



Q3 FY2023 EARNINGS SUPPLEMENT

DECEMBER 2022



DISCLAIMER

FORWARD LOOKING STATEMENTS

This document includes statements that are, or may be deemed to be, “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, which are intended to be covered by the safe harbors created by those laws. All statements, other than statements of historical facts, that address activities, events or developments that we expect or anticipate may occur in the future, including such things as our outlook (including bookings, revenue, and adjusted EBITDA), our product development and planning, our pipeline, future capital expenditures, share repurchases, financial results, the impact of regulatory changes, existing and evolving business strategies and acquisitions and dispositions, demand for our services and competitive strengths, goals, the benefits of new initiatives, growth of our business and 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,” “operations,” “forecast,” “seek,” “outlook,” “target,” “goal,” “probably,” or similar expressions, we are making forward-looking statements. Such statements are based upon the current beliefs and expectations of Skillsoft’s management and are subject to significant risks and uncertainties. All forward-looking disclosure is speculative by its nature.

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

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

The foregoing list of factors is not exhaustive and new factors may emerge from time to time that could also affect actual performance and results. For more information, please see the risk factors included in our Form 10-K-filed with the SEC for the fiscal year ended January 31, 2022 and our other filings with the SEC.

Although we believe that the assumptions underlying our forward-looking statements are reasonable, any of these assumptions, and therefore also the forward-looking statements based on these assumptions, could themselves prove to be inaccurate. Given the significant uncertainties inherent in the forward-looking statements included in this document, our inclusion of this information is not a representation or guarantee by us that our objectives and plans will be achieved. Annualized, pro forma, projected, and estimated numbers are used for illustrative purpose only, are not forecasts and may not reflect actual results. Additionally, statements as to market share, industry data, and our market position are based on the most currently available data available to us and our estimates regarding market position or other industry data included in this document or otherwise discussed by us involve risks and uncertainties and are subject to change based on various factors, including as set forth above.

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

DISCLAIMER (CONTINUED)

NON-GAAP FINANCIAL MEASURES AND KEY PERFORMANCE METRICS

We track several non-GAAP financial measures and key performance metrics that we believe are key financial measures of our success. Non-GAAP measures and key performance metrics are frequently used by securities analysts, investors, and other interested parties in their evaluation of companies comparable to us, many of which present non-GAAP measures and key performance metrics when reporting their results. These measures can be useful in evaluating our performance against our peer companies because we believe the measures provide users with valuable insight into key components of U.S. GAAP financial disclosures. For example, a company with higher U.S. GAAP net income may not be as appealing to investors if its net income is more heavily comprised of gains on asset sales. Likewise, excluding the effects of interest income and expense moderates the impact of a company's capital structure on its performance. However, non-GAAP measures and key performance metrics have limitations as analytical tools. Because not all companies use identical calculations, our presentation of non-GAAP financial measures and key performance metrics may not be comparable to other similarly titled measures of other companies. They are not presentations made in accordance with U.S. GAAP, are not measures of financial condition or liquidity, and should not be considered as an alternative to profit or loss for the period determined in accordance with U.S. GAAP or operating cash flows determined in accordance with U.S. GAAP. As a result, these performance measures should not be considered in isolation from, or as a substitute analysis for, results of operations as determined in accordance with U.S. GAAP. We do not reconcile our forward-looking non-GAAP financial measures to the corresponding U.S. GAAP measures, due to variability and difficulty in making accurate forecasts and projections and/or certain information not being ascertainable or accessible; and because not all of the information necessary for a quantitative reconciliation of these forward-looking non-GAAP financial measures to the most directly comparable U.S. GAAP financial measure is available to us without unreasonable efforts. For the same reasons, we are unable to address the probable significance of the unavailable information. We provide non-GAAP financial measures that we believe will be achieved, however we cannot accurately predict all of the components of the adjusted calculations and the U.S. GAAP measures may be materially different than the non-GAAP measures.

Key Performance Metrics

We use key performance metrics to help us evaluate our performance and make strategic decisions. Additionally, we believe these metrics are useful as a supplement to investors in evaluating the Company's ongoing operational performance and trends. These key performance metrics are not based on any standardized methodology prescribed by GAAP and are not necessarily comparable to similarly-titled metrics presented by other companies.

