1)%
Unrecognized tax benefit	(0.8)%	0.2%	(7.6)%	2.4%
Change in valuation allowance	(6.7)%	4.6%	(15.8)%	(7.0)%
Impairment of goodwill	(8.1)%	(10.1)%	0.0%	0.0%
Return to provision adjustment	0.6%	(0.2)%	3.5%	(5.5)%
Expired deferred tax assets	(2.3)%	(3.9)%	0.0%	0.0%
Internal restructuring	0.0%	1.1%	0.0%	0.0%
Rate change	2.1%	(0.3)%	1.4%	(0.4)%
Other	(1.7)%	(1.4)%	(0.4)%	(0.4)%
Effective tax rate	<u>4.5%</u>	<u>4.9%</u>	<u>6.8%</u>	<u>6.1%</u>

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Deferred income taxes are provided for the effects of temporary differences between the amounts of assets and liabilities recognized for financial reporting purposes and the amounts recognized for income tax purposes. Significant components of the Company's deferred tax assets and liabilities as of the periods presented were as follows (in thousands):

	<u>Successor</u> <u>January 31, 2024</u>	<u>Successor</u> <u>January 31, 2023</u>
ASSETS		
Loss carryforwards	\$ 97,726	\$ 102,563
Deferred interest expense	47,853	34,194
Reserves and accruals	5,776	7,500
Lease liabilities	2,032	2,635
Tax credits	—	72
Transaction costs	3,779	4,247
Capitalized research and development expenses	12,329	8,133
Other intangibles	21,197	12,839
Other	488	2,800
Gross deferred tax assets	191,180	174,983
Less: Valuation allowance	(157,226)	(133,146)
Net deferred tax assets	33,954	41,837
LIABILITIES		
Intangibles	(74,072)	(108,208)
Property and equipment, net	(4,385)	(1,489)
Accrued interest	(1,343)	(1,188)
Right-of-use asset	(1,641)	(2,737)
Other	(4,661)	(2,191)
Gross deferred tax liabilities	(86,102)	(115,813)
Total deferred tax liabilities, net	\$ (52,148)	\$ (73,976)

In assessing the realization of deferred tax assets, the Company considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The Company considers the scheduled reversal of deferred tax assets and liabilities in assessing the realization of deferred tax assets. As of January 31, 2024 and January 31, 2023 the Company had established a valuation allowance of \$157.2 million and \$133.1 million, respectively, against its deferred tax assets due to uncertainty about whether the deferred tax assets will be realized. The change in total valuation allowance from January 31, 2023 to January 31, 2024 was an increase of \$24.1 million.

As of January 31, 2024, the Company had U.S. federal, state and foreign net operating loss ("NOL") carryforwards of \$225.3 million, \$295.3 million, and \$70.7 million, respectively. If not utilized, certain of the federal, state and foreign NOL carryforwards will expire at various dates beginning in 2025 with the remainder of the NOL carryforwards not subject to an expiration date.

The United States enacted the Tax Cuts and Jobs Act in December 2017, which requires companies to capitalize all their research and development costs for U.S. tax purposes, including software development costs, incurred in tax years beginning after December 31, 2021. Beginning in 2022, the Company began capitalizing and amortizing research and development costs over a five-year period for domestic research and a fifteen-year period for international research rather than expensing these costs for tax purposes.

The utilization of the Company's NOL, other attributes, and credit carryforwards may be subject to a limitation due to the "ownership change" provisions under Section 382 of the Internal Revenue Code and similar state and foreign provisions. Such limitation may result in the expiration of the NOL, other attributes, and credit carryforwards prior to their utilization. Certain attributes and carryforwards will be permanently disallowed due to historical Section 382 ownership changes and have been removed from the Company's deferred tax assets. As of January 31, 2024, the Company has written off a cumulative \$31.4 million of net operating loss, deferred interest, and credit carryforwards that will expire unused due to Section 382 limitations along with the corresponding valuation allowance.

We provide for United States income taxes on the undistributed earnings and the other outside basis temporary differences of foreign subsidiaries unless they are considered indefinitely reinvested outside the United States. As of January 31, 2024, the Company has accrued \$3.3 million related to undistributed earnings from foreign subsidiaries as they are not considered indefinitely reinvested outside the United States. Any basis differences not related to undistributed earnings continues to be considered indefinitely reinvested outside the United States.

The Tax Cuts & Jobs Act of 2017 created a new requirement that certain income earned by foreign subsidiaries, known as global intangible low-tax income ("GILTI"), must be included in the gross income of their U.S. shareholder. The FASB allows an accounting policy election of either recognizing deferred taxes for temporary differences expected to reverse as GILTI in future years or recognizing such taxes as a current-period expense when incurred. The Company has elected to treat the tax effect of GILTI as a current-period expense when incurred.

Uncertain Tax Positions

As of January 31, 2024, the Company had \$14.8 million of unrecognized tax benefits associated with uncertain tax positions and an additional \$1.2 million of accrued interest and penalties, all of which, if recognized, would affect the Company's effective tax rate.

A reconciliation of the beginning and ending balance of unrecognized tax benefit is as follows (in thousands):

	Fiscal 2024		Fiscal 2023		Fiscal 2022	
	Successor From February 1, 2023 to January 31, 2024	Successor From February 1, 2022 to January 31, 2023	Successor From June 12, 2021 to January 31, 2022	Predecessor From February 1, 2021 to June 11, 2021		
Unrecognized tax benefits, beginning balances	\$ 12,320	\$ 14,340	\$ 3,115	\$ 3,918		
Increases for tax positions taken during the current period	—	—	6,161	—		
Increases for tax positions taken during a prior period	2,399	952	5,975	—		
Decreases for tax positions taken during a prior period	(95)	(210)	—	(788)		
Other	196	(720)	(64)	(15)		
Decreases resulting from the expiration of statute of limitations	—	(2,042)	(847)	—		
Unrecognized tax benefits, ending balance	\$ 14,820	\$ 12,320	\$ 14,340	\$ 3,115		

The Company recognized \$0.7 million, (\$0.3) million, (\$0.5) million and (\$0.6) million of interest and penalties during the periods ending January 31, 2024, January 31, 2023, January 31, 2022 and June 11, 2021, respectively. The Company has accrued \$1.2 million and \$0.5 million for the payment of interest and penalties as of January 31, 2024, and January 31, 2023, respectively. We estimate that certain of our unrecognized tax benefits that we have accrued as of January 31, 2024, will be settled with the applicable foreign jurisdictions within the next 12 months due to the completion and settlement of audits. We estimate that \$2.1 million of tax and \$0.2 million of interest and penalties will be paid or released due to these audits being settled.

The Company and its subsidiaries filed tax returns for the United States, multiple states and localities, and for various non-United States jurisdictions. The Company has identified the United States and Ireland as its major tax jurisdictions. The Company's tax filings are subject to examination by U.S. federal, state, and various non-United States jurisdictions. The Company's U.S. federal tax returns are open for years after January 31, 2019.

(8) Prepaid Expenses and Other Current Assets

Prepaid expense and other current assets in the accompanying consolidated balance sheets consist of the following (in thousands):

	Successor January 31, 2024	Successor January 31, 2023
Deferred commission costs – current	\$ 23,227	\$ 12,369
Prepaid tax	6,552	5,312
Prepaid software maintenance costs	5,369	6,347
Prepaid SaaS costs	4,425	444
Prepaid royalties	2,875	3,615
Prepaid insurance costs	1,433	2,208
Prepaid employee benefits	944	1,058
Other prepaid expenses	4,941	6,716
Other receivables	2,250	5,633
Other current assets	1,154	894
Total prepaid expenses and other current assets	\$ 53,170	\$ 44,596

(9) Other Assets

Other assets in the accompanying consolidated balance sheets consist of the following (in thousands):

	Successor January 31, 2024	Successor January 31, 2023
Deferred commission costs – non-current	\$ 13,439	\$ 12,225
Fair value of interest rate swaps	1,202	-
Deposits	844	3,057
Other	1,771	1,068
Total other assets	\$ 17,256	\$ 16,350

The Company's deposits reflect security advances with our third-party providers, including the lessors for our leased facilities.

(10) Accrued Expenses

Accrued expenses in the accompanying consolidated balance sheets consisted of the following (in thousands):

	<u>Successor</u> <u>January 31, 2024</u>	<u>Successor</u> <u>January 31, 2023</u>
Accrued value added tax	\$ 8,808	\$ 8,473
Professional fees	1,982	2,033
Accrued related to SumTotal sale	—	5,137
Accrued interest	2,335	3,597
Accrued royalties	1,278	1,708
Accrued tax	2,108	5,425
Accrued content related costs	992	2,364
Accrued accounts payable	7,246	6,995
Other accrued liabilities	5,190	5,742
Total accrued expenses	<u>\$ 29,939</u>	<u>\$ 41,474</u>

(11) Restructuring

In connection with strategic initiatives implemented during the fiscal years ended January 31, 2024 (Successor) and 2023 (Successor), and the periods ending January 31, 2022 (Successor) and June 11, 2021 (Predecessor), the Company's management approved and initiated plans to reduce its cost structure and better align operating expenses with existing economic conditions and the Company's operating model. The Company recorded restructuring charges of \$14.0 million (by segment was \$5.6 million for Content & Platform and \$8.3 million for Instructor-Led Training) during the fiscal year ended January 31, 2024 (Successor), \$12.3 million (by segment was \$7.1 million for Content & Platform and \$5.2 million for Instructor-Led Training) during the fiscal year ended January 31, 2023 (Successor), \$3.6 million (by segment was \$1.8 million for Content & Platform and \$1.8 million for Instructor-Led Training) during the period from June 12, 2021 through January 31, 2022 (Successor), and a credit of \$0.6 million (for Content & Platform) during the period from February 1, 2021 through June 11, 2021 (Predecessor). These restructuring charges are presented separately in the accompanying Consolidated Statements of Operations and include primarily the severance costs of terminated employees and lease termination and lease impairment charges. As of January 31, 2024 and January 31, 2023, the Company had restructuring charge liabilities of \$3.3 million and \$2.7 million, respectively. Management has completed the majority of restructuring actions as of January 31, 2024; however, the Company will continue to evaluate its cost structure to align operating expenses with existing economic conditions and its operating model which could result in further restructuring actions.

(12) Employee Benefit Plan

The Company has a 401(k) plan covering all US-based employees of the Company who have met certain eligibility requirements. Under the terms of the plan, employees may elect to make tax-deferred contributions to the 401(k) plan. In addition, the Company may make discretionary contributions. Under this plan, contributions of approximately \$2.6 million, \$2.3 million, \$1.6 million, and \$0.9 million were made for the fiscal years ended January 31, 2024 (Successor) and 2023 (Successor), the period from June 12, 2021 through January 31, 2022 (Successor), and the period from February 1, 2021 through June 11, 2021 (Predecessor), respectively.

In addition, the Company has various retirement and post-employment plans covering certain international employees. Certain of the plans allow the Company to match employee contributions up to a specified percentage as defined by the plans. Under these plans, contributions of approximately \$3.5 million, \$3.5 million, \$2.7 million, and \$0.4 million were made for the fiscal years ended January 31, 2024 (Successor) and 2023 (Successor), the period from June 12, 2021 through January 31, 2022 (Successor), and the period from February 1, 2021 through June 11, 2021 (Predecessor), respectively.

(13) Leases, Commitments and Contingencies**Leases**

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

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All of the Company's leases are classified as operating leases. Our right-of-use ("ROU") assets and lease liabilities are recognized based on the present value of the future minimum lease payments over the expected lease term. As the Company's operating leases generally do not provide an implicit rate, the Company uses an estimated incremental borrowing rate in determining the present value of future payments. The incremental borrowing rate represents an estimate of the interest rate the Company would incur at the acquisition date to borrow an amount equal to the lease payments on a collateralized basis over the term of a lease within a particular location and currency environment. The 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 used a weighted average incremental borrowing rate of 6.12% as of June 11, 2021, the acquisition date, for its operating leases that commenced prior to that date. The weighted average incremental borrowing rate for its operating leases as of January 31, 2024 was 5.7%. 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 remaining terms of less than one year.

The operating leases are included in the captions "Right of use assets", "Lease liabilities", and "Long-term lease liabilities" on the Company's consolidated balance sheets. The weighted-average remaining lease term of the Company's operating leases is 6.1 years as of January 31, 2024. Lease costs for minimum lease payments are recognized on a straight-line basis over the lease term. The lease costs were \$5.0 million and related cash payments were \$4.8 million for the fiscal year ended January 31, 2024 (Successor). The lease costs were \$5.8 million and related cash payments were \$5.9 million for the fiscal year ended January 31, 2023 (Successor). Lease costs are included within the 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 on the consolidated statements of cash flows. Short-term lease costs and variable lease costs are not material.

See Note 11 for a discussion related to restructuring charges associated with lease termination and lease impairment charges.

The below reconciles the undiscounted future minimum lease payments under non-cancellable leases to the total lease liabilities recognized on the consolidated balance sheets as of January 31, 2024 (in thousands):

Fiscal year ended January 31:	
2025	\$ 3,656
2026	2,459
2027	2,426
2028	1,652
2029	1,117
Thereafter	3,121
Total future minimum lease payments	14,431
Effects of discounting	(2,131)
Total lease liabilities	<u>\$ 12,300</u>
Current lease liabilities	\$ 3,049
Long-term lease liabilities	9,251
Total lease liabilities	<u>\$ 12,300</u>

Litigation

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

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

Guarantees

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

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

(14) Long-Term Debt

Debt consisted of the following (in thousands):

	<u>Successor</u> <u>January 31, 2024</u>	<u>Successor</u> <u>January 31, 2023</u>
Term Loan - current portion	\$ 6,404	\$ 6,404
Current maturities of long-term debt	\$ 6,404	\$ 6,404
Term Loan - long-term portion	\$ 588,197	\$ 594,601
Original issue discount - long-term portion	(6,942)	(8,286)
Deferred financing costs - long-term portion	(3,768)	(4,498)
Long-term debt	<u>\$ 577,487</u>	<u>\$ 581,817</u>

Exit Credit Facility (Predecessor)

Upon emergence from Chapter 11, the Company entered into the Exit Credit Facility of \$520 million consisting of (i) a \$110 million super senior term loan facility, the First Out Term Loan due in December 2024, and (ii) a \$410 million first lien, second-out term loan facility, the Second Out Term Loan due in April 2025. The Exit Credit Facility incurred interest at a rate equal to LIBOR plus 7.50% per annum, with a LIBOR floor of 1.00%. The Exit Credit Facility contained customary provisions and reporting requirements, including prepayment penalties and a maximum leverage covenant. Quarterly principal repayments of \$1.3 million began for the quarter ended April 30, 2021 and increased to \$2.6 million for the quarter ended April 30, 2022 until maturity.

Immediately following the effective time of the Skillsoft Merger on June 11, 2021, each outstanding share of Churchill Class C common stock issued to the former holders of Skillsoft Class A Shares in connection with the Skillsoft Merger was redeemed for a redemption price of (i) \$131.51 per share in cash and (ii) \$5.208 per share in incremental indebtedness (the "Class A SO Incremental Loans") under that certain Senior Secured Second Out Term Loan Credit Agreement (the "SO Credit Agreement"), dated as of August 27, 2020, by and among Software Luxembourg Intermediate S.à r.l. ("Holdings"), as the parent borrower (the "Parent Borrower"), the other borrower party thereto, the lenders from time to time party thereto and Wilmington Savings Fund Society, FSB, as the administrative agent and collateral agent, as amended (the "SO Credit Agreement") for a total aggregate increase of \$20 million of second out term loans under the SO Credit Agreement. In addition, upon the closing of the Global Knowledge Merger, (i) pursuant to a Joinder Agreement, dated as of June 11, 2021, by and among certain lenders party thereto, Holdings, the Parent Borrower and the other borrower party thereto, such lenders were issued an aggregate principal amount of \$50 million of incremental first out term loans (the "GK FO Incremental Loans") under that certain Senior Secured Term Loan Credit Agreement dated as of August 27, 2020, by and among Holdings, the Parent Borrower, the other borrower party thereto, the several banks and other financial institutions from time to time party thereto, as lenders and Wilmington Savings Fund Society, FSB, as administrative agent and collateral agent, as amended (the "FO Credit Agreement") and (ii) pursuant to a Joinder Agreement, dated as of June 11, 2021 by and among certain lenders party thereto, Holdings, the Parent Borrower and the other borrower party thereto, such lenders were issued an aggregate principal amount of \$20 million of incremental second out term loans under the SO Credit Agreement (the "GK SO Incremental Loans" and together with the GK FO Incremental Loans and the Class A SO Incremental Loans, the "Incremental Loans").

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., as holdings ("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 (the "Maturity Date").

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

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

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 extinguished. 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 Initial Term Loans. Furthermore, \$3.9 million of third-party costs incurred were recognized as interest expenses in the accompanying statement of operations for the fiscal year ended January 31, 2023 (Successor).

Prior to the maturity thereof, the Initial Term Loans will be subject to quarterly amortization payments of 0.25% of the principal amount.

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On August 15, 2022, pursuant to the Purchase Agreement entered on June 12, 2022 by and among Skillsoft, Skillsoft (US) Corporation (“Seller”), Amber Holding Inc. (“SumTotal”), and Cornerstone OnDemand, Inc. (“Buyer”), Seller completed the sale of one hundred percent (100%) of the outstanding shares of capital stock of SumTotal to Buyer. As a result of the asset sale, the Company made a mandatory prepayment of \$31.4 million to the lenders in August 2022. The remaining net cash proceeds attributable to the sale of SumTotal were subject to reinvestment provisions and could not be used for general corporate purposes. As defined in the Amended Credit Agreement, no additional repayment was required.

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 the assets of each subsidiary guarantor.

Amounts outstanding under the Term Loan Facility bear interest, at the option of Skillsoft Finance II, at a rate equal to (a) SOFR (subject to a floor of 0.75%) plus a credit premium based on the tenor of the interest period plus 5.25% for SOFR Loans or (b) the highest of (i) the Federal Funds Effective Rate plus 10.50%, (ii) the “prime rate” quoted by the administrative agent, (iii) Adjusted Term SOFR plus 1.00% and (iv) 1.75%, plus 3.75% for alternative base rate loans. As of January 31, 2024, the balance of \$594.6 million of Initial Term Loans bears interest at a rate equal to SOFR plus a credit premium of 0.11% plus a spread of 5.25%, per annum, with a SOFR floor of 0.75%, and quarterly principal repayments of \$1.6 million until maturity.

Voluntary prepayment is permitted under the Term Loan Facility. Loan parties are subject to various affirmative and negative covenants and reporting obligations under the Amended Credit Agreement. These include, among other things, 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 January 31, 2024, the Company is in compliance with all covenants.

The Company received \$467.3 million of net proceeds (net of \$5.4 million of financing costs and \$7.2 million of original issuance discounts) from the Term Loan Facility on July 16, 2021. The Company used the net proceeds and cash on hand to pay down \$608.7 million of outstanding borrowings from the Exit Credit Facility and \$5.0 million of interest on July 16, 2021.

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 extinguished. Accordingly, both newly incurred and deferred financing costs and original issuance discounts of \$5.5 million and \$7.2 million, respectively, will be amortized as additional interest expense over the term of the Term Loan. Furthermore, \$3.1 million of third-party costs incurred in connection with the refinancing were expensed as incurred and recognized as interest expenses in the accompanying statement of operations for the period from June 12, 2021 through January 31, 2022 (Successor).

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

Future principal payments due for fiscal years ended January 31:		
2025	\$	6,404
2026		4,803
2027		6,404
2028		8,005
2029		568,985
Thereafter		—
Total payments		594,601
Current portion		(6,404)
Unamortized original issue discount and issuance costs		(10,710)
Long-term portion	\$	577,487

Accounts Receivable Facility (Successor)

On December 20, 2018, the Company entered into a \$75.0 million accounts receivable credit agreement. The maturity date for the facility is the earlier of (i) December 27, 2024 or (ii) 90 days prior to the maturity of any corporate debt. There are four classes of available receivables with advance rates between 50.0% and 85.0%. The minimum outstanding draw under the terms of the agreement is \$10 million.

The lenders require the Company to deposit receipts from pledged receivables to a restricted concentration account within two business days of receipt by the Company. A reconciliation detailing collections against the prior month’s borrowing base and additional receivables to be pledged is submitted monthly. If additional pledged receivables exceed the prior month’s collections, funds from the concentration account are returned to the Company. The reserve balance was \$7.7 million at January 31, 2024 and is classified as restricted cash on the balance sheet.

The Company accounts for these transactions as borrowings since the assets pledged contain the right to future receivables. Under this agreement, the Company receives the net present value of the accounts receivable balances used to calculate the borrowing base. The interest rate on borrowings outstanding under the accounts receivable facility was 8.45% at January 31, 2024. Borrowings and repayments are presented as cash flows from financing activities in the accompanying consolidated statements of cash flows. As of January 31, 2024, \$45.0 million was drawn under the accounts receivable facility and is classified as a current liability on the balance sheet.

