



**First Report to Court of
KSV Restructuring Inc. as Receiver of
Util Canada Limited**

September 6, 2023

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COURT FILE NO.: CV-23-00703958-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

BETWEEN:

**DeA CAPITAL ALTERNATIVE FUNDS SGR S.p.A.
as managing company of Italian closed-end investment
Fund IDeA CCR (Corporate Credit Recovery) I**

Applicant

- and -

UTIL CANADA LIMITED

Respondent

**IN THE MATTER OF SECTION 243 OF THE *BANKRUPTCY AND INSOLVENCY ACT*
(CANADA) R.S.C. 1985 CB.3 AS AMENDED, AND SECTION 101 OF THE *COURTS OF
JUSTICE ACT* (ONTARIO) R.S.O. 1990 C. C.43, AS AMENDED**

**FIRST REPORT OF KSV RESTRUCTURING INC.
AS RECEIVER**

SEPTEMBER 6, 2023

1.0 Introduction

1. This report (the “Report”) is filed by KSV Restructuring Inc. (“KSV”) in its capacity as receiver (the “Receiver”) of the property, assets and undertaking (the “Property”) of Util Canada Limited (the “Company”) appointed pursuant to an order of the Ontario Superior Court of Justice (Commercial List) (the “Court”) made on August 8, 2023 (the “Receivership Order”). A copy of the Receivership Order is provided as Appendix “A”.
2. KSV is also the licensed insolvency trustee (the “Trustee”) of the Company’s bankruptcy estate pursuant to an assignment in bankruptcy filed by the Company on August 4, 2023 pursuant to section 49 of the *Bankruptcy and Insolvency Act*, RSC 1985, c. B-3, as amended.
3. The primary purpose of the receivership proceeding, at this time, is to maximize value for the Company’s stakeholders by conducting a sale process for the Property, including the opportunity to acquire the business on a going-concern basis (the “Sale Process”).

1.1 Purposes of this Report

1. The purposes of this Report are to:
 - a) provide background information about the Company;
 - b) detail the proposed Sale Process;
 - c) summarize the Receiver's activities since its appointment; and
 - d) recommend that this Court issue an Order:
 - i. approving the Sale Process; and
 - ii. approving this Report and the Receiver's activities to the date of this Report.

1.2 Restrictions

1. In conducting its review and preparing this report, the Receiver has relied upon the Company's unaudited financial statements, books and records and discussions with certain of the Company's representatives.
2. The Receiver has not performed an audit or otherwise attempted to verify the accuracy or completeness of the financial information relied on in a manner that complies with Canadian Auditing Standards ("CAS") pursuant to the Chartered Professional Accountants of Canada Handbook and, accordingly, the Receiver expresses no opinion or other form of assurance contemplated under the CAS in respect of such information. Any party wishing to place reliance on the Company's financial information should perform its own diligence.
3. With the exception of the Court, the Receiver accepts no responsibility for any reliance placed by any third party on the Company's financial information presented herein.

1.3 Currency

1. All references in this Report to currency are to Canadian dollars, unless otherwise noted.

2.0 Background

1. The Company is owned by Util Industries S.p.A. ("Util Italy"), based in Italy.
2. The Company is a guarantor, on a secured basis, of the indebtedness owing by Util Italy to Illimity Bank S.p.A. ("Illimity") and DeA Capital Alternative Funds SGR S.p.A. ("DEA") totalling approximately \$54 million¹. Util Italy is continuing to operate in the normal course and its loans from Illimity and DEA do not mature until 2027. It is unclear at this time whether the Company's guarantee will be called upon to satisfy any amounts owing to Illimity and DEA. It is possible that this may not be known until the DEA and Illimity loan maturity dates.

¹ Estimated balances converted from Euros to Canadian dollars.

3. The application to appoint the Receiver was made by DEA. In addition to the general secured claims of DEA and Illimity, a number of stakeholders have asserted secured and/or property claims over certain specific assets of the Company, which the Receiver and/or the Trustee (as applicable) is reviewing.
4. Prior to its bankruptcy, the Company manufactured “fine blanking” parts for automotive braking system back plate components and was a global provider of braking systems and other solutions for the automotive and other industrial segments, including plates for combustion engines in the agricultural sector and scaffolding disks for the construction industry. Fine blanking technology is principally demanded by original equipment vehicle manufacturers. The Company also used conventional blanking technology, particularly in its aftermarket division, where pricing is of primary importance to the customer, and manufacturing tolerances are less stringent.
5. Immediately prior to its bankruptcy on August 4, 2023, the Company employed approximately 180 individuals, including 140 members of Unifor Local 112 (“Unifor”). The Company generally operated around the clock 5-6 days per week. Upon the Company’s bankruptcy, all of the employees were immediately terminated. The Receiver has retained several employees on a term-and-task basis to assist with the administration of the receivership proceedings.
6. The Company operated from leased premises located at 270 Spinnaker Way, Concord, Ontario (the “Premises”). Monthly occupancy costs exceed \$300,000, including rent, utilities and other occupancy costs.
7. In the days just prior to the Trustee’s appointment, and since that time until shortly before the date of this Report, KSV, first as Trustee and then as Receiver, was advised by several of the Company’s customers (the “Customers”) that they are reliant on the Company for the uninterrupted supply of braking system components which they then supply on a just-in-time basis to several North American automotive original equipment manufacturers (collectively the “OEMS” and individually, an “OEM”). Substantially all of the Customers initially expressed the need for the Company to continue to operate for a period of time to ensure the continuous supply of products. KSV, primarily as Receiver, then spent several weeks attempting to complete an agreement that would result in participating customers fully funding a resumption of the Company’s operations for a limited period of time, at their risk and expense, with a portion of the revenue being for the benefit of the Company’s creditors.
8. While negotiating with the Receiver, it appears that either (i) most Customers were able to resource their production; or (ii) other Customers lost the programs to which they were supplying. Accordingly, as of the date of this Report, all Customers have advised the Receiver that they would not require the Company to manufacture parts for them.
9. Additional information about the Company, its background and the urgency expressed by the Customers for the Company to resume production is available in the materials filed in these proceedings, which can be found on the Receiver’s website at: <https://www.ksvadvisory.com/experience/case/utilcanada>.