Annualized Recurring Revenue ("ARR")

Represents the annualized recurring value of all active subscription contracts at the end of a reporting period. We believe ARR is useful for assessing the performance of our recurring subscription revenue base and identifying trends affecting our business.

Dollar Retention Rate ("DRR")

For existing customers at the beginning of a given period, DRR represents subscription renewals, upgrades, churn, and downgrades in such period divided by the beginning total renewable base for such customers for such period. Renewals reflect customers who renew their subscription, inclusive of auto-renewals for multi-year contracts, while churn reflects customers who choose to not renew their subscription. Upgrades include orders from customers that purchase additional licenses or content (e.g., a new Leadership and Business module), while downgrades reflect customers electing to decrease the number of licenses or reduce the size of their content package. Upgrades and downgrades also reflect changes in pricing. We use our DRR to measure the long-term value of customer contracts as well as our ability to retain and expand the revenue generated from our existing customers.

Bookings

Bookings in any particular period represents the dollar value of orders received during that period and reflects (i) subscription renewals, upgrades, churn, and downgrades to existing customers, (ii) non-subscription services, and (iii) sales to new customers. Bookings generally represents a customer's annual obligation (versus the life of the contract), and, for the subscription business, revenue is recognized for such Bookings over the following 12 months. We use Bookings to measure and monitor current period business activity with respect to our ability to sell subscriptions and services to our platform. Bookings are adjusted and presented on a pro forma basis as if Skillsoft, Global Knowledge and Codecademy had merged on February 1, 2021, to enhance comparability.

Q3 FY2023 HIGHLIGHTS

\$139M

GAAP Revenue

98%

LTM Dollar
Retention Rate
(Content)

3%

ILT Bookings Q/Q
Growth

5%

Content Bookings
LTM Y/Y Pro Forma
Growth⁽²⁾

\$28M

Adjusted EBITDA⁽¹⁾

20%

Margin

- Global Knowledge ILT bookings up 3% q/q
- Codecademy revenue growth of 12% y/y
- Closed a number of Codecademy enterprise sales and built a healthy pipeline for Q4

(1) Adjusted EBITDA is a non-GAAP financial measures. See Appendix for reconciliation to GAAP measures.

(2) Proforma adjustment presented as if Skillsoft, Global Knowledge and Codecademy had merged on February 1, 2021.

REAFFIRMING FY2023 OUTLOOK

| \$M | | |
|--------------------------------|-------|-------|
| | LOW | HIGH |
| BOOKINGS | \$580 | \$615 |
| GAAP REVENUE | \$520 | \$550 |
| ADJUSTED EBITDA ⁽¹⁾ | \$105 | \$125 |

- Moved to a GAAP revenue presentation to conform to GAAP accounting not due to a change in the fundamentals of the business. Our revenue guidance now excludes ~\$25M to \$30M of reseller fees.
- Trending above the mid point of revenue range.
- Trending towards the lower end of Adjusted EBITDA range due primarily to revenue mix.

Note:
(1) Adjusted EBITDA is a non-GAAP financial measure. The Company is unable to reconcile forward looking non-GAAP measures without unreasonable efforts.

REPORTED FINANCIAL PERFORMANCE TOWARDS OUTLOOK

REPORTED VALUES WITH CODECADEMY STARTING APRIL 5TH

(\$M)

| | FY2023A Reported | | | | Outlook |
|-----------------------|------------------|--------------|--------------|--------------|----------------------|
| | Q1A | Q2A | Q3A | YTD | |
| Content Bookings | \$51 | \$77 | \$85 | \$213 | |
| GK/ILT Bookings | 56 | 46 | 48 | 150 | |
| Total Bookings | \$107 | \$124 | \$133 | \$363 | \$580 - \$615 |
| Content Revenue | \$90 | \$99 | \$98 | \$287 | |
| GK/ILT Revenue | 45 | 42 | 41 | 128 | |
| Total Revenue | \$135 | \$141 | \$139 | \$415 | \$520 - \$550 |
| Adj. EBITDA | \$24 | \$32 | \$28 | \$85 | \$105 - \$125 |

NOTES:

FISCAL YEAR REFLECTS PERIOD ENDING JANUARY 31

RECONCILIATION OF NON-GAAP FINANCIAL MEASURES PROVIDED IN APPENDIX

HISTORICAL QUARTERLY FINANCIAL PERFORMANCE

PRO FORMA VALUES PRESENTED AS IF SKILLSOFT, GLOBAL KNOWLEDGE AND CODECADEMY HAD MERGED ON FEBRUARY 1, 2021

(\$M)

| | FY2020A | FY2021A | | | | | FY2022A | | | | | FY2023A | | |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | Total | Q1A | Q2A | Q3A | Q4A | Total | Q1A | Q2A | Q3A | Q4A | Total | Q1A | Q2A | Q3A |
| Content Bookings | \$372 | \$46 | \$69 | \$84 | \$175 | \$374 | \$49 | \$75 | \$91 | \$182 | \$397 | \$60 | \$77 | \$85 |
| GK/ILT Bookings | 291 | 57 | 49 | 55 | 53 | 214 | 65 | 64 | 62 | 60 | 250 | 56 | 46 | 48 |
| Total Bookings | \$662 | \$104 | \$118 | \$139 | \$228 | \$588 | \$114 | \$138 | \$152 | \$241 | \$647 | \$116 | \$124 | \$133 |
| Content Bookings Growth (cc) ⁽¹⁾ | | 9% | 1% | 1% | -3% | 0% | 4% | 7% | 8% | 5% | 6% | 24% | 5% | -4% |
| GK/ILT Bookings Growth (cc) ⁽¹⁾ | | -19% | -33% | -28% | -20% | -25% | 12% | 27% | 29% | 14% | 20% | -13% | -21% | -16% |
| Total Bookings Growth (cc)⁽¹⁾ | | -9% | -16% | -13% | -7% | -11% | 8% | 16% | 16% | 7% | 11% | 3% | -7% | -9% |
| Content LTM Bookings Growth (cc) ⁽¹⁾ | | | | | | | 0% | 1% | 2% | 6% | 6% | 9% | 8% | 5% |
| GK/ILT LTM Bookings Growth (cc) ⁽¹⁾ | | | | | | | -19% | -6% | 10% | 20% | 20% | 13% | 1% | -10% |
| Total LTM Bookings Growth (cc)⁽¹⁾ | | | | | | | -8% | -2% | 5% | 11% | 11% | 10% | 5% | 0% |
| Content ARR | \$327 | \$327 | \$331 | \$329 | \$317 | \$317 | \$319 | \$318 | \$322 | \$321 | \$321 | \$337 | \$336 | \$335 |
| GK/ILT ARR | 7 | 6 | 6 | 7 | 11 | 11 | 14 | 15 | 13 | 13 | 13 | 12 | 12 | 11 |
| Total ARR | \$334 | \$333 | \$337 | \$337 | \$328 | \$328 | \$333 | \$333 | \$335 | \$334 | \$334 | \$349 | \$348 | \$345 |
| Content Quarterly DRR | 92% | 88% | 88% | 96% | 94% | 93% | 91% | 99% | 98% | 98% | 97% | 101% | 98% | 96% |
| Content LTMDRR | 92% | 91% | 90% | 92% | 93% | 93% | 93% | 95% | 95% | 97% | 97% | 98% | 98% | 98% |
| Content Pro Forma Revenue | \$386 | \$92 | \$95 | \$96 | \$97 | \$380 | \$92 | \$96 | \$98 | \$97 | \$384 | \$98 | \$99 | \$98 |
| GK/ILT Pro Forma Revenue | 254 | 54 | 45 | 44 | 47 | 189 | 47 | 55 | 53 | 50 | 205 | 45 | 42 | 41 |
| Total Pro Forma Revenue | \$639 | \$146 | \$139 | \$140 | \$145 | \$570 | \$139 | \$150 | \$151 | \$148 | \$588 | \$143 | \$141 | \$139 |
| Content Pro Forma Revenue Growth (cc) ⁽¹⁾ | | | | | | | -1% | -1% | 1% | 0% | 0% | 7% | 5% | 3% |
| GK/ILT Pro Forma Revenue Growth (cc) ⁽¹⁾ | | | | | | | -18% | 17% | 20% | 8% | 6% | 0% | -17% | -15% |
| Total Revenue Growth (cc)⁽¹⁾ | | | | | | | -7% | 5% | 7% | 3% | 2% | 5% | -3% | -3% |
| Pro Forma Adj. EBITDA | | | | | | | \$26 | \$30 | \$33 | | | \$20 | \$32 | \$28 |

