

D2L Inc. Announces First Quarter 2026 Financial Results

- Total revenue increased 9% year-over-year to US\$52.8 million and Constant Currency Revenue² increased by 11% year-over-year
- Subscription and support revenue grew 11% year-over-year to US\$47.7 million
- Constant Currency Annual Recurring Revenue¹ reached US\$206.8 million, up 9% over the prior year
- Adjusted EBITDA² was US\$9.3 million (17.6% Adjusted EBITDA Margin²), versus US\$4.0 million (8.3% Adjusted EBITDA Margin) in the prior year
- Income for the period was \$3.3 million, versus income of \$0.6 million for the comparative period of the prior year.

TORONTO, ONTARIO — June 10, 2025 — D2L Inc. (TSX: DTOL) (“D2L” or the “Company”), a leading global learning technology company, today announced financial results for its Fiscal 2026 first quarter ended April 30, 2025. All amounts are in U.S. dollars and all figures are prepared in accordance with International Financial Reporting Standards (“IFRS”) unless otherwise indicated.

“We are executing successfully in the current environment, delivering efficient growth and strengthening our fundamentals, as seen in our SaaS revenue growth and further improvements in gross margins and operating leverage this quarter,” said John Baker, CEO of D2L. “As organizations navigate the macroeconomic volatility, our modern, AI-first learning platform is an important solution to enhance learner engagement, drive retention, and enable new learning modalities with greater efficiency. We remain focused on balancing near-term performance with strategic investments in platform innovation and market expansion, as we work to become the leader in targeted education markets globally and establish ourselves as the next-generation learning platform for corporate upskilling.”

First Quarter Fiscal 2026 Financial Highlights

- Total revenue of \$52.8 million, up 9% from the same period in the prior year and Constant Currency Revenue² increased by 11% to \$53.6 million.
- Subscription and support revenue was \$47.7 million, an increase of 11% over the same period of the prior year.
- Annual Recurring Revenue¹ (“ARR”) as at April 30, 2025 increased by 8% year-over-year, from \$190.3 million to \$206.2 million. Constant Currency Annual Recurring Revenue¹ increased 9% to \$206.8 million.
- Adjusted Gross Profit² increased by 15% to \$37.7 million (71.3% Adjusted Gross Margin²) from \$32.8 million (67.7% Adjusted Gross Margin) in the same period of the prior year.
- Gross Profit increased by 13% to \$37.0 million from \$32.7 million in the same period of the prior year.
- Gross profit margin for subscription and support revenue increased to 75.2%, up 300 basis points from 72.2% in the same period of the prior year.
- Adjusted EBITDA² increased to \$9.3 million, up from \$4.0 million for the comparative period in the prior year.
- Income for the period was \$3.3 million, versus income of \$0.6 million for the comparative period of the prior year.
- Cash flows used in operating activities was \$1.9 million, versus \$14.8 million of cash flows used in the same period in the prior year, and Free Cash Flow² was negative \$1.8 million, compared to Free Cash Flow

of negative \$15.0 million in the same period in the prior year. Cash flows from operations typically have a seasonal low in the first quarter each year and a seasonal high in the second quarter each year.

- Strong balance sheet at quarter end, with cash and cash equivalents of \$92.5 million and no debt.
- During the quarter ended April 30, 2025, the Company repurchased and canceled 168,800 Subordinate Voting Shares under its normal course issuer bid (“NCIB”).

¹ Refer to “Key Performance Indicators” section of this press release.

² A non-IFRS financial measure or non-IFRS ratio. Refer to “Non IFRS Financial Measures” section of this press release.

First Quarter Fiscal 2025 Financial Results – Selected Financial Measures (in thousands of U.S. dollars, except for percentages)

	Q1 2026	Q1 2025	Change	Change
	\$	\$	\$	%
Subscription & Support Revenue	47,735	42,954	4,781	11.1%
Professional Services & Other Revenue	5,100	5,541	(441)	(8.0%)
Total Revenue	52,835	48,495	4,340	8.9%
Constant Currency Revenue ¹	53,608	48,495	5,113	10.5%
Gross Profit	37,030	32,677	4,353	13.3%
Adjusted Gross Profit ¹	37,667	32,839	4,828	14.7%
Adjusted Gross Margin ¹	71.3%	67.7%		
Income for the period	3,268	572	2,696	471.3%
Adjusted EBITDA ¹	9,305	4,019	5,286	131.5%
Cash Flows from (used in) Operating Activities	(1,856)	(14,826)	12,970	87.5%
Free Cash Flow ¹	(1,841)	(14,952)	13,111	87.7%

¹ A non-IFRS financial measure or non-IFRS ratio. Refer to the “Non-IFRS Financial Measures and Reconciliation of Non-IFRS Financial Measures” section of this press release for more details.