(15) Long-Term Liabilities

Other long-term liabilities in the accompanying consolidated balance sheets consist of the following (in thousands):

	<u>Successor</u> <u>January 31, 2024</u>	<u>Successor</u> <u>January 31, 2023</u>
Uncertain tax positions; including interest and penalties – long-term	\$ 10,981	\$ 7,532
Fair value of interest rate swaps	—	1,554
Other	2,550	2,465
Total other long-term liabilities	<u>\$ 13,531</u>	<u>\$ 11,551</u>

(16) Shareholders' Equity

Skillsoft Corp. (Successor)

Common Stock

As of January 31, 2024, the Company's authorized share capital consisted of 18,750,000 shares of Class A common stock and 10,000,000 shares of preferred stock, with a par value \$0.0001 each, and 8,380,436 shares of Class A common stock were issued and 8,080,659 shares were outstanding. As of January 31, 2024, the Company had no shares of preferred stock or Class C common stock outstanding. Except as required by law, holders of shares of Class C common stock are not entitled to vote any such shares.

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

Warrants

Refer to Note 17, for information related to the equity classified warrants.

Share Repurchases and Repurchase Authorization

On September 7, 2022, the Company's board of directors authorized Skillsoft to repurchase up to \$30.0 million of its Class A common stock, which expired September 7, 2023. Under the program, the Company was authorized to purchase shares in the open market, in private negotiated transactions, or by other means from time to time. The share repurchase program did not obligate the Company to purchase any minimum number of shares. Under the program, the Company repurchased 218,263 of its shares for \$8.0 million during the fiscal year ended January 31, 2024 (Successor). From inception through April 19, 2023, we repurchased 299,777 of our shares for \$10.9 million.

Accumulated Other Comprehensive Income (Loss)

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

	<u>For the Year Ended January 31, 2024</u>		
	<u>Before Tax</u>	<u>Income Tax</u>	<u>Net</u>
Balance as of January 31, 2023 (Successor)	\$ (14,794)	\$ —	\$ (14,794)
Translation adjustment	1,744	—	1,744
Balance as January 31, 2024 (Successor)	<u>\$ (13,050)</u>	<u>\$ —</u>	<u>\$ (13,050)</u>
	<u>For the Year Ended January 31, 2023</u>		
	<u>Before Tax</u>	<u>Income Tax</u>	<u>Net</u>
Balance as of January 31, 2022 (Successor)	\$ 970	\$ —	\$ 970
Translation adjustment	(17,874)	—	(17,874)
Deconsolidation of SumTotal	2,110	—	2,110
Balance as January 31, 2023 (Successor)	<u>\$ (14,794)</u>	<u>\$ —</u>	<u>\$ (14,794)</u>

(17) Warrants

In connection with the formation of the Company and subsequent acquisitions of Software Luxembourg Holding S.A. and Albert DE Holdings Inc., warrants to purchase common stock were issued to investors, sellers of Albert DE Holdings Inc. and an executive of the Company. Warrants that are not subject to ASC 718, *Compensation - 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 January 31, 2024
Private Placement Warrants – Sponsor	792	\$ 230	None	6/11/2026	\$ —

Simultaneously with the closing of the initial public offering, Churchill Capital (the "Sponsor") purchased an aggregate of 15,800,000 Private Placement Warrants. An additional 1,500,000 warrants were issued at the closing of the business combination with Software Luxembourg Holding S.A. on June 11, 2021 in connection with the repayment of a promissory note due to the Sponsor. One million of the Private Placement Warrants were transferred to the incoming CEO as described below. These warrants held by the Sponsor include conditions that provide for potential changes to the settlement amounts on redemptions and were dependent upon the characteristics of the holder of the warrant. As of January 31, 2024, 453,596 Private Placement Warrants had been transferred to public holders (included in "Public Warrants" in the table below). Because the holder of the instrument is not an input into the pricing of a fixed-for-fixed option on equity shares, the warrants are precluded from being indexed to the entity's stock and are classified as a liability measured at fair value, with changes in fair value each period reported in earnings.

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	1,173	\$ 230	\$ 360	6/11/2026
Private Placement Warrants (PIPE)	833	230	360	6/11/2026
Private Placement Warrants (Global Knowledge)	250	230	None	10/12/2025
Private Placement Warrants (CEO)	50	230	None	6/11/2026
Total	2,306			

A description of each category of warrants issued and outstanding is as follows:

- *Public Warrants* – Pursuant to the initial public offering, the Company sold units that consisted of one share of Class A common stock and one-third of one redeemable warrant ("Public Warrants"), resulting in the issuance of 23,000,000 warrants. Prior to the business combination with Software Luxembourg Holding S.A. on June 11, 2021 (the "Skillsoft Merger"), Churchill Capital Corp II had classified these warrants as liabilities due to tender offer provisions which state that in the event of a tender or exchange offer made to and accepted by holders of more than 50% of the outstanding shares of a single class of common stock, all holders of the warrants would be entitled to receive cash for their warrants. Accordingly, there were potential scenarios outside the control of the Company (which had more than one class of outstanding common stock prior to the Skillsoft Merger), where all warrant holders would be entitled to cash, while only certain holders of the underlying shares of common stock would be entitled to cash, requiring the warrants to be classified as a liability measured at fair value, with changes in fair value reported each period in earnings. Upon the completion of the Skillsoft Merger on June 11, 2021, when only one class of voting shares remained outstanding, the warrants met equity classification criteria as net cash settlement can only be triggered in circumstances in which the holders of the shares underlying the contract also would receive cash in the event of a fundamental change in the ownership of the Company, such as a change in control. Accordingly, the fair value of the warrants was transferred to equity and cumulative losses recognized from changes in fair value remain in the Company's accumulated deficit balance. During the fiscal year ended January 31, 2024 (Successor), there was no activity related to the Private Placement Warrants or Public Warrants.
- *Private Placement Warrants (PIPE)* – In connection with the second step investment made by the anchor PIPE investor, 16,666,667 warrants were issued to a PIPE investor to purchase Class A common stock. The PIPE Private Placement Warrants are issued in the same form as the Public Warrants.
- *Private Placement Warrants (Global Knowledge)* – Upon completion of the acquisition of Albert DE Holdings Inc. (the "Global Knowledge Merger") 5,000,000 warrants were issued to the former owner of Global Knowledge. These warrants are similar to the Private Placement Warrants except the warrants are not subject to the redemption provisions described above if transferred.
- *Private Placement Warrants (CEO)* - Effective at the closing of the Skillsoft Merger and Global Knowledge Merger, the Sponsor committed to transfer 1,000,000 fully vested Private Placement Warrants to the CEO pursuant to his employment agreement with the Company. The warrants are subject to ASC 718, *Compensation - Stock Compensation*. The Company recognized stock-based compensation expense of \$2.8 million for the period from June 12, 2021 through January 31, 2022 (Successor).

Public Warrants and PIPE Private Placement Warrants (hereinafter referred to as “Redeemable Warrants”) are currently exercisable and may only be exercised for 1/20th of a whole number of shares. The Company may redeem these warrants:

- in whole and not in part;
- at a price of \$0.20 per warrant;
- upon not less than 30 days’ prior written notice of redemption;
- if, and only if, the reported last sale price of the Company’s common stock equals or exceeds \$360.00 per share for any 20 trading days within a 30-trading day period ending on the third business day prior to the notice of redemption to the warrant holders; and
- if, and only if, there is a current registration statement in effect with respect to the shares of common stock underlying the warrants.

If and when the Redeemable Warrants become redeemable by the Company, the Company may exercise its redemption right even if it is unable to register or qualify the underlying securities for sale under all applicable state securities laws.

If the Company calls the Redeemable Warrants for redemption, management will have the option to require all holders that wish to exercise the Public Warrants to do so on a “cashless basis,” as described in the warrant agreement. The exercise price and number of shares of Class A common stock issuable upon exercise of the warrants may be adjusted in certain circumstances including in the event of a stock dividend, or recapitalization, reorganization, merger or consolidation. However, the warrants will not be adjusted for issuance of Class A common stock at a price below their exercise price. Additionally, in no event will the Company be required to net cash settle the warrants.

The Sponsor and CEO Private Placement Warrants have the same terms as the Public Warrants, except they will be exercisable on a cashless basis and be non-redeemable so long as they are held by the initial purchasers or their permitted transferees. If the Sponsor Private Placement Warrants are transferred to someone other than the initial purchasers or their permitted transferees, they will be redeemable by the Company and exercisable by such holders on the same basis as the Public Warrants. The Global Knowledge Private Placement Warrants are not redeemable, even upon a transfer in ownership.

(18) Stock-Based Compensation

Equity Incentive Plans

In June 2021, Skillsoft adopted the 2020 Omnibus Incentive Plan (“2020 Plan”). The 2020 Plan provides for the grant of incentive stock options, nonqualified stock options, stock appreciation rights, restricted stock, restricted stock units, other equity-based awards, and cash-based incentive awards to employees, directors, and consultants of the Company. Under the 2020 Plan, 655,295 shares were initially made available for issuance. The 2020 Plan includes an annual increase on January 1 each year beginning on January 1, 2022, in an amount equal to 5.0% of the total number of shares of common stock outstanding on December 31 of the preceding calendar year. The Compensation Committee may act prior to January 1 of a given year to provide that there will be no January 1 increase for such year or that the increase for such year will be a lesser number of shares of common stock than provided for in the 2020 Plan. As of January 31, 2024, a total of 575,619 shares of common stock were available for issuance under the 2020 Plan.

Stock Options

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

The following summarizes the stock option activity for the fiscal year ended January 31, 2024:

	Shares	Weighted - Average Exercise Price	Weighted - Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value (in thousands)
Outstanding, January 31, 2023	116,099	\$ 214.74	8.4	\$ —
Granted	—	—	—	—
Exercised	—	—	—	—
Forfeited	(11,330)	215.00	—	—
Expired	(15,919)	213.13	—	—
Outstanding, January 31, 2024	<u>88,850</u>	215.00	7.4	—
Vested and exercisable, January 31, 2024	55,533	215.00	7.4	—

The total unrecognized equity-based compensation costs related to the stock options was \$2.0 million based on the \$67.23 weighted average grant date fair value of the options, which is expected to be recognized over a weighted-average period of 1.4 years.

Time-Based Restricted Stock Units

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

The following summarizes the time-based RSU activity for the fiscal year ended January 31, 2024:

	Shares	Weighted - Average Grant Date Fair Value	Aggregate Intrinsic Value (in thousands)
Unvested balance, January 31, 2023	608,306	\$ 120.20	\$ 23,359
Granted(1)	461,151	31.76	—
Vested	(172,747)	132.85	—
Forfeited	(160,712)	108.72	—
Unvested balance, January 31, 2024	<u>735,998</u>	64.77	10,319

(1) In May 2023, 14,550 shares of time-based RSUs were granted to replace 19,400 shares of market-based RSUs. This modification resulted in stock-based compensation expense increasing by less than \$0.1 million per quarter over a two-year period.

The total unrecognized stock-based compensation costs related to time-based RSUs was \$35.6 million, which is expected to be recognized over a weighted-average period of 2.6 years.

Market-Based Restricted Stock Units

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

The following summarizes the MBRSUs activity for the fiscal year ended January 31, 2024:

	Shares	Weighted - Average Grant Date Fair Value	Aggregate Intrinsic Value (in thousands)
Unvested balance, January 31, 2023	112,923	\$ 135.00	\$ 4,336
Granted	120,069	45.11	—
Vested	—	—	—
Forfeited and cancelled (1)	(50,250)	149.90	—
Unvested balance, January 31, 2024	<u>182,742</u>	72.60	2,562

(1) In May 2023, 19,400 shares of market-based RSUs were canceled and replaced with 14,550 shares of time-based RSUs. This modification resulted in stock-based compensation expense increasing by less than \$0.1 million per quarter over a two-year period.

The total unrecognized stock-based compensation costs related to MBRSUs was \$4.2 million, which is expected to be recognized over a weighted-average period of 1.2 years.

Performance-based Restricted Stock Units

The Company issued 2,494 performance-based restricted stock units that have a grant-date fair value of \$0.5 million during the period from June 12, 2021 through January 31, 2022 (Successor). The awards vest upon the achievement of specified corporate goals. Of the 2,494 performance-based restricted stock units, 625 shares were vested and 625 shares were canceled on January 31, 2022. The remaining 1,244 shares were vested when the specified corporate goals were achieved in June 2022. In the fiscal year ended January 31, 2023 (Successor), \$0.3 million in stock-based compensation expense was recognized for these remaining shares.

Stock-Based Compensation Expense

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

	Fiscal 2024	Fiscal 2023	Fiscal 2022	
	Successor From February 1, 2023 to January 31, 2024	Successor From February 1, 2022 to January 31, 2023	Successor From June 12, 2021 to January 31, 2022	Predecessor From February 1, 2021 to June 11, 2021
Cost of revenues	\$ 762	\$ 232	\$ —	\$ —
Content and software development	6,294	8,850	895	—
Selling and marketing	3,794	7,336	2,043	—
General and administrative	20,217	20,204	11,726	—
Total	\$ 31,067	\$ 36,622	\$ 14,664	\$ —

The stock-based compensation for the fiscal year ended January 31, 2023 (Successor) includes \$1.6 million of fair value adjustment for the cash consideration in excess of the fair value of the legacy Codecademy options, which is classified as a post-combination expense.

Stock-based compensation expense for the period from June 12, 2021 through January 31, 2022 (Successor) includes \$2.8 million attributable to 50,000 warrants issued to the chief executive officer that vested upon completion of the merger and his commencement of employment with the Company.

(19) Revenue

Revenue Components and Performance Obligations

Subscription Services

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

Virtual, On-Demand and Classroom

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

Professional Services

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

Disaggregated Revenue and Geography Information

The following is a summary of revenues by type for the fiscal years ended January 31, 2024 (Successor) and 2023 (Successor), the period from June 12, 2021 through January 31, 2022 (Successor), and the period from February 1, 2021 through June 11, 2021 (Predecessor), (in thousands):

	<u>Fiscal 2024</u>	<u>Fiscal 2023</u>	<u>Fiscal 2022</u>	
	<u>Successor</u>	<u>Successor</u>	<u>Successor</u>	<u>Predecessor</u>
	<u>From</u>	<u>From</u>	<u>From</u>	<u>From</u>
	<u>February 1, 2023</u>	<u>February 1, 2022</u>	<u>June 12, 2021 to</u>	<u>February 1, 2021</u>
	<u>to</u>	<u>to</u>	<u>January 31, 2022</u>	<u>to June 11, 2021</u>
	<u>January 31, 2024</u>	<u>January 31, 2023</u>	<u>January 31, 2022</u>	<u>January 31, 2022</u>
SaaS and subscription services	\$ 384,022	\$ 365,447	\$ 208,229	\$ 97,406
Virtual, on-demand and classroom	148,387	170,746	132,586	—
Professional services	20,828	18,931	11,028	5,088
Total net revenues	<u>\$ 553,237</u>	<u>\$ 555,124</u>	<u>\$ 351,843</u>	<u>\$ 102,494</u>

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

The following table sets forth our revenues by geographic region for the fiscal years ended January 31, 2024 (Successor) and 2023 (Successor), the period from June 12, 2021 through January 31, 2022 (Successor), and the period from February 1, 2021 through June 11, 2021 (Predecessor), (in thousands):

	<u>Fiscal 2024</u>	<u>Fiscal 2023</u>	<u>Fiscal 2022</u>	
	<u>Successor</u>	<u>Successor</u>	<u>Successor</u>	<u>Predecessor</u>
	<u>From</u>	<u>From</u>	<u>From</u>	<u>From</u>
	<u>February 1, 2023</u>	<u>February 1, 2022</u>	<u>June 12, 2021 to</u>	<u>February 1, 2021</u>
	<u>to</u>	<u>to</u>	<u>January 31, 2022</u>	<u>to June 11, 2021</u>
	<u>January 31, 2024</u>	<u>January 31, 2023</u>	<u>January 31, 2022</u>	<u>January 31, 2022</u>
Revenue:				
United States	\$ 363,665	\$ 356,604	\$ 212,055	\$ 77,488
Europe, Middle East and Africa	140,716	148,154	102,982	14,283
Other Americas	28,547	30,512	24,922	5,197
Asia-Pacific	20,309	19,854	11,884	5,526
Total net revenues	<u>\$ 553,237</u>	<u>\$ 555,124</u>	<u>\$ 351,843</u>	<u>\$ 102,494</u>

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

Deferred Revenue

Deferred revenue activity for the fiscal year ended January 31, 2024 was as follows (in thousands):

Deferred revenue at January 31, 2023	\$ 282,454
Billings deferred	555,755
Recognition of prior deferred revenue	(553,237)
Deferred revenue at January 31, 2024	<u>\$ 284,972</u>

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

Deferred Contract Acquisition Costs

Deferred contract acquisition cost activity for the fiscal year ended January 31, 2024 was as follows (in thousands):

Deferred contract acquisition costs at January 31, 2023	\$ 24,594
Contract acquisition costs	35,625
Recognition of contract acquisition costs	(23,552)
Deferred contract acquisition costs at January 31, 2024	<u>\$ 36,667</u>

(20) Fair Value Measurements

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

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

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

The following summarizes the Company’s assets and liabilities that are measured at fair value on a recurring basis as of January 31, 2024 and are categorized using the fair value hierarchy (in thousands):

Description	Level 2 Measurements	Level 3 Measurements	Total
Cash and cash equivalents	\$ 136,308	\$ —	\$ 136,308
Restricted cash	10,215	—	10,215
Interest rate swaps - asset (liability)	1,202	—	1,202
Liability classified warrants	—	—	—
Total assets and (liabilities) recorded at fair value	<u>\$ 147,725</u>	<u>\$ —</u>	<u>\$ 147,725</u>

Cash, Cash Equivalents and Restricted Cash

The cost of our cash, cash equivalents and restricted cash agreed to the estimated fair value as of January 31, 2024. Refer to Note 2 "Summary of Significant Accounting Policies - Cash, Cash Equivalents, and Restricted Cash" for additional detail.

Interest Rate Swaps

On June 17, 2022, the Company entered into two fixed-rate interest rate swap agreements to change the SOFR-based component of the interest rate on a portion of the Company’s variable rate debt to a fixed rate (the “Interest Rate Swaps”). The Interest Rate Swaps have a combined notional amount of \$300.0 million and a maturity date of June 5, 2027. The objective of the Interest Rate Swaps is to eliminate the variability of cash flows in interest payments on \$300.0 million of variable rate debt attributable to changes in benchmark one-month SOFR interest rates. The hedged risk is the interest rate risk exposure to changes in interest payments, attributable to changes in benchmark SOFR interest rates over the interest rate swap term. The changes in cash flows of the interest rate swap are expected to offset changes in cash flows of the variable rate debt. The Interest Rate Swaps are not designated as a cash flow hedge and changes in the fair value of the interest rate swaps are recorded in earnings each period. For the fiscal year ended January 31, 2024 (Successor), the Company recognized a non-cash gain of \$2.8 million, attributable to the Interest Rate Swaps. For the fiscal year ended January 31, 2023 (Successor), the Company recognized a loss of \$1.6 million, attributable to the Interest Rate Swaps.

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

Warrants

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 January 31, 2024
Private Placement Warrants – Sponsor	792	\$ 230	None	6/11/2026	\$ —

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The Company classifies the Sponsor Private Placement Warrants as liabilities in accordance with ASC Topic 815. See Note 17 "Warrants" for more detail. The inputs for determining fair value of these warrants are classified as Level 3 inputs. The Company estimates the fair value of the Sponsor Private Placement Warrants using a Black-Scholes option pricing model and the following assumptions:

	January 31, 2024	January 31, 2023
Risk-free interest rate	4.2%	3.80%
Expected dividend yield	0.0%	0.0%
Volatility factor	55.9%	76.0%
Expected lives (years)	2.4	3.4
Value per unit	\$ —	\$ 0.30

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 warrants were terminated for no consideration on June 11, 2021 and, as a result, the Company recorded a gain of \$0.9 million for the period from February 1, 2021 to June 11, 2021.

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

	For the Year Ended January 31, 2023
Balance as of January 31, 2022 (Successor)	\$ 28,199
Unrealized gains	(23,445)
Balance as of January 31, 2023 (Successor)	\$ 4,754
	For the Year Ended January 31, 2024
Balance as of January 31, 2023 (Successor)	\$ 4,754
Unrealized gains	(4,754)
Balance as of January 31, 2024	\$ —

Other Fair Value Instruments

The Company currently invests excess cash balances primarily in money market funds invested in United States Treasury securities and United States Treasury securities repurchase agreements, as well as cash deposits held at major banks. The carrying amounts of cash and cash equivalents, trade receivables, trade payables and accrued liabilities, as reported on the consolidated balance sheet as of January 31, 2024, approximate their fair value because of the short maturity of those instruments.

Our long-term debt is a financial instrument, and the fair value of the Company's outstanding principal as of January 31, 2024, was \$558.3 million. This fair value is determined based on inputs that are classified as Level 2 within the fair value hierarchy.

(21) Segment Information

ASC 280, *Segment Reporting*, establishes standards for reporting information about operating segments. Operating segments are defined as components of an enterprise about which separate financial information is available that is evaluated regularly by the chief operating decision maker ("CODM"), in determining how to allocate resources and in assessing performance. The Company's CODM is its 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 two segments: Content & Platform (formerly referred to as Skillsoft Content) and Instructor-Led Training (formerly referred to as Global Knowledge). All of the Company's segments market and sell their offerings globally to businesses of many sizes, government agencies, educational institutions and resellers with a worldwide sales force positioned to offer the combinations that best meet customer needs. The CODM primarily uses revenues and operating income as measures to evaluate financial results and allocation of resources. The Company allocates certain operating expenses to the reportable segments, including general and administrative costs based on the usage and relative contribution provided to the segments. There are no intercompany revenue transactions reported between the Company's reportable segments.

