

**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 TED BAKER CANADA INC., TED
BAKER LIMITED, OSL FASHION SERVICES CANADA
INC., and OSL FASHION SERVICES, INC.**

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

JULY 30, 2024

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1.0 INTRODUCTION

1.1 On April 24, 2024 (the “**Filing Date**”), Ted Baker Canada Inc. (“**Ted Baker Canada**”), Ted Baker Limited, OSL Fashion Services Canada Inc. and OSL Fashion Services, Inc. (collectively, the “**Ted Baker Group**” or the “**Applicants**”) applied for and were granted protection under the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “**CCAA**”) pursuant to an initial order (the “**Initial Order**”) of the Ontario Superior Court of Justice (Commercial List) (the “**Court**”). The proceedings commenced by the Applicants under the CCAA are hereinafter referred to as the “**CCAA Proceedings**”.

1.2 The Initial Order, among other things:

- (i) appointed Alvarez & Marsal Canada Inc. (“**A&M**”) as monitor of the Applicants in these CCAA Proceedings (in such capacity, the “**Monitor**”);
- (ii) granted a stay of proceedings in favour of the Applicants and their directors and officers (the “**Stay**”) up to and including May 3, 2024;
- (iii) authorized Ted Baker Canada and Ted Baker Limited to continue to borrow from the Canadian Imperial Bank of Commerce (“**CIBC**”), as interim lender (in such capacity, the “**Interim Lender**”) under the Existing Credit Facility (as defined in the Initial Order) in an amount not to exceed \$7 million, subject to the requirements set out in the Initial Order;

- (iv) authorized the Applicants to pay certain pre-filing amounts with the consent of the Monitor and the Interim Lender to key participants in the Applicants' distribution network, and to other critical suppliers, if required;
- (v) granted or confirmed the following charges, listed in order of priority and each as defined in the Initial Order:
 - (a) an Administration Charge in the maximum amount of \$750,000;
 - (b) an Interim Lender's Charge;
 - (c) the security granted with respect to the Existing Credit Facility (excluding the Interim Borrowings); and
 - (d) a Directors' Charge in the maximum amount of \$2.5 million, ranking subordinate to the security granted with respect to the Existing Credit Facility; and
- (vi) authorized Ted Baker Canada to act as the foreign representative of the Applicants in respect of having these CCAA Proceedings recognized in the United States Bankruptcy Court for the Southern District of New York (the "**US Court**") pursuant to Chapter 15 of Title 11 of the United States Bankruptcy Code (the "**Bankruptcy Code**"), and to seek related relief, as necessary.

1.3 On April 26, 2024, the Applicants were granted provisional relief by the US Court in the form of a temporary restraining order, including among other things, a stay of proceedings against the Applicants in the United States. Those proceedings are hereinafter referred to

as the “**Chapter 15 Cases**” (and, together with the CCAA Proceedings, the “**Insolvency Proceedings**”).

- 1.4 On May 2, 2024, the Court granted the Realization Process Approval Order, which, among other things, approved the retention of Gordon Brothers Canada ULC and Gordon Brothers Retail Partners, LLC (together, the “**Consultant**”) pursuant to a Consulting Agreement dated as of April 30, 2024 (the “**Consulting Agreement**”) and guidelines for the Sale (the “**Sale Guidelines**”), and authorized the Applicants, with the assistance of the Consultant, to conduct the sale of merchandise (“**Merchandise**”) and furniture, fixtures and equipment (“**FF&E**”) at the Ted Baker Group’s store and warehouse locations in Canada and the United States (the “**Sale**”).
- 1.5 On May 3, 2024 the Court also granted an amended and restated Initial Order (the “**ARIO**”), which, among other things:
 - (i) extended the Stay to and including August 2, 2024;
 - (ii) approved the DIP Term Sheet (as defined therein) and granted various related relief, including a super-priority charge over the Property as security for advances under the DIP Term Sheet (the “**DIP Lender’s Charge**”);
 - (iii) increased the quantum of the Administration Charge to \$1.5 million, and the Directors’ Charge to \$5 million;
 - (iv) approved a key employee retention plan (the “**KERP**”) and granted a super-priority charge over the Property in the amount of \$250,000 (the “**KERP Charge**”) as security for payments to be made in accordance with the KERP; and

- (v) sealed the KERP and related confidential personal information subject to further order of the Court.
- 1.6 On May 17, 2024, the US Court granted: (i) the Final Order Recognizing and Enforcing the Realization Process Approval Order and Granting Related Relief; and (ii) the Modified Order Recognizing the Foreign Main Proceedings and Granting Additional Relief.
- 1.7 In connection with the CCAA Proceedings, A&M, then in its capacity as proposed monitor, filed and served the Pre-Filing Report of the Proposed Monitor dated April 24, 2024 (the “**Pre-Filing Report**”). The Monitor has also provided this Court with the First Report of the Monitor dated May 2, 2024 (the “**First Report**”). The Pre-Filing Report, the First Report and all other Court-filed documents in the CCAA Proceedings are available on the Monitor’s case website at: <https://www.alvarezandmarsal.com/TBRetail> (the “**Case Website**”). A copy of the First Report is also attached hereto as **Appendix “A”**.
- 1.8 The purpose of this Second Report is to provide the Court with information, and where applicable, the Monitor’s views on:
- (i) the Applicants’ motion for an Order (the “**Stay Extension Order**”) among other things:
 - (a) extending the Stay to and including January 31, 2025; and
 - (b) declaring that, pursuant to section 5(5) of the *Wage Earner Protection Program Act*, S.C. 2005, c. 47, s. 1, as amended (“**WEPPA**”), Ted Baker Canada is a “former employer” in accordance with the criteria established

by section 3.2 of the *Wage Earner Protection Program Regulations*,
SOR/2008-222 (the “**WEPP Regulations**”);

- (ii) an update on the Sale;
- (iii) the Ted Baker Group’s cash flow results for the 13-week period ended July 21, 2024, together with an updated cash flow forecast for the period July 22, 2024 to September 29, 2024 (the “**Updated Cash Flow Forecast**”);¹
- (iv) amendments to the DIP Term Sheet as contemplated in an amending agreement entered into by the Applicants and the DIP Lender on July 30, 2024 (the “**DIP Amendment Agreement**”) in connection with the Updated Cash Flow Forecast;
- (v) the activities of the Monitor since the date of the First Report (May 2, 2024); and
- (vi) the Monitor’s conclusions and recommendations with respect to the foregoing.

2.0 TERMS OF REFERENCE AND DISCLAIMER

2.1 In preparing this Second Report, A&M, in its capacity as Monitor, has been provided with, and has relied upon, unaudited financial information, books and records and other financial information prepared by the Ted Baker Group and has held discussions with management of the Ted Baker Group and their legal counsel (collectively, the “**Information**”). Except as otherwise described in this Second Report in respect of the Ted Baker Group’s cash flow forecast:

¹ The Updated Cash Flow Forecast includes a reserve (comprised of estimated professional fees) to provide sufficient liquidity during the period following the requested Stay period, at which time there will be no, or minimal, activity in the Applicants’ business.

- (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 CAS 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.

2.2 Future oriented financial information referred to in this Second Report was prepared based on the Ted Baker Group management’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 may vary from the projections, even if the assumptions materialize, and the variations could be significant.

2.3 This Second Report should be read in conjunction with the Affidavit of Antoine Adams sworn July 25, 2024 (the “**Third Adams Affidavit**”) and filed in support of the Applicants’ motion for the proposed Stay Extension Order. Capitalized terms used and not defined in this Second Report have the meanings given to them in the Pre-Filing Report, the First Report or the Third Adams Affidavit, as applicable.

2.4 Unless otherwise stated, all monetary amounts contained herein are expressed in U.S. dollars.

3.0 UPDATE ON THE SALE

3.1 The Sale commenced at each of the Applicants' 55 store locations and 37 concession locations on May 10, 2024 (the "**Sale Commencement Date**").

3.2 Pursuant to the Realization Process Approval Order, the Applicants, with the assistance of the Consultant utilized the following strategies to promote the Sale:

- (i) in-store signage, all of which was consistent with the Sale Guidelines;
- (ii) targeted marketing campaigns, including email, text message and social media marketing; and
- (iii) dynamic promotional pricing and discounts to encourage increased purchases.

3.3 On May 10, 2024, the Applicants also turned off their online sales channels, including TedBaker.com and BrooksBrothers.ca, and ceased offering drop-ship sales via other online platforms.

3.4 On the Sale Commencement Date, the Applicants had inventory totaling approximately \$40.8 million (at landed cost value), comprised of: (i) \$32.8 million allocated for sale through retail and concession stores; and (ii) \$8 million allocated for sale to wholesale customers. No Additional Consultant Goods or other types of inventory augmentation were utilized by the Consultant as part of the Sale.

3.5 As of July 20, 2024, the Applicants, with the assistance of the Consultant, have sold approximately \$22.8 million of inventory (at landed cost value). The remaining inventory, as well as the FF&E, is anticipated to be sold in the coming weeks: (i) through retail stores; (ii) as part of the United Legwear Transaction (as defined and described below); and (iii) to wholesale customers in connection with transactions that have been arranged but for which delivery has not yet occurred.

3.6 Regarding the concession business:

- (i) the last day of sales at the six Hudson's Bay locations was June 23, 2024;
- (ii) the last day of sales at the 31 Bloomingdale's locations was July 21, 2024. On July 22, 2024, the United Legwear Transaction closed and United Legwear: (a) purchased the Applicants' remaining inventory at the Bloomingdale's locations; and (b) offered employment to the Applicants' approximately 60 employees whose primary place of work was from the Bloomingdale's locations.

3.7 On the Sale Commencement Date, the Applicants had existing accounts receivable of approximately \$7.3 million owing from wholesale and concession customers. To date, the Applicants have collected approximately \$5.7 million of this balance, and continues collection efforts for the remaining balance.

4.0 OTHER UPDATES SINCE THE FIRST REPORT

Employees

- 4.1 As of the Sale Commencement Date, the Applicants had approximately 587 employees comprised of 270 retail employees in the U.S., 240 retail employees in Canada, and 77 corporate employees in the Company's corporate offices in Toronto and New York.
- 4.2 Following the Sale Commencement Date, a large number of the Applicants' employees resigned, including three KERP participants. The Company continued to operate without meaningful disruption by backfilling retail store hours with temporary staff, increasing scheduled hours for retained staff, and simultaneously offering KERP amounts to staff who were able to assist with wind-down activities.
- 4.3 As of July 20, 2024, the Applicant continues to employ approximately 180 retail employees in the U.S., 240 retail employees in Canada, and approximately 30 corporate employees in Toronto and New York.
- 4.4 The majority of the Applicants' remaining employees will be terminated following the completion of the Sale (on or before August 9, 2024), while a small contingent of corporate employees will be retained to assist with the collection of accounts receivable, payment of remaining obligations, and other operational wind-down matters.
- 4.5 On July 22, 2024, as part of the United Legwear Transaction, 61 concession employees were offered employment by United Legwear on the same or similar terms to their employment with the Applicants. The Monitor understands that United Legwear has also

offered employment to a number of the Applicants' corporate employees who have been or will be terminated by August 9, 2024.

- 4.6 All of the Applicants' employees have been provided working notice of termination effective as of their respective store closure dates.

Leases and Store Closures

- 4.7 Pursuant to the Sale Guidelines, retail sales were to be completed by August 2, 2024, with a final exit date from the Applicants' leased locations being August 7, 2024 (the "**Outside Date**").
- 4.8 With input from the Consultant, and designed to maximize recoveries, the Applicants selected the final day of retail sales for each store and store closure dates for each of its store locations.
- 4.9 Each of the Applicants' landlords has now received a 30-day lease disclaimer notice. As set out in the table below, each of these lease disclaimers have an effective date on or prior to the Outside Date:

No. of Locations Canada	No. of Locations U.S.	Final Day of Retail Sales	Lease Exit Date
--	1	June 25	June 28
2	--	July 7	July 9
2	--	July 14	July 16
4	11	July 28	July 31
16	19	August 4	August 6 or August 7
24	31		

- 4.10 As noted in the above table, the Sale was extended at certain stores to August 4, 2024 (without any corresponding change to the Outside Date). With input from the Consultant, extending the Sale was implemented to increase recoveries at these store locations. The Applicants and the Monitor have been in contact with the majority of the landlords in this regard, and to date, have not received any objection to the additional two days of sales.

Next Steps

- 4.11 As detailed above, the Sale is anticipated to be completed by August 7, 2024, after which time substantially all remaining employees will be terminated, save for a small number who will be retained to assist with wind-down matters.
- 4.12 The Monitor understands that following the completion of the Sale, the Applicants will review the final results of the Sale, the remaining secured and unsecured claims against the Applicants, and, in consultation with the Monitor develop a strategy to complete the orderly wind-down of the Applicants business and terminate the CCAA Proceedings.
- 4.13 The Monitor understands that the Applicants intend to return to this Court if and when necessary for any additional relief that may be required to facilitate the termination of the CCAA Proceedings.

United Legwear Transaction

- 4.14 In late June, the Ted Baker Group was contacted by United Legwear & Apparel Co. (“**United Legwear**”), who indicated an interest in purchasing various inventory and/or assuming certain operations of the Ted Baker Group.

4.15 Following a period of due diligence, on July 12, 2024, United Legwear, the Ted Baker Group, Authentic Brands Group (“ABG”) and Bloomingdale’s arranged a transaction whereby United Legwear would assume the license and operations of the Ted Baker concession stores within Bloomingdale’s and purchase the related inventory and FF&E from the Ted Baker Group (the “**United Legwear Transaction**”). Following transition planning with all involved parties, the United Legwear Transaction closed on July 22, 2024 (the “**Closing Date**”). A summary of the transaction is outlined here:

Summary of the United Legwear Transaction Ted Baker Canada Inc. and Ted Baker Limited (together, “Ted Baker”) as seller and United Legwear as purchaser, with the consent of ABG and Bloomingdale’s as affected parties to the Transaction	
Object, Intent and Closing Dates	<ul style="list-style-type: none"> Ted Baker will sell, and United Legwear will purchase, all retail inventory located at Bloomingdale’s Concessions as at the opening of business on the Closing Date, all FF&E located at the Bloomingdale’s concessions, and certain wholesale and in-transit inventory. United Legwear will offer employment on the same terms and conditions to the 61 current Ted Baker employees at the Bloomingdale’s Concessions, including assuming such employees’ accrued vacation balances.
Assigned License	<ul style="list-style-type: none"> Ted Baker and United Legwear entered into an agreement (the “Assignment Agreement”) whereby Ted Baker assigned to United Legwear the Department License Agreement dated August 26, 2011, between Ted Baker Limited and Bloomingdale’s (the “Bloomingdale’s Agreement”).
Payment	<ul style="list-style-type: none"> A deposit of \$400,000 was provided by United Legwear, which amount was held in trust by the Monitor and applied against the purchase price on closing. The purchase price is comprised of: (a) an estimated amount of \$4,169,305.23 (subject to final reconciliation within 60 days of the Closing Date) in respect of inventory; and (b) \$125,000 in respect of FF&E.
Conditions Precedent	<ul style="list-style-type: none"> Bloomingdale’s consent to the Assignment. Ted Baker and ABG to enter into an amendment to their license agreement, which license amendment was entered into on July 3, 2024. Ted Baker and United Legwear, with the consent of Bloomingdale’s, to enter into an Assignment Agreement, which assignment was entered into effective as of July 22, 2024.
Other	<ul style="list-style-type: none"> To support the transition of the Bloomingdale’s concession business to United Legwear, the parties entered into a transition services agreement effective as of July 22, 2024 pursuant to which Ted Baker agreed to provide certain temporary services to United Legwear until not later than August 30, 2024, which services include employee transition services that will allow for the seamless migration of employees to United Legwear’s payroll systems.

5.0 WEPPA DECLARATION

- 5.1 Section 5(1) of the WEPPA provides that an individual is eligible to receive payment under WEPPA if, among other things: (i) the former employer is subject to proceedings under the CCAA; (ii) a court determines under subsection 5(5) that the criteria prescribed by the *Wage Earner Protection Program Regulations*, SOR/2008-222 (the “**WEPP Regulation**”) are met; and (iii) the individual is owed eligible wages by a former employer. Section 3.2 of the WEPP Regulation provides that the Court “may determine whether the former employer is the former employer of all of whose employees in Canada have been terminated other than any retained to wind down its business operations.”
- 5.2 Ted Baker Canada has terminated employees not required to wind down the Applicants’ business with all such terminations being effective on or prior to August 9, 2024, and has provided working notice to the limited number of employees who will be required to wind down its business. Accordingly, the Monitor supports the Applicants’ request for a declaration that Ted Baker Canada is a former employer for the purposes of section 5(5) of the WEPPA.
- 5.3 Should the requested order be granted, the Monitor will work with Ted Baker Canada to identify all employees that may be eligible for payments under WEPPA and will assist those eligible employees in their claim submissions to Service Canada at the appropriate time.

6.0 CASH FLOW RESULTS AND UPDATED CASH FLOW FORECAST

6.1 Cash receipts and disbursements for the 13-week period ended July 21, 2024 (the “**Reporting Period**”), as compared to the “Updated Cash Flow Forecast” attached as Appendix “A” to the First Report (the “**Initial Cash Flow Forecast**”), are summarized in the table below.

6.2 As described in the Pre-filing Report, these CCAA Proceedings were commenced on an accelerated basis to stabilize and maintain the Ted Baker Group’s business. At the time of the Initial Order and the ARIO, the Applicants and the Monitor were working with the Consultant to plan for and forecast the Sale, including preparing the Initial Cash Flow Forecast. A key assumption in that original forecast was a sale period of approximately ten weeks from May 10, 2024 through July 21, 2024. After further planning with the Consultant, the sale was modified and extended through August 4, 2024 for the majority of the Applicants’ locations. Accordingly, many of the variances set out in the table below are primarily due to this change in timing.

6.3 Shortly following the Sale Commencement Date, CIBC approved an updated cash flow forecast that included, among other things, the extended timeline. Following its approval, this revised projection replaced the Initial Cash Flow Forecast for the purposes of testing the Applicants’ cash flow variance covenants during the Insolvency Proceedings.

