



SUPERIOR COURT OF JUSTICE

ENDORSEMENT

COURT FILE NO.: BK-23-02946538-0031

DATE: JUNE 5, 2023

NO. ON LIST: 7

TITLE OF PROCEEDING: **IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A
PROPOSAL OF DECISIONONE CORPORATION**

BEFORE JUSTICE: **Mr Justice PENNY**

PARTICIPANT INFORMATION

For Applicant, Moving Party:

Name of Person Appearing	Name of Party	Contact Info
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For Defendant, Respondent, Responding Party, Defence:

Name of Person Appearing	Name of Party	Contact Info

For Other:

Name of Person Appearing	Name of Party	Contact Info
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ENDORSEMENT OF Mr. JUSTICE PENNY:

This motion seeks approval of a sale process with a stalking horse bid made by the senior secured lender. It seeks conditional approval of the stalking horse bid in the event the sale process does not result in a superior bid. An extension of the statutory stay is also required to complete this process. The proposed sale process is supported by the Proposal Trustee. The Proposal Trustee also seeks approval of its first report. There is no opposition to the motion.

DecisionOne Canada (D1 Canada) operates the Canadian piece of a North American IT services business. D1 Canada is a subsidiary of DecisionOne Corporation (Delaware). The corporate group faced significant financial challenges, secured debt defaults and liquidity constraints in late 2022. Since then, it has engaged in extensive out of court restructuring efforts, including for the Canadian business. These efforts resulted in a credit bid for the US business by the senior secured lenders. That bid proceeded through private enforcement remedies under the Uniform Commercial Code and has been implemented. No actionable offers were made for D1 Canada. D1 Canada's assets are the only remaining operating assets of the corporate group. D1 Canada's remaining business does not generate positive cash flow on a standalone basis and its liquidity is insufficient to continue as a going concern.

In the circumstances, D1 Canada seeks to implement a stalking horse sale process that will ensure an expedited going concern solution for the D1 Canada business. The senior secured lender has made a credit bid for the Canadian business of \$3 million. The evidence is that it is owed in excess of \$46 million by D1 Canada.

The unsuccessful pre-filing marketing efforts as well as the overall value of the business of D1 Canada relative to the amount of debt it owes support the conclusion that the credit bid provided by the stalking horse bidder is reasonable. The assets of the entire group were subject to a detailed pre-filing marketing process with potential strategic acquirers that did not yield an executable solution that would satisfy the outstanding secured debt and preserve the going concern of D1 Canada. The senior secured lenders have proposed a viable going concern solution in which they will face a material shortfall but preserve going concern operations for the benefit of other stakeholders. An opportunity remains open for other potential bidders to offer consideration in an amount that would similarly maintain going concern operations for other stakeholders and be supported by the senior secured lenders.

The entire value of the D1 Canada business depends upon the ongoing work of employees as well as other intangible assets such as customer and vendor relationships. That value can only be preserved if the parties contributing to the D1 Canada business have assurance that a going concern solution is available. The stalking horse bid provides a going concern solution and the required stability.

The stalking horse bidder is not seeking any break fee or other economic incentives. The additional qualified bid consideration (of \$150,000) is sufficient to offset the costs of proceeding with a competitive process without being prohibitive to other bidders. The timeline for the stalking horse sale process is expedited but reasonable in the circumstances, especially given the limited liquidity available to D1 Canada.

Under the proposed process, if no bid on terms consistent with the stalking horse bid but offering greater consideration plus the bid increment is submitted by the bid deadline, the stalking horse bid will be deemed accepted and approved by the court. I accept the need for this conditional approval in the circumstances of this case. Among other things, the proposed credit bid transaction in those circumstances would be the highest and best transaction submitted for the D1 Canada assets. The D1 Canada business is the final remaining operating asset in the group and it is reasonable to conclude that the D1 Canada business, generating revenues of less than \$5 million per year, is not of sufficient value to fully satisfy its secured obligations to the senior secured lenders who appear to be significantly underwater. If the stalking horse bid is not the best offer in the sale process, there is the potential for an even better result.

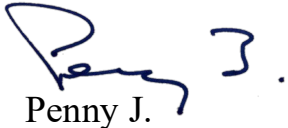
The process leading to the proposed sale is reasonable in the circumstances; the Proposal Trustee approved the process leading to the proposed sale; the Proposal Trustee filed with the court a report stating that in her opinion, the sale would be more beneficial to the creditors than a sale or disposition under a bankruptcy; the senior secured creditors were consulted; the proposed sale provides for a going concern transaction which will preserve jobs and customer contracts; and, the consideration to be received for the assets is reasonable and fair, taking into

account the lack of any offers in the extensive process undertaken to date, and other factors referred to above.

The applicant also seeks an extension of the stay. The provision of additional time for a court-approved sale process to be completed is an appropriate basis for an extension under s. 50.4(9) of the BIA. D1 Canada has acted in good faith and with due diligence over the past several months. If the extension is not granted, the likely outcome is a shutdown of operations upon a bankruptcy, which would be prejudicial to D1 Canada's employees, customers and secured lenders. No creditor is prejudiced by the extension of time to file a proposal in this case. The goal of the extension is to allow a value maximizing sale process to be completed. The senior secured creditors of D1 Canada are supportive of the process and face a substantial shortfall. The Proposal Trustee supports the extension.

The Proposal Trustees report is approved.

Order to issue in the form signed by me this day.

A handwritten signature in blue ink, appearing to read "Penny J.", followed by a period. The signature is stylized and somewhat cursive.

Penny J.