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

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

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The following presents summary results for each of the segments for the fiscal years ended January 31, 2024 (Successor) and 2023 (Successor), the period from June 12, 2021 through January 31, 2022 (Successor), and the period from February 1, 2021 through June 11, 2021 (Predecessor), (in thousands):

	<u>Fiscal 2024</u>	<u>Fiscal 2023</u>	<u>Fiscal 2022</u>	
	<u>Successor</u>	<u>Successor</u>	<u>Successor</u>	<u>Predecessor</u>
	<u>From</u>	<u>From</u>	<u>From</u>	<u>From</u>
	<u>February 1, 2023</u>	<u>February 1, 2022</u>	<u>June 12, 2021 to</u>	<u>February 1, 2021</u>
	<u>to</u>	<u>to</u>	<u>January 31, 2022</u>	<u>to June 11, 2021</u>
	<u>January 31, 2024</u>	<u>January 31, 2023</u>		
Content & Platform				
Revenues	\$ 404,850	\$ 384,378	\$ 219,257	\$ 102,494
Operating expenses	632,699	1,101,218	257,967	140,484
Operating income (loss)	(227,849)	(716,840)	(38,710)	(37,990)
Instructor-Led Training				
Revenues	148,387	170,746	132,586	—
Operating expenses	229,152	258,025	149,372	—
Operating income (loss)	(80,765)	(87,279)	(16,786)	—
Consolidated				
Revenues	553,237	555,124	351,843	102,494
Operating expenses	861,851	1,359,243	407,339	140,484
Operating income (loss)	(308,614)	(804,119)	(55,496)	(37,990)
Other income (expense), net	(1,986)	4,438	(1,881)	(167)
Interest expense, net	(61,778)	(52,962)	(23,114)	(16,703)
Fair value adjustment of warrants	4,754	23,158	17,441	900
Fair value adjustment of interest rate swaps	2,756	(1,554)	—	—
(Provision for) benefit from income taxes	16,265	40,973	4,304	3,521
Net income (loss) from continuing operations	(348,603)	(790,066)	(58,746)	(50,439)
Gain (loss) on sale of business	(682)	56,619	—	—
Income (loss) from discontinued operations, net of tax	—	8,483	11,940	1,175
Net income (loss)	<u>\$ (349,285)</u>	<u>\$ (724,964)</u>	<u>\$ (46,806)</u>	<u>\$ (49,264)</u>

Content & Platform segment depreciation for the fiscal years ended January 31, 2024 (Successor) and 2023 (Successor), the period from June 12, 2021 through January 31, 2022 (Successor), and the period from February 1, 2021 through June 11, 2021 (Predecessor) was \$2.5 million, \$3.0 million, \$1.8 million and \$1.8 million, respectively.

Instructor-Led Training segment depreciation for the fiscal years ended January 31, 2024 (Successor) and 2023 (Successor), and the period from June 12, 2021 through January 31, 2022 was \$0.8 million, \$1.8 million and \$2.0 million, respectively.

The Company's segment assets primarily consist of cash and cash equivalents, accounts receivable, prepaid expenses, deferred taxes, property and equipment, goodwill and intangible assets. The following sets forth the Company's segment assets as of January 31, 2024 and January 31, 2023 (in thousands):

	<u>Successor</u>	<u>Successor</u>
	<u>January 31, 2024</u>	<u>January 31, 2023</u>
Content & Platform	\$ 1,168,671	\$ 1,434,920
Instructor-Led Training	104,963	207,767
Total assets	<u>\$ 1,273,634</u>	<u>\$ 1,642,687</u>

The following sets forth the Company's long-lived tangible assets by geographic region as of January 31, 2024 and January 31, 2023 (in thousands):

	<u>Successor</u>	<u>Successor</u>
	<u>January 31, 2024</u>	<u>January 31, 2023</u>
United States	\$ 3,311	\$ 7,117
Rest of world	3,328	3,033
Total long-lived tangible assets	<u>\$ 6,639</u>	<u>\$ 10,150</u>

(22) Net Loss Per Share

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

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

	Fiscal 2024	Fiscal 2023	Fiscal 2022	
	Successor	Successor	Successor	Predecessor
	From	From	From	From
	February 1, 2023 to	February 1, 2022 to	June 12, 2021 to	February 1, 2021 to
	January 31, 2024	January 31, 2023	January 31, 2022	June 11, 2021
Net income (loss) from continuing operations	\$ (348,603)	\$ (790,066)	\$ (58,746)	\$ (50,439)
Net income (loss) from discontinued operations	(682)	65,102	11,940	1,175
Net income (loss)	<u>\$ (349,285)</u>	<u>\$ (724,964)</u>	<u>\$ (46,806)</u>	<u>\$ (49,264)</u>
Net income (loss) per class (Predecessor only)				
Net income (loss) for Class A - Continuing operations				\$ (48,421)
Net income (loss) for Class A - Discontinued operations				1,128
Loss on modifications of terms of participation rights held by Class B shareholders and warrants				—
Net income (loss) attributable to Class A				<u>\$ (47,293)</u>
Net income (loss) for Class B - Continuing operations				\$ (2,018)
Net income (loss) loss for Class B - Discontinued operations				47
Gain on modifications of terms of participation rights held by Class B shareholders and warrants				—
Net income (loss) attributable to Class B				<u>\$ (1,971)</u>
Weighted average common shares outstanding:				
Ordinary – Basic and diluted	8,052	7,944	6,657	*
Class A – Basic and diluted (Predecessor)	*	*	*	3,840
Class B – Basic and diluted (Predecessor)	*	*	*	<u>160</u>
Net income (loss) per share:				
Ordinary – Basic and diluted - Continuing operations	\$ (43.29)	\$ (99.45)	\$ (8.82)	*
Ordinary – Basic and diluted - Discontinued operations	(0.09)	8.19	1.79	*
Ordinary – Basic and diluted	<u>\$ (43.38)</u>	<u>\$ (91.26)</u>	<u>\$ (7.03)</u>	*
Class A – Basic and diluted (Predecessor) - Continuing operations	*	*	*	\$ (12.61)
Class A – Basic and diluted (Predecessor) - Discontinued operations	*	*	*	0.29
Class A – Basic and diluted (Predecessor)	*	*	*	<u>\$ (12.32)</u>
Class B – Basic and diluted (Predecessor) - Continuing operations	*	*	*	\$ (12.61)
Class B – Basic and diluted (Predecessor) - Discontinued operations	*	*	*	0.29
Class B – Basic and diluted (Predecessor)	*	*	*	<u>\$ (12.32)</u>

* Not Applicable

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Warrants to purchase 35,294 common shares have been excluded from the Predecessor 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 fiscal years ended January 31, 2024 (Successor) and 2023 (Successor), the period from June 12, 2021 through January 31, 2022 (Successor), and the period from February 1, 2021 through June 11, 2021 (Predecessor), the Company incurred net losses and, therefore, the effect of the Company's potentially dilutive securities was not included in the calculation of diluted loss per share as the effect would be anti-dilutive. The following contains share/unit totals with a potentially dilutive impact (in thousands):

	Fiscal 2024	Fiscal 2023	Fiscal 2022	
	Successor	Successor	Successor	Predecessor
	From	From	From	From
	February 1, 2023 to	February 1, 2022 to	June 12, 2021 to	February 1, 2021 to
	January 31, 2024	January 31, 2023	January 31, 2022	June 11, 2021
Common stock underlying warrants	3,098	3,098	3,098	706
Stock options	89	116	141	—
RSUs	919	721	328	—
Total	<u>4,106</u>	<u>3,935</u>	<u>3,567</u>	<u>706</u>

(23) Related Party Transactions

Agreement with Largest Shareholder

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

Codecademy Transaction

An affiliate of our largest shareholder, MIH Learning B.V. also owned approximately 23.8% of the outstanding equity of 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 an advisor to the Company regarding a potential 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 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.

(24) Subsequent Events

On April 9, 2024, the Board of Directors of Skillsoft Corp. (the "Company") appointed Ronald W. Hovsepian as the Company's Executive Chair and principal executive officer, effective as of April 16, 2024. Mr. Hovsepian had recently been named to take over the Chair position from the Company's prior Chair, Patrick Kolek. Mr. Hovsepian will succeed Jeffrey R. Tarr as principal executive officer, who will retire from the position of Chief Executive Officer effective as of April 16, 2024 (the "Transition Date"). Mr. Tarr has also resigned from his position as a member of the Company's Board of Directors effective as of the Transition Date. Mr. Tarr will remain employed as an advisor to the Executive Chair of the Company following the Transition Date until May 9, 2024, on which date his employment with the Company will terminate.

The Board has determined that Mr. Tarr will receive severance benefits in accordance with the terms, and subject to the conditions, of the Second Amended and Restated Executive Employment Agreement by and between Mr. Tarr and the Company, dated as of December 3, 2023, a copy of which has been included in this Form 10-K filing as Exhibit 10.7.

In addition to the above, the Company has completed an evaluation of all subsequent events after the balance sheet date of January 31, 2024 through the date this Annual Report on Form 10-K was filed with the SEC, to ensure that this filing includes appropriate disclosure of events both recognized in the financial statements as of January 31, 2024, and events which occurred subsequently but were not recognized in the financial statements. The Company has concluded that no subsequent events have occurred that require disclosure, except as disclosed within these financial statements.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

Not applicable.

Item 9A. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Management performed an evaluation of the effectiveness of our disclosure controls and procedures as of January 31, 2024. The evaluation was performed under the supervision and with the participation of our management, including our Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act").

Based on this evaluation, our CEO and CFO concluded that our disclosure controls and procedures were effective as of January 31, 2024.

Management's Report on Internal Control over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Exchange Act Rule 13a-15(f). Internal control over financial reporting is a process designed under the supervision of our CEO and CFO, and effected by our Board of Directors, management and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of our Consolidated Financial Statements for external purposes in accordance with generally accepted accounting principles and includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Management, under the oversight of our principal executive and principal financial officers, and Board of Directors, conducted an evaluation of the effectiveness of our internal control over financial reporting using the criteria set by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") in Internal Control—Integrated Framework (2013). Based on this evaluation, management concluded that the Company's internal control over financial reporting was effective as of January 31, 2024.

Previously Identified Material Weakness in Internal Control Over Financial Reporting

To remediate the identified material weakness disclosed in our fiscal 2023 Form 10-K, with the oversight of senior management and our audit committee, we hired additional qualified accounting and financial personnel with extensive experience in technical accounting and financial reporting, including a Chief Accounting Officer, Corporate Controller, and a SOX Program Director. Additionally, management implemented remediation procedures and controls in the financial close process, including enhanced reconciliation and review controls and financial close checklists to ensure all necessary reviews and reconciliations are occurring as designed. The measures we have implemented were subject to management review, testing, and audit committee oversight. Based on actions taken, as well as the design and operating effectiveness of these new controls, management believes that the material weakness has been remediated as of January 31, 2024.

We will be subject to the provisions of Section 404(b) of the Sarbanes-Oxley Act for our fiscal year ended January 31, 2025. As a result, in connection with our Form 10-K for the fiscal year ended January 31, 2025, our independent registered public accounting firm is expected to formally attest to the effectiveness of our internal controls over financial reporting, including controls around prior material weaknesses. We will continue to execute the enhanced review and testing across all key controls for the upcoming fiscal year.

Changes in Internal Control over Financial Reporting

Except for the remediation of the material weakness described above, there were no changes in our internal control over financial reporting identified in connection with the evaluation required by Rules 13a-15(d) and 15d-15(d) of the Exchange Act that occurred during the fourth quarter of the fiscal year ended January 31, 2024 that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Limitations on the Effectiveness of Controls

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

Item 9B. Other Information

Not applicable.

Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections

Not applicable.

PART III

Item 10. DIRECTORS, EXECUTIVE OFFICERS, AND CORPORATE GOVERNANCE

Information required by this item is incorporated by reference to the sections captioned “Nominees and Continuing Directors,” “Executive Officers,” “Code of Business Conduct and Ethics,” “Stockholder Nominations” and “Audit Committee” of Skillsoft’s Proxy Statement for the 2024 Annual Meeting of Stockholders, anticipated to be filed with the SEC within 120 days of January 31, 2024.

Item 11. EXECUTIVE COMPENSATION

Information required by this item is incorporated by reference to the sections captioned “Compensation of Outside Directors,” “Compensation Discussion & Analysis” and “Executive Compensation Tables” of Skillsoft’s Proxy Statement for the 2024 Annual Meeting of Stockholders, anticipated to be filed with the SEC within 120 days of January 31, 2024.

Item 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

Information required by this item is incorporated by reference to the sections captioned “Security Ownership” and “Equity Compensation Plan Information” of Skillsoft’s Proxy Statement for the 2024 Annual Meeting of Stockholders, anticipated to be filed with the SEC within 120 days of January 31, 2024.

Item 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

Information required by this item is incorporated by reference to the sections captioned “Related-Party Transactions” and “Governance of the Company – Director Independence” of Skillsoft’s Proxy Statement for the 2024 Annual Meeting of Stockholders, anticipated to be filed with the SEC within 120 days of January 31, 2024.

Item 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

Information required by this item is incorporated by reference to the section captioned “Agenda Item 2 – Ratification of Appointment of Independent Registered Public Accounting Firm” of Skillsoft’s Proxy Statement for the 2024 Annual Meeting of Stockholders, anticipated to be filed with the SEC within 120 days of January 31, 2024.

PART IV

Item 15. Exhibits and Financial Statement Schedules

(a) 1. Financial Statements

The information concerning our financial statements, and Report of Independent Registered Public Accounting Firm required by this Item is incorporated by reference herein to the section of this Annual Report on Form 10-K in Item 8, entitled “Consolidated Financial Statements and Supplementary Data.”

2. Financial Statement Schedules.

All Financial Statement Schedules have been omitted since they are either not required, not applicable, or the information is otherwise included in this report.

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(b). Exhibits.

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

Exhibit No.	Description	Form	File No.	Exhibit	Filing Date
2.1	Agreement and Plan of Merger dated as of October 12, 2020, by and between Churchill Capital Corp II and Software Luxembourg Holding S.A.	8-K	001-38960	2.1	10/16/2020
2.2	Stock Purchase Agreement, dated as of June 12, 2022, by and among Skillsoft Corp., Skillsoft (US) Corporation, Amber Holding Inc., and Cornerstone OnDemand, Inc.	8-K	001-38960	2.1	6/13/2022
3.1*	Second Amended and Restated Certificate of Incorporation of Skillsoft Corp., as amended				
3.2	Certificate of Amendment to the Second Amended and Restated Certificate of Incorporation of Skillsoft Corp., dated July 21, 2023	8-K	001-38960	3.1	7/24/2023
3.3	Certificate of Amendment to the Second Amended and Restated Certificate of Incorporation of Skillsoft Corp., dated September 29, 2023	8-K	001-38960	3.1	9/29/2023
3.4	Amended and Restated Bylaws of Skillsoft Corp.	8-K	001-38960	3.2	6/17/2021
4.1*	Description of Securities				
4.2	Specimen Class A Common Stock Certificate	10-K	001-38960	4.2	4/14/2023
4.3	Warrant Agreement, dated June 11, 2021, between Continental Stock Transfer & Trust Company and Churchill Capital Corp II, including Specimen Warrant Certificate	8-K	001-38960	4.3	6/17/2021
10.1	Credit Agreement, dated as of July 16, 2021, by and among Skillsoft Finance II, Skillsoft Finance I, Inc., the lenders party thereto and Citibank, N.A.	8-K	001-38960	10.1	7/19/2021
10.2	Amendment No. 1 to Credit Agreement, dated as of April 4, 2022, by and among Skillsoft Finance II, Inc., as borrower, the other credit parties party thereto, the lenders party thereto and Citibank, N.A., as administrative agent	8-K	001-38960	10.1	4/5/2022
10.3	Stockholders Agreement, dated as of October 12, 2020, by and among Churchill Capital Corp II, Churchill Sponsor II LLC and the Founder Holder	8-K	001-38960	10.1	10/16/2020
10.4	Subscription Agreement, dated as of October 12, 2020, by and among Churchill Capital Corp II, Churchill Sponsor II LLC and MIH Ventures B.V.	8-K	001-38960	10.4	10/16/2020
10.5	Amended and Restated Registration Rights Agreement, dated as of October 12, 2020, by and among Churchill Capital Corp II, Churchill Sponsor II LLC, Software Luxembourg Holding S.A. and the Holders	8-K	001-38960	10.2	10/16/2020
10.6	Registration Rights Agreement, dated as of April 4, 2022, by and among Skillsoft Corp. and certain security holders named therein	8-K	001-38960	10.2	4/5/2022
10.7#	Second Amended and Restated Employment Agreement, dated as of December 3, 2023, by and between Jeffrey R. Tarr and Skillsoft Corp.	10-Q	001-38960	10.7	12/5/2023
10.8#	Offer Letter by and between Skillsoft Corp. and Richard Walker dated as of October 10, 2022	8-K	001-38960	10.2	10/11/2022
10.9#	Term Sheet for Employment Agreement with Apratim Purakayastha, dated May 15, 2021	10-Q	001-38960	10.4	6/9/2022
10.10#	Form of Indemnity Agreement for Directors and Officers	10-Q	001-38960	10.14	9/14/2021
10.11#	Skillsoft Corp. 2020 Omnibus Incentive Plan	S-1/A	333-257718	10.12	7/6/2021
10.12#	Form of Restricted Stock Unit Award Agreement (Time based)	10-Q	001-38960	10.24	9/14/2021
10.13#	Form of Restricted Stock Unit Award Agreement (Performance-Based) (FY2022 Grants)	10-Q	001-38960	10.25	9/14/2021
10.14#	Restricted Stock Unit Award Agreement, dated as of June 11, 2021, by and between Skillsoft Corp. and Jeffrey R. Tarr	10-Q	001-38960	10.26	9/14/2021
10.15#	Form of Option Award Agreement	10-Q	001-38960	10.27	9/14/2021
10.16#	Option Award Agreement, dated as of June 11, 2021, by and between Skillsoft Corp. and Jeffrey R. Tarr	10-Q	001-38960	10.28	9/14/2021
10.17#	Form of Non-Employee Director Restricted Stock Unit Award Agreement	10-K	001-38960	10.19	4/14/2023
10.18#	Form of Restricted Stock Unit Award Agreement (Performance-Based)	10-K	001-38960	10.20	4/14/2023
21.1*	List of Subsidiaries				
23.1*	Consent of Independent Registered Public Accounting Firm				
31.1*	Certification of Principal Executive Officer pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934				
31.2*	Certification of Principal Financial Officer pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934				
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.				
97.1*	Skillsoft Corp. Incentive Compensation Clawback Policy				
101.INS*	Inline XBRL Instance Document				
101.SCH*	Inline XBRL Taxonomy Extension Schema Document				
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document				
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document				
101.LAB*	Inline XBRL Taxonomy Extension Labels Linkbase Document				
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document				
104	Cover Page Interactive Data File (formatted in Inline XBRL and included as Exhibit 101)				

* Filed herewith.

‡ Furnished herewith.

Represents management compensation plan, contract or arrangement.

Item 16. Form 10-K Summary

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, this registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

SKILLSOFT CORP

(Registrant)

By: /s/ Jeffrey R. Tarr

Jeffrey R. Tarr
Chief Executive Officer
(Principal Executive Officer)
Date: April 15, 2024

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been duly signed below by the following persons on behalf of the registrant and in the capacities and on the date set forth below.

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ Jeffrey R. Tarr</u> Jeffrey R. Tarr	Chief Executive Officer and Director (Principal Executive Officer)	April 15, 2024
<u>/s/ Richard George Walker</u> Richard George Walker	Chief Financial Officer (Principal Financial Officer)	April 15, 2024
<u>/s/ Jose A. Torres Jr.</u> Jose A. Torres Jr.	Chief Accounting Officer (Principal Accounting Officer)	April 15, 2024
<u>/s/ Ronald W. Hovsepian</u> Ronald W. Hovsepian	Director	April 15, 2024
<u>/s/ Lawrence C. Illg</u> Lawrence C. Illg	Director	April 15, 2024
<u>/s/ Helena B. Foulkes</u> Helena B. Foulkes	Director	April 15, 2024
<u>/s/ Patrick Kolek</u> Patrick Kolek	Director	April 15, 2024
<u>/s/ Michael Klein</u> Michael Klein	Director	April 15, 2024
<u>/s/ Karen G. Mills</u> Karen G. Mills	Director	April 15, 2024
<u>/s/ Peter Schmitt</u> Peter Schmitt	Director	April 15, 2024
<u>/s/ Lawrence H. Summers</u> Lawrence H. Summers	Director	April 15, 2024

CONFORMED COPY TO REFLECT AMENDMENTS MADE THROUGH APRIL 15, 2024

SECOND AMENDED AND RESTATED CERTIFICATE OF INCORPORATION

of

SKILLSOFT CORP.

ARTICLE I
NAME

The name of the Corporation is Skillsoft Corp.

ARTICLE II
REGISTERED OFFICE AND AGENT

The address of the registered office of the Corporation in the State of Delaware is 850 New Burton Road, Suite 201 in the City of Dover, County of Kent, 19904. The name of the registered agent of the Corporation in the State of Delaware at such address is Cogency Global Inc.

ARTICLE III
PURPOSE

The purpose of the Corporation is to engage in any lawful act or activity for which corporations may now or hereafter be organized under the General Corporation Law of the State of Delaware (the "DGCL").