Cash Flow Variance Reporting		Cumulative 13-Week Period Ended July 21, 2024	
<i>\$USD '000's</i>	Forecast	Actual	Variance \$
Receipts			
Retail Sales	54,552	40,553	(13,999)
Sales Tax	4,546	3,197	(1,350)
Wholes & Accounts Receivable	15,371	6,766	(8,604)
Total Receipts	74,469	50,516	(23,953)
Disbursements			
Duties, Freight & Warehousing	11,082	6,387	4,695
Rent & Occupancy	9,056	7,326	1,729
Payroll & Benefits	8,131	7,942	189
Sales Tax	4,410	1,838	2,572
Licensing Fees	3,492	2,514	978
Liquidation Fees & Expenses	3,349	1,387	1,961
Bank Fees, IT & Other	2,974	2,068	906
Restructuring Professional Fees	4,315	3,017	1,298
DIP Financing Fee	300	300	-
Total Disbursements	47,109	32,779	14,330
Net Cash Flow	27,360	17,737	(9,623)
Net Debt Position			
Outstanding Pre-Filing Revolver	0	5,000	(5,000)
Outstanding DIP Financing	0	10,611	(10,611)
Less: Cash on Hand	(2,837)	(5,175)	2,338
Net Debt Outstanding	(2,836)	10,436	(13,272)

6.4 During the Reporting Period, the Applicants' total receipts were approximately \$24.0 million lower than projected in the Initial Cash Flow Forecast. The negative variance is primarily attributable to:

- (i) lower than forecast retail sales due to the extended Sale timeline as over \$7.7 million of inventory (at landed cost value) remains to be sold through the retail channel in the final weeks of the Sale; and

- (ii) timing variances in the sale of wholesale inventory and the collection of accounts receivable, such timing variance is expected to reverse in the Updated Cash Flow Forecast described below.

6.5 During the Reporting Period, the Applicants' total disbursements were approximately \$9.6 million less than projected in the Initial Cash Flow Forecast. The positive variance is primarily attributable to timing differences discussed above, relating to duties, freight & warehousing costs (approximately \$4.7 million), sales tax remittances (approximately \$2.6 million), the Consultant's fees & expenses (approximately \$2.0 million), rent and occupancy costs (\$1.7 million) and licensing fees (approximately \$1.0 million) which are expected to reverse throughout the remainder of the Cash Flow Period (defined below).

Updated Cash Flow Forecast

6.6 The Applicants, with the assistance of the Monitor, prepared the Updated Cash Flow Forecast for the period July 22, 2024 to September 29, 2024 (the "**Cash Flow Period**"). A copy of the Updated Cash Flow Forecast, together with Notes and Summary of Assumptions (the "**Updated Cash Flow Assumptions**"), is attached to this Second Report as **Appendix "B"**.

6.7 A summary of the Updated Cash Flow Forecast is set out in the following table:

Updated Cash Flow Forecast	
<i>10-Week Period Ended September 29, 2024</i>	
<i>USD \$ 000's</i>	Total
Receipts	
Collections	14,573
Sales Tax	493
Total Receipts	15,066
Disbursements	
Duties, Freight & Warehousing	2,678
Rent & Occupancy	1,325
Payroll & Benefits	2,759
Sales Tax	2,785
Licensing Fees	768
Liquidation Fees & Expenses	1,504
Bank Fees, IT & Other	759
Restructuring Professional Fees	1,568
Total Disbursements	14,146
Net Cash Flow	920

6.8 The Monitor notes the following with respect to the Updated Cash Flow Forecast:

- (i) collections include cash receipts forecast from (a) the sale of Merchandise through retail and concession stores, and from wholesale customers through to the end of the Sale; and (b) the collection of accounts receivable;
- (ii) disbursements include payments for logistics, warehousing and transportation services, rent and occupancy costs for stores through to the end of the Sale, warehouses and necessary office space, payroll and benefits, payment processing services, transition services, and certain other store-level and corporate operating costs;

- (iii) Licensing Fees include estimated fees payable to ABG on the sale of all merchandise affiliated with the Ted Baker brand, calculated as a percentage of sales; and
- (iv) Liquidation Fees & Expenses include the Consultant's remaining fees and expenses;
- (v) a reserve has been included in the Updated Cash Flow Forecast to provide liquidity for the period following the end of the requested extended Stay period (described below), when it is anticipated that there will be little to no activity in the Applicants' Business.

6.9 Based on the Monitor's review, nothing has come to its attention that causes it to believe, in all material respects that: (i) the Updated Cash Flow Assumptions are not consistent with the purpose of the Updated Cash Flow Forecast; (ii) as at the date of this Second Report, the Updated Cash Flow Assumptions are not suitably supported and consistent with the plans of the Ted Baker Group or do not provide a reasonable basis for the Updated Cash Flow Forecast, given the Updated Cash Flow Assumptions; or (iii) the Updated Cash Flow Forecast does not reflect the Updated Cash Flow Assumptions.

7.0 AMENDMENTS TO DIP TERM SHEET

7.1 After reviewing the Updated Cash Flow Forecast with the DIP Lender, the Applicants and the DIP Lender, with the assistance of the Monitor, determined that certain amendments to the DIP Term Sheet were necessary, and, accordingly, entered into the DIP Amendment

Agreement on July 30, 2024. A copy of the DIP Amendment Agreement is attached as **Appendix “C”**. Pursuant to the DIP Amendment Agreement:²

- (i) the Facility Amount has been decreased from \$28 million to \$12.5 million, reflecting the Applicants' anticipated liquidity needs;
- (ii) the Outside Date has been extended from August 2 to September 30, 2024, with a recognition that the Outside Date may need to be further extended on a month-to-month basis;
- (iii) minor amendments have been made to the repayment section to provide that the DIP Facility shall not immediately mature and the DIP Financing Obligations shall not be due and repayable in full upon the sale of all or substantially all of the Collateral; and
- (iv) minor amendments were made to certain of the milestone dates set out in Schedule “D” to reflect timing updates to the Sale timeline described above, as well as the actual date of the orders issued in the Chapter 15 Cases.

7.2 The Monitor is of the view that the DIP Amendment Agreement is appropriate in the circumstances for the following reasons:

- (i) The DIP Facility was set to mature on August 2, 2024;

² Capitalized terms in this section have the meanings ascribed to them in the DIP Term Sheet.

- (ii) the DIP Facility, as amended by the DIP Amendment Agreement, is forecast to provide the necessary liquidity for the Applicants and Monitor to undertake the next steps in the Insolvency Proceedings; and
- (iii) the Monitor is not aware of any party that is prejudiced by the DIP Amendment Agreement.

8.0 EXTENSION OF THE STAY PERIOD

8.1 The Stay period under the ARIO expires on August 2, 2024. Pursuant to the proposed Stay Extension Order, the Applicants are seeking an extension of the Stay to and including January 31, 2025.

8.2 The Monitor supports the Applicants' request to extend the Stay for the following reasons:

- (i) the proposed Stay extension will permit the Ted Baker Group, with the assistance of the Consultant and under the oversight of the Monitor, to complete the Sale and final reconciliation in accordance with the Consulting Agreement and Sale Guidelines with a view to maximizing the value of the Ted Baker Group's Merchandise and FF&E in an orderly and efficient manner;
- (ii) the extension of the Stay Period will enable the Ted Baker Group, with the assistance of the Monitor, to complete certain steps necessary to wind down operations in Canada and the U.S.;
- (iii) the Ted Baker Group has acted, and continues to act in good faith and with due diligence to advance their restructuring efforts and the Insolvency Proceedings;

- (iv) the Ted Baker Group is expected to have sufficient liquidity to fund their operations and the costs of the CCAA Proceedings during the extended Stay period; and
- (v) the Monitor is not aware of any party that would be materially prejudiced by the proposed Stay extension.

9.0 ACTIVITIES OF THE MONITOR

9.1 Since the date of the First Report, the activities of the Monitor have included the following:

- (i) engaging in discussions and reviewing potential transactions with the Consultant, the Ted Baker Group and their respective counsel in respect of the Sale;
- (ii) engaging with Canadian and US counsel to the Ted Baker Group and CIBC regarding the CCAA Proceedings and the Chapter 15 Cases;
- (iii) assisting the Ted Baker Group in structuring, negotiating and executing the United Legwear Transaction;
- (iv) assisting the Ted Baker Group in reviewing accounting cut-off to ensure proper determination of pre and post-filing obligations and liabilities;
- (v) engaging with certain suppliers, landlords and other stakeholders and their counsel who have reached out to the Monitor;
- (vi) assisting the Ted Baker Group with communications to employees, suppliers and other parties;

- (vii) corresponding and communicating with the Consultant regarding a range of day-to-day issues relating to the Sale;
- (viii) monitoring the Ted Baker Group's cash receipts and disbursements, and assisting in preparing the Updated Cash Flow Forecast;
- (ix) maintaining the Case Website and coordinating the posting of documents filed in the Insolvency Proceedings thereon; and
- (x) with the assistance of Bennett Jones LLP, counsel to the Monitor, preparing this Second Report.


10.0 CONCLUSIONS AND RECOMMENDATIONS

10.1 For the reasons set out in this Second Report, the Monitor respectfully recommends that the Court grant the relief requested by the Applicants.

All of which is respectfully submitted to the Court this 30th day of July, 2024.

**Alvarez & Marsal Canada Inc., solely in its capacity as
Monitor of the Ted Baker Group,
and not in its personal or corporate capacity**

Per: _____



Greg Karpel
Senior Vice-President

Per: _____



Josh Nevsky
Senior Vice-President

APPENDIX A
FIRST REPORT

See attached.

Court File No.: CV-24-00718993-00CL

**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**

**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 TED BAKER CANADA INC., TED
BAKER LIMITED, OSL FASHION SERVICES CANADA
INC., and OSL FASHION SERVICES, INC.**

APPLICANTS

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

MAY 2, 2024

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1.0 INTRODUCTION

- 1.1 On April 24, 2024 (the “**Filing Date**”), Ted Baker Canada Inc. (“**Ted Baker Canada**”), Ted Baker Limited, OSL Fashion Services Canada Inc. and OSL Fashion Services, Inc. (collectively, the “**Ted Baker Group**” or the “**Applicants**”) applied for and were granted protection under the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “**CCAA**”) pursuant to an initial order (the “**Initial Order**”) of the Ontario Superior Court of Justice (Commercial List) (the “**Court**”). The proceedings commenced by the Applicants under the CCAA are hereinafter referred to as the “**CCAA Proceedings**”.
- 1.2 The Applicants operate a fashion, clothing and accessories retail, wholesale and e-commerce business in Canada and the United States facilitated by certain license agreements with affiliates of Authentic Brands Group (“**ABG**”).
- 1.3 In Canada, Ted Baker Canada operates 25 retail store locations under the Ted Baker (9), Lucky Brand (7) and Brooks Brothers (9) store banners, with approximately 280 employees. Ted Baker Canada also sells to customers through six retail concession locations in certain Hudson’s Bay stores in Canada.
- 1.4 In the United States, Ted Baker Limited operates 34 retail stores under the Ted Baker store banner only, with approximately 350 employees. Ted Baker Limited also sells to customers through retail concession locations in 31 Bloomingdale’s stores in the United States, as well as through wholesale customers.

- 1.5 As a result of liquidity constraints caused in part by negative cash flows and working capital issues as well as the threat of the immediate termination of their key license agreements with ABG, the Ted Baker Group commenced these CCAA Proceedings to provide the breathing room necessary to stabilize and maintain the Ted Baker Group's business while considering their restructuring alternatives in consultation with key stakeholders.
- 1.6 Additional details regarding the Ted Baker Group as well as their business and financial circumstances are set out in the and the Affidavit of Antoine Adams sworn April 24, 2024 (the "**First Adams Affidavit**") and the Pre-Filing Report of the Monitor dated April 24, 2024 (the "**Pre-Filing Report**"), filed by Alvarez & Marsal Canada Inc. ("**A&M**") prior to the commencement of these CCAA Proceedings. The First Adams Affidavit, Pre-Filing Report and other Court-filed documents in the CCAA Proceedings are available on the Monitor's (as defined below) case website at: <https://www.alvarezandmarsal.com/TBRetail> (the "**Case Website**"). A copy of the Pre-Filing Report is attached hereto as **Appendix "A"**.
- 1.7 The Initial Order, among other things:
- (i) appointed A&M as monitor of the Applicants in these CCAA Proceedings (in such capacity, the "**Monitor**");
 - (ii) granted a stay of proceedings in favour of the Applicants and their directors and officers (the "**Stay**") up to and including May 3, 2024;

- (iii) authorized Ted Baker Canada and Ted Baker Limited to continue to borrow from the Canadian Imperial Bank of Commerce (“**CIBC**”), as interim lender (in such capacity, the “**Interim Lender**”) under the Existing Credit Facility (as defined in the Initial Order) in an amount not to exceed \$7 million, subject to the requirements set out in the Initial Order;
- (iv) authorized the Applicants to pay certain pre-filing amounts with the consent of the Monitor and the Interim Lender to key participants in the Applicants’ distribution network, and to other critical suppliers, if required;
- (v) granted or confirmed the Charges over the Property (both as defined in the Initial Order), listed in order of priority and each as defined in the Initial Order:
 - (a) an Administration Charge in the maximum amount of \$750,000;
 - (b) an Interim Lender’s Charge;
 - (c) the security granted with respect to the Existing Credit Facility (excluding the Interim Borrowings); and
 - (d) a Directors’ Charge in the maximum amount of \$2.5 million, ranking subordinate to the security granted with respect to the Existing Credit Facility; and
- (vi) authorized Ted Baker Canada to act as the foreign representative of the Applicants in respect of having these CCAA Proceedings recognized in the United States Bankruptcy Court for the Southern District of New York (the “**US Court**”)

pursuant to Chapter 15 of Title 11 of the United States Bankruptcy, 11 U.S.C. §§ 101-1532 Code (the “**Bankruptcy Code**”), and to seek related relief, including provisional relief, as necessary.

- 1.8 The Applicants commenced ancillary proceedings under the Bankruptcy Code on April 24, 2024 in the US Court. The proceedings commenced therein are hereinafter referred to as the “**Chapter 15 Cases**” (and, together with the CCAA Proceedings, the “**Insolvency Proceedings**”). As described below, among other things, the Chapter 15 Cases are intended to seek recognition of the CCAA Proceedings as “foreign main proceedings”.

2.0 PURPOSE OF THIS REPORT

- 2.1 The purpose of this First Report is to provide the Court with information, and where applicable, the Monitor’s views on:
- (i) the Applicants’ proposed realization process approval order (the “**Realization Process Approval Order**”), among other things, approving the Consulting Agreement and the Sale Guidelines (each as defined below), and authorizing the Applicants, with the assistance of the Consultant (as defined below), to conduct a sale (the “**Sale**”) of the merchandise (the “**Merchandise**”) and furniture, fixtures and equipment (“**FF&E**”) at the Ted Baker Group’s store and warehouse locations in Canada and the United States, in accordance with the Realization Process Approval Order, the Consulting Agreement and the Sale Guidelines;
 - (ii) the Applicants’ proposed Amended and Restated Initial Order (the “**ARIO**”), which, among other things:

- (a) extends the Stay to and including August 2, 2024;
 - (b) approves the DIP Term Sheet (as defined below) and grants various related relief, including a super-priority charge over the Property as security for advances under the DIP Term Sheet (the “**DIP Lender’s Charge**”);
 - (c) increases the quantum of the Administration Charge to \$1.5 million, and the Directors’ Charge to \$5 million;
 - (d) approves a key employee retention plan (the “**KERP**”) and grants a super-priority charge over the Property in the amount of \$250,000 (the “**KERP Charge**”) as security for payments to be made in accordance with the KERP; and
 - (e) seals the KERP and related detailed personal confidential information subject to further order of the Court;
- (iii) the status of the Chapter 15 Cases;
 - (iv) the activities of the Monitor since its appointment; and
 - (v) the Monitor’s conclusions and recommendations in connection with the foregoing.

3.0 TERMS OF REFERENCE AND DISCLAIMER

3.1 In preparing this First Report, A&M, in its capacity as Monitor, has been provided with, and has relied upon, unaudited financial information, books and records and other financial information prepared by the Ted Baker Group and has held discussions with management of the Ted Baker Group and their legal counsel (collectively, the “**Information**”). Except

as otherwise described in this First Report in respect of the Ted Baker Group's cash flow forecast:

- (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 CAS in respect of the Information; and
- (ii) some of the information referred to in this First 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 First Report was prepared based on Ted Baker Group management'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 First Report should be read in conjunction with the Pre-Filing Report and the Affidavit of Antoine Adams sworn May 1, 2024 (the "**Second Adams Affidavit**") and filed in support of the Applicants' motion for the proposed ARIO and Realization Process Approval Order. Capitalized terms used and not defined in this First Report have the

meanings given to them in the Pre-Filing Report or the Second Adams Affidavit, as applicable.

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

4.0 REALIZATION PROCESS APPROVAL ORDER

- 4.1 The Applicants are seeking approval of a Realization Process Approval Order substantially in the form appended to the Applicants' motion record that, if granted, will approve the Consulting Agreement, and authorizes the Applicants, with the assistance of the Consultant, to undertake the Sale in accordance with the terms of the Realization Process Approval Order, the Consulting Agreement, and the Sale Guidelines. Under the proposed realization process, the Applicants have the flexibility to modify the Sale (as defined below) by removing Stores should they identify a going concern third party transaction for some or all of the Applicants' business or assets on or before May 17, 2024.

Consultant Solicitation Process

- 4.2 In accordance with the Initial Order, following the Filing Date, the Monitor, on behalf of the Ted Baker Group, contacted three third party liquidators (collectively, the "**Potential Liquidators**") identified as having the requisite expertise, qualifications and capability to implement a retail liquidation of all or a sub-set of the Ted Baker Group's Merchandise and FF&E. The Potential Liquidators were requested to submit a proposal in the form of a mark-up to a template form of consultant agreement provided by the Monitor by no later than April 28, 2024 (the "**Proposal Deadline**").

- 4.3 In order to facilitate and assist the Potential Liquidators in conducting necessary due diligence in order to prepare and submit proposals: (i) the Monitor and the Ted Baker Group established an electronic data room (the “**Data Room**”), which was populated with information relevant to the proposed realization, including detailed accounts of the Ted Baker Group’s inventory, operations and financial information; and (ii) each of the Potential Liquidators was given the opportunity to request further information.
- 4.4 Following the execution of a non-disclosure agreement: (i) the Potential Liquidators were granted access to the Data Room; and (ii) additional information and clarification was provided to the Potential Liquidators. Ultimately, each of the Potential Liquidators submitted a consulting fee proposal prior to the Proposal Deadline.
- 4.5 After reviewing the Potential Liquidators’ proposals, the Ted Baker Group, in consultation with its legal counsel, the Monitor and the Interim Lender, selected Gordon Brothers Canada ULC and Gordon Brothers Retail Partners, LLC (together, the “**Consultant**”) as the third-party liquidator to assist with the Sale. The Monitor is supportive of the engagement of the Consultant pursuant to the Consulting Agreement and is satisfied that: (i) the Consultant’s services will assist the Ted Baker Group in conducting an efficient and value-maximizing Sale; (ii) the Consultant is qualified, experienced and capable of performing its obligations under the Consulting Agreement in accordance with the Sale Guidelines; and (iii) the Consultant’s proposed fee structure (described below) is reasonable.

