

Court File No. CV-24-00723586-00CL

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

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

**AND IN THE MATTER OF A PLAN OF COMPROMISE OR  
ARRANGEMENT OF OLD TBS CANADA LIMITED**

**MOTION RECORD  
(Claims Procedure Order)**

February 12, 2025

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Monitor of Old TBS Canada Limited*

TO: SERVICE LIST

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# **TAB 1**

**ONTARIO  
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**IN THE MATTER OF THE COMPANIES' CREDITORS  
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**AND IN THE MATTER OF A PLAN OF COMPROMISE OR  
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**NOTICE OF MOTION  
(Claims Procedure Order)**

Alvarez & Marsal Canada Inc. (“**A&M**”), in its capacity as the Court-appointed monitor (in such capacity, the “**Monitor**”) of Old TBS Canada Limited (f/k/a The Body Shop Canada Limited) (the “**Company**”), will make a motion before the Honourable Justice Osborne of the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) on February 19, 2025 at 10:00 a.m., or as soon after that time as the Motion can be heard.

**PROPOSED METHOD OF HEARING:** The Motion is to be heard

- ☐ In writing under subrule 37.12.1(1);
- ☐ In writing as an opposed motion under subrule 37.12.1(4);
- ☐ In person;
- ☐ By telephone conference;
- ☒ By video conference.

At a Zoom link to be provided by the Court in advance of the motion.

**THE MOTION IS FOR**

1. An Order (the “**Claims Procedure Order**”) substantially in the form attached at Tab 3 of the Monitor’s Motion Record, *inter alia*:

- (a) abridging the time for and validating the service of this Notice of Motion and the Motion Record and dispensing with further service thereof;
- (b) establishing a procedure for the identification, quantification and resolution of claims against the Company and its directors and officers (the “**Claims Procedure**”); and
- (c) extending the Stay Period (as defined below) to and including December 31, 2025.

2. Such further and other Relief as to this Honourable Court may seem just.

**THE GROUNDS FOR THE MOTION ARE:**

***Background***

3. The Company, previously a retailer specializing in the sale of skincare, haircare, bath and body products under the “The Body Shop” brand, is a wholly owned subsidiary of TBSI Realisations Limited (formerly The Body Shop International Limited) (the “**UK Parent**”) that historically relied on the UK Parent for services, including purchasing, accounting and cash management.

4. The Company found itself in a liquidity crisis on February 13, 2024 when the UK Parent unexpectedly filed for administration in the United Kingdom and funding was cut off for the Company without prior notice.

5. On March 1, 2024, the Company filed a notice of intention (“**NOI**”) to make a proposal under the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c B-3, as amended, and A&M was appointed as the proposal trustee in the NOI proceeding (in such capacity, the “**Proposal Trustee**”).

6. On July 5, 2024, the Company sought and obtained, among other orders:

- (a) an Order (the “**Initial Order**”) pursuant to the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “**CCAA**”), among other things:
  - (i) authorizing the continuation of the NOI proceeding under the CCAA;
  - (ii) appointing A&M as the Monitor;
  - (iii) granting a stay of proceedings in respect of the Debtor until and including October 8, 2024 (the “**Stay Period**”)<sup>1</sup>; and
  - (iv) granting a D&O Charge and Administration Charge (each as defined in the Initial Order) over the Property in the amounts of \$2,100,000 and \$700,000, respectively;
- (b) a Sale Process Order (the “**Sale Process Order**”), among other things, authorizing and directing the Company and the Monitor to conduct a sale process in respect of the assets and business of the Company (the “**Sale Process**”) and approving the Procedures (as defined in the Sale Process) in respect of the Sale Process; and

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<sup>1</sup> The Stay Period was subsequently extended to December 13, 2024 pursuant to an Order dated October 4, 2024.

- (c) an Order, among other things, terminating the NOI proceeding and discharging and releasing the Proposal Trustee.

***The Sale of the Company's Assets and Business***

7. In accordance with the Sale Process Order, the Company and the Monitor conducted the Sale Process, including continuing certain efforts that began in the NOI proceeding, which culminated in an asset purchase agreement dated as of December 6, 2024 (as amended, the “**APA**”) with Body and Lotion Inc. (previously 1001072685 Ontario Inc.), as purchaser (the “**Purchaser**”).

8. To effectuate the transactions contemplated under the APA (collectively, the “**Transaction**”), on December 13, 2024, the Company sought the following orders:

- (a) an Approval and Vesting Order (the “**AVO**”), among other things, approving the Transaction and, upon the delivery of a certificate substantially in the form attached as a schedule to the AVO (the “**Monitor's Certificate**”), vesting all of the Company's right, title and interest in and to the Purchased Assets in the Purchaser free and clear of all claims and encumbrances other than the Permitted Encumbrances (each as defined in the APA);
- (b) an Assignment Order, assigning, conveying and transferring to the Purchaser the rights and obligations of the Company under the Assigned Contracts (as defined in the APA); and
- (c) an Order, granting certain declaratory relief in favour of, among others, the Company, the Monitor and the Purchaser, related to Canadian franchise statutes, as required to effectuate the Transaction.

9. Also on December 13, 2024, the Company sought and obtained an Order (the “**Ancillary Order**”), among other things:

- (a) effective upon the delivery of the Monitor’s Certificate, expanding the Monitor’s powers and granting certain additional protections in favour of the Monitor, including authorizing the Monitor to hold the proceeds from the Transaction and make payments from such proceeds as the Monitor deems necessary and appropriate in accordance with any claims process conducted in respect of the Company and oversee the wind-down activities of the Company;
- (b) declaring that, pursuant to subsections 5(1)(b)(iv) and 5(g) of the *Wage Earner Protection Program Act*, S.C. 2006, c. 47 s. 1, as amended (the “**WEPP Act**”), the Company meets the criteria prescribed by section 3.2 of the *Wage Earner Protection Program Regulations*, SOR/2008-222;
- (c) extending the stay of proceedings to and including March 31, 2025; and
- (d) amending the style of cause in this CCAA proceeding following the closing of the Transaction.

10. The Monitor’s Certificate was delivered on December 16, 2024, at which time the Transaction closed.



*The Claims Procedure*<sup>2</sup>

11. The proposed Claims Procedure is intended to provide a comprehensive, fair and expeditious means of identifying, quantifying and resolving Claims against the Company and its Directors and Officers so that the Company can ultimately distribute the remaining assets to creditors.

12. Pursuant to the proposed Claims Procedure Order, notice of the Claims Procedure will be provided in the following ways, among others:

- (a) no later than ten Business Days following the granting of the Claims Procedure Order, the Monitor will cause the Claims Package to be delivered to each of the Potential Claimants;
- (b) publication of the Notice Letter in The Globe and Mail (National Edition) as soon as practicable after the date of the Claims Procedure Order;
- (c) posting the Claims Procedure Order, the Monitor's Motion Record in respect of the Claims Procedure Order, and the Claims Package on the Monitor's Website as soon as practicable after the date of the Claims Procedure Order;
- (d) delivery by the Monitor of a copy of the Claims Package to any Person claiming to be a Claimant and requesting such material in writing; and

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<sup>2</sup> Capitalized terms used in this section and not otherwise defined have the meanings ascribed to them in the Claims Procedure Order.

- (e) delivery of a Claims Package to any party receiving a notice of disclaimer or resiliation after the date of the Claims Procedure Order.

13. The proposed Claims Procedure provides that any Claimant asserting any Claim against the Company and/or any Director or Officer shall set out its aggregate Claim, along with all supporting documentation, in a Proof of Claim, to be delivered to the Monitor such that it is received by the Claims Bar Date or the Restructuring Period Claims Bar Date, as applicable.

14. The Claims Bar Date is 5:00 p.m. (Eastern Prevailing Time) on April 21, 2025, or such later date as may be ordered by the Court. The Restructuring Period Claims Bar Date is the later of (i) the Claims Bar Date and (ii) 5:00 p.m. (Eastern Prevailing Time) on the date that is twenty (20) Calendar Days after the date on which the Monitor sends a Claims Package with respect to a Restructuring Period Claim to a Claimant.

15. Pursuant to the proposed Claims Procedure Order, the Monitor will review all Proofs of Claim received by the applicable bar date and shall accept, revise and/or disallow the classification, nature and/or amount of each Claim for voting and/or distribution purposes.

16. If the Monitor revises and/or disallows any Claim received, in whole or in part, the Monitor is required to send a Notice of Revision or Disallowance describing the basis for any revision to, or disallowance of, a Claimant's Claim. Any Claimant who wishes to dispute a Notice of Revision or Disallowance must deliver a Notice of Dispute of Revision or Disallowance by no later than 5:00 p.m. (Eastern Prevailing Time) on the date that is fourteen (14) Calendar Days after the date the applicable Claimant is deemed to have received such notice in accordance with the terms of the Claims Procedure Order. Where no such Notice of Dispute of Revision or Disallowance is

delivered, the classification, nature and amount of the applicable Claim shall be deemed to be as set out in the Notice of Revision or Disallowance.

17. To the extent that any Claim filed in accordance with the Claims Procedure Order includes a Claim against an Officer or Director, it is proposed that a corresponding D&O Indemnity Claim will be deemed to have been filed in respect of such Claim prior to the Claims Bar Date or the Restructuring Period Claims Bar Date, as applicable.

18. Taken together, the Monitor believes that the proposed Claims Procedure provides a fair, flexible, efficient, and reasonable means of identifying and determining Claims against the Company and the Directors and Officers.

19. If approved, the proposed Claims Procedure will allow the Monitor to ascertain the potential universe of Claims that may exist against the Company and the Directors and Officers. The proposed Claims Procedure will thereby also enable the Monitor to obtain the requisite information to seek approval of a process to make one or more distributions to the Company's creditors on a subsequent motion in this CCAA proceeding.

### ***The Stay of Proceedings***

20. The stay of proceedings granted under the Ancillary Order will expire on March 31, 2025. Pursuant to the proposed Claims Procedure Order, the Monitor is seeking to extend the Stay Period to and including December 31, 2025.

21. The proposed extension of the Stay of Proceedings will maintain the status quo and provide the breathing room and stability necessary to, among other things:

- (a) complete the proposed Claims Procedure and resolve any disputed Claims therein in accordance with the Claims Procedure Order;
- (b) permit the Monitor to provide a report to Court and the creditors on the nature of the claims received;
- (c) allow the Monitor to continue to work with the Company's UK counsel to assert claims against the UK Parent; and
- (d) allow the Monitor, exercising its powers under the Ancillary Order, to seek approval of one or more distributions to the Company's creditors and otherwise administer the Company's estate and wind-down of the CCAA Proceeding, including a potential assignment into bankruptcy.

22. The anticipated costs through the extended Stay Period are expected to be modest and consist primarily of professional fees of the Monitor, and the Monitor's Counsel, and will be funded by funds currently on hand.

23. The Monitor intends to provide a report to the Court on the results of the Claims Procedure and the progress of its asserted claim against the UK Parent, if any, during the Stay Period to ensure the Court and stakeholders of the Company remain informed of the status of the CCAA proceeding.

24. In the circumstances, the Monitor is of the view that the proposed extension of the Stay Period is reasonable and appropriate in the circumstances. The Monitor is not aware of any creditor that would be materially prejudiced by the proposed extension of the stay of proceedings.

***Other Grounds***

25. The provisions of the CCAA and the inherent and equitable jurisdiction of the Court.
26. Rules 1.04, 1.05, 2.01, 2.03, 3.02, 16 and 37 of the Rules of Civil Procedure R.R.O. 1990, Reg. 194, as amended and section 106 of the Courts of Justice Act, R.S.O. 1990, c. C. 43, as amended.
27. Such further and other grounds as counsel may advise and the Court may permit.

**THE FOLLOWING DOCUMENTARY EVIDENCE** will be used at the hearing of the Motion:

- (a) the Third Report of the Monitor dated February 12, 2025, including the appendices attached thereto; and
- (b) such further and other material as counsel may advise and this Honourable Court may permit.

February 12, 2025

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**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

PROCEEDING COMMENCED AT  
TORONTO

**NOTICE OF MOTION  
(CLAIMS PROCEDURE ORDER)**

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## **TAB 2**

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

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

**AND IN THE MATTER OF A PLAN OF COMPROMISE OR  
ARRANGEMENT OF OLD TBS CANADA LIMITED**

**THIRD REPORT OF THE MONITOR  
ALVAREZ & MARSAL CANADA INC.**

**FEBRUARY 12, 2025**



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## **APPENDICES**

**Appendix A – Second Report of the Monitor (without appendices)**

## 1.0 INTRODUCTION

- 1.1 On March 1, 2024 (the “**Filing Date**”), Old TBS Canada Limited (f/k/a The Body Shop Canada Limited) (“**TBS Canada**” or the “**Company**”) filed a Notice of Intention to Make a Proposal (“**NOI**”) pursuant to Section 50.4(1) of the *Bankruptcy and Insolvency Act* (Canada), R.S.C. 1985, c. B-3 (the “**BIA**”) and Alvarez & Marsal Canada Inc. (“**A&M**”) was appointed as Proposal Trustee of the Company (the “**Proposal Trustee**”).
- 1.2 On the Filing Date, TBS Canada was a subsidiary of The Body Shop International Limited (now known as TBSI Realisations Limited) (the “**UK Parent**”). Prior to the Company filing the NOI, on February 13, 2024, the UK Parent commenced administration proceedings in the United Kingdom (the “**UK Administration Proceeding**”) and individuals of the firm FRP Advisory Trading Limited were appointed as joint administrators of the UK Parent.
- 1.3 Facing a liquidity crisis and other challenges caused by the commencement of the UK Administration Proceeding, TBS Canada filed the NOI, commencing a proceeding (the “**NOI Proceeding**”) to provide the stability and flexibility necessary to evaluate its strategic alternatives and explore various going concern alternatives, while also commencing a closure of a subset of store locations.
- 1.4 On March 4, 2024, the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) granted an Order (the “**March 4 Order**”) which, among other things:
- (i) extended the time to file a proposal, and expanded and extended the stay of proceedings triggered under the BIA by the NOI filing, until and including April

16, 2024; and

- (ii) approved the Administration Charge and the D&O Charge over the Property (each as defined in the March 4 Order).

1.5 On April 15, 2024, the Court granted an Order (the “**April 15 Order**”) which, among other things further extended the time for TBS Canada to file a proposal under the BIA to May 31, 2024 and granted the KERP Charge (as defined in the April 15 Order).

1.6 On May 30, 2024, the Court granted an Order which, among other things, further extended the time for TBS Canada to file a proposal under the BIA to July 12, 2024.

1.7 On July 5, 2024, the Court granted three Orders:

- (i) an Order which, among other things:
  - (a) authorized the continuation of the NOI Proceeding under the *Companies’ Creditors Arrangement Act*, RSC 1985, c. C-36 (the “**CCAA**”, and such proceeding, the “**CCAA Proceeding**”);
  - (b) appointed A&M as the Monitor of the Company in the CCAA Proceeding (in such capacity, the “**Monitor**”);
  - (c) granted a stay of proceedings up to and including October 8, 2024; and
  - (d) continued each of the Administration Charge, D&O Charge and KERP Charge (collectively, the “**Charges**”) in the CCAA Proceeding;

- (ii) an Order which, among other things, approved a sale process for TBS Canada's business and assets (the "**Sale Process**"), established formal procedures and authorized the Company, with the assistance of the Monitor, to conduct the Sale Process; and
- (iii) an Order which, among other things, terminated the NOI Proceeding, and discharged and released the Proposal Trustee.

1.8 On October 4, 2024, the Court granted an Order (the "**October 4 Order**") which, among other things, extended the stay of proceedings up to and including December 13, 2024 and granted the Critical Supplier Charge (as defined in the October 4 Order).

1.9 On December 13, 2024, the Court granted the following Orders:

- (i) an Order (the "**Approval and Vesting Order**"), among other things, approving the going-concern transaction (the "**Transaction**") contemplated by the Asset Purchase Agreement dated as of December 6, 2024, as amended by the Amending Agreement dated December 11, 2024 (the "**APA**"), between the Company and Body and Lotion Inc., as purchaser (the "**Purchaser**");
- (ii) an Order (the "**Declaration Order**"), among other things, relieving the Company, the Monitor, and the UK Purchaser (as defined below), of certain statutory franchise disclosure obligations;
- (iii) an order (the "**Ancillary Order**"), among other things, providing the monitor with enhanced powers for the remainder of the CCAA Proceeding and extending the Stay period until and including March 31, 2025 (the "**Stay Period**"); and

- (iv) an order (the “**Assignment Order**”), among other things, granting the Purchaser all the rights, title, interest, and obligations of the Company under certain material agreements, as contemplated by the APA.

1.10 In connection with the NOI Proceeding, the Proposal Trustee filed five reports with the Court. The Monitor filed a report on September 30, 2024 and a report on December 13, 2024 (the “**Second Report**”, and together with the five Proposal Trustee reports, the “**Prior Reports**”). The Prior Reports and other documents filed with the Court in the NOI Proceeding and CCAA Proceeding are available on the Monitor’s case website at: [www.alvarezandmarsal.com/TheBodyShop](http://www.alvarezandmarsal.com/TheBodyShop) (the “**Case Website**”). For ease of reference, a copy of the Second Report (without appendices) is attached hereto as **Appendix “A”**.

## **2.0 PURPOSE OF THIS REPORT**

2.1 The purpose of this third report of the Monitor (the “**Third Report**”) is to provide the Court with information regarding the following:

- (i) updates with respect to the CCAA Proceeding since the date of the Second Report;
- (ii) the Monitor’s motion for an order (the “**Claims Procedure Order**”), among other things:
  - (a) establishing a procedure (the “**Claims Procedure**”) for the identification, quantification and resolution of claims against the Company and its former directors and officers (each, a “**Director/Officer**”); and
  - (b) extending the Stay Period to and including December 31, 2025;

- (iii) the activities of the Monitor since the date of the Second Report; and
- (iv) the Monitor's conclusions and recommendations in connection with the foregoing, as applicable.

### **3.0 TERMS OF REFERENCE AND DISCLAIMER**

3.1 In preparing this Third Report, A&M, in its capacity as the Monitor, has been provided with, and has relied upon, unaudited financial information, books and records and financial information prepared by the Company and has held discussions with management of the Company and its legal counsel (collectively, the "**Information**"). Except as otherwise described in this Third Report:

- (i) the Monitor has reviewed the Information for reasonableness, internal consistency and use in the context in which it was provided. However, the Monitor has not audited or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would wholly or partially comply with Canadian Auditing Standards ("**CASs**") pursuant to the *Chartered Professional Accountants Canada Handbook* (the "**CPA Handbook**") and, accordingly, the Monitor expresses no opinion or other form of assurance contemplated under CASs in respect of the Information; and
- (ii) some of the information referred to in this Third Report consists of forecasts and projections. An examination or review of the financial forecasts and projections, as outlined in the CPA Handbook, has not been performed.

