

IN THE COURT OF QUEEN'S BENCH OF NEW BRUNSWICK

TRIAL DIVISION

JUDICIAL DISTRICT OF SAINT JOHN

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,
R.S.C. 1985, c. C-36, AS AMENDED

BETWEEN:

SKILLSOFT CANADA, LTD.

APPLICANT

-and-

**SKILLSOFT CORPORATION, AMBER HOLDING INC., SUMTOTAL
SYSTEMS LLC, MINDLEADERS, INC., ACCERO, INC., CYBERSHIFT
HOLDINGS, INC., CYBERSHIFT, INC. (U.S.), POINTWELL LIMITED, SSI
INVESTMENTS I LIMITED, SSI INVESTMENTS II LIMITED, SSI
INVESTMENTS III LIMITED, SKILLSOFT LIMITED, SKILLSOFT IRELAND
LIMITED, THIRDFORCE GROUP LIMITED, SKILLSOFT U.K. LIMITED AND
SKILLSOFT CANADA, LTD.**

RESPONDENTS

**THIRD REPORT OF THE INFORMATION OFFICER
RICHTER ADVISORY GROUP INC.**

JULY 17, 2020

I. INTRODUCTION

1. On June 14, 2020, Skillsoft Corporation, Amber Holding Inc., SumTotal Systems LLC, MindLeaders, Inc., Accero Inc., CyberShift Holdings Inc., CyberShift Inc. (U.S.), Pointwell Limited, SSI Investments I Limited, SSI Investments II Limited, SSI Investments III Limited, Skillsoft Limited, Skillsoft Ireland Limited, ThirdForce Group Limited, Skillsoft U.K. Limited and Skillsoft Canada, Ltd. (collectively, the "**Skillsoft Group**" or the "**Debtors**") each filed voluntary petitions under chapter 11 of title 11 of the United States Code (collectively, the "**Chapter 11 Proceedings**") in United States Bankruptcy Court for the District of Delaware (the "**US Court**").
2. On the same Petition Date, the Debtors filed various motions for orders (the orders granted by the US Court in respect thereof being hereinafter referred to as the "**First Day Orders**") in the Chapter 11 Proceedings to permit the Debtors to advance their reorganization. The First Day Orders include an order authorizing Skillsoft Canada, Ltd. ("**Skillsoft Canada**") to act as the foreign representative (in such capacity, the "**Foreign Representative**") of the Debtors for the within Canadian recognition proceedings (the "**Foreign Representative Order**").
3. On June 16, 2020, the US Court granted the Foreign Representative Order and other First Day Orders.
4. An Initial Recognition Order and a Supplemental Order (collectively, "**Recognition Orders**") were issued by the Court of Queen's Bench of New Brunswick (the "**Canadian Court**") with effect from June 19, 2020, under Part IV of the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36 (the "**CCAA Recognition Proceedings**"), that, among other things: (i) recognize the Chapter 11 Proceedings as a foreign main proceeding; (ii) recognize Skillsoft Canada as the Foreign Representative of the Skillsoft Group; (iii) stays claims against the Skillsoft Group, their property and their directors and officers in Canada; (iv) prohibits the commencement of any proceedings in Canada absent further order of the Canadian Court; (v) appoints Richter Advisory Group Inc. ("**Richter**") as the information officer (the "**Information Officer**") with respect to the CCAA Recognition Proceedings; (vi) grants an Administration Charge and a DIP Lenders' Charge (as those terms are defined in the Supplemental Order) over the Debtors' property in Canada; and (vii) in addition to the Foreign Representative Order, recognizes certain other First Day Orders granted by the US Court in the Chapter 11 Proceedings.
5. Pursuant to the Recognition Orders, among other things, all creditors were stayed from commencing or continuing any proceedings against, among others, the Skillsoft Group until and including June 29, 2020 (the "**Stay Period**"). On June 29, 2020, the Canadian Court granted an order extending the Stay Period until otherwise ordered by the Canadian Court.
6. Between July 2nd and July 8, 2020, the US Court entered final orders with respect to certain First Day Orders which were granted on an interim basis as well as two other additional orders (the Ordinary Course Professionals Order and the Professionals Compensation Order) (the "**US Final Orders**").