NOTES:

ALL FISCAL YEARS REFLECT PERIOD ENDING JANUARY 31

PRODUCT LEVEL VIEW OF BOOKINGS / DRR / ARR / REVENUE FOR SKILLSOFT CONTENT AND GLOBAL KNOWLEDGE. RECONCILIATION OF NON-GAAP FINANCIAL MEASURES PROVIDED IN APPENDIX

BOOKINGS, REVENUE, AND ADJ EBITDA ARE PRO FORMA TO INCLUDE CODECADEMY AND GLOBAL KNOWLEDGE IN THE YEAR AGO PERIOD BEGINNING FEBRUARY 1ST IN EACH YEAR

(1) CONSTANT CURRENCY GROWTH RATES ARE CALCULATED AT THE FX RATES USED TO REPORT PRIOR YEAR

CAPITAL STRUCTURE OVERVIEW

CAPITAL STRUCTURE

(\$M)

| | AS OF Q3 FY2023 (10/31/2022) |
|---|------------------------------------|
| TOTAL DEBT ⁽¹⁾ | \$631 |
| CASH | \$175 |
| NET DEBT ⁽¹⁾ | \$456 |
| NET DEBT / PRO FORMA LTM ADJ. EBITDA ⁽²⁾ | 4.6X |
| REPORTED NET DEBT/LTM ADJ. EBITDA | 4.1X |

DEBT TERMS

(\$M)

| | |
|-------------------------|---|
| TERM LOAN B FACILITY | \$640 |
| MATURITY | 2028 |
| PRICING | SOFR + 525bps (0.75% SOFR floor) |
| PREPAYMENT | 101 soft call from 7/17/22 to 1/16/23 Par thereafter |

Notes:

- (1) Based on outstanding principal balance as of October 31, 2022 including Term Loan B and accounts receivable facility, net of unamortized original issue discounts and issuance costs.
 (2) Based on Skillsoft LTM Adjusted EBITDA pro forma for Codecademy.

APPENDIX



SUMMARY OF SHARES OUTSTANDING AT VARIOUS PRICES

(SHARES IN M)

| Share Price | Public IPO Shares | Total Shares Outstanding ⁽⁴⁾ | Public Shares as % of Shares Outstanding (Incl / Excl Public Warrants) ⁽¹⁾ |
|-------------|-------------------|---|---|
| \$10.00 | 34.3 | 163.8 | 21.0% / 21.0% |
| \$12.00 | 35.3 | 166.2 | 21.2% / 20.6% |
| \$14.00 | 38.4 | 174.7 | 22.0% / 19.6% |
| \$16.00 | 40.8 | 181.1 | 22.5% / 18.9% |
| \$18.00 | 42.6 | 186.0 | 22.9% / 18.4% |
| \$20.00 | 42.6 | 187.5 | 22.7% / 18.3% |

Notes:

- (1) Public shares including public warrants (on a TSM basis) as % of total shares outstanding / public shares excluding public warrants (on a TSM basis) as % of total shares outstanding.
 (2) 34,309,021 shares.
 (3) Includes 1.5M warrants payable to Churchill sponsor for loan to Churchill at Churchill sponsor's option.
 (4) Shares and warrants net for Treasury Stock Method ("TSM").

COMMENTARY

SHARES:

- Includes 34.3M public IPO shares⁽²⁾
- Includes 17.25M founder shares
- Includes 28.5M shares issued to Skillsoft shareholders
- Includes 53.0M shares issued to PIPE investors
- Includes 33.9M shares issued in connection with the Codecademy acquisition

WARRANTS:

- Includes 23.0M public warrants issued in connection with the IPO
 - Strike price of \$11.50 / share and forced redemption price of \$18.00 / share
- Includes 17.3M private placement warrants purchased or acquired by the sponsor⁽³⁾
 - \$11.50 strike price; no forced redemption
- Includes 16.7M warrants issued to PIPE investors at substantively identical terms as the public warrants
- Includes 5.0M warrants issued as consideration for Global Knowledge transaction
 - \$11.50 strike price; no forced redemption

EMPLOYEE EQUITY:

- Share count does not include employee equity expected to be issued pursuant to the incentive plan (up to 10% of shares outstanding at closing of the Merger).