ARTICLE IV
CAPITAL STOCK

The total number of shares of all classes of stock that the Corporation shall have authority to issue is 28,750,000, which shall be divided into two classes as follows:

- (i) 18,750,000 shares of Class A common stock, par value \$0.0001 per share ("Common Stock"); and
- (ii) 10,000,000 shares of preferred stock, par value \$0.0001 per share ("Preferred Stock").

On September 29, 2023 at 5:00 p.m. Eastern Time (the "Effective Time"), each twenty (20) shares of Common Stock issued and outstanding immediately prior to the Effective Time shall automatically be combined into one (1) validly issued, fully paid and non-assessable share of Common Stock without any further action by the Corporation or the holder thereof, subject to the treatment of fractional share interests as described below (the "Reverse Stock Split"). No fractional shares shall be issued at the Effective Time and, in lieu thereof, the Corporation's transfer agent shall aggregate all fractional shares and sell them as soon as practicable after the Effective Time at the then-prevailing prices on the open market, on behalf of those stockholders who would otherwise be entitled to receive a fractional share, and after the transfer agent's completion of such sale, stockholders shall receive a cash payment (without interest or deduction) from the transfer agent in an amount equal to their respective pro rata shares of the total net proceeds of that sale and, where shares are held in certificated form, upon the surrender of the stockholder's Old Certificates (as defined below). Each certificate that immediately prior to the Effective Time represented shares of Common Stock ("Old Certificates"), shall thereafter represent that number of shares of Common Stock into which the shares of Common Stock represented by the Old Certificate shall have been combined, subject to the elimination of fractional share interests as described above.

A. Capital Stock.

1. The board of directors of the Corporation (the "Board of Directors") is hereby expressly authorized, by resolution or resolutions, at any time and from time to time, to provide, out of the unissued shares of Preferred Stock, for one or more series of Preferred Stock and, with respect to each such series, to fix, without further stockholder approval, the number of shares constituting such series and the designation of such series, the powers (including voting powers), preferences and relative, participating, optional and other special rights, and the qualifications, limitations or restrictions thereof, of such series of Preferred Stock. The powers (including voting powers), preferences and relative, participating, optional and other special rights of, and the qualifications, limitations or restrictions thereof, of each series of Preferred Stock, if any, may differ from those of any and all other series at any time outstanding.

2. Each holder of record of Common Stock, as such, shall be entitled to one vote for each share of Common Stock held of record by such holder on all matters on which stockholders are entitled to vote generally, including the election or removal of directors. Except as otherwise required by law, holders of Common Stock shall not be entitled to vote on any amendment to this Certificate of Incorporation (including any certificate of designation relating to any series of Preferred Stock) that relates solely to the terms of one or more outstanding series of Preferred Stock if the holders of such affected series are entitled, either separately or together with the holders of one or more other such series, to vote thereon pursuant to this Certificate of Incorporation (including any certificate of designation relating to any series of Preferred Stock) or pursuant to the DGCL.

3. Except as otherwise required by law, holders of Class C Common Stock shall not be entitled to any voting power in respect of such shares.

4. Except as otherwise required by law, holders of any series of Preferred Stock shall be entitled to only such voting rights, if any, as shall expressly be granted thereto by this Certificate of Incorporation (including any certificate of designation relating to such series of Preferred Stock).

5. Subject to applicable law and the rights, if any, of the holders of any outstanding series of Preferred Stock or any class or series of stock having a preference over or the right to participate with the Common Stock with respect to the payment of dividends, dividends may be declared and paid ratably on the Common Stock out of the assets of the Corporation that are legally available for this purpose at such times and in such amounts as the Board of Directors in its discretion shall determine.

6. Upon the dissolution, liquidation or winding up of the Corporation, after payment or provision for payment of the debts and other liabilities of the Corporation and subject to the rights, if any, of the holders of any outstanding series of Preferred Stock or any class or series of stock having a preference over or the right to participate with the Common Stock with respect to the distribution of assets of the Corporation upon such dissolution, liquidation or winding up of the Corporation, the holders of Common Stock shall be entitled to receive the remaining assets of the Corporation available for distribution to its stockholders ratably in proportion to the number of shares held by them. The holders of shares of Class C Common Stock shall not be entitled to any distributions pursuant to this Section IV(A)(6), and shall only be

entitled to receive for each share of Class C Common Stock so held the Per Share Repurchase Amount pursuant to the Merger Agreement at and subject to the occurrence of the Class C Repurchase Effective Time.

7. The number of authorized shares of Common Stock or Preferred Stock may be increased or decreased (but not below the number of shares thereof then outstanding) by the affirmative vote of the holders of a majority in voting power of the stock of the Corporation entitled to vote thereon irrespective of the provisions of Section 242(b)(2) of the DGCL (or any successor provision thereto), and no vote of the holders of any of the Common Stock or the Preferred Stock voting separately as a class shall be required therefor, unless a vote of any such holder is required pursuant to this Certificate of Incorporation (including any certificate of designation relating to any series of Preferred Stock).

B. Repurchase of Class C Common Stock. Immediately following the Effective Time as defined in and pursuant to the Merger Agreement (the “Class C Repurchase Effective Time”), the Corporation shall automatically and without the need for any further action by the Corporation or any holder of shares of Class C Common Stock, repurchase each share of Class C Common Stock then-outstanding for an aggregate redemption price per share of Class C Common Stock equal to (1) a cash purchase price equal to the quotient of (x) \$505,000,000 divided by (y) the number of shares of Class C Common Stock then-outstanding (such amount, the “Per Share Repurchase Cash Amount”) plus (2) indebtedness to be issued or caused to be issued by the Corporation or one of its subsidiaries under the Existing Second Out Credit Agreement, as amended by the Existing Second Out Credit Agreement Amendment (in each case, as defined in the Merger Agreement), equal to the quotient of (x) \$20,000,000 divided by (y) the number of shares of Class C Common Stock then-outstanding (such amount, the “Per Share Repurchase Debt Amount”) and, together with the Per Share Repurchase Cash Amount, the “Per Share Repurchase Amount”), in each case, pursuant to and subject to the terms of the Merger Agreement (the “Class C Repurchase”). With respect to each share of Class C Common Stock, upon payment by or on behalf of the Corporation of the Per Share Repurchase Amount, such share of Class C Common Stock shall cease to be outstanding as of the Class C Repurchase Effective Time, any and all rights of holders of shares of Class C Common Stock shall be extinguished and such shares of Class C Common Stock shall not be reissued, sold or transferred. After the Class C Repurchase Effective Time, the Corporation shall take all necessary action to cause the shares of Class C Common Stock so repurchased to be retired and thereupon to file a certificate of retirement in accordance with Section 243 of the DGCL.

ARTICLE V AMENDMENT OF THE CERTIFICATE OF INCORPORATION AND BYLAWS

A. The Corporation reserves the right at any time and from time to time to amend, alter, change or repeal any provision contained in this Certificate of Incorporation (including any Preferred Stock), in the manner now or hereafter prescribed by this Certificate of Incorporation and the DGCL, and, except as set forth in Article VII and Article XI, all rights, preferences and privileges herein conferred upon stockholders, directors or any other persons by and pursuant to this Certificate of Incorporation in its present form or as hereafter amended are granted subject to the right reserved in this Article V. Notwithstanding anything to the contrary contained in this Certificate of Incorporation, any other vote that may be required from time to time by applicable law, applicable stock exchange rule or the terms of any series of Preferred Stock and, with respect to Article IX only, in addition to any vote required by that certain Subscription Agreement, dated as of October 12, 2020, by and among the Corporation and MIH Edtech Investments B.V. (the “Subscription Agreement”), no provision of Article VI, Article VII, Article IX, Article X, Article XI and this Article V may be altered, amended or repealed in any respect, nor may any provision or bylaw inconsistent therewith be adopted, unless, in addition to any other vote required by this Certificate of Incorporation or otherwise required by law, such alteration, amendment, repeal or adoption is approved by the affirmative vote of the holders of at least fifty percent (50%) in voting power of all the then-outstanding shares of stock of the Corporation entitled to vote thereon, voting together as a single class.

B. The Board of Directors is expressly authorized to make, alter, amend, change, add to, rescind or repeal, in whole or in part, the bylaws of the Corporation (as in effect from time to time, the “Bylaws”) without the assent or vote of the stockholders in any manner not inconsistent with the laws of the State of Delaware or this Certificate of Incorporation, that certain Stockholders Agreement of the Corporation, dated as of October 12, 2020, by and among the Corporation, Churchill Sponsor II LLC (the “Sponsor”), the Founder Holder (as defined therein) and any other parties thereto from time to time (as the same may be amended, supplemented, restated or otherwise modified from time to time, the “Stockholders Agreement”), or the Subscription Agreement. The affirmative vote of the holders of at least fifty percent (50%) in voting power of all the then-outstanding shares of stock of the Corporation entitled to vote thereon, voting together as a single class, shall be required in order for the stockholders of the Corporation to amend, alter, rescind, change, add or repeal, in whole or in part, any provision of the Bylaws or to adopt any provision inconsistent therewith; provided, however, that no Bylaw hereafter adopted by the stockholders shall invalidate any prior act of the Board of Directors that was valid at the time of such act prior to the adoption of such Bylaw.

ARTICLE VI BOARD OF DIRECTORS

A. Except as otherwise provided in this Certificate of Incorporation or the DGCL, the business and affairs of the Corporation shall be managed by or under the direction of the Board of Directors. Except as otherwise provided for or fixed pursuant to the Stockholders Agreement, the Subscription Agreement or any certificate of designation with respect to any series of Preferred Stock, the total number of directors shall be determined from time to time exclusively by resolution adopted by the Board of Directors; provided that any determination by the Board of Directors to increase or decrease the total number of directors shall require the approval of fifty percent (50%) of the directors present at a meeting at which a quorum is present. The directors (other than those directors elected by the holders of any series of Preferred Stock, voting separately as a series or together with one or more other such series, as the case may be) shall be divided into three classes designated Class I, Class II and Class III. Each class shall consist, as nearly as possible, of one-third of the total number of such directors. Class I directors shall initially serve for a term expiring immediately following the Corporation’s annual meeting of stockholders for the calendar year ended December 31, 2022, Class II directors shall initially serve for a term expiring immediately following the Corporation’s annual meeting of stockholders for the calendar year ended December 31, 2023 and Class III directors shall initially serve for a term expiring immediately following the Corporation’s annual meeting of stockholders for the calendar year ended December 31, 2024. Commencing with the annual meeting of stockholders for the calendar year ended December 31, 2022, the directors of the class to be elected at each annual meeting shall be elected for a three year term. If the number of such directors is changed, any increase or decrease shall be apportioned among the classes so as to maintain the number of directors in each class as nearly equal as possible, and any such additional director of any class elected to fill a newly created directorship resulting from an increase in such class shall hold office for a term that shall coincide with the remaining term of that class, but in no case shall a decrease in the number of directors remove or shorten the term of any incumbent director. Any such director shall hold office until the annual meeting at which his or her term expires and until his or her successor shall be elected and qualified, or his or her earlier death, resignation, retirement, disqualification or removal from office. The Board of Directors is authorized to assign members of the Board of Directors already in office to their respective class.

B. Without limiting the rights of any party to the Stockholders Agreement or the rights of any party to the Subscription Agreement, any newly-created directorship on the Board of Directors that results from an increase in the number of directors and any vacancy occurring in the Board of Directors (whether by death, resignation, retirement, disqualification, removal or other cause) may be filled solely and exclusively by the affirmative vote of a majority of the directors then in office, even if less than a quorum, or by a sole remaining director. Any director elected to fill a vacancy or newly created directorship shall hold office until the next election of the class for which such director shall have been chosen and until his or her successor shall be elected and qualified, or until his or her earlier death, resignation, retirement, disqualification or removal.

C. Without limiting the rights of any party to the Stockholders Agreement or the rights of any party to the Subscription Agreement, any or all of the directors (other than the directors elected by the holders of any series of Preferred Stock of the Corporation, voting separately as a series or together with one or more other such series, as the case may be) may be removed at any time for cause by the affirmative vote of a majority in voting power of all outstanding shares of stock of the Corporation entitled to vote thereon, voting together as a single class.

D. Elections of directors need not be by written ballot unless the Bylaws shall so provide.

E. During any period when the holders of any series of Preferred Stock have the right to elect additional directors, then upon commencement and for the duration of the period during which such right continues: (i) the then otherwise total authorized number of directors of the Corporation shall automatically be increased by such specified number of directors, and the holders of such Preferred Stock shall be entitled to elect the additional directors so provided for or fixed pursuant to the provisions of such series of Preferred Stock, and (ii) each such additional director shall serve until such director's successor shall have been duly elected and qualified, or until such director's right to hold such office terminates pursuant to said provisions, whichever occurs earlier, subject to his or her earlier death, resignation, retirement, disqualification or removal. Except as otherwise provided by the Board of Directors in the resolution or resolutions establishing such series, whenever the holders of any series of Preferred Stock having such right to elect additional directors are divested of such right pursuant to the provisions of such stock, the terms of office of all such additional directors elected by the holders of such stock, or elected to fill any vacancies resulting from the death, resignation, disqualification or removal of such additional directors, shall forthwith terminate (in which case each such director thereupon shall cease to be qualified as, and shall cease to be, a director) and the total authorized number of directors of the Corporation shall automatically be reduced accordingly.

ARTICLE VII LIMITATION OF PERSONAL LIABILITY

A. To the fullest extent permitted by the DGCL as it now exists or may hereafter be amended, a director or officer of the Corporation shall not be personally liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as a director or officer, as applicable.

B. Neither the amendment nor repeal of this Article VII, nor the adoption of any provision of this Certificate of Incorporation, nor, to the fullest extent permitted by the DGCL, any modification of law shall eliminate, reduce or otherwise adversely affect any right or protection of a current or former director or officer of the Corporation existing at the time of such amendment, repeal, adoption or modification.

ARTICLE VIII ANNUAL AND SPECIAL MEETINGS OF STOCKHOLDERS

A. Except as otherwise required by law and subject to the rights of the holders of any series of Preferred Stock, special meetings of the stockholders of the Corporation for any purpose or purposes may be called at any time only by or at the direction of the Board of Directors or the Chairman of the Board of Directors, either on his or her own initiative or at the request of stockholders that beneficially own at least twenty-five percent (25%) in voting power of all the then-outstanding shares of stock of the Corporation.

B. An annual meeting of stockholders for the election of directors to succeed those whose terms expire and for the transaction of such other business as may properly come before the meeting, shall be held at such place, if any, on such date, and at such time as shall be fixed exclusively by resolution of the Board of Directors or a duly authorized committee thereof.

ARTICLE IX COMPETITION AND CORPORATE OPPORTUNITIES

A. In recognition and anticipation that (i) certain directors, principals, officers, employees and/or other representatives of the Sponsor, the Founder Holder, MIH Edtech Investments B.V. and each of their respective Affiliates (as defined below) may serve as directors, officers or agents of the Corporation, (ii) the Sponsor, the Founder Holder, MIH Edtech Investments B.V. and each of their respective Affiliates, including (I) any portfolio company in which they or any of their respective investment fund Affiliates have made a debt or equity investment (and vice versa) or (II) any of their respective limited partners, non-managing members or other similar direct or indirect investors may now engage and may continue to engage in the same or similar activities or related lines of business as those in which the Corporation, directly or indirectly, may engage and/or other business activities that overlap with or compete with those in which the Corporation, directly or indirectly, may engage, and (iii) members of the Board of Directors who are not employees of the Corporation ("Non-Employee Directors") and their respective Affiliates, including (I) any portfolio company in which they or any of their respective investment fund Affiliates have made a debt or equity investment (and vice versa) or (II) any of their respective limited partners, non-managing members or other similar direct or indirect investors may now engage and may continue to engage in the same or similar activities or related lines of business as those in which the Corporation, directly or indirectly, may engage and/or other business activities that overlap with or compete with those in which the Corporation, directly or indirectly, may engage, the provisions of this Article IX are set forth to regulate and define the conduct of certain affairs of the Corporation with respect to certain classes or categories of business opportunities as they may involve the Sponsor, the Founder Holder, MIH Edtech Investments B.V., any Non-Employee Directors or each of their respective Affiliates and the powers, rights, duties and liabilities of the Corporation and its directors, officers and stockholders in connection therewith.

B. None of (i) the Sponsor, (ii) the Founder Holder, (iii) MIH Edtech Investments B.V. or (iv) any Non-Employee Director (including any Non-Employee Director who serves as an officer of the Corporation in both his or her director and officer capacities) (the Persons (as defined below) identified in (i), (ii), (iii) and (iv) above, and in each case, its, his or her Affiliates, being referred to, collectively, as "Identified Persons" and, individually, as an "Identified Person") shall, to the fullest extent permitted by law, have any duty to refrain from directly or indirectly (1) engaging in and possessing interests in other business ventures of every type and description, including those engaged in the same or similar business activities or lines of business in which the Corporation or any of its subsidiaries now engages or proposes to engage or (2) competing with the Corporation or any of its subsidiaries, on its own account, or in partnership with, or as an employee, officer, director or shareholder of any other Person, and, to the fullest extent permitted by law, no Identified Person shall be liable to the Corporation or its stockholders or to any Affiliate of the Corporation for breach of any fiduciary duty solely by reason of the fact that such Identified Person engages in any such activities. To the fullest extent permitted from time to time by the laws of the State of Delaware, the Corporation hereby renounces any interest or expectancy in, or right to be offered an opportunity to participate in, any business opportunity that may be a corporate opportunity for an Identified Person and the Corporation or any of its Affiliates, except as provided in Section (C) of this Article IX. Subject to said Section (C) of this Article IX, in the event that any Identified Person acquires knowledge of a potential transaction or matter that may be a corporate or other business opportunity for itself, herself or himself, or any of its or his or her Affiliates, and the Corporation or any of its Affiliates, such Identified Person shall, to the fullest extent permitted by law, have no duty (fiduciary, contractual or otherwise) to communicate or present such transaction or matter to the Corporation or any of its subsidiaries or stockholders, as the case may be and, to the fullest extent permitted by law, shall not be liable to the Corporation or its stockholders or to any subsidiary of the Corporation for breach of any duty (fiduciary, contractual or otherwise) as a stockholder, director or officer of the Corporation by reason of the fact that such Identified Person, directly or indirectly, pursues or acquires such opportunity for itself, herself or himself, directs such opportunity to another Person or does not present such opportunity to the Corporation or any of its subsidiaries or stockholders (or its Affiliates).

C. The Corporation does not renounce its interest in any corporate opportunity offered to any Non-Employee Director (including any Non-Employee Director who serves as an officer of this Corporation) if such opportunity is expressly offered to such person solely and exclusively in his or her capacity as a director or officer of the Corporation and such opportunity is one the Corporation is legally and contractually permitted to undertake, and the provisions of Section (B) of this Article IX shall not apply to any such corporate opportunity. This Section (C) of this Article IX shall not affect the Corporation's renunciation of such corporate opportunity in this Article IX or otherwise with respect to any other Identified Person.

D. In addition to and notwithstanding the foregoing provisions of this Article IX, a corporate opportunity shall not be deemed to be a potential corporate opportunity for the Corporation if it is a business opportunity that (i) the Corporation is neither financially or legally able, nor contractually permitted to undertake, (ii) from

its nature, is not in the line of the Corporation's business or is of no practical advantage to the Corporation or (iii) is one in which the Corporation has no interest or reasonable expectancy.

E. For purposes of this Article IX, (i) "Affiliate" shall mean (a) in respect of the Sponsor, MIH Edtech Investments B.V. or the Founder Holder, any Person that, directly or indirectly, is controlled by the Sponsor, MIH Edtech Investments B.V. or the Founder Holder, as applicable, controls the Sponsor, MIH Edtech Investments B.V. or the Founder Holder, as applicable, or is under common control with the Sponsor, MIH Edtech Investments B.V. or the Founder Holder, as applicable, and shall include any principal, member, director, partner, stockholder, officer, employee or other representative of any of the foregoing (other than the Corporation and any entity that is controlled by the Corporation), (b) in respect of a Non-Employee Director, any Person that, directly or indirectly, is controlled by such Non-Employee Director (other than the Corporation and any entity that is controlled by the Corporation) and (c) in respect of the Corporation, any Person that, directly or indirectly, is controlled by the Corporation; and (ii) "Person" shall mean any individual, corporation, general or limited partnership, limited liability company, joint venture, trust, association or any other entity.

F. To the fullest extent permitted by law, any Person purchasing or otherwise acquiring any interest in any shares of capital stock of the Corporation shall be deemed to have notice of and to have consented to the provisions of this Article IX.

ARTICLE X DGCL SECTION 203 AND BUSINESS COMBINATIONS

A. The Corporation will not be subject to Section 203 of the DGCL.

B. Notwithstanding Section X(A), the Corporation shall not engage in any business combination (as defined below), at any point in time at which the Corporation's common stock is registered under Section 12(b) or 12(g) of the Exchange Act (as defined below), with any interested stockholder (as defined below) for a period of three years following the time that such stockholder became an interested stockholder, unless:

1. prior to such time, the Board of Directors approved either the business combination or the transaction which resulted in the stockholder becoming an interested stockholder,
2. upon consummation of the transaction which resulted in the stockholder becoming an interested stockholder, the interested stockholder owned at least eighty-five percent (85%) of the voting stock (as defined below) of the Corporation outstanding at the time the transaction commenced, excluding for purposes of determining the voting stock outstanding (but not the outstanding voting stock owned by the interested stockholder) those shares owned by (i) persons who are directors and also officers of the Corporation or (ii) employee stock plans in which employee participants do not have the right to determine confidentially whether shares held subject to the plan will be tendered in a tender or exchange offer or
3. at or subsequent to such time, the business combination is approved by the Board of Directors and authorized at an annual or special meeting of stockholders, and not by written consent, by the affirmative vote of at least sixty six and two-thirds percent (66 2/3%) of the outstanding voting stock of the Corporation which is not owned by the interested stockholder.