7. On July 10, 2020, an order was issued by the Canadian Court recognizing the US Final Orders (the “**Final Recognition Orders**”).
8. The purpose of this report (the “**Report**”) of the Information Officer is to provide the Canadian Court with an update on matters in the Chapter 11 Proceedings and the impact thereof on Canadian stakeholders. This Report should be read in conjunction with the pre-filing report of Richter, then in its capacity as proposed Information Officer, dated June 17, 2020, the supplemental report of the Information Officer dated June 25, 2020, and the second report of the Information Officer dated July 8, 2020 (collectively, the “**Previous Reports**”). For purposes hereof, terms defined in the Previous Reports identified therein and herein by the capitalization of the first letter, have the same meaning herein as therein, unless the contents or provisions hereof otherwise dictate.

II. TERMS OF REFERENCE

9. In preparing this Report, the Information Officer has relied solely on information and documents provided by the Debtors and their advisors, including unaudited financial information, declarations and affidavits of the Debtors’ executives, including without limitation the declaration of John Frederick dated July 10, 2020, in support of the Motion to Shorten (defined below), and other information provided in the Chapter 11 Proceedings (collectively, the “**Information**”). In accordance with industry practice, except as otherwise described in this Report, Richter has reviewed the Information for reasonableness, internal consistency, and use in the context in which it was provided. However, Richter has not audited or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would comply with Generally Accepted Auditing Standards (“**GAAS**”) pursuant to the *Chartered Professional Accountant of Canada Handbook* and, as such, Richter expresses no opinion or other form of assurance contemplated under GAAS in respect of the Information.

III. UPDATE ON MATTERS IN THE CHAPTER 11 PROCEEDINGS

10. As detailed in the Previous Reports, Skillsoft Group reached an agreement with the Creditor Groups to pursue a consensual restructuring transaction effectuated through (i) a balance sheet restructuring pursuant to the Prepackaged Plan; or (ii) potentially a sale of substantially all of the Company’s business to a prospective third party purchaser (the “**Potential Purchaser**”).
11. The Information Officer understands that since the Petition Date, Skillsoft Group, the Consenting Creditors and the Potential Purchaser have continued negotiations towards a potential sale (the “**Sale Transaction**”) and have worked on identifying the optimal method of completing same.
12. The Information Officer was informed that as a result of the ongoing negotiations, certain amendments were required to the Restructuring Support Agreement and, by extension, the Prepackaged Plan and Disclosure Statement, to preserve the option to pursue a Sale Transaction after the Debtors emerge from the Chapter 11 Proceedings.