First Quarter Business & Operating Highlights

- D2L continued to grow its customer base in education in North America, adding Knox College, LCI Education, and Tradechology Academy.
- D2L continued to grow its customer base in global education, adding University of Otago, Universidad de la Sabana, and HOGENT University of Applied Sciences and Arts.
- D2L expanded its corporate customer portfolio, adding The Institute of Electrical and Electronics Engineers (IEEE) Computer Society and Pantheon Academy.
- Named one of the World’s Top EdTech Companies of 2025 by TIME and one of Canada’s Best Diversity Employers of 2025.
- Named an Innovative AI Product in the 2025 Artificial Intelligence Excellence Awards and a winner in G2’s 2025 Best Software Awards for Best Education Software Products and G2’s 2025 Best Software Companies in Canada.
- D2L’s Chief Learning Officer, Dr. Cristi Ford, was recognized as an ASU+GSV Leading Women in AI at the 2025 ASU+GSV Summit.

- D2L launched its expanded partner program to deepen collaboration and enhance integration with D2L Brightspace.

Financial Outlook

The Company is maintaining its previous financial guidance for the year ended January 31, 2026 as follows:

- Subscription and support revenue in the range of \$194 million to \$196 million, implying growth of 7-9% over Fiscal 2025, and 9-10% growth on a constant currency basis;
- Total revenue in the range of \$219 million to \$221 million, implying growth of 7-8% over Fiscal 2025, and 8-9% growth on a constant currency basis; and
- Adjusted EBITDA in the range of \$32 million to \$34 million, implying an Adjusted EBITDA margin of 15%.

The Company presented a Medium Term Target Operating Model that it expects to achieve by Fiscal 2028 in the Company's Management's Discussion and Analysis ("MD&A") for the years ended January 31, 2025 and 2024 (the "Annual MD&A"). This Medium Term Target Operating Model remains unchanged as of April 30, 2025.

For additional details on the Company's outlook and Medium Term Target Operating Model, including the principal underlying assumptions and risk factors regarding achievement, refer to the "*Financial Outlook*" section of the Company's Annual MD&A, as well as the "*Forward-Looking Information*" section therein and in the Company's MD&A for the three months ended April 30, 2025 (the "Interim MD&A").

Conference Call & Webcast

D2L management will host a conference call on Wednesday, June 11, 2025 at 8:30 am ET to discuss its first quarter Fiscal 2026 financial results.

Date: Wednesday, June 11, 2025
Time: 8:30 am (ET)
Dial in number: Canada/US: 1 (833) 470-1428
 International: 1 (404) 975-4839
 Access code: 016623
Webcast: A live webcast will be available at ir.d2l.com/events-and-presentations/events/
 The webcast will also be archived

Forward-Looking Information

This press release 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, statements under the heading “*Financial Outlook*” and information regarding the Company’s financial position, financial results, business strategy, performance, achievements, prospects, objectives, opportunities, business plans and growth strategies.

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: the Company’s ability to win business from new customers and expand business from existing customers; the timing of new customer wins and expansion decisions by existing customers; the Company’s ability to generate revenue and expand its business while controlling costs and expenses; the Company’s ability to manage growth effectively; the Company’s assumptions regarding the principal competitive factors in our markets; the Company’s ability to hire and retain personnel effectively; the effects of foreign currency exchange rate fluctuations on our operations; the ability to seek out, enter into and successfully integrate acquisitions, including the acquisition of H5P Group AS (“H5P”); business and industry trends, including the success of current and future product development initiatives; positive social development and attitudes toward the pursuit of higher education; the Company’s ability to maintain positive relationships with its customer base and strategic partners; the Company’s ability to adapt and develop solutions that keep pace with continuing changes in technology, education and customer needs; the Company’s ability to predict future learning trends and technology; the ability to patent new technologies and protect intellectual property rights; the Company’s ability to comply with security, cybersecurity and accessibility laws, regulations and standards; the assumptions underlying the judgments and estimates impacting on financial statements; certain accounting matters, including the impact of changes in or the adoption of new accounting standards; the Company’s ability to retain key personnel; the factors and assumptions discussed under the “*Financial Outlook*” section of the Annual MD&A; 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 press release. 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 risks identified herein, including “*Summary of Factors Affecting Our Performance*” of the Annual MD&A, 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 press release 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.