RECONCILIATION OF NON-GAAP FINANCIAL MEASURES:

THREE MONTHS ENDED OCTOBER 31, 2022 AND 2021

(IN THOUSANDS)

SKILLSOFT CORP.
RECONCILIATION OF NON-GAAP FINANCIAL MEASURES
(in thousands, unaudited)

| | Successor Three Months Ended October 31, 2022 | Successor Three Months Ended October 31, 2021 |
|--|--|--|
| Net loss, as reported | \$ (528,343) | \$ (42,855) |
| Income from discontinued operations, net of tax | (1,215) | (5,911) |
| Gain on sale of business | (53,756) | - |
| Impairment of goodwill and intangible assets | 570,887 | - |
| Recapitalization and acquisition-related costs | 4,889 | 3,407 |
| Restructuring | 2,010 | 775 |
| Foreign currency impact | (1,102) | 610 |
| Warrant fair value adjustment | (9,128) | 36,838 |
| Fair value adjustment of hedge instruments | (20,314) | - |
| Stock-based compensation expense | 8,396 | 4,217 |
| Transformation costs | 4,223 | 3,018 |
| System migration costs | 1,116 | 1,357 |
| Tax impact of non-GAAP adjustments | (8,367) | (5,639) |
| Adjusted net loss from continuing operations | \$ (30,704) | \$ (4,183) |
| Interest expense, net | 14,487 | 6,988 |
| Expense from income taxes, excluding tax impacts above | (465) | (529) |
| Depreciation | 1,330 | 1,517 |
| Amortization of intangible assets | 43,438 | 34,406 |
| Adjusted EBITDA from continuing operations | \$ 28,086 | \$ 38,199 |
| GAAP Operating Margin % | -436.7% | -7.5% |
| Amortization of intangible assets | 31.2% | 24.5% |
| Impairment of goodwill and intangible assets | 409.6% | 0.0% |
| Recapitalization and acquisition-related costs | 3.5% | 2.4% |
| Restructuring | 1.4% | 0.6% |
| Stock-based compensation expense | 6.0% | 3.0% |
| Transformation costs | 3.0% | 2.2% |
| System migration costs | 0.8% | 1.0% |
| Depreciation | 1.0% | 1.1% |
| Adjusted EBITDA Margin % | 20.1% | 27.3% |

RECONCILIATION OF NON-GAAP FINANCIAL MEASURES:

NINE MONTHS ENDED OCTOBER 31, 2022 AND 2021

(IN THOUSANDS)

SKILLSOFT CORP.
RECONCILIATION OF NON-GAAP FINANCIAL MEASURES
(in thousands, unaudited)