C. For purposes of this Article X, references to:

1. "affiliate" means a person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, another person.
2. "associate," when used to indicate a relationship with any person, means: (i) any corporation, partnership, unincorporated association or other entity of which such person is a director, officer or partner or is, directly or indirectly, the owner of 20% or more of any class of voting stock; (ii) any trust or other estate in which such person has at least a twenty percent (20%) beneficial interest or as to which such person serves as trustee or in a similar fiduciary capacity; and (iii) any relative or spouse of such person, or any relative of such spouse, who has the same residence as such person.
3. "business combination," when used in reference to the Corporation and any interested stockholder, means:
 - (i) any merger or consolidation of the Corporation or any direct or indirect majority-owned subsidiary of the Corporation (a) with the interested stockholder, or (b) with any other corporation, partnership, unincorporated association or other entity if the merger or consolidation is caused by the interested stockholder and as a result of such merger or consolidation Article X is not applicable to the surviving entity;
 - (ii) (i) any sale, lease, exchange, mortgage, pledge, transfer or other disposition (in one transaction or a series of transactions), except proportionately as a stockholder of the Corporation, to or with the interested stockholder, whether as part of a dissolution or otherwise, of assets of the Corporation or of any direct or indirect majority-owned subsidiary of the Corporation which assets have an aggregate market value equal to ten percent (10%) or more of either the aggregate market value of all the assets of the Corporation determined on a consolidated basis or the aggregate market value of all the outstanding stock of the Corporation;
 - (iii) any transaction which results in the issuance or transfer by the Corporation or by any direct or indirect majority-owned subsidiary of the Corporation of any stock of the Corporation or of such subsidiary to the interested stockholder, except: (a) pursuant to the exercise, exchange or conversion of securities exercisable for, exchangeable for or convertible into stock of the Corporation or any such subsidiary which securities were outstanding prior to the time that the interested stockholder became such; (b) pursuant to a merger under Section 251(g) of the DGCL; (c) pursuant to a dividend or distribution paid or made, or the exercise, exchange or conversion of securities exercisable for, exchangeable for or convertible into stock of the Corporation or any such subsidiary which security is distributed, pro rata to all holders of a class or series of stock of the Corporation subsequent to the time the interested stockholder became such; (d) pursuant to an exchange offer by the Corporation to purchase stock made on the same terms to all holders of said stock; or (e) any issuance or transfer of stock by the Corporation; provided, however, that in no case under items (c)-(e) of this subsection (iii) shall there be an increase in the interested stockholder's proportionate share of the stock of any class or series of the Corporation or of the voting stock of the Corporation (except as a result of immaterial changes due to fractional share adjustments);
 - (iv) any transaction involving the Corporation or any direct or indirect majority-owned subsidiary of the Corporation which has the effect, directly or indirectly, of increasing the proportionate share of the stock of any class or series, or securities convertible into the stock of any class or series, of the Corporation or of any such subsidiary which is owned by the interested stockholder, except as a result of immaterial changes due to fractional share adjustments or as a result of any purchase or redemption of any shares of stock not caused, directly or indirectly, by the interested stockholder; or
 - (v) any receipt by the interested stockholder of the benefit, directly or indirectly (except proportionately as a stockholder of the Corporation), of any loans, advances, guarantees or pledges (other than those expressly permitted in subsections (i)-(iv) above) provided by or through the Corporation or any direct or indirect majority-owned subsidiary.

4. "control," including the terms "controlling," "controlled by" and "under common control with," means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a person, whether through the ownership of voting stock, by contract, or otherwise. A person who is

the owner of twenty percent (20%) or more of the outstanding voting stock of the Corporation, partnership, unincorporated association or other entity shall be presumed to have control of such entity, in the absence of proof by a preponderance of the evidence to the contrary. Notwithstanding the foregoing, a presumption of control shall not apply where such person holds voting stock, in good faith and not for the purpose of circumventing this Article X, as an agent, bank, broker, nominee, custodian or trustee for one or more owners who do not individually or as a group have control of such entity.

5. “interested stockholder” means any person (other than the Corporation or any direct or indirect majority-owned subsidiary of the Corporation) that (i) is the owner of fifteen percent (15%) or more of the outstanding voting stock of the Corporation, or (ii) is an affiliate or associate of the Corporation and was the owner of fifteen percent (15%) or more of the outstanding voting stock of the Corporation at any time within the three (3) year period immediately prior to the date on which it is sought to be determined whether such person is an interested stockholder, and the affiliates and associates of such person; provided, however, that the term “interested stockholder” shall not include (a) the Principal Stockholder or any “group” (within the meaning of Rule 13d-5 of the Exchange Act) that includes any Principal Stockholder or (b) any person whose ownership of shares in excess of the fifteen percent (15%) limitation set forth herein is the result of any action taken solely by the Corporation; provided that such person specified in this clause (b) shall be an interested stockholder if thereafter such person acquires additional shares of voting stock of the Corporation, except as a result of further corporate action not caused, directly or indirectly, by such person. For the purpose of determining whether a person is an interested stockholder, the voting stock of the Corporation deemed to be outstanding shall include stock deemed to be owned by the person through application of the definition of “owner” below but shall not include any other unissued stock of the Corporation which may be issuable pursuant to any agreement, arrangement or understanding, or upon exercise of conversion rights, warrants or options, or otherwise.

6. “owner,” including the terms “own” and “owned,” when used with respect to any stock, means a person that individually or with or through any of its affiliates or associates:

(i) beneficially owns such stock, directly or indirectly; or

(ii) has (a) the right to acquire such stock (whether such right is exercisable immediately or only after the passage of time) pursuant to any agreement, arrangement or understanding, or upon the exercise of conversion rights, exchange rights, warrants or options, or otherwise; provided, however, that a person shall not be deemed the owner of stock tendered pursuant to a tender or exchange offer made by such person or any of such person’s affiliates or associates until such tendered stock is accepted for purchase or exchange; or (b) the right to vote such stock pursuant to any agreement, arrangement or understanding; provided, however, that a person shall not be deemed the owner of any stock because of such person’s right to vote such stock if the agreement, arrangement or understanding to vote such stock arises solely from a revocable proxy or consent given in response to a proxy or consent solicitation made to ten or more persons; or

(iii) has any agreement, arrangement or understanding for the purpose of acquiring, holding, voting (except voting pursuant to a revocable proxy or consent as described in item (b) of subsection (ii) above), or disposing of such stock with any other person that beneficially owns, or whose affiliates or associates beneficially own, directly or indirectly, such stock.

7. “person” means any individual, corporation, partnership, unincorporated association or other entity.

8. “stock” means, with respect to any corporation, capital stock and, with respect to any other entity, any equity interest.

9. “Principal Stockholder” means, collectively, (i) Churchill Capital Sponsor II LLC, (ii) M. Klein and Company, (iii) Michael S. Klein, and (iv) any affiliate or successor of a person referenced in clauses (i) through (iii) of this definition.

10. “voting stock” means stock of any class or series entitled to vote generally in the election of directors.

ARTICLE XI INDEMNIFICATION

A. Right to Indemnification. Each person who was or is made a party or is threatened to be made a party to or is otherwise involved in any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (hereinafter a “proceeding”) (whether or not such proceeding is initiated by or in the right of the Corporation), by reason of the fact that he or she is or was, or has agreed to become, a director or an officer of the Corporation or, while a director or officer of the Corporation, is or was serving, or has agreed to serve, at the request of the Corporation as a director, officer, employee, agent or trustee of, or in a similar capacity with, another corporation or of a partnership, joint venture, trust or other enterprise, including service with respect to an employee benefit plan (hereinafter an “indemnitee”), whether the basis of such proceeding is an alleged action or omission in an official capacity as a director, officer, employee, agent or trustee or in any other capacity (other than a personal capacity) while serving as a director, officer, employee, agent or trustee, shall be indemnified and held harmless by the Corporation to the fullest extent permitted by Delaware law, as the same exists or may hereafter be amended (but, in the case of any such amendment, only to the extent that such amendment permits the Corporation to provide broader indemnification rights than such law permitted the Corporation to provide prior to such amendment), against all expense, liability and loss (including attorneys’ fees, judgments, fines, ERISA excise taxes or penalties and amounts paid in settlement) actually and reasonably incurred or suffered by or on behalf of such indemnitee in connection with such proceeding and appeal therefrom (hereinafter a “indemnification”); provided, however, that, except as provided in Section XI(C) with respect to proceedings to enforce rights to indemnification or advancement of expenses or with respect to any compulsory counterclaim brought by such indemnitee, the Corporation shall indemnify any such indemnitee in connection with a proceeding (or part thereof) initiated by such indemnitee only if such proceeding (or part thereof) was authorized by the Board of Directors. Any reference to an officer of the Corporation in this Article XI shall be deemed to refer exclusively to the Chief Executive Officer, Vice Chairman, President, Chief Financial Officer, General Counsel and Secretary of the Corporation appointed pursuant to the Bylaws, and to any Vice President, Assistant Secretary, Assistant Treasurer, other officer of the Corporation appointed by the Board of Directors pursuant to the Bylaws or other person designated by the title of “Vice President” of the Corporation, and any reference to an officer of any other corporation, partnership, joint venture, trust, employee benefit plan or other enterprise shall be deemed to refer exclusively to an officer appointed by the board of directors or equivalent governing body of such other entity pursuant to the certificate of incorporation and bylaws or equivalent organizational documents of such other corporation, partnership, joint venture, trust, employee benefit plan or other enterprise.

B. Right to Advancement of Expenses. In addition to the right to indemnification conferred in Section XI(A), an indemnitee shall also have the right to be paid by the Corporation the expenses incurred by the indemnitee in appearing at, participating in or defending any such proceeding in advance of its final disposition or in connection with a proceeding brought to establish or enforce a right to indemnification or advancement of expenses under this Article XI (which shall be governed by Section XI(C)) (hereinafter an “advancement of expenses”); provided, however, that, if the DGCL requires or in the case of an advance made in a proceeding brought to establish or enforce a right to indemnification or advancement, an advancement of expenses incurred by an indemnitee in his or her capacity as a director or officer of the Corporation (and not in any other capacity in which service was or is rendered by such indemnitee, including, without limitation, service to an employee benefit plan) shall be made solely upon delivery to the Corporation of an undertaking (hereinafter an “undertaking”), by or on behalf of such indemnitee, to repay all amounts so advanced if it shall ultimately be determined by final judicial decision from which there is no further right to appeal (hereinafter a “final adjudication”) that such indemnitee is not entitled to be indemnified or entitled to advancement of expenses under Section XI(A) and Section XI(B). As used in this Article XI, “expenses” shall include all attorneys’ fees, retainers, court costs, transcript costs, fees of experts, witness fees, travel expenses, duplicating costs, printing and binding costs, telephone charges, postage, delivery service fees and all other disbursements or expenses of the types customarily incurred in connection with prosecuting, defending, preparing to prosecute or defend, investigating, participating, or being or preparing to be a witness in a proceeding, or responding to, or objecting to, a request to provide discovery in any proceeding. Expenses also shall include expenses incurred in connection with any appeal resulting from any proceeding and any federal, state, local or foreign taxes imposed on the

indemnitee as a result of the actual or deemed receipt of any payments under this Certificate of Incorporation, including without limitation the premium, security for, and other costs relating to any cost bond, supersede as bond, or other appeal bond or its equivalent. Expenses, however, shall not include amounts paid in settlement by indemnitee or the amount of judgments or fines against indemnitee.

C. Right of Indemnitee to Bring Suit. If a claim under Section XI(A) or Section XI(B) is not paid in full by the Corporation within (i) 60 days after a written claim for indemnification has been received by the Corporation or (ii) 20 days after a claim for an advancement of expenses has been received by the Corporation, the indemnitee may at any time thereafter bring suit against the Corporation to recover the unpaid amount of the claim for indemnification or to obtain advancement of expenses, as applicable. To the fullest extent permitted by law, if successful in whole or in part in any such suit, or in a suit brought by the Corporation to recover an advancement of expenses pursuant to the terms of an undertaking, the indemnitee shall be entitled to be paid also the expense of prosecuting or defending such suit. In (i) any suit brought by the indemnitee to enforce a right to indemnification hereunder (but not in a suit brought by the indemnitee to enforce a right to an advancement of expenses) it shall be a defense that, and (ii) any suit brought by the Corporation to recover an advancement of expenses pursuant to the terms of an undertaking, the Corporation shall be entitled to recover such expenses upon a final adjudication that, the indemnitee has not met any applicable standard for indemnification set forth in the DGCL. Neither the failure of the Corporation (including by its directors who are not parties to such action, a committee of such directors, independent legal counsel, or its stockholders) to have made a determination prior to the commencement of such suit that indemnification of the indemnitee is proper in the circumstances because the indemnitee has met the applicable standard of conduct set forth in the DGCL, nor an actual determination by the Corporation (including by its directors who are not parties to such action, a committee of such directors, independent legal counsel, or its stockholders) that the indemnitee has not met such applicable standard of conduct, shall create a presumption that the indemnitee has not met the applicable standard of conduct or, in the case of such a suit brought by the indemnitee, be a defense to such suit. In any suit brought by the indemnitee to enforce a right to indemnification or to an advancement of expenses hereunder, or brought by the Corporation to recover an advancement of expenses pursuant to the terms of an undertaking, the burden of proving that the indemnitee is not entitled to be indemnified, or to such advancement of expenses, under this Article XI or otherwise shall be on the Corporation.

D. Indemnification Not Exclusive.

1. The provision of indemnification to or the advancement of expenses and costs to any indemnitee under this Article XI, or the entitlement of any indemnitee to indemnification or advancement of expenses and costs under this Article XI, shall not limit or restrict in any way the power of the Corporation to indemnify or advance expenses and costs to such indemnitee in any other way permitted by law (common or statutory) or be deemed exclusive of, or invalidate, any right to which any indemnitee seeking indemnification or advancement of expenses and costs may be entitled under any law (common or statutory), agreement, vote of stockholders or disinterested directors or otherwise, both as to action or omission in such indemnitee's capacity as an officer, director, employee or agent of the Corporation and as to action or omission in any other capacity.

2. Given that certain jointly indemnifiable claims (as defined below) may arise due to the service of the indemnitee as a director or officer of the Corporation at the request of the indemnitee-related entities (as defined below), the Corporation shall be fully and primarily responsible for the payment to the indemnitee in respect of indemnification or advancement of expenses in connection with any such jointly indemnifiable claims, pursuant to and in accordance with the terms of this Article XI, irrespective of any right of recovery the indemnitee may have from the indemnitee-related entities. Under no circumstance shall the Corporation be entitled to any right of subrogation or contribution by the indemnitee-related entities and no right of advancement or recovery the indemnitee may have from the indemnitee-related entities shall reduce or otherwise alter the rights of the indemnitee or the obligations of the Corporation hereunder. In the event that any of the indemnitee-related entities shall make any payment to the indemnitee in respect of indemnification or advancement of expenses with respect to any jointly indemnifiable claim, the indemnitee-related entity making such payment shall be subrogated to the extent of such payment to all of the rights of recovery of the indemnitee against the Corporation, and the indemnitee shall execute all papers reasonably required and shall do all things that may be reasonably necessary to secure such rights, including the execution of such documents as may be necessary to enable the indemnitee-related entities effectively to bring suit to enforce such rights. Each of the indemnitee-related entities shall be third-party beneficiaries with respect to this Section XI(D)(2), entitled to enforce this Section XI(D)(2).

For purposes of this Section (D)(2) of Article XI, the following terms shall have the following meanings:

(i) The term "indemnitee-related entities" means any corporation, limited liability company, partnership, joint venture, trust, employee benefit plan or other enterprise (other than the Corporation or any other corporation, limited liability company, partnership, joint venture, trust, employee benefit plan or other enterprise for which the indemnitee has agreed, on behalf of the Corporation or at the Corporation's request, to serve as a director, officer, employee or agent and which service is covered by the indemnity described herein) from whom an indemnitee may be entitled to indemnification or advancement of expenses with respect to which, in whole or in part, the Corporation may also have an indemnification or advancement obligation.

(ii) The term "jointly indemnifiable claims" shall be broadly construed and shall include, without limitation, any action, suit or proceeding for which the indemnitee shall be entitled to indemnification or advancement of expenses from both the indemnitee-related entities and the Corporation pursuant to Delaware law, any agreement or certificate of incorporation, bylaws, partnership agreement, operating agreement, certificate of formation, certificate of limited partnership or comparable organizational documents of the Corporation or the indemnitee-related entities, as applicable.

E. Nature of Rights. The rights conferred upon indemnitees in this Article XI shall be contract rights and such rights shall continue as to an indemnitee who has ceased to be a director or officer and shall inure to the benefit of the indemnitee's heirs, executors and administrators. Any amendment, alteration or repeal of this Article XI that adversely affects any right of an indemnitee or its successors shall be prospective only and shall not limit, eliminate, or impair any such right with respect to any proceeding involving any occurrence or alleged occurrence of any action or omission to act that took place prior to such amendment or repeal.

F. Insurance. The Corporation may purchase and maintain insurance, at its expense, to protect itself and any director, officer, employee or agent of the Corporation or another corporation, limited liability company, partnership, joint venture, trust or other enterprise (including any employee benefit plan) against any expense, liability or loss, incurred by it or him or her in any such capacity, or arising out of his or her status as a director, officer, employee or agent of the Corporation, whether or not the Corporation would have the power to indemnify such person against such expense, liability or loss under the DGCL.

G. Indemnification of Employees and Agents of the Corporation. The Corporation may, to the extent authorized from time to time by the Board of Directors, grant rights to indemnification and to the advancement of expenses to any employee or agent of the Corporation to the fullest extent of the provisions of this Article XI with respect to the indemnification and advancement of expenses of directors and officers of the Corporation.

H. Partial Indemnification. If an indemnitee is entitled under any provision of this Article XI to indemnification by the Corporation for some or a portion of the expenses, liabilities and losses (including attorneys' fees, judgments, fines, ERISA excise taxes or penalties and amounts paid in settlement) actually and reasonably incurred or suffered by or on behalf of such indemnitee in connection with any proceeding and any appeal therefrom but not, however, for the total amount thereof, the Corporation shall nevertheless indemnify indemnitee for the portion of such expenses, liabilities and losses to which indemnitee is entitled.

I. Savings Clause. If this Article XI or any portion hereof shall be invalidated on any ground by any court of competent jurisdiction, then the Corporation shall nevertheless indemnify each indemnitee as to any expenses, liabilities and losses in connection with any proceeding, including an action by or in the right of the Corporation, to the fullest extent permitted by any applicable portion of this Article XI that shall not have been invalidated and to the fullest extent permitted by applicable law.

J. Amendment. No amendment, termination or repeal of this Article XI or of the relevant provisions of the DGCL or any other applicable laws shall affect or diminish in any way the rights of any indemnitee to indemnification under the provisions hereof with respect to any proceeding arising out of or relating to any actions, transactions or facts occurring prior to the final adoption of such amendment, termination or repeal.

ARTICLE XII MISCELLANEOUS

A. Forum.

1. Unless the Corporation consents in writing to the selection of an alternative forum, the sole and exclusive forum for: (i) any derivative action or proceeding brought on behalf of the Corporation; (ii) any action asserting a claim of breach of a fiduciary duty owed by any director or officer or other employee of the Corporation or any of their Affiliates to the Corporation or the Corporation's stockholders; (iii) any action asserting a claim against the Corporation or any director or officer or other employee of the Corporation or any of their Affiliates arising pursuant to any provision of the DGCL or the Corporation's Certificate of Incorporation or Bylaws (as either may be amended, restated, modified, supplemented or waived from time to time); (iv) any action asserting a claim against the Corporation or any director or officer or other employee of the Corporation or any of their Affiliates governed by the internal affairs doctrine; or (v) any action asserting an "internal corporate claim" as that term is defined in Section 115 of the DGCL, shall be a state court located within the State of Delaware (or, if no state court located within the State of Delaware has jurisdiction, the federal district court for the District of Delaware). For the avoidance of doubt, this Section XII(A)(1) shall not apply to any action or proceeding asserting a claim under the Securities Act of 1933, as amended (the "Securities Act") or the Exchange Act.

2. Unless the Corporation consents in writing to the selection of an alternative forum, the federal district courts of the United States of America shall be the sole and exclusive forum for the resolution of any complaint asserting a cause of action arising under the Securities Act.

B. Consent to Jurisdiction. If any action the subject matter of which is within the scope of Section XII(A) above is filed in a court other than a court located within the State of Delaware (a "Foreign Action") in the name of any stockholder, such stockholder shall be deemed to have consented to (i) the personal jurisdiction of the state and federal courts located within the State of Delaware in connection with any action brought in any such court to enforce Section XII(A) above (an "FSC Enforcement Action") and (ii) having service of process made upon such stockholder in any such FSC Enforcement Action by service upon such stockholder's counsel in the Foreign Action as agent for such stockholder.