13. It is the Information Officer's understanding that these amendments are minimal and mainly reflect the change in consideration given to the claims of holders of First Lien Debt and Second Lien Debt. The treatment of all other classes of creditors remains the same as their proposed treatment under the Prepackaged Plan. However, out of an abundance of caution and erring on the side of disclosure, the Debtors will be seeking to resolicit votes from holders of First Lien Debt and Second Lien Debt with respect to an amended plan (the "**Amended Plan**") and seek US Court's approval of the adequacy of the disclosure statement for the Amended Plan (the "**Amended Disclosure Statement**"). The resolicitation process will require the Debtors to alter the confirmation timeline previously approved by the US Court pursuant to the Scheduling Order.
14. On July 10, 2020, the Debtors therefore filed in the Chapter 11 Proceedings the Amended Plan and the Amended Disclosure Statement. On the same date, the Debtors filed a Motion of Debtors for Entry of an Order (i) Authorizing Entry into the Amended Restructuring Support Agreement, (ii) Determining the Scope of the Proposed Resolicitation, (iii) Approving the Adequacy of the Disclosure Statement in Connection with the Amended Chapter 11 Plan, (iv) Establishing Certain Deadlines and Procedures in Connection with Confirmation of the Amended Chapter 11 Plan, and (v) Granting Related Relief (the "**Resolicitation Motion**").
15. Contemporaneously with the filing of the Resolicitation Motion and considering that (i) at this time of the year, Skillssoft Group and its customers are entering or leading into contract renewals, and therefore is a critical period for the business, (ii) the Debtors are concerned that competitors are taking the opportunity during the Chapter 11 Proceedings to approach its customers and (iii) the Debtors believe that is it imperative to consummate the restructuring transactions under the Amended Plan and emerge from the Chapter 11 Proceedings as soon as possible, the Debtors also filed in the Chapter 11 Proceedings a Motion of Debtors to Shorten Notice and Objection Periods with Respect to (i) the Amended Disclosure Statement and (ii) Resolicitation Motion (the "**Motion to Shorten**") thereby seeking an order shortening notice of the hearing on and objection periods for the Amended Disclosure Statement and the Resolicitation Motion.
16. On July 13, 2020, the US Court granted the Motion to Shorten. The table below provides the revised timeline with respect to the Resolicitation Motion, the Amended Plan and its approval by the US Court.

Event	Original Deadline	Proposed Date
Deadline to object to the Resolicitation Motion and approval of the Amended Disclosure Statement	N/A	July 22, 2020 at 12:00 pm ET
Voting Record Date	June 12, 2020	July 22, 2020
Hearing with respect to the Resolicitation Motion and approval of the Amended Disclosure Statement	N/A	July 24, 2020 at 10:30 am ET
Deadline to File Plan Supplement	July 9, 2020	July 24, 2020
Voting Deadline	June 26, 2020 at 5:00 pm ET	July 31, 2020 at 5:00 pm ET
Deadline to Object to Amended Plan Confirmation	July 16, 2020 at 4:00 pm ET	July 31, 2020 at 4:00 pm ET
Voting Certification Deadline	July 3, 2020	August 4, 2020 at 12:00 pm ET
Deadline for Replies to Amended Plan Objections	July 21, 2020 at 12:00 pm ET	August 4, 2020 at 12:00 pm ET
Confirmation Hearing	July 24, 2020	August 6, 2020

17. Finally, the Information Officer was informed that in addition to the Resolicitation Motion and the Motion to Shorten, the Debtors also filed on July 7, 2020, a Motion of Debtors for Entry of an Order (i) Authorizing Certain Debtors to Continue Selling Receivables and Related Rights Pursuant to Accounts Receivable Agreement, (ii) Modifying the Automatic Stay, and (iii) Granting Related Relief (the “**Accounts Receivable Motion**”) thereby seeking the protection initially sought in the revised cash management order filed by the Debtors on July 6, 2020, but ultimately not included in the Cash Management Order. The hearing on the Accounts Receivable Motion is set to be heard before the US Court on July 24, 2020.

IV. INFORMATION OFFICER’S COMMENTS

18. Based on the information received and reviewed, the Information Officer is of the view that the Canadian stakeholders will not be impacted by the Amended Plan. The aforementioned motions and orders in the Chapter 11 Proceedings change the timing with respect to the solicitation and confirmation of the Amended Plan, however there are no substantive changes to the Amended Plan in itself and the Canadian unsecured creditors will still receive payment of their claims in full as was detailed in the Prepackaged Plan. We will continue to provide updates to the Canadian Court as relevant information is obtained.

All of which is respectfully submitted on this 17th day of July 2020.

Richter Advisory Group Inc.
in its capacity as Information Officer of
Skillsoft Canada, Ltd. et al.
and not in its personal capacity

Andrew Adessky, CPA, CA, CIRP, LIT

Olivier Benchaya, CPA, CA, CIRP, LIT