- 3.2 Future oriented financial information referred to in this Third Report was prepared based on the Company's estimates and assumptions. Readers are cautioned that since projections are based upon assumptions about future events and conditions that are not ascertainable, actual results will vary from the projections, even if the assumptions materialize, and the variations could be significant.
- 3.3 This Third Report is being provided to the Court in support of the relief being sought by the Monitor in its motion for the proposed Claims Procedure Order. Capitalized terms used and not defined in this Third Report have the meanings given to them in the Prior Reports or the Claims Procedure Order, as applicable.
- 3.4 Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian dollars.

#### **4.0 UPDATES SINCE THE DATE OF THE SECOND REPORT**

##### The Transaction

- 4.1 The Transaction closed on December 16, 2024 (the "**Closing Date**"). As described in the Second Report, the Transaction was expected to and has resulted in:
- (i) the transfer of substantially all of the assets and operations of TBS Canada to the Purchaser;
  - (ii) the preservation of jobs for the majority of TBS Canada's former employees;
  - (iii) the continuation of the "The Body Shop" business through the Purchaser; and

(iv) the continued operation of 59 The Body Shop retail stores and the preservation of the corresponding leases and relationships with landlords.

4.2 As set out in the Monitor's Certificate, the Company made a payment of \$1,413,859.68 to the UK Purchaser and the Critical Supplier Charge was discharged.

4.3 In connection with the Transaction, the Company agreed to remain in possession of its head office lease for up to six months from the Closing Date, at the Purchaser's expense. The Monitor understands that, effective February 1, 2025, the Purchaser and the landlord for the head office lease entered into a lease agreement for the premises. The Monitor has sent a notice of termination and disclaimer in connection with the head office lease.

#### Liquidating Stores

4.4 Excluded from the Transaction were twelve store locations that were not transferred to the Purchaser (collectively, the "**Excluded Stores**"). Following the Closing Date, the Company issued 30-day lease disclaimer notices for each of the Excluded Stores and commenced a liquidation and store closure process at each location.

4.5 These liquidation sales concluded, and all of the Excluded Stores were returned to their respective landlords, on or prior to January 15, 2025, with the exception of two Excluded Stores that the Purchaser continues to operate under new lease agreements that were negotiated directly with the respective landlords.



### Employees

- 4.6 As described in the Second Report and in accordance with the APA, the Purchaser offered employment to approximately 400 of TBS Canada's employees (excluding seasonal employees) on terms substantially similar to their previous terms of employment. Of this group, substantially all of them accepted employment and were retained by the Purchaser.
- 4.7 Those employees who were either not offered employment or who did not accept their employment offer, as well as a group of temporary employees who were not included in the Transaction, were terminated prior to the Closing Date (collectively, the "**CCAA Terminated Employees**").
- 4.8 In connection with the Transaction, the Company paid all of the wages and vacation pay owing to the CCAA Terminated Employees, including all amounts payable under the KERP. Pursuant to the Approval and Vesting Order, the KERP has been terminated and the KERP Charge has been released.
- 4.9 The Monitor understands that, following the conclusion of the liquidation of the Excluded Stores, certain of the CCAA Terminated Employees were offered and accepted employment with the Purchaser.

### WEPP Act and Claims of Terminated Employees

- 4.10 Certain amounts for severance and termination remain owing to (i) the CCAA Terminated Employees and (ii) certain employees whose employment was terminated during the NOI Proceeding (the "**NOI Terminated Employees**" and collectively with the CCAA Terminated Employees, the "**Terminated Employees**"). Those amounts are expected to

be addressed in accordance with the *Wage Earner Protection Program Act* (“**WEPP Act**”) and in the proposed Claims Procedure.

- 4.11 Pursuant to the Ancillary Order, this Court declared that, pursuant to subsections 5(1)(b)(iv) and 5(5) of the WEPP Act, the Company meets the criteria prescribed in the related regulations, entitling the Terminated Employees to submit a claim to the Wage Earner Protection Program (“**WEPP**”) to determine their potential eligibility for funding of up to \$8,507.66 on an individual basis. In accordance with its expanded powers pursuant to the Ancillary Order, the Monitor provided notice to the Terminated Employees advising of (i) amounts recorded as outstanding on the Company’s books and records that may be eligible for payments under the WEPP; (ii) the process for submitting a proof of claim with the Monitor as required under the WEPP Act; and (iii) the process for submitting a WEPP Application with Service Canada.
- 4.12 The Monitor understands that the payments available under the WEPP for eligible Terminated Employees may not be sufficient to compensate the Terminated Employee for the entirety of the amounts owing by the Company. Those Terminated Employees who filed a proof of claim with the Monitor in connection with the WEPP process will not be required to file a new proof of claim for outstanding termination and severance pay in excess of that received under the WEPP. To the extent a former employee has a claim for amounts other than termination and severance pay, such claims must be filed pursuant to the proposed Claims Procedure Order.

### Proceeds

- 4.13 The Transaction proceeds, together with the Company's cash on hand as at the Closing Date, was delivered to the Monitor following the closing of the Transaction (the "**Proceeds**"). The Proceeds are being held by the Monitor for the benefit of TBS Canada's estate in the CCAA Proceeding, including any costs to administer the CCAA Proceeding.
- 4.14 As of the date of this Third Report, the Monitor is holding approximately \$3.4 million in Proceeds. It is intended that the Proceeds, less ongoing costs to administer the CCAA Proceeding and certain limited remaining post-filing vendor payments, will be made available for distribution to claimants with proven claims in the Claims Procedure, subject to further order of this Court.
- 4.15 In addition to the Proceeds noted above, TBS Canada's creditors may also benefit from any future recovery received in connection with the Company's claim against the UK Parent in the UK Administration Proceeding. At this time, the Monitor understands that the potential quantum and timing of any dividend to creditors of the UK Parent (TBSI Realisations Limited (in administration)) remains unknown. The administration of the UK Parent has been continued until February 12, 2026.

## **5.0 PROPOSED CLAIMS PROCEDURE**

### Overview

- 5.1 The purpose of the proposed Claims Procedure is to establish a process for the identification, quantification, and resolution of claims of claimants of TBS Canada and its former Directors and Officers.

5.2 Key steps and timelines described in the proposed Claims Procedure Order are summarized in the table below:

Timeframe	Activity
February 19, 2025	Scheduled date for the hearing of the motion seeking the proposed Claims Procedure Order
No later than March 5, 2025	Claims Packages to be sent by the Monitor, on behalf of TBS Canada, to each of the known Potential Claimants
April 21, 2025	Claims Bar Date for the filing of Prefiling Claims against TBS Canada and the Director/Officer Claims

### Claims

5.3 As set out in greater detail in the proposed Claims Procedure Order, the Monitor, on behalf of TBS Canada, will solicit the following claims:

- (i) *Prefiling Claims*: Being, generally, any right or claim of any Person against the Company in connection with any indebtedness, liability or obligation of any kind whatsoever that was in existence on the Filing Date (being March 1, 2024);
- (ii) *Restructuring Period Claims*: Being, generally, any right or claim of any Person against the Company arising out of the restructuring, disclaimer, termination or breach by the Company on or after the Filing Date of any contract, lease or other agreement whether written or oral; and
- (iii) *Director/Officer Claims*: Being, generally, any existing or future right or claim of any Person against a Director and/or Officer of the Company, however arising, whereby such Director or Officer are by law or equity, liable to pay in his or her capacity as a Director or Officer.

5.4 The proposed Claims Procedure Order does not apply to any Excluded Claim, being:

- (i) any Claim secured by the Administration Charge or the D&O Charge;
- (ii) any claim that may be asserted by the Company against a Director or Officer;
- (iii) any Claim enumerated in sections 5.1(2) and 19(2) of the CCAA; and
- (iv) any Claim set forth in (i) through (iii) above arising through subrogation.

5.5 Pursuant to the proposed Claims Procedure Order, the Monitor shall be authorized and empowered to assist any Claimant, including any former employee of the Company, in the filing of a Proof of Claim.

#### Claims Bar Dates

5.6 It is proposed that any Claimant asserting a Prefiling Claim or a Director/Officer Claim be required to file the applicable Proof of Claim form with the Monitor by no later than 5:00 p.m. Eastern Prevailing Time on the Claims Bar Date (April 21, 2025) or such later date as the Court may otherwise direct, failing which the Claim of such Claimant will be forever extinguished and such Claimant barred from asserting or enforcing any such Claim. The Monitor believes that the Claims Bar Date is reasonable in that it provides sufficient time from the date of the receipt of the Claims Package for potential Claimants to evaluate and submit any Claim they may have against TBS Canada or the Director and/or Officer of the Company.

5.7 It is proposed that any Claimant asserting a Restructuring Period Claim be required to file the applicable Proof of Claim form with the Monitor by the later of: (i) 5:00 p.m (Eastern

Prevailing Time) on the date that is twenty (20) days after the date on which the Monitor sends a Claims Package with respect to a Restructuring Period Claim; and (ii) the Claims Bar Date (the “**Restructuring Period Claims Bar Date**”), or such later date as the Court may otherwise direct, failing which the Claim of such Claimant will be forever extinguished and such Claimant barred from asserting or enforcing any such Claim. While the Monitor believes that all relevant agreements have been disclaimed, the Monitor has designed the Claims Procedure to contemplate the inclusion of the Restructuring Period Claims Bar Date to address the Monitor subsequently becoming aware of any additional agreements required to be disclaimed. The Monitor believes that a twenty (20)-day period is reasonable in that it provides sufficient time from the date a Claims Package is sent to a Claimant to evaluate and submit any Claim they may have against the Company in respect of a Restructuring Period Claim.

#### Notice

5.8 The proposed Claims Procedure Order provides that the Monitor will do the following in providing notification of the Claims Procedure:

- (i) no later than ten Business Days following the granting of the Claims Procedure Order, the Monitor will cause a Claims Package to be sent, on behalf of TBS Canada, to each of the known Potential Claimants;
- (ii) as soon as practicable after the date of the Claims Procedure Order, cause the Notice Letter (or a condensed version thereof), to be published once in The Globe and Mail (National Edition);

- (iii) as soon as practicable after the date of the Claims Procedure Order, post a copy of the following on the Monitor's Website: (a) the Claims Procedure Order; (b) the Monitor's Motion Record in respect of the Claims Procedure Order; and (c) the Claims Package;
- (iv) deliver, as soon as reasonably possible following receipt of a request therefor, a copy of the Claims Package to any Person claiming to be a Claimant and requesting such material in writing;
- (v) with respect to any notices of disclaimer delivered to potential Claimants by or on behalf of the Company after the date of the Claims Procedure Order, deliver an accompanying Claims Package; and
- (vi) upon becoming aware of any other circumstance giving rise to a Restructuring Period Claim, send a Claims Package to the applicable Claimant or direct such Claimant to the documents posted on the Monitor's Website in respect of such Restructuring Period Claim.

#### Assessment and Determination of Claims

- 5.9 The Monitor will: (i) review all Proofs of Claim received on or before the Claims Bar Date or the Restructuring Period Claims Bar Date, as applicable; and (ii) accept, revise or disallow the classification, nature, and/or amount of each Claim.
- 5.10 In respect of Director/Officer Claims, the Monitor, in consultation with the relevant Director or Officer, will: (i) review all Proofs of Claims received by the Claims Bar Date in respect of Director/Officer Claims; and (ii) accept, revise or disallow the classification,

nature, and/or amount of such Director/Officer Claim, in whole or in part (which acceptance, revision or disallowance shall require the consent of the applicable Director or Officer). The Monitor will provide the relevant Director or Officer (and his or her counsel, if known to the Monitor) with a copy of any Proofs of Claim received in respect of Director/Officer Claims.

- 5.11 If the Monitor intends to revise or disallow a Claim or a Director/Officer Claim, in whole or in part, the Monitor will notify the Claimant by sending a Notice of Revision or Disallowance along with the reasons for such revision or disallowance. In respect of revised or disallowed Director/Officer Claims, the Monitor shall provide a copy of such Notice of Revision or Disallowance to the Director or Officer (and his or her counsel, if known to the Monitor) subject to a Director/Officer Claim.
- 5.12 Any Claimant who intends to dispute a Notice of Revision or Disallowance must send written notice to the Monitor by completing a Notice of Dispute of Revision or Disallowance by no later than 5:00 p.m. Eastern Prevailing Time on the date that is fourteen (14) Calendar Days after the date the Claimant is deemed to have received the Notice of Revision or Disallowance. In respect of Director/Officer Claims, the Monitor shall provide a copy of such Notice of Dispute of Revision or Disallowance to the Director or Officer (and his or her counsel, if known to the Monitor) subject to the applicable Director/Officer Claim upon the receipt of such Notice of Dispute of Revision or Disallowance.
- 5.13 Any Claimant that receives a Notice of Revision or Disallowance that does not file a Notice of Dispute of Revision or Disallowance with the Monitor within the prescribed fourteen (14)-day time period shall be deemed to have accepted the amount and determination as



set out in the Notice of Revision or Disallowance for voting and distribution purposes, as applicable, and all of the Claimant's rights to dispute same or to otherwise assert or pursue the Claim in an amount that exceeds the amount set forth in the Notice of Revision or Disallowance shall be forever extinguished and barred without further act or notification.

5.14 In the event that a dispute raised in a Notice of Dispute of Revision or Disallowance is not settled within a time period or in a manner satisfactory to the Monitor, the Monitor shall so notify the Claimant. Thereafter, the Monitor shall refer the Disputed Claim to the Court or to such alternative dispute resolution proceeding as may be ordered by the Court or agreed to by the Monitor and the applicable Claimant. The Court or the Person or Persons conducting the alternative dispute resolution proceeding, as the case may be, shall resolve the dispute.

5.15 With respect to Director/Officer Claims, in the event that the Monitor determines that it is necessary to finally determine the amount of a Director/Officer Claim and the Monitor, with the consent of the applicable Director and/or Officer, is unable to resolve a dispute regarding such Director/Officer Claim with the Claimant asserting such Director/Officer Claim within a period or in a manner satisfactory to the Monitor and the applicable Director and/or Officer, the Monitor shall notify the applicable Director and/or Officer and such Claimant. Thereafter, the Monitor shall refer the Disputed Claim to the Court for resolution or to such alternative dispute resolution proceeding as may be ordered by the Court or as agreed to by the Monitor, the relevant Director or Officer and the applicable Claimant. The Court or the Person or Persons conducting the alternative dispute resolution proceeding, as the case may be, shall resolve the dispute.

D&O Indemnity Claims

- 5.16 To the extent that any Claim filed in accordance with the Claims Procedure Order includes a Director/Officer Claim, a corresponding D&O Indemnity Claim shall be deemed to have been filed in respect of each Director/Officer Claim prior to the Claims Bar Date or the Restructuring Period Claims Bar Date, as applicable. The Director and Officer shall not be required take any action or to file a Proof of Claim in respect of any such D&O Indemnity Claim.

Claims Barred and Extinguished

- 5.17 The proposed Claims Procedure Order provides that any Person that does not deliver a Proof of Claim to the Monitor on or before the Claims Bar Date or the Restructuring Period Claims Bar Date, as applicable: (i) shall not be entitled to attend or vote at a Meeting in respect of such Claim; (ii) shall not be entitled to receive any distribution in respect of such Claim pursuant to a Plan or otherwise; (iii) shall not be entitled to any further notice in the CCAA Proceeding (unless it has otherwise sought to be included on the Service List); (iv) shall not be entitled to participate as a Claimant or creditor in the Claims Procedure or the CCAA Proceeding in respect of such Claim; and (v) shall be forever barred from making or enforcing such Claim against the Company, the Directors or the Officers or any of them, and such Claim shall be extinguished without any further act or notification.

## **6.0 EXTENSION OF THE STAY PERIOD**

- 6.1 The Ancillary Order extended the Stay Period until and including March 31, 2025. Pursuant to the proposed Claims Procedure Order, the Monitor is seeking a further extension of the Stay Period to and including December 31, 2025.
- 6.2 In the Monitor's view, the Company has acted and continues to act in good faith and with due diligence to advance the CCAA Proceeding and consummate the Transaction for the benefit of their stakeholders. Further, under the Monitor's direction, the Company has continued to act in good faith and with due diligence since the closing of the Transaction to address post-closing matters and facilitate the Monitor's development of the proposed Claims Procedure and identification of all of TBS Canada's former employees that may be eligible for payments under the WEPP Act.
- 6.3 If the proposed extension of the Stay Period is granted, the Monitor intends to provide a report to the Court during the Stay Period reporting on, among other things, the results of the Claims Procedure, if approved, and the progress and status of the Company's claims asserted against the UK Parent in the UK Administration Proceeding.
- 6.4 The proposed extension of the Stay of Proceedings will maintain the *status quo* and provide the time necessary to, among other things:
- (i) complete the proposed Claims Procedure and resolve any disputed Claims therein in accordance with the Claims Procedure Order;
  - (ii) permit the Monitor to prepare a report to Court and the creditors on the nature of the claims received;

- (iii) allow the Monitor to continue to work with the Company's UK counsel to assert claims against the UK Parent; and
- (iv) allow the Monitor, exercising its powers under the Ancillary Order, to seek approval of one or more distributions to the Company's creditors and otherwise administer the Company's estate and wind-down of the CCAA Proceeding, including a potential assignment into bankruptcy.

6.5 The anticipated costs through the extended Stay Period are expected to consist primarily of professional fees of the Monitor, and the Monitor's Counsel in relation to administering the Claims Procedure, and will be funded by the Proceeds.

6.6 In the circumstances, the Monitor is of the view that the proposed extension of the Stay of Proceedings is reasonable and appropriate in the circumstances. The Monitor is not aware of any creditor that would be materially prejudiced by the proposed extension of the Stay of Proceedings.

## **7.0 ACTIVITIES OF THE MONITOR**

7.1 Since the date of the Second Report, the Monitor has engaged in the following activities:

- (i) liaising with and assisting the Company and the Purchaser and their respective counsel in connection with the closing of the Transaction;
- (ii) following the closing of the Transaction, assisting the Company and the Purchaser with various transition related matters, including the reconciliation of merchandise

sale proceeds, payment of vendor amounts and other activities associated with the transition services arrangement set out in the APA;

- (iii) assisting the Company with communications to employees, suppliers, landlords, the UK Parent and other parties in connection with the closing of the Transaction;
- (iv) assisting the former management of the Company with the preparation of materials requested by the CRA to conduct its HST/GST audit;
- (v) preparing for and attending the hearing of the Company's motion for the Approval and Vesting Order, Declaration Order, Ancillary Order and Assignment Order on December 13, 2024;
- (vi) delivering the Monitor's Certificate on December 16, 2024;
- (vii) engaging in discussions with Service Canada and the Monitor's counsel, Cassels Brock & Blackwell LLP ("**Cassels**"), on eligibility periods under the WEPP Act and the application of the WEPP Act in the CCAA Proceeding;
- (viii) preparing, with the assistance of advisors, the Company's year end tax return;
- (ix) monitoring the Company's cash receipts and disbursements;
- (x) monitoring the UK Administration Proceeding;
- (xi) responding to inquiries from stakeholders, including addressing questions and concerns of parties who contacted the Monitor on the hotline number or email account established by the Monitor for the CCAA Proceeding;

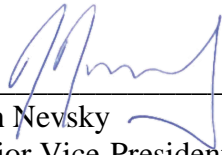
- (xii) posting non-confidential materials filed with the Court to the Case Website; and
- (xiii) with the assistance of Cassels, preparing the proposed Claims Procedure Order and this Third Report.

