

District of: Ontario  
Division No.: 09 – Toronto  
Court No.: 31-3050418  
Estate No.: 31-3050418

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)  
IN BANKRUPTCY AND INSOLVENCY**

**IN THE MATTER OF THE NOTICE OF INTENTION  
TO MAKE A PROPOSAL OF THE BODY SHOP  
CANADA LIMITED, IN THE CITY OF TORONTO, IN  
THE PROVINCE OF ONTARIO**

**FIRST REPORT OF THE PROPOSAL TRUSTEE  
ALVAREZ & MARSAL CANADA INC.**

**MARCH 2, 2024**

## **TABLE OF CONTENTS**

<b>1.0</b>	<b>INTRODUCTION.....</b>	<b>1</b>
<b>2.0</b>	<b>TERMS OF REFERENCE AND DISCLAIMER .....</b>	<b>3</b>
<b>3.0</b>	<b>BACKGROUND INFORMATION .....</b>	<b>4</b>
<b>4.0</b>	<b>SECURED CREDITORS.....</b>	<b>8</b>
<b>5.0</b>	<b>CASH FLOW FORECAST .....</b>	<b>9</b>
<b>6.0</b>	<b>REQUEST FOR EXTENSION .....</b>	<b>12</b>
<b>7.0</b>	<b>COURT-ORDERED CHARGES.....</b>	<b>12</b>
<b>8.0</b>	<b>ADDITIONAL RELIEF SOUGHT.....</b>	<b>15</b>
<b>9.0</b>	<b>INTENDED NEXT STEPS IN THE NOI PROCEEDING .....</b>	<b>17</b>
<b>10.0</b>	<b>CONCLUSIONS AND RECOMMENDATIONS.....</b>	<b>17</b>

## **APPENDICES**

**Appendix A – Notice of Appointment in respect of the UK Administration Proceeding**

**Appendix B – Cash Flow Forecast**

**Appendix C – Management’s Representation Letter Regarding the Cash Flow Forecast**

**Appendix D – Proposal Trustee’s Report on the Cash Flow Forecast**

## 1.0 INTRODUCTION

- 1.1 On March 1, 2024 (the “**Filing Date**”), The Body Shop Canada Limited (“**TBS Canada**” or the “**Company**”) filed a Notice of Intention to Make a Proposal (“**NOI**”) pursuant to Section 50.4(1) of the *Bankruptcy and Insolvency Act (Canada)*, R.S.C. 1985, c. B-3 (the “**BIA**”) and Alvarez & Marsal Canada Inc. (“**A&M**”) was appointed as Proposal Trustee of the Company (the “**Proposal Trustee**”).
- 1.2 TBS Canada is a subsidiary company of The Body Shop International Limited (the “**UK Parent**”). On February 13, 2024, the UK Parent commenced administration proceedings in the United Kingdom (the “**UK Administration Proceeding**”). A copy of the Notice of Appointment in respect of the UK Administration Proceeding is attached as **Appendix “A”**.
- 1.3 TBS Canada relied on the UK Parent for the supply of all inventory, treasury and other critical corporate services. Following the commencement of the UK Administration Proceeding, which was commenced without any coordination or notice to the Company, TBS Canada commenced this NOI proceedings (the “**NOI Proceeding**”) to obtain a stay of proceedings and stabilize its operations while it evaluates its strategic alternatives. As explained in further detail below, TBS Canada has taken immediate steps to protect its liquidity position by commencing liquidation sales at certain store locations, issuing disclaimers at those locations to reduce lease obligations and implementing headcount reductions and other costs curtailment initiatives.
- 1.4 The purpose of this first report (the “**First Report**”) is to provide the Court with information on:

- (i) the Company's business and financial circumstances;
- (ii) the Company's Cash Flow Forecast (as defined below) for the 13-week period ending May 24, 2024;
- (iii) the relief sought by the Company in its motion returnable March 4, 2024 (the "**Draft Order**"), including with respect to:
  - (a) extending the time to file a proposal, and the corresponding stay of proceedings, until and including April 16, 2024 (the "**Stay Period**");
  - (b) approval of the Charges (as defined below) over the property and assets of the Company (collectively, the "**Property**") and the proposed priority of same, including:
    - (1) a charge in the amount of \$700,000 over the Property to secure the fees and disbursements of the Company's legal counsel, and the Proposal Trustee and its counsel (the "**Administration Charge**");
    - and
    - (2) a charge in the amount of \$2,100,000 over the Property in favour of the director and officers of the Company (the "**D&O Charge**");
  - (c) expansion of the stay of proceedings;
  - (d) compelling delivery of the Company's Property; and
- (iv) the Proposal Trustee's activities and its recommendations in connection with the foregoing.

- 1.5 Further information about the Company and copies of materials filed in the NOI Proceeding are available on the Proposal Trustee's case website at: [www.alvarezandmarsal.com/TheBodyShop](http://www.alvarezandmarsal.com/TheBodyShop) (the "**Case Website**").

## 2.0 TERMS OF REFERENCE AND DISCLAIMER

- 2.1 In preparing this First Report, A&M, in its capacity as the Proposal Trustee, has been provided with, and has relied upon, unaudited financial information, books and records and financial information prepared by the Company and has held discussions with management of the Company and its legal counsel (collectively, the "**Information**"). Except as otherwise described in this Report in respect of the Cash Flow Forecast:

- (i) the Proposal Trustee has reviewed the Information for reasonableness, internal consistency and use in the context in which it was provided. However, the Proposal Trustee 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 Proposal Trustee expresses no opinion or other form of assurance contemplated under CASs in respect of the Information; and
- (ii) some of the information referred to in this 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.

- 2.2 Future oriented financial information referred to in this First Report was prepared based on the Company's estimates and assumptions. Readers are cautioned that since projections are based upon assumptions about future events and conditions that are not ascertainable, actual results will vary from the projections, even if the assumptions materialize, and the variations could be significant.
- 2.3 This First Report should be read in conjunction with the Affidavit of Jordan Searle, General Manager, North America of the Company, sworn March 1, 2024 (the "**Searle Affidavit**"). The Searle Affidavit contains further background in respect of the Company, including events leading to this NOI Proceeding and additional detail in respect of the relief sought by the Company. Capitalized terms used and not defined in this First Report have the meanings given to them in the Searle Affidavit.
- 2.4 Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian dollars.

### **3.0 BACKGROUND INFORMATION**

- 3.1 More extensive background information on the Company is set out in the Searle Affidavit. Certain key points are summarized below.
- 3.2 TBS Canada is a cosmetics, perfume and skin care retailer with 105 store locations across Canada, an e-commerce platform and a wholesale business. The Company sells merchandise