2.1 Mexican Operations

1. As of the date of bankruptcy, the Company had a manufacturing arrangement with a plant in Monterrey, Mexico (the “Mexican Plant”). The Mexican Plant operates through a “Shelter Company” pursuant to which the Shelter Company is the party responsible for all operating costs of the Mexican Plant, including rent, payroll and vendor obligations. The Company had an arrangement with the Mexican Plant to cover these costs.
2. Prior to the date of bankruptcy, each of the Company and Util Italy owned a large manufacturing press located at the Mexican Plant, and in the case of the Company, certain other assets. The Receiver understands that the realizable value of the Company’s assets in Mexico may be less than USD \$1 million; however, the Company’s ability to realize on these assets may be subject to payment of the various outstanding obligations at the Mexican Plant. The Receiver has been in discussions with the Mexican Plant’s two largest customers, as well as with the operator of the Shelter Company, American Industries Group, and Util Italy as to whether operations can be restarted, and if not, whether it is possible to realize on the Company’s assets located at the Mexican Plant. The Receiver is continuing to deal with these issues.

3.0 Sale Process

1. The Receiver developed the Sale Process based on its discussions with the Company’s former general manager and certain of the Company’s stakeholders, including DEA.
2. The purpose of the Sale Process is to maximize recoveries for the Company’s stakeholders through a going-concern sale or other transaction for the Company’s business and assets located in Canada. A summary of the proposed Sale Process is set out below.

Milestone	Key Dates
Distribute teaser	September 1, 2023
Access to Virtual Data Room	Upon signing CA
Bid Deadline ²	October 5, 2023
Review and negotiate bids	October 6 to 22, 2023
Selection of Successful Bidder(s)	October 23, 2023
Court approval and closing(s)	As soon as possible

3. As referenced above, given the significant costs to operate the business, including monthly occupancy costs of approximately \$300,000, the Receiver believed it was in the best interest of stakeholders to commence the Sale Process at the earliest possible time, which it did on September 1, 2023 by distributing its “teaser” to a list of parties it identified, including strategic parties, financial buyers and liquidators, or which had contacted it since being appointed (each, a “Potential Bidder”). The Receiver also believes that commencing the Sale Process as soon as possible increases the prospects of completing a going-concern sale.

² The Receiver’s teaser (discussed below) has a Bid Deadline of October 2, 2023. The Receiver believes it’s necessary to extend the deadline to October 5, 2023.

4. As part of the proposed Sale Process, the Receiver has prepared:
 - a) the teaser, which was distributed to certain Potential Bidders on September 1, 2023, together with a non-disclosure agreement (an “NDA”). A copy of the teaser is provided as Appendix “B”; and
 - b) a data room with information about the Company, including financial information, its various parts programs, the Company’s collective bargaining agreement with Unifor and other matters. Potential Bidders are required to execute the NDA in order to obtain access to the data room.
5. As part of the proposed Sale Process, the Receiver will also be:
 - a) requesting that parties submit a binding offer meeting at least the requirements for a Qualified Bid (as described in Section 3.1 below) by October 5, 2023, being the “Bid Deadline”; and
 - b) facilitating due diligence by, among other things, arranging meetings with the Company’s key employees.
6. In the circumstances, the Receiver believes that the teaser, information to be made available in the data room and management meetings are sufficient for the Potential Bidders to perform due diligence. The Receiver will facilitate additional reasonable information requests made by Potential Bidders.
7. As part of the proposed Sale Process, Potential Bidders will be provided with a copy of a template asset purchase agreement (the “Template Purchase Agreement”) and will be required to submit offers in the form of the Template Purchase Agreement, with a blackline to the Template Purchase Agreement.
8. A Potential Bidder that wishes to make a bid must deliver a written copy of its bid and other materials required by the proposed Sale Process by no later than 5:00 pm (EDT) on the Bid Deadline.
9. The Receiver intends to review the offers received and negotiate with a view to selecting the successful bidder (the “Successful Bidder”) by October 23, 2023, and to seek approval of the transaction with the Successful Bidder as soon as possible thereafter (discussed further in Section 3.2 below).
10. The Receiver shall have the right to extend any deadline in the proposed Sale Process by up to two weeks, provided that the overall timeline does not extend beyond November 23, 2023 without order of the Court.
11. As referenced above, the proposed Sale Process is in respect of the Property located in Canada. The Receiver will also consider options to monetize the Company’s business and assets located at the Mexican Plant.

3.1 Qualified Bids

1. To be a "Qualified Bid" under the proposed Sale Process, a bid must, among other things, meet the following requirements:
 - a) an offer must be substantially in the form of the Template Purchase Agreement, with any changes to the offer blacklined against the Template Purchase Agreement;
 - b) a provision stating that the offer is irrevocably open for acceptance until 30 days after the Bid Deadline;
 - c) a cash deposit of not less than 15% of the proposed purchase price;
 - d) an acknowledgement that the proposed transaction is to be completed on an "as is, where is" basis and that the purchaser has relied solely on its own independent review and investigation and that it has not relied on any representation by the Company, the Trustee, the Receiver or their respective agents, employees or advisors;
 - e) it must not contain any condition or contingency relating to due diligence or financing or any other material conditions precedent to the purchaser's obligation to complete the transaction (except for approval by the Court); and
 - f) it must include written evidence, satisfactory to the Receiver, that the purchaser has the requisite consents (if any) and the financial ability to complete the proposed acquisition.
2. The Receiver shall have the discretion to make amendment to the proposed Sale Process that it believes is required to facilitate the best possible outcome in the Sale Process, including the maximization of value for the benefit of stakeholders.

3.2 Multiple Qualified Bids

1. If more than one Qualified Bid is received by the Bid Deadline, the Receiver will have the option under the proposed Sale Process to request that such bidders submit additional offers until the Receiver selects the best offer, which may not necessarily be the highest offer, based on its reasonable business judgement. It is also contemplated that the Receiver may conduct an in-person auction or such other process as it determines appropriate to facilitate the bidding process and to maximize recoveries to stakeholders.