C. Severability. If any provision or provisions in the Certificate of Incorporation shall be held to be invalid, illegal or unenforceable as applied to any person or entity or circumstance for any reason whatsoever, then, to the fullest extent permitted by law, the validity, legality and enforceability of such provision or provisions in any other circumstance and of the remaining provisions in the Certificate of Incorporation and the application of such provision or provisions to other persons or entities and circumstances shall not in any way be affected or impaired thereby.

D. Any person (as defined in Article X) purchasing or otherwise acquiring any security of the Corporation shall be deemed to have notice of and consented to this Article XII.

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**Description of the Registrant's Securities
Registered Pursuant to Section 12 of the
Securities Exchange Act of 1934**

The following summary of the material terms of our securities is not intended to be a complete summary of the rights and preferences of such securities and is qualified in its entirety by our second amended and restated certificate of incorporation, as amended, and bylaws. The full text of our second amended and restated certificate of incorporation and bylaws are filed as exhibits to the registration statement of which this prospectus is a part. For a complete description of the rights and preferences of our securities, we urge you to read our certificate of incorporation, bylaws and the applicable provisions of Delaware law, in each case, as may be amended from time. As used in this description, “we”, “us”, “our”, and “Skillsoft” mean Skillsoft Corp.

Our Class A Common Stock is registered under Section 12(b) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”) and listed on the NYSE under the symbol “SKIL.”

On September 29, 2023, we effected a 1-for-20 reverse stock split, previously approved by our board and our shareholders. Beginning with the opening of trading on October 2, 2023, our Class A Common Stock traded on the NYSE on a split-adjusted basis under new CUSIP number 83066P309 and continued to trade under the symbol “SKIL.” As a result of this reverse stock split, every twenty (20) shares of Class A common stock issued and outstanding converted into one (1) share of Class A common stock. The reverse stock split proportionally reduced the number of authorized shares of Class A Common Stock, but did not change the par value of the Class A Common Stock. The numbers provided herein reflect the reverse stock split.

Authorized and Outstanding Stock

Our second amended and restated certificate of incorporation authorizes the issuance of shares of our capital stock, each with a par value of \$0.0001 per share, consisting of (a) 18,750,000 shares of Class A common stock (“Class A Common Stock”) and (b) 10,000,000 shares of preferred stock (“Preferred Stock”). The outstanding shares of Class A Common Stock are, and the shares of common stock issuable upon exercise of the warrants will be, duly authorized, validly issued, fully paid and non-assessable.

Voting Power

Except as otherwise required by law or as otherwise provided in any certificate of designation for any series of Preferred Stock, under our second amended and restated certificate of incorporation, the holders of common stock will possess all voting power for the election of directors and all other matters requiring stockholder action and will be entitled to one vote per share on matters to be voted on by stockholders. The holders of our Class A Common Stock will at all times vote together as one class on all matters submitted to a vote of the common stock under the second amended and restated certificate of incorporation. Holders of any series of Preferred Stock shall be entitled to only such voting rights as are expressly granted by our second amended and restated certificate of incorporation.

Dividends

Subject to the rights, if any, of the holders of any outstanding shares of Preferred Stock, under our second amended and restated certificate of incorporation, holders of our Class A Common Stock will be entitled to receive such dividends and other distributions, if any, as may be declared from time to time by the Board in its discretion out of funds legally available therefor and shall share equally on a per share basis in such dividends and distributions.

Liquidation, Dissolution and Winding Up

In the event of the voluntary or involuntary liquidation, dissolution, or winding-up of the Company, the holders of our Class A Common Stock will be entitled to receive all the remaining assets of the Company available for distribution to stockholders, ratably in proportion to the number of shares of Class A Common Stock held by them, after the rights of creditors of the Company and the holders of any outstanding shares of preferred stock have been satisfied.

Preemptive or Other Rights

The holders of our Class A Common Stock do not have preemptive or other subscription rights and there is no sinking fund or redemption provisions applicable to our Class A Common Stock.

Issuance of additional shares

The number of authorized shares of Common Stock or Preferred Stock may be increased or decreased (but not below the number of shares thereof then outstanding) by the affirmative vote of the holders of a majority in voting power of the stock of the Corporation entitled to vote thereon irrespective of the provisions of Section 242(b)(2) of the Delaware General Corporation Law (the “DGCL”) (or any successor provision thereto), and no vote of the holders of any of the Common Stock or the Preferred Stock voting separately as a class shall be required therefor, unless a vote of any such holder is required pursuant to our second amended and restated certificate of incorporation (including any certificate of designation relating to any series of Preferred Stock).

Preferred Stock

Our second amended and restated certificate of incorporation authorizes 10,000,000 shares of Preferred Stock and provides that shares of Preferred Stock may be issued from time to time in one or more series. The Board is authorized to fix the voting rights, if any, designations, powers, preferences, the relative, participating, optional or other special rights and any qualifications, limitations and restrictions thereof, applicable to the shares of each series. The Board is able to, without stockholder approval, issue Preferred Stock with voting and other rights that could adversely affect the voting power and other rights of the holders of the common stock and could have anti-takeover effects. The ability of the Board to issue Preferred Stock without stockholder approval could have the effect of delaying, deferring or preventing a change of control of us or the removal of existing management.

Warrants

On October 24, 2023, the NYSE provided notice to us that it would halt trading in our warrants, and the following day, the NYSE provided notice to us and publicly announced that it had determined to commence proceedings to delist our warrants from the NYSE noting that our warrants were no longer suitable for listing based on “abnormally low” price level. On October 26, 2023, our warrants commenced trading on the over-the-counter market under the symbol “SKILW”.

Public Warrants. Each whole public warrant, which were issued with shares of Class A Common Stock as a unit in connection with the initial public offering of Churchill Capital Corp. II (whether they were purchased in the initial public offering or thereafter in the open market, a “Public Warrant”) entitles the registered holder to purchase one share of our Class A Common Stock at a price of \$230.00 per share. Pursuant to the warrant agreement, a holder may exercise its Public Warrants only for a whole

number of shares of our Class A Common Stock. This means only a whole Public Warrant may be exercised at a given time by a holder. The Public Warrants will expire at 5:00 p.m., New York City time, on June 11, 2026 or earlier upon redemption or liquidation.

We are not obligated to deliver any shares of Class A Common Stock pursuant to the exercise of a Public Warrant and have no obligation to settle such warrant exercise unless a registration statement under the Securities Act of 1933, as amended (the “Securities Act”) covering the issuance of the shares of Class A common issuable upon exercise of the warrants is then effective and a current prospectus relating to those shares of Class A Common Stock is available, subject to our satisfying our obligations described below with respect to registration. No Public Warrant will be exercisable for cash or on a cashless basis, and we are not be obligated to issue any shares to holders seeking to exercise their Public Warrants, unless the issuance of the shares upon such exercise is registered or qualified under the securities laws of the state of the exercising holder, or an exemption from registration is available. In the event that the conditions in the two immediately preceding sentences are not satisfied with respect to a Public Warrant, the holder of such warrant will not be entitled to exercise such warrant and such warrant may have no value and expire worthless.

Redemption of Warrants for Cash. We may call the Public Warrants for redemption:

- in whole and not in part;
- at a price of \$0.01 per Public Warrant;
- upon a minimum of thirty (30) days’ prior written notice of redemption, or the thirty (30)-day redemption period, to each warrant holder; and
- if, and only if, the closing price of our Class A Common Stock equals or exceeds \$360.00 per share (as adjusted for stock splits, stock dividends, reorganizations, recapitalizations and the like) for any twenty (20) trading days within a thirty (30)-trading day period ending on the third trading day prior to the date on which we send the notice of redemption to the warrant holders; and
- if, and only if, there is a current registration statement in effect with respect to the shares of common stock underlying the warrants.

If and when the Public Warrants become redeemable by us, we may exercise our redemption right even if we are unable to register or qualify the underlying securities for sale under all applicable state securities laws.

We have established the last of the redemption criterion discussed above to prevent a redemption call unless there is at the time of the call a significant premium to the warrant exercise price. If the foregoing conditions are satisfied and we issue a notice of redemption of the Public Warrants, each warrant holder will be entitled to exercise his, her or its Public Warrant prior to the scheduled redemption date. However, the price of the Class A Common Stock may fall below the \$360.00 redemption trigger price as well as the \$230.00 warrant exercise price after the redemption notice is issued.

Redemption Procedures and Cashless Exercise. If we call the Public Warrants for redemption as described above, our management will have the option to require all holders that wish to exercise warrants to do so on a “cashless basis.” In determining whether to require all holders to exercise their Public Warrants on a “cashless basis,” our management will consider, among other factors, our cash position, the number of warrants that are outstanding and the dilutive effect on our stockholders of issuing the maximum number of shares of Class A Common Stock issuable upon the exercise of our Public Warrants.

A holder of a Public Warrant may notify us in writing in the event it elects to be subject to a requirement that such holder will not have the right to exercise such warrant, to the extent that after giving effect to such exercise, such person (together with such person’s affiliates), to the warrant agent’s actual knowledge, would beneficially own in excess of 9.8% (or such other amount as a holder may specify) of the shares of our Class A Common Stock outstanding immediately after giving effect to such exercise.

Anti-Dilution Adjustments. If the number of outstanding shares of our Class A Common Stock is increased by a stock dividend payable in shares of our Class A Common Stock, or by a split-up of shares of our Class A Common Stock or other similar event, then, on the effective date of such stock dividend, split-up or similar event, the number of shares of our Class A Common Stock issuable on exercise of each warrant will be increased in proportion to such increase in the outstanding shares of our Class A Common Stock. A rights offering to holders of our Class A Common Stock entitling holders to purchase shares of our Class A Common Stock at a price less than the fair market value will be deemed a stock dividend of a number of shares of our Class A Common Stock equal to the product of (1) the number of shares of our Class A Common Stock actually sold in such rights offering (or issuable under any other equity securities sold in such rights offering that are convertible into or exercisable for our Class A common stock) multiplied by (2) one minus the quotient of (x) the price per share of our Class A Common Stock paid in such rights offering divided by (y) the fair market value.

For these purposes (1) if the rights offering is for securities convertible into or exercisable for our Class A Common Stock, in determining the price payable for our Class A Common Stock, there will be taken into account any consideration received for such rights, as well as any additional amount payable upon exercise or conversion and (2) fair market value means the volume weighted average price per share of our Class A Common Stock as reported during the ten trading day period ending on the trading day prior to the first date on which the shares of our Class A Common Stock trade on the applicable exchange or in the applicable market, regular way, without the right to receive such rights.

In addition, if we, at any time while the Public Warrants are outstanding and unexpired, pay a dividend or make a distribution in cash, securities or other assets to the holders of our Class A Common Stock on account of such shares of Class A Common Stock (or other shares of our capital stock into which the warrants are convertible), other than (a) as described above and (b) certain ordinary cash dividends, then the Public Warrant exercise price will be decreased, effective immediately after the effective date of such event, by the amount of cash and/or the fair market value of any securities or other assets paid on each share of our Class A Common Stock in respect of such event.

If the number of outstanding shares of our Class A Common Stock is decreased by a consolidation, combination, reverse stock split or reclassification of shares of our Class A Common Stock or other similar event, then, on the effective date of such consolidation, combination, reverse stock split, reclassification or similar event, the number of shares of our Class A Common Stock issuable on exercise of each Public Warrant will be decreased in proportion to such decrease in outstanding shares of our Class A Common Stock.

Whenever the number of shares of our Class A common stock purchasable upon the exercise of the Public Warrants is adjusted, as described above, the warrant exercise price will be adjusted by multiplying the warrant exercise price immediately prior to such adjustment by a fraction (x) the numerator of which will be the number of shares of our Class A Common Stock purchasable upon the exercise of the warrants immediately prior to such adjustment, and (y) the denominator of which will be the number of shares of our Class A Common Stock so purchasable immediately thereafter.

The Public Warrants were issued in registered form under a warrant agreement between Continental Stock Transfer & Trust Company, as warrant agent, and us. If you hold warrants, you should review a copy of the warrant agreement, which is filed as an exhibit to the registration statement, for a description of the terms and conditions applicable to the Public Warrants. The warrant agreement provides that the terms of the Public Warrants may be amended without the consent of any holder to cure any ambiguity or correct any defective provision, but requires the approval by the holders of at least 50% of the then outstanding Public Warrants to make any change that adversely affects the interests of the registered holders of Public Warrants.

Upon exercise of the Public Warrants, each holder is entitled to one vote for each share held of record on all matters to be voted on by stockholders.

Private Placement Warrants and Working Capital Warrants. The Private Placement Warrants are identical to the Public Warrants. Additionally, the Private Placement Warrants are exercisable on a cashless basis and are non-redeemable so long as they are held by the initial purchasers or their permitted transferees. If the Private Placement Warrants are held by someone other than the initial purchasers or their permitted transferees, the Private Placement Warrants will be redeemable by the Company and exercisable by such holders on the same basis as the Public Warrants.

Authorized but Unissued Capital Stock

Delaware law does not require stockholder approval for any issuance of authorized shares. However, the listing requirements of the NYSE, which would apply if and so long as our Class A Common Stock remains listed on the NYSE, require stockholder approval of certain issuances equal to or exceeding 20% of the then outstanding voting power or then outstanding number of shares of our Class A Common Stock. Additional shares that may be used in the future may be used for a variety of corporate purposes, including future public offerings, to raise additional capital or to facilitate acquisitions.

The Board may generally issue one or more series of preferred shares on terms calculated to discourage, delay or prevent a change of control of the Company or the removal of our management. Moreover, our authorized but unissued shares of Preferred Stock will be available for future issuances in one or more series without stockholder approval and could be utilized for a variety of corporate purposes, including future offerings to raise additional capital, to facilitate acquisitions and employee benefit plans.

One of the effects of the existence of authorized and unissued and unreserved common stock or Preferred Stock may be to enable the Board to issue shares to persons friendly to current management, which issuance could render more difficult or discourage an attempt to obtain control of the Company by means of a merger, tender offer, proxy contest or otherwise, and thereby protect the continuity of our management and possibly deprive our stockholders of opportunities to sell their shares of Class A Common Stock at prices higher than prevailing market prices.

Classified Board of Directors

Our second amended and restated certificate of incorporation provides that, subject to the right of holders of any series of Preferred Stock, the Board will be divided into three classes of directors, with the size of each class to be as nearly equal in number as possible, and with the directors serving staggered three-year terms, with only one class of directors being elected at each annual meeting of stockholders. As a result, approximately one-third of the Board will be elected each year. The classification of directors will have the effect of making it more difficult for stockholders to change the composition of the Board.

Business Combinations

In general, Section 203 of the DGCL, an anti-takeover law, prohibits a publicly held Delaware corporation from engaging in a business combination, such as a merger, with a person or group owning 15% or more of the corporation's voting stock, which person or group is considered an interested stockholder under the DGCL, for a period of three years following the date the person became an interested stockholder, unless (with certain exceptions) the business combination or the transaction in which the person became an interested stockholder is approved in a prescribed manner.

We shall not engage in any business combination (as defined below), at any point in time at which the Company's common stock is registered under Section 12(b) or 12(g) of the Exchange Act, with any interested stockholder (as defined below) for a period of three years following the time that such stockholder became an interested stockholder, unless:

- prior to such time, the Board of Directors approved either the business combination or the transaction which resulted in the stockholder becoming an interested stockholder;
- upon consummation of the transaction which resulted in the stockholder becoming an interested stockholder, the interested stockholder owned at least eighty-five percent (85%) of the voting stock (as defined below) of the Corporation outstanding at the time the transaction commenced, excluding for purposes of determining the voting stock outstanding (but not the outstanding voting stock owned by the interested stockholder) those shares owned by (i) persons who are directors and also officers of the Company or (ii) employee stock plans in which employee participants do not have the right to determine confidentially whether shares held subject to the plan will be tendered in a tender or exchange offer; or
- at or subsequent to such time, the business combination is approved by the Board of Directors and authorized at an annual or special meeting of stockholders, and not by written consent, by the affirmative vote of at least sixty six and two-thirds percent (66 2/3%) of the outstanding voting stock of the Company which is not owned by the interested stockholder.

Removal of Directors; Vacancies

Under the DGCL, unless otherwise provided in our second amended and restated certificate of incorporation, directors serving on a classified board may be removed by the stockholders only for cause. Without limiting the rights of any party to Stockholders Agreement or the rights of any party to the Subscription Agreement, any or all of the directors (other than the directors elected by the holders of any series of Preferred Stock of the Company, voting separately as a series or together with one or more other such series, as the case may be) may be removed at any time for cause by the affirmative vote of a majority in voting power of all outstanding shares of stock of the Company entitled to vote thereon, voting together as a single class.

In addition, our second amended and restated certificate of incorporation provides that, without limiting the rights of any party to the Stockholders Agreement or the rights of any party to the Subscription Agreement, any newly created directorship on the Board that results from an increase in the number of directors and any vacancies on the Board will be filled only by the affirmative vote of a majority of the remaining directors, even if less than a quorum, or by a sole remaining director. Our second amended and restated certificate of incorporation provides that the Board may increase or decrease the number of directors by the affirmative vote of 50% of the directors present at the meeting at which a quorum is present.

During any period when the holders of any series of Preferred Stock have the right to elect additional directors, then upon commencement and for the duration of the period during which such right continues: (i) the then otherwise total authorized number of directors of the Company shall automatically be increased by such specified number of directors, and the holders of such Preferred Stock shall be entitled to elect the additional directors so provided for or fixed pursuant to the provisions of such series of Preferred Stock, and (ii) each such additional director shall serve until such director's successor shall have been duly elected and qualified, or until such director's right to hold such office terminates pursuant to said provisions, whichever occurs earlier, subject to his or her earlier death, resignation, retirement, disqualification or removal. Except as otherwise provided by the Board of Directors in the resolution or resolutions establishing such series, whenever the holders of any series of Preferred Stock having such right to elect additional directors are divested of such right, the terms of office of all such additional directors elected by the holders of such stock, or elected to fill any vacancies resulting from the death, resignation, disqualification or removal of such additional directors, shall terminate (in which case each such director thereupon shall cease to be qualified as, and shall cease to be, a director) and the total authorized number of directors of the Company shall automatically be reduced accordingly.

No Cumulative Voting

Under Delaware law, the right to vote cumulatively does not exist unless the certificate of incorporation specifically authorizes cumulative voting. Our second amended and restated certificate of incorporation does not authorize cumulative voting. Therefore, stockholders holding a majority in voting power of the shares of our stock entitled to vote generally in the election of directors will be able to elect all of our directors.

Special Stockholders Meetings

Our second amended and restated certificate of incorporation provides that special meetings of our stockholders may be called at any time only by or at the direction of the Board or the chairperson of the Board, either on his or her own initiative or at the request of stockholders that beneficially own at least twenty-five percent (25%) in voting power of all of our then-outstanding shares of stock. Our amended and restated bylaws provide that, unless otherwise indicated in the notice thereof, any and all business may be transacted at a special meeting.

Requirements for Advance Notification of Director Nominations and Stockholder Proposals

Our amended and restated bylaws establish advance notice procedures with respect to stockholder proposals and the nomination of candidates for election as directors, other than nominations made by or at the direction of the Board or a committee of the Board. In order for any matter to be properly brought before a meeting of our stockholders, a stockholder will have to comply with advance notice requirements and provide us with certain information. Generally, to be timely, a stockholder's notice must be received by our secretary not less than 90 calendar days nor more than 120 calendar days prior to the first anniversary date of the immediately preceding annual meeting of stockholders. Our amended and restated bylaws also specify requirements as to the form and content of a stockholder's notice. Our amended and restated bylaws allow the chairperson of the meeting at a meeting of the stockholders to adopt rules and regulations for the conduct of meetings, which may have the effect of precluding the conduct of certain business at a meeting if the rules and regulations are not followed. These provisions may also deter, delay or discourage a potential acquirer from conducting a solicitation of proxies to elect the acquirer's own slate of directors or otherwise attempting to influence or obtain control of the Company.

Stockholder Action by Written Consent

Pursuant to Section 228 of the DGCL, any action required to be taken at any annual or special meeting of the stockholders may be taken without a meeting, without prior notice and without a vote if a consent or consents in writing, setting forth the action so taken, is signed by the holders of outstanding stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares of our stock entitled to vote thereon were present and voted, unless our second amended and restated certificate of incorporation provides otherwise.

Competition and Corporate Opportunities

Delaware law permits corporations to adopt provisions renouncing any interest or expectancy in certain opportunities that are presented to the corporation or its officers, directors or stockholders. Our second amended and restated certificate of incorporation provides that, to the fullest extent permitted by law, none of the Sponsor, the Founder Holder or any director who is not employed by us (including any non-employee director who serves as one of our officers in both his director and officer capacities) or any of its or his or her affiliates will have any duty to refrain from (i) engaging in and possessing interests in other business ventures of every type and description, including corporate opportunities in the same or similar business activities or lines of business in which we or our subsidiaries now engage or propose to engage or (ii) competing with us or any of our subsidiaries, on their own account, or in partnership with, or as an employee, officer, director or shareholder of any other person. In addition, to the fullest extent permitted by law, in the event that the Sponsor, the Founder Holder, or any non-employee director or any of its or his or her affiliates acquires knowledge of a potential transaction or other matter which may be a corporate or other business opportunity for itself or himself, or herself, or its or his, or her, affiliates or for us or our affiliates, such person will have no duty (fiduciary, contractual or otherwise) to communicate or present such transaction or matter to us or any of our subsidiaries, as the case may be, and they may take any such opportunity for themselves or direct it to another person or entity. Our second amended and restated certificate of incorporation does not renounce our interest in any business opportunity that is expressly offered to a non-employee director solely and exclusively in his or her capacity as a director or officer of the Company and such opportunity is one the Company is legally and contractually permitted to undertake. To the fullest extent permitted by law, no business opportunity will be deemed to be a potential corporate opportunity for us unless we would be permitted to undertake the opportunity under our amended and restated certificate of incorporation, we have sufficient financial resources to undertake the opportunity and the opportunity would be in line with our business.