## **8.0 CONCLUSIONS AND RECOMMENDATIONS**

- 8.1 For the reasons set out in this Third Report, the Monitor respectfully recommends that the Court grant the proposed Claims Procedure Order and extension of the Stay Period.

All of which is respectfully submitted to the Court this 12<sup>th</sup> day of February, 2025.

**Alvarez & Marsal Canada Inc.,  
solely in its capacity as Monitor of Old TBS Canada Limited,  
and not in its personal or corporate capacity**

Per:   
Josh Nevsky  
Senior Vice-President

## **APPENDIX “A”**



**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

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

**AND IN THE MATTER OF A PLAN OF COMPROMISE OR  
ARRANGEMENT OF THE BODY SHOP CANADA LIMITED, IN  
THE CITY OF TORONTO, IN THE PROVINCE OF ONTARIO**

**SECOND REPORT OF THE MONITOR  
ALVAREZ & MARSAL CANADA INC.**

**DECEMBER 9, 2024**

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## **APPENDICES**

**Appendix A – First Report of the Monitor (without appendices)**

**Confidential Appendix B – Sale Process Summary of Bids**

**Confidential Appendix C – Analysis of the Transaction**

## 1.0 INTRODUCTION

- 1.1 On March 1, 2024 (the “**Filing Date**”), The Body Shop Canada Limited (“**TBS Canada**” or the “**Company**”) filed a Notice of Intention to Make a Proposal (“**NOI**”) pursuant to Section 50.4(1) of the *Bankruptcy and Insolvency Act (Canada)*, R.S.C. 1985, c. B-3 (the “**BIA**”) and Alvarez & Marsal Canada Inc. (“**A&M**”) was appointed as Proposal Trustee of the Company (the “**Proposal Trustee**”).
- 1.2 On the Filing Date, TBS Canada was a subsidiary of The Body Shop International Limited (now known as TBSI Realisations Limited) (the “**UK Parent**”). Prior to the Company filing the NOI, on February 13, 2024, the UK Parent commenced administration proceedings in the United Kingdom (the “**UK Administration Proceeding**”) and individuals of the firm FRP Advisory Trading Limited were appointed as joint administrators of the UK Parent (collectively, the “**UK Administrator**”).
- 1.3 Facing a liquidity crisis and other challenges caused by the commencement of the UK Administration Proceeding, TBS Canada filed the NOI, commencing a proceeding (the “**NOI Proceeding**”) to provide the stability and flexibility necessary to evaluate its strategic alternatives and explore various going concern alternatives, while also commencing a closure of a subset of store locations.
- 1.4 On March 4, 2024, the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) granted an Order (the “**March 4 Order**”) which, among other things:

- (i) extended the time to file a proposal, and expanded and extended the stay of proceedings triggered under the BIA by the NOI filing, until and including April 16, 2024; and
  - (ii) approved the Administration Charge and the D&O Charge over the Property (each as defined in the March 4 Order).
- 1.5 On April 15, 2024, the Court granted an Order (the “**April 15 Order**”) which, among other things: (i) further extended the time for TBS Canada to file a proposal under the BIA to May 31, 2024; and (ii) approved the KERP and the KERP Charge (each as defined in the April 15 Order) over the Property.
- 1.6 On May 30, 2024, the Court granted an Order which, among other things, extended the time for TBS Canada to file a proposal under the BIA to July 12, 2024.
- 1.7 On July 5, 2024, the Court granted three orders:
  - (i) an order (the “**Initial Order**”) which, among other things:
    - (a) authorized the continuation of the NOI Proceeding under the *Companies’ Creditors Arrangement Act*, RSC 1985, c. C-36 (the “**CCAA**”, and such proceeding, the “**CCAA Proceeding**”) (the NOI Proceeding and CCAA Proceeding are collectively referred to herein as the “**Restructuring Proceedings**”);
    - (b) appointed A&M as the Monitor of the Company in the CCAA Proceeding (in such capacity, the “**Monitor**”);

- (c) granted a stay of proceedings up to and including October 8, 2024; and
  - (d) continued each of the Administration Charge, D&O Charge and KERP Charge (collectively, the “**Charges**”) in the CCAA Proceeding;
- (ii) an order (the “**Sale Process Order**”) which, among other things, approved a sale process for TBS Canada’s business and assets (the “**Sale Process**”), established formal procedures (the “**Procedures**”) and authorized the Company, with the assistance of the Monitor, to conduct the Sale Process; and
- (iii) an order which, among other things, terminated the NOI Proceeding, and discharged and released the Proposal Trustee.

1.8 On October 4, 2024, the Court granted an Order which, among other things:

- (i) extended the stay of proceedings up to and including December 13, 2024 (the “**Stay Period**”); and
- (ii) declared the UK Purchaser (as defined below) to be a critical supplier to the Company in accordance with Section 11.4 of the CCAA and granted the UK Purchaser a charge (the “**Critical Supplier Charge**”) on the Remaining DC Inventory (as defined in the First Report), ranking subordinate to the existing Charges.

1.9 In connection with the NOI Proceeding, the Proposal Trustee filed five reports with the Court. The Monitor filed a report on September 30, 2024 (the “**First Report**”, and together with the five Proposal Trustee reports, the “**Prior Reports**”). The Prior Reports and other

documents filed with the Court in the Restructuring Proceedings are available on the Monitor's case website at: [www.alvarezandmarsal.com/TheBodyShop](http://www.alvarezandmarsal.com/TheBodyShop) (the "Case Website"). A copy of the First Report (without appendices) is attached hereto as **Appendix "A"**.

## **2.0 PURPOSE OF THIS REPORT**

2.1 The purpose of this second report of the Monitor (the "**Second Report**") is to provide the Court with information and, where applicable, the Monitor's views on:

- (i) the proposed order (the "**Declaration Order**"), among other things, declaring that no party, including TBS Canada, the Monitor, the UK Purchaser and their respective directors, officers, employees and other representatives, shall have any liability or obligation, including in respect of any claims based on any statutory or common law right to rescission or damages, arising from the failure of TBS Canada, the Monitor or the UK Purchaser to provide Serruya Private Equity Inc. ("**SPE**"), the Purchaser Affiliate, the Purchaser (each as defined below), or any other party, and their respective directors, officers and shareholders, as applicable, with any disclosure that may be required under section 5 of the *Arthur Wishart Act (Franchise Disclosure)*, 2000, SO 2000, c. 3, or any similar provision in any other provincial franchise statutes or similar laws of any jurisdiction in Canada, solely in connection with the execution of the Franchise Agreement (as defined below) by the Purchaser;
- (ii) the proposed order (the "**Approval and Vesting Order**"), among other things:

- (a) approving the asset purchase agreement dated as of December 6, 2024 (the “**APA**”) between the Company and 1001072685 Ontario Inc. (the “**Purchaser**”), and the going concern transaction contemplated thereby (the “**Transaction**”);
  - (b) vesting in the Purchaser the Company’s right, title and interest in and to the assets described in the APA free and clear of any claims and encumbrances other than certain Permitted Encumbrances (as defined in the APA) as set out in the draft Approval and Vesting Order;
  - (c) sealing the unredacted APA and the Sale Process summary of bids and the Monitor’s analysis of the Transaction and comparison to liquidation scenarios at **Confidential Appendices “B”** and **“C”** attached hereto, respectively; and
  - (d) amending the title of the CCAA Proceeding upon TBS Canada’s official name change;
- (iii) the proposed order (the “**Assignment Order**”), among other things, assigning, conveying and transferring to the Purchaser the rights and obligations of the Company under the Material Agreements (as defined below);
- (iv) the proposed order (the “**Ancillary Order**”), among other things:
- (a) granting the Monitor expanded powers and certain additional protections;

- (b) declaring that the Company meets the criteria prescribed by Section 3.2 of the WEPP Regulations (as defined below) and that certain of the Company's former employees are eligible to receive payments under and in accordance with the WEPP Act (as defined below); and
- (c) extending the Stay Period to and including March 31, 2025;
- (v) the Company's cash flow results for the 10-week period ended November 29, 2024; and
- (vi) the activities of the Monitor since the date of the First Report; and
- (vii) the Monitor's conclusions and recommendations in connection with the foregoing.

### **3.0 TERMS OF REFERENCE AND DISCLAIMER**

3.1 In preparing this Second Report, A&M, in its capacity as the Monitor, has been provided with, and has relied upon, unaudited financial information, books and records and financial information prepared by the Company and has held discussions with management of the Company and its legal counsel (collectively, the "**Information**"). Except as otherwise described in this Second Report:

- (i) the Monitor has reviewed the Information for reasonableness, internal consistency and use in the context in which it was provided. However, the Monitor has not audited or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would wholly or partially comply with Canadian Auditing Standards ("**CASs**") pursuant to the *Chartered Professional Accountants*



*Canada Handbook* (the “**CPA Handbook**”) and, accordingly, the Monitor expresses no opinion or other form of assurance contemplated under CASs in respect of the Information; and

- (ii) some of the information referred to in this Second Report consists of forecasts and projections. An examination or review of the financial forecasts and projections, as outlined in the CPA Handbook, has not been performed.

3.2 Future oriented financial information referred to in this Second Report was prepared based on the Company’s estimates and assumptions. Readers are cautioned that since projections are based upon assumptions about future events and conditions that are not ascertainable, actual results will vary from the projections, even if the assumptions materialize, and the variations could be significant.

3.3 This Second Report should be read in conjunction with the Affidavit of Jordan Searle, General Manager of the Company, sworn December 7, 2024 (the “**Seventh Searle Affidavit**”). Capitalized terms used and not defined in this Second Report have the meanings given to them in the Seventh Searle Affidavit.

3.4 Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian dollars.

#### **4.0 SALE PROCESS**

4.1 An overview of the Sale Process is set out below. It is recommended that readers also review the First Report (attached hereto without appendices as Appendix “A”) which includes additional information on certain events leading up to the formal commencement

of the Sale Process, including in respect of a consortium bidder lead by the Aurea Group, now known as The Body Shop International Limited (the “**UK Purchaser**”) being announced as the successful bidder in the UK Sale Process (as defined in the First Report).

4.2 On July 5, 2024, TBS Canada obtained the Sale Process Order, which formalized the Sale Process, established the Procedures, and authorized TBS Canada, with the assistance of the Monitor, to continue the Sale Process.

4.3 As described in the First Report, at the completion of the UK Sale Process the Company and the Monitor were advised that, consistent with the UK Purchaser’s global strategy for The Body Shop, the UK Purchaser’s intention was to transition the Canadian business from a corporate operated subsidiary into a “franchise market”.

4.4 Accordingly, the Sale Process in respect of TBS Canada’s assets and business was specifically designed having this franchise structure in mind and that potentially interested parties would be required to address certain unique factors and potential business risks when evaluating a transaction, including, among others things, that the purchaser would be required to:

- (i) enter into a franchise agreement (or similar arrangement) with the UK Purchaser, such that it could continue to operate as “The Body Shop”, sell “The Body Shop” branded goods, and utilize other intellectual property, all of which is now owned by the UK Purchaser;
- (ii) negotiate a new pricing and/or royalty structure and related payment terms for the purchase of branded inventory from the UK Purchaser, which will change the future

profitability of the business as compared to historical results when TBS Canada (as a corporate subsidiary) was able to purchase inventory at original cost value; and

- (iii) establish an entirely new operating platform for the business to replace the critical shared services previously provided by the UK Parent, including IT, accounting, finance, logistics and other key services.

4.5 On September 6, 2024, upon receiving confirmation that the UK Purchaser had closed its transaction with the UK Parent, the Monitor distributed a process letter (the “**Process Letter**”)<sup>1</sup> to each of the parties who were active in the Sale Process and additional parties that were identified as potential purchasers. The Monitor also posted the Process Letter to the Case Website and served the Process Letter on the Service List.

4.6 Among other things, the Process Letter: (i) established key milestones, including setting the Bid Deadline of October 8, 2024; (ii) set-out the process for submitting a Bid; (iii) invited parties, with the assistance of the Monitor, to advance a potential franchise arrangement with the UK Purchaser; and (iv) advised parties of a November 15, 2024 outside date for the Sale Process (the “**Outside Date**”).

4.7 The Company, with the assistance of the Monitor, conducted the Sale Process in accordance with the Sale Process Order and the Procedures. As detailed further below, certain of the milestones set out in the Process Letter were extended to allow further time for Interested Parties (as defined below) and the UK Purchaser to formalize the required

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<sup>1</sup> A copy of the Process Letter was attached as Appendix “B” to the First Report

franchise agreement and implement other required steps, including negotiating certain transition services arrangements.

#### Sale Process Results

- 4.8 During the Sale Process, the Monitor contacted 55 parties regarding the opportunity (the “**Interested Parties**”) and provided a teaser document setting out a summary of the “The Body Shop” business, an outline of the Procedures, and additional information regarding the unique franchise component of the process (the “**Teaser**”). The Monitor also posted the Teaser to the Case Website and published a notice of the Sale Process with Insolvency Insider.
- 4.9 The Interested Parties included Canadian, U.S., and international investors, private equity firms and retail operators, and parties who had previously contacted either the Monitor, the UK Parent and/or the UK Purchaser to express an interest in the opportunity to acquire TBS Canada.
- 4.10 Of the 55 Interested Parties contacted, 21 executed a non-disclosure agreement (“**NDA**”). Beginning in mid June 2024, upon executing the NDA, parties (including SPE) were provided with access to an electronic data room containing, among other things:
- (i) historical and projected financial and operational information, employee information, material contracts and agreements, and other detailed diligence information;
  - (ii) a template form of asset purchase agreement to be marked up and submitted as part of a Bid in accordance with the Procedures; and

- (iii) certain franchise related information provided by the franchise representatives of the UK Parent (whose employment was subsequently assumed and continued by the UK Purchaser) (the “**UK Franchise Group**”), including the standard form of franchise agreement and certain pricing information (i.e., an inventory pricing list for franchise partners) that pertained to the go-forward pricing arrangements that the UK Purchaser was willing to offer.

4.11 During the Sale Process, the Company and the Monitor worked diligently with the Interested Parties to respond to all questions and inquiries received in respect of the business to ensure that the Interested Parties had the information necessary to submit a Bid.

4.12 Over the course of the Sale Process, seven Interested Parties participated in various diligence meetings with TBS Canada, the UK Franchise Group and the UK Purchaser. The Monitor attended each of these initial meetings to ensure that they were properly supervised during the Sale Process. These meetings included certain of the Interested Parties meeting with:

- (i) TBS Canada’s management team to advance their understanding of the business and market in Canada;
- (ii) representatives from the UK Franchise Group to advance their understanding of the intended franchise arrangements, pricing structure and go-forward business strategy; and

- (iii) representatives from the UK Purchaser to advance their understanding of the new owners of the business and their strategic plans and vision of the Canadian and global “The Body Shop” business going forward.

4.13 On or prior to the Bid Deadline of October 8, 2024, the Monitor received four Bids. A summary of the Bids is set out in **Confidential Appendix “B”**, and can be summarized as follows:

- (i) two Bids were delivered in accordance with the requirements set out in the Procedures and the Process Letter, each of which contemplated purchasing the assets and business of TBS Canada and entering into a franchise agreement with the UK Purchaser (the “**Qualified Bids**”)<sup>2</sup>;
- (ii) one Bid contemplated establishing a joint venture arrangement, whereby the Interested Party would partner with the UK Purchaser to continue the business and operations of TBS Canada on a going-concern basis; and
- (iii) one Bid was in the form of a preliminary expression of interest but did not otherwise comply with the key requirements set out in the Procedures for “Qualified Bids”, did not provide for any meaningful consideration and was contingent on further diligence.

4.14 Following the Bid Deadline, the Company and the Monitor continued to hold discussions with the UK Purchaser to advance the Sale Process, and in particular to determine whether

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<sup>2</sup> As of the Bid Deadline, only one Qualified Bid included a deposit as required by the Process Letter, but the Company, in consultation with the Monitor, determined it was appropriate to waive this requirement.

either of the two parties who submitted the Qualified Bids could complete a franchise arrangement with the UK Purchaser (the “**Qualified Bidders**”).

4.15 The Monitor understands that, in the weeks following the Bid Deadline, each of the Qualified Bidders continued to engage in discussions with the UK Purchaser and negotiate various terms of a potential franchise arrangement, including but not limited to:

- (i) establishing certain guidelines in respect of operations, marketing, merchandising and intellectual property under the franchise arrangement;
- (ii) the pricing and payment terms of go-forward inventory purchases; and
- (iii) the terms of a transition services agreement that would be required to ensure that certain critical services would continue to be provided by the UK Purchaser for an interim period following the closing of a transaction.

4.16 The negotiations between the Qualified Bidders and the UK Purchaser continued into November. As the Outside Date of November 15, 2024 was approaching and it was not clear that either of the Qualified Bidders would eventually succeed in entering into a franchise agreement, the Company and the Monitor re-engaged with certain of the Interested Parties who had expressed an interest in the opportunity to determine if an alternative transaction would be more beneficial to the Company.

4.17 On or around the week of November 11, 2024, TBS Canada and the Monitor held discussions with a small group of Interested Parties and a small group of new participants to explore if any of these parties could offer a more attractive transaction when considering, among other things, valuation, certainty of closing and continuity of employment for the

employees. The Monitor also understands that during this time, the UK Purchaser held discussions with certain parties about a potential franchise agreement. During this time, the Monitor did not receive any further Bids that were actionable within the Stay Period or that offered certainty of closing.

4.18 Ultimately, on or around November 18, 2024, the UK Purchaser advised the Company and the Monitor that they had agreed to the key terms of a franchise arrangement with one of the Qualified Bidders, being an affiliate of the Purchaser (the “**Purchaser Affiliate**”). At the same time, the Monitor understands that the UK Purchaser continued to have open dialogue with the other Qualified Bidder and with certain other parties regarding a potential alternative transaction.

4.19 With this information, the Company and the Monitor further engaged with the Purchaser Affiliate on its proposal, including expediting a revised term sheet with the Purchaser Affiliate setting the principal terms and conditions of a transaction (the “**Term Sheet**”). On November 20, 2024, the Purchaser Affiliate and TBS Canada, in consultation with the Monitor, executed the Term Sheet. Compared to the original Bid submitted by the Purchaser Affiliate, the Term Sheet was adjusted to account for: (i) the new anticipated closing date and the lower inventory position forecast on close (which arose as a result of TBS Canada having had the benefit of selling inventory and retaining the applicable proceeds during this additional period); and (ii) additional diligence completed by the Purchaser following delivery of its initial Bid.