3.3 Sale Process Recommendation

1. The Receiver recommends that the Court issue an order approving the Sale Process for the following reasons:
 - a) the Sale Process provides for a wide marketing of the Company's business and assets among strategic and financial parties, as well as liquidators, and includes Potential Bidders that have contacted the Receiver;
 - b) the duration of the Sale Process is sufficient to allow interested parties to perform diligence and submit offers;

- c) the Sale Process provides flexibility for the Receiver to amend or extend timelines, as detailed in paragraph 10 of Section 3.0;
- d) an orderly but expedient process will provide the opportunity to complete a going-concern transaction, which could also minimize occupancy costs; and
- e) a sale of the Company's business and assets may provide employment opportunities for the Company's former employees.

4.0 Receiver's Activities

1. The Receiver's activities since its appointment have included, among other things, the following:
 - a) considering a temporary restart of the Company's operations, at the request of Customers;
 - b) corresponding extensively with Customers regarding the operational restart;
 - c) preparing numerous budgets to reflect the estimated costs of resuming production based on the frequently changing production requirements provided by the Customers;
 - d) reviewing evidence of ownership provided by certain Customers to support their requests for return of tools and dies;
 - e) dealing with Unifor regarding the terms on which its members could be recalled if production resumes;
 - f) reviewing and responding to requests from Customers to purchase finished goods and other materials presently located at the Company's premises;
 - g) attending daily at the Premises to deal with operational matters and receivership issues generally;
 - h) dealing with the landlord of the Premises;
 - i) developing the Sale Process;
 - j) corresponding with the Company's insurance agent and remitting payment for outstanding premiums;
 - k) meeting with representatives of DEA and its counsel regarding the status of the receivership and the proposed Sale Process;
 - l) meeting with representatives of Util Italy and its counsel regarding, among other things, requests from certain Customers for the drawings associated with their tools (which Util Italy claims to own), the operations in Mexico and operational matters generally;
 - m) corresponding with Canada Revenue Agency regarding the Company's payroll and HST accounts;

- n) imaging the Company's servers;
- o) responding to inquiries from the Company's creditors; and
- p) preparing this Report.

5.0 Conclusion

1. Based on the foregoing, the Receiver respectfully recommends that this Honourable Court make an order granting the relief detailed in Section 1.1(1)(d) of this Report.

* * *

All of which is respectfully submitted,

KSV Restructuring Inc.

**KSV RESTRUCTURING INC.
SOLELY IN ITS CAPACITY AS COURT APPOINTED RECEIVER OF
UTIL CANADA LIMITED
AND NOT IN ITS PERSONAL
OR IN ANY OTHER CAPACITY**

Appendix “A”

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

THE HONOURABLE) TUESDAY, THE 8th DAY
)
JUSTICE CAVANAGH) OF AUGUST, 2023

**DeA CAPITAL ALTERNATIVE FUNDS SGR S.p.A.
as managing company of Italian closed-end investment
Fund IDeA CCR (Corporate Credit Recovery) I**

Applicant

- and -

UTIL CANADA LIMITED

Respondent

**IN THE MATTER OF SECTION 243 OF THE *BANKRUPTCY AND INSOLVENCY ACT*
(CANADA) R.S.C. 1985 c.B.3 AS AMENDED, AND SECTION 101 OF THE *COURTS OF
JUSTICE ACT* (ONTARIO) R.S.O. 1990 c. C.43, AS AMENDED**

**ORDER
(appointing Receiver)**

THIS APPLICATION made by the Applicant for an Order pursuant to section 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the “**BIA**”) and section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43, as amended (the “**CJA**”) appointing KSV Restructuring Inc. (“**KSV**”) as receiver (in such capacities, the “**Receiver**”) without security, of all of the assets, undertakings and properties of Util Canada Limited (the “**Debtor**”) acquired for, or used in relation to a business carried on by the Debtor, was heard this day via videoconference.

ON READING the affidavit of Gianandrea Perco sworn August 4, 2023 and the Exhibits thereto, the affidavit of Roberto Baccani sworn August 4, 2023 and the Exhibits thereto, and the

consent of KSV to act as Receiver, and on hearing the submissions of counsel for the Applicant and such other parties as listed on the counsel slip, no one else appearing although duly served as appears from the affidavit of service of Danny Nunes sworn August 4, 2023, filed.

SERVICE

1. **THIS COURT ORDERS** that the time for service of the Notice of Application and the Application is hereby abridged and validated so that this application is properly returnable today and hereby dispenses with further service thereof.

APPOINTMENT

2. **THIS COURT ORDERS** that pursuant to section 243(1) of the BIA and section 101 of the CJA, KSV is hereby appointed Receiver, without security, of all of the assets, undertakings and properties of the Debtor acquired for, or used in relation to a business carried on by the Debtor, including all proceeds thereof (the “**Property**”).

RECEIVER’S POWERS

3. **THIS COURT ORDERS** that the Receiver is hereby empowered and authorized, but not obligated, to act at once in respect of the Property and, without in any way limiting the generality of the foregoing, the Receiver is hereby expressly empowered and authorized to do any of the following where the Receiver considers it necessary or desirable:

- (a) to take possession of and exercise control over the Property and any and all proceeds, receipts and disbursements arising out of or from the Property;
- (b) to receive, preserve, and protect the Property, or any part or parts thereof, including, but not limited to, the changing of locks and security codes, the relocating of Property to safeguard it, the engaging of independent security personnel, the taking of physical inventories and the placement of such insurance coverage as may be necessary or desirable;

- (c) to manage, operate, and carry on the business of the Debtor, including the powers to enter into any agreements, incur any obligations in the ordinary course of business, cease to carry on all or any part of the business, or cease to perform any contracts of the Debtor;
- (d) to engage consultants, appraisers, agents, experts, auditors, accountants, managers, counsel and such other persons from time to time and on whatever basis, including on a temporary basis, to assist with the exercise of the Receiver's powers and duties, including without limitation those conferred by this Order;
- (e) to purchase or lease such machinery, equipment, inventories, supplies, premises or other assets to continue the business of the Debtor or any part or parts thereof;
- (f) to receive and collect all monies and accounts now owed or hereafter owing to the Debtor and to exercise all remedies of the Debtor in collecting such monies, including, without limitation, to enforce any security held by the Debtor;
- (g) to settle, extend or compromise any indebtedness owing to the Debtor;
- (h) to execute, assign, issue and endorse documents of whatever nature in respect of any of the Property, whether in the Receiver's name or in the name and on behalf of the Debtor, for any purpose pursuant to this Order;
- (i) to initiate, prosecute and continue the prosecution of any and all proceedings and to defend all proceedings now pending or hereafter instituted with respect to the Debtor, the Property or the Receiver, and to settle or compromise any such proceedings. The authority hereby conveyed shall extend to such appeals or applications for judicial review in respect of any order or judgment pronounced in any such proceeding;

