FORM 51-102F3

MATERIAL CHANGE REPORT

Item 1 Name and Address of Company

D2L Inc. (“**D2L**” or the “**Company**”)
137 Glasgow Street, Suite 560
Kitchener, Ontario N2G 4X8

Item 2 Date of Material Change

April 3, 2024

Item 3 News Release

A news release with respect to the material change referred to in this report was issued by D2L and disseminated over Cision on April 3, 2024. A copy of the news release is available on the Company’s profile at www.sedarplus.com. This material change report supersedes any statement contained in such press release to the extent that it is inconsistent with a statement in this material change report.

Item 4 Summary of Material Change

On April 3, 2024, the Company entered into a binding letter agreement (the “**Letter Agreement**”) to spin-out D2L Wave into a new independent standalone company, SkillsWave Corporation (“**SkillsWave**”), and to sell majority ownership to a company (the “**Purchaser**”) owned by John Baker, the Chief Executive Officer of the Company, with an expected mid-year closing date. D2L Wave is D2L’s upskilling technology, providing corporate customers with a marketplace of courses for their employees to choose from.

Pursuant to the Letter Agreement, the parties have agreed to work in good faith to settle and enter into the definitive agreements and documents as contemplated thereunder reflecting the following material terms:

- Consideration: The Purchaser will acquire a 70% interest in voting common shares of SkillsWave from D2L at closing in exchange for consideration of C$1,120,000 (the “**Purchase Price**”) payable in cash, and D2L will retain a 30% ownership interest in voting common shares of SkillsWave.
- ESOP: SkillsWave will establish an employee stock option plan with a share reserve of 20% of the shares outstanding at closing, which will result in the interest of the Purchaser and D2L being 56% and 24% on a fully diluted basis, respectively.
- Voting Agreement: D2L will have customary significant shareholder rights, including the right to nominate a director to the SkillsWave board of directors, which will also include John Baker and three independent directors.
- Loan and Security Agreement: D2L will provide a loan to SkillsWave in the amount of $9,500,000 maturing in five years and payable at maturity, bearing interest at the Canadian prime rate per annum, compounding annually, and secured by a first priority security interest on all assets of SkillsWave, subject to permitted liens. The

loan will be advanced in tranches with $5,000,000 advanced upon closing of the transaction, and the balance advanced on the six month anniversary of closing. The loan principal and accrued interest will be convertible at the option of D2L at the Purchase Price per share paid by the Purchaser into non-voting common shares of SkillsWave that, together with the shares D2L retained at closing (to the extent they continue to be held), do not exceed 37.5% of the outstanding shares of SkillsWave at the time of conversion.

- Transition Services Agreement: D2L will enter into a Transition Services Agreement with SkillsWave to provide administrative services on a cost recovery basis to support the orderly transition of the D2L Wave offering from D2L to SkillsWave, which transition is expected to be substantially completed on or before January 31, 2025.
- Non-Competition Agreement: D2L and SkillsWave will enter into an agreement limiting them from competing with the other party's business as conducted at closing for a period of five years.

Item 5 Full Description of Material Change

Item 5.1 Full Description of Material Change

On April 3, 2024, the Company entered into Letter Agreement to spin-out D2L Wave into a new independent standalone company, SkillsWave, and to sell majority ownership to the Purchaser, with an expected mid-year closing date (the "**Transaction**"). As of April 3, 2024, SkillsWave was a wholly-owned subsidiary of D2L. Immediately following the closing of the Transaction ("**Closing**"), D2L will own 30% and the Purchaser will own 70% of the outstanding voting common shares of SkillsWave.

D2L Wave contributed a very small percentage of D2L's overall revenue in its fiscal year ended January 31, 2024. The Transaction is not anticipated to have any material adverse impact on D2L's business or operations, and will contribute to increased profitability of D2L in the second half of the fiscal year ending January 31, 2025, as discussed under the heading "*Financial Outlook - Financial Guidance FY2025*" in D2L's MD&A for the three and 12 months ended January 31, 2024 filed under the Company's profile on SEDAR+ at www.sedarplus.com.