- 4.20 During the week of November 25, 2024, the UK Purchaser and the Purchaser finalized the terms of a franchise agreement that would allow the “The Body Shop” business to continue to operate in Canada (the “**Franchise Agreement**”)
- 4.21 As described in further detail in the Seventh Searle Affidavit, notwithstanding the execution of the Term Sheet and that the UK Purchaser and Purchaser had settled the terms of a franchise agreement, the UK Purchaser informed the Monitor and the Company on November 26, 2024 that it was not prepared to execute the Franchise Agreement as: (i) it was not in a position to provide the necessary franchise disclosure document (“**FDD**”) to the Purchaser, as may be required under certain provincial franchise legislation, and (ii) the FDD would likely take several weeks to several months to prepare and deliver to the Purchaser. The Monitor understands that, under Canadian franchise laws, a franchisor is statutorily obligated to provide a potential franchisee with a FDD containing all material facts, including any prescribed information and documents in one or more of the applicable provincial franchise statute, at least 14 days prior to the earlier of the franchisee signing the franchise agreement or the payment of consideration on behalf of the prospective franchisee. The Monitor further understands that the provincial franchise legislation may invalidate a prospective waiver of the obligation to deliver the FDD, but there are circumstances in which the FDD is not required, including circumstances where the total investment made by the franchisee exceeds a monetary threshold or when the franchise is sold by a bankruptcy trustee or similar party, but that the exemption framework is inconsistent between provinces and carries some risk for the parties.
- 4.22 As described in further detail below, to address the potential franchise disclosure issues in a manner that permitted the Transaction to be advanced and close in a timely manner, the

Company, the Monitor, the Purchaser, and the UK Purchaser worked collaboratively to determine a path forward. The result of those discussions is reflected in the relief sought in the Declaration Order, specifically providing assurance that each of the parties will be insulated from any rescission or damage claims, including any claims advanced on the basis that any of the parties were acting as a “broker” or a “franchisor’s associate”, arising from non-compliance with franchise disclosure obligations. As described below, the relief requested in the Declaration Order is supported by all of the parties, including the Purchaser, who has agreed to provide a release which will become effective concurrent with the execution of the Franchise Agreement.

- 4.23 With the granting of the Declaration Order included as a condition precedent to the closing of the Transaction, the Purchaser and TBS Canada, in consultation with the Monitor, executed the APA on December 6, 2024 with a prospective closing date of December 16, 2024. The Monitor believes that if the relief sought in the Declaration Order is granted it will preserve the numerous benefits to TBS Canada’s stakeholders that are anticipated to arise as a result of the Transaction.

## **5.0 APPROVAL AND VESTING ORDER**

### The APA

- 5.1 The APA is described in detail in the Seventh Searle Affidavit, to which a redacted copy of the APA is attached as Exhibit D. Certain key terms of the APA are summarized in the following table:

APA <sup>3</sup>	
<b>Parties</b>	<ul style="list-style-type: none"> <li>• The Body Shop Canada Limited (as “<b>Seller</b>”).</li> <li>• 1001072685 Ontario Inc. (as “<b>Purchaser</b>”). The Purchaser is an affiliate of Serruya Private Equity.</li> </ul>
<b>Purchase Price</b>	<ul style="list-style-type: none"> <li>• An analysis of the Purchase Price is included in <b>Confidential Appendix “C”</b>.</li> <li>• The Purchase Price is confidential and has been redacted from the APA attached to the Seventh Searle Affidavit.</li> <li>• The Monitor notes that the Purchase Price is comprised of (i) cash consideration for the purchase of inventory and other assets; and (ii) the assumption of the Assumed Liabilities.</li> </ul>
<b>Purchased Assets</b>	<ul style="list-style-type: none"> <li>• A minimum number of store locations to be retained by the Purchaser (“<b>Purchased Locations</b>”) and the assumption of the real property leases for each such location. The minimum number of Purchased Locations is confidential and has been redacted from the APA attached to the Seventh Searle Affidavit.</li> <li>• The property and assets including: <ul style="list-style-type: none"> <li>(i) inventory;</li> <li>(ii) equipment, fixtures furniture, furnishings, accessories and other fixed assets;</li> <li>(iii) rights under leases for motor vehicles and real property leases;</li> <li>(iv) petty cash, deposits and prepaid expenses;</li> <li>(v) Assumed Contracts;</li> <li>(vi) express consents under privacy and anti-spam law; and</li> <li>(vii) all books and records apart from those required by law to be retained by Seller.</li> </ul> </li> </ul>
<b>Assumed Liabilities</b>	<ul style="list-style-type: none"> <li>• The Purchaser will assume the following liabilities: <ul style="list-style-type: none"> <li>(i) all liabilities under the Assumed Contracts accrued from and after the Time of Closing;</li> <li>(ii) all Cure Costs, other than Cure Costs in respect of the Leases for the Purchased Locations;</li> <li>(iii) all Priority Payables relating to Transferred Employees, including accrued vacation amounts and all amounts related to Transferred Employees accruing after the Closing; and</li> <li>(iv) all liabilities with respect to the Purchased Assets from and after the Time of Closing.</li> </ul> </li> </ul>
<b>Excluded Assets</b>	<ul style="list-style-type: none"> <li>• The Purchased Assets do not include the following: <ul style="list-style-type: none"> <li>(i) all cash and cash equivalents of the Seller (other than petty cash);</li> <li>(ii) all securities of Seller, whether held by Seller or in the equity of Seller;</li> <li>(iii) the rights of Seller as lessee of real property for the Excluded Locations and all Leases and leasehold improvements related thereto;</li> <li>(iv) all Accounts Receivable accruing up to the Closing Date;</li> <li>(v) any intercompany Accounts Receivable owing to Seller by any of its current or previous Affiliates at any time;</li> <li>(vi) the rights of Seller under the APA;</li> <li>(vii) the rights of Seller as against (1) the UK Parent or its current or former Affiliates, directors or officers, including any claim against the UK Parent in</li> </ul> </li> </ul>

<sup>3</sup> Capitalized terms used in this table and not otherwise defined herein have the meanings given to such terms in the APA. This chart is provided as a summary only and parties should refer to the APA for further details regarding the Transaction.

APA <sup>3</sup>	
	<p>the UK Administration; and (2) Aurelius Investment Lux One SARL, Aurelius IV UK Acquico Seven Limited, Aurelius IV UK Acquico Eight Ltd., or any of their affiliates;</p> <p>(viii) any bank accounts of Seller;</p> <p>(ix) the Payment Terminals located at the Excluded Locations unless otherwise designated under the APA;</p> <p>(x) books and records required to be retained at Law;</p> <p>(xi) income tax installments and the right to any refund of income tax; and</p> <p>(xii) the property and assets of Seller described in Schedule 2.2(o) of the APA.</p>
<b>Employees</b>	<ul style="list-style-type: none"><li>• The Transaction will preserve continued employment for employees working at Purchased Locations and certain of the employees located at the Company's head office.</li><li>• In aggregate, the Monitor estimates that in excess of 400 employees plus approximately 100 seasonal workers will continue to be employed by the Purchaser.</li></ul>
<b>Closing Date</b>	<ul style="list-style-type: none"><li>• Anticipated to be December 16, 2024.</li></ul>
<b>Outside Date</b>	<ul style="list-style-type: none"><li>• Subject to section 9.1 of the APA, the agreement may be terminated by written notice from the Seller or the Purchaser if closing has not occurred on or before December 17, 2024 (or such later date as the Parties may agree).</li></ul>

5.2 The Monitor notes the following with respect to the APA and the Transaction:

- (i) the proposed APA and the Transaction are the result of: (a) an extensive Sale Process that was conducted by TBS Canada and the Monitor, in consultation at relevant times with the UK Purchaser, which canvassed a broad group of potential purchasers; (b) significant negotiations among TBS Canada, the Purchaser, the Monitor and their respective counsel; and (c) extensive engagement between the Purchaser and the UK Purchaser;
- (ii) as described above, the Transaction: (a) contemplates that the Purchaser will acquire TBS Canada's right, title and interest in and to certain agreements, including leases for at least a minimum number of Purchased Locations; (b) provides for the preservation of the "The Body Shop" business in Canada as a going concern; and (c) will maintain the continued employment for a substantial

number of the Company's store level and head office employees, which the Monitor estimates will be in excess of 400 of the Company's employees, plus approximately 100 seasonal workers;

- (iii) the Transaction proceeds, together with the Company's cash on hand at the time of closing, will be delivered to the Monitor on or subsequent to closing (the "**Proceeds**"). The Proceeds will be held by the Monitor, subject to the costs associated with administering the CCAA Proceeding, for the benefit of the TBS Canada estate. Provided that the proposed Declaration Order, Approval and Vesting Order, Assignment Order and Ancillary Order are granted, the Monitor intends to seek the Court's approval to commence and conduct a process for the solicitation, determination and resolution of claims against TBS Canada and their present and former directors and officers (the "**Anticipated Claims Process**"). The Anticipated Claims Process will inform any future distribution of the Proceeds to TBS Canada's creditors;
- (iv) in addition to the Proceeds noted above, TBS Canada's creditors may also benefit from any recovery received in connection with TBS Canada's claim against the UK Parent in the UK Administration Proceeding. The Monitor has been advised by the UK Administrator that the potential quantum and timing of any dividend to creditors of the UK Parent (TBSI Realisations Limited (in administration)) is currently unknown, but any distributions may take in excess of 18 months because:
  - (a) a component of the consideration paid by the UK Purchaser is deferred and not due until August 2025; and
  - (b) certain additional costs continue to be incurred by the UK Parent, and certain additional steps are required to be performed by the UK

Parent before it can enter into a liquidation process to facilitate distributions to creditors;

- (v) the Transaction represents the sole going concern transaction identified in the Sale Process that is capable of being consummated in the circumstances; and
- (vi) in light of each of the foregoing, the Monitor is of the view that the Transaction, including the consideration being provided by the Purchaser, is fair and reasonable in the circumstances.

5.3 The Monitor further notes that, in order to avoid significant harms to TBS Canada's business and stakeholders, it is imperative that the proposed Transaction be capable of closing upon the timeline sought as, among other things: (i) closing of the Transaction will preserve the employment of a significant majority of TBS Canada's employees and permit the terminated employees to access relief under the WEPP Act; (ii) TBS Canada's current access to certain of the shared services historically provided by the UK Parent expires at the end of the 2024 calendar year; (iii) TBS Canada does not currently have sufficient inventory on hand for the 2025 calendar year and would be required to incur further costs to continue to replenish inventory; (iv) several of the leases in respect of TBS Canada's stores are either currently expired or will expire in the beginning months of 2025 and such landlords may look to replace TBS Canada as the tenant in these locations; and (v) due to the seasonal nature of TBS Canada's business, the Monitor expects significant difficulty in identifying a going concern transaction following close of the winter holiday season. Alternatively, if the Transaction is not capable of closing on the timeline sought, it may

result in the TBS Canada being required to commence a liquidation process, to the detriment of several of its stakeholder groups.

5.4 The Monitor understands that the Purchaser and the UK Purchaser have now settled the terms of a franchise agreement for the Purchaser to continue the operations of the business of TBS Canada as a franchise in Canada. While the Monitor and TBS Canada have been kept apprised of the high-level terms and status of these negotiations, they are not parties to the Franchise Agreement and have no involvement in the granting of the franchise rights, nor made any representations in respect of the business operated, pursuant to the Franchise Agreement.

5.5 The Monitor further understands that, due to timing constraints, the parties are unable to meet certain disclosure obligations that may be applicable under Canadian franchise law, and that failure to comply with these disclosure obligations could potentially result in liability for the Monitor, TBS Canada, and the UK Purchaser. Accordingly, it is a condition to closing of the Transaction that TBS Canada obtain the Declaration Order, among other things, protecting these parties from any personal liability they may incur in relation to the non-disclosure.

#### Approval and Vesting Order

5.6 Pursuant to the proposed Approval and Vesting Order, TBS Canada is seeking the approval of the APA and the Transaction, and the vesting of all of the property and assets described in section 2.1 of the APA (collectively, the “**Purchased Assets**”) in and to the Purchaser free and clear of all claims and encumbrances other than the Permitted Encumbrances. Such vesting shall be effective upon the delivery by the Monitor to TBS Canada and the

Purchaser, or their respective counsel, of a certificate (the “**Monitor’s Certificate**”) confirming that the Monitor has received written confirmation from the Purchaser and TBS Canada, and the Monitor is satisfied, that all closing conditions have been satisfied or waived by the applicable parties.

- 5.7 In addition, issuance of the Monitor’s Certificate is conditional on repayment of all amounts owing under the Critical Supplier Charge secured upon the Remaining DC Inventory. Concurrently and upon closing, TBS Canada will remit payment to the UK Purchaser of approximately \$1.2 million, being the remaining amounts owing for the Remaining DC Inventory, and the UK Purchaser will discharge and release any claim it may have against TBS Canada or the Purchaser in respect of the Remaining DC Inventory and the Critical Supplier Charge will be discharged.

KERP Payment and Discharge of the KERP Charge

- 5.8 As set out above, pursuant to the April 15 Order, the KERP was approved and the KERP Charge was granted on TBS Canada’s present and future assets. The KERP and KERP Charge were continued in the CCAA Proceeding pursuant to the Initial Order.
- 5.9 The KERP contemplated that it would be paid in multiple installments, with the final installment being payable upon closing of a transaction that resulted in the continued operation of all or substantially all of the stores operated by the Company. The Transaction satisfies this criterion and, accordingly, the final installment under the KERP will become payable upon closing of the Transaction.



- 5.10 The Approval and Vesting Order provides that, upon payment by TBS Canada of the final installment under the KERP, the KERP Charge shall be discharged and released as against the Property. The Monitor anticipates that the Company will have sufficient funds on hand at the time of closing of the Transaction to satisfy the remaining amounts due under the KERP and that the Company will make such payment in connection with the final payroll.

Impact on Unsecured Creditors

- 5.11 Certain pre-filing amounts owing to vendors and other amounts that may become owing to unsecured creditors (such vendors and unsecured creditors, the “**Affected Creditor Group**”) are excluded from the Transaction and will not be assumed by the Purchaser.
- 5.12 As of the date of this Second Report, based on the information available to the Monitor, the aggregate amount owing to the Affected Creditor Group is anticipated to be in the range of approximately \$11.5 million to \$12.5 million. Such indebtedness is comprised of: (i) amounts owing to pre-filing trade vendors (approximately \$4 million); (ii) existing lease termination claims and employee termination and severance claims relating to the March 2024 closure of 33 store locations; (iii) potential lease termination claims and employee termination and severance claims relating to locations that are not Purchased Locations; and (iv) other potential unsecured claims.
- 5.13 To evaluate the proposed Transaction and compare the expected monetary result on the Affected Creditor Group under the proposed Transaction to a bankruptcy, the Monitor prepared an illustrative wind-down and liquidation analysis using available information. A copy of this illustrative wind-down and liquidation scenario and comparative analysis is set out in the Confidential Appendix “C” attached hereto.

- 5.14 The Monitor is of the view that the proposed Transaction is superior to a bankruptcy as:
- (i) the Transaction is estimated to provide a similar or higher economic recovery to the Affected Creditor Group as they would otherwise receive in a bankruptcy liquidation scenario, as outlined in Confidential Appendix “C”; and
  - (ii) the Transaction also provides incremental going concern benefit to the majority of TBS Canada’s stakeholders, including in excess of 400 employees plus additional seasonal workers which will be offered terms of continued employment, landlords in respect of the Purchased Locations, counterparties to the Assumed Contracts, and other third-party stakeholders who will have the opportunity to continue to transact with the Purchaser in the future.

Sealing of the Unredacted APA and Confidential Appendices “B” and “C”

- 5.15 The Monitor has been advised by counsel to the Purchaser that the Purchaser considers the purchase price contemplated by the APA to be highly confidential and commercially sensitive information. Further, in the event that the Transaction does not close, the Company and the Monitor believe that disclosure of the purchase price and the liquidation analysis may materially impair their ability to negotiate an alternative transaction.
- 5.16 On that basis the Monitor supports the relief sought in the Approval and Vesting Order, sealing the unredacted APA and Confidential Appendices “B” and “C” attached hereto until closing of the Transaction. Following closing of the Transaction, the Monitor intends to make available copies of the unredacted APA and Confidential Appendices on the Case Website.

Name Change

5.17 To avoid confusion with the Purchaser, TBS Canada has agreed to, among other things:

- (i) use commercially reasonable efforts to, effective after closing of the Transaction, change its name to a name which does not include the words “The Body Shop” or any part thereof or any similar words; and
- (ii) seek an order in the CCAA Proceeding to change the style of cause in the CCAA Proceeding to reflect the change of TBS Canada’s name.

5.18 TBS Canada has determined that the Company’s name will be changed to “Old TBS Canada Limited” upon the filing of the Monitor’s Certificate.

5.19 In accordance with the terms of the APA, TBS Canada seeks to amend the style of cause in the CCAA Proceeding, pursuant to the proposed Approval and Vesting Order and effective upon delivery of the Monitor’s Certificate. Such amendment will reflect the Company’s name change.

5.20 Given the likelihood for confusion following closing of the Transaction, the Monitor is supportive of the Company’s request that the style of cause in the CCAA Proceeding be amended upon the official change of its legal name to Old TBS Canada Limited.

**6.0 DECLARATION ORDER**

6.1 As a condition to the Transaction, TBS Canada is seeking the Declaration Order for a declaration that no party, including TBS Canada, the Monitor and the UK Purchaser, or any of their affiliates, shall have any liability in connection with the failure to provide SPE,

the Purchaser, the Purchaser Affiliate or any other party entitled to disclosure with any disclosure that may be required by applicable Canadian franchise laws.

6.2 The Monitor is supportive of the proposed relief sought in the Declaration Order as, among other reasons:

- (i) granting of the relief is the sole means available to provide for an expedited closing of the Transaction, necessary to obtain the benefits and avoid the harms previously noted in section 5.2 and 5.3 herein, including principally the preservation of employment for in excess of 400 employees plus seasonal workers and the continued operation of a material number of retail locations;
- (ii) the relief, if granted, is not expected to adversely impact any of TBS Canada's stakeholders;
- (iii) the UK Purchaser has identified the Purchaser as its preferred franchisee for the "The Body Shop" business in Canada following significant negotiations and is unwilling to enter into the Franchise Agreement on the timeline requested without the Declaration Order;
- (iv) the Purchaser, as the beneficiary of the disclosure obligations under Canadian franchise laws, is affiliated with SPE, a sophisticated entity with substantial experience in franchise arrangements and has indicated its support of the relief sought in the Declaration Order, as set out in the Affidavit of Michael Serruya sworn December 6, 2024. The Monitor understands that the Purchaser and certain

related parties have agreed to execute a release to be effective concurrent with execution of the Franchise Agreement to confirm this position; and

- (v) the Purchaser, through the Purchaser Affiliate, began its diligence of the Company in mid June 2024, has been engaged in discussions with the UK Purchaser since mid September 2024, and has provided evidence confirming that it is comfortable with the level of information received and does not require any further disclosure (in the form of a FDD or otherwise) to make an informed investment decision.

## **7.0 ASSIGNMENT ORDER**

- 7.1 In connection with, and as a condition to, the proposed Transaction, TBS Canada is seeking approval of the proposed Assignment Order which, among other things, orders that all of the rights and obligations of the Company under the contracts listed on Schedule “A” to the Assignment Order (the “**Material Agreements**”) shall be assigned, conveyed, transferred and assumed by the Purchaser, notwithstanding any restriction or prohibition contained in any such Material Agreement relating to the assignment thereof.
- 7.2 Several of the Material Agreements require a consent, approval or waiver from the agreement counterparty for the assignment of such Material Agreement (such consents, the “**Third Party Consents**”). Pursuant to the terms of the APA, TBS Canada and the Purchaser must use commercially reasonable efforts to obtain all Third Party Consents required to assign the Material Agreements.