Limitation of Director and Officer Liability

To the fullest extent permitted by the DGCL, a director or officer of the Company shall not be personally liable to the Company or its stockholders for monetary damages for breach of fiduciary duty owed to the Company or its stockholders.

Exclusive Forum

Our second amended and restated certificate of incorporation provides that, unless we consent in writing to the selection of an alternative forum, the sole and exclusive forum for: (i) any derivative action or proceeding brought on behalf of the Company; (ii) any action asserting a claim of breach of a fiduciary duty owed by any director or officer or other employee of the Company or any of their affiliates to the Company or the Company's stockholders; (iii) any action asserting a claim against the Company or any director or officer or other employee of the Company or any of their affiliates arising pursuant to any provision of the DGCL or the Company's Certificate of Incorporation or Bylaws (as either may be amended, restated, modified, supplemented or waived from time to time); (iv) any action asserting a claim against the Company or any director or officer or other employee of the Company or any of their affiliates governed by the internal affairs doctrine; or (v) any action asserting an "internal corporate claim" as that term is defined in Section 115 of the DGCL, shall be a state court located within the State of Delaware (or, if no state court located within the State of Delaware has jurisdiction, the federal district court for the District of Delaware). For the avoidance of doubt, this section shall not apply to any action or proceeding asserting a claim under the Securities Act or the Exchange Act.

If any action the subject matter of which is within the scope of the section above is filed in a court other than a court located within the State of Delaware in the name of any stockholder, such stockholder shall be deemed to have consented to (i) the personal jurisdiction of the state and federal courts located within the State of Delaware and (ii) having service of process made upon such stockholder.

Indemnification of Directors and Officers

Section 102(b)(7) of the DGCL allows a corporation to provide in its certificate of incorporation that a director of the corporation will not be personally liable to the corporation or its stockholders for monetary damages for breach of fiduciary duty as a director, except where the director breached the duty of loyalty, failed to act in good faith, engaged in intentional misconduct or knowingly violated a law, authorized the payment of a dividend or approved a stock repurchase in violation of Delaware corporate law or obtained an improper personal benefit. The Company's second amended and restated certificate of incorporation provides for this limitation of liability.

Section 145 of the DGCL, provides, among other things, that a Delaware corporation may indemnify any person who was, is or is threatened to be made, party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of such corporation), by reason of the fact that such person is or was an officer, director, employee or agent of such corporation or is or was serving at the request of such corporation as a director, officer, employee or agent of another corporation or enterprise. The indemnity may include expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such person in connection with such action, suit or proceeding, provided such person acted in good faith

and in a manner he or she reasonably believed to be in or not opposed to the corporation's best interests and, with respect to any criminal action or proceeding, had no reasonable cause to believe that his or her conduct was unlawful. A Delaware corporation may indemnify any persons who were or are a party to any threatened, pending or completed action or suit by or in the right of the corporation by reason of the fact that such person is or was a director, officer, employee or agent of another corporation or enterprise. The indemnity may include expenses (including attorneys' fees) actually and reasonably incurred by such person in connection with the defense or settlement of such action or suit, provided such person acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the corporation's best interests, provided further that no indemnification is permitted without judicial approval if the officer, director, employee or agent is adjudged to be liable to the corporation. Where an officer or director is successful on the merits or otherwise in the defense of any action referred to above, the corporation must indemnify him or her against the expenses (including attorneys' fees) which such officer or director has actually and reasonably incurred.

Section 145 further authorizes a corporation to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the corporation or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation or enterprise, against any liability asserted against such person and incurred by such person in any such capacity, or arising out of his or her status as such, whether or not the corporation would otherwise have the power to indemnify such person under Section 145.

The Company's second amended and restated certificate of incorporation provides that we must indemnify and advance expenses to our directors and officers to the full extent authorized by the DGCL. We have entered into indemnification agreements with each of our directors and executive officers. Such agreements may require us, among other things, to advance expenses and otherwise indemnify our executive officers and directors against certain liabilities that may arise by reason of their status or service as executive officers or directors, to the fullest extent permitted by law. We intend to enter into indemnification agreements with any new directors and executive officers in the future.

The indemnification rights set forth above shall not be exclusive of any other right which an indemnified person may have or hereafter acquire under any statute, any provision of the Company's second amended and restated certificate of incorporation, the Company's second amended and restated bylaws, agreement, vote of stockholders or disinterested directors or otherwise. Notwithstanding the foregoing, the Company shall not be obligated to indemnify a director or officer in respect of a proceeding (or part thereof) instituted by such director or officer, unless such proceeding (or part thereof) has been authorized by the Board pursuant to the applicable procedure outlined in the Company's second amended and restated bylaws.

Section 174 of the DGCL provides, among other things, that a director, who willfully or negligently approves of an unlawful payment of dividends or an unlawful stock purchase or redemption, may be held jointly and severally liable for such actions. A director who was either absent when the unlawful actions were approved or dissented at the time may avoid liability by causing his or her dissent to such actions to be entered in the books containing the minutes of the meetings of the Board of Directors at the time such action occurred or immediately after such absent director receives notice of the unlawful acts.

The Company maintains and expects to continue to maintain standard policies of insurance that provide coverage (1) to its directors and officers against loss rising from claims made by reason of breach of duty or other wrongful act and (2) to the Company with respect to indemnification payments that the Company may make to such directors and officers.

These provisions may discourage stockholders from bringing a lawsuit against our directors for breach of their fiduciary duty. These provisions also may have the effect of reducing the likelihood of derivative litigation against directors and officers, even though such an action, if successful, might otherwise benefit the Company and our stockholders. Furthermore, a stockholder's investment may be adversely affected to the extent we pay the costs of settlement and damage awards against officers and directors pursuant to these indemnification provisions.

The Company believes that these provisions, the insurance and the indemnity agreements are necessary to attract and retain talented and experienced officers and directors.

Our Transfer Agent and Warrant Agent

The transfer agent for our common stock and warrant agent for our warrants is Continental Stock Transfer & Trust Company. We have agreed to indemnify Continental Stock Transfer & Trust Company in its roles as transfer agent and warrant agent, its agents and each of its stockholders, directors, officers and employees against all liabilities, including judgments, costs and reasonable counsel fees that may arise out of acts performed or omitted for its activities in that capacity, except for any liability due to any gross negligence, willful misconduct or bad faith of the indemnified person or entity.

SPECIMEN CLASS A COMMON STOCK CERTIFICATE

NUMBER

NUMBER OF SHARES OF CLASS A COMMON STOCK

SEE REVERSE FOR CERTAIN DEFINITIONS

CUSIP []

SKILLSOFT CORP.
INCORPORATED UNDER THE LAWS OF THE STATE OF DELAWARE
CLASS A COMMON STOCK

This Certifies that
is the owner of FULLY PAID AND NON-ASSESSABLE SHARES OF CLASS A COMMON STOCK, PAR VALUE OF \$0.0001 PER SHARE, OF **SKILLSOFT CORP.**
(THE "COMPANY") transferable on the books of the Company in person or by duly authorized attorney upon surrender of this certificate properly endorsed.
This certificate is not valid unless countersigned by the Transfer Agent and registered by the Registrar.
Witness the seal of the Company and the facsimile signatures of its duly authorized officers.

Dated: _____

Chief Executive Officer

[Corporate Seal]
Delaware

Chief Financial Officer

SKILLSOFT CORP.

The Company will furnish without charge to each stockholder who so requests the powers, designations, preferences and relative, participating, optional or other special rights of each class of stock or series thereof of the Company and the qualifications, limitations, or restrictions of such preferences and/or rights. This certificate and the shares of capital stock represented hereby are issued and shall be held subject to all the provisions of the Company's certificate of incorporation and all amendments thereto and resolutions of the Board of Directors providing for the issue of securities (copies of which may be obtained from the secretary of the Company), to all of which the holder of this certificate by acceptance hereof assents.

The following abbreviations, when used in the inscription on the face of this certificate, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM	-as tenants in common	UNIF GIFT MIN ACT	-	_____	Custodian	_____
				(Cust)		(Minor)
TEN ENT	-as tenants by the entireties					
JT TEN	-as joint tenants with right of survivorship and not as tenants in common				under Uniform Gifts to Minors Act	
					_____	(State)

Additional abbreviations may also be used though not in the above list.
For value received, hereby sells, assigns and transfers unto

(PLEASE INSERT SOCIAL SECURITY OR OTHER IDENTIFYING NUMBER(S) OF ASSIGNEE(S))
(PLEASE PRINT OR TYPEWRITE NAME(S) AND ADDRESS(ES), INCLUDING ZIP CODE, OF ASSIGNEE(S))

Shares of the capital stock represented by the within Certificate, and does hereby irrevocably constitute and appoint Attorney to transfer the said shares on the books of the within named Company with full power of substitution in the premises.

Dated: _____

Shareholder: _____

NOTICE: THE SIGNATURE(S) TO THIS ASSIGNMENT MUST CORRESPOND WITH THE NAME AS WRITTEN UPON THE FACE OF THE CERTIFICATE IN EVERY PARTICULAR, WITHOUT ALTERATION OR ENLARGEMENT OR ANY CHANGE WHATEVER.

Signature(s) Guaranteed:

By _____

THE SIGNATURE(S) MUST BE GUARANTEED BY AN ELIGIBLE GUARANTOR INSTITUTION (BANKS, STOCKBROKERS, SAVINGS AND LOAN ASSOCIATIONS AND CREDIT UNIONS WITH MEMBERSHIP IN AN APPROVED SIGNATURE GUARANTEE MEDALLION PROGRAM, PURSUANT TO S.E.C. RULE 17Ad-15 UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED).

NON-EMPLOYEE DIRECTOR RESTRICTED STOCK UNIT GRANT NOTICE

[Time-Based]

Skillsoft Corp., a Delaware corporation (the "Company"), pursuant to its 2020 Omnibus Incentive Plan, as it may be amended and restated from time to time (the "Plan"), hereby grants to the Participant set forth below the number of time-based Restricted Stock Units set forth below (the "RSUs"). The RSUs are subject to all of the terms and conditions as set forth in this Non-Employee Director Restricted Stock Unit Grant Notice (this "Grant Notice"), in the Non-Employee Director Restricted Stock Unit Agreement (attached hereto), and in the Plan, all of which are incorporated herein in their entirety. Capitalized terms not otherwise defined herein shall have the meanings set forth in the Plan.

Participant:

Date of Grant:

Vesting Commencement Date:

Number of Restricted Stock Units:

Vesting Schedule: Subject to Section 2(a) of the Non-Employee Director Restricted Stock Unit Agreement, one hundred percent (100%) of the RSUs will vest on the earlier of the (i) one year anniversary of the Vesting Commencement Date or (ii) the date of the Company's next annual stockholder meeting following the Date of Grant, provided that the Participant continues to serve as a member of the Company's Board on the applicable vesting date.

Dividend Equivalents: The RSUs shall be credited with dividend equivalent payments, as provided in Section 13(c)(iii) of the Plan.

Acknowledgments: The Participant acknowledges receipt of this Grant Notice, the Non-Employee Director Restricted Stock Unit Agreement and the Plan and, as an express condition to the grant of the RSUs hereunder, agrees to bound by the terms of this Grant Notice, the Non-Employee Director Restricted Stock Unit Agreement and the Plan. The Participant further acknowledges and agrees that (a) this Grant Notice may be executed in two or more counterparts, each of which will be an original and all of which together will constitute one and the same instrument, (b) this Grant Notice may be executed and exchanged using facsimile, portable document format (PDF) or electronic signature, which, in each case, will constitute an original signature for all purposes hereunder, and (c) such signature by the Company will be binding against the Company and will create a legally binding agreement when this Grant Notice is countersigned by the Participant.

* * *

[Signature page follows]

Participant

SKILLSOFT CORP.

By: _____

Name:

Title:

[Signature page to Non-Employee Director Restricted Stock Unit Grant Notice (Time-Based)]

NON-EMPLOYEE DIRECTOR RESTRICTED STOCK UNIT AGREEMENT
[Time-Based]

Pursuant to the Non-Employee Director Restricted Stock Unit Grant Notice (the “Grant Notice”) delivered to the Participant (as defined in the Grant Notice), and subject to the terms of this Non-Employee Director Restricted Stock Unit Agreement (this “Agreement”) and the Skillsoft Corp. 2020 Omnibus Incentive Plan, as it may be amended and restated from time to time (the “Plan”), Skillsoft Corp., a Delaware corporation (the “Company”), and the Participant agree as follows. Capitalized terms not otherwise defined herein shall have the same meanings as set forth in the Plan.

1. **Grant of Restricted Stock Units.** Subject to the terms and conditions set forth herein and in the Plan, the Company hereby grants to the Participant the number of Restricted Stock Units (the “RSUs”) provided in the Grant Notice (with each RSU representing an unfunded, unsecured right to receive one share of Common Stock).
2. **Vesting and Termination.**
 - a. Subject to the conditions contained herein and in the Plan, the RSUs shall vest as provided in the Grant Notice, provided, however, that, in the event of a Change in Control, the vesting of the RSUs shall be accelerated in full and become non-forfeitable as of immediately prior to the consummation of the Change in Control.
 - b. In the event the Participant ceases to serve as a member of the Company’s Board for any reason prior to the time that all of the RSUs have vested, the then-unvested RSUs shall be forfeited to the Company by the Participant for no consideration as of the date of such Termination.
3. **Settlement of Restricted Stock Units.** Subject to any election by the Committee pursuant to Section 8(d)(ii) of the Plan, the Company will deliver to the Participant, without charge, on or within 30 days following the applicable vesting date, one share of Common Stock for each RSU that vests on such date, and such vested RSU shall be cancelled upon such delivery. The Company shall either (a) deliver to the Participant a certificate or certificates therefor, registered in the Participant’s name, or (b) cause such shares of Common Stock to be credited to the Participant’s account at the third-party plan administrator. Notwithstanding anything in this Agreement to the contrary, the Company shall have no obligation to issue or transfer any shares of Common Stock as contemplated by this Agreement unless and until such issuance or transfer complies with all relevant provisions of law and the requirements of any stock exchange on which the shares of Common Stock are listed for trading.
4. **Participant.** Whenever the word “Participant” is used in any provision of this Agreement under circumstances where the provision should logically be construed to apply to the executors, the administrators, or persons to whom the RSUs may be transferred in accordance with Section 13(b) of the Plan, the word “Participant” shall be deemed to include such persons.
5. **Non-Transferability.** The RSUs are not transferable by the Participant except to Permitted Transferees in accordance with Section 13(b) of the Plan. Except as otherwise provided herein, no assignment or transfer of the RSUs, or of the rights represented thereby, whether voluntary or involuntary, by operation of law or otherwise, shall vest in the assignee or transferee any interest or right herein whatsoever, but immediately upon such assignment or transfer the RSUs shall terminate and become of no further effect.
6. **Rights as Shareholder.** Subject to any dividend equivalent payments to be provided to the Participant in accordance with the Grant Notice and Section 13(c)(iii) of the Plan, the Participant shall have no rights as a shareholder with respect to any share of Common Stock underlying an RSU unless and until the Participant shall have become the holder of record of such share of Common Stock, and no adjustment shall be made for dividends or distributions or other rights in respect of such share of Common Stock for which the record date is prior to the date upon which the Participant shall become the holder of record thereof.
7. **Tax Withholding.** The provisions of Section 13(d) of the Plan are incorporated herein by reference and made a part hereof.
8. **Notice.** Every notice or other communication relating to this Agreement between the Company and the Participant shall be in writing, which may include by electronic mail, and shall be mailed to or delivered to the party for whom it is intended at such address as may from time to time be designated by such party in a notice mailed or delivered to the other party as herein provided; *provided* that, unless and until some other address be so designated, all notices or communications by the Participant to the Company shall be mailed or delivered to the Company at its principal executive office, to the attention of the Company’s Chief Legal Officer or its designee, and all notices or communications by the Company to the Participant may be given to the Participant personally or may be mailed to the Participant at the Participant’s last known address, as reflected in the Company’s records. Notwithstanding the foregoing, all notices and communications between the Participant and any third-party plan administrator shall be mailed, delivered, transmitted or sent in accordance with the procedures established by such third-party plan administrator and communicated to the Participant from time to time.
9. **No Right to Continued Service.** This Agreement does not confer upon the Participant any right with respect to a continued service relationship with the Company.
10. **Binding Effect.** This Agreement shall be binding upon the heirs, executors, administrators and successors of the parties hereto.
11. **Waiver and Amendments.** Except as otherwise set forth in Section 12 of the Plan, any waiver, alteration, amendment or modification of any of the terms of this Agreement shall be valid only if made in writing and signed by the parties hereto; *provided, however*, that any such waiver, alteration, amendment or modification is consented to on the Company’s behalf by the Committee. No waiver by either of the parties hereto of their rights hereunder shall be deemed to constitute a waiver with respect to any subsequent occurrences or transactions hereunder unless such waiver specifically states that it is to be construed as a continuing waiver.
12. **Governing Law.** The provisions of Section 13(q) of the Plan are incorporated herein by reference and made a part hereof. Notwithstanding anything contained in this Agreement, the Grant Notice or the Plan to the contrary, if any suit or claim is instituted by the Participant or the Company relating to this Agreement, the Grant Notice or the Plan, the Participant hereby submits to the exclusive jurisdiction of and venue in the courts of the State of Delaware.
13. **Plan.** The terms and provisions of the Plan are incorporated herein by reference and made a part hereof. In the event of a conflict or inconsistency between the terms and provisions of the Plan and the terms and provisions of this Agreement (including the Grant Notice), the Plan shall govern and control.
14. **Section 409A.** It is intended that the RSUs granted hereunder shall be exempt from Section 409A of the Code pursuant to the “short-term deferral” rule applicable to such section, as set forth in the regulations or other guidance published by the Internal Revenue Service thereunder.
15. **Imposition of Other Requirements.** The Company reserves the right to impose other requirements on the Participant’s participation in the Plan, on the RSUs and on any shares of Common Stock acquired under the Plan, to the extent the Company determines it is necessary or advisable for legal or administrative

reasons, and to require the Participant to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

16. **Electronic Delivery and Acceptance.** The Company may, in its sole discretion, decide to deliver any documents related to current or future participation in the Plan by electronic means. The Participant hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.
17. **Entire Agreement.** This Agreement, the Grant Notice and the Plan constitute the entire agreement of the parties hereto in respect of the subject matter contained herein and supersede all prior agreements and understandings of the parties, oral and written, with respect to such subject matter.

PERFORMANCE STOCK UNIT GRANT NOTICE

Skillsoft Corp., a Delaware corporation (the “Company”), pursuant to its 2020 Omnibus Incentive Plan, as it may be amended and restated from time to time (the “Plan”), hereby grants to the Participant set forth below the number of Performance Stock Units set forth below (the “PSUs”). The PSUs are subject to all of the terms and conditions as set forth in this Performance Stock Unit Grant Notice (this “Grant Notice”), in the Performance Stock Unit Agreement (attached hereto), and in the Plan, all of which are incorporated herein in their entirety. Capitalized terms not otherwise defined herein shall have the meanings set forth in the Plan.

Participant: [-]

Date of Grant: [-]

Performance Period: [-] [Performance Period subject to the determination of the Committee under the terms of the Plan.]

Vesting Commencement Date: [-]

Vesting Dates: [-] [Vesting schedule subject to the determination of the Committee under the terms of the Plan.]

Target Number of Performance Stock Units: [-]

Vesting Schedule: The PSUs will vest based on the level of achievement of the performance goal following each Measurement Date (as defined in Exhibit A to the Performance Stock Unit Agreement) in the Performance Period, as certified by the Committee and in each case as set forth in Exhibit A to the Performance Stock Unit Agreement, and the Participant’s continued performance of services through each applicable Vesting Date set forth above. All vesting is dependent on the Participant’s remaining continuously employed by or providing continuous services to a member of the Company Group through the applicable Vesting Date, as provided herein.

Dividend Equivalents: The PSUs shall be credited with dividend equivalent payments, as provided in Section 13(c)(iii) of the Plan.

Acknowledgments: The Participant acknowledges receipt of this Grant Notice, the Performance Stock Unit Agreement (the “Agreement”) and the Plan and, as an express condition to the grant of the PSUs hereunder, agrees to bound by the terms of this Grant Notice, the Agreement and the Plan. The Participant further acknowledges and agrees that (a) this Grant Notice and the Agreement may be executed in two or more counterparts, each of which will be an original and all of which together will constitute one and the same instrument, (b) this Grant Notice and Agreement may be executed and exchanged using facsimile, portable document format (PDF) or electronic signature, which, in each case, will constitute an original signature for all purposes hereunder, and (c) such signature by the Company will be binding against the Company and will create a legally binding agreement when this Grant Notice and Agreement is countersigned by the Participant.