Proposed Consulting Agreement and Sale Guidelines¹

4.6 Ted Baker Canada and Ted Baker Limited (together, the “**Merchant**”) and the Consultant have entered into a Consulting Agreement dated as of April 30, 2024 (as may be amended from time to time in accordance with its terms, the “**Consulting Agreement**”). A copy of the Consulting Agreement is attached as Exhibit “E” to the Second Adams Affidavit. The salient terms of the Consulting Agreement and the proposed sale guidelines for the Sale of the Ted Baker Group’s Merchandise and FF&E (the “**Sale Guidelines**”) are summarized in the following table:

Summary of Terms of Consulting Agreement and Sale Guidelines	
Exclusive Consultant	<ul style="list-style-type: none"> The Consultant will act as the exclusive consultant of the Merchant for the purpose of conducting the Sale.
Timing	<ul style="list-style-type: none"> The Sale will commence on a date agreed to by the Merchant and the Consultant (the “Sale Commencement Date”). The Sale will end no later than 12 weeks following such Sale Commencement Date (the “Sale Termination Date”), provided, however, that the Consultant and the Merchant may, in consultation with the Monitor and the DIP Lender, mutually agree to extend the Sale Termination Date or terminate the Sale at any store location prior to the Sale Termination Date. The Consulting Agreement will be deemed to be terminated in the event that the Court denies the Applicants’ request for the proposed Realization Process Approval Order.
Sales	<ul style="list-style-type: none"> All sales will be “final” with no returns permitted. The Consulting Agreement provides the Consultant with the right to supplement the Merchandise in the Sale at the retail stores with additional goods (the “Additional Consultant Goods”) procured by the Consultant that are of like kind and category, and no lesser quality to the Merchandise in the stores. The Consultant must pay the Merchant an amount equal to 5% of the gross proceeds (excluding sales taxes) from the sale of all Additional Consultant Goods (the “Additional Consultant Goods Fee”).

¹ Capitalized terms used in this section of this First Report and not otherwise defined herein having the meaning ascribed to them in the Consulting Agreement or the Sale Guidelines, as applicable.

Summary of Terms of Consulting Agreement and Sale Guidelines											
Consultant Fees & Expenses	<ul style="list-style-type: none"> On the sale of Merchandise, the Consultant will earn a fee equal to 2% of Gross Proceeds² (the “Merchandise Base Fee”), plus an additional fee based on the following thresholds of Gross Recovery Percentage (calculated back to first dollar (the “Merchandise Incentive Fee” and together with the Merchandise Base Fee, the “Merchandise Fee”): <table> <tr> <th><u>Gross Recovery Percentage</u></th><th><u>Additional Incentive Compensation</u></th></tr> <tr> <td>Between 144.50% and 153.50%</td><td>0.25% of Gross Proceeds</td></tr> <tr> <td>Between 153.51% and 160.50%</td><td>0.50% of Gross Proceeds</td></tr> <tr> <td>Between 160.51% and 168.50%</td><td>0.75% of Gross Proceeds</td></tr> <tr> <td>Above 168.51%</td><td>1.00% of Gross Proceeds</td></tr> </table> With respect to Merchandise sold in bulk to wholesale customers from the Warehouse during the Sale Term, the Consultant will earn a fee of 5% of the Gross Proceeds of such sales, plus an additional fee equal to 10% of any savings obtained from selling to regions that reduce any import duties (the “Bulk Sale Fee”). On the sale of FF&E, the Consultant will earn a commission of 15% of gross proceeds, net of applicable sales taxes, provided that the Consultant shall provide the Merchant with an equity guarantee proposal with respect to the FF&E, the economics of which, if accepted by the Merchant, shall eliminate and replace the FF&E Fee. The Merchant will reimburse the Consultant for its fees and expenses, pursuant to an approved budget not to exceed \$1,410,671 (the “Expense Budget”), including supervision and related costs, and advertising costs. The Expense Budget is included as Exhibit “C” to the Consulting Agreement. The Consulting Agreement does not contemplate a “net-minimum guarantee” or other floor recovery for the Merchant. 	<u>Gross Recovery Percentage</u>	<u>Additional Incentive Compensation</u>	Between 144.50% and 153.50%	0.25% of Gross Proceeds	Between 153.51% and 160.50%	0.50% of Gross Proceeds	Between 160.51% and 168.50%	0.75% of Gross Proceeds	Above 168.51%	1.00% of Gross Proceeds
<u>Gross Recovery Percentage</u>	<u>Additional Incentive Compensation</u>										
Between 144.50% and 153.50%	0.25% of Gross Proceeds										
Between 153.51% and 160.50%	0.50% of Gross Proceeds										
Between 160.51% and 168.50%	0.75% of Gross Proceeds										
Above 168.51%	1.00% of Gross Proceeds										
Services Provided By Consultant	<ul style="list-style-type: none"> The Consultant will provide qualified supervisors approved by the Merchant to oversee the management of the Stores and the Sale. The Consultant will recommend appropriate point-of-sale and external advertising, discounts, and staffing levels, oversee display of Merchandise, and assist the Merchant in connection with managing and controlling loss prevention and employee relation matters. The Consultant will provide other related services deemed necessary or appropriate by the Merchant and the Consultant, in consultation with the Monitor and the DIP Lender. 										

² The Consulting Agreement defines “**Gross Proceeds**” as meaning gross receipts (including, without limitation, gift card or gift certificates issued by the Merchant) from sales of Merchandise during the Sale Term, net of applicable sales taxes.

Summary of Terms of Consulting Agreement and Sale Guidelines	
Sale Guidelines	<ul style="list-style-type: none"> • The Consulting Agreement is also subject to the Canada Sale Guidelines (applicable to Sales in Canada), and the US Sale Guidelines (applicable to Sales in the US) (collectively, the “Sale Guidelines”), which are attached as Exhibits “B-2” and “B-1” to the Consulting Agreement, respectively. The Sale Guidelines provide, among other things, that: <ul style="list-style-type: none"> (a) except as otherwise set out in the Consulting Agreement or any Court Order, the Sale Guidelines or any subsequent written agreement between the Merchant and the applicable Landlord(s), the Sale in Canada will be conducted in accordance with the terms of the applicable Leases; (b) In the United States, the Sale will be conducted in accordance with applicable state and local “Blue Laws”; (c) the Sale will be conducted so that the locations remain open during the normal hours of operation provided for in the applicable Leases until the applicable respective Sale Termination Date and in all cases in Canada, no later than August 2, 2024; (d) all display and hanging signs used in connection with the Sale will be professionally produced and hung in a professional manner. No signs will advertise the Sale as a “Bankruptcy”, a “Liquidation” or a “Going Out of Business” sale;³ (e) the purchasers of FF&E will only be permitted to remove FF&E through the back shipping areas designated by the Landlord or through other areas after regular store business hours or through the front door during regular store business hours if the FF&E can fit in a shopping bag, with the applicable Landlord’s supervision as required by the applicable Lease; and (f) at the conclusion of the Sale and FF&E Removal Period in each Store, the Consultant will arrange that the premises are in “broom-swept” and clean condition, subject to the Consultant’s right to abandon in a neat and orderly manner any unsold FF&E at the end of the Sale Term.

4.7 The Consulting Agreement was negotiated among the Consultant, the Ted Baker Group and their respective legal counsel, in consultation with the Monitor and the DIP Lender, and their respective legal counsel. In negotiating the terms of the Consulting Agreement, including the Sale Guidelines, the Ted Baker Group and the Monitor were cognizant of the interests of landlords commonly expressed in similar situations. Counsel to several of the Canadian Landlords were consulted in connection with the finalization of the Consulting Agreement and Sale Guidelines.

³ It being understood that the French equivalent of "clearance" is "liquidation" and is permitted to be used.

- 4.8 The Applicants and their counsel continue to engage with counsel to the Canadian Landlords and the Consultant in respect of concerns identified with the Sale Guidelines including with respect to augmentation by the Consultant.
- 4.9 The Monitor recommends that the Court grant the proposed Realization Process Approval Order, among other things, approving the Consulting Agreement and the Sale Guidelines, given that, among other things:
- (i) the process to select the Consultant was fair and reasonable in the circumstances;
 - (ii) as described in the Second Adams Affidavit, the Consultant has extensive experience in conducting retail liquidations in Canada and the US;
 - (iii) the Consulting Agreement and the Sale Guidelines account for the interests of the Ted Baker Group's landlords in a manner consistent with similar arrangements previously approved by the Court in CCAA retail liquidations, and by the US Court in US-based retail liquidations, respectively;
 - (iv) the Consulting Agreement and the Sale Guidelines are anticipated to maximize net realizations during the Insolvency Proceedings for the benefit of the Ted Baker Group's stakeholders, both by maximizing proceeds and minimizing costs, on a timely basis;
 - (v) the fee structure outlined in the Consulting Agreement is intended to align the Consultant's compensation with stakeholder outcomes, and is, in the Monitor's view, reasonable in the circumstances;

- (vi) the Consulting Agreement permits the Consultant to sell through the realization process Additional Consultant Goods which are of like kind and no lesser quality to the Applicants' Merchandise, which will enhance stakeholder recoveries through the realization process while minimizing impacts to landlord rights under applicable leases; and
- (vii) the Consulting Agreement affords the Ted Baker Group the flexibility necessary to continue to pursue discussions in furtherance of a potential going-concern transaction and, if necessary, add or remove the number of the Ted Baker Group's stores subject to the Sale at any time until and including May 17, 2024, or to add stores at any time thereafter.

5.0 DIP FACILITY

- 5.1 As described in the Pre-Filing Report, CIBC is the main operating and senior secured lender to the Ted Baker Group, with Ted Baker Canada and Ted Baker Limited as borrowers thereunder. In order to facilitate necessary borrowings by the Applicants during the initial Stay Period, the Initial Order, among other things: (i) authorized and empowered Ted Baker Canada and Ted Baker Limited to continue to borrow up to \$7 million as Interim Borrowings under the Existing Credit Agreement (as such terms are defined in the Initial Order); (ii) granted the Interim Lender's Charge in favour of CIBC; (iii) ordered that the Interim Borrowings shall mature on May 8, 2024; and (iv) granted certain related relief in favour of the Interim Lender and Interim Borrowings.
- 5.2 After the issuance of the Initial Order, the Applicants, with the assistance of the Monitor, engaged in negotiations with CIBC in furtherance of establishing a debtor-in-possession

(“**DIP**”) financing facility to replace the Interim Borrowings and provide essential liquidity for the Applicants’ operations and restructuring process going forward. As a result of these negotiations, on May 1, 2024, the Applicants entered into a DIP Term Sheet (the “**DIP Term Sheet**”) with CIBC, as DIP lender (in such capacity, the “**DIP Lender**”) to establish a DIP borrowing facility (the “**DIP Facility**”). A copy of the DIP Term Sheet is appended as Exhibit “F” to the Second Adams Affidavit.

5.3 The DIP Facility is described in further detail in the Second Adams Affidavit. Key terms and components of the DIP Facility include the following:

<u>DIP Facility</u> (capitalized terms have the meanings ascribed thereto in this First Report or in the DIP Term Sheet, as applicable)	
Agreement	<ul style="list-style-type: none"> DIP Term Sheet dated as of May 1, 2024.
Borrowers	<ul style="list-style-type: none"> Ted Baker Canada Inc. and Ted Baker Limited.
Guarantors	<ul style="list-style-type: none"> OSL Fashion Services Canada Inc. and OSL Fashion Services, Inc.
Lender	<ul style="list-style-type: none"> CIBC.
DIP Facility	<ul style="list-style-type: none"> A senior secured, super priority, debtor-in-possession, revolving credit facility up to a maximum principal amount of \$28 million Advances can be made in Canadian or US dollars. The First Advance shall be in US dollars in an amount, at a minimum, sufficient to repay in full all Interim Borrowings.
Interest	<ul style="list-style-type: none"> 9.95% per annum for advances made in Canadian dollars. 11.75% per annum for advances made in US dollars.
Fees	<ul style="list-style-type: none"> Commitment Fee of \$300,000, payable to the Lender upon issuance of the ARIO, to be paid in 2 tranches of \$150,000 by certain dates.
Maturity Date	<ul style="list-style-type: none"> The earlier of: (i) the occurrence of any Event of Default (other than an Existing Event of Default); (ii) the implementation of any CCAA plan of compromise and arrangement; (iii) the sale of all or substantially all of the Collateral; and (iv) August 2, 2024 (being the Outside Date).
Material Conditions	<ul style="list-style-type: none"> Court approval of the ARIO, including the DIP Lender’s Charge, by no later than May 3, 2024. US Court issuance and entry of Final Recognition Order by no later than May 8, 2024.

DIP Facility (capitalized terms have the meanings ascribed thereto in this First Report or in the DIP Term Sheet, as applicable)	
Precedent to Advances	<ul style="list-style-type: none"> Beginning the week commencing on May 13, 2024: (i) cumulative actual receipts for the period commencing on May 6, 2024 and ending the week prior to such Advance request shall be equal to or greater than the “Minimum Cumulative Receipts” line item set out in the DIP Budget for such week, and (ii) cumulative actual disbursements of the DIP Parties for the period commencing May 6, 2024 and ending the week prior to such Advance Request shall be equal to or less than the “Maximum Cumulative Disbursements” line item in the DIP Budget for such week.
DIP Milestones	<ul style="list-style-type: none"> May 3, 2024: Approval of the ARIO May 8, 2024: Issuance and entry of the Final Recognition Order by the US Court On or before May 13, 2024: Commencement of the Realization Process May 15, 2024: Execution of Credit Documents by the DIP Parties (if applicable) June 14, 2024: Outstanding principal balance of Obligations to be no more than \$5,000,000 July 31, 2024: Completion of the Realization Process
Mandatory Prepayments	<ul style="list-style-type: none"> Provided the Monitor is satisfied that the DIP Parties have sufficient cash reserves to satisfy (i) amounts secured by any Permitted Priority Liens senior to the DIP Lender’s Charge, and (ii) obligations they have incurred from and after the Filing Date in accordance with this Term Sheet and the DIP Budget, for which payment has not been made, the DIP Parties shall use all excess cash on hand at the end of each Business Day (which for greater certainty does not include any of the proceeds of an Advance) to indefeasibly repay the following in the following order: (A) first, the Obligations until the remaining principal balance thereof is \$5,000,000, (B) second, the DIP Financing Obligations, until repaid in full, and (C) lastly, the remaining balance of the Obligations until paid in full.
DIP Collateral	<ul style="list-style-type: none"> To be secured in Canada by the DIP Lender’s Charge (as defined and described below).

5.4 As indicated in the First Adams Affidavit, CIBC has sweep rights over all existing Canadian bank accounts under the Existing Credit Facility, and has established a deposit account control agreement in respect of the Applicants' main operating US bank account. Funds swept through these mechanisms during these CCAA proceedings will be used to partially repay the pre-filing balance owing under the Existing Credit Facility (i.e. a “creeping roll-up”)

5.5 The Monitor supports approval of the DIP Facility because:

- (i) the terms of the DIP Facility are the result of negotiations between the Ted Baker Group, the Monitor, CIBC, and their respective advisors;
- (ii) in light of CIBC's existing pre-filing secured debt, it is unlikely that the Ted Baker Group would be able to obtain acceptable DIP financing proposals other than that reflected in the DIP Facility, nor is it expected that CIBC would consent to or support such alternative DIP facility, if one were available;
- (iii) the DIP Facility is conditioned on the approval of the Court and the US Court. The Monitor understands that the Applicants will seek approval of the DIP Facility from the US Court on May 8, 2024;
- (iv) the DIP Facility is structured in a manner that is substantially similar to the Existing Credit Facility and provides the Ted Baker Group with substantially the same borrowing availability, and is being provided by the existing third-party lender under the Existing Credit Facility;
- (v) the DIP Facility interest rates are consistent with those under the Existing Credit Facility,⁴ and the Commitment Fee of \$300,000 (approximately 1.07% of the total DIP Facility) is on the lower end of market ranges; and
- (vi) in the Monitor's view, the DIP Milestones (as defined in the DIP Term Sheet and summarized above) are reasonable in the circumstances, and are consistent with the

⁴ Including default rates of interest, as applicable.

realization process for which the Applicants are seeking approval pursuant to the Realization Process Approval Order.

6.0 UPDATED CASH FLOW FORECAST

- 6.1 The Applicants, with the assistance of the Monitor, prepared a revised and updated cash flow forecast (the “**Updated Cash Flow Forecast**”) for the period from April 28, 2024 to August 4, 2024 (the “**Cash Flow Period**”). A copy of the Updated Cash Flow Forecast, together with Notes and Summary of Assumptions (the “**Updated Cash Flow Assumptions**”), is attached to this First Report as **Appendix “B”**.
- 6.2 Notably, in comparison to the initial cash flow forecast attached as Appendix “A” to the Pre-Filing Report, the Updated Cash Flow Forecast has been revised to reflect the receipts and disbursements expected to occur during the Cash Flow Period. A summary of the Updated Cash Flow Forecast is set out in the following table:

Ted Baker Retail**Cash Flow Forecast (Consolidated)***Unaudited, in USD \$ 000's**15 Week***TOTAL****Receipts**

Collections 69,923

Sales tax collected 4,546

Total Receipts 74,469**Disbursements**

Duties, Freight & Warehousing 11,082

Rent & Occupancy 9,213

Payroll & Benefits 8,314

Sales tax remittances 5,661

Licensing Fees 3,818

Liquidation Fees & Expenses 3,349

Bank Fees, IT & Other 2,974

Restructuring Professional Fees 4,674

DIP Financing Fee 300

Total Disbursements 49,385**Net Cash Flow 25,084**

6.3 During the Cash Flow Period, the operating cash flows are projected to be positive \$25.1 million.

6.4 The Applicants' Cash Management System is described in the Pre-Filing Report. The Cash Management system allows for separate tracking of receipts and disbursements of the entities comprising the Ted Baker Group, and will allow for separate tracking of Canadian and US cash flows.

6.5 The Monitor notes the following with respect to the Updated Cash Flow Forecast:

- (i) collections include cash receipts forecast from (a) the sale of goods through retail and concession stores, and from certain wholesale customers, and (b) the collection of existing accounts receivable. The realization process is forecast to commence on

May 9, 2024, subject to Court approval of the Consulting Agreement and Sale Guidelines;;

- (ii) disbursements include payments for logistics, warehousing and transportation services, rent and occupancy costs for stores, warehouses and necessary office space, payroll and benefits, payment processing services, transition services, information technology services (including with respect to enterprise resource planning software licenses), and certain other store-level and corporate operating costs;
- (iii) Licensing Fees include estimated fees payable to ABG on the sale of all goods affiliated with the Ted Baker brand, calculated as a percentage of sales;
- (iv) the Liquidation Fees & Expenses include the Merchandise Fee and Bulk Sale Fee in accordance with the Consulting Agreement, and a provision for costs relating to marketing, signage, labour and other expenses anticipated to be occurred in the realization process; and
- (v) Bank Fees, IT & Other includes: (i) an estimate for credit card processing fees; (ii) payments to OSL Retail Services Inc. (“**OSL Retail**”) of \$325,000 per month for:
 - (a) license fees related to critical information technology services to the Applicants;
 - (b) payroll costs directly related to the servicing of the information technology services; and
 - (c) an allocation of management services provided to the Ted Baker Group; and(iii) a contingency for other disbursements.