- 7.3 Given the relatively short timeframe between the execution of the APA and the proposed date of closing for the Transaction (the “**Closing Date**”), the Company is not confident that it will be capable of obtaining all of the Third Party Consents required. Accordingly, TBS Canada is seeking the Assignment Order pursuant to Section 11.3 of the CCAA, assigning to the Purchaser the Material Agreements for which TBS Canada has not yet obtained the requisite Third Party Consent.
- 7.4 The proposed Assignment Order requires that amounts owing in respect of monetary defaults under any of the Material Agreements requiring a Third Party Consent which remain outstanding as of the Closing Date, other than those arising by reason only of the Company’s insolvency, the commencement of this CCAA Proceeding, or the Company’s failure to perform a non-monetary obligation (collectively, “**Cure Costs**”), be paid in order for such Material Agreement to be assigned to the Purchaser pursuant to the Assignment Order. Pursuant to the terms of the APA, the Purchaser and the Company have agreed that the Cure Costs for the Material Agreements shall be assumed by the Purchaser, other than with respect to any Cure Costs payable under the leases relating to the Purchased Locations. The Monitor has prepared an analysis of the Material Agreements and estimates that approximately \$600,000 will be payable in Cure Costs, all of which relates to the leases in respect of the proposed Purchased Locations (subject to adjustment once the list of Purchased Locations is finalized).
- 7.5 The Monitor has worked with the Company to ensure that the counterparties to the Material Agreements will be served with copies of the materials relating to the Transaction and the Assignment Order.

- 7.6 As discussed in the Seventh Searle Affidavit, the Purchaser Affiliate has a track record of success in the retail industry and has founded or acquired a number of companies of comparable size in the past. The Monitor understands that the Purchaser will be supported by SPE in connection with the Transaction and post-closing. The UK Purchaser has also indicated its support of the Purchaser's selection as a franchisee of The Body Shop for the Canadian operations. The Purchaser has demonstrated its commitment to closing the Transaction, including by providing the Monitor with a substantial deposit. Additionally, the Monitor is satisfied that the Purchaser has sufficient capital to fund the ongoing operations of the business. The Purchaser, together with the support of SPE, has not provided the Monitor with any reason to suggest it will be unable to satisfy its obligations under the Material Agreements on a go-forward basis following the closing of the Transaction.
- 7.7 As set out in the Seventh Searle Affidavit, the assignment of the Material Agreements for which Third Party Consents remain outstanding is necessary for the Purchaser to operate the "The Body Shop" business in Canada post-closing and the Purchaser has evidenced its intention to perform under the Material Agreements on a go-forward basis following the closing of the Transaction. As noted above, the assignment of the Material Agreements, through the relief sought in the Assignment Order, as applicable, is a condition under the APA and necessary for the completion of the Transaction.
- 7.8 The Monitor is supportive of the relief sought in the Assignment Order as: (a) each of the Material Agreements, including the leases to the Purchased Locations, have been identified by the Purchaser as necessary to the continued operation of TBS Canada's business and are required by the Purchaser to avoid an operational disruption following closing of the

Transaction; (b) the proposed Assignment Order is a condition to the proposed Transaction and provides for payment of Cure Costs such that any counterparty to a Material Agreement would not be prejudiced by the granting of the Assignment Order; and (c) TBS Canada, with the assistance of the Monitor, has worked to ensure the counterparties to the Material Agreements have been provided copies of the materials relating to the Transaction and the Assignment Order.

## **8.0 ANCILLARY ORDER**

### Expanded Powers

8.1 The Monitor understands that following the closing of the Transaction, TBS Canada's director and officers intend to resign. The proposed Ancillary Order therefore expands the Monitor's powers to facilitate the effective and efficient administration of TBS Canada following the closing of the Transaction, the completion of the CCAA Proceeding (or any subsequent proceeding) and the wind-down of TBS Canada. Specifically, and in addition to the Monitor's powers and duties under the Initial Order or any other order of the Court in the CCAA Proceeding, the CCAA and applicable law, effective upon the delivery of the Monitor's Certificate, the Monitor will be authorized and empowered, but not required to, among other things:

- (i) take any and all actions and steps, and execute all agreements, documents, instruments and writings, on behalf of, and in the name of, the Company in order to facilitate the performance of any of TBS Canada's powers or obligations, including, without limitation, under the APA and the Transaction (including any



post-closing matters) or any order of the Court, and to carry out the Monitor's duties under the Ancillary Order or any other order of the Court in the CCAA Proceeding;

- (ii) sign such agreements, instruments and other documents on behalf of TBS Canada as the Monitor deems appropriate, whether in the Monitor's name or in the name of and on behalf of TBS Canada and execute administrative filings as may be required on behalf of TBS Canada, including the accounting, tax and reporting functions on behalf of, and in the name of, TBS Canada, in each case based solely upon information in TBS Canada's Books and Records, and provided that the Monitor shall incur no liability or obligation to any person with respect to such filings, reporting, statements and records;;
- (iii) exercise any powers which may be properly exercised by a board of directors of TBS Canada;
- (iv) conduct, supervise and direct the continuation or commencement of any process or effort to collect or recover any Property or other assets of TBS Canada (including any accounts receivable or cash) and to sell or dispose of such Property or other assets in accordance with the Orders of this Court in this CCAA Proceeding, including by filing any claim against the UK Parent in the UK Administration Proceeding;
- (v) meet and consult with current or former management of: (a) TBS Canada and/or its affiliates; or (b) the Purchaser and its affiliates, or any of their respective advisors, with respect to the carrying out of its powers and obligations under this Order or any other Order of this Court in this CCAA Proceeding;

- (vi) engage, retain, or terminate or cause TBS Canada to engage, retain or terminate the services of any employee, consultant, agent, representative, advisor, or other persons or entities, as the Monitor deems necessary or appropriate to assist with the exercise of the Monitor's powers and duties, including as such powers and duties are enhanced under the Ancillary Order;
- (vii) perform or cause TBS Canada to perform such other functions or duties, and enter into or cause TBS Canada to enter into any agreements, disclaim or terminate any agreements or incur any obligations, as the Monitor considers necessary or desirable in order to facilitate or assist the winding-down or liquidation of TBS Canada, the realization and/or sale of all of the Property not transferred pursuant to the Approval and Vesting Order, the distribution of any net proceeds of such Property and/or the Transaction, or any other related activities, including, without limitation, in connection with (a) developing and conducting a process for the solicitation, determination and resolution of claims against TBS Canada and their present and former directors and officers, (b) monetizing claims against TBSI Realisations Limited; and (c) terminating the CCAA Proceeding;
- (viii) exercise any shareholder, partnership, joint venture or other rights of TBS Canada;
- (ix) initiate, prosecute, and/or continue the prosecution of any and all proceedings and to defend all proceedings now pending or hereafter instituted with respect to TBS Canada or the Property;
- (x) have access to all books and records that are the Property of TBS Canada or that are in TBS Canada's possession or control and have the same access as TBS Canada

has to any books and records no longer in TBS Canada's control or possession (collectively, the "**Books and Records**");

- (xi) engage, deal, communicate, negotiate, agree and settle with any creditor or other stakeholder of TBS Canada (including, without limitation, any governmental authority) in the name of or on behalf of TBS Canada;
- (xii) hold the Proceeds in an account of the Monitor on behalf of TBS Canada, and pay or cause to be paid from the Proceeds, in the name of and on behalf of TBS Canada, or in its own name, such amounts as the Monitor deems necessary and appropriate or in accordance with the Anticipated Claims Process, as applicable;
- (xiii) claim or cause TBS Canada to claim any and all insurance proceeds or refunds or tax refunds to which TBS Canada is entitled that were not transferred pursuant to the Approval and Vesting Order;
- (xiv) act as an authorized representative of TBS Canada in respect of dealings with any taxing or regulatory authority;
- (xv) consult with any taxing or regulatory authority with respect to any issues arising in respect of this CCAA Proceeding;
- (xvi) file, or take such actions necessary for the preparation and filing of, on behalf of and in the name of TBS Canada: (a) any tax returns; and (b) TBS Canada's employee-related remittances, T4 statements and records of employment for TBS Canada's former employees, in either case, based solely upon the information in the Books and Records and on the basis that the Monitor shall incur no liability or

obligation to any person with respect to such returns, remittances, statements, records or other documents;

(xvii) sign documentation or take other steps as necessary to cause or implement the dissolution or winding-up of TBS Canada;

(xviii) assign TBS Canada, or cause TBS Canada to be assigned, into bankruptcy and to take any steps incidental thereto, and to act (without the obligation to do so) as the licensed insolvency trustee in bankruptcy of TBS Canada;

(xix) apply to the Court for advice and directions or any further orders necessary or advisable to carry out the Monitor's powers and duties under the Ancillary Order or any other order of the Court granted in the CCAA Proceeding; and

(xx) take any steps reasonably incidental to the exercise by the Monitor of the powers listed above or the performance of any statutory obligations.

8.2 The proposed Ancillary Order also affords the Monitor customary protections with respect to carrying out its expanded powers and duties, including in connection with certain employee-related liabilities and confirms that the Monitor shall not be deemed to be a director or officer of TBS Canada.

8.3 Given the circumstances, the Monitor is of the view that it is best positioned to supervise, and administer TBS Canada's estate and wind-down and that the proposed expansion of its powers is appropriate given, among other things, that:

- (i) as of the Time of Closing (as defined in the APA), TBS Canada will no longer have any directors or officers and, shortly thereafter, will cease to have any employees or business operations;
- (ii) in view of the Proceeds anticipated to materialize from the Transaction, additional steps in the CCAA Proceeding (or any subsequent proceeding) are required to realize and distribute value to TBS Canada's stakeholders, including the Affected Creditor Group; and
- (iii) without the proposed expansion of the Monitor's powers, no party will have the necessary authority or capacity to administer TBS Canada's estate or its wind-down, nor advance and eventually terminate the CCAA Proceeding.

#### WEPP Act Declaration

- 8.4 Subsection 5(1) of the *Wage Earner Protection Program Act*, S.C. 2006, c. 47 s. 1, as amended (the "**WEPP Act**"), provides that an individual is eligible to receive payment under the Wage Earner Protection Program if, among other things: (i) the individual's employment is ended for a reason prescribed by regulation; (ii) the individual is owed eligible wages by a former employer; (iii) the former employer is subject to proceedings under the CCAA; and (iv) a court determines under subsection 5(5) of the WEPP Act that the criteria prescribed by the *Wage Earner Protection Program Regulations*, SOR/2008-222 (the "**WEPP Regulation**") are met.

- 8.5 Section 3.2 of the WEPP Regulation provides that the Court “may determine whether the former employer is the former employer all of whose employees in Canada have been terminated other than any retained to wind down its business operations”.
- 8.6 As discussed in the Prior Reports, after commencing the NOI Proceeding, TBS Canada completed a closure of a subset of store locations and terminated approximately 220 employees. In addition, immediately prior to the Closing Date, TBS Canada will provide notice of termination to those employees that have received offers of employment from the Purchaser and will deliver notice of termination to the employees at the Excluded Locations concurrently or shortly thereafter. As such, TBS Canada will have terminated all of its employees immediately prior to or shortly after the Closing Date. The proposed WEPP Act declaration is intended to ensure that TBS Canada’s former employees who may be eligible are able to access benefits, such as termination and severance pay, under the WEPP Act at the earliest opportunity.
- 8.7 In light of the foregoing, the Monitor supports the Company’s request for a declaration that TBS Canada is a former employer for the purposes of subsection 5(5) of the WEPP Act. If such declaration is made, the Monitor intends to liaise with TBS Canada to identify all employees that may be eligible for payments under the WEPP Act (the maximum amount of which for 2024 is CAD\$8,507.66) and assist eligible individuals in applying under the Wage Earner Protection Program.

### Extension of the Stay Period

8.8 The Stay Period currently expires on December 13, 2024. Pursuant to the proposed Ancillary Order, the Company is seeking an extension of the Stay Period to and including March 31, 2025.

8.9 The Monitor supports the proposed extension of the Stay Period to and including March 31, 2025, for the following reasons:

- (i) in addition to facilitating the closing of the Transaction, the stay of proceedings, as extended, will provide the Monitor with the breathing room necessary to exercise its powers and duties under the proposed Ancillary Order, seek approval of the Anticipated Claims Process and administer TBS Canada's estate and wind-down;
- (ii) TBS Canada anticipates that the Proceeds will provide sufficient liquidity through the extended Stay Period; and
- (iii) in the Monitor's view, TBS Canada has acted and continue to act in good faith and with due diligence to advance the CCAA Proceeding and consummate the Transaction for the benefit of their stakeholders.

### **9.0 CASH FLOW RESULTS RELATIVE TO FORECAST**

9.1 Actual receipts and disbursements for the period from September 21, 2024 to December 6, 2024 (the "**Reporting Period**"), as compared to the cash flow forecast attached as Appendix "C" to the First Report, are summarized in the following table:

<b>Cash Flow Variance Report</b>			<b>\$000's</b>
	<b>Actual</b>	<b>Budget</b>	<b>Variance</b>
Sales	13,327	13,336	(9)
Other Receipts	253	-	253
<b>Total Receipts</b>	<b>13,579</b>	<b>13,336</b>	<b>243</b>
<b>Disbursements</b>			
Inventory Purchases	(1,176)	(2,669)	1,493
Vendor Payments	(1,645)	(1,500)	(145)
Rent	(3,272)	(3,320)	48
Payroll & Benefits	(4,249)	(4,135)	(114)
KERP & Store Bonus	(130)	(657)	527
Restructuring Professional Fees	(661)	(1,348)	687
Sales Tax Remittances	(254)	(486)	232
Other Expenditures	(203)	(141)	(63)
<b>Total Disbursements</b>	<b>(11,590)</b>	<b>(14,255)</b>	<b>2,665</b>
<b>Net Cash Flow</b>	<b>1,989</b>	<b>(919)</b>	<b>2,908</b>
Opening Cash Balance	3,143	3,143	-
Net Cash Flow	1,989	(919)	2,908
<b>Ending Cash Balance</b>	<b>5,132</b>	<b>2,224</b>	<b>2,908</b>

## 9.2 During the Reporting Period:

- (i) sales generally actualized as forecast, with offsetting variances experienced in lower sales volume and higher gross margin;
- (ii) the positive variance in other receipts of \$253,000 is from the collection of receivables from a wholesale customer not included in the forecast;
- (iii) the positive variance in inventory purchases of approximately \$1.5 million is due primarily to the delayed payment of the second and third installments of the Remaining DC Inventory replenishment transaction owing to the UK Purchaser. These amounts are now forecast to be paid on the closing of the Transaction;



- (iv) the positive variance in KERP and store bonus of approximately \$527,000 is due to amounts that were included in the forecast but were not required or implemented. The final KERP installment will be paid on the closing of the Transaction; and
- (v) the remaining positive variance in total disbursements of approximately \$645,000 is timing related and expected to reverse in the coming weeks.

9.3 Overall, during the Reporting Period, the Company experienced a positive net cash flow variance of approximately \$2.9 million.

9.4 The closing cash balance at December 6, 2024 was approximately \$5.1 million.

## **10.0 ACTIVITIES OF THE MONITOR**

10.1 Since the date of the First Report, the Monitor has engaged in the following activities:

- (i) assisting TBS Canada with advancing the Sale Process, including in connection with the negotiation of the Term Sheet and the APA with the Purchaser and facilitating conversations with the UK Purchaser where necessary to advance the Sale Process;
- (ii) assisting TBS Canada with communications to employees, suppliers, landlords and other stakeholders;
- (iii) assisting the Company with discussions and negotiations in connection with certain lease renewals/amendments and entering into new supply agreements with certain providers of 3PL and IT services;
- (iv) communicating with the administrator in respect of the UK Parent;

- (v) monitoring the Company's cash receipts and disbursements, and assisting in preparing weekly cash flow variance reporting;
- (vi) posting non-confidential materials filed with the Court to the Case Website;
- (vii) reviewing and providing the Monitor's views of various Transaction closing documents;
- (viii) facilitating discussions with stakeholders, including certain discussions that remain ongoing between TBS Canada and Koskie Minsky LLP, in their capacity as counsel to certain former employees of the Company; and
- (ix) with the assistance of Cassels, preparing this Second Report.

## **11.0 CONCLUSIONS AND RECOMMENDATIONS**

- 11.1 For the reasons set out in this Second Report, the Monitor is of the view that the relief sought in the Declaration Order, Approval and Vesting Order, Assignment Order and Ancillary Order is, in each case, reasonable, appropriate and necessary having regard to the Company's current circumstances and respectfully recommends that the Court grant the relief requested.

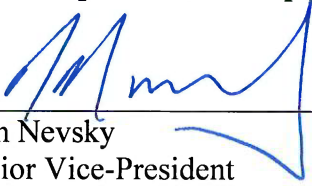
All of which is respectfully submitted to the Court this 9<sup>th</sup> day of December, 2024.

**Alvarez & Marsal Canada Inc.,  
solely in its capacity as Monitor of The Body Shop Canada Limited,  
and not in its personal or corporate capacity**

Per: \_\_\_\_\_

Josh Nevsky

Senior Vice-President



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

**IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF THE BODY SHOP CANADA LIMITED, IN  
THE CITY OF TORONTO, IN THE PROVINCE OF ONTARIO**

---

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)**  
Proceeding commenced at Toronto

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**SECOND REPORT OF  
THE MONITOR**

---

**Cassels Brock & Blackwell LLP**

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Counsel for Alvarez & Marsal Canada Inc., solely  
in its capacity as Monitor and not in its personal or  
corporate capacity.

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

**IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF OLD TBS CANADA LIMITED, IN THE CITY OF TORONTO, IN THE PROVINCE OF ONTARIO**

---

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)**  
Proceeding commenced at Toronto

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**THIRD REPORT OF  
THE MONITOR**

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in its capacity as Monitor and not in its personal or  
corporate capacity.

## **TAB 3**

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

THE HONOURABLE	)	WEDNESDAY, THE 19 <sup>TH</sup>
	)	
JUSTICE OSBORNE	)	DAY OF FEBRUARY, 2025

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

**AND IN THE MATTER OF A PLAN OF COMPROMISE OR**  
**ARRANGEMENT OF OLD TBS CANADA LIMITED**

**CLAIMS PROCEDURE ORDER**

**THIS MOTION** made by Alvarez & Marsal Canada Inc. (“**A&M**”), in its capacity as the Court-appointed monitor (in such capacity, the “**Monitor**”) of Old TBS Canada Limited (f/k/a The Body Shop Canada Limited) (the “**Company**”), pursuant to the *Companies' Creditors Arrangement Act*, R.S.C., 1985, c. C-36, as amended (the “**CCAA**”) for an Order establishing a claims procedure for the identification, quantification and resolution of claims of certain creditors of the Company and the Company’s directors and officers, was heard this day by way of judicial videoconference via Zoom in Toronto, Ontario.