All dollar amounts referred to herein are in U.S. dollars except where otherwise specified.

Material Terms of Key Agreements

Letter Agreement

The Letter Agreement sets forth the steps to be undertaken to effect the Transaction, and the terms of the Transaction.

The Letter Agreement sets forth the conditions to Closing, which are customary for transactions of this nature.

The Letter Agreement contains covenants of the Company in favour of the Purchaser providing that for the interim period prior to Closing, the Company will conduct D2L Wave in the ordinary course consistent with past practice and otherwise in accordance in all material respects with the budget for D2L Wave approved by the board of directors of the Company (the "**Board**") on March 19, 2024, subject to such conduct as is necessary in the Company's reasonable discretion to close and implement the Transaction as contemplated by the Letter Agreement.

Neither party may terminate the Letter Agreement unless the party seeking to terminate the Letter Agreement has delivered a written termination notice to the other party specifying in reasonable detail all breaches asserted as the basis for termination, and providing the breaching party with 30 days to cure the matter (if capable of being cured).

Any dispute between SkillsWave and D2L arising under the agreements to be entered into to effect the Closing is to be subject to binding arbitration.

Pursuant to the Letter Agreement, the parties have agreed to work in good faith to settle and enter into the definitive agreements and documents as contemplated thereunder reflecting the following material terms:

Asset Purchase Agreement

The Company and SkillsWave will enter into an asset purchase agreement pursuant to which SkillsWave will acquire from the Company all right, title and interest of the Company in and to the D2L Wave assets, being the assets of D2L exclusively used by D2L Wave other than certain excluded assets, and having an agreed value of C$2,000,000. In consideration for such assets, SkillsWave will issue certain voting common shares to the Company and assume all liabilities relating to D2L Wave other than certain obligations to be retained by the Company.

The parties have agreed that SkillsWave will make offers of employment to certain employees of D2L involved in D2L Wave ("**Wave Employees**") on compensation terms that are in aggregate no less favourable than the current terms of employment of such employees with D2L, each such offer to be conditional and effective on Closing. SkillsWave will be responsible for all post-Closing employment-related liabilities for D2L Wave Employees who accept such offers, including all severance costs for such employees whose employment is terminated by SkillsWave following Closing, provided that D2L has agreed to fund such severance costs if a D2L Wave Employee is terminated without cause by SkillsWave within the six month period immediately following Closing, calculated having regard to their full D2L tenure and severance arrangements in effect immediately prior to the time of Closing.

Each party will provide limited representations and warranties to the other party. The indemnities of each party in favour of the other are limited to an aggregate amount of C$1,120,000 (being the amount of the Purchase Price paid by the Purchaser), with no claim being permitted until claims aggregate C$100,000.

Share Transfer Agreement

Pursuant to the Share Transfer Agreement, the Purchaser will acquire from D2L voting common shares of SkillsWave representing 70% of the outstanding voting common shares of SkillsWave immediately following Closing for cash consideration of C$1,120,000.

Each party will provide limited representations and warranties to the other party. The indemnities of each party are limited to an aggregate amount of C$1,120,000, with no claim being permitted until claims aggregate C$100,000.

Loan and Security Agreement

Pursuant to the Loan and Security Agreement, the Company will provide SkillsWave a loan in the principal amount of $9,500,000, to be advanced as to $5,000,000 at Closing and as to $4,500,000 on the six-month anniversary of Closing (the "**Loan**"). The principal amount of the Loan may be increased by $500,000 in the event that certain assets of D2L Wave are not transferred to SkillsWave at Closing, as provided by the Letter Agreement. The Loan will mature on the fifth anniversary of Closing and will bear interest at the Canadian prime rate of interest per annum, compounding annually. SkillsWave will not be obliged to make any payments prior to maturity and may prepay all or a portion of the outstanding indebtedness on 30 days prior written notice. The Company will have a security interest in all assets of SkillsWave constituting first priority security interests, subject to permitted liens.