6.6 Since the issuance of the Initial Order, the Monitor has been assisting the Applicants in stabilizing their business and ensuring uninterrupted continuity in the normal course during the Insolvency Proceedings. These efforts have included, among other things:

- (i) discussions with YM Inc. (Sales) and Jaytex Group (Sales), both of whom provide certain transition services essential to the Lucky Brand and Brook Brothers businesses, respectively, to understand the scope of such services, the timing for receipts and disbursements in respect of same, and payment for such services during these Insolvency Proceedings;
- (ii) discussions with OSL Retail, a non-Applicant affiliated entity that provides critical management services and information technology services to the Applicants in the form of software licenses and administration in connection with certain enterprise resource planning assets, as were more fully described in the First Adams Affidavit. To ensure such services are maintained throughout the CCAA period, the Ted Baker Group have agreed to pay for such services, in the amount of \$325,000 per month during the post-filing period, in accordance with pre-existing arrangements and contractual agreements. The Monitor has reviewed this amount and considers it to be reasonable in the circumstances, having regard to the critical services provided by OSL Retail, among other things; and
- (iii) in accordance with the Initial Order, with the consent of the Monitor and the DIP Lender, assisting the Applicants with discussions relating to payments to certain critical suppliers in respect of amounts outstanding as of the Filing Date, where

such payments may be deemed necessary to ensure the ongoing provision of goods or services by such suppliers.

- 6.7 Based on the Monitor's review, nothing has come to its attention that causes it to believe, in all material respects that: (i) the Cash Flow Assumptions are not consistent with the purpose of the Updated Cash Flow Forecast; (ii) as at the date of this First Report, the Updated Cash Flow Assumptions are not suitably supported and consistent with the plans of the Ted Baker Group or do not provide a reasonable basis for the Updated Cash Flow Forecast, given the Updated Cash Flow Assumptions; or (iii) the Updated Cash Flow Forecast does not reflect the Updated Cash Flow Assumptions.

7.0 AMENDED AND RESTATED INITIAL ORDER

- 7.1 The Applicants are seeking approval of the Amended and Restated Initial Order. The following summarizes the material changes from the Initial Order.

Key Employee Retention Plan

- 7.2 To facilitate and encourage the continued participation of a limited number of non-store employees during the Insolvency Proceedings, the Applicants are seeking the approval of: (i) a KERP for eight identified employees who are considered by the Applicants to be critical to the success of the Insolvency Proceedings with the ability to add additional employees to the extent doing so will facilitate the realization process (collectively, the "**KERP Participants**"); and (ii) the granting of the KERP Charge in the amount of \$250,000 to secure the payments expected to become due under the KERP. As discussed below, the terms of the KERP are the subject of a sealing request, and will be included in a Confidential Appendix to this First Report.

- 7.3 Under the KERP, the KERP Participants are entitled to retention bonuses of 10% of the KERP Participants' annual salary, up to a maximum of \$250,000 in the aggregate across all KERP Participants. Such retention bonuses are payable on the date (the "**Target Date**") that is the earliest of: (i) the completion of the Sale; (ii) the closing of a potential going-concern transaction for all or part of the Applicants' business; or (iii) the date as of which the applicable KERP Participant is advised that its services are no longer required.
- 7.4 The foregoing entitlements under the KERP are conditional upon, among other things, the applicable KERP Participant continuing to provide services to the Applicants until the Target Date.
- 7.5 As part of its review and consideration of the KERP, the Monitor examined key employee retention plans that have recently been approved by the Court in similar proceedings.
- 7.6 The Monitor supports the approval of the proposed KERP as:
- (i) the KERP will provide stability to the business and facilitate the successful completion of the CCAA Proceedings and the Sale by encouraging the KERP Participants to remain with the Ted Baker Group;
 - (ii) the KERP Participants are (or will be) considered by the Ted Baker Group, exercising their business judgment, to be crucial to maximizing realizations in the CCAA Proceedings for the benefit of the Applicants' stakeholders;
 - (iii) given the contemplated liquidation and potential for a going-concern transaction, the KERP Participants cannot be easily and expediently replaced;

- (iv) the Monitor understands that the DIP Lender has consented to the proposed KERP and the KERP Charge; and
- (v) the terms of the KERP and the quantum of the payments expected to be made thereunder are reasonable both in the circumstances and when compared to other key employee retention and incentive plans previously approved by the Court.

7.7 Pursuant to the proposed ARIO, the Applicants are requesting that the KERP and related payment information be sealed, subject to further order of the Court. The proposed KERP contains private and highly sensitive information regarding the identities and compensation of the KERP Participants. As a result, and given that the aggregate maximum amount payable under the KERP has been disclosed, the Monitor recommends that the proposed KERP be sealed, subject to further order of this Court. In the circumstances, the sealing of the proposed KERP will protect the privacy interests of the KERP Participants and Ted Baker Group's commercial interests in maintaining the confidentiality of their respective compensation.

KERP Charge

- 7.8 The proposed ARIO provides for a KERP Charge over the Property in an amount not to exceed \$250,000 in favour of the KERP Participants. The KERP Charge represents the maximum aggregate amount payable to the KERP Participants. As noted above, the Monitor understands that the DIP Lender has consented to the granting of the KERP Charge.
- 7.9 The Monitor supports the granting of the KERP Charge to provide additional certainty of payment to the KERP Participants.

Court-ordered Charges Sought in the ARIO

- 7.10 In addition to the approval of the DIP Lender's Charge and the KERP Charge described above, the ARIO also seeks increases to the quantum of the Administration Charge and the Directors' Charge over the Property, as described below.

Administration Charge

- 7.11 The Initial Order provides for a super-priority charge over the Property in an amount not to exceed \$750,000 in favour of the Monitor, counsel to the Monitor and counsel to the Ted Baker Group (the "**Administration Charge**"). For the purposes of the Initial Order, the Administration Charge was limited to the amount reasonably necessary during the initial Stay period. The Applicants are seeking an increase in the amount of the Administration Charge in the ARIO to \$1.5 million.
- 7.12 The Monitor assisted the Applicants in the calculation of the Administration Charge and is of the view that the proposed amount of the charge is reasonable and appropriate in the circumstances, having regard to the nature of the proceedings, potential work involved at peak times, and the size of charges approved in similar CCAA Proceedings.
- 7.13 The Monitor understands that the DIP Lender does not object to the proposed quantum of the Administration Charge.

Directors' Charge

- 7.14 The Initial Order provides that the Applicants shall indemnify their respective directors and officers against obligations and liabilities that they may incur as directors and officers of the Ted Baker Group after the commencement of the Insolvency Proceedings, except to the extent that the obligation or liability was incurred as a result of an officer's or director's

gross negligence or wilful misconduct. The Initial Order provides for a super-priority charge over the Property in the amount of \$2.5 million in favour of Applicants' directors and officers as security for such indemnity (the "**Directors' Charge**"). For the purposes of the Initial Order, the Directors' Charge was limited to the amount reasonably necessary during the initial Stay period. The Applicants are seeking an increase in the amount of the Directors' Charge to \$5 million in the ARIO.

7.15 The Monitor understands that the Applicants hold directors' and officers' insurance policies that provide coverage for certain director and officer obligations. However, these policies contain certain exceptions, exclusions and carve-outs, and as a result, the policies may not provide adequate coverage to the Applicants' directors and officers during the Insolvency Proceedings. The Applicants' directors and officers will only be entitled to the benefit of the Directors' Charge to the extent they do not have coverage under directors' and officers' insurance policies or to the extent such coverage is insufficient to pay an indemnified amount.

7.16 The Monitor assisted the Applicants in the calculation of the Directors' Charge, taking into consideration the amount of the Applicants' payroll, vacation pay and federal, provincial and state sales tax liabilities. The components that comprise the Directors' Charge are as follows:

Revised Directors' Charge	\$000's
Provision for sales taxes	\$2,600
Provision for employee wages and source deductions	\$1,300
Provision for accrued vacation pay	\$700
Provision for employee benefits, EHT and other similar amounts	\$400
Total	\$5,000

7.17 The Monitor is of the view that the proposed increase to the Directors' Charge is required and reasonable in the circumstances.

DIP Lender's Charge

7.18 As discussed below, it is a condition precedent to the effectiveness of the DIP Term Sheet that the Court issue the proposed ARIO, among other things, granting the DIP Charge up to the maximum amount of \$28 million (being the current total commitment under the DIP Term Sheet). The DIP Lender's Charge does not secure any of the Applicants' obligations under the Existing Credit Agreement existing prior to the date of the proposed ARIO.

Priority of Charges in the ARIO

7.19 The priorities of the Charges under the ARIO are proposed to be as follows:

- (i) First – Administration Charge (to the maximum amount of \$1.5 million);
- (ii) Second – Interim Lender's Charge, until such Charge is terminated pursuant to the ARIO;
- (iii) Third – DIP Lender's Charge;
- (iv) Fourth – Security granted with respect to the Existing Credit Facility (excluding Interim Borrowings);

(v) Fifth– Directors’ Charge (to the maximum amount of \$5 million); and

(vi) Sixth – KERP Charge (to the maximum amount of \$250,000).

7.20 As described above, the Monitor believes that the Charges are reasonable in the circumstances. If granted, the Charges under the ARIO will rank in priority to the claims of all other secured and unsecured creditors.

Extension of the Stay Period

7.21 The Stay period under the Initial Order expires on May 3, 2024. Pursuant to the proposed ARIO, the Applicants are seeking an extension of the Stay to and including August 2, 2024.

7.22 The Monitor supports the Applicants’ request to extend the Stay for the following reasons:

- (i) the proposed Stay extension will permit the Ted Baker Group, with the assistance of the Consultant and under the oversight of the Monitor, to conduct the Sale in accordance with the Consulting Agreement and Sale Guidelines with a view to maximizing the value of the Ted Baker Group’s Merchandise and FF&E in an orderly and efficient manner;
- (ii) the proposed Stay extension will provide the Ted Baker Group with the time and stability necessary to continue discussions in respect of a potential going concern sale transaction and, if successful in this regard, return to Court to seek approval of such transaction;
- (iii) the Ted Baker Group has acted, and continues to act in good faith and with due diligence to advance their restructuring efforts and the Insolvency Proceedings;

- (iv) as reflected in the Updated Cash Flow Forecast, the Ted Baker Group is expected to have sufficient liquidity to fund their operations and the costs of the CCAA Proceedings during the extended Stay period, provided that the proposed ARIO is granted; and
- (v) the Monitor is not aware of any party that would be materially prejudiced by the proposed Stay extension.

8.0 UPDATE ON CHAPTER 15 CASES

- 8.1 As indicated in the Second Adams Affidavit and detailed above, the Initial Order authorized Ted Baker Canada to act as “foreign representative” for the purpose of having the CCAA Proceedings recognized and approved, by the US Court.
- 8.2 Following the issuance of the Initial Order, the Applicants commenced the Chapter 15 Cases, seeking, among other things, an order recognizing and enforcing these CCAA proceedings in the US, as well as a temporary restraining order to obtain the benefits of a stay of proceedings and certain relief in favour of the Interim Lender in respect of the Applicants’ assets located in the US, pending the US Court’s consideration of the petition to recognize the CCAA Proceedings in the US.
- 8.3 On April 26, 2024, the Applicants were granted provisional relief by the US Court in the form of a temporary restraining order (the “**Order Granting Provisional Relief**”), a copy of which is attached as Exhibit “D” to the Second Adams Affidavit. Among other things, the Order Granting Provisional Relief: (i) grants a stay of proceedings against the Applicants in the US; (ii) authorizes the Applicants to continue to borrow from the Interim

Lender; and (iii) applies the Initial Lender's Charge to the Applicants' assets in the United States.

8.4 A hearing has been scheduled before the US Court on May 8, 2024, where the Applicants will seek approval of the requested recognition order and related relief.

9.0 ACTIVITIES OF THE MONITOR SINCE THE FILING DATE

9.1 Since the Filing Date, the primary activities of the Monitor have included the following:

- (i) contacting and liaising with the Potential Liquidators and populating the Data Room in connection with the solicitation of proposals to act as consultant in the realization process;
- (ii) reviewing and analyzing the proposals received from Potential Liquidators, in consultation with the Applicants and Interim Lender, and their representatives;
- (iii) engaging in negotiations with the Consultant, the Ted Baker Group and their respective counsel in respect of the Consulting Agreement and the Sale Guidelines;
- (iv) engaging with parties who have expressed an interest in pursuing a potential going concern transaction and populating a separate data room for these parties;
- (v) engaging with Canadian and US counsel to the Ted Baker Group and CIBC regarding the Chapter 15 Cases and Order Granting Provisional Relief;
- (vi) assisting the Ted Baker Group in developing the KERP;

- (vii) engaging in negotiations with CIBC, the Ted Baker Group and their respective counsel in respect of the DIP Term Sheet and the DIP Lender's Charge;
- (viii) monitoring the Ted Baker Group's cash receipts and disbursements, and assisting in preparing the Updated Cash Flow Forecast;
- (ix) activating the Case Website and coordinating the posting of Court-filed documents thereon;
- (x) engaging with certain suppliers, landlord and other stakeholders and their counsel who have reached out to the Monitor;
- (xi) completing and/or coordinating the notice requirements pursuant to paragraph 39 of the Initial Order, including, among other things:
 - (a) arranging for publication of notice of the Insolvency Proceedings, in the prescribed form, in *The Globe and Mail* (National Edition) on May 1, 2024 and May 8, 2024;
 - (b) arranging for notice of the Insolvency Proceedings, in the prescribed manner, to be emailed or mailed, on April 26, 2024 to all known creditors having a claim against the Ted Baker Entities of more than \$1,000; and
 - (c) activating the Monitor's toll-free number and email account for the Insolvency Proceedings, and responding to creditor and other inquiries received through those and other contact points; and

(xii) with the assistance of Bennett Jones LLP, counsel to the Monitor, preparing this First Report.

10.0 CONCLUSIONS AND RECOMMENDATIONS

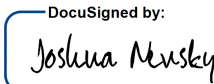
10.1 For the reasons set out in this First Report, the Monitor respectfully recommends that the Court grant the relief requested by the Applicants.

All of which is respectfully submitted to the Court this 2nd day of May, 2024.

**Alvarez & Marsal Canada Inc., solely in its capacity as
Monitor of the Ted Baker Group,
and not in its personal or corporate capacity**

Per: 
D9F64CF39371408...

Greg Karpel
Senior Vice-President

Per: 
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Josh Nevsky
Senior Vice-President

APPENDIX B
UPDATED CASH FLOW FORECAST

Ted Baker Group (Consolidated)
Cash Flow Forecast for the period ending September 29, 2024
Figures in USD \$ 000's

	Notes	Week 1 Jul 28	Week 2 Aug 04	Week 3 Aug 11	Week 4 Aug 18	Week 5 Aug 25	Week 6 Sep 01	Week 7 Sep 08	Week 8 Sep 15	Week 9 Sep 22	Week 10 Sep 29	Total
Receipts												
Collections	1	7,208	2,045	1,002	385	1,376	375	750	1,432	-	-	14,573
Sales Tax		262	164	63	4	-	-	-	-	-	-	493
Total Receipts		7,470	2,209	1,064	389	1,376	375	750	1,432	-	-	15,066
Disbursements												
Duties, Freight & Warehousing	2	349	547	132	1,650	-	-	-	-	-	-	2,678
Rent & Occupancy	3	458	264	-	558	-	-	-	46	-	-	1,325
Payroll & Benefits	4	128	1,329	704	308	263	11	11	5	-	-	2,759
Sales Tax		1,070	400	-	-	1,315	-	-	-	-	-	2,785
Licensing Fees	5	230	291	242	5	-	-	-	-	-	-	768
Liquidation Fees & Expenses	6	309	125	148	923	-	-	-	-	-	-	1,504
Bank Fees, IT & Other	7	266	293	200	-	-	-	-	-	-	-	759
Restructuring Professional Fees	8	218	400	-	300	-	200	-	200	-	250	1,568
Total Disbursements		3,026	3,649	1,427	3,744	1,578	211	11	251	-	250	14,146
Net Cash Flow		4,444	(1,439)	(362)	(3,355)	(202)	164	739	1,181	-	(250)	920
Cash & Borrowings												
Cash on hand												
Opening Cash Balance		5,175	8,886	8,886	8,886	8,886	8,886	6,386	6,386	6,386	6,386	5,175
Minimum cash maintenance		(175)	-	-	-	-	(2,500)	-	-	-	(2,500)	(5,175)
Cash Collateral on hand		3,886	-	-	-	-	-	-	-	-	-	3,886
Ending Cash Balance		8,886	8,886	8,886	8,886	8,886	6,386	6,386	6,386	6,386	3,886	3,886
Pre-filing Revolver												
Opening balance		5,000	5,000	5,049	5,000	5,000	5,000	5,049	5,000	5,000	5,000	5,000
Repayments		-	-	(49)	-	-	-	(49)	-	-	-	(98)
Interest Expense		-	49	-	-	-	49	-	-	-	49	147
Ending Pre-filing Revolver		5,000	5,049	5,000	5,000	5,000	5,049	5,000	5,000	5,000	5,049	5,049
DIP Financing												
Opening balance		10,611	5,992	7,565	7,976	11,331	11,533	8,949	8,259	7,078	7,078	10,611
Draws		3,026	3,649	1,427	3,744	1,578	211	11	251	-	250	14,146
Repayments		(7,646)	(2,209)	(1,015)	(389)	(1,376)	(2,875)	(701)	(1,432)	-	(2,500)	(20,143)
Interest Expense		-	134	-	-	-	80	-	-	-	77	291
Ending DIP Financing		5,992	7,565	7,976	11,331	11,533	8,949	8,259	7,078	7,078	4,905	4,905
Letters of Credit Facility	9	3,886	3,886	3,886	3,886	3,886	3,886	3,886	3,886	3,886	-	-
Net Exposure		5,992	7,614	7,976	11,331	11,533	11,498	10,759	9,578	9,578	6,068	6,068

Ted Baker Group (Consolidated)
Cash Flow Forecast for the period ending September 29, 2024
Notes and Summary of Assumptions

Disclaimer

*In preparing this illustrative forecast (the “**Forecast**”), the Company has relied upon unaudited financial information and has not attempted to further verify the accuracy or completeness of such information. The Forecast reflects assumptions including those discussed below with respect to the requirements and impact of a filing in Canada under the Companies’ Creditors Arrangement Act (“**CCAA**”). Since the Forecast is based on assumptions about future events and conditions that are not ascertainable, the actual results achieved may vary from the Forecast, even if the assumptions materialize, and such variations may be material. There is no representation, warranty or other assurance that any of the estimates, forecasts or projections will be realized. The Forecast is presented in thousands of U.S. dollars.*

1) Collections

Includes receipts from (a) the sale of goods through retail stores and to wholesale customers, (b) the proceeds of the United Legwear Transaction, and (c) the collection of accounts receivable. The Sale is forecast to complete on August 4th, 2024.