- (j) to market any or all of the Property, including advertising and soliciting offers in respect of the Property or any part or parts thereof and negotiating such terms and conditions of sale as the Receiver in its discretion may deem appropriate;
- (k) to sell, convey, transfer, lease or assign the Property or any part or parts thereof out of the ordinary course of business,
 - (i) without the approval of this Court in respect of any transaction not exceeding \$500,000, provided that the aggregate consideration for all such transactions does not exceed \$2,000,000; and
 - (ii) with the approval of this Court in respect of any transaction in which the purchase price or the aggregate purchase price exceeds the applicable amount set out in the preceding clause;and in each such case notice under subsection 63(4) of the Ontario *Personal Property Security Act*, or section 31 of the Ontario *Mortgages Act*, as the case may be, shall not be required.
- (l) to apply for any vesting order or other orders necessary to convey the Property or any part or parts thereof to a purchaser or purchasers thereof, free and clear of any liens or encumbrances affecting such Property;
- (m) to report to, meet with and discuss with such affected Persons (as defined below) as the Receiver deems appropriate on all matters relating to the Property and the receivership, and to share information, subject to such terms as to confidentiality as the Receiver deems advisable;
- (n) to register a copy of this Order and any other Orders in respect of the Property against title to any of the Property;
- (o) to apply for any permits, licences, approvals or permissions as may be required by any governmental authority and any renewals thereof for and

on behalf of and, if thought desirable by the Receiver, in the name of the Debtor;

- (p) to enter into agreements with any trustee in bankruptcy appointed in respect of the Debtor, including, without limiting the generality of the foregoing, the ability to enter into occupation agreements for any property owned or leased by the Debtor;
- (q) to exercise any shareholder, partnership, joint venture or other rights which the Debtor may have; and
- (r) to take any steps reasonably incidental to the exercise of these powers or the performance of any statutory obligations.

and in each case where the Receiver takes any such actions or steps, it shall be exclusively authorized and empowered to do so, to the exclusion of all other Persons (as defined below), including the Debtor, and without interference from any other Person.

DUTY TO PROVIDE ACCESS AND CO-OPERATION TO THE RECEIVER

4. **THIS COURT ORDERS** that (i) the Debtor, (ii) all of its current and former directors, officers, employees, agents, accountants, legal counsel and shareholders, and all other persons acting on its instructions or behalf, and (iii) all other individuals, firms, corporations, governmental bodies or agencies, or other entities having notice of this Order (all of the foregoing, collectively, being "Persons" and each being a "**Person**") shall forthwith advise the Receiver of the existence of any Property in such Person's possession or control, shall grant immediate and continued access to the Property to the Receiver, and shall deliver all such Property to the Receiver upon the Receiver's request.

5. **THIS COURT ORDERS** that all Persons shall forthwith advise the Receiver of the existence of any books, documents, securities, contracts, orders, corporate and accounting records, and any other papers, records and information of any kind related to the business or affairs of the Debtor, and any computer programs, computer tapes, computer disks, or other data storage media containing any such information (the foregoing, collectively, the "**Records**") in

that Person's possession or control, and shall provide to the Receiver or permit the Receiver to make, retain and take away copies thereof and grant to the Receiver unfettered access to and use of accounting, computer, software and physical facilities relating thereto, provided however that nothing in this paragraph 5 or in paragraph 6 of this Order shall require the delivery of Records, or the granting of access to Records, which may not be disclosed or provided to the Receiver due to the privilege attaching to solicitor-client communication or due to statutory provisions prohibiting such disclosure.

6. **THIS COURT ORDERS** that if any Records are stored or otherwise contained on a computer or other electronic system of information storage, whether by independent service provider or otherwise, all Persons in possession or control of such Records shall forthwith give unfettered access to the Receiver for the purpose of allowing the Receiver to recover and fully copy all of the information contained therein whether by way of printing the information onto paper or making copies of computer disks or such other manner of retrieving and copying the information as the Receiver in its discretion deems expedient, and shall not alter, erase or destroy any Records without the prior written consent of the Receiver. Further, for the purposes of this paragraph, all Persons shall provide the Receiver with all such assistance in gaining immediate access to the information in the Records as the Receiver may in its discretion require including providing the Receiver with instructions on the use of any computer or other system and providing the Receiver with any and all access codes, account names and account numbers that may be required to gain access to the information.

7. **THIS COURT ORDERS** that the Receiver shall provide each of the relevant landlords with notice of the Receiver's intention to remove any fixtures from any leased premises at least seven (7) days prior to the date of the intended removal. The relevant landlord shall be entitled to have a representative present in the leased premises to observe such removal and, if the landlord disputes the Receiver's entitlement to remove any such fixture under the provisions of the lease, such fixture shall remain on the premises and shall be dealt with as agreed between any applicable secured creditors, such landlord and the Receiver, or by further Order of this Court upon application by the Receiver on at least two (2) days notice to such landlord and any such secured creditors.

NO PROCEEDINGS AGAINST THE RECEIVER

8. **THIS COURT ORDERS** that no proceeding or enforcement process in any court or tribunal (each, a “**Proceeding**”), shall be commenced or continued against the Receiver except with the written consent of the Receiver or with leave of this Court.

NO PROCEEDINGS AGAINST THE DEBTOR OR THE PROPERTY

9. **THIS COURT ORDERS** that no Proceeding against or in respect of the Debtor or the Property shall be commenced or continued except with the written consent of the Receiver or with leave of this Court and any and all Proceedings currently under way against or in respect of the Debtor or the Property are hereby stayed and suspended pending further Order of this Court.