**ON READING** the Motion Record of the Monitor dated February 12, 2025, including the Notice of Motion dated February 12, 2025 and the Third Report of the Monitor dated February 12, 2025, and such other materials that were filed, and on hearing the submissions of counsel to the Monitor and such other counsel that were present, no one else appearing although duly served as appears from the affidavit of service of Alec Hoy, filed,

## **SERVICE**

1. **THIS COURT ORDERS** that the time for service and filing of the Notice of Motion and the Motion Record is hereby abridged and validated and this Motion is properly returnable today and hereby dispenses with further service or notice thereof.

## **DEFINITIONS**

2. **THIS COURT ORDERS** that, for the purposes of this Order (the “**Claims Procedure Order**”), in addition to the terms defined elsewhere herein, the following terms shall have the following meanings:

- (a) “**Assessments**” means Claims of His Majesty the King in Right of Canada or of any Province or Territory or Municipality or any other taxation authority in any Canadian or foreign jurisdiction, including, without limitation, amounts which may arise or have arisen under any notice of assessment, notice of reassessment, notice of objection, notice of appeal, audit, investigation, demand or similar request from any taxation authority;
- (b) “**Business Day**” means a day, other than a Saturday, Sunday or statutory holiday, on which banks are generally open for business in Toronto, Ontario;
- (c) “**Calendar Day**” means a day, including Saturday, Sunday or any statutory holiday in the Province of Ontario, Canada;
- (d) “**CCAA Proceeding**” means the within proceeding commenced by the Company in this Court under Court File No. CV-24-00723586-00CL;
- (e) “**Claim**” means:
  - (i) any right or claim of any Person against the Company, whether or not asserted, in connection with any indebtedness, liability or obligation of any kind whatsoever, and any interest accrued thereon or costs payable in respect thereof, including by reason of the commission of a tort (intentional or unintentional), by reason of any breach of contract or other agreement



(oral or written), by reason of any breach of duty (including any legal, statutory, equitable or fiduciary duty) or by reason of any right of ownership of or title to property or assets or right to a trust or deemed trust (statutory, express, implied, resulting, constructive or otherwise), in existence on the Filing Date, whether or not such right or claim is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, unsecured, perfected, unperfected, present, future, known, unknown, by guarantee, by surety or otherwise, and whether or not such right is executory or anticipatory in nature, including any Assessment and any right or ability of any Person to advance a claim for contribution or indemnity or otherwise with respect to any matter, action, cause or chose in action, whether existing at present or commenced in the future, which indebtedness, liability or obligation is based in whole or in part on facts that existed prior to the Filing Date and any other claims that would have been claims provable in bankruptcy had the Company become bankrupt on the Filing Date, including for greater certainty any claim against the Company for indemnification by any Director or Officer in respect of a Director/Officer Claim, in each case, where such monies remain unpaid as of the date hereof (each, a **“Prefiling Claim”**, and collectively, the **“Prefiling Claims”**);

- (ii) any right or claim of any Person against the Company in connection with any indebtedness, liability or obligation of any kind whatsoever owed by the Company to such Person arising out of (A) the restructuring, disclaimer, resiliation, termination or breach by the Company on or after the Filing Date of any contract, lease or other agreement or arrangement whether written or oral or (B) the termination of employment with the Company on or after the Filing Date, whether arising by contract, under statute or otherwise (each, a **“Restructuring Period Claim”**, and collectively, the **“Restructuring Period Claims”**); and

- (iii) any existing or future right or claim (including, for greater certainty, any Restructuring Period Claim) of any Person against one or more of the Directors and/or Officers howsoever arising, whether or not such right or claim is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, unsecured, perfected, unperfected, present, future, known, or unknown, by guarantee, surety or otherwise, and whether or not such right is executory or anticipatory in nature, including any Assessment and any right or ability of any Person to advance a claim for contribution or indemnity or otherwise with respect to any matter, action, cause or chose in action, whether existing at present or commenced in the future, for which any Director or Officer is alleged to be, by statute or otherwise by law or equity, liable to pay in his or her capacity as a Director or Officer (each a **“Director/Officer Claim”**, and collectively, the **“Director/Officer Claims”**),

including any Claim arising through subrogation against the Company or any Director or Officer, provided however, that in any case “Claim” shall not include an Excluded Claim;

- (f) **“Claimant”** means any Person having or asserting a Claim;
- (g) **“Claims Bar Date”** means 5:00 p.m. (Eastern Prevailing Time) on April 21, 2025, or such later date as may be ordered by the Court;
- (h) **“Claims Package”** means a document package that contains a copy of the Instruction Letter, the Notice Letter, a Proof of Claim, a Notice of Dispute of Revision or Disallowance, and such other materials as the Monitor may consider appropriate or desirable;
- (i) **“Claims Procedure”** means the procedures outlined in this Claims Procedure Order in connection with the identification, quantification and resolution of Claims, including Prefiling Claims, Restructuring Period Claims and Director/Officer Claims, as may be amended or supplemented by further Order of the Court;

- (j) **“Court”** means the Ontario Superior Court of Justice (Commercial List);
- (k) **“D&O Indemnity Claim”** means any existing or future right of any Director or Officer against the Company which arose or arises as a result of any Person filing a Proof of Claim in respect of such Director or Officer for which such Director or Officer is entitled to be indemnified by the Company;
- (l) **“Director”** means anyone who is or was, or may be deemed to be or have been, whether by statute, operation of law or otherwise, a director or a *de facto* director of the Company, in such capacity;
- (m) **“Disputed Claim”** means a Claim that is validly disputed in accordance with this Claims Procedure Order and which remains subject to adjudication in accordance with this Claims Procedure Order;
- (n) **“Excluded Claim”** means:
  - (i) any Claim secured by the Administration Charge or the D&O Charge;
  - (ii) any claim that may be asserted by the Company against a Director or Officer;
  - (iii) any claim enumerated in subsections 5.1(2) and 19(2) of the CCAA; and
  - (iv) any Claim set forth in (i) through (iii) above arising through subrogation;
- (o) **“Expansion of Monitor’s Powers Order”** means the Ancillary Order of the Court dated December 13, 2024, as it may be amended, restated or varied from time to time;
- (p) **“Filing Date”** means March 1, 2024;
- (q) **“Initial Order”** means the Initial Order of the Court dated July 5, 2024, as it may be amended, restated or varied from time to time;

- (r) **“Instruction Letter”** means the instruction letter to Claimants, in substantially the form attached hereto as Schedule “A”;
- (s) **“Meeting”** means any meeting of the Claimants called for the purpose of considering and voting in respect of a Plan, if any;
- (t) **“Monitor”** has the meaning set out in the recitals hereto;
- (u) **“Monitor’s Website”** means the website maintained by A&M at: <https://www.alvarezandmarsal.com/thebodyshop>;
- (v) **“Notice Letter”** means the notice to Claimants for publication substantially in the form attached hereto as Schedule “B”;
- (w) **“Notice of Dispute of Revision or Disallowance”** means a notice in substantially the form attached hereto as Schedule “E”, which may be delivered by a Claimant who received a Notice of Revision or Disallowance disputing such Notice of Revision or Disallowance;
- (x) **“Notice of Revision or Disallowance”** means the notice, substantially in the form attached hereto as Schedule “D”, which may be delivered by the Monitor to a Claimant revising or disallowing, in part or in whole, a Claim submitted by such Claimant for voting and/or distribution purposes;
- (y) **“Officer”** means anyone who is or was, or may be deemed to be or have been, whether by statute, operation of law or otherwise, an officer or *de facto* officer of the Company;
- (z) **“Person”** means any individual, partnership, limited partnership, joint venture, trust, corporation, unincorporated organization, government or agency or instrumentality thereof, or any other corporate, executive, legislative, judicial, regulatory or administrative entity howsoever designated or constituted, including, without limitation, any present or former shareholder, supplier, customer, employee, agent, client, contractor, lender, lessor, landlord, sub-landlord, tenant, sub-tenant, licensor, licensee, partner or advisor;

- (aa) **“Plan”** means any plan of compromise or arrangement or plan of reorganization that may be filed by or in respect of the Company, as may be amended, supplemented or restated from time to time in accordance with the terms thereof, if any;
- (bb) **“Potential Claimants”** means:
  - (i) any Person that the books and records of the Company disclose was owed monies by the Company as of the Filing Date, where such monies remain unpaid in full or in part as of the date hereof;
  - (ii) any Person who commenced a legal proceeding against the Company or one or more Directors or Officers in respect of a Claim, which legal proceeding was commenced and served prior to the Filing Date; and
  - (iii) any other Person of whom the Company or the Monitor has knowledge, as at the date of this Claims Procedure Order, as being owed monies by the Company, and for whom the Company has a current address or other contact information,and excluding any Person in respect of an Excluded Claim;
- (cc) **“Proof of Claim”** means a proof of claim form in substantially the form attached hereto as Schedule “C”, which when filed by any Claimant in connection with a Claim shall include all supporting documentation in respect of such Claim;
- (dd) **“Purchase Agreement”** means the Asset Purchase Agreement between the Company and the Purchaser dated as of December 6, 2024, as amended by the Amending Agreement dated December 11, 2024, and as may be further amended, supplemented and otherwise modified from time to time;
- (ee) **“Purchaser”** means Body and Lotion Inc. (formerly 1001072685 Ontario Inc.);
- (ff) **“Restructuring Period Claims Bar Date”** means, in respect of a Restructuring Period Claim, the later of (i) the Claims Bar Date and (ii) 5:00 p.m. (Eastern

Prevailing Time) on the date that is twenty (20) Calendar Days after the date on which the Monitor sends a Claims Package with respect to a Restructuring Period Claim to a Claimant;

(gg) “**Service List**” means the service list maintained by the Company or the Monitor in respect of the CCAA Proceeding;

## **INTERPRETATION**

3. **THIS COURT ORDERS** that all references to time herein shall mean Eastern Prevailing Time and any reference to an event occurring on a Business Day shall mean prior to 5:00 p.m. on such Business Day unless otherwise indicated herein. Any reference to an event occurring on a day that is not a Business Day shall mean the next following day that is a Business Day.

4. **THIS COURT ORDERS** that all references to the word “including” shall mean “including without limitation”.

5. **THIS COURT ORDERS** that all references to the singular herein include the plural, the plural include the singular, and any gender includes all genders.

## **GENERAL PROVISIONS**

6. **THIS COURT ORDERS** that the Claims Procedure and the forms attached as schedules to this Claims Procedure Order are hereby approved. Notwithstanding the foregoing, the Monitor may, from time to time, make non-substantive changes to the forms as the Monitor may consider necessary or desirable, including the Instruction Letter, Notice Letter, Proof of Claim, Notice of Revision or Disallowance or Notice of Dispute of Revision or Disallowance.

7. **THIS COURT ORDERS** that the Monitor is hereby authorized to: (i) use reasonable discretion as to the adequacy of compliance with respect to the manner in which forms delivered hereunder are completed and executed; (ii) where the Monitor is satisfied that a Claim has been adequately proven, waive strict compliance with the requirements of this Claims Procedure Order as to the completion, execution and submission of such forms, including circumstances where sufficient claim information has already been filed and where a representative has filed multiple claims on behalf of various Claimants; (iii) request any further documentation from a Claimant

that may be required to determine the validity, classification, nature and/or the amount of a Claim (in whole or in part); (iv) request that any Claimant file a revised Proof of Claim; and (v) subject to the terms of this Claims Procedure Order, attempt to resolve and settle any issue arising in a Proof of Claim or in respect of a Claim.

8. **THIS COURT ORDERS** that all Claims shall be denominated in Canadian dollars. Any Claims denominated in a foreign currency shall be converted to Canadian dollars at the Bank of Canada daily average exchange rate in effect as at the Filing Date, which for United States dollars is 1 USD = 1.3570 CAD and for Great Britain Pounds is 1 GBP = 1.7148 CAD.

9. **THIS COURT ORDERS** that the amounts claimed in any Assessment, regardless of when the Assessment is issued, shall be subject to the Claims Procedure Order and there shall be no presumption of validity or deeming of the amount due in respect of amounts claimed in any Assessment for voting and/or distribution purposes in the CCAA Proceeding, if applicable.

10. **THIS COURT ORDERS** that copies of all forms delivered hereunder, as applicable, shall be maintained by the Monitor. The Monitor may provide copies of any Proof of Claim and any Notice of Dispute of Revision or Disallowance received, and Notice of Revision or Disallowance sent, by the Monitor in connection with the Claims Procedure to counsel for the Company, Davies Ward Phillips & Vineberg LLP, and any other parties that the Monitor deems appropriate.

#### **ROLE OF THE MONITOR**

11. **THIS COURT ORDERS** that the Monitor, in addition to its prescribed rights, duties, responsibilities and obligations under the CCAA, the Initial Order, the Expansion of Monitor's Powers Order and any other Orders of the Court in the CCAA Proceeding, and notwithstanding anything to the contrary herein, is hereby authorized, directed and empowered to conduct and implement the Claims Procedure provided for herein for and on behalf of the Company and to take such other actions and fulfill such other roles as are contemplated by the Claims Procedure Order or incidental thereto, including the determination and resolution of Claims.

12. **THIS COURT ORDERS** that, in carrying out the terms of this Claims Procedure Order and taking such other actions and fulfilling such other roles incidental thereto, the Monitor shall: (i) have all of the protections afforded to it by the CCAA, the Claims Procedure Order, the Initial

Order, the Expansion of Monitor's Powers Order and any other Orders of the Court in the CCAA Proceeding, or as an officer of the Court, including the stay of proceedings in its favour provided pursuant to the Initial Order; (ii) incur no liability or obligation as a result of carrying out the provisions of this Claims Procedure Order, including in respect of its exercise of discretion as to the completion, execution or time of delivery of any documents to be delivered hereunder, other than in respect of gross negligence or wilful misconduct; (iii) be entitled to rely on the books and records of the Company and any information provided by or on behalf of the Company or otherwise obtained by the Monitor, all without independent inquiry or investigation; (iv) not be liable for any claims or damages resulting from any errors or omissions in such books, records or information (including with respect to the Potential Claimants), or in any information provided by any Claimant, except to the extent that the Monitor has acted with gross negligence or wilful misconduct; (v) be authorized and empowered to assist any Claimant, including any former employee in the filing of a Proof of Claim; and (vi) may seek such assistance as may be reasonably required to carry out its duties and obligations pursuant to this Claims Procedure Order from the Company or any affiliate, or the Purchaser, on the Company's behalf, in accordance with the Purchase Agreement, including making such inquiries and obtaining such records and information as it deems appropriate in connection with the Claims Procedure.

13. **THIS COURT ORDERS** that, in addition to their respective obligations under the Purchase Agreement and the Expansion of Monitor's Powers Order, the Company, the Directors, the Officers and their respective current and former employees, agents, advisors and representatives, as applicable, and any other Person given notice of this Claims Procedure Order, shall fully cooperate with the Monitor in the exercise of its powers and the discharge of its duties and obligations under this Claims Procedure Order.

#### **NOTICE TO CLAIMANTS**

14. **THIS COURT ORDERS** that:

- (a) the Monitor shall, not later than ten (10) Business Days following the granting of this Claims Procedure Order, cause a Claims Package to be sent, on behalf of the Company, to each of the Potential Claimants;



- (b) the Monitor shall cause the Notice Letter (or a condensed version thereof, as the Monitor may deem appropriate) to be published once in *The Globe and Mail* (National Edition) as soon as practicable after the date of this Claims Procedure Order;
- (c) the Monitor shall post a copy of this Claims Procedure Order, the Monitor's Motion Record in respect of this Claims Procedure Order, and the Claims Package on the Monitor's Website as soon as practicable after the date of this Claims Procedure Order;
- (d) the Monitor shall deliver, as soon as reasonably possible following receipt of a request therefor, a copy of the Claims Package to any Person claiming to be a Claimant and requesting such material in writing; and
- (e) any notices of disclaimer or resiliation delivered to potential Claimants by or on behalf of the Company after the date of this Claims Procedure Order shall be accompanied by a Claims Package and upon becoming aware of any other circumstance giving rise to a Restructuring Period Claim, the Monitor shall send a Claims Package to the applicable potential Claimant or may direct such potential Claimant to the documents posted on the Monitor's Website in respect of such Restructuring Period Claim.

15. **THIS COURT ORDERS** that the sending of Claims Packages to the applicable Persons and the publication of the Notice Letter, each in accordance with this Claims Procedure Order, and the completion of the other requirements of this Claims Procedure Order, shall constitute good and sufficient service and delivery of notice of (a) this Claims Procedure Order; (b) the Claims Bar Date; and (c) the Restructuring Period Claims Bar Date, on all Persons who may be entitled to receive notice and who may wish to assert a Claim, and no other notice or service need be given or made and no other document or material need be sent to or served upon any Person in respect of this Claims Procedure Order.

## **CLAIMS PROCEDURE FOR CLAIMANTS**

### **A. Proofs of Claim and Claims Barred**

16. **THIS COURT ORDERS** that, to be effective, every Claimant asserting any Claim against the Company, any Director or Officer (or any of them) shall set out its aggregate Claim in a Proof of Claim, including all relevant supporting documentation, and deliver that Proof of Claim to the Monitor so that it is actually received by the Monitor by no later than: (i) in the event such Claim is a Prefiling Claim or Director/Officer Claim, the Claims Bar Date; or (ii) in the event such Claim is a Restructuring Period Claim, the Restructuring Period Claims Bar Date.

17. **THIS COURT ORDERS** that any Person that does not deliver a Proof of Claim in respect of a Claim in the manner required by this Claims Procedure Order so that it is actually received by the Monitor on or before the Claims Bar Date or the Restructuring Period Claims Bar Date, as applicable, shall:

- (a) not be entitled to attend or vote at a Meeting in respect of such Claim;
- (b) not be entitled to receive any distribution in respect of such Claim pursuant to a Plan or otherwise;
- (c) not be entitled to any further notice in the CCAA Proceeding (unless it has otherwise sought to be included on the Service List);
- (d) not be entitled to participate as a Claimant or creditor in the Claims Procedure or the CCAA Proceeding in respect of such Claim; and
- (e) be and is hereby forever barred, estopped and enjoined from asserting or enforcing such Claim against the Company, the Directors or the Officers (or any of them), and the Company and the Directors and Officers shall not have any liability whatsoever in respect of such Claim and such Claim shall be and is hereby extinguished without any further act or notification.

**B. Adjudication of Claims Against the Company**

18. **THIS COURT ORDERS** that the Monitor shall review all Proofs of Claims received by the Claims Bar Date or the Restructuring Period Claims Bar Date, as applicable, and shall accept, revise and/or disallow, whether in whole or in part, the classification, nature and/or amount of each Claim against the Company therein for voting and/or distribution purposes. The Monitor shall notify each Claimant who has delivered a Proof of Claim by the Claims Bar Date or the Restructuring Period Claims Bar Date, as applicable, as to whether such Claimant's Claim(s) against the Company as set out therein has been revised or disallowed, in whole or in part, by sending a Notice of Revision or Disallowance. The reasons for any revision or disallowance of a Claim, whether in whole or in part, shall be included in such Notice of Revision or Disallowance.