2) Duties, Freight & Warehousing

Includes costs to import, package, and ship merchandise to the retail stores. Includes fees payable to the 3PL provider.

3) Rent & Occupancy

Includes payments required to operate the stores during the Sale Term and through August 7, 2024, including rents, property taxes and common area maintenance amounts. Includes rent for the period of August that the Company occupies the stores, as well as percentage rents payable based on July sales.

4) Payroll & Benefits

Includes payroll, benefits and taxes. Includes \$725,000 of KERP and store incentive payments during the week ending August 4, 2024.

5) Licensing Fees

Includes fees payable to the Ted Baker brand licensor, calculated as a percentage of sales.

6) Liquidation Fees & Expenses

Includes estimated fees payable to the Consultant pursuant to the Consulting Agreement.

7) Bank Fees, IT & Other

Includes utilities, security, cleaning and supplies costs and other miscellaneous expenses.

8) Restructuring Professional Fees

Includes payments to the Applicants’ Canadian and US legal counsel, the Monitor, the Monitor’s legal counsel, and the Secured Lender’s legal counsel and financial advisor. Includes a reserve of \$250,000 in Week 10 for estimated professional fees for the remainder of the Stay period.

9) Letters of Credit

Letters of Credit, primarily relating to import customs and duties obligations, are projected (for illustrative purposes) to remain undrawn and expire in Week 10.

APPENDIX C
DIP AMENDMENT AGREEMENT

AMENDING AGREEMENT NO. 1

THIS AMENDING AGREEMENT NO. 1 (this “**Amending Agreement**”) is made as of July 30, 2024 between the parties to the Term Sheet (as hereinafter defined).

WHEREAS:

A. Reference is made to the term sheet dated as of May 1, 2024 among Ted Baker Canada Inc. and Ted Baker Limited, as borrowers (collectively, the “**Borrowers**” and each, a “**Borrower**”), OSL Fashion Services Canada Inc. and OSL Fashion Services, Inc., as guarantors (collectively, the “**Guarantors**” and each, a “**Guarantor**”) and Canadian Imperial Bank of Commerce, as lender (the “**DIP Lender**”) (as amended, supplemented or otherwise modified from time to time prior to the date of and as may be further amended, restated, supplemented or otherwise modified from time to time, the “**Term Sheet**”).

B. The Borrowers, in consultation with the Monitor, and the DIP Lender wish to amend the Term Sheet on the terms and conditions set out herein.

NOW THEREFORE THIS AGREEMENT WITNESSES that, in consideration of the mutual covenants and agreements contained in this Amending Agreement and for other good and valuable consideration, the receipt and sufficiency of which are acknowledged, the parties hereto agree as follows:

**ARTICLE 1
INTERPRETATION**

1.1 One Agreement. This Amending Agreement amends the Term Sheet. This Amending Agreement and the Term Sheet shall be read, interpreted, construed and have effect as, and shall constitute, one agreement with the same effect as if the amendments made by this Amending Agreement had been contained in the Term Sheet as of the date of this Amending Agreement.

1.2 Defined Terms. In this Amending Agreement, unless something in the subject matter or context is inconsistent:

- (a) terms defined in the description of the parties or in the recitals have the respective meanings given to them in the description or recitals, as applicable; and
- (b) all other capitalized terms have the respective meanings given to them in the Term Sheet as amended by Article 2 of this Amending Agreement (collectively, the “**Amended Term Sheet**”).

1.3 Headings. The headings of the Articles and Sections of this Amending Agreement are inserted for convenience of reference only and shall not affect the construction or interpretation of this Amending Agreement.

1.4 References. All references to Articles, Sections, Exhibits and Schedules, unless otherwise specified, are to Articles, Sections, Exhibits and Schedules of the Term Sheet.

ARTICLE 2 AMENDMENTS

2.1 **Consolidated Term Sheet.** As of the Effective Date (as defined below), the Term Sheet is amended as set out in the document attached hereto as **Schedule “A”**, with each strikeout representing a deletion therefrom and each insertion representing an addition thereto. From and including the Effective Date, the document attached hereto as **Schedule “A”** constitutes the consolidated Term Sheet as amended by this Amending Agreement.

ARTICLE 3 REPRESENTATIONS AND WARRANTIES

3.1 **Confirmation of Representations.** Each Borrower and Guarantor represents and warrants that, as at the date of this Amending Agreement and assuming that the amendments made to the Term Sheet by this Amending Agreement have become effective:

- (a) this Amending Agreement has been duly authorized, executed and delivered by each of the Borrowers and Guarantors;
- (b) the Amended Term Sheet constitutes a legal, valid and binding obligation of each of the Borrowers and Guarantors, enforceable in accordance with its terms;
- (c) no Default or Event of Default has occurred and is continuing, other than the Existing Events of Default; and
- (d) the representations and warranties contained in Section 19 of the Amended Term Sheet (other than those that are made with respect to a specific date) are true and correct as if made on the date hereof.

ARTICLE 4 CONDITIONS

4.1 **Conditions Precedent.** The amendments set out in Article 2 shall become effective if and only if there is receipt by the DIP Lender of a counterpart of this Amending Agreement executed by each party hereto and the date of satisfaction of the foregoing condition precedent in this Section 4.1 being referred to herein as the “**Effective Date**”. If such conditions precedent is met, then the effective date of the amendments set out in Article 2 will be as of the date of this Amending Agreement.

ARTICLE 5 GENERAL

5.1 **Confirmation.** Except as specifically stated herein, the Term Sheet, as amended hereby, shall continue in full force and effect in accordance with the provisions thereof. In particular but without limitation:

- (a) the security and the DIP Lender’s Charge granted thereunder or in connection therewith shall continue in full force and effect in accordance with their terms

notwithstanding this Amending Agreement and the amendments to the Term Sheet effected hereby;

- (b) the DIP Financing Obligations include indebtedness, liabilities and obligations arising under or in relation to the Amended Term Sheet, and the security and the DIP Lender's Charge granted thereunder or in connection therewith extend thereto;
- (c) the guarantees and indemnities granted under the Term Sheet continue in full force and effect in accordance with their terms notwithstanding the Amending Agreement and the amendments to the Term Sheet effected thereby and such guarantees and indemnities extend to the indebtedness, liabilities and obligations of the Borrowers under the Amended Term Sheet;
- (d) the guarantees and indemnities granted under the Existing Credit Agreement and Credit Documents continue in full force and effect in accordance with their terms notwithstanding the Amending Agreement and the amendments to the Term Sheet effected thereby;
- (e) all DIP Financing Obligations under the Term Sheet shall be continuing with only the terms thereof being modified as provided in this Amending Agreement, and this Amending Agreement shall not evidence or result in a novation of such DIP Financing Obligations; and
- (f) nothing herein or in the Amended Term Sheet shall amend or affect the rights, remedies and entitlements of the parties under or in respect of the Term Sheet, the Existing Credit Agreement or the Credit Documents (or any guarantees provided in connection therewith), the Obligations, the Interim Borrowings or, subject to the Court Orders, restrict the enforcement by the DIP Lender or Secured Lender of any such rights, remedies or entitlements

5.2 Reservation of Rights. Except as expressly set forth herein, this Amending Agreement shall not by implication or otherwise limit, impair, constitute a waiver of, or otherwise affect the rights and remedies of the DIP Lender under the Term Sheet (as amended hereby), the ARIO, the Final Recognition Order or any other Court Orders. Other than as expressly provided herein, nothing herein shall be deemed to entitle any Borrower or Guarantor to a consent to, or a waiver, amendment, modification or other change of, any of the terms, conditions, obligations, covenants or agreements contained in the Term Sheet (as amended hereby) in similar or different circumstances.

5.3 Interpretation. All references to "this Term Sheet" or the "Term Sheet" and all similar references in any of the other document or Court Orders shall hereafter include, mean and be a reference to the Amended Term Sheet without any requirement to amend such document or Court Order.

5.4 Binding Nature. This Amending Agreement shall enure to the benefit of and be binding upon the Borrower, the Guarantors, the DIP Lender and their respective successors and permitted assigns.

5.5 Severability. Any provision of this Amending Agreement which is prohibited or unenforceable in any jurisdiction shall, as to that jurisdiction, be ineffective to the extent of such prohibition or unenforceability and shall be severed from the balance of this Amending Agreement, all without affecting the remaining provisions of this Amending Agreement or affecting the validity or enforceability of such provision in any other jurisdiction.

5.6 Conflicts. If, after the date of this Amending Agreement, any provision of this Amending Agreement is inconsistent with any provision of the Term Sheet, the relevant provision of this Amending Agreement shall prevail.

5.7 Governing Law. This Amending Agreement will be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

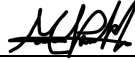
5.8 Counterpart and Facsimile. This Amending Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same instrument. Delivery of an executed counterpart of a signature page of this Amending Agreement by telecopy, emailed pdf. or any other electronic means that reproduces an image of the actual executed signature page shall be effective as delivery of a manually executed counterpart of this Amending Agreement. The words “execution,” “signed,” “signature,” “delivery,” and words of like import in or relating to any document to be signed in connection with this Amending Agreement and the transactions contemplated hereby shall be deemed to include electronic signatures, deliveries or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature, physical delivery thereof or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any applicable law.

[signatures on the following pages]

IN WITNESS WHEREOF the undersigned has caused this Amending Agreement to be duly executed as of the date set out on the first page.

CANADIAN IMPERIAL BANK OF COMMERCE

Per:



Name: Manan Parikh

Title: Authorized Signatory

TED BAKER LIMITED

Per:

Name:

Title:

TED BAKER CANADA INC.

Per:

Name:

Title:

OSL FASHION SERVICES CANADA INC.

Per:

Name:

Title:

OSL FASHION SERVICES, INC.

Per:

Name:

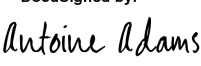
Title:

IN WITNESS WHEREOF the undersigned has caused this Amending Agreement to be duly executed as of the date set out on the first page.

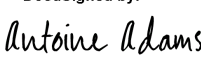
CANADIAN IMPERIAL BANK OF COMMERCE

Per: _____
Name: Manan Parikh
Title: Authorized Signatory

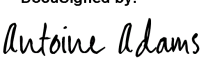
TED BAKER LIMITED

Per:  _____
E97046E4CF1145B...
Name: Antoine Adams
Title: Authorized Signatory

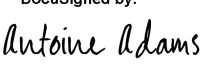
TED BAKER CANADA INC.

Per:  _____
E97046E4CF1145B...
Name: Antoine Adams
Title: Authorized Signatory

OSL FASHION SERVICES CANADA INC.

Per:  _____
E97046E4CF1145B...
Name: Antoine Adams
Title: Authorized Signatory

OSL FASHION SERVICES, INC.

Per:  _____
E97046E4CF1145B...
Name: Antoine Adams
Title: Authorized Signatory

SCHEDULE “A”
CONSOLIDATED TERM SHEET

See attached.

DIP TERM SHEET

Dated as of May 1, 2024

WHEREAS on April 24, 2024 (the “**Filing Date**”), the Borrowers and Guarantors (each as defined below) commenced proceedings before the Ontario Superior Court of Justice (Commercial List) (the “**CCAA Court**”) and obtained an Initial CCAA Order (the “**Initial CCAA Order**”) pursuant to the *Companies’ Creditors Arrangement Act* (Canada) (the “**CCAA**” and such proceedings, being the “**CCAA Proceedings**”) and Alvarez & Marsal Canada Inc. was appointed as monitor in the CCAA Proceedings (the “**Monitor**”).

AND WHEREAS, the Borrowers and Guarantors are seeking to have the CCAA Proceedings recognized by the United States Bankruptcy Court for the Southern District of New York (the “**US Court**”) under Chapter 15 of Title 11 of the United States Bankruptcy Code, 11 U.S.C. §101 *et al.* (the “**Recognition Proceedings**” and together with the CCAA Proceedings, the “**Insolvency Proceedings**”).

AND WHEREAS, Ted Baker Canada Inc. (“**TB Canada**”) and Ted Baker Limited (“**TB US**”), as borrowers, OSL Fashion Services Canada Inc. (“**Fashion Canada**”) and OSL Fashion Services, Inc. (“**Fashion US**”), as guarantors, and Canadian Imperial Bank of Commerce, as lender (the “**Secured Lender**”), are parties to a Credit Agreement dated as of March 14, 2023 (as amended by a consent and first amendment agreement dated as of August 3, 2023, and as further amended by a second amendment agreement dated as of April 23, 2024, the “**Existing Credit Agreement**”).

AND WHEREAS, pursuant to the Initial CCAA Order, the CCAA Court, among other things, (i) authorized and directed the Borrowers and Guarantors to continue their existing cash management arrangements, including the Blocked Accounts Arrangement (as defined by way of reference in the Initial CCAA Order), (ii) authorized and empowered TB Canada and TB US to continue to borrow from Canadian Imperial Bank of Commerce (the “**Interim Lender**”) under the existing credit facility pursuant to the Existing Credit Agreement in order to finance the DIP Parties’ working capital requirements and other general corporate purposes and costs of the Insolvency Proceedings (each, an “**Interim Borrowing**” and collectively, the “**Interim Borrowings**”), provided that (a) such Interim Borrowings are to fund obligations which the DIP Parties, with the consent of the Monitor (as defined below) and the Interim Lender, deem to be necessary for the preservation of the Property or the Business (each as defined in the Initial CCAA Order), (b) such Interim Borrowings do not, individually or in the aggregate, exceed U.S.\$7,000,000, (c) such Interim Borrowings accrue interest at the default rates set out in the Existing Credit Agreement, (d) Fashion Canada and Fashion US are deemed to guarantee and secure the Interim Borrowings, together with all interest accrued thereon and costs and expenses incurred in connection therewith, in the same manner as the other Obligations (as defined in the Existing Credit Agreement) that they have guaranteed and secured under the Existing Credit Agreement and the loan and security documents provided by them in connection therewith, and (iii) ordered that the Interim Borrowings mature on May 8, 2024 (the “**Interim Borrowing Maturity Date**”), and (iv) granted a first-ranking super priority charge on the Collateral (as defined below) as security for all such Interim Borrowings (the “**Interim Lender’s Charge**”).

AND WHEREAS, pursuant to a Revised Order Granting Provisional Relief Pursuant to Section 1519 of the Bankruptcy Code entered by the US Court, Case No. 24-10699 (MEW) (jointly administered) (Docket No. 21), on April 26, 2024 (the “**Provisional Order**”), the US Court, among other things, (i) authorized the Borrowers and Guarantors to obtain funding under the Interim Borrowings facility subject to and secured by the Interim Lender’s Charge, to apply the Interim Lender’s Charge to the assets of the Borrowers and Guarantors located in the United States, and to confirm that the Interim Lender’s existing liens and security interests shall apply with respect to the funding obtained under the Interim Borrowings facility, in each case in accordance with the terms set forth in paragraphs 34 to 38 of the Initial CCAA Order, and (ii) authorized and directed the Borrowers and Guarantors to pay and perform all of their indebtedness, interest, fees, liabilities, and obligations to the Interim Lender under and pursuant to the Interim Borrowings facility and Initial CCAA Order (and in accordance with the cash flow forecast filed in connection with the Initial CCAA Order), as and when the same become due and are to be performed.

AND WHEREAS, the Borrowers require additional funding to, among other things, fund the repayment of the Interim Borrowings by the Interim Borrowing Maturity Date, working capital requirements and other general corporate purposes, and costs of the Insolvency Proceedings during the pendency of the Insolvency Proceedings, and the DIP Parties have concluded that the DIP Lender (as defined below) is the most cost effective and timely source of such funding that is available to the Borrowers and appropriate in the circumstances.

AND WHEREAS, the DIP Lender has agreed to provide additional funding to the Borrowers during the Insolvency Proceedings on the terms set out herein.

NOW THEREFORE, the parties, in consideration of the foregoing and the mutual agreements contained herein (the receipt and sufficiency of which are hereby acknowledged), agree as follows:

1. **BORROWERS:** TB Canada and TB US (each, a “**Borrower**”, and collectively, the “**Borrowers**”).
2. **GUARANTORS:** Fashion Canada and Fashion US (each, a “**Guarantor**”, and together, the “**Guarantors**” and the Guarantors, together with the Borrowers, the “**DIP Parties**”).
3. **DIP LENDER:** Canadian Imperial Bank of Commerce (the “**DIP Lender**”).
4. **DEFINED TERMS:** Unless otherwise defined herein, capitalized words and phrases used in this Term Sheet have the meanings given thereto in **Schedule “A”**.
5. **DIP FACILITY:** A senior secured, super priority, debtor-in-possession, revolving credit facility (the “**DIP Facility**”) up to a maximum principal amount of U.S.\$~~28,000,000~~12,500,000 (the “**Facility Amount**”). Subject to the terms and conditions set forth herein, the Borrowers may, provided that no Default or Event of Default (as defined below), other than Existing Events of Default, has

occurred, at any time and from time to time prior to the Maturity Date (as defined below) borrow, prepay and reborrow loans from the DIP Lender under the DIP Facility.

The DIP Facility shall be made available to the Borrowers by way of advances in Canadian Dollars (Cdn.\$) or U.S. Dollars (U.S.\$) (each, an “**Advance**”) which in aggregate (after taking into consideration the Currency Exchange Rate for Advances denominated in Canadian Dollars) shall not exceed the Facility Amount. Each Advance, other than in connection with the repayment of the Interim Borrowings Obligations (as defined below), shall be made upon the Borrowers’ written request to the DIP Lender (an “**Advance Request**”), executed by each Borrower. Notwithstanding the foregoing, the First Advance, at a minimum, shall be in U.S. Dollars in an amount sufficient to repay in full the Interim Borrowings.

Each Advance Request shall (i) be in the form of **Schedule “B”**, (ii) specify the currency of the Advance, (iii) specify the aggregate amount of the requested Advance (which shall be a minimum of Cdn\$25,000 or U.S.\$25,000, as applicable), and the date such Advance is requested to be made by the DIP Lender (which shall be a Business Day), (iv) be made no more frequently than three (3) times a week, and (v) certify that (A) all representations and warranties of the DIP Parties contained in this Term Sheet remain true and correct in all respects, both before and after giving effect to the use of such proceeds, and (B) no Default or Event of Default then exists or would result following such Advance, other than the Existing Events of Default.

Each Advance Request shall be deemed to be acceptable and shall be honoured by the DIP Lender unless the DIP Lender has objected thereto in writing setting out why the Advance Request is not in compliance with this Term Sheet and/or the DIP Budget, by no later than 1:00 p.m. Eastern Time on the second Business Day following the delivery of such Advance Request.