About D2L Inc. (TSX: DTOL)

D2L is transforming the way the world learns—helping learners of all ages achieve more than they dreamed possible. Working closely with customers all over the world, D2L is supporting millions of people learning online and in person. Our global workforce is dedicated to making the best learning products to leave the world better than they found it. Learn more at www.D2L.com.

For further information, please contact:

Craig Armitage, Investor Relations
ir@d2l.com
(416) 347-8954

D2L INC.

Condensed Consolidated Interim Statements of Financial Position

(In U.S. dollars)

As at April 30, 2025 and January 31, 2025

(Unaudited)

	April 30, 2025	January 31, 2025
Assets		
Current assets:		
Cash and cash equivalents	\$ 92,526,834	\$ 99,184,514
Trade and other receivables	24,372,457	26,430,586
Uninvoiced revenue	2,969,131	2,756,998
Prepaid expenses	7,789,390	7,564,837
Deferred commissions	5,139,987	5,106,976
	132,797,799	141,043,911
Non-current assets:		
Other receivables	400,458	422,589
Prepaid expenses	314,523	308,235
Deferred income taxes	15,872,360	18,115,730
Right-of-use assets	8,026,078	7,450,545
Property and equipment	7,049,725	7,125,272
Deferred commissions	6,954,101	6,909,439
Loan receivable from associate	9,295,669	9,123,399
Intangible assets	17,852,622	17,135,529
Goodwill	27,019,307	25,286,222
Total assets	\$ 225,582,642	\$ 232,920,871
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 35,417,661	\$ 30,504,085
Deferred revenue	85,411,389	97,454,306
Lease liabilities	1,545,432	1,201,604
Contingent consideration	5,005,457	4,927,193
	127,379,939	134,087,188
Non-current liabilities:		
Deferred income taxes	4,031,858	4,110,030
Lease liabilities	10,391,849	9,977,941
	14,423,707	14,087,971
	141,803,646	148,175,159
Shareholders' equity:		
Share capital:	367,125,848	367,487,956
Additional paid-in capital	45,380,347	48,263,266
Accumulated other comprehensive loss	(4,696,131)	(7,456,599)
Deficit	(324,031,068)	(323,548,911)
	83,778,996	84,745,712
Related party transactions		
Investment in associate		
Total liabilities and shareholders' equity	\$ 225,582,642	\$ 232,920,871

D2L INC.

Condensed Consolidated Interim Statements of Comprehensive Income (Loss)

(In U.S. dollars)

For the three months ended April 30, 2025 and 2024

(Unaudited)

	2025	2024
--	------	------

Revenue:		
Subscription and support	\$ 47,735,572	\$ 42,953,475
Professional services and other	5,099,599	5,541,417
	52,835,171	48,494,892
Cost of revenue:		
Subscription and support	11,840,420	11,946,610
Professional services and other	3,964,545	3,870,868
	15,804,965	15,817,478
Gross profit	37,030,206	32,677,414
Expenses:		
Sales and marketing	13,668,739	12,904,939
Research and development	11,459,714	12,290,771
General and administrative	8,386,362	8,099,431
	33,514,815	33,295,141
Income (loss) from operations	3,515,391	(617,727)
Interest and other income (expenses):		
Interest expense	(220,129)	(160,660)
Interest income	717,052	1,084,045
Other income	315,059	59,476
Foreign exchange gain	1,536,516	230,781
	2,348,498	1,213,642
Income before income taxes	5,863,889	595,915
Income taxes expense (recovery):		
Current	571,177	50,745
Deferred	2,024,408	(27,096)
	2,595,585	23,649
Income for the period	3,268,304	572,266
Other comprehensive gain (loss):		
Foreign currency translation gain (loss)	2,760,468	(795,690)
Comprehensive income (loss)	\$ 6,028,772	\$ (223,424)
Earnings per share – basic	\$ 0.06	\$ 0.01
Earnings per share – diluted	0.06	0.01
Weighted average number of common shares – basic	54,689,330	54,015,602
Weighted average number of common shares – diluted	56,137,363	55,723,344

D2L INC.