The Company will have a right to convert all or a portion of the principal and accrued interest owing under the Loan into non-voting common shares of SkillsWave at any time and from time to time at a conversion price equal to the Purchase Price per share paid by the Purchaser (subject to usual anti-dilution adjustment) provided that the number of shares issued on conversion, together with the shares D2L retained at closing (to the extent they continue to be held), do not exceed 37.5% of the outstanding shares of SkillsWave at the time of conversion.

The Loan and Security Agreement will contain customary negative covenants such as restrictions on creating or incurring any lien (other than permitted liens) or indebtedness (other than certain permitted indebtedness including unsecured debt and subordinated debt up to an aggregate amount of $1,000,000), and selling or otherwise disposing of all or any part of the D2L Wave Assets to any third party other than in the ordinary course of business, in each case without the prior written consent of the Company.

The Loan and Security Agreement will include customary events of default, including (i) any failure of SkillsWave to pay amounts when due that has not been cured within 10 days; (ii) any failure of SkillsWave to perform any material obligation under, or material violation of, any of the negative covenants in the agreement that has not been cured within 30 days; and (iii) the occurrence of a material adverse change that has had or could reasonably be expected to have a Material Adverse Effect (as defined in the Letter Agreement).

Voting Agreement

The Company, Purchaser and SkillsWave will enter into a Voting Agreement pursuant to which the board of directors of SkillsWave (the "**SkillsWave Board**") shall consist on Closing of five persons including: John Baker as nominee of the Purchaser; a nominee of the Company; and three additional directors who will be independent of each of the Company, John Baker and the management of SkillsWave.

The Company shall retain its right to nominate one director on the SkillsWave Board for so long as it holds 50% or more of the voting common shares in SkillsWave it held as of

Closing. After such right terminates, the Company will be entitled to one Board observer on the SkillsWave Board for so long as the Company holds 5% or more but less than 50% of the voting shares it held in SkillsWave at Closing.

Investors' Rights Agreement

The Company, Purchaser and SkillsWave will enter into an Investors' Rights Agreement that will provide that for so long as the Company holds 50% or more of the voting common shares in SkillsWave it held as of the Closing, the Company will have certain investor rights including the following:

- first-ranking registration rights upon a public listing of SkillsWave common shares;
- customary inspection and information rights;
- shareholder-level protective provisions in favour of D2L, with its consent (not to be unreasonably withheld) required, among other things, to (i) amend SkillsWave's constating documents, (ii) liquidate or dissolve SkillsWave, (iii) redeem any shares other than in connection with options issued pursuant to an equity incentive plan to be established, (iv) draw down new debt in excess of $10,000,000, or (v) change the number of directors;
- director-level protective provisions requiring approval of the SkillsWave Board, including a majority of the independent directors, covering certain strategic and fundamental changes;
- John Baker will serve as Executive Chair of SkillsWave from the date of incorporation of SkillsWave and for so long as Purchaser maintains control over SkillsWave; and
- standard pre-emptive rights, including without limitation for Purchaser.

ROFR and Co-Sale Agreement

The Company, the Purchaser and SkillsWave will enter into a Right of First Refusal and Co-Sale Agreement providing for, among other things, SkillsWave-first and investor second (in favour of the Company and the Purchaser) right of first refusal over common shares. Subject to the right of first refusal and a lock-up period, the Company and SkillsWave will be able to transfer shares to third parties together with their respective rights under the Voting Agreement, Investors' Rights Agreement and ROFR and Co-Sale Agreement except in circumstances where such transfer would result in a competitor of the other party owning or controlling the party transferring such shares. Standard tag-along rights will also be included in this agreement. Drag along rights will also be included (if the sale is approved by the SkillsWave Board and holders of a majority of the voting rights attaching to the voting shares of SkillsWave), subject to customary exceptions and following an agreed lock-up period and, in the case of Purchaser, provided the Loan under the Loan and Security Agreement is either no longer outstanding or is repaid in accordance with its terms in connection with a potential sale or disposition transaction.