A copy of each Advance Request shall be concurrently provided by the Borrowers to the DIP Lender and the Monitor.

From the first Advance under the DIP Facility (the “**First Advance**”), the Borrowers shall indefeasibly pay, in full, (i) all Interim Borrowings, together with interest accrued thereon, from the proceeds of the First Advance, which shall be repaid in U.S. Dollars, (ii) all reasonable and documented costs and expenses incurred by the Interim Lender in connection with the Interim Borrowings (including the reasonable and documented fees and expenses of its counsel and financial advisor thereto) (the amounts set out clause (i) and (ii), together, being the “**Interim**

Borrowings Obligations”), (iii) all costs and expenses of the DIP Lender incurred by the DIP Lender in connection with the negotiation and establishment of the DIP Facility, and (iv) the Commitment Fee (as defined below).

6. **EXISTING CREDIT AGREEMENT:** Except as expressly provided for herein, nothing in this Term Sheet shall amend or affect the rights, remedies and entitlements of the DIP Parties or the DIP Lender under or in respect of the Existing Credit Agreement, the Credit Documents, the Obligations, the Interim Borrowings or, subject to the Court Orders, restrict the enforcement by the DIP Lender or Secured Lender of any such rights, remedies or entitlements.
7. **PURPOSE AND PERMITTED PAYMENTS:** To provide for (i) the repayment of the Interim Borrowing Obligations, (ii) payment of DIP Lender Expenses, (iii) payment of the Commitment Fee, and (iv) liquidity needs of the DIP Parties pursuant to the DIP Budget (as defined below), in each case during the pendency of the Insolvency Proceedings.

For greater certainty, except to pay the Interim Borrowings Obligations (including amounts incurred in respect of fees of the Monitor and its counsel and counsel to the DIP Parties) or as expressly set forth herein, the DIP Parties may not use the proceeds of the DIP Facility to pay any obligation of the DIP Parties arising or relating to the period prior to the Filing Date (each, a “**Pre-Filing Obligation**”) unless (i) the Monitor has approved such payment; (ii) the DIP Lender has provided its prior written consent (which may be provided by email), in its sole and absolute discretion, and (iii) the payment of such Pre-Filing Obligation is authorized pursuant to the ARIO or any subsequent Court Order.
8. **CONDITIONS PRECEDENT:** The DIP Lender’s agreement to make the Facility Amount available to the Borrowers and to make any Advance to the Borrowers is subject to the satisfaction, as determined by the DIP Lender, in its sole and absolute discretion, of each of the following conditions precedent, each of which is for the benefit of the DIP Lender and may be waived by the DIP Lender, in its sole and absolute discretion:
 - (a) Each DIP Party shall have executed and delivered this Term Sheet and such other Credit Documents as the DIP Lender may request, in its sole and absolute discretion.
 - (b) All representations and warranties of the DIP Parties under this Term Sheet shall be true and correct in all respects.
 - (c) The CCAA Court shall have issued and entered the ARIO and the Realization Process Approval Order by no later than 6:00 pm Eastern Time on May 3, 2024, and the ARIO and

the Realization Process Approval Order shall not have been amended, restated, modified, varied, vacated, stayed or set aside, and there shall have been no motion served or filed seeking leave to appeal or to amend, vary or set aside the ARIO or the Realization Process Approval Order.

- (d) The DIP Parties' cash management arrangement, including the Blocked Accounts Arrangement, shall have been approved by the ARIO.
- (e) The US Court shall have issued an order or orders by no later than 6:00 pm Eastern Time on May 8¹⁷, 2024, in form and substance satisfactory to the DIP Lender, in its sole and absolute discretion (as acceptable to the DIP Lender, in its sole and absolute discretion, the "**Final Recognition Order**"), that among other things, (i) recognizes (a) the CCAA Proceedings in respect of each of the DIP Parties as a "foreign main proceeding", (b) the ARIO, in its entirety, and (c) the Realization Process Approval Order, in each case, on a final basis, (ii) approves, and recognizes, the DIP Facility on a final basis, (iii) grants such other relief, including under Section 364 of the United States Bankruptcy Code, 11 U.S.C. §101 *et al.*, as required by the DIP Lender, in its sole and absolute discretion and (iv) the Final Recognition Order shall not have been amended, restated, modified, varied, vacated, stayed, or set aside, and there shall have been no motion served or filed seeking leave to appeal or amend, vary or set aside the Final Recognition Order.
- (f) There shall be no Liens ranking *pari passu* with or in priority to the DIP Lender's Charge over the Collateral other than the Permitted Priority Liens.
- (g) The DIP Parties shall have made all necessary or advisable registrations and taken all other steps in applicable jurisdictions to evidence the DIP Lender's Charge, in each case, as requested by the DIP Lender, in its sole and absolute discretion.
- (h) No Default or Event of Default shall have occurred or shall occur as a result of the requested Advance or otherwise other than the Existing Events of Default.
- (i) The Borrowers shall have delivered (a) an Advance Request in respect of such Advance, and (b) a Variance Report in respect of the Variance Period, in each case, in accordance with this Term Sheet.
- (j) Beginning on the week commencing on May 13, 2024: (i) cumulative actual receipts of the DIP Parties for the period

commencing on May 6, 2024 and ending the week prior to such Advance Request shall be equal to or greater than the “Minimum Cumulative Receipts” line item in the DIP Budget for such week, and (ii) cumulative actual disbursements of the DIP Parties for the period commencing on May 6, 2024 and ending the week prior to such Advance Request shall be equal to or less than the “Maximum Cumulative Disbursements” line item in the DIP Budget for such week.

9. **COSTS AND EXPENSES:**

The Borrowers shall reimburse the DIP Lender for all reasonable and documented costs and expenses incurred by the DIP Lender (including the reasonable and documented fees and expenses of its counsel and financial advisor thereto) (collectively, the “**DIP Lender Expenses**”) in connection with the negotiation, development, and implementation of DIP Facility (including the administration of the DIP Facility). The DIP Lender Expenses shall form part of the DIP Financing Obligations secured by the DIP Lender’s Charge.

All accrued and unpaid DIP Lender Expenses as at the date of any Advance shall be paid in full through deduction from the proceeds of such Advance and the Borrowers shall be deemed to have irrevocably authorized and directed the DIP Lender to pay such DIP Lender Expenses from the proceeds of such Advance.

10. **DIP FACILITY SECURITY:**

All DIP Financing Obligations shall be secured by the DIP Lender’s Charge. The DIP Lender may, in its reasonable discretion (i) require the execution, filing or recording of any security agreements, hypothecs, pledge agreements, control agreements, financing statements, acknowledgments, confirmations or other documents or instruments, or (ii) take possession or control of any Collateral of the DIP Parties, to the extent it is necessary to do so, to preserve or evidence its senior secured, super-priority Lien on such Collateral.

11. **PERMITTED LIENS AND PRIORITY:**

All of the Collateral will be free and clear of all Liens except for Permitted Liens.

The DIP Lender’s Charge shall rank in priority to any and all Liens on the Collateral other than Permitted Priority Liens. As among the DIP Lender’s Charge, the Administration Charge, the Directors’ Charge, the KERP Charge and the security interests granted by the DIP Parties to the Secured Lender with respect to the Obligations under the Existing Credit Agreement, the relative priority shall be as follows:

(a) the Administration Charge up to U.S.\$1,500,000;

(b) the DIP Lender’s Charge;

- (c) the security granted by the DIP Parties with respect to the Obligations under the Existing Credit Agreement (other than the Interim Lender's Charge);
- (d) the Directors' Charge up to U.S.\$5,000,000; and
- (e) the KERP Charge of up to U.S. \$250,000.

12. REPAYMENT:

The DIP Facility shall mature and the DIP Financing Obligations shall be due and repayable in full on the earlier of: (i) the occurrence of any Event of Default (other than the Existing Events of Default); (ii) the implementation of any CCAA plan of compromise and arrangement which is proposed and filed with the Court in the CCAA Proceedings (a "**Plan**"); ~~(iii) the sale of all or substantially all of the Collateral~~; and (iv) the Outside Date (the earliest of such dates being the "**Maturity Date**"). The Maturity Date may be extended from time to time at the request of the Borrowers and with the prior written consent of the DIP Lender for such period and on such terms and conditions as the DIP Lender may agree, in its sole and absolute discretion.

Without the prior written consent of the DIP Lender, in its sole and absolute discretion, no Court Order sanctioning a Plan shall discharge or otherwise affect in any way the DIP Financing Obligations other than after the permanent and indefeasible full repayment of the DIP Financing Obligations on or before the date such Plan is implemented.

All repayments of Advances denominated in Canadian Dollars shall be made in Canadian Dollars and all repayments of Advances denominated in U.S. Dollars shall be made in U.S. Dollars.

13. DIP BUDGET AND VARIANCE REPORTING:

By no later than May 8, 2024, the DIP Parties, in consultation with the Monitor, shall deliver a DIP Budget, in the form of **Schedule "C"** and which shall be in form and substance satisfactory to the DIP Lender, in its sole and absolute discretion (the "**Initial DIP Budget**"). Such Initial DIP Budget shall be the DIP Budget referenced in this Term Sheet unless and until such time as a revised DIP Budget has been approved by the DIP Lender in accordance with this Section 13.

(i) At the written request of the DIP Lender (including by email), or (ii) upon a material change, or a material change reasonably anticipated by the DIP Parties, to any item set forth in the DIP Budget, the DIP Parties shall update and propose a revised 13-week DIP Budget to the DIP Lender (the "**Updated DIP Budget**"). The DIP Lender may make such request up to once every week, and if such request is made, the DIP Parties shall

submit the Updated DIP Budget no later than three (3) Business Days following receipt of the request. Such Updated DIP Budget shall have been reviewed and approved by the Monitor, prior to submission to the DIP Lender. If the DIP Lender, in its sole and absolute discretion, determines that the Updated DIP Budget is not acceptable, it shall, within two (2) Business Days of receipt thereof, provide written notice (which may be provided by email) to the DIP Parties and the Monitor stating that the Updated DIP Budget is not acceptable and setting out the reasons why such Updated DIP Budget is not acceptable, and until the DIP Parties have delivered a revised Updated DIP Budget acceptable to the DIP Lender, in its sole and absolute discretion, the prior DIP Budget shall remain in effect and be the DIP Budget for the purpose of this Term Sheet.

Upon an Updated DIP Budget being accepted by the DIP Lender, such Updated DIP Budget shall be the DIP Budget for the purpose of this Term Sheet.

No later than the Wednesday of every week (provided that such day is a Business Day and, if not, on the next Business Day), the DIP Parties shall deliver to the Monitor and the DIP Lender and their legal and financial advisors (i) an updated borrowing base report, in form and substance satisfactory to the DIP Lender, in its sole and absolute discretion, which borrowing base report includes, without limitation, a breakdown of accounts receivable, collections, inventory sales and remaining inventory (the “**Borrowing Base Report**”), and (ii) a variance calculation (the “**Variance Report**”) setting forth actual receipts and disbursements of the DIP Parties for (a) the preceding week, and (b) the period of May 6, 2024 to the end of the preceding week (each, a “**Variance Period**”), in each case, as against the DIP Budget, and setting forth all the variances, on a line-item and aggregate basis in comparison to the amounts set forth in respect thereof for such Variance Period in the DIP Budget; each such Variance Report to be promptly discussed with the DIP Lender and its advisors, if so requested. Each Variance Report shall include reasonably detailed explanations for any material variances during the relevant Variance Period.

14. **EVIDENCE OF INDEBTEDNESS:**

The DIP Lender’s accounts and records constitute, in the absence of manifest error, *prima facie* evidence of the DIP Financing Obligations.

15. **MANDATORY PAYMENTS:**

Provided the Monitor is satisfied that the DIP Parties have sufficient cash reserves to satisfy (i) amounts secured by any Permitted Priority Liens senior to the DIP Lender’s Charge, and (ii) obligations they have incurred from and after the Filing Date in accordance with this Term Sheet and the DIP Budget, for

which payment has not been made, the DIP Parties shall use all excess cash on hand at the end of each Business Day (which for greater certainty does not include any of the proceeds of an Advance) to indefeasibly repay the following in the following order: (A) first, the Obligations until the remaining principal balance thereof is U.S.\$5,000,000, (B) second, the DIP Financing Obligations, until repaid in full, and (C) lastly, the remaining balance of the Obligations until paid in full.

If at any time the total amount of Advances exceeds the Facility Amount (any such excess being referred to in this Section 15 as a “**Currency Excess Amount**”), then the Borrowers shall immediately pay the DIP Lender an amount equal to the Currency Excess Amount, and, for greater certainty, the obligation to make such payment shall form part of the DIP Financing Obligations secured by the DIP Lender’s Charge.

If at any time, any account of the DIP Parties is in an overdraft position (any such amount in overdraft being the “**Overdraft Amount**”), then Borrowers shall immediately pay the DIP Lender an amount equal to the Overdraft Amount and, for greater certainty, the obligation to make such payment shall form part of the DIP Financing Obligations secured by the DIP Lender’s Charge.

16. **COMMITMENT FEE:** U.S.\$300,000 payable to the DIP Lender and deemed to have been fully earned by the DIP Lender on the date that the CCAA Court issues the ARIO (the “**Commitment Fee**”). The Borrowers hereby irrevocably direct the DIP Lender to deduct the Commitment Fee from Advances as follows: (i) U.S.\$150,000 before May 31, 2024, and (ii) U.S.\$150,000 before July 1, 2024.

17. **INTEREST RATE:** Interest shall be payable on the aggregate outstanding amount of the Facility Amount that has been advanced to the Borrowers from the date of the funding thereof at a rate equal to (i) 9.95% *per annum* for Advances denominated in Canadian Dollars; and (ii) 11.75 % *per annum* for Advances denominated in U.S. Dollars, in each case, compounded monthly and payable monthly in arrears in cash on the last Business Day of each month, with the first such payment being made on May 31, 2024. All interest payments on outstanding Advances denominated in Canadian Dollars shall be made in Canadian Dollars and all interest payments on outstanding Advances denominated in U.S. Dollars shall be made in U.S. Dollars. Upon the occurrence and during the continuation of an Event of Default (other than the Existing Events of Default), all overdue amounts shall bear interest at the applicable interest rate plus 2% *per annum* payable on demand in arrears in cash. All interest shall be computed on the basis of a 360-day year of twelve 30-day months, provided that, whenever

any interest is calculated on the basis of a period of time other than a calendar year, the annual rate of interest to which each rate of interest determined pursuant to such calculation is equivalent for the purposes of the *Interest Act* (Canada) is such rate as so determined multiplied by the actual number of days in the calendar year in which the same is to be ascertained and divided by the number of days used in the basis for such determination.

The parties shall comply with the following provisions to ensure that the receipt by the DIP Lender of any payments under this Term Sheet does not result in a breach of section 347 of the *Criminal Code* (Canada):

If any provision of this Term Sheet would obligate the Borrowers to make any payment to the DIP Lender of an amount that constitutes “interest”, as such term is defined in the *Criminal Code* (Canada) and referred to in this section as “**Criminal Code Interest**”, during any one-year period after the date of the funding of the Facility Amount in an amount or calculated at a rate which would result in the receipt by the DIP Lender of Criminal Code Interest at a criminal rate (as defined in the *Criminal Code* (Canada) and referred to in this section as a “**Criminal Rate**”), then, notwithstanding such provision, that amount or rate during such one-year period shall be deemed to have been adjusted with retroactive effect to the maximum amount or rate of interest, as the case may be, as would not result in the receipt by the DIP Lender during such one-year period of Criminal Code Interest at a Criminal Rate, and the adjustment shall be effected, to the extent necessary, as follows:

- (a) *first*, by reducing the amount or rate of interest required to be paid to the DIP Lender during such one-year period; and
- (b) *thereafter*, by reducing any other amounts (other than costs and expenses) (if any) required to be paid to the DIP Lender during such one-year period which would constitute Criminal Code Interest.

Any amount or rate of Criminal Code Interest referred to in this section shall be calculated and determined in accordance with generally accepted actuarial practices and principles as an effective annual rate of interest over the term that any portion of the DIP Facility remains outstanding on the assumption that any charges, fees or expenses that constitute Criminal Code Interest shall be *pro-rated* over the period commencing on the date of the advance of the Facility Amount and ending on the relevant Maturity Date (as may be extended by the DIP Lender from time to time under this Term Sheet) and, in the event of a dispute, a

certificate of a Fellow of the Canadian Institute of Actuaries appointed by the DIP Lender shall be conclusive for the purposes of such calculation and determination.

18. **JUDGEMENT
CURRENCY:**

If for the purposes of obtaining judgment in any court it is necessary to convert a sum due hereunder in any currency (the “**Original Currency**”) into another currency (the “**Other Currency**”), the parties hereby agree, to the fullest extent permitted by Applicable Law, that the rate of exchange used shall be the rate at which the DIP Lender is able to purchase the Original Currency with the Other Currency after any premium and costs of exchange on the Business Day preceding that on which such payment is made or final judgment is given.

19. **REPRESENTATIONS
AND WARRANTIES:**

Each DIP Party represents and warrants to the DIP Lender upon which the DIP Lender is relying in entering into this Term Sheet and the other Credit Documents, that:

- (a) Upon the granting of the ARIO and the Final Recognition Order, the transactions contemplated by this Term Sheet and the other Credit Documents:
 - (i) are within the powers of the DIP Parties;
 - (ii) have been duly executed and delivered by or on behalf of the DIP Parties;
 - (iii) constitute legal, valid and binding obligations of the DIP Parties, enforceable against the DIP Parties in accordance with their terms;
 - (iv) do not require any authorization from, the consent or approval of, registration or filing with, or any other action by, any governmental authority or any third party; and
 - (v) will not violate the charter documents, articles by-laws or other constating documents of any DIP Party or any Applicable Law relating to any DIP Party;
- (b) The business operations of each DIP Party have been and will continue to be conducted in material compliance with all laws of each jurisdiction in which the business has been or is carried out;
- (c) The DIP Parties own their respective assets and undertaking free and clear of all Liens other than the Permitted Liens;

- (d) Each DIP Party has been duly formed and is validly existing under the laws of its jurisdiction of incorporation;
- (e) All Material Contracts are in full force and effect and are valid, binding and enforceable in accordance with their terms and the DIP Parties have no knowledge of any material default that has occurred and is continuing thereunder, other than (i) those defaults arising as a result of the commencement of the CCAA Proceedings, or (ii) otherwise disclosed to the DIP Lender in writing prior to the date hereof, in each case of foregoing clause (i) and (ii), which are stayed by Court Orders, and no proceedings have been commenced or threatened to revoke or amend any Material Contracts; and
- (f) No Default or Event of Default has occurred and is continuing, other than the Existing Events of Default.