NO EXERCISE OF RIGHTS OR REMEDIES

10. **THIS COURT ORDERS** that all rights and remedies against the Debtor, the Receiver, or affecting the Property, are hereby stayed and suspended except with the written consent of the Receiver or leave of this Court, provided however that this stay and suspension does not apply in respect of any “eligible financial contract” as defined in the BIA, and further provided that nothing in this paragraph shall (i) empower the Receiver or the Debtor to carry on any business which the Debtor is not lawfully entitled to carry on, (ii) exempt the Receiver or the Debtor from compliance with statutory or regulatory provisions relating to health, safety or the environment, (iii) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien.

NO INTERFERENCE WITH THE RECEIVER

11. **THIS COURT ORDERS** that no Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by the Debtor, without written consent of the Receiver or leave of this Court.

CONTINUATION OF SERVICES

12. **THIS COURT ORDERS** that all Persons having oral or written agreements with the Debtor or statutory or regulatory mandates for the supply of goods and/or services, including

without limitation, all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation services, utility or other services to the Debtor are hereby restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by the Receiver, and that the Receiver shall be entitled to the continued use of the Debtor's current telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the date of this Order are paid by the Receiver in accordance with normal payment practices of the Debtor or such other practices as may be agreed upon by the supplier or service provider and the Receiver, or as may be ordered by this Court.

RECEIVER TO HOLD FUNDS

13. **THIS COURT ORDERS** that all funds, monies, cheques, instruments, and other forms of payments received or collected by the Receiver from and after the making of this Order from any source whatsoever, including without limitation the sale of all or any of the Property and the collection of any accounts receivable in whole or in part, whether in existence on the date of this Order or hereafter coming into existence, shall be deposited into one or more new accounts to be opened by the Receiver (the “**Post Receivership Accounts**”) and the monies standing to the credit of such Post Receivership Accounts from time to time, net of any disbursements provided for herein, shall be held by the Receiver to be paid in accordance with the terms of this Order or any further Order of this Court.

EMPLOYEES

14. **THIS COURT ORDERS** that the Receiver shall not be liable for any employee-related liabilities, including any successor employer liabilities as provided for in section 14.06(1.2) of the BIA, other than such amounts as the Receiver may specifically agree in writing to pay, or in respect of its obligations under sections 81.4(5) or 81.6(3) of the BIA or under the *Wage Earner Protection Program Act*.

PIPEDA

15. **THIS COURT ORDERS** that, pursuant to clause 7(3)(c) of the *Canada Personal Information Protection and Electronic Documents Act*, the Receiver shall disclose personal

information of identifiable individuals to prospective purchasers or bidders for the Property and to their advisors, but only to the extent desirable or required to negotiate and attempt to complete one or more sales of the Property (each, a “**Sale**”). Each prospective purchaser or bidder to whom such personal information is disclosed shall maintain and protect the privacy of such information and limit the use of such information to its evaluation of the Sale, and if it does not complete a Sale, shall return all such information to the Receiver, or in the alternative destroy all such information. The purchaser of any Property shall be entitled to continue to use the personal information provided to it, and related to the Property purchased, in a manner which is in all material respects identical to the prior use of such information by the Debtor, and shall return all other personal information to the Receiver, or ensure that all other personal information is destroyed.

LIMITATION ON ENVIRONMENTAL LIABILITIES

16. **THIS COURT ORDERS** that nothing herein contained shall require the Receiver to occupy or to take control, care, charge, possession or management (separately and/or collectively, “**Possession**”) of any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination including, without limitation, the *Canadian Environmental Protection Act*, the *Ontario Environmental Protection Act*, the *Ontario Water Resources Act*, or the *Ontario Occupational Health and Safety Act* and regulations thereunder (the “**Environmental Legislation**”), provided however that nothing herein shall exempt the Receiver from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Receiver shall not, as a result of this Order or anything done in pursuance of the Receiver's duties and powers under this Order, be deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation, unless it is actually in possession.

LIMITATION ON THE RECEIVER'S LIABILITY

17. **THIS COURT ORDERS** that the Receiver shall incur no liability or obligation as a result of its appointment or the carrying out the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part, or in respect of its obligations under sections 81.4(5) or 81.6(3) of the BIA or under the *Wage Earner Protection Program Act*. Nothing in this Order shall derogate from the protections afforded the Receiver by section 14.06 of the BIA or by any other applicable legislation.

RECEIVER'S ACCOUNTS

18. **THIS COURT ORDERS** that the Receiver and counsel to the Receiver shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges unless otherwise ordered by the Court on the passing of accounts, and that the Receiver and counsel to the Receiver shall be entitled to and are hereby granted a charge (the “**Receiver's Charge**”) on the Property, as security for such fees and disbursements, both before and after the making of this Order in respect of these proceedings, and that the Receiver's Charge shall form a first charge on the Property in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subject to sections 14.06(7), 81.4(4), and 81.6(2) of the BIA.

19. **THIS COURT ORDERS** that the Receiver and its legal counsel shall pass its accounts from time to time, and for this purpose the accounts of the Receiver and its legal counsel are hereby referred to a judge of the Commercial List of the Ontario Superior Court of Justice.

20. **THIS COURT ORDERS** that prior to the passing of its accounts, the Receiver shall be at liberty from time to time to apply reasonable amounts, out of the monies in its hands, against its fees and disbursements, including legal fees and disbursements, incurred at the standard rates and charges of the Receiver or its counsel, and such amounts shall constitute advances against its remuneration and disbursements when and as approved by this Court.

FUNDING OF THE RECEIVERSHIP

21. **THIS COURT ORDERS** that the Receiver be at liberty and it is hereby empowered to borrow by way of a revolving credit or otherwise, such monies from time to time as it may

consider necessary or desirable, provided that the outstanding principal amount does not exceed \$1,000,000 (or such greater amount as this Court may by further Order authorize) at any time, at such rate or rates of interest as it deems advisable for such period or periods of time as it may arrange, for the purpose of funding the exercise of the powers and duties conferred upon the Receiver by this Order, including interim expenditures. The whole of the Property shall be and is hereby charged by way of a fixed and specific charge (the “**Receiver's Borrowings Charge**”) as security for the payment of the monies borrowed, together with interest and charges thereon, in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subordinate in priority to the Receiver’s Charge and the charges as set out in sections 14.06(7), 81.4(4), and 81.6(2) of the BIA.