19. **THIS COURT ORDERS** that any Claimant who wishes to dispute a Notice of Revision or Disallowance sent pursuant to paragraph 18 of this Claims Procedure Order shall deliver a Notice of Dispute of Revision or Disallowance such that it is actually received by the Monitor by no later than 5:00 p.m. Eastern Prevailing Time on the date that is fourteen (14) Calendar Days after the date the applicable Claimant is deemed to have received the Notice of Revision or Disallowance in accordance with paragraph 34 hereof.

20. **THIS COURT ORDERS** that where a Claimant receives a Notice of Revision or Disallowance pursuant to paragraph 18 of this Claims Procedure Order and does not file a Notice of Dispute of Revision or Disallowance by the time set out in paragraph 19 herein, the classification, nature and amount of such Claimant's Claim(s) for voting and/or distribution purposes shall be deemed to be as set out in the Notice of Revision or Disallowance and any and all of the Claimant's rights to dispute the classification, nature and/or amount of the Claim(s) set out in the Notice of Revision or Disallowance or to otherwise assert or pursue the Claim(s) in an amount that exceeds the amount set forth in the Notice of Revision or Disallowance shall be forever extinguished and barred without further act or notification.

**D. Resolution of Claims Against the Company**

21. **THIS COURT ORDERS** that the Monitor shall review all Notices of Dispute of Revision or Disallowance. In the event that the Monitor is unable to resolve a dispute regarding any Disputed

Claim (other than in respect of a Director/Officer Claim) with a Claimant within a time period or in a manner satisfactory to the Monitor, the Monitor shall so notify the Claimant. Thereafter, the Monitor shall refer the Disputed Claim to the Court or such alternative dispute resolution as may be ordered by the Court or agreed to by the Monitor and the applicable Claimant. The Court or the Person or Persons conducting the alternative dispute resolution proceeding, as the case may be, shall resolve the dispute.

**E. Adjudication of Director/Officer Claims**

22. **THIS COURT ORDERS** that the procedures in paragraphs 18 to 21 of this Claims Procedure Order shall not apply to the adjudication or the resolution of Director/Officer Claims.

23. **THIS COURT ORDERS** that the Monitor shall forthwith provide the relevant Director or Officer (and his or her counsel, if known to the Monitor) with a copy of any Proofs of Claim received in respect of Director/Officer Claims.

24. **THIS COURT ORDERS** that the Monitor and the relevant Director or Officer shall review all Proofs of Claim received by the Claims Bar Date in respect of Director/Officer Claims and shall accept, revise and/or disallow, in whole or in part, the classification, nature and/or amount of each Director/Officer Claim set out therein in whole or in part (which acceptance, revision or disallowance shall require the consent of the applicable Director or Officer). The Monitor shall notify each Claimant who has delivered a Proof of Claim by the Claims Bar Date in respect of any Director/Officer Claim as to whether such Person's Claim(s) as set out therein has been revised or disallowed, in whole or in part, and the reasons therefor by sending a Notice of Revision or Disallowance to such Claimant. The Monitor shall provide a copy of such Notice of Revision or Disallowance to the Director or Officer (and his or her counsel, if known to the Monitor) subject to such Director/Officer Claim.

25. **THIS COURT ORDERS** that any Claimant who wishes to dispute a Notice of Revision or Disallowance sent pursuant to paragraph 24 of this Claims Procedure Order shall deliver a Notice of Dispute of Revision or Disallowance to the Monitor such that it is actually received by the Monitor by no later than 5:00 p.m. Eastern Prevailing Time on the date that is fourteen (14) Calendar Days after the date the applicable Claimant is deemed to have received the Notice of

Revision or Disallowance in accordance with paragraph 34 hereof. The Monitor shall provide a copy of such Notice of Dispute of Revision or Disallowance to the Director or Officer (and his or her counsel, if known to the Monitor) subject to the applicable Director/Officer Claim upon the receipt of such Notice of Dispute of Revision or Disallowance.

26. **THIS COURT ORDERS** that if a Claimant who receives a Notice of Revision or Disallowance pursuant to paragraph 24 of this Claims Procedure Order does not file a Notice of Dispute of Revision or Disallowance by the deadline set out in paragraph 25 of this Claims Procedure Order, the classification, nature and amount of such Claimant's Director/Officer Claim(s) shall be deemed to be as set out in the Notice of Revision or Disallowance and any and all of such Claimant's rights to dispute the Director/Officer Claim(s) as classified and valued in the Notice of Revision or Disallowance or to otherwise assert or pursue such Director/Officer Claim(s) in an amount that exceeds the amount set forth in the Notice of Revision or Disallowance shall be forever extinguished and barred without further act or notification.

**E. Resolution of Director/Officer Claims**

27. **THIS COURT ORDERS** that in the event that the Monitor determines that it is necessary to finally determine the amount of a Director/Officer Claim and the Monitor, with the consent of the applicable Directors and Officers, is unable to resolve a dispute regarding such Director/Officer Claim with the Claimant asserting such Director/Officer Claim within a period or in a manner satisfactory to the Monitor and the applicable Directors and Officers, the Monitor shall notify the applicable Directors and Officers and such Claimant. Thereafter, the Monitor shall refer the Disputed Claim to the Court for resolution or to such alternative dispute resolution as may be ordered by the Court or as agreed to by the Monitor, the relevant Director(s) and/or Officer(s) and the applicable Claimant. The Court or the Person or Persons conducting the alternative dispute resolution proceeding, as the case may be, shall resolve the dispute.

**F. Common Issues**

28. **THIS COURT ORDERS** that, notwithstanding any other provision of this Order, the Monitor or the Monitor on behalf of the Company is hereby authorized to bring one or more motions at any time to seek an Order of the Court resolving any disputed issue that the Monitor or

the Company determines is common among multiple Disputed Claims, where in the Monitor's or the Company's view (in each case, in consultation with the other), such resolution is reasonably necessary for the expedient resolution of certain or all of the Disputed Claims or the efficient administration of the Claims Procedure.

**G. D&O Indemnity Claims**

29. **THIS COURT ORDERS** that, to the extent that any Claim filed in accordance with this Claims Procedure Order includes a Director/Officer Claim, a corresponding D&O Indemnity Claim shall be deemed to have been filed in respect of each Director/Officer Claim prior to the Claims Bar Date and/or the Restructuring Period Claims Bar Date, as applicable. Directors and Officers shall not be required to take any action or to file a Proof of Claim in respect of any such D&O Indemnity Claim.

**EXCLUDED CLAIMS**

30. **THIS COURT ORDERS** that any Person holding an Excluded Claim shall not be required to file a Proof of Claim in respect of such Excluded Claim, and such Person shall be unaffected by this Claims Procedure Order in respect of such Excluded Claim.

**SET-OFF**

31. **THIS COURT ORDERS** that the Company may set-off (whether by way of legal, equitable or contractual set-off) against payments or other distributions to be made pursuant to a Plan or otherwise to any Claimant, any claims of any nature whatsoever that the Company may have against such Claimant; provided that, neither the failure to do so nor the allowance of any Claim hereunder shall constitute a waiver or release by the Company of any such claim that the Company may have against such Claimant.

**NOTICE OF TRANSFEREES**

32. **THIS COURT ORDERS** that if the holder of a Claim transfers or assigns the whole of such Claim to another Person, neither the Monitor nor the Company shall be obligated to give notice or otherwise deal with the transferee or assignee of such Claim in respect thereof unless and until written notice of such transfer or assignment, together with satisfactory evidence of such

transfer or assignment, have been received and acknowledged by the Monitor in writing to the assignee or transferee and the assignor or transferor, and thereafter such transferee or assignee shall for the purposes hereof constitute the "Claimant" in respect of such Claim. Any such transferee or assignee of a Claim shall be bound by any notices given or steps taken in respect of such Claim in accordance with this Claims Procedure Order prior to receiving written confirmation by the Monitor acknowledging such assignment or transfer. After the Monitor has delivered a written confirmation (email to suffice) acknowledging the notice of the transfer or assignment of a Claim, the Company and the Monitor shall thereafter be required only to deal with the transferee or assignee and not the original holder of the Claim. A transferee or assignee of a Claim takes the Claim subject to any defences and rights of set-off to which the Company may be entitled with respect to such Claim. For greater certainty, a transferee or assignee of a Claim is not entitled to set-off, apply, merge, consolidate or combine any Claims assigned or transferred to it against or on account or in reduction of any amounts owing by such Person to the Company. Reference to transfer in this Claims Procedure Order includes a transfer or assignment whether absolute or intended as security.

33. **THIS COURT ORDERS** that if a Claimant or any subsequent holder of a Claim, who in any such case has previously been acknowledged by the Monitor as the holder of the Claim, transfers or assigns the whole of such Claim to more than one Person or part of such Claim to another Person, such transfers or assignments shall not create separate Claims and such Claims shall continue to constitute and be dealt with as a single Claim notwithstanding such transfers or assignments. The Company and the Monitor shall not, in each case, be required to recognize or acknowledge any such transfers or assignments and shall be entitled to give notices to and to otherwise deal with such Claim only as a whole and then only to and with the Person last holding such Claim, provided such Claimant may, by notice in writing delivered to the Monitor, direct that subsequent dealings in respect of such Claim, but only as a whole, shall be dealt with by a specified Person and in such event, such Person shall be bound by any notices given or steps taken in respect of such Claim with such Claimant or in accordance with the provisions of this Claims Procedure Order.

## **SERVICE AND NOTICE**

34. **THIS COURT ORDERS** that the Monitor may, unless otherwise specified by this Claims Procedure Order, serve and deliver or cause to be served and delivered the Claims Package, and any letters, notices or other documents to the appropriate Claimants or any other interested Person by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery, facsimile transmission or email to such Persons or their counsel at the physical or electronic address, as applicable, last shown on the books and records of the Company or set out in such Claimant's Proof of Claim or Notice of Dispute of Revision or Disallowance, if one has been filed. Any such service and delivery shall be deemed to have been received: (i) if sent by ordinary mail, on the third Business Day after mailing within Ontario, the fifth Business Day after mailing within Canada (other than within Ontario) and the tenth Business Day after mailing internationally; (ii) if sent by courier or personal delivery, on the next Business Day following dispatch; and (iii) if delivered by email or facsimile transmission by 5:00 p.m. on a Business Day, on such Business Day, and if delivered after 5:00 p.m. or other than on a Business Day, on the following Business Day.

35. **THIS COURT ORDERS** that any notice or communication required to be provided or delivered by a Claimant to the Monitor or the Company under this Claims Procedure Order shall be in writing in substantially the form, if any, provided for in this Claims Procedure Order and will be sufficiently given only if delivered by prepaid ordinary mail, registered mail, courier, personal delivery or email addressed to:

If to the Monitor:

Alvarez & Marsal Canada Inc., in its capacity as Monitor of Old TBS Company Limited  
(f/k/a The Body Shop Canada Limited)  
200 Bay Street, Suite 3501  
Royal Bank Plaza, South Tower  
Toronto, Ontario M5J 2J1

Phone: 1-833-591-1287

Email: [TheBodyShop@alvarezandmarsal.com](mailto:TheBodyShop@alvarezandmarsal.com)

With a Copy to:



Cassels Brock & Blackwell LLP  
Suite 3200  
Bay Adelaide Centre – North Tower  
40 Temperance Street  
Toronto, Ontario M5H 0B4  
Attention: Natalie Levine/ Alec Hoy  
Email: [nlevine@cassels.com](mailto:nlevine@cassels.com)/ [ahoy@cassels.com](mailto:ahoy@cassels.com)

Any such notice or communication delivered by a Claimant shall be deemed to be received upon actual receipt thereof during normal business hours on a Business Day, or if delivered outside of normal business hours, the next Business Day.

36. **THIS COURT ORDERS** that the posting of materials on the Monitor's Website pursuant to paragraph 14(c), the publication of the Notice Letter and the mailing of the Claims Packages as set out in this Claims Procedure Order shall constitute good and sufficient notice to Claimants of the Claims Bar Date, the Restructuring Period Claims Bar Date and the other deadlines and procedures set forth herein, and that no other form of notice or service need be given or made on any Person, and no other document or material need be served on any Person in respect of the Claims Procedure.

37. **THIS COURT ORDERS** that if during any period in which notices or other communications are being given pursuant to this Claims Procedure Order, a postal strike or postal work stoppage of general application should occur, such notices, notifications or other communications sent by ordinary mail and then not received shall not, absent further Order of this Court, be effective and notices and other communications given hereunder during the course of any such postal strike or work stoppage of general application shall only be effective if given by courier, personal delivery, facsimile or email in accordance with this Claims Procedure Order.

38. **THIS COURT ORDERS** that in the event that this Claims Procedure Order is subsequently amended by further Order of the Court, the Monitor shall serve notice of such amendment on the Service List in the CCAA Proceeding and shall post such further Order on the Monitor's Website and such posting shall constitute adequate notice to all Persons of such amended Claims Procedure Order.

## **EXTENSION OF STAY PERIOD**

39. **THIS COURT ORDERS** that the Stay Period (as defined in the Initial Order) is hereby extended until and including December 31, 2025.

## **MISCELLANEOUS**

40. **THIS COURT ORDERS** that this Claims Procedure Order shall have full force and effect in all Provinces and Territories in Canada.

41. **THIS COURT ORDERS** that notwithstanding any other provisions of this Claims Procedure Order, the solicitation by the Monitor or the Company of Proofs of Claim, the delivery of a Claim Package to Potential Claimants, and the filing by any Person of any Proof of Claim or Notice of Dispute of Revision or Disallowance shall not, for that reason only, grant any Person any standing in the CCAA Proceeding or any rights under a Plan or otherwise.

42. **THIS COURT ORDERS** that nothing in this Claims Procedure Order shall prejudice the rights and remedies of any Directors or Officers or other Persons under any applicable insurance policy or prevent or bar any Person from seeking recourse against or payment from the Company's insurance and any Director's or Officer's liability policy or policies that exist to protect or indemnify the Directors or Officers or other Persons, whether such recourse or payment is sought directly by the Person asserting a Claim from the insurer or derivatively through the Director or Officer of the Company; provided, however, that nothing in this Claims Procedure Order shall create any rights in favour of such Person under any policies of insurance nor shall anything in this Claims Procedure Order limit, remove, modify or alter any defence to such Claim available to the insurer pursuant to the provisions of any insurance policy or at law; and further provided that any Claim or portion thereof for which the Person receives payment directly from, or confirmation that the Person is covered by, the Company's insurance or any Director's or Officer's liability insurance or other liability insurance policy or policies that exist to protect or indemnify the Directors or Officers or other Persons shall not be recoverable as against the Company or Director or Officer, as applicable.

43. **THIS COURT ORDERS** that nothing in this Claims Procedure Order shall constitute or be deemed to constitute an allocation or assignment of Claims into particular classes for the purpose of a Plan or otherwise, and, the treatment of Claims, Excluded Claims, or any other claims and the classification of creditors for voting and distribution purposes, shall be subject to the terms of a Plan or further Order of the Court.

44. **THIS COURT ORDERS** that the Monitor or the Company may from time to time apply to the Court to extend the time for any action which the Monitor or the Company is required to take if reasonably required to carry out its duties and obligations pursuant to this Claims Procedure Order, to amend, vary, supplement or replace this Claims Procedure Order or for advice and directions concerning the discharge of their respective powers and duties under this Claims Procedure Order or the interpretation or application of this Claims Procedure Order.

45. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or outside Canada to give effect to this Claims Procedure Order and to assist the Monitor, the Company and their respective agents in carrying out the terms of this Claims Procedure Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Monitor, as an officer of the Court, and to the Company, as may be necessary or desirable to give effect to this Claims Procedure Order, to grant representative status to the Monitor in any foreign proceeding, or to assist the Monitor and the Company and their respective agents in carrying out the terms of this Claims Procedure Order.

46. **THIS COURT ORDERS** that this Order and all of its provisions are effective as of 12:01 (Eastern Prevailing Time) on the date of this Order without the need for entry of filing.

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## SCHEDULE “A”

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

### AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF OLD TBS CANADA LIMITED

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## INSTRUCTION LETTER FOR THE CLAIMS PROCEDURE

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### I. CLAIMS PROCEDURE

By Order of the Ontario Superior Court of Justice (Commercial List) dated [●], 2025 (the “**Claims Procedure Order**”), Alvarez & Marsal Canada Inc., in its capacity as the Court-appointed monitor (in such capacity, the “**Monitor**”) of Old TBS Canada Limited (f/k/a The Body Shop Canada Limited) (the “**Company**”), has been authorized to conduct a claims procedure (the “**Claims Procedure**”) with respect to claims against the Company and its present and former Directors and Officers (“**Directors/Officers**”).

Unless otherwise defined, all capitalized terms used herein shall have the meanings ascribed to them in the Claims Procedure Order.

The Claims Procedure Order, the Claims Package, a Proof of Claim form and related materials may be accessed from the Monitor’s Website at: <https://www.alvarezandmarsal.com/thebodyshop>.

This letter provides instructions for responding to or completing the Proof of Claim or a Notice of Dispute of Revision or Disallowance, as applicable. Reference should be made to the Claims Procedure Order for a complete description of the Claims Procedure.

The Claims Procedure is intended for any Person with any Claims, other than Excluded Claims, of any kind or nature whatsoever against the Company, the Directors/Officers, or any of them, whether liquidated, unliquidated, contingent or otherwise. Please review the enclosed material for the complete definitions of “**Claim**”, “**Prefiling Claim**”, “**Restructuring Period Claim**” and “**Director/Officer Claim**” to which the Claims Procedure applies.

All notices and enquiries with respect to the Claims Procedure should be addressed to:

Alvarez & Marsal Canada Inc., in its capacity as Monitor of Old TBS Company Limited  
(f/k/a The Body Shop Canada Limited)  
200 Bay Street, Suite 3501  
Royal Bank Plaza, South Tower  
Toronto, Ontario M5J 2J1

Phone: 1-833-591-1287

Email: [TheBodyShop@alvarezandmarsal.com](mailto:TheBodyShop@alvarezandmarsal.com)

## II. FOR CLAIMANTS SUBMITTING A PROOF OF CLAIM

If you believe that you have a Claim against the Company, the Directors/Officers, or any of them, you **MUST** file a Proof of Claim with the Monitor, which **MUST** include all supporting documentation in respect of such Claim and its classification, nature and amount.

All Proofs of Claim for (i) Prefiling Claims, which for greater certainty are Claims against the Company arising prior to the Filing Date of March 1, 2024, and (ii) Director/Officer Claims, must be actually received by the Monitor **before 5:00 p.m. (Eastern Prevailing Time) on April 21, 2025** (the “**Claims Bar Date**”).

All Proofs of Claim for Restructuring Period Claims, which for greater certainty are Claims arising out of the restructuring, disclaimer, resiliation, termination or breach by the Company (or any of them) on or after the Filing Date of March 1, 2024 of any contract, lease or other agreement or arrangement whether written or oral, must be actually received by the Monitor **by the later of (i) the Claims Bar Date and (ii) 5:00 p.m. (Eastern Prevailing Time) on the date that is twenty (20) Calendar Days after the date on which the Monitor sends a Claims Package with respect to a Restructuring Period Claim to a Claimant** (the “**Restructuring Period Claims Bar Date**”).