**20. AFFIRMATIVE
COVENANTS:**

Each DIP Party agrees to do, or cause to be done, the following:

- (a) (i) Allow representatives or advisors of the DIP Lender reasonable access to the books, records, financial information and electronic data rooms of or maintained by the DIP Parties, and (ii) cause management, any financial advisor and/or legal counsel of the DIP Parties to cooperate with reasonable requests for information by the DIP Lender and its advisors, in each case subject to solicitor-client privilege, all Court Orders and applicable privacy laws, in connection with matters reasonably related to the DIP Facility, the Collateral, the Realization Process, the Insolvency Proceedings and/or compliance of the DIP Parties with their obligations pursuant to this Term Sheet;
- (b) Deliver to the DIP Lender the reporting and other information from time to time reasonably requested by it and as set out in this Term Sheet, including, without limitation, updated DIP Budgets, Borrowing Base Reports and Variance Reports at the times set out herein;
- (c) Use the proceeds of the DIP Facility only in accordance with the restrictions set out in this Term Sheet and pursuant to the DIP Budget and Court Orders;
- (d) Comply with the provisions of the ARIO, Realization Process Approval Order, the Provisional Order, the Final Recognition Order and all other Court Orders;

- (e) Preserve, renew and keep in full force their corporate existence;
- (f) Conduct their business in accordance with and otherwise comply with the DIP Budget, subject to the Court Orders;
- (g) Promptly notify the DIP Lender of the occurrence of any Default or Event of Default (other than the Existing Events of Default) or any event or circumstance that may materially affect the DIP Budget, the Collateral or the Realization Process, including, without limitation, any material changes in their contractual arrangements or relationships with third parties;
- (h) Provide the DIP Lender and its counsel draft copies of all motions, applications, pleadings, proposed Court Orders and other materials or documents that the DIP Parties intend to file in the Insolvency Proceedings at least two (2) Business Days prior to any such filing or, where it is not practically possible to do so within such time, as soon as possible and in any event not less than one (1) day prior to the date on which such petition, motion, application, proposed order or other materials or documents are served on the service list in respect of the applicable Insolvency Proceedings, and any motion, petition and/or application materials and similar pleadings that affect the DIP Lender or the Collateral shall be reasonably satisfactory to the DIP Lender;
- (i) Take all actions necessary or available to defend the Court Orders that affect the DIP Lender and the Collateral, from any appeal, reversal, modifications, amendment, stay or vacating, unless expressly agreed to in writing in advance by the DIP Lender, in its sole and absolute discretion;
- (j) Promptly provide notice to the DIP Lender and its counsel, and keep them otherwise apprised, of any material developments in respect of any Material Contract or the Collateral, and of any material notices, orders, decisions, letters, or other documents, materials, information or correspondence received from any regulatory authority having jurisdiction over any of the DIP Parties;
- (k) Provide the DIP Lender and its counsel with draft copies of all material letters, submissions, notices, or other materials or correspondence that any DIP Party intends to file with or submit to any regulatory authority having jurisdiction over such DIP Party (other than in each case, routine or administrative materials or correspondence), at least three (3) Business Days prior to such submission or filing or,

where it is not practically possible to do so within such time, as soon as possible;

- (l) Execute and deliver collateral security documentation including, without limitation, such security agreements, financing statements, discharges, opinions or other documents and information, in form and substance satisfactory to the DIP Lender and its counsel, in its sole and absolute discretion;
- (m) At all times maintain adequate insurance coverage of such kind and in such amounts and against such risks as is customary for the business of the DIP Parties with financially sound and reputable insurers in coverage and scope acceptable to the DIP Lender, in its sole and absolute discretion, and cause the DIP Lender to be listed as the loss payee or additional insured (as applicable) on such insurance policies;
- (n) Pay all DIP Lender Expenses no less frequently than every four (4) weeks;
- (o) Pursuant to Section 15, at the end of each Business Day, cause any and all funds in any account of the DIP Parties that is not with the DIP Lender (excluding any payroll and cash collateral accounts) to be remitted to an account with the DIP Lender and applied as against the following in the following order: (A) first, the Obligations until the remaining principal balance thereof is U.S.\$5,000,000, (B) second, the DIP Financing Obligations in accordance with this Term Sheet, until repaid in full, and (C) lastly, the remaining balance of the Obligations until paid in full;
- (p) Consult with the DIP Lender with respect to any proposed termination or disclaimer of any Real Property Lease;
- (q) Promptly upon becoming aware thereof, provide details of the following to the DIP Lender:
 - (a) any pending, or threatened claims, potential claims, litigation, actions, suits, arbitrations, other proceedings or notices received in respect of same, against any DIP Party, by or before any court, tribunal, Governmental Authority or regulatory body, which are not stayed by Court Orders and would be reasonably likely to result, (i) individually or in the aggregate, in a judgment in excess of U.S. \$250,000, and/or (ii) the termination of any Material Contract; and
 - (b) any existing (or threatened in writing) default or dispute

with respect to any of the Material Contracts which are not stayed by Court Orders.

21. **NEGATIVE
COVENANTS:**

Each DIP Party covenants and agrees not to do, or cause not to be done, the following, other than with the prior written consent of the DIP Lender, in its sole and absolute discretion:

- (a) Transfer, lease or otherwise dispose of all or any part of the Collateral outside of the ordinary course of business, except in accordance with the Realization Process Approval Order, or any subsequent Court Order and this Term Sheet;
- (b) Transfer any cash or receipts of the DIP Parties into any account held by any Person other than the DIP Lender (excluding (i) any payroll account, and then only to the extent necessary to fund the applicable DIP Party's payroll obligations, (ii) any proceeds from the sale of the Collateral located in the United States in the ordinary course or pursuant to the Realization Process, which are deposited into existing accounts of the DIP Parties and subsequently transferred to an account held by the DIP Lender pursuant to Section 15 and Section 20(o)), and (iii) proceeds collected by YM Inc. (or any of its affiliates), and Jaytex Group (Sales) (or any of its affiliates) on behalf of the DIP Parties in the ordinary course of business.
- (c) Except to pay the Interim Borrowings Obligations or as expressly set forth in this Term Sheet, make any payment, including, without limitation, any payment of principal, interest or fees, in respect of Pre Filing Date Obligations, including payments with respect to pre Filing Date trade or unsecured liabilities of the DIP Parties, other than with the prior written consent of the DIP Lender, in its sole and absolute discretion, and in accordance with the ARIO or any subsequent Court Order;
- (d) (i) Create or permit to exist any indebtedness other than (A) the indebtedness existing as of the Filing Date, (B) the DIP Financing Obligations, (C) post Filing Date trade payables or other unsecured obligations incurred in the ordinary course of business on or following the Filing Date in accordance with the DIP Budget and the ARIO, and (ii) other than exists as at the Filing Date, make or give any financial assurances, in the form of bonds, letter of credit, financial guarantees or otherwise to any Person or Governmental Authority other than with the prior written consent of the DIP Lender, in its sole and absolute discretion;

- (e) Make (i) any distribution, dividend, return of capital or other distribution in respect of equity securities (in cash, securities or other property or otherwise); or (ii) a retirement, redemption, purchase or repayment or other acquisition of equity securities or indebtedness (including any payment of principal, interest, fees or any other payments thereon), other than with the prior written consent of the DIP Lender, in its sole and absolute discretion;
- (f) Make any investments or acquisitions of any kind, direct or indirect, in any business or otherwise other than in accordance with the DIP Budget or with the prior written consent of the DIP Lender, in its sole and absolute discretion;
- (g) Pay, incur any obligation to pay, or establish any retainer with respect to the fees, expenses or disbursements of a legal, financial or other advisor of any party, other than (i) the Monitor and its legal counsel, (ii) the respective legal and financial advisors of the DIP Parties and the DIP Lender, in each case engaged as of Filing Date, and (iii) the prepayment to the liquidator in connection with the Realization Process, unless such fees, expenses, disbursements or retainers are reviewed and approved in writing advance by the DIP Lender, in its sole and absolute discretion;
- (h) Create or permit to exist any Liens on any of the Collateral other than the Permitted Liens;
- (i) Challenge or fail to support the Liens and claims of the DIP Lender;
- (j) Create or establish any employee retention plan, employee incentive plan or similar benefit plan for any employees of the DIP Parties after the Filing Date other than the KERP as included in the DIP Budget, except with the prior written consent of the DIP Lender, in its sole and absolute discretion;
- (k) Make any payments or expenditures (including capital expenditures) other than in accordance with the DIP Budget;
- (l) Terminate or disclaim any Material Contract (other than a Real Property Lease) or amend any Material Contract in any material manner, except with the prior consent of the DIP Lender, in its sole and absolute discretion;
- (m) Amalgamate, consolidate with or merge into or sell all or substantially all of its assets to another entity, or change its corporate or capital structure (including its organizational

documents) or enter into any agreement committing to such actions except pursuant to the Realization Process Approval Order or with the prior written consent of the DIP Lender, in its sole and absolute discretion;

- (n) Make an announcement in respect of, enter into any agreement or letter of intent with respect to, or attempt to consummate, or support an attempt to consummate by another party, any transaction or agreement outside the ordinary course of business, except pursuant to the Realization Process Approval Order or with the prior written consent of the DIP Lender, in its sole and absolute discretion;
- (o) Seek, obtain, support, make or permit to be made any Court Order or any change, amendment or modification to any Court Order in respect of any amendment relating to the DIP Facility, the Realization Process Approval Order or any other matter that affects the DIP Lender, except with the prior written consent of the DIP Lender, in its sole and absolute discretion;
- (p) Enter into any settlement agreement or agree to any settlement arrangements with any Governmental Authority or regulatory authority in connection with any claims, liabilities, litigation, arbitration, other investigations, proceedings or disputes or other similar proceedings which are threatened or pending against any one of them without the prior written consent of the DIP Lender, in its sole and absolute discretion;
- (q) Without the approval of the Court or the prior written consent of the DIP Lender, in its sole and absolute discretion, cease to carry on its business or activities or any component thereof as currently being conducted or modify or alter in any manner the nature and type of its operations or business, except pursuant to the Realization Process Approval Order; or
- (r) Seek, or consent to the appointment of an interim receiver, receiver, receiver manager, licensed insolvency trustee or any similar official in any jurisdiction.

**22. EVENTS OF
DEFAULT:**

The occurrence of any one or more of the following events shall constitute an event of default (each an “**Event of Default**”) under this Term Sheet:

- (a) Failure of the Borrowers to pay principal, interest or other amounts when due pursuant to this Term Sheet or any other Credit Document;

- (b) Failure of the Borrowers to deliver, by no later than May 8, 2024, the Initial DIP Budget, in form and substance satisfactory to the DIP Lender, in its sole and absolute discretion;
- (c) Failure of the DIP Parties to perform or comply with any term, condition, covenant or obligation pursuant to this Term Sheet or any other Credit Document;
- (d) Any representation or warranty by the DIP Parties made or deemed to be made in this Term Sheet or any other Credit Document is or proves to be incorrect or misleading in any respect as of the date made or deemed to be made;
- (e) Issuance of any Court Order (i) dismissing the CCAA Proceedings or the Recognition Proceedings, (ii) lifting the stay of proceedings in the CCAA Proceedings or the Recognition Proceedings to permit the enforcement of any security against any DIP Party or in respect of the Collateral (including, without limitation, any Material Contract), the appointment of an interim receiver, receiver, receiver and manager, licensed insolvency trustee or similar official, an assignment in bankruptcy, or the making of a bankruptcy order or receivership order against or in respect of any DIP Party, in each case which order is not stayed pending appeal thereof; (iii) granting any other Lien in respect of the Collateral that is in priority to or *pari passu* with the DIP Lender's Charge other than as expressly permitted pursuant to this Term Sheet, (iv) modifying this Term Sheet or any other Credit Document without the prior written consent of the DIP Lender, in its sole and absolute discretion; (v) commencing any proceedings in respect of any DIP Party pursuant to Chapter 7 or Chapter 11 of the Bankruptcy Code; (vi) terminating the Realization Process or (vii) staying, reversing, vacating or otherwise modifying any Court Order relating to the DIP Facility, the Realization Process or any other matter that affects the DIP Lender without the prior written consent of the DIP Lender, in its sole and absolute discretion;
- (f) Unless consented to in writing by the DIP Lender, in its sole and absolute discretion, the expiry without further extension of the stay of proceedings provided for in the ARIO, the Provisional Order or the Final Recognition Order;
- (g) Unless consented to in writing by the DIP Lender, in its sole and absolute discretion, the termination of the Realization Process prior to its completion;

- (h) (i) a Borrowing Base Report, Variance Report or Updated DIP Budget is not delivered when due under this Term Sheet, (ii) cumulative actual receipts of the DIP Parties for the period commencing on May 6, 2024 and ending at the end of any week are less than the “Minimum Cumulative Receipts” line item in the DIP Budget for such week, or (iii) cumulative actual disbursements of the DIP Parties for the period commencing on May 6, 2024 and ending at the end of any week are more than the “Maximum Cumulative Disbursements” line item in the DIP Budget for such week;
- (i) Unless the DIP Lender has consented thereto in writing, in its sole and absolute discretion the filing by any DIP Party of any motion or proceeding that (i) is not consistent with any provision of this Term Sheet or any other Credit Document, the ARIO, the Realization Process Approval Order or the Final Recognition Order, as applicable, (ii) could otherwise be expected to have a material adverse effect on the interests of the DIP Lender or the Collateral (including, without limitation, any Material Contract), or (iii) seeks to continue any of the Insolvency Proceedings under the jurisdiction of a court other than the CCAA Court with respect to the CCAA Proceedings or the US Court with respect to the Recognition Proceedings;
- (j) The making by the DIP Parties of a payment of any kind that is not permitted by this Term Sheet or any other Credit Document or is not in accordance with the DIP Budget;
- (k) Except as stayed by Court Orders or consented to by the DIP Lender in writing, in its sole and absolute discretion, a default under or a revocation, termination or cancellation of, any Material Contract (other than in connection with a termination or disclaimer or resiliation of a Real Property Lease by a DIP Party);
- (l) The denial or repudiation by the DIP Parties of the legality, validity, binding nature or enforceability of this Term Sheet or any other Credit Documents;
- (m) Any creditor, encumbrancer or other Person seizes or levies upon any Collateral or exercises any right of distress, execution, foreclosure or similar enforcement process against any Collateral;
- (n) The entry of one or more final judgements, writs of execution, garnishment or attachment representing a claim in excess of U.S.\$250,000 in the aggregate, against any Collateral, or the DIP Parties;

- (o) The occurrence of any “Default” or “Event of Default” as defined in the Existing Credit Agreement, other than the Existing Events of Default; or
 - (p) Any Milestone set forth on **Schedule “D”** hereof is not satisfied as determined by the DIP Lender, in its sole and absolute discretion.
- 23. **UNAFFECTED CREDITOR STATUS:** The DIP Lender shall at all times be treated as an “unaffected creditor” and “unimpaired” in the CCAA Proceedings and the Recognition Proceedings, including in any plan of compromise or arrangement filed pursuant thereto and/or in any other insolvency, restructuring, reorganization and/or arrangement proceeding with respect to any DIP Party thereafter, including, without limitation, proceedings under the CCAA, the *Bankruptcy and Insolvency Act* (Canada), United States Bankruptcy Code or any other legislation of any jurisdiction pertaining to insolvency or creditors’ rights.
- 24. **REMEDIES:** Upon the occurrence of an Event of Default (other than the Existing Events of Default), the DIP Lender may, in its sole and absolute discretion, elect to terminate the commitments hereunder and declare the DIP Financing Obligations to be immediately due and payable and refuse to permit further Advances. In addition, upon the occurrence of an Event of Default, the DIP Lender may, in its sole and absolute discretion, subject to the Court Orders:
 - (a) apply to a court for the appointment of a receiver, an interim receiver or a receiver and manager over the DIP Parties or the Collateral, or for the appointment of a trustee in bankruptcy of the DIP Parties;
 - (b) on application to Court, set-off or combine any amounts then owing by the DIP Lender to the DIP Parties against the DIP Financing Obligations;
 - (c) upon application to Court, exercise the powers and rights of a secured party under the *Personal Property Security Act* (Ontario), the *Uniform Commercial Code* or any other federal, provincial, state or territorial legislation of similar effect; and
 - (d) exercise all such other rights and remedies under this Term Sheet, any other Credit Document, the Court Orders and Applicable Law.
- 25. **INDEMNITY AND RELEASE:** The DIP Parties agree to indemnify and hold harmless the DIP Lender and its respective directors, officers, employees, agents, advisors, attorneys, counsel and their respective advisors (all such

Persons and entities being referred to hereafter as “**Indemnified Persons**”) from and against any and all actions, suits, proceedings, claims, losses, damages, liabilities or expenses of any kind or nature whatsoever (excluding indirect or consequential damages and claims for lost profits) which may be incurred by or asserted against any Indemnified Person (collectively, “**Claims**”) as a result of or arising out of or in any way related to the Interim Borrowings, the Existing Credit Agreement, the DIP Facility, this Term Sheet and any other Credit Document and, upon demand, to pay and reimburse any Indemnified Person for any reasonable legal or other expenses incurred in connection with investigating, defending or preparing to defend any such action, suit, proceeding or claim, which payment or reimbursement obligation shall form part of the DIP Financing Obligations; *provided, however*, the DIP Parties shall not be obligated to indemnify pursuant to this paragraph any Indemnified Person against any loss, claim, damage, expense or liability (x) to the extent it resulted from the gross negligence or wilful misconduct of any Indemnified Person as finally determined by a court of competent jurisdiction, or (y) to the extent arising from any dispute solely among Indemnified Persons other than any Claims arising out of any act or omission on the part of the DIP Parties.

Notwithstanding anything to the contrary herein, the indemnities granted under this Term Sheet shall survive any termination of the DIP Facility.

26. **TAXES:**

All payments by the DIP Parties to the DIP Lender, including the payment of any Obligations under the DIP Financing Obligations and any payments required to be made from and after the exercise of any remedies available to the DIP Lender upon an Event of Default (other than the Existing Events of Default), shall be made free and clear of, and without reduction for or on account of, any present or future taxes, levies, imposts, duties, charges, fees, deductions or withholdings of any kind or nature whatsoever or any interest or penalties payable with respect thereto now or in the future imposed, levied, collected, withheld or assessed by any Governmental Authority country or any political subdivision of any country (collectively “**Taxes**”); *provided, however*, that if any Taxes are required by Applicable Law to be withheld (“**Withholding Taxes**”) from any amount payable to the DIP Lender under this Term Sheet, the amount so payable to such DIP Lender shall be increased by an amount necessary to yield to such DIP Lender on a net basis after payment of all Withholding Taxes, the amount payable under this Term Sheet at the rate or in the amount specified herein and the Borrowers shall provide evidence satisfactory to such DIP Lender that the Taxes have

been so withheld and remitted.

