

June 14, 2020



Skillsoft Enters Into Agreement with Lenders to Significantly Reduce Debt and Position Company for Long-Term Success

Commences Voluntary “Pre-Packaged” Chapter 11 Proceedings to Implement Total Debt Reduction of Approximately \$1.5 Billion

Receives Commitment for \$60 Million in Financing from Existing Lenders; All Vendors and Suppliers Expected to be Paid in Full

Operating as Normal; Continuing to Provide Customers with State-of-the-Art Learning Solutions, Best-in-Class Performance Support Resources and Live Events

BOSTON--(BUSINESS WIRE)-- Skillsoft Corporation (“Skillsoft” or the “Company”), a global leader in corporate learning, today announced that it has entered into a Restructuring Support Agreement (“RSA”) with an overwhelming majority of its first and second lien lenders. The RSA is expected to result in a comprehensive de-levering of the Company’s balance sheet by reducing the Company’s existing first lien and second lien debt to \$410 million from approximately \$2.0 billion, with total debt (including working capital financing) aggregating \$585 million, lowering the Company’s annual cash interest by approximately \$100 million (the “Restructuring”).

As of the date of this release, holders representing approximately 81% in value of the Company’s first lien debt and 84% in value of the Company’s second lien debt have executed the RSA, indicating their commitment to support the Restructuring. The Restructuring is expected to provide the Company with significant additional liquidity and a right-sized pro-forma capital structure, while minimizing operational disruptions by ensuring all holders of general unsecured claims, including the Company’s vendors, suppliers, and other trade creditors, will be paid in full. Additionally, it is expected that no employees will be affected as a direct result of the Restructuring, ensuring that Skillsoft customers continue to be well-served.

The RSA provides, among other things, that:

- Holders of the Company’s first lien debt will receive their pro rata share of approximately \$410 million in takeback first lien debt and 96% of the equity in the reorganized company;
- Holders of the Company’s second lien debt will receive their pro rata share of approximately 4% of the equity in the reorganized company, as well as warrants that will provide them with the opportunity to purchase up to 15% of the equity in the reorganized company at various price thresholds based on first lien debt holders achieving certain recovery levels; and
- Holders of general unsecured claims, including vendors, suppliers and other trade

creditors, will receive payment in full in the ordinary course of business.

John Frederick, Skillsoft's Chief Administrative Officer, said, "Today's announcement marks an important step forward in significantly strengthening Skillsoft's capital structure and positioning the Company for long-term success. This is an exciting time for digital learning, and Skillsoft provides best-in-class learning solutions to thousands of customers around the world, including 65 percent of companies in the Fortune 500. While our core business remains strong, with attractive profitability and cash flow characteristics, our debt levels are too high. We need to invest further and that requires our debt levels to come down to free up cash to further enhance our offerings. We look forward to benefitting from a stronger balance sheet and enhanced financial flexibility as we continue investing in new products, solutions and content to drive value for our customers and growth in the business. We appreciate the broad support of our lenders, who will become the new owners of the Company and recognize the inherent value in the Skillsoft brand. We also thank the entire Skillsoft team for their ongoing hard work and commitment to our company and our customers and are grateful to our vendors and business partners for their continued support."

To efficiently implement the Restructuring, Skillsoft and certain of its affiliates have voluntarily filed "pre-packaged" Chapter 11 cases in the U.S. Bankruptcy Court for the District of Delaware. The Company anticipates commencing ancillary proceedings in Canada under the Companies' Creditors Arrangement Act (CCAA) seeking recognition of the U.S. Chapter 11 proceedings in Canada. Skillsoft intends to move through this process as quickly and efficiently as possible and, pursuant to the terms of the RSA, anticipates emerging from Chapter 11 on an expedited basis.

Skillsoft is operating as normal and expects to continue operating in the normal course during and following the restructuring process, without material disruption to its vendors, partners, or employees. In conjunction with the court-supervised process, Skillsoft has received a commitment for \$60 million in debtor-in-possession ("DIP") financing from certain of its first lien lenders. Following court approval, this financing, together with cash generated from ongoing operations, is expected to provide ample liquidity to support the Company during the restructuring process.

Certain of the Company's first lien lenders have also committed to provide the Company with additional liquidity upon exit from the restructuring process in the form of a \$110 million exit facility, less any amounts outstanding under the DIP financing, which will be rolled into the exit facility upon emergence. The Company expects to have liquidity of approximately \$50 million upon completion of the restructuring process, with leverage at approximately 3.5x net debt-to-LTM EBITDA.

The Company remains focused on providing customers with state-of-the-art corporate learning solutions, best-in-class performance support resources and Live events. The Company noted that there are no planned changes to Skillsoft's leadership team or organizational structure as a result of the Restructuring.