Condensed Consolidated Interim Statements of Changes in Shareholders' Equity
(In U.S. dollars)

For the three months ended April 30, 2025 and 2024
(Unaudited)

	Share Capital Shares	Amount	Additional paid-in capital	Accumulated other comprehensive loss	Deficit	Total
Balance, January 31, 2025	54,653,174	\$ 367,487,956	\$ 48,263,266	\$ (7,456,599)	\$ (323,548,911)	\$ 84,745,712
Issuance of Subordinate Voting Shares on exercise of options	13,734	120,279	(88,253)	—	—	32,026
Issuance of Subordinate Voting Shares on settlement of restricted share units	370,200	1,328,952	(5,292,603)	—	—	(3,963,651)
Stock-based compensation	—	—	3,213,041	—	—	3,213,041
Reduction in excess tax benefit on stock-based compensation	—	—	(715,104)	—	—	(715,104)
Repurchase of share capital for cancellation under NCIB	(168,800)	(1,811,339)	—	—	—	(1,811,339)
Share repurchase commitment under the ASPP	—	—	—	—	(3,750,461)	(3,750,461)
Other comprehensive income	—	—	—	2,760,468	—	2,760,468
Income for the period	—	—	—	—	3,268,304	3,268,304
Balance, April 30, 2025	54,868,308	\$ 367,125,848	\$ 45,380,347	\$ (4,696,131)	\$ (324,031,068)	\$ 83,778,996
Balance, January 31, 2024	53,978,085	\$ 364,830,884	\$ 47,485,107	\$ (4,998,317)	\$ (350,437,401)	\$ 56,880,273
Issuance of Subordinate Voting Shares on exercise of options	206,299	1,739,261	(900,761)	—	—	838,500
Issuance of Subordinate Voting Shares on settlement of restricted share units	194,483	965,967	(2,587,799)	—	—	(1,621,832)
Stock-based compensation	—	—	2,332,754	—	—	2,332,754
Repurchase of share capital for cancellation under NCIB	(131,380)	(1,021,919)	—	—	—	(1,021,919)
Share repurchase commitment under the ASPP	—	—	—	—	284,181	284,181
Other comprehensive loss	—	—	—	(795,690)	—	(795,690)
Income for the period	—	—	—	—	572,266	572,266
Balance, April 30, 2024	54,247,487	\$ 366,514,193	\$ 46,329,301	\$ (5,794,007)	\$ (349,580,954)	\$ 57,468,533

D2L INC.

Condensed Consolidated Interim Statements of Cash Flows
(In U.S. dollars)

For the three months ended April 30, 2025 and 2024
(Unaudited)

	2025	2024
Operating activities:		
Income for the period	\$ 3,268,304	\$ 572,266
Items not involving cash:		
Depreciation of property and equipment	392,558	436,493
Depreciation of right-of-use assets	347,334	286,692
Amortization of intangible assets	557,631	27,967
Gain on disposal of property and equipment	(16,825)	(45,803)
Stock-based compensation	3,213,041	2,332,754
Net interest income	(496,923)	(923,385)
Income tax expense	2,595,585	23,649
Fair value gain on loan receivable from associate	(172,270)	—
Changes in operating assets and liabilities:		
Trade and other receivables	3,684,970	(2,528,272)
Uninvoiced revenue	(133,791)	168,438
Prepaid expenses	153,112	2,116,314
Deferred commissions	369,573	(191,409)
Accounts payable and accrued liabilities	(1,189,037)	(6,008,716)
Deferred revenue	(14,399,467)	(12,109,523)
Right-of-use assets and lease liabilities	—	(43,743)
Interest received	710,627	1,077,425
Interest paid	(1,633)	(12,633)
Income taxes paid	(738,303)	(4,239)
Cash flows used in operating activities	(1,855,514)	(14,825,725)
Financing activities:		
Payment of lease liabilities	(487,522)	(405,727)
Proceeds from exercise of stock options	32,026	838,500
Taxes paid on settlement of restricted share units	(3,963,651)	(1,621,832)
Repurchase of share capital for cancellation under NCIB	(1,811,339)	(1,021,919)
Cash flows used in financing activities	(6,230,486)	(2,210,978)
Investing activities:		
Purchase of property and equipment	(1,737)	(171,869)
Proceeds from disposal of property and equipment	16,825	45,803
Cash flows from (used in) investing activities	15,088	(126,066)
Effect of exchange rate changes on cash and cash equivalents	1,413,232	(929,583)
Decrease in cash and cash equivalents	(6,657,680)	(18,092,352)
Cash and cash equivalents, beginning of period	99,184,514	116,943,499
Cash and cash equivalents, end of period	\$ 92,526,834	\$ 98,851,147