If any DIP Party pays an additional amount to the DIP Lender to account for any deduction or withholding, the DIP Lender shall, at the sole cost and expense of the applicable DIP Party, reasonably cooperate with such DIP Party to obtain a refund of the amounts so withheld and paid to the DIP Lender. Any refund of an additional amount so received by the DIP Lender, without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund which the DIP Lender determines, in its sole and absolute discretion, will leave it, after such payment, in no better or worse position than it would have been if no additional amounts had been paid to it), net of all out of pocket expenses of the DIP Lender, shall be paid over by the DIP Lender to the applicable DIP Party promptly. If reasonably requested by such DIP Party, the DIP Lender shall apply to the relevant Governmental Authority to obtain a waiver from such withholding requirement, and the DIP Lender shall reasonably cooperate, at the sole cost and expense of the applicable DIP Party, with the applicable DIP Party and assist such DIP Party to minimize the amount of deductions or withholdings required. The applicable DIP Party, upon the request of the DIP Lender, shall repay any portion of the amount repaid by the DIP Lender pursuant to this Section 26 (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) in the event that the DIP Lender is required to repay such portion of the refund to such Governmental Authority. This Section 26 shall not be construed to require the DIP Lender to make available its tax returns (or any other information relating to its Taxes that it deems confidential) to the Borrowers or any other Person. The DIP Lender shall not by virtue of anything in this Term Sheet or any other Credit Document be under any obligation to arrange its tax affairs in any particular manner so as to claim any refund on behalf of the DIP Parties.

**27. FURTHER
ASSURANCES:**

The DIP Parties shall, at their expense, from time to time do, execute and deliver, or will cause to be done, executed and delivered, all such further acts, documents (including, without limitation, certificates, declarations, affidavits, reports and opinions) and things as the DIP Lender may request, in its sole and absolute discretion, for the purpose of giving effect to this Term Sheet.

**28. ENTIRE
AGREEMENT;
CONFLICT:**

This Term Sheet, including the schedules hereto and any other Credit Documents delivered in connection with this Term Sheet, constitute the entire agreement between the parties relating to the subject matter hereof.

29. **AMENDMENTS, WAIVERS, ETC.:** No waiver or delay on the part of the DIP Lender in exercising any right or privilege hereunder will operate as a waiver hereof or thereof unless made in writing (including by e-mail) by the DIP Lender and delivered in accordance with the terms of this Term Sheet, and then such waiver shall be effective only in the specific instance and for the specific purpose given.
30. **ASSIGNMENT:** The DIP Lender may assign this Term Sheet and its rights and obligations hereunder, in whole or in part, subject in all cases to (i) providing the Monitor with reasonable evidence that such assignee has the financial capacity to fulfill the obligations of the DIP Lender hereunder, and (ii) the assignee providing written notice to the DIP Parties to confirm such assignment. Neither this Term Sheet nor any right or obligation hereunder may be assigned by any of the DIP Parties.
31. **NO THIRD-PARTY BENEFICIARY:** No Person, other than the DIP Parties, the DIP Lender, the Indemnified Persons or the Monitor, is entitled to rely upon this Term Sheet and the parties expressly agree that this Term Sheet does not confer rights upon any other party.
32. **COUNTERPARTS AND SIGNATURES:** This Term Sheet may be executed in any number of counterparts and delivered by electronic transmission including “pdf email”, each of which when executed and delivered shall be deemed to be an original, and all of which when taken together shall constitute one and the same instrument.
33. **NOTICES:** Any notice, request or other communication hereunder to any of the parties shall be in writing and be well and sufficiently given if delivered by email to such Person at its email address as set out below in this Section 33. Any such notice, request or other communication hereunder shall be concurrently sent to the Monitor and its counsel.
- (a) If to the DIP Lender, to: Canadian Imperial Bank of Commerce, c/o Aryo Shalviri (aryo.shalviri@blakes.com), & Milly Chow (milly.chow@blakes.com),
- (b) If to the DIP Parties, to: Ted Baker Canada Inc. and Ted Baker Limited, c/o Tracy C Sandler (tsandler@osler.com) and Shawn Irving (sirving@osler.com),
- and in each case, with a copy to the Monitor c/o Greg Karpel (gkarpel@alvarezandmarsal.com) and Josh Nevsky (jnevsky@alvarezandmarsal.com) and its counsel, Sean Zweig (zweigs@bennettjones.com) and Jesse Mighton (mightonj@bennettjones.com).
- Any such notice shall be deemed to be given and received when received, unless received after 5:00 p.m. Eastern Time or on a day other than a Business Day, in which case the notice shall be

deemed to be received the next Business Day.

34. **ENGLISH
LANGUAGE:**

The parties hereto confirm that this Term Sheet and all related documents have been drawn up in the English language at their request. *Les parties aux présentes confirment que le présent acte et tous les documents y relatifs furent rédigés en anglais à leur demande.*

35. **GOVERNING LAW
AND JURISDICTION:**

This Term Sheet shall be governed by, and construed in accordance with, the laws of the Province of Ontario and the federal laws of Canada applicable therein. Without prejudice to the ability of the DIP Lender to enforce this Term Sheet in any other proper jurisdiction, each of the DIP Parties irrevocably submits and attorns to the non-exclusive jurisdiction of the CCAA Court.

IN WITNESS HEREOF, the parties hereby execute this Term Sheet as at the date first above mentioned.

CANADIAN IMPERIAL BANK OF COMMERCE

Per: _____
Name:
Title:

TED BAKER LIMITED

Per: _____
Name:
Title:

TED BAKER CANADA INC.

Per: _____
Name:
Title:

OSL FASHION SERVICES CANADA INC.

Per: _____
Name:
Title:

OSL FASHION SERVICES, INC.

Per: _____
Name:
Title:

SCHEDULE "A"

DEFINED TERMS

"Administration Charge" means a priority charge over the Collateral granted by the CCAA Court pursuant to the ARIO with the priority and the amount as set out in Section 10, to secure the fees and expenses of (i) the legal and financial advisors of the DIP Parties, and (ii) the Monitor and its counsel, in each case, in connection with the Insolvency Proceedings.

"Advance" means an amount of the DIP Facility advanced to the Borrowers pursuant to the terms hereof from time to time.

"Advance Request" has the meaning given thereto in Section 5.

"Applicable Law" means, in respect of any Person, property, transaction or event, all applicable laws, statutes, rules, by-laws and regulations and all applicable official directives, orders, judgments and decrees of any Governmental Authority having the force of law.

"ARIO" means an Amended and Restated Initial CCAA Order to be issued by the CCAA Court in the CCAA Proceedings, which shall be in the form set out at **Schedule "E"**, with such changes as the DIP Lender may approve, in its sole and absolute discretion.

"Borrower" and **"Borrowers"** has the meanings given thereto in Section 1.

"Borrowing Base Report" has the meaning thereto in Section 13 .

"Business Day" means any day other than a Saturday, Sunday or any other day on which banks in Toronto, Ontario are not open for business.

"Canadian Dollars" and **"Cdn.\$"** refer to the lawful money of Canada.

"CCAA" has the meaning given thereto in the Recitals.

"CCAA Proceedings" has the meaning given thereto in the Recitals.

"Claims" has the meaning given thereto in Section 25.

"Collateral" means all present or future assets, undertakings and properties, of any kind, of the DIP Parties, real and personal, tangible or intangible, including all proceeds thereof, wherever situated.

"Commitment Fee" has the meaning given thereto in Section 16.

"Court" means the CCAA Court or the US Court.

"Court Orders" means the orders, judgments, directions, endorsements or opinions issued by any Court in the CCAA Proceedings or the Recognition Proceedings (including, for greater certainty, the Provisional Order), and **"Court Order"** means any one of them.

“Credit Documents” means this Term Sheet and any other document delivered in connection with or relating to this Term Sheet from time to time.

“Criminal Code Interest” has meaning given thereto in Section 17 .

“Criminal Rate” has meaning given thereto in Section 17.

“Current Excess Amount” has the meaning given thereto in Section 15.

“Currency Exchange Rate” means the U.S.\$/Cdn.\$ exchange rate applicable on the Business Day immediately prior to the date of an Advance denominated in Canadian Dollars, as such rate is determined by the Bank of Canada Noon Foreign Exchange Rate.

“Default” means an event or circumstance which, after the giving of notice or the passage of time, or both, will result in an Event of Default.

“DIP Budget” means the weekly financial projections prepared by the Borrowers covering the period commencing on the week ended May 12, 2024, and ending on the week ending August 4, 2024, on a weekly basis, which shall be in form and substance acceptable to the DIP Lender, in its sole and absolute discretion, which financial projections may be amended from time to time in accordance with Section 13. For greater certainty, for purposes of this Term Sheet, the DIP Budget shall include all supporting documentation provided in respect thereof to the DIP Lender.

“DIP Facility” has the meaning given thereto in Section 5.

“DIP Financing Obligations” means, collectively, all obligations owing by the DIP Parties pursuant to this Term Sheet and the other Credit Documents, including, without limitation, all principal, interest, fees, costs, expenses, disbursements and DIP Lender Expenses.

“DIP Lender” has the meaning given thereto in Section 3.

“DIP Lender’s Charge” means a first-ranking super priority charge on the Collateral as security for all DIP Financing Obligations, which shall have priority over all Liens on the Collateral other than the Administration Charge and the Permitted Priority Liens.

“DIP Lender Expenses” has the meaning given thereto in Section 9.

“DIP Parties” has the meaning given thereto in Section 2.

“Directors’ Charge” means a priority charge over the Collateral granted by the CCAA Court pursuant to the ARIO in favour of the directors and officers of the DIP Parties, with the priority and the amount as set out in Section 10.

“Event of Default” has the meaning given thereto in Section 22.

“Existing Credit Agreement” has the meaning given to it in the Recitals.

“Existing Events of Default” means the Events of Default (as defined in the Existing Credit Agreement) that to the knowledge of the DIP Lender existed as of the date of Filing Date, with

“knowledge” for the purposes of this definition to mean the knowledge of the DIP Lender, without having conducted any diligence.

“**Facility Amount**” has the meaning given thereto in Section 5.

“**Fashion Canada**” has the meaning given thereto in the Recitals.

“**Fashion US**” has the meaning given thereto in the Recitals.

“**Filing Date**” has the meaning given thereto in the Recitals.

“**Final Recognition Order**” has the meaning given thereto in 8(c).

“**First Advance**” has the meaning given thereto in Section 5.

“**Governmental Authority**” means any federal, provincial, state, municipal, local or other government, governmental or public department, commission, board, bureau, agency or instrumentality, domestic or foreign and any subdivision, agent, commission, board or authority of any of the foregoing.

“**Guarantor**” and “**Guarantors**” have the meaning given thereto in Section 2.

“**Indemnified Persons**” has the meaning given thereto in Section 25.

“**Initial DIP Budget**” has the meaning given thereto in Section 13.

“**Initial CCAA Order**” has the meaning given thereto in the Recitals.

“**Interim Borrowing**” and “**Interim Borrowings**” have the meaning given thereto in the Recitals.

“**Interim Borrowing Maturing Date**” has the meaning given thereto in the Recitals.

“**Interim Borrowings Obligations**” has the meaning given to it in Section 5.

“**Interim Lender**” has the meaning given thereto in the Recitals.

“**Interim Lender’s Charge**” has the meaning given thereto in the Recitals.

“**KERP**” means the key employee retention program in the amount set out in the DIP Budget and approved by the Court in the ARIO.

“**KERP Charge**” means a priority charge over the Collateral granted by the CCAA Court pursuant to the ARIO to secure payment of the KERP, with the priority and the amount as set out in Section 10.

“**Liens**” means (i) all liens, hypothecs, charges, mortgages, deeds of trusts, trusts, deemed trusts (statutory or otherwise), constructive trusts, encumbrances, security interests, and statutory preferences of every kind and nature whatsoever, (ii) the interest of a vendor or a lessor under

any conditional sale agreement, capital lease or title retention agreement (or any financing lease having substantially the same economic effect as any of the foregoing) relating to such asset, and (iii) in the case of securities, any purchase option, call or similar right of a third party with respect to such securities.

“Realization Process” means an orderly process for the liquidation of the inventory forming part of the Collateral, in form and substance satisfactory to the DIP Lender, in its sole and absolute discretion, and authorized pursuant to the Realization Process Approval Order.

“Realization Process Approval Order” means an order of the CCAA Court approving a Requisition Procedure which is in the form set out at **Schedule "F"**, with such changes as the DIP Lender may approve, in its sole and absolute discretion.

“Material Contract” means any contract, license or agreement: (i) to which a DIP Party is a party or is bound; (ii) which is material to, or necessary in, the operation of the business of the DIP Parties; and (iii) which a DIP Party cannot within a commercially reasonable timeframe replace by an alternative and comparable contract with comparable commercial terms, including, without limitation, the following:

- (a) License Agreement dated as of March 13, 2023, among Ted Baker Canada and Ted Baker US, as licensees, and No Ordinary Designer Label Limited, as licensor;
- (b) License Agreement dated as of January 1, 2024, among Ted Baker Canada and Ted Baker US, as licensees, and ABG-TB IPCO (UK) Limited, as licensor;
- (c) License Agreement dated as of April 1, 2023, among Ted Baker Canada, as licensee, and ABG-Lucky, LLC, as licensor;
- (d) License Agreement dated as of April 1, 2023, among Ted Baker Canada, as licensee, and ABG-BB IPCO, LLC, as licensor; and
- (e) Warehousing, Storage and Logistics Agreement dated as of October 19, 2017, among Ted Baker Limited and Future Forwarding Company.

“Maturity Date” has the meaning given thereto in Section 12.

“Monitor” has the meaning given thereto in the recitals.

“Obligations” has the meaning given thereto in the Existing Credit Agreement.

“Original Currency” has the meaning given thereto in Section 18.

“Other Currency” has the meaning given thereto in Section 18.

“Outside Date” means ~~August 2~~September 30, 2024.

“Overdraft Amount” has the meaning given thereto in Section 15.

“Permitted Liens” means (i) the DIP Lender’s Charge; (ii) the Administration Charge, (iii) the Directors’ Charge, (iv) the KERP Charge, (v) any other charges created under the ARIO, the Provisional Order, the Final Recognition Order, or other Court Order which ranks behind the DIP Lender’s Charge and is approved in writing by the DIP Lender, in its sole and absolute discretion; (vi) validly perfected Liens existing prior to the Filing Date including the OSL Retail Loan; (vii) inchoate statutory Liens arising after the Filing Date in respect of any accounts payable arising after the Filing Date in the ordinary course of business, subject to the obligation to pay all such amounts as and when due; and (viii) the Permitted Priority Liens.

“Permitted Priority Liens” means (i) the Administration Charge; and (ii) any amounts payable by the Borrowers for wages, vacation pay, employee deductions, sales tax, excise tax, tax payable pursuant to Part IX of the *Excise Tax Act* (Canada) (net of input credits), income tax and workers compensation claims, in each case solely to the extent such amounts are (a) accrued or collected by the Borrowers after the Filing Date, and (b) given priority by Applicable Law and only to the extent that the priority of such amounts has not been primed by the DIP Lender’s Charge.

“Person” means an individual, partnership, corporation, business trust, joint stock company, limited liability company, trust, unincorporated association, joint venture, Governmental Authority or other entity of whatever nature.

“Plan” has the meaning given thereto in Section 12.

“Pre-Filing Obligations” has the meaning given thereto in Section 7.

“Provisional Order” has the meaning given thereto in the Recitals.

“Real Property Lease” means a lease of real property of any DIP Party.

“Secured Lender” has the meaning given thereto in the Recitals.

“Taxes” has the meaning given thereto in Section 26.

“TB Canada” has the meaning given thereto in the Recitals.

“TB US” has the meaning given thereto in the Recitals.

“Updated DIP Budget” has the meaning given thereto in Section 13.

“U.S. Dollars” and **“U.S.\$”** refer to the lawful money of the United States of America.

“US Court” has the meaning given thereto in the recitals.

“Variance Period” has the meaning given thereto in Section 13.

“Variance Report” has the meaning given thereto in Section 13.

“Withholding Taxes” has the meaning given thereto in Section 26.

SCHEDULE "B"
FORM OF ADVANCE REQUEST

TO: Canadian Imperial Bank of Commerce, as DIP Lender

FROM: Ted Baker Canada Inc.
Ted Baker Limited
as Borrowers

DATE: ●, 2024

1. This request is delivered to you, as DIP Lender, in connection with a request for an Advance pursuant to the Term Sheet made as of ●, 2024 between the Borrowers and the DIP Lender, as amended, supplemented, restated or replaced from time to time (the "**Term Sheet**"). All defined terms used, but not otherwise defined in this certificate shall have the respective meanings set forth in the Term Sheet, unless the context requires otherwise.

2. The Borrowers hereby request an Advance as follows in respect of the week commencing on ●, 2024:

Aggregate amount of Advance: (a) Cdn.\$●¹

(b) [U.S.\$●²

Description of intended use of the proceeds of Advance: ●

3. All of the representations and warranties of the DIP Parties set forth in the Term Sheet are true and accurate in all respects as at the date hereof, as though made on and as of the date hereof.

4. All of the covenants of the DIP Parties contained in the Term Sheet and all other terms and conditions contained in the Term Sheet to be complied with by the DIP Parties, not properly waived in writing by the DIP Lender, have been fully complied with.

5. No Default or Event of Default, other than Existing Events of Default, has occurred nor will any such event occur as a result of the Advance hereby requested.

TED BAKER CANADA INC.

TED BAKER LIMITED

Per:

Per:

Name:
Title:

Name:
Title

¹ Minimum of Cdn.\$25,000 and subject at all times to the aggregate Facility Amount.

² Minimum of U.S.\$25,000 and subject at all times to the aggregate Facility Amount.

SCHEDULE "C"
FORM OF DIP BUDGET

SCHEDULE "D"
MILESTONES

Milestone Date*	Event/Item**
May 3, 2024	Issuance and Entry of the Amended and Restated Initial Order
May 8 <u>17</u> , 2024	Issuance and Entry of the Final Recognition Order for each DIP Party
On or before May 13, 2024	Commencement of the Realization Process
May 15, 2024	Execution of any applicable Credit Documents by the DIP Parties
June 14, 2024	Outstanding principal balance of Obligations to be no more than U.S.\$5,000,000
July 31 <u>August 4</u> , 2024	Completion of the Realization Process

* Notwithstanding the above, a specific Milestone may be extended or waived with the express prior written consent of the DIP Lender, in its sole and absolute discretion.

** Each to be in form and substance satisfactory to the DIP Lender, in its sole and absolute discretion.

SCHEDULE "E"
FORM OF AMENDED AND RESTATED INITIAL ORDER

SCHEDULE "F"
FORM OF REALIZATION PROCESS ORDER

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

Court File No.: CV-24-00718993-00CL

**AND IN THE MATTER OF A PROPOSED PLAN OF COMPROMISE OR
ARRANGEMENT OF TED BAKER CANADA INC., TED BAKER LIMITED, OSL
FASHION SERVICES CANADA INC. AND OSL FASHION SERVICES, INC.**

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

SECOND REPORT OF THE MONITOR

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