22. **THIS COURT ORDERS** that neither the Receiver's Borrowings Charge nor any other security granted by the Receiver in connection with its borrowings under this Order shall be enforced without leave of this Court.

23. **THIS COURT ORDERS** that the Receiver is at liberty and authorized to issue certificates substantially in the form annexed as Schedule "A" hereto (the “**Receiver’s Certificates**”) for any amount borrowed by it pursuant to this Order.

24. **THIS COURT ORDERS** that the monies from time to time borrowed by the Receiver pursuant to this Order or any further order of this Court and any and all Receiver’s Certificates evidencing the same or any part thereof shall rank on a *pari passu* basis, unless otherwise agreed to by the holders of any prior issued Receiver's Certificates.

SERVICE AND NOTICE

25. **THIS COURT ORDERS** that the E-Service Protocol of the Commercial List (the “**Protocol**”) is approved and adopted by reference herein and, in this proceeding, the service of documents made in accordance with the Protocol (which can be found on the Commercial List website at <http://www.ontariocourts.ca/scj/practice/practice-directions/toronto/e-service-protocol/>) shall be valid and effective service. Subject to Rule 17.05 this Order shall constitute an order for substituted service pursuant to Rule 16.04 of the Rules of Civil Procedure. Subject to Rule 3.01(d) of the Rules of Civil Procedure and paragraph 21 of the Protocol, service of documents in accordance with the Protocol will be effective on transmission. This Court further

orders that a Case Website shall be established in accordance with the Protocol with the following URL '<https://www.ksvadvisory.com/experience/case/utilcanada>'.

26. **THIS COURT ORDERS** that if the service or distribution of documents in accordance with the Protocol is not practicable, the Receiver is at liberty to serve or distribute this Order, any other materials and orders in these proceedings, any notices or other correspondence, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery or facsimile transmission to the Debtor's creditors or other interested parties at their respective addresses as last shown on the records of the Debtor and that any such service or distribution by courier, personal delivery or facsimile transmission shall be deemed to be received on the next business day following the date of forwarding thereof, or if sent by ordinary mail, on the third business day after mailing.

GENERAL

27. **THIS COURT ORDERS** that the Receiver may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.

28. **THIS COURT ORDERS** that nothing in this Order shall prevent the Receiver from acting as a trustee in bankruptcy of the Debtor.

29. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States to give effect to this Order and to assist the Receiver and its agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Receiver, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Receiver and its agents in carrying out the terms of this Order.

30. **THIS COURT ORDERS** that the Receiver be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order, and that the Receiver is authorized and empowered to act as a representative in respect of the within

proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.

31. **THIS COURT ORDERS** that the Applicant shall have its costs of this application, up to and including entry and service of this Order, provided for by the terms of the Applicant's security or, if not so provided by the Applicant's security, then on a substantial indemnity basis to be paid by the Receiver from the Debtor's estate with such priority and at such time as this Court may determine.

32. **THIS COURT ORDERS** that any interested party may apply to this Court to vary or amend this Order on not less than seven (7) days' notice to the Receiver and to any other party likely to be affected by the order sought or upon such other notice, if any, as this Court may order.



Digitally signed by
Peter Cavanagh

SCHEDULE "A"

RECEIVER CERTIFICATE

CERTIFICATE NO. _____

AMOUNT \$ _____

1. THIS IS TO CERTIFY that KSV Restructuring Inc., the receiver (the "**Receiver**") of the assets, undertakings and properties of Util Canada Limited (the "**Debtor**") acquired for, or used in relation to a business carried on by the Debtor, including all proceeds thereof (collectively, the "**Property**") appointed by Order of the Ontario Superior Court of Justice (Commercial List) (the "**Court**") dated the ____ day of _____, 20__ (the "**Order**") made in an action having Court file number ____-CL-_____, has received as such Receiver from the holder of this certificate (the "**Lender**") the principal sum of \$ _____, being part of the total principal sum of \$ _____ which the Receiver is authorized to borrow under and pursuant to the Order.

2. The principal sum evidenced by this certificate is payable on demand by the Lender with interest thereon calculated and compounded [daily][monthly not in advance on the _____ day of each month] after the date hereof at a notional rate per annum equal to the rate of _____ per cent above the prime commercial lending rate of Bank of _____ from time to time.

3. Such principal sum with interest thereon is, by the terms of the Order, together with the principal sums and interest thereon of all other certificates issued by the Receiver pursuant to the Order or to any further order of the Court, a charge upon the whole of the Property, in priority to the security interests of any other person, but subject to the priority of the charges set out in the Order and in the *Bankruptcy and Insolvency Act*, and the right of the Receiver to indemnify itself out of such Property in respect of its remuneration and expenses.

4. All sums payable in respect of principal and interest under this certificate are payable at the main office of the Lender at Toronto, Ontario.

5. Until all liability in respect of this certificate has been terminated, no certificates creating charges ranking or purporting to rank in priority to this certificate shall be issued by the Receiver to any person other than the holder of this certificate without the prior written consent of the holder of this certificate.

6. The charge securing this certificate shall operate so as to permit the Receiver to deal with the Property as authorized by the Order and as authorized by any further or other order of the Court.

7. The Receiver does not undertake, and it is not under any personal liability, to pay any sum in respect of which it may issue certificates under the terms of the Order.

DATED the ____ day of _____, 20__.

KSV RESTRUCTURING INC., solely in its
capacity as Receiver of the Property, and not in
its personal capacity

Per: _____

Name:

Title:

DeA CAPITAL ALTERNATIVE FUNDS SGR S.p.A., as managing company
of Italian closed-end investment Fund IDeA CCR (Corporate Credit Recovery) I

and

UTIL CANADA LIMITED

Applicant

Respondent

ONTARIO
**SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

PROCEEDINGS COMMENCED AT TORONTO

ORDER
(appointing Receiver)

DLA PIPER (CANADA) LLP
1 First Canadian Place, Suite 6000
100 King Street West
Toronto, ON M5X 1E2

Edmond F.B. Lamek (LSO No. 33338U)
Tel.: (416) 365-3444
Email: edmond.lamek@dlapiper.com

Lawyers for DeA Capital Alternative Funds SGR S.p.A., as managing
company of Italian closed-end investment Fund IDeA CCR (Corporate
Credit Recovery) I

Appendix “B”



Acquisition Opportunity

Leading Tier 3 supplier of fine blanking components to the automotive sector.