| | Fiscal 2023 | Fiscal 2022 | |
|--|--------------------|--------------------|---------------------|
| | Successor | Successor | Predecessor (SLH) |
| | Nine Months | From | From |
| | Ended | June 12, 2021 to | February 1, 2021 to |
| | October 31, 2022 | October 31, 2021 | June 11, 2021 |
| Net loss, as reported | \$ (671,485) | \$ (54,708) | \$ (49,264) |
| Income from discontinued operations, net of tax | (8,483) | (3,494) | (1,175) |
| Gain on sale of business | (53,756) | - | - |
| Impairment of goodwill and intangible assets | 641,362 | - | - |
| Recapitalization and acquisition-related costs | 26,653 | 13,305 | 6,641 |
| Restructuring | 10,289 | 1,062 | (576) |
| Foreign currency impact | (2,223) | 1,427 | (102) |
| Warrant fair value adjustment | (26,080) | 19,723 | (900) |
| Fair value adjustment of hedge instruments | (5,249) | - | - |
| Stock-based compensation expense | 26,906 | 9,034 | - |
| Transformation costs | 7,266 | 2,888 | 901 |
| System migration costs | 4,348 | 2,010 | 1,253 |
| Tax impact of non-GAAP adjustments | (30,459) | (6,084) | (471) |
| Adjusted net loss from continuing operations | \$ (80,911) | \$ (14,837) | \$ (43,693) |
| Interest expense, net | 37,302 | 16,304 | 16,703 |
| Expense from income taxes, excluding tax impacts above | (3,775) | (2,081) | (3,050) |
| Depreciation | 3,690 | 2,523 | 1,776 |
| Amortization of intangible assets | 128,196 | 52,899 | 46,492 |
| Adjusted EBITDA from continuing operations | \$ 84,502 | \$ 54,808 | \$ 18,228 |
| GAAP Operating Margin % | -184.4% | -13.3% | -37.1% |
| Amortization of intangible assets | 30.9% | 24.5% | 45.4% |
| Impairment of goodwill and intangible assets | 154.6% | 0.0% | 0.0% |
| Recapitalization and acquisition-related costs | 6.4% | 6.2% | 6.5% |
| Restructuring | 2.5% | 0.5% | -0.6% |
| Stock-based compensation expense | 6.5% | 4.2% | 0.0% |
| Transformation costs | 1.8% | 1.3% | 0.9% |
| System migration costs | 1.0% | 0.9% | 1.2% |
| Depreciation | 0.9% | 1.2% | 1.7% |
| Adjusted EBITDA Margin % | 20.4% | 25.4% | 17.8% |

RECONCILIATION OF NON-GAAP FINANCIAL MEASURES:

THREE AND NINE MONTHS ENDED OCTOBER 31, 2022 AND 2021

(IN THOUSANDS)

| | SKILLSOFT CORP. PRO FORMA REVENUE (IN THOUSANDS) | | | |
|---|--|-------------------|-------------------------------|-------------------|
| | Three Months Ended October 31, | | Nine Months Ended October 31, | |
| | 2022 | 2021 | 2022 | 2021 |
| GAAP revenue, as reported: | | | | |
| Successor | \$ 139,390 | \$ 140,153 | \$ 414,803 | \$ 215,620 |
| Predecessor (SLH) | | | | 102,494 |
| Proforma adjustments: | | | | |
| Deferred revenue fair value adjustment ⁽¹⁾ | | | | 19,291 |
| Revenue from acquisitions ⁽²⁾ | | 11,113 | 8,058 | 103,195 |
| Proforma Revenue ⁽³⁾ | \$ 139,390 | \$ 151,266 | \$ 422,861 | \$ 440,600 |

(1) Adjustment for the period from February 1, 2021 to June 11, 2021 as if the deferred revenue was not reduced to fair value per the fresh-start reporting requirements.

(2) Revenue from acquisitions for the nine months ended October 31, 2021 includes Global Knowledge's revenue for the period from February 1, 2021 to June 11, 2021, which was disclosed on Form 8-K filed with the SEC on December 14, 2021, and Codecademy's revenue as if the acquisition had closed on February 1, 2021. Revenue from acquisitions for the three months ended October 31, 2021 includes Codecademy's revenue for the period from August 1, 2021 to October 31, 2021. Revenue from acquisitions for the nine months ended October 31, 2022 only includes Codecademy's revenue for the period from February 1, 2022 to April 4, 2022 as its post-acquisition revenue is included in the GAAP revenue.

(3) Proforma Revenue is presented in Note 3 "Business Combinations" of the Notes to Unaudited Condensed Consolidated Financial Statements for the quarterly period ended October 31, 2022 in accordance with Regulation S-X, Article 11.