Non-IFRS Financial Measures and Reconciliation of Non-IFRS Financial Measures

The information presented within this press release refers to certain non-IFRS financial measures (including non-IFRS ratios) including Adjusted EBITDA, Adjusted EBITDA Margin, Adjusted Gross Profit, Adjusted Gross Margin, Free Cash Flow, Free Cash Flow Margin, and Constant Currency Revenue. These measures are not recognized measures under IFRS and do not have a standardized meaning prescribed by IFRS. Non-IFRS financial measures should not be considered in isolation nor as a substitute for analysis of the Company's financial information reported under IFRS and are unlikely to be comparable to similar measures presented by other issuers. Rather, these measures are provided as additional information to complement those IFRS measures by providing further understanding of the Company's results of operations, financial performance and liquidity from management's perspective and thus highlight trends in its core business that may not otherwise be apparent when relying solely on IFRS measures. The Company believes that securities analysts, investors and other interested parties frequently use non-IFRS financial measures in the evaluation of the Company. The Company's management also uses non-IFRS financial measures to facilitate operating performance comparisons from period to period, to prepare annual operating budgets and forecasts, and to assess our ability to meet our capital expenditures and working capital requirements.

Adjusted EBITDA and Adjusted EBITDA Margin

Adjusted EBITDA is defined as income (loss), excluding interest, taxes, depreciation and amortization (or EBITDA), adjusted for stock-based compensation, foreign exchange gains and losses, non-recurring expenses, transaction-related costs, fair value adjustment of acquired deferred revenue, income (loss) from equity accounted investee, change in fair value on the loan receivable from associate, impairment charges and other income and losses. Adjusted EBITDA Margin is calculated as Adjusted EBITDA expressed as a percentage of total revenue. For an explanation of management's use of Adjusted EBITDA and Adjusted EBITDA Margin see "Non-IFRS and Other Financial Measures – Non-IFRS Financial Measures and Non-IFRS Financial Ratios – Adjusted EBITDA and Adjusted EBITDA Margin" section in the Company's Interim MD&A, which section is incorporated by reference herein.

The following table reconciles Adjusted EBITDA to income for the period, and discloses Adjusted EBITDA Margin, for the periods indicated:

(in thousands of U.S. dollars, except for percentages)	Three months ended April 30	
	2025	2024
Income for the period	3,268	572
Stock-based compensation	3,213	2,333
Foreign exchange gain	(1,537)	(231)
Non-recurring expenses ⁽¹⁾	471	821
Transaction-related costs ⁽²⁾	440	672
Fair value adjustment of acquired deferred revenue ⁽³⁾	225	—
Change in fair value of loan receivable from associate ⁽⁴⁾	(172)	—
Net interest income	(497)	(923)
Income tax expense	2,596	24
Depreciation and amortization	1,298	751
Adjusted EBITDA	9,305	4,019
Adjusted EBITDA Margin	17.6%	8.3%

Notes:

- (1) These expenses relate to non-recurring activities, such as certain legal fees incurred that are not indicative of continuing operations, and changes of workforce or technology whereby certain functions were realigned to optimize operations.

- (2) These expenses include post-combination compensation costs from the acquisition of H5P, and was partially offset by a gain recognized from the reduction in the second anniversary payment owed to the selling shareholders of Connected Shopping Ltd ("Connected Shopping"), a company acquired in Fiscal 2024, which was recorded through Other income. In the prior fiscal year, these expenses included post-combination compensation, legal, professional and other fees related to the acquisition activities of H5P, Connected Shopping, and the divestiture of our majority ownership stake in SkillsWave. These expenses would not have been incurred if not for these transactions and are not considered to be indicative of expenses associated with the Company's continuing operations.
- (3) At the date of acquisition, the Company recognized a fair value adjustment on the opening deferred revenue balance acquired as part of the H5P acquisition as required under IFRS 3, Business Combinations. This adjustment is not reflective of ordinary operations and is expected to be substantially completed by the end of Fiscal 2026.
- (4) On a quarterly basis, the Company determines the fair value of the loan advanced to SkillsWave. The adjustments to the fair value of the loan are not reflective of the Company's main business operations and will not impact the Company's future results beyond the maturity date of the loan on June 28, 2029.