Business Overview

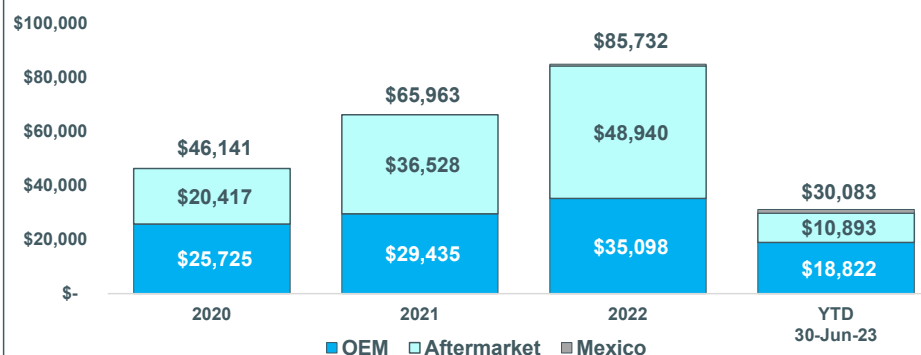
- Util Canada Limited (“Util” or the “Company”) is a leading Tier 3 supplier of automotive brake backing plates, brake hardware, brake shoes, shims and other braking system components for the original equipment market and automotive aftermarket. The Company’s products are used in braking systems for passenger vehicles, light trucks, and medium-duty vehicles across several major automotive platforms. Util also manufactures seat component hardware and other components for the automotive and industrial segments.
- The Company specializes in fine blanking manufacturing of large quantities of high-precision, high-quality finished products. Util’s fine blanking capabilities allow for reliable production in compliance with rigorous design tolerances. Util is a market leader within the fine blanking space and is one of a small number of manufacturers with fine blanking expertise, know-how and production capabilities.
- Util also provides conventional blanking solutions (for products with less stringent design tolerances) and tool engineering design capabilities to meet the auto industry’s most technical challenges.
- An opportunity exists to acquire any or all of the business and assets of Util (the “Opportunity”).**

State-of-the-Art Production Facility and Equipment

- Util operates from a leased 200,000+ square foot, turnkey facility located at 270 Spinnaker Way, Concord, Ontario. The facility is strategically located within the Greater Toronto Area with ease of access to major transportation arteries and Pearson International Airport. The Company is ISO 9001 and IATF 16949 certified.
- The Concord facility is equipped with 10 fine blanking presses, 13 conventional presses and additional presses and equipment for hardware, shim and other product manufacturing.
- The Company also has an interest in a manufacturing facility with 2 fine blanking presses, and other equipment in Monterrey, Mexico.

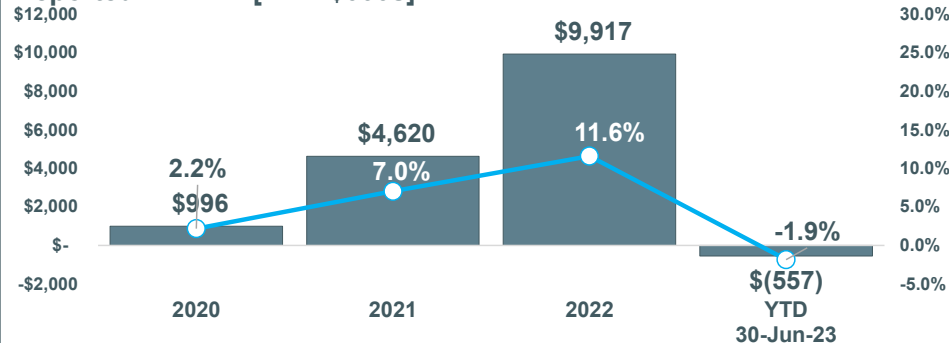
Financial Profile ⁽¹⁾

Revenue by Division [CAD \$000s]



- Strong revenue growth across both business lines. Aftermarket revenue growth averaged 55% per annum, as Util capitalized on opportunities presented by disruptions in the global automotive supply chain. OEM revenue increased at an average of 17% per annum driven by increased demand for Util’s components for new vehicles.
- The Company was historically profitable and is positioned for sustainable, profitable operations following a restructuring.

Reported EBITDA [CAD \$000s]