RECONCILIATION OF NON-GAAP FINANCIAL MEASURES:

THREE AND NINE MONTHS ENDED OCTOBER 31, 2022 AND 2021

(IN THOUSANDS)

SKILLSOFT CORP. PRO FORMA ADJUSTED NET LOSS (IN THOUSANDS)

| | Three Months Ended October 31, | | Nine Months Ended October 31, | |
|--|--------------------------------|-------------------|-------------------------------|--------------------|
| | 2022 | 2021 | 2022 | 2021 |
| Adjusted net loss from continuing operations ⁽¹⁾ | | | | |
| Successor | \$ (30,704) | \$ (4,183) | \$ (80,911) | \$ (14,837) |
| Predecessor (SLH) | | | | (43,693) |
| Proforma adjustments: | | | | |
| Deferred revenue fair value adjustment ⁽²⁾ | | | | 19,291 |
| Deferred commissions fair value adjustment ⁽²⁾ | | | | (2,414) |
| Interest adjustment for debt prepayment ⁽³⁾ | | 441 | 925 | 518 |
| Tax impact of adjustments above | | (50) | (41) | (1,689) |
| Adjusted net loss from acquisitions ⁽⁴⁾ | | (5,328) | (4,156) | (17,195) |
| Pro Forma Adjusted Net Loss | \$ (30,704) | \$ (9,119) | \$ (84,183) | \$ (60,019) |

(1) See RECONCILIATION OF NON-GAAP FINANCIAL MEASURES within this supplement for more details.

(2) Adjustments for the period from February 1, 2021 to June 11, 2021 as if the deferred revenue and deferred commissions were not reduced to fair value per the fresh-start reporting requirements.

(3) 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. Interest expense under the Amended Credit Agreement is adjusted for the prepayment.

(4) Adjusted net loss from acquisitions for the nine months ended October 31, 2021 includes Global Knowledge's adjusted net loss for the period from February 1, 2021 to June 11, 2021, which as disclosed on Form 8-K filed with the SEC on December 14, 2021, and Codecademy's adjusted net loss as if the acquisition had closed on February 1, 2021. Adjusted net loss from acquisitions for the three months ended October 31, 2021 includes Codecademy's adjusted net loss for the period from August 1, 2021 to October 31, 2021. Adjusted net loss from acquisitions for the nine months ended October 31, 2022 only includes Codecademy's adjusted net loss for the period from February 1, 2022 to April 4, 2022 as its post-acquisition adjusted net loss is included in the adjusted net loss from continuing operations.

RECONCILIATION OF NON-GAAP FINANCIAL MEASURES:

THREE AND NINE MONTHS ENDED OCTOBER 31, 2022 AND 2021

(IN THOUSANDS)

SKILLSOFT CORP. PRO FORMA ADJUSTED EBITDA (IN THOUSANDS)

| | Three Months Ended October 31, | | Nine Months Ended October 31, | |
|--|--------------------------------|------------------|-------------------------------|------------------|
| | 2022 | 2021 | 2022 | 2021 |
| Adjusted EBITDA from continuing operations ⁽¹⁾ | | | | |
| Successor | \$ 28,086 | \$ 38,199 | \$ 84,502 | \$ 54,808 |
| Predecessor (SLH) | | | | 18,228 |
| Proforma adjustments: | | | | |
| Deferred revenue fair value adjustment ⁽²⁾ | | | | 19,291 |
| Deferred commissions fair value adjustment ⁽²⁾ | | | | (2,414) |
| Adjusted EBITDA from acquisitions ⁽³⁾ | | (5,262) | (4,385) | (863) |
| Pro Forma Adjusted EBITDA | \$ 28,086 | \$ 32,937 | \$ 80,117 | \$ 89,050 |

(1) See RECONCILIATION OF NON-GAAP FINANCIAL MEASURES within this supplement for more details.

(2) Adjustments for the period from February 1, 2021 to June 11, 2021 as if the deferred revenue and deferred commissions were not reduced to fair value per the fresh-start reporting requirements.

(3) Adjusted EBITDA from acquisitions for the nine months ended October 31, 2021 includes Global Knowledge's adjusted EBITDA for the period from February 1, 2021 to June 11, 2021, which as disclosed on Form 8-K filed with the SEC on December 14, 2021, and Codecademy's adjusted EBITDA as if the acquisition had closed on February 1, 2021. Adjusted EBITDA from acquisitions for the three months ended October 31, 2021 includes Codecademy's adjusted EBITDA for the period from August 1, 2021 to October 31, 2021. Adjusted EBITDA from acquisitions for the nine months ended October 31, 2022 only includes Codecademy's adjusted EBITDA for the period from February 1, 2022 to April 4, 2022 as its post-acquisition adjusted EBITDA is included in the adjusted EBITDA from continuing operations.