Transition Services Agreement

The Company and SkillsWave will enter into a Transition Services Agreement whereby the Company will perform or procure the performance for the benefit of SkillsWave of various services to support the transition of D2L Wave to SkillsWave. The transition services are to be provided by the Company commencing on Closing (or such other commencement dates for the transition services mutually agreed upon by the Company and SkillsWave) for a period ending on or before the date that is seven months from the date of Closing, subject to extension in circumstances to a date not later than the first anniversary of the date of Closing.

Pricing of services provided by D2L to SkillsWave under the Transition Services Agreement is to reflect (i) all direct costs of employment of the D2L employees providing such services, plus (ii) overhead and operating costs of each D2L cost/responsibility centre engaged in the provision of such services.

The transition services to be provided by D2L are to be performed in a manner reasonably consistent with the past practices of D2L with respect to D2L Wave, provided that nothing shall require D2L to favour SkillsWave over its own business.

The Company's liability under the Transition Services Agreement is limited to the fees that it charges to SkillsWave under the Transition Services Agreement (excluding any third party fees), and excludes liability for any punitive, incidental, consequential, special or indirect damages, loss of future profits, revenue or income, diminution in value, loss of business reputation or opportunity, or exemplary damages. The foregoing limitations do not apply in the event of gross negligence, fraud, willful misconduct or bad faith; breach of confidentiality, security or privacy obligations; or any intentional cessation of services by the Company.

Non-Competition and Non-Solicitation Agreement

The Company and SkillsWave will enter into a Non-Competition and Non-Solicitation Agreement with mutual non-competition restrictions in respect of their businesses as conducted as at the time of Closing that are to operate for a period of five years from Closing.

This agreement will also contain a mutual restriction on each party not to hire or solicit for employment the other party's employees, officers, partners, consultants or independent contractors for a period of two years from Closing, subject to usual exceptions.

Formation of the Special Committee

On January 11, 2024, the Board formally constituted a Special Committee of independent directors of the Company (the "**Special Committee**") to review, assess and examine, and to advise the Board on the potential terms of a transaction involving the spin-off of D2L Wave ("**Spin-off**"), the divestiture of D2L Wave, and alternatives.

The formation of the Special Committee reflected the determination by the Board that the continued operation of D2L Wave by D2L was inconsistent with D2L's core

Brightspace business line for a number of reasons, including the following primary reasons:

1. D2L's core focus is on profitable growth, and as a start-up, D2L Wave requires significant investment of capital and is expected to operate at a loss for the foreseeable future. The required investment in D2L Wave would make it harder for D2L to continue its path to profitable growth and could draw needed capital resources away from the core business. This strategic and resource conflict was expected to have a negative implication for D2L’s market valuation.

2. As a part of D2L, D2L Wave would be expected to continue to occupy significant time of management and operating personnel, diverting them from focusing on other priorities that are important to the growth of D2L’s core business.

3. The prospects for D2L Wave attaining commercial success are unclear and subject to numerous risks, particularly given the presence of a number of well-funded competitors.

4. The significant difference in D2L’s core business model, which is a contractual recurring revenue SaaS business, and that of D2L Wave’s, which is a consumption-based model with limited committed revenue, makes it difficult to understand the relative performance of the underlying business and therefore a challenge to the assessment of D2L’s market valuation.

In the course of its evaluation of alternatives, the Special Committee determined that it would not attempt to involve third parties in either a divestiture or a Spin-off transaction involving D2L Wave, due to: the early stage of D2L Wave and the risks associated with the business, together with the uniqueness and complexity of the transaction, and in particular, the challenge that a third party would have in understanding and achieving comfort with the ongoing relationship with D2L; and the resulting significant prospect for difficulty and delay in achieving terms with any third party for its participation in a transaction, and uncertainty for D2L Wave for a potentially significant period that would be adverse to D2L Wave and employees focused on D2L Wave, as well as counter to the Board’s reasons for establishing the Special Committee, referred to above; and the benefit of not exposing D2L Wave’s customer and education partner relationships to third parties who may be direct or indirect competitors of D2L.