\$85.7 million
FY22 Revenue

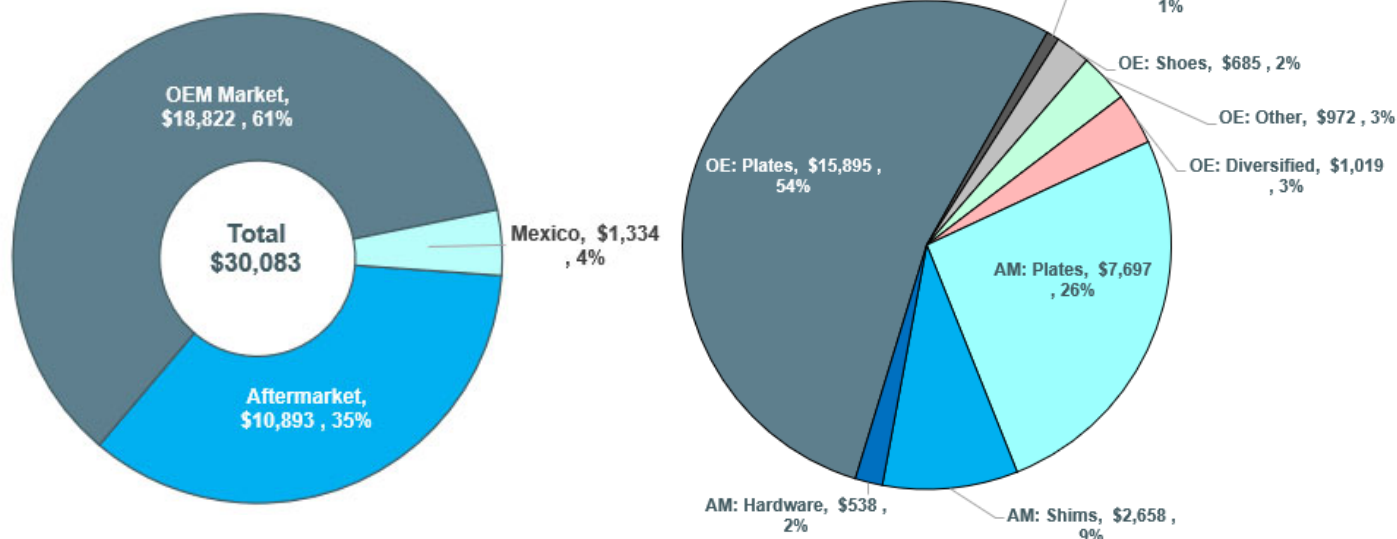
~ 85 million total
units produced
FY22

~ 60%/40%
YTD 2023 OEM vs.
Aftermarket Sales Mix



(1) Financial results are based on Util’s unaudited management prepared financial statements. Reported EBITDA has not been adjusted for non-recurring or unusual amounts. Year-to-date (“YTD”) amounts for Mexico reflect results for the 5-months ended May 31, 2023.

YTD 30-Jun-23 Sales Mix by Division and Product⁽¹⁾



Key Investment Highlights

Fine Blanking Expertise

- Market leader in fine blanking manufacturing – capable of providing high quality finished products meeting design tolerances down to a hundredth of a millimeter.
- Fine blanking provides quality assurance and control advantages over conventional presses enhancing the offering and value proposition to customers.

Patented Retention Hook

- Canadian patent over proprietary SL5 retention hook design and manufacturing process used in production of plates requiring additional friction. Util is one of a specialized group of suppliers with similar capabilities and operates 7 presses dedicated to SL5 products.

Extensive Inventory of Tools and Dies

- Extensive company-owned inventory of tools and dies to service the aftermarket. Provides a buyer with turnkey access to manufacturing capabilities that would take several years to replicate. Util manufactured over 66.5 million parts for the aftermarket segment in 2022.

Turnkey Operations

- Strategically located state-of-the-art turnkey facility with recent investment of USD \$5.0 million. Synergistic opportunities for a strategic buyer to increase production from existing facilities.
- Experienced workforce with extensive tooling design and engineering capabilities.

Strong Customer Reliance

- Several OEM customers are reliant on Util's fine blanking products for the uninterrupted supply of their automotive manufacturing processes. Util's products are used in a wide array of OEM automotive platforms and high-end vehicles.

Mexico Expansion Opportunity

- Util operates 2 high tonnage presses in Mexico, an operation it started in mid-2022. There is an opportunity for continued growth of the Company's Mexican operations which are strategically located in Monterrey.



Acquisition Opportunity

Positioned For Long-Term Sustainable Profitability

The Restructuring Process

On August 8, 2023 KSV Restructuring Inc. (“**KSV**”) was appointed as Receiver of the Company’s property, assets and undertakings pursuant to an order of the Ontario Superior Court of Justice (Commercial List) (the “**Court**”).

The principal purposes of the proceeding are to create a stabilized environment to allow the Receiver to conduct a sale process (the “**Sale Process**”) and to allow customers to transition to other vendors, if required.

The Sale Process

All of Util’s property, assets and undertakings are being offered for sale. The Receiver will consider offers for all or a portion of Util’s business and assets. The sale of the assets or any portion thereof shall be on an “as is, where is”, without material representations, warranties, or guarantees of any kind.

Any party that wishes to participate in the Sales Process must provide: (a) an executed copy of the attached non-disclosure agreement (“**NDA**”) (attention Neil de Gray, ndegray@ksvadvisory.com); and (b) a letter setting forth the identity and contact information of the potential bidder.

Interested parties that comply with the foregoing may be granted access, in the Receiver’s sole discretion, to additional information that will be available in a virtual data room. Parties are invited to submit a bid based on the information contained in the virtual data room and herein. Bids are to be prepared in the prescribed form based on the proposed purchase agreement as contained in the virtual data room.

The Receiver will review all qualified bids and select the highest and/or best offer(s). The sale to any successful bidder is expressly conditional upon the approval of such bid by the Court.

Process Timeline and Key Dates

The Receiver intends to seek Court approval of the Sale Process on September 15, 2023. The contemplated key dates in the Sale Process are provided in the table below and will be further discussed in a report that the Receiver will make available on the Receiver’s website at [Util Canada Limited](#). Prospective bidders are strongly encouraged to review the terms and conditions of the Sale Process. The following table sets out the key milestones of the Sale Process.

Milestone	Date
Commencement of Sale Process	No later than September 1, 2023
Binding Offer Deadline	October 2, 2023, at 5:00 PM (EST)
Deadline to notify Qualified Bidders	No later than October 10, 2023
Selection of Successful Bidder	October 16, 2023

These timelines are subject to change in the discretion of the Receiver and as permitted by the Court order approving the Sale Process. The Receiver is not obligated to accept any offer in the Sale Process, and the Receiver is entitled to preclude any party from participating in the Sale Process. Any transaction resulting from the Sale Process will be subject to Court approval.

Contact Information

KSV Restructuring Inc.
220 Bay Street, Suite 1300
Toronto, Ontario M5J 2W4

Neil de Gray,
Managing Director
ndegray@ksvadvisory.com
(416) 932 6223



DeA CAPITAL ALTERNATIVE FUNDS SGR S.p.A.
as managing company of Italian closed-end investment
Fund IDeA CCR (Corporate Credit Recovery) I

- and -

UTIL CANADA LIMITED

Applicant

Respondent

Court File No. CV-23-00703958-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

Proceedings commenced at Toronto

**First Report to Court of
KSV Restructuring Inc. as Receiver**

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*Lawyers for KSV Restructuring Inc., in its capacity
as the Court-appointed Receiver*