PERFORMANCE STOCK UNIT AGREEMENT

Pursuant to the Performance Stock Unit Grant Notice (the “**Grant Notice**”) delivered to the Participant (as defined in the Grant Notice), and subject to the terms of this Performance Stock Unit Agreement (this “**Agreement**”) and the Skillsoft Corp. 2020 Omnibus Incentive Plan, as it may be amended and restated from time to time (the “**Plan**”), Skillsoft Corp., a Delaware corporation (the “**Company**”), and the Participant agree as follows. Capitalized terms not otherwise defined herein shall have the same meanings as set forth in the Plan.

1. **Grant of Performance Stock Units.** Subject to the terms and conditions set forth herein and in the Plan, the Company hereby grants to the Participant the number of Performance Stock Units (the “**PSUs**”) provided in the Grant Notice (with each PSU representing an unfunded, unsecured right to receive one share of Common Stock).

2. **Vesting and Termination.**

(a) Subject to the conditions contained herein and in the Plan, the PSUs shall vest as provided in Exhibit A to this Agreement and the Vesting Schedule set forth in the Grant Notice.

(b) In the event of the Participant’s Termination for any reason, any unvested PSUs as of the effective date of such Termination shall be forfeited to the Company by the Participant for no consideration.

3. **Settlement of Performance Stock Units.** Subject to Section 7 of this Agreement and any election by the Committee pursuant to Section 8(d)(ii) of the Plan, the Company will deliver to the Participant, without charge, on or within 30 days following the applicable vesting date, one share of Common Stock for each PSU that vests on such date, and such vested PSU shall be cancelled upon such delivery. The Company shall either (a) deliver to the Participant a certificate or certificates therefor, registered in the Participant’s name, or (b) cause such shares of Common Stock to be credited to the Participant’s account at the third-party plan administrator. Notwithstanding anything in this Agreement to the contrary, the Company shall have no obligation to issue or transfer any shares of Common Stock as contemplated by this Agreement unless and until such issuance or transfer complies with all relevant provisions of law and the requirements of any stock exchange on which the shares of Common Stock are listed for trading.

4. **Participant.** Whenever the word “Participant” is used in any provision of this Agreement under circumstances where the provision should logically be construed to apply to the executors, the administrators, or persons to whom the PSUs may be transferred in accordance with Section 13(b) of the Plan, the word “Participant” shall be deemed to include such persons.

5. **Non-Transferability.** The PSUs are not transferable by the Participant except to Permitted Transferees in accordance with Section 13(b) of the Plan. Except as otherwise provided herein, no assignment or transfer of the PSUs, or of the rights represented thereby, whether voluntary or involuntary, by operation of law or otherwise, shall vest in the assignee or transferee any interest or right herein whatsoever, but immediately upon such assignment or transfer the PSUs shall terminate and become of no further effect.

6. **Rights as Shareholder.** Subject to any dividend equivalent payments to be provided to the Participant in accordance with the Grant Notice and Section 13(c)(iii) of the Plan, the Participant shall have no rights as a shareholder with respect to any share of Common Stock underlying an PSU unless and until the Participant shall have become the holder of record of such share of Common Stock, and no adjustment shall be made for dividends or distributions or other rights in respect of such share of Common Stock for which the record date is prior to the date upon which the Participant shall become the holder of record thereof.

7. **Tax Withholding.** The provisions of Section 13(d) of the Plan are incorporated herein by reference and made a part hereof.

8. **Notice.** Every notice or other communication relating to this Agreement between the Company and the Participant shall be in writing, which may include by electronic mail, and shall be mailed to or delivered to the party for whom it is intended at such address as may from time to time be designated by such party in a notice mailed or delivered to the other party as herein provided; *provided that*, unless and until some other address be so designated, all notices or communications by the Participant to the Company shall be mailed or delivered to the Company at its principal executive office, to the attention of the Company’s Chief Legal Officer or its designee, and all notices or communications by the Company to the Participant may be given to the Participant personally or may be mailed to the Participant at the Participant’s last known address, as reflected in the Company’s records. Notwithstanding the foregoing, all notices and communications between the Participant and any third-party plan administrator shall be mailed, delivered, transmitted or sent in accordance with the procedures established by such third-party plan administrator and communicated to the Participant from time to time.

9. **No Right to Continued Employment or Service.** This Agreement does not confer upon the Participant any right to continue as an employee or other service provider to the Company.

10. **Binding Effect.** This Agreement shall be binding upon the heirs, executors, administrators and successors of the parties hereto.

11. **Waiver and Amendments.** Except as otherwise set forth in Section 12 of the Plan, any waiver, alteration, amendment or modification of any of the terms of this Agreement shall be valid only if made in writing and signed by the parties hereto; *provided, however*, that any such waiver, alteration, amendment or modification is consented to on the Company’s behalf by the Committee. No waiver by either of the parties hereto of their rights hereunder shall be deemed to constitute a waiver with respect to any subsequent occurrences or transactions hereunder unless such waiver specifically states that it is to be construed as a continuing waiver.

12. **Governing Law.** The provisions of Section 13(q) of the Plan are incorporated herein by reference and made a part hereof. Notwithstanding anything contained in this Agreement, the Grant Notice or the Plan to the contrary, if any suit or claim is instituted by the Participant or the Company relating to this Agreement, the Grant Notice or the Plan, the Participant hereby submits to the exclusive jurisdiction of and venue in the courts of the State of Delaware.

13. **Plan.** The terms and provisions of the Plan are incorporated herein by reference and made a part hereof. In the event of a conflict or inconsistency between the terms and provisions of the Plan and the terms and provisions of this Agreement (including the Grant Notice), the Plan shall govern and control.

14. **Section 409A.** It is intended that the PSUs granted hereunder shall be exempt from Section 409A of the Code pursuant to the “short-term deferral” rule applicable to such section, as set forth in the regulations or other guidance published by the Internal Revenue Service thereunder.

15. **Imposition of Other Requirements.** The Company reserves the right to impose other requirements on the Participant’s participation in the Plan, on the PSUs and on any shares of Common Stock acquired under the Plan, to the extent the Company determines it is necessary or advisable for legal or administrative reasons, and to require the Participant to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

16. **Electronic Delivery and Acceptance.** The Company may, in its sole discretion, decide to deliver any documents related to current or future participation in the Plan by electronic means. The Participant hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.

17. **Entire Agreement.** This Agreement and Exhibit A hereto, the Grant Notice and the Plan constitute the entire agreement of the parties hereto in respect of the subject matter contained herein and supersede all prior agreements and understandings of the parties, oral and written, with respect to such subject matter.

* * *

[Signature page follows]

[Signature page to Performance Stock Unit Grant Notice and Agreement]

SKILLSOFT CORP. AND SUBSIDIARIES

As of April 8, 2024

<u>Name</u>	<u>Incorporation</u>	<u>Ownership*</u>
Skillssoft Corp.	Delaware, USA	
Skillssoft Finance I, LLC	Delaware, USA	100%
Skillssoft Finance II, Inc.	Delaware, USA	100%
Albert DE Holdings Inc.	Delaware, USA	100%
Albert US Holdings Inc.	Delaware, USA	100%
GK Holdings, Inc.	Delaware, USA	100%
Global Knowledge Training LLC	Delaware, USA	100%
Develop.com Holdings LLC	Delaware, USA	100%
Develop.com LLC	Delaware, USA	100%
Global Knowledge Holdings B.V.	Netherlands	100%
Global Knowledge Belgium BVBA	Belgium	99%
Global Knowledge Denmark ApS	Denmark	100%
Global Knowledge FZ LLC	United Arab Emirates	100%
Global Knowledge (SAE)	Egypt	100%
Global Knowledge ME FZ-LLC	United Arab Emirates	100%
Global Knowledge Network France SAS	France	100%
Global Knowledge Network Netherlands B.V.	Netherlands	100%
Global Knowledge Belgium BVBA	Belgium	1%
Global Knowledge Network Netherlands VOF	Netherlands	5%
Global Knowledge Network Netherlands VOF	Netherlands	95%
Global Knowledge Network Spain SLU	Spain	100%
Global Knowledge Network Training Limited	United Kingdom	100%
GK Apprenticeships Limited	United Kingdom	100%
Global Knowledge Network (Canada) Inc.	Canada	100%
Codecademy, LLC	Delaware, USA	100%
Software Luxembourg Intermediate S.a r.l.	Luxembourg	100%
Software Luxembourg Acquisition S.a r.l.	Luxembourg	100%
Pointwell Limited	Ireland	100%
SSI Investments I Limited	Ireland	100%
SSI Investments II Limited	Ireland	100%
SSI Investments III Limited	Ireland	100%
Skillssoft Limited	Ireland	100%
Skillssoft France S.a r.l.	France	0.854%
Skillssoft Ireland Limited	Ireland	99.010%
Skillssoft (US) LLC	Delaware, USA	100%
Skillssoft Canada, Ltd.	New Brunswick, Canada	45%
Skillssoft Receivables Financing LLC	Delaware, USA	100%
Skillssoft Software Services India Private Limited	India	0.980%
Skillssoft Asia Pacific Pte Ltd	Singapore	100%
Beijing Skillssoft Consulting Co., Ltd	China	100%
Skillssoft Software Services India Private Limited	India	99.010%
Skillssoft Canada, Ltd.	New Brunswick, Canada	55%
Skillssoft Group France SAS	France	100%
Skillssoft Digital (France) SAS	France	100%
Thirdforce Group Limited	Ireland	100%
Skillssoft New Zealand Limited	New Zealand	100%
Skillware Services Company LLC	Delaware, USA	100%
Pluma, Inc.	Delaware, USA	100%
Skillsoft Asia Pacific Pty Ltd	Australia	100%
Skillsoft Software Services India Private Limited	India	0.010%
Skillssoft France S.a r.l.	France	99.146%
Skillssoft Hong Kong Limited	Hong Kong	100%
Skillssoft Ireland Limited	Ireland	0.990%
Skillssoft U.K. Limited	United Kingdom	100%
Skillssoft NETg GmbH	Germany	100%

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the following Registration Statements:

1. Registration Statements (Form S-8 No. 333-271269, No. 333-265182 and 333-258867) pertaining to the 2020 Omnibus Incentive Plan of Skillsoft Corp.
2. Registration Statement (Form S-3 No. 333-268938) and related Prospectus of Skillsoft Corp. for the registration of Class A Common Stock, Warrants to Purchase Shares of Class A Common Stock, and Shares of Class A Common Stock Underlying Warrants;

of our report dated April 15, 2024, with respect to the consolidated financial statements of Skillsoft Corp. included in this annual report (Form 10-K) for the years ended January 31, 2024 and 2023 and the period from June 12, 2021 through January 31, 2022, and the consolidated financial statements of Software Luxembourg Holding S.A., for the period from February 1, 2021 through June 11, 2021.

/s/ Ernst & Young LLP

Boston, Massachusetts
April 15, 2024

**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 Annual Report on Form 10-K 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: April 15, 2024

/s/ Jeffrey R. Tarr

Jeffrey R. Tarr

Chief Executive Officer

(Principal Executive Officer)

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

I, Richard George Walker, certify that:

1. I have reviewed this Annual Report on Form 10-K 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: April 15, 2024

/s/ Richard George Walker
Richard George Walker
Chief Financial Officer
(Principal Financial Officer)

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

In connection with the Annual Report of Skillsoft Corp. (the "Company") on Form 10-K for the period ended January 31, 2024, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

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

Date: April 15, 2024

/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.

**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 Annual Report of Skillsoft Corp. (the "Company") on Form 10-K for the period ended January 31, 2024, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

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

Date: April 15, 2024

/s/ Richard George Walker

Richard George Walker
Chief Financial Officer
(Principal Financial Officer)

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

SKILLSOFT CORP.

Incentive Compensation
Clawback Policy

1. Overview. The Compensation Committee (the “*Committee*”) of the Board of Directors (the “*Board*”) of Skillsoft Corp. (the “*Company*”) has adopted this Incentive Compensation Clawback Policy (the “*Policy*”) which requires the recoupment of certain incentive- based compensation in accordance with the terms herein and is intended to comply with Section 303A.14 of The New York Stock Exchange Listed Company Manual, as such section may be amended from time to time (the “*Listing Rules*”). Capitalized terms not otherwise defined herein shall have the meanings assigned to such terms under Section 12 of this Policy.

2. Interpretation and Administration. The Committee shall have full authority to interpret and enforce the Policy; provided, however, that the Policy shall be interpreted in a manner consistent with its intent to meet the requirements of the Listing Rules. As further set forth in Section 10 below, this Policy is intended to supplement any other clawback policies and procedures that the Company may have in place from time to time pursuant to other applicable law, plans, policies or agreements.

3. Covered Executives. The Policy applies to each current and former Executive Officer of the Company who serves or served as an Executive Officer at any time during a performance period in respect of which Incentive Compensation is Received, to the extent that any portion of such Incentive Compensation is (a) Received by the Executive Officer during the last three completed Fiscal Years or any applicable Transition Period preceding the date that the Company is required to prepare a Restatement (regardless of whether any such Restatement is actually filed) and (b) determined to have included Erroneously Awarded Compensation. For purposes of determining the relevant recovery period referenced in the preceding clause (a), the date that the Company is required to prepare a Restatement under the Policy is the earlier to occur of (i) the date that the Board, a committee of the Board, or the officer or officers of the Company authorized to take such action if Board action is not required, concludes, or reasonably should have concluded, that the Company is required to prepare a Restatement or (ii) the date a court, regulator, or other legally authorized body directs the Company to prepare a Restatement. Executive Officers subject to this Policy pursuant to this Section 3 are referred to herein as “*Covered Executives*.”

4. Recovery of Erroneously Awarded Compensation. If any Erroneously Awarded Compensation is Received by a Covered Executive, the Company shall reasonably promptly take steps to recover such Erroneously Awarded Compensation in a manner described under Section 5 of this Policy.

5. Forms of Recovery. The Committee shall determine, in its sole discretion and in a manner that effectuates the purpose of the Listing Rules, one or more methods for recovering any Erroneously Awarded Compensation hereunder in accordance with Section 4 above, which may include, without limitation: (a) requiring cash reimbursement; (b) seeking recovery or forfeiture of any gain realized on the vesting, exercise, settlement, sale, transfer or other disposition of any equity-based awards; (c) offsetting the amount to be recouped from any compensation otherwise owed by the Company to the Covered Executive; (d) cancelling outstanding vested or unvested equity awards; or (e) taking any other remedial and recovery action permitted by law, as determined by the Committee. To the extent the Covered Executive refuses to pay to the Company an amount equal to the Erroneously Awarded Compensation, the Company shall have the right to sue for repayment and/or enforce the Covered Executive’s obligation to make payment through the reduction or cancellation of outstanding and future compensation. Any reduction, cancellation or forfeiture of compensation shall be done in compliance with Section 409A of the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder.

6. No Indemnification. The Company shall not indemnify any Covered Executive against the loss of any Erroneously Awarded Compensation for which the Committee has determined to seek recoupment pursuant to this Policy.

7. Exceptions to the Recovery Requirement. Notwithstanding anything in this Policy to the contrary, Erroneously Awarded Compensation need not be recovered pursuant to this Policy if the Committee (or, if the Committee is not composed solely of Independent Directors, a majority of the Independent Directors serving on the Board) determines that recovery would be impracticable as a result of any of the following:

(a) the direct expense paid to a third party to assist in enforcing the Policy would exceed the amount to be recovered; provided that, before concluding that it would be impracticable to recover any amount of Erroneously Awarded Compensation based on expense of enforcement, the Company must make a reasonable attempt to recover such Erroneously Awarded Compensation, document such reasonable attempt(s) to recover, and provide that documentation to the Exchange;

(b) recovery would violate home country law where that law was adopted prior to November 28, 2022; provided that, before concluding that it would be impracticable to recover any amount of Erroneously Awarded Compensation based on violation of home country law, the Company must obtain an opinion of home country counsel, acceptable to the Exchange, that recovery would result in such a violation, and must provide such opinion to the Exchange; or

(c) recovery would likely cause an otherwise tax-qualified retirement plan, under which benefits are broadly available to employees of the Company, to fail to meet the requirements of 26 U.S.C. 401(a)(13) or 26 U.S.C. 411(a) and the regulations thereunder.

8. Committee Determination Final. Any determination by the Committee with respect to the Policy shall be final, conclusive and binding on all interested parties.

9. Amendment. The Policy may be amended by the Committee from time to time, to the extent permitted under the Listing Rules.

10. Non-Exclusivity. Nothing in the Policy shall be viewed as limiting the right of the Company or the Committee to pursue additional remedies or recoupment under or as required by any similar policy adopted by the Company or under the Company’s compensation plans, award agreements, employment agreements or similar agreements or the applicable provisions of any law, rule or regulation which may require or permit recoupment to a greater degree or with respect to additional compensation as compared to this Policy (but without duplication as to any recoupment already made with respect to Erroneously Awarded Compensation pursuant to this Policy). This Policy shall be interpreted in all respects to comply with the Listing Rules.

11. Successors. The Policy shall be binding and enforceable against all Covered Executives and their beneficiaries, heirs, executors, administrators or other legal representatives.

12. Defined Terms.

“*Covered Executives*” shall have the meaning set forth in Section 3 of this Policy.

“*Erroneously Awarded Compensation*” shall mean the amount of Incentive Compensation actually Received that exceeds the amount of Incentive Compensation that otherwise would have been Received had it been determined based on the restated amounts, and computed without regard to any taxes paid. For Incentive Compensation based on stock price or total shareholder return, where the amount of erroneously awarded Incentive Compensation is not subject to mathematical recalculation directly from the information in a Restatement:

- (A) The calculation of Erroneously Awarded Compensation shall be based on a reasonable estimate of the effect of the Restatement on the stock price or total shareholder return upon which the Incentive Compensation was Received; and
- (B) The Company shall maintain documentation of the determination of that reasonable estimate and provide such documentation to the Exchange.

“**Exchange**” shall mean The New York Stock Exchange.

“**Executive Officer**” shall mean the Company’s president, principal financial officer, principal accounting officer (or if there is no such accounting officer, the controller), any vice-president of the Company in charge of a principal business unit, division, or function (such as sales, administration, or finance), any other officer who performs a policy-making function, or any other person who performs similar policy-making functions for the Company. Executive officers of the Company’s parent(s) or subsidiaries shall be deemed executive officers of the Company if they perform such policy-making functions for the Company.

“**Financial Reporting Measures**” shall mean measures that are determined and presented in accordance with the accounting principles used in preparing the Company’s financial statements, and any measures that are derived wholly or in part from such measures, including, without limitation, stock price and total shareholder return (in each case, regardless of whether such measures are presented within the Company’s financial statements or included in a filing with the Securities and Exchange Commission).

“**Fiscal Year**” shall mean the Company’s fiscal year; provided that a Transition Period between the last day of the Company’s previous fiscal year end and the first day of its new fiscal year that comprises a period of nine to 12 months will be deemed a completed fiscal year.

“**Incentive Compensation**” shall mean any compensation (whether cash or equity- based) that is granted, earned, or vested based wholly or in part upon the attainment of a Financial Reporting Measure, and may include, but shall not be limited to, performance bonuses and long- term incentive awards such as stock options, stock appreciation rights, restricted stock, restricted stock units, performance share units or other equity-based awards. For the avoidance of doubt, Incentive Compensation does not include (i) awards that are granted, earned and vested exclusively upon completion of a specified employment period, without any performance condition, and (ii) bonus awards that are discretionary or based on subjective goals or goals unrelated to Financial Reporting Measures. Notwithstanding the foregoing, compensation amounts shall not be considered “Incentive Compensation” for purposes of the Policy unless such compensation is Received (1) while the Company has a class of securities listed on a national securities exchange or a national securities association and (2) on or after October 2, 2023, the effective date of the Listing Rules.

“**Independent Director**” shall mean a director who is determined by the Board to be “independent” for Board or Committee membership, as applicable, under the rules of the Exchange, as of any determination date.

“**Listing Rules**” shall have the meaning set forth in Section 1 of this Policy.

Incentive Compensation shall be deemed “**Received**” in the Company’s fiscal period during which the Financial Reporting Measure specified in the Incentive Compensation award is attained, even if the payment or grant of the Incentive Compensation occurs after the end of that period.

“**Restatement**” shall mean an accounting restatement due to the material noncompliance of the Company with any financial reporting requirement under the securities laws, including any required accounting restatement to correct an error in previously issued financial statements that is material to the Company’s previously issued financial statements, or that would result in a material misstatement if the error were corrected in the current period or left uncorrected in the current period.

“**Transition Period**” shall mean any transition period that results from a change in the Company’s Fiscal Year within or immediately following the three completed Fiscal Years immediately preceding the Company’s requirement to prepare a Restatement.

Adopted on: August 29, 2023

Acknowledgment of Incentive Compensation Clawback Policy

Reference is made to the Skillsoft Corp. Incentive Compensation Clawback Policy (as adopted on August 29, 2023 pursuant to NYSE Rule 303A.14) (the “**Policy**”). Capitalized terms used herein without definition have the meanings assigned to such terms under the Policy.

By signing below, the undersigned acknowledges, confirms and agrees that:

- the undersigned has received and reviewed a copy of the Policy;
- the undersigned is, and will continue to be, subject to the Policy to the extent provided therein;
- the Policy may apply both during and after termination of the undersigned’s employment with the Company and its affiliates; and
- the undersigned agrees to abide by the terms of the Policy, including, without limitation, by returning any Erroneously Awarded Compensation to the Company pursuant to the Policy.

Signature

Print Name

Date