Following this determination, in early February 2024 John Baker expressed interest to the Special Committee in purchasing D2L Wave through a Spin-off transaction. The Special Committee, through its Chair, undertook negotiations with John Baker regarding a Spin-off transaction, in the course of which the Special Committee Chair obtained the input of the Special Committee, D2L senior management and the Special Committee’s advisors. The transaction negotiated involved the spin-off of D2L Wave to a newly-formed entity in which the Company would retain a minority equity position and sell the remaining majority interest to a corporation owned by John Baker.

On March 19, 2024, the Special Committee provided an update on its process to the Board of the terms of a Spin-off transaction negotiated with John Baker, as well as its consideration of alternatives. Upon considering the update, the Board determined to formalize the Special Committee’s mandate, including to determine whether a Spin-off transaction in which the Company would retain a minority equity position and sell the remaining majority interest to John Baker would be in the best interests of the Company, and to further examine alternatives, having regard to the implications of these alternatives to the shareholders of the Company other than John Baker (the "**Minority Shareholders**") and other stakeholders of the Company including its customers, education partners and employees (the "**Process**"), and to oversee the Process and to address any conflict of interest that may arise between the interests of John Baker, management and directors of the Company in connection with the Process. John Baker declared his conflict and was recused from discussion of the Special Committee's mandate and abstained from voting on it.

<u>Process of the Special Committee</u>

The Special Committee held five meetings in connection with the Process attended by all members of the Special Committee, in addition to numerous communications among its members.

The Process undertaken by the Special Committee included meetings and communications with other directors of the Company, weekly meetings of the Special Committee Chair with a team of D2L personnel, and extensive discussions between the Special Committee Chair, D2L personnel and its advisors. The Special Committee received information requested from and provided by management of the Company throughout its Process.

The Special Committee retained Blake, Cassels & Graydon LLP as its legal advisor in connection with the execution of its mandate. The Purchaser had independent legal representation in the transaction from McCarthy Tétrault LLP.

Throughout the course of its Process, the Special Committee was advised that a Spin-of transaction involving John Baker would constitute a "related party transaction" for the purposes of Multilateral Instrument 61-101 — Protection of Minority Security Holders in Special Transactions ("**MI 61-101**"), and it undertook its process with the requirements of MI 61-101 in mind, in addition to being cognizant of, and taking steps to address, the conflicts of interest to which John Baker was subject.

In the course of its negotiations with John Baker, the Special Committee considered a number of factors relating to the value of D2L Wave, including:

- its early stage, limited revenue to date and unproven track record;
- its consumption-based revenue business model;
- the significant operating losses incurred to date, and the expected need for significant additional investment to fund future operating losses; and
- the risks associated with D2L Wave attaining future success.

Based on its assessment and the objectives of the Board, the Special Committee negotiated a value of C$2,000,000 for D2L Wave with John Baker.

As part of its Process, the Special Committee considered a number of alternatives to a Spin-off transaction that would enable it to fulfill its mandate, including meeting the following two principal objectives:

- separate the D2L core business from D2L Wave, and thereby enable D2L to focus on its core business; and

- remove or limit the financial exposure of D2L to D2L Wave.

The Special Committee, during its review, considered alternatives to the Transaction, including maintaining the status quo of operating D2L Wave within D2L, winding down D2L Wave, divesting D2L Wave, and obtaining third party investment in D2L Wave. The Special Committee considered and reviewed the benefits and risks of each alternative, and the potential steps that could be taken to mitigate those risks, as well as whether the Spin-off transaction or any alternative that constituted a related party transaction would be fair to the Company's Minority Shareholders, and the implications of any related party involvement.