Adjusted Gross Profit and Adjusted Gross Margin

Adjusted Gross Profit is defined as gross profit excluding related stock-based compensation expenses and amortization from acquired intangible assets, specifically acquired technology. Adjusted Gross Margin is calculated as Adjusted Gross Profit expressed as a percentage of total revenue. For an explanation of management's use of Adjusted Gross Profit and Adjusted Gross Margin see "Non-IFRS and Other Financial Measures – Non-IFRS Financial Measures and Non-IFRS Financial Ratios – Adjusted Gross Profit and Adjusted Gross Margin" section in the Company's Interim MD&A, which section is incorporated by reference herein.

The following table reconciles Adjusted Gross Profit to gross profit, and discloses Adjusted Gross Margin, for the periods indicated:

(in thousands of U.S. dollars, except for percentages)	Three months ended April 30	
	2025	2024
Gross profit for the period	37,030	32,677
Stock-based compensation	206	146
Amortization from acquired intangible assets	431	16
Adjusted Gross Profit	37,667	32,839
Adjusted Gross Margin	71.3%	67.7%

Free Cash Flow and Free Cash Flow Margin

Free Cash Flow is defined as cash flows from (used in) operating activities less net additions to property and equipment. Free Cash Flow Margin is calculated as Free Cash Flow expressed as a percentage of total revenue. For an explanation of management's use of Free Cash Flow and Free Cash Flow Margin see "Non-IFRS and Other Financial Measures – Non-IFRS Financial Measures and Non-IFRS Financial Ratios – Free Cash Flow and Free Cash Flow Margin" section in the Company's Interim MD&A, which section is incorporated by reference herein.

The following table reconciles Free Cash Flow to cash flow used in operating activities, and discloses Free Cash Flow Margin, for the periods indicated:

(in thousands of U.S. dollars, except for percentages)	Three months ended April 30	
	2025	2024
Cash flow used in operating activities	(1,856)	(14,826)
Net disposal (additions) to property and equipment	15	(126)

Free Cash Flow
Free Cash Flow Margin

(1,841)	(14,952)
-3.5%	-30.8%

Constant Currency Revenue

Constant Currency Revenue is defined as our total revenue with foreign-currency-denominated revenues translated at the historical exchange rates from the comparable prior period into our U.S. dollar functional currency. For an explanation of management's use of Constant Currency Revenue see "Non-IFRS and Other Financial Measures – Non-IFRS Financial Measures and Non-IFRS Financial Ratios – Constant Currency Revenue" section in the Company's Interim MD&A, which section is incorporated by reference herein.

The following table reconciles our Constant Currency Revenue to revenue, for the periods indicated:

(in thousands of U.S. dollars)

Three months ended April 30

	2025	2024
Total revenue for the period	52,835	48,495
Negative impact of foreign exchange rate changes over the prior period	773	—
Constant Currency Revenue	53,608	48,495

Key Performance Indicators

Management uses a number of metrics, including the key performance indicators identified below, to help us evaluate our business, measure our performance, identify trends affecting our business, formulate business plans and make strategic decisions. Our key performance indicators may be calculated in a manner different than similar key performance indicators used by other issuers. These metrics are estimated operating metrics and not projections, nor actual financial results, and are not indicative of current or future performance.

- *Annual Recurring Revenue and Constant Currency Annual Recurring Revenue:* We define Annual Recurring Revenue ("ARR") as the annualized equivalent value of subscription revenue from all existing customer contracts as at the date being measured, exclusive of the implementation period. Our calculation of ARR assumes that customers will renew their contractual commitments as those commitments come up for renewal. We believe ARR provides a reasonable, real-time measure of performance in a subscription-based environment and provides us with visibility for potential growth in our cash flows. We believe that increasing ARR reflects the continued strength of our business and the successful execution of our strategy. Increasing ARR will continue to be our focus on a go-forward basis. We define Constant Currency Annual Recurring Revenue as foreign-currency-denominated ARR translated at the historical exchange rates from the comparable prior period into our U.S. dollar functional currency.

(in millions of U.S. dollars, except percentages)

As at April 30

	2025	2024	Change
	\$	\$	%
ARR	206.2	190.3	8.4%
Constant Currency Annual Recurring Revenue	206.8	190.3	8.7%