**PROOFS OF CLAIM MUST BE ACTUALLY RECEIVED BY THE CLAIMS BAR DATE OR THE RESTRUCTURING PERIOD CLAIMS BAR DATE, AS APPLICABLE, OR THE APPLICABLE CLAIM WILL BE FOREVER BARRED AND EXTINGUISHED.** If you are required to file a Proof of Claim pursuant to the Claims Procedure but do not file a Proof of Claim in respect of a Claim by the Claims Bar Date or the Restructuring Period Claims Bar Date, as applicable, you shall not be entitled to vote at any Meeting regarding a Plan or participate in any distribution under a Plan or otherwise in respect of such Claim.

All Claims denominated in foreign currency shall be converted to Canadian dollars at the Bank of Canada daily average exchange rate in effect on the Filing Date of March 1, 2024, which for United States dollars is 1 USD = 1.3570 CAD and for Great Britain Pounds is 1 GBP = 1.7148 CAD.

Additional Proof of Claim forms can be obtained by contacting the Monitor at the telephone number or email address indicated above and providing particulars as to your name, address, facsimile number, email address or mail address. Further, Proofs of Claim and related materials may be accessed from the Monitor’s Website at: <https://www.alvarezandmarsal.com/thebodyshop>.

## SCHEDULE “B”

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

### AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF OLD TBS CANADA LIMITED

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#### NOTICE LETTER FOR THE CLAIMS PROCEDURE

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#### RE: NOTICE OF CLAIMS PROCEDURE, CLAIMS BAR DATE & RESTRUCTURING PERIOD CLAIMS BAR DATE

This notice is being published pursuant to an Order of the Ontario Superior Court of Justice (Commercial List) dated [●], 2025 (the “**Claims Procedure Order**”), in the proceeding of Old TBS Canada Limited’s (f/k/a The Body Shop Canada Limited) (the “**Company**”) under the *Companies’ Creditors Arrangement Act* (Canada). Pursuant to the Initial Order dated July 5, 2024, Alvarez & Marsal Canada Inc. was appointed as monitor of the Company (in such capacity, the “**Monitor**”), and pursuant to the Claims Procedure Order has been authorized to conduct a claims procedure (the “**Claims Procedure**”) with respect to claims against the Company and their present and former Directors and Officers (“**Directors/Officers**”). Additionally, the Monitor is required to send Claims Packages to, among others, the Company’s Potential Claimants (as defined below). All capitalized terms used but not defined herein shall have the meanings ascribed to them in the Claims Procedure Order.

The Claims Procedure Order, the Claims Package, including a Proof of Claim form, and related materials may be accessed from the Monitor’s Website at:  
<https://www.alvarezandmarsal.com/thebodyshop>.

#### I. SUBMISSION OF A PROOF OF CLAIM

All persons wishing to assert a Claim against the Company or its Directors/Officers **MUST** file a Proof of Claim with the Monitor, which **MUST** include all supporting documentation in respect of such Claim and its classification, nature and amount.

**THE CLAIMS BAR DATE is 5:00 p.m. (Eastern Prevailing Time) on April 21, 2025** (the “**Claims Bar Date**”). Proofs of Claim in respect of Prefiling Claims and Director/Officer Claims must be completed and filed with the Monitor on or before the Claims Bar Date.

**THE RESTRUCTURING PERIOD CLAIMS BAR DATE is the later of (i) the Claims Bar Date and (ii) 5:00 p.m. (Eastern Prevailing Time) on the date that is twenty (20) Calendar Days after the date on which the Monitor sends a Claims Package with respect to a Restructuring Period Claim** (the “**Restructuring Period Claims Bar Date**”). Proofs of Claim in respect of Restructuring Period Claims must be completed and filed with the Monitor on or before the Restructuring Period Claims Bar Date.

**PROOFS OF CLAIM MUST BE ACTUALLY RECEIVED BY THE MONITOR BY THE CLAIMS BAR DATE OR RESTRUCTURING PERIOD CLAIMS BAR DATE, AS APPLICABLE, OR THE CLAIM WILL BE FOREVER BARRED AND EXTINGUISHED.**

If you are required to file a Proof of Claim pursuant to the Claims Procedure but do not file a Proof of Claim in respect of a Claim by the Claims Bar Date or the Restructuring Period Claims Bar Date, as applicable, you shall not be entitled to vote at any Meeting regarding a Plan or participate in any distribution under a Plan, if any, or otherwise in respect of such Claim.

Reference should be made to the enclosed material for the complete definitions of “**Claim**”, “**Prefiling Claim**”, “**Restructuring Period Claim**” and “**Director/Officer Claim**” to which the Claims Procedure applies.

**II. MONITOR CONTACT INFORMATION**

The Monitor can be contacted at the following address to request a Claims Package or for any other notices or enquiries with respect to the Claims Procedure:

Alvarez & Marsal Canada Inc., in its capacity as Monitor of Old TBS Company Limited  
(f/k/a The Body Shop Canada Limited)  
200 Bay Street, Suite 3501  
Royal Bank Plaza, South Tower  
Toronto, Ontario M5J 2J1

Phone: 1-833-591-1287

Email: [TheBodyShop@alvarezandmarsal.com](mailto:TheBodyShop@alvarezandmarsal.com)

**SCHEDULE “C”**

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

**AND IN THE MATTER OF A PLAN OF COMPROMISE OR  
ARRANGEMENT OF OLD TBS CANADA LIMITED**

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**PROOF OF CLAIM**

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Please read carefully the enclosed Instruction Letter for completing this Proof of Claim. All capitalized terms used but not defined herein have the meanings ascribed to them in the Claims Procedure Order dated [●], 2025 granted in the proceeding of Old TBS Canada Limited (f/k/a The Body Shop Canada Limited) (the “**Company**”) under the *Companies’ Creditors Arrangement Act* (Canada).

**I. PARTICULARS OF CLAIMANT:**

1. Full Legal Name of Claimant:

\_\_\_\_\_ (the “**Claimant**”)

2. Full Mailing Address of the Claimant:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

3. Telephone Number: \_\_\_\_\_

4. Email Address: \_\_\_\_\_

5. Facsimile Number: \_\_\_\_\_

6. Attention (Contact Person): \_\_\_\_\_

6. Have you acquired this Claim by assignment?

Yes: ☐ No: ☐ (if yes, attach documents evidencing assignment)

If Yes, Full Legal Name of Original Claimant(s):



## II. PROOF OF CLAIM:

1. I, \_\_\_\_\_  
(name of Claimant or representative of the Claimant if Claimant is not an individual), of \_\_\_\_\_  
(city and province) do hereby certify:
- (a) that I [check (✓) one]
- ☐ am the Claimant; OR
- ☐ am \_\_\_\_\_ (state position or title) of \_\_\_\_\_  
(name of Claimant)
- (b) that I have knowledge of all the circumstances connected with the Claim referred to below;
- (c) that complete documentation in support of the Claim referred to below is attached; and
- (d) that the Company and/or one or more of the Directors or Officers of the Company were and still are indebted to the Claimant as follows:<sup>1</sup>

	Prefiling Claim Amount	Whether Claim is Secured or Unsecured	Value of Security Held, if any
Old TBS Canada Limited (f/k/a The Body Shop Canada Limited)			

<sup>1</sup> Claims in a foreign currency are to be converted to Canadian Dollars at the Bank of Canada daily average exchange rate in effect on March 1, 2024, which for United States dollars is 1 USD = 1.3570 CAD and for Great Britain Pounds is 1 GBP = 1.7148 CAD.

	<b>Restructuring Period Claim Amount</b>	<b>Whether Claim is Secured or Unsecured</b>	<b>Value of Security Held, if any</b>
Old TBS Canada Limited (f/k/a The Body Shop Canada Limited)			

	<b>Director/Officer Claim Amount</b>	<b>Whether Claim is Secured or Unsecured</b>	<b>Value of Security Held, if any</b>
Directors and Officers of Old TBS Canada Limited (f/k/a The Body Shop Canada Limited)  [insert names]			

### **III. PARTICULARS OF CLAIM**

The particulars of the undersigned's total Claim (including Prefiling Claims, Restructuring Period Claims and Director/Officer Claims) are attached.

*(Provide full particulars of the Claim and supporting documentation, including amount, description of transaction(s) or agreement(s) or legal breach(es) giving rise to the Claim, name of any guarantor(s) which has guaranteed the Claim, particulars and copies of any security and amount of Claim allocated thereto, date and number of all invoices, and particulars of all credits, discounts, etc. claimed. If any Claim is being made against any Directors or Officers, specify the applicable Directors or Officers and the legal basis for the Claim against each of them).*

### **IV. FILING OF CLAIM**

For Prefiling Claims and Director/Officer Claims, this Proof of Claim **MUST** be actually received by the Monitor **before 5:00 p.m. (Eastern Prevailing Time) on April 21, 2025** (the "Claims Bar Date").

For **Restructuring Period Claims**, this Proof of Claim **MUST** be actually received by the Monitor **before the later of: (i) the Claims Bar Date and (ii) 5:00 p.m. (Eastern Prevailing Time) on the date that is twenty (20) Calendar Days after the date on which the Monitor sends a Claims Package with respect to a Restructuring Period Claim** (the "Restructuring Period Claims Bar Date").

In either case, completed forms must be delivered by prepaid ordinary mail, registered mail, courier, personal delivery or email addressed to:

Alvarez & Marsal Canada Inc., in its capacity as Monitor of Old TBS Company Limited  
(f/k/a The Body Shop Canada Limited)  
200 Bay Street, Suite 3501  
Royal Bank Plaza, South Tower  
Toronto, Ontario M5J 2J1

Phone: 1-833-591-1287

Email: [TheBodyShop@alvarezandmarsal.com](mailto:TheBodyShop@alvarezandmarsal.com)

**FAILURE TO FILE YOUR PROOF OF CLAIM SUCH THAT IT IS ACTUALLY RECEIVED BY THE MONITOR BY THE CLAIMS BAR DATE OR RESTRUCTURING PERIOD CLAIMS BAR DATE, AS APPLICABLE, WILL RESULT IN YOUR CLAIM BEING EXTINGUISHED AND FOREVER BARRED AND IN YOU BEING PREVENTED FROM MAKING OR ENFORCING A CLAIM AGAINST THE COMPANY OR ANY OF ITS PRESENT OR FORMER DIRECTORS AND OFFICERS.**

DATED at \_\_\_\_\_ this \_\_\_\_\_ day of \_\_\_\_\_, 2025.

\_\_\_\_\_  
Signature of Claimant or its Authorized  
Signatory

**SCHEDULE “D”**

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

**AND IN THE MATTER OF A PLAN OF COMPROMISE OR  
ARRANGEMENT OF OLD TBS CANADA LIMITED**

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**NOTICE OF REVISION OR DISALLOWANCE**

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**TO:** [name and address of Claimant]

**PLEASE TAKE NOTICE** that this Notice of Revision or Disallowance is being sent pursuant to an order of the Ontario Superior Court of Justice (Commercial List) dated [●], 2025 (the “**Claims Procedure Order**”) in the proceeding of Old TBS Canada Limited (f/k/a The Body Shop Canada Limited) (the “**Company**”) under the *Companies’ Creditors Arrangement Act* (Canada). All capitalized terms not otherwise defined in this Notice of Revision or Disallowance shall have the meaning ascribed to them in the Claims Procedure Order, which is available on the Monitor’s Website at: <https://www.alvarezandmarsal.com/thebodyshop>.

The Monitor has reviewed the Proof of Claim dated \_\_\_\_\_ 2025, and has accepted, revised or disallowed such Claim for the following reasons:

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Subject to further dispute by you in accordance with the provisions of the Claims Procedure Order, the Claim will be as follows:

<b>Claim Against</b>	<b>Type of Claim per Proof of Claim</b>	<b>Amount of Claim per Proof of Claim</b>	<b>Type of Claim per this Notice of Revision or Disallowance</b>	<b>Amount of Claim per this Notice of Revision or Disallowance</b>
[Old TBS Canada Limited (f/k/a The Body Shop Canada Limited) or the name(s) of the Directors/Officers]	[Prefiling Claim/ Restructuring Period Claim/ Directors/ Officers Claim]  [Unsecured Claim/ Secured Claim]	\$	[Prefiling Claim/ Restructuring Period Claim/ Directors/ Officers Claim]  [Unsecured Claim/ Secured Claim]	\$

**If you intend to dispute this Notice of Revision or Disallowance, you must by no later than 5:00 p.m. (Eastern Prevailing Time) on the day that is fourteen (14) Calendar Days after the date you are deemed to have received this Notice of Revision or Disallowance in accordance with paragraph 34 of the Claims Procedure Order, deliver a Notice of Dispute of Revision or Disallowance by prepaid ordinary mail, registered mail, courier, personal delivery or email addressed to:**

Alvarez & Marsal Canada Inc., in its capacity as Monitor of Old TBS Company Limited  
(f/k/a The Body Shop Canada Limited)  
200 Bay Street, Suite 3501  
Royal Bank Plaza, South Tower  
Toronto, Ontario M5J 2J1

Phone: 1-833-591-1287

Email: [TheBodyShop@alvarezandmarsal.com](mailto:TheBodyShop@alvarezandmarsal.com)

Any Claimant who fails to deliver a Notice of Dispute of Revision or Disallowance such that it is actually received by the Monitor by the date and time set out above shall be deemed to accept the classification, nature and the amount of its Claim as set out in this Notice of Revision or Disallowance and the Claimant will have those rights set out in the Claims Procedure Order with respect to such Claim.

If you do not deliver a Notice of Dispute of Revision or Disallowance by the deadline stated above, the classification, amount and/or nature of the Claim(s) shall be deemed to be as set out herein and all further rights to dispute the same shall be forever extinguished and barred.

**If you agree with this Notice of Revision or Disallowance**, there is no need to file anything further with the Monitor.

**DATED** this \_\_\_\_\_ day of \_\_\_\_\_, 2025.

**Alvarez & Marsal Canada Inc.**, solely in its capacity as Monitor of  
Old TBS Canada Limited (f/k/a The Body Shop Canada Limited), and not in its personal  
capacity.

Per: \_\_\_\_\_

## SCHEDULE "E"

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

### AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF OLD TBS CANADA LIMITED

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#### NOTICE OF DISPUTE OF REVISION OR DISALLOWANCE

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Capitalized terms not defined herein have the meanings ascribed to them in the Order of the Ontario Superior Court of Justice (Commercial List) dated [●], 2025 (the "**Claims Procedure Order**") in the proceeding of Old TBS Canada Limited (f/k/a The Body Shop Canada Limited) (the "**Company**") under the *Companies' Creditors Arrangement Act* (Canada).

#### I. PARTICULARS OF CLAIMANT

Full Legal Name of Claimant: \_\_\_\_\_

Full Mailing Address of Claimant: \_\_\_\_\_

Telephone Number: \_\_\_\_\_

Email Address: \_\_\_\_\_

Attention (Contact Person): \_\_\_\_\_

Have you acquired this Claim by assignment?

Yes: ☐ No: ☐ (if yes, attach documents evidencing assignment)

If Yes, Full Legal Name of Original Claimant(s): \_\_\_\_\_

#### II. DISPUTE OF CLAIM SET OUT IN NOTICE OF REVISION OR DISALLOWANCE

The undersigned received a Notice of Revision or Disallowance and hereby disputes the classification, amount and/or nature of the Claim set out in the Notice of Revision or Disallowance and asserts the Claim(s) as set out in the following table:

Claim Against	Classification of Claim	Amount of Claim	Nature of Claim
[Old TBS Canada Limited (f/k/a The Body Shop Canada Limited) or the name(s) of the Director(s) or Officer(s)]	[Prefiling Claim / Restructuring Period Claim/ Director/Officer Claim]	[Insert amount of Claim]	[Unsecured Claim / Secured Claim]

### III. REASONS FOR DISPUTE

Provide full particulars below as to the basis for the Claimant's dispute of the Notice of Revision or Disallowance and provide supporting documentation. This includes, without limitation, amounts, a description of the transaction(s) or agreement(s) giving rise to the Claim, the date and number of all invoices and supporting documentation, and particulars of all credits, discounts, rebates, interest, fees, penalties and similar items claimed. The particulars provided must support the value of the Claim as stated in the table above.

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DATED this \_\_\_\_\_ day of \_\_\_\_\_, 2025.

\_\_\_\_\_  
Name:

Title:

**If in response to a Notice of Revision or Disallowance**, this Notice of Dispute of Revision or Disallowance **MUST** be delivered to the Monitor at the below address such that it is actually received by the Monitor by no later than **5:00 p.m. (Eastern Prevailing Time) on the day that is fourteen (14) Calendar Days after the date you are deemed to have received the Notice of Revision or Disallowance in accordance with paragraph 34 of the Claims Procedure Order.**

This Notice of Dispute of Revision or Disallowance must be delivered by prepaid ordinary mail, registered mail, courier, personal delivery or email addressed to:

Alvarez & Marsal Canada Inc., in its capacity as Monitor of Old TBS Company Limited  
(f/k/a The Body Shop Canada Limited)  
200 Bay Street, Suite 3501  
Royal Bank Plaza, South Tower  
Toronto, Ontario M5J 2J1

Phone: 1-833-591-1287

Email: [TheBodyShop@alvarezandmarsal.com](mailto:TheBodyShop@alvarezandmarsal.com)

If a completed Notice of Dispute of Revision or Disallowance in respect of the Notice of Revision or Disallowance is not actually received by the Monitor by the dates set out in the Claims Procedure Order and described herein, you shall be forever barred from disputing the classification, amount or nature of the Claim and any Claim of a different classification or nature or in excess of the amount specified in the Notice of Revision or Disallowance shall be forever barred and extinguished. **IF A NOTICE OF DISPUTE OF REVISION OR DISALLOWANCE IS NOT ACTUALLY RECEIVED BY THE MONITOR WITHIN THE PRESCRIBED TIME PERIOD, THE CLAIM AS SET OUT IN THE NOTICE OF REVISION OR DISALLOWANCE SENT TO YOU WILL BE DEEMED TO BE THE ACCEPTED CLAIM AND WILL BE FINAL AND BINDING ON YOU FOR ALL PURPOSES.**

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

**AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF OLD TBS CANADA LIMITED**

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

Proceeding commenced at Toronto

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**CLAIMS PROCEDURE ORDER**

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**Cassels Brock & Blackwell LLP**

Suite 3200, Bay Adelaide Centre – North Tower  
40 Temperance Street  
Toronto, Ontario M5H 0B4

**Natalie E. Levine LSO#: 64908K**

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Counsel for Alvarez & Marsal Canada Inc., solely in  
its capacity as Monitor and not in its personal or  
corporate capacity

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

**AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF OLD TBS CANADA LIMITED**

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

Proceeding commenced at Toronto

**MOTION RECORD**  
**(Claims Procedure Order)**

**Cassels Brock & Blackwell LLP**

Suite 3200, Bay Adelaide Centre – North Tower  
40 Temperance Street  
Toronto, Ontario M5H 0B4

**Natalie E. Levine LSO#: 64908K**

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Counsel for Alvarez & Marsal Canada Inc., solely in  
its capacity as Monitor and not in its personal or  
corporate capacity