Recommendation of the Special Committee

Following its consideration of the Transaction and alternatives, and having regard to the implications of the Transaction and these alternatives to the Minority Shareholders and other stakeholders of the Company including its customers, education partners and employees, the Special Committee concluded that the Transaction would be in the best interests of the Company based on its evaluation of a number of factors, including those listed below:

- **Focus on Profitable Growth**. As a start-up, SkillsWave will require further significant investment of capital, will be subject to numerous risks, particularly given the presence of a number of well-funded competitors, and is expected to operate at a loss for the foreseeable future. Upon the completion of the Transaction, D2L will be able to focus on the profitable growth of its core business, and limit its exposure to the risks associated with SkillsWave to the amount of its funding of SkillsWave at Closing, and avoid any obligation to provide additional funding in the future.

- **Improvement in D2L Financial Results**. In addition to avoiding further operating costs and investment related to D2L Wave as a result of the Transaction, D2L will account for its interest in SkillsWave under equity accounting. It financial results will therefore be reflective of the D2L core business alone, resulting in improvement in D2L's financial results as compared to the status quo under which D2L controls D2L Wave and would be required to continue to consolidate any losses it continues to incur, as well as continue to be exposed to the lack of consistency in D2L Wave's operating results, both of which may be expected to negatively impact D2L's market valuation.

- **Simplification of D2L's Business Model**. The challenge to investors of understanding and assessing the impact on D2L's market valuation of the difference in D2L's core business model, which is a contractual recurring revenue SaaS business, and that of D2L Wave's, which is a consumption-based model with limited committed revenue, is resolved by the Transaction.

- **Retaining Equity in SkillsWave**. It was accepted by the Board in its formation of the Special Committee that any alternative other than maintaining the status quo would result in D2L foregoing value that would otherwise result from ownership of 100% of D2L Wave to the extent that D2L Wave is successful and its value appreciates. As a result of the Company maintaining a minority equity stake in SkillsWave pursuant to the Transaction, as well as receiving the right to convert a portion of the indebtedness of SkillsWave under the Loan into further equity of SkillsWave, D2L may receive benefit from its investment in SkillsWave and the Transaction if the value of SkillsWave appreciates.

In the course of its deliberations, the Special Committee, in consultation with management of the Company and its advisors, also considered a number of potential risks and issues relating to the Transaction, including the following:

- **Additional Funding of SkillsWave**. As a term of the Transaction, D2L is required to commit to providing the Loan of $9,500,000 to SkillsWave in order to provide it with working capital and the ability to execute on its business plan for the short- to medium-term, and position itself for additional financing. D2L will be subject to risks associated with the repayment of the Loan, including as a result of SkillsWave being unable to achieve additional financing, the failure of SkillsWave's business, and the value of the collateral for the Loan being and remaining substantially below the amount of indebtedness pursuant to the Loan. While the terms of the Loan include negative covenants and first-ranking security over SkillsWave's assets in favour of D2L designed to reduce such risks, those risks remain significant ones.

- **Diversion of Chief Executive Officer**. To the extent that John Baker, the Company's Chief Executive Officer, expends time on the business of SkillsWave in his role as Executive Chair of SkillsWave, this will result in less time available to be applied to the business of D2L. The Special Committee negotiated a limit on John Baker's time to be expended on SkillsWave comparable to the proportion of his time expended to date on D2L Wave, and recognized his continued motivation to focus on D2L's mission, including his position as the Company's largest shareholder.

- **Potential Severance Costs**. If D2L employees that are offered employment by SkillsWave do not accept those offers and their employment is terminated, or their employment with SkillsWave is terminated without cause within six months of the closing of the Transaction, the Company will be responsible for the cost of severance payments associated with the termination of their employment, which are estimated would result in a maximum aggregate cost of $1,100,000 to D2L (the "**Severance Obligations**").

- **Delivery of Transition Services**. The Company will be obliged to provide transition services to SkillsWave from Closing until January 31, 2025, subject to extension, and potentially longer periods for additional services that D2L may be obliged to provide. The delivery of these services may be a source of potential distraction for D2L management and employees. The Special Committee negotiated limitations on the delivery of these services and a process for engagement of D2L resources, as well as compensation based on the fully allocated cost of providing these services, in order to minimize any adverse effect on D2L as a result of its commitment to provide transition services to SkillsWave.