Skillsoft has filed a number of customary first day motions with the court seeking approval to operate its business in the normal course during the court-supervised process, including the continued payment of employee wages and benefits without interruption. The Company expects to receive court approval for these requests.

Additional information regarding the Company's court-supervised process is available on Skillsoft's restructuring website, www.AdvancingSkillsoft.com. Court filings and other information related to the proceedings are available on a separate website administrated by the Company's claims agent, KCC, at www.kccllc.net/skillsoft, or by calling KCC toll-free at 877-709-4752, or 424-236-7232 for calls originating outside of the U.S.

Weil, Gotshal & Manges LLP is serving as legal counsel to Skillsoft, Houlihan Lokey Capital, Inc. is serving as investment banker, and AlixPartners LLP is serving as financial advisor.

About Skillsoft and SumTotal

Skillsoft delivers online learning, training, and talent solutions to help organizations unleash their edge. Leveraging immersive, engaging content, Skillsoft enables organizations to unlock the potential in their best assets – their people – and build teams with the skills they need for success. Empowering 36 million learners and counting, Skillsoft democratizes learning through an intelligent learning experience and a customized, learner-centric approach to skills development with resources for Leadership Development, Business Skills, Technology & Development, Digital Transformation, and Compliance.

SumTotal provides a unified, comprehensive Learning and Talent Development suite that delivers measurable impact across the entire employee lifecycle. With SumTotal, organizations can build a culture of learning that is critical to growth, success, and business sustainability. SumTotal's award-winning technology provides talent acquisition, onboarding, learning management, and talent management solutions across some of the most innovative, complex and highly regulated industries, including technology, airlines, financial services, healthcare, manufacturing, and pharmaceuticals.

Skillsoft and SumTotal are partners to thousands of leading global organizations, including many Fortune 500 companies. The company features three award-winning systems that support learning, performance and success: Skillsoft learning content, the Percipio intelligent learning experience platform, and the SumTotal suite for Talent Development, which offers measurable impact across the entire employee lifecycle. Learn more at www.skillsoft.com.

Forward-Looking Statements

Certain statements in this press release constitute "forward-looking statements." Statements that are not historical fact are forward-looking statements. Certain of these forward-looking statements can be identified by the use of words such as "believes," "anticipates," "expects," "intends," "plans," "projects," "estimates," "assumes," "may," "should," "could," "shall," "will," "seeks," "targets," "future," or other similar expressions. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors, and our actual results, performance or achievements could differ materially from future results, performance or achievements expressed in these forward-looking statements. Such statements include, but are not limited to, statements relating to: the terms of and potential transactions contemplated by the RSA; the chapter 11 cases; the DIP financing; and management's strategy, plans, opportunities, objectives, expectations, or intentions and descriptions of assumptions underlying any of the above matters and other statements that are not historical fact. These forward-looking statements are based on the Company's current beliefs, intentions and expectations and are not guarantees or indicative of future performance, nor should any conclusions be drawn or assumptions be made as to any

potential outcome of any potential transactions or strategic initiatives the Company considers. Risks and uncertainties relating to the proposed restructuring include: the ability of the Company to confirm and consummate a plan of reorganization in accordance with the terms of the “pre-packaged” chapter 11 cases; the ability of the Company to comply with the terms of the RSA and DIP financing; the Company’s ability to obtain requisite court approvals; the impact of COVID-19 on the Company’s operations, including its financial condition and liquidity; the ability of the Company to successfully execute the transactions contemplated by the RSA without substantial disruption to its business; and the effects of disruption from the proposed restructuring on the Company’s operations, including its financial condition and liquidity, and the difficulty to maintain business, financing and operational relationships. These factors, risks and uncertainties are difficult to predict, contain uncertainties that may materially affect actual results and may be beyond the Company’s control. New factors, risks and uncertainties emerge from time to time, and it is not possible for management to predict all such factors, risks and uncertainties. Although the Company believes that the assumptions underlying the forward-looking statements contained herein are reasonable, any of the assumptions could be inaccurate, and therefore any of these statements may prove to be inaccurate. In light of the significant uncertainties inherent in the forward-looking statements included herein, the inclusion of such information should not be regarded as a representation by the Company or any other person that the results or conditions described in such statements or the Company’s objectives and plans will be achieved. These forward-looking statements speak only as of the date such statements were made or any earlier date indicated, and the Company does not undertake any obligation to update or revise any forward-looking statements, whether as a result of new information, future events, changes in underlying assumptions or otherwise. If the Company were in any particular instance to update or correct a forward-looking statement, investors and others should not conclude that the Company would make additional updates or corrections thereafter.

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