- **Market View of Related Party Transaction**. The Transaction is a related party transaction for the purposes of MI 61-101. The public perception of a transaction in which the Company's Chief Executive Officer has an interest may be unfavourable. However, the Special Committee believes this potential issue has been mitigated in significant part through its oversight of the Transaction and negotiation of terms in the Letter Agreement that, apart from the principal amount of the Loan, would be applicable in dealings between arm's length parties.

- **Failure to Complete the Transaction**. The Transaction is subject to settling definitive agreements reflecting the terms of the binding Letter Agreement, and to compliance by D2L with certain interim period covenants pending Closing and satisfaction of conditions to Closing. The Special Committee considered the likelihood that the Transaction would be completed following its announcement in light of: the extent to which the terms of the definitive agreements have been settled as set forth in the Letter Agreement; the interim period covenants being, to a large extent, within the control of D2L; and the customary and limited nature of the conditions to closing, and the fact that the Transaction is not subject to approval of shareholders, or the approval of any third party other than as is expected to be obtained.

The above discussion of the information and factors considered by the Special Committee is not intended to be exhaustive but is believed by the Special Committee to include the material factors considered by each member of the Special Committee in their respective assessments of the Transaction. In view of the wide variety of factors considered by each member of the Special Committee in connection with their respective assessments of the Transaction, and the complexity of such matters, the Special Committee did not consider it practical, nor did any of them attempt, to quantify, rank or otherwise assign relative weights to the foregoing factors that they considered in reaching their respective decisions. In addition, in considering the factors described above, individual members of the Special Committee may have given different weights to various factors and may have applied different analyses to each of the material factors considered by the Special Committee. The Special Committee's recommendation was based upon the totality of the information presented to and considered by them.

Based on its consideration of the foregoing and all other circumstances, on April 2, 2024, the Special Committee unanimously concluded that the Transaction is in the Company's best interests and recommended that the Board approve the Transaction and the Letter Agreement.

On April 2, 2024, after careful consideration, including discussion of the report and recommendation of the Special Committee, review of the terms of the Letter Agreement, consideration of the fairness of the transaction to the Company's Minority Shareholders and its impact on the Company's various stakeholders, including the customers, education partners and employees of the D2L Wave business, and following consultation with its advisors, the Board determined that the Transaction was in the best interests of the Company, and unanimously approved the Transaction and the Letter Agreement, with John Baker abstaining and being recused as a result of his conflict of interest in the matter.

The parties entered into the Letter Agreement on April 3, 2024.

Formal Valuation and Minority Approval Exemptions Under MI 61-101

As of April 3, 2024, the date the Letter Agreement was entered into, neither the fair market value of the subject matter of the Transaction, nor the fair market value of the consideration for the Transaction, exceeds 25% of D2L's market capitalization, which as at April 3, 2024 was over C$500,000,000. In calculating the fair market value of the subject matter of the Transaction, the following components were considered: (i) the agreed value of D2L Wave determined in arm's length negotiations between the Purchaser and the Special Committee, which was C$2,000,000; (ii) the contingent obligation for Severance Obligations of D2L Wave employees, which is estimated to be $1,100,000; (iii) the principal amount of the Loan, which will not exceed C$10,000,000; and (iv) the aggregate fees to be paid by SkillsWave to D2L for the transition services to be provided by D2L to SkillsWave under the Transition Services Agreement, which are estimated to be C$1,000,000, the total of which is significantly less than 25% of D2L's market capitalization as at April 3, 2024, being an amount in excess of C$125,000,000. Similarly, the Purchase Price to be paid by the Purchaser for the acquisition of shares of SkillsWave from D2L of C$1,120,000 is significantly less than this threshold. As a result, the Special Committee determined that the Transaction is exempt from the "formal valuation" and "minority approval" requirements of MI 61-101 pursuant to sections 5.5(a) and 5.7(a), respectively, of MI 61-101.

Item 5.2 Disclosure for Restructuring Transactions

Not Applicable.

Item 6 Reliance on subsection 7.1(2) of National Instrument 51-102

Not applicable.

Item 7 Omitted Information

Not applicable.

Item 8 Executive Officer

For further information, contact:

Josh Huff
Chief Financial Officer
Tel.: 519-772-0325

Item 9 Date of Report

April 12, 2024

Forward-Looking Information

This material change report includes statements containing "forward-looking information" within the meaning of applicable securities laws. In some cases, forward-looking information can be identified by the use of forward-looking terminology such as "plans", "expects", "budget", "scheduled", "estimates", "outlook", "target", "forecasts", "projection", "potential", "prospects", "strategy", "intends", "anticipates", "seek", "believes", "opportunity", "guidance", "aim", "goal" or variations of such words and phrases or statements that certain future conditions, actions, events or results "may", "could", "would", "should", "might", "will", "can", or negative versions thereof, "be taken", "occur", "continue" or "be achieved", and other similar expressions. Statements containing forward-looking information are not historical facts, but instead represent management's expectations, estimates and projections regarding future events or circumstances.

This forward-looking information relates to the Company's future financial outlook and anticipated events or results and includes, but is not limited to, information regarding: the spin-out transaction of D2L Wave, including the timing, terms and expected impacts thereof on the Company; the transition of the D2L Wave business and personnel to SkillsWave; the future performance of D2L Wave and the implication for D2L's investment in SkillsWave and the repayment of the Loan; the Company's relationship with the customers and associated education partners of D2L Wave; focus on the profitable growth of D2L's core business; the Company not being obligated to consolidate the results of D2L Wave in its financial results; and the Company's financial position, financial results, business strategy, performance, achievements, prospects, objectives, opportunities, business plans and growth strategies, including the potential implication of the Transaction to the future profitability of the Company.

Forward-looking information is based on certain assumptions, expectations and projections, and analyses made by the Company in light of management's experience and perception of historical trends, current conditions and expected future developments and other factors it believes are appropriate, including the following: that the conditions to completing the spin-out of D2L Wave are achieved or waived in a timely manner; that D2L will not control SkillsWave after the Closing and will not be required to consolidate it in its financial results; and that the list of factors referenced in the following paragraph, collectively, do not have a material impact on the Company.

Although the Company believes that the assumptions underlying such forward-looking information were reasonable when made, they are inherently uncertain and are subject to significant risks and uncertainties and may prove to be incorrect. The Company cautions investors that forward-looking information is not a guarantee of the future and that actual results may differ materially from those made in or suggested by the forward-looking information contained in this material change report. Whether actual results, performance or achievements will conform to the Company's expectations and predictions is subject to a number of known and unknown risks, uncertainties and other factors, including but not limited to: the risk of non-completion of the D2L Wave spin-out, or completion on the terms other than those initially negotiated, due to an inability to achieve satisfaction of applicable closing conditions, or obtain such third party consents as considered desirable by the parties; the risk that SkillsWave is unable to develop its business and win business from new customers and expand business from existing customers, generate revenue, and address the business risks it faces; the inability of the Company to successfully focus on the profitable growth of its core business after Closing; and the risks identified at "*Summary of Factors Affecting Our Performance*" of the Company's MD&A for the three and 12 months ended January 31, 2024, or in the *"Risk Factors"* section of the Company's most recently filed Annual Information Form, in each case filed under the Company's profile on SEDAR+ at www.sedarplus.com. If any of these risks or uncertainties materialize, or if assumptions underlying the forward-looking information prove incorrect, actual results might vary materially from those anticipated in the forward-looking information.

Given these risks and uncertainties, investors are cautioned not to place undue reliance on forward-looking information, including any financial outlook. Any forward-looking information that is contained in this material change report speaks only as of the date of such statement, and the Company undertakes no obligation to update any forward-looking information or to publicly announce the results of any revisions to any of those statements to reflect future events or developments, except as required by applicable securities laws. Comparisons of results for current and any prior periods are not intended to express any future trends or indications of future performance, unless specifically expressed as such, and should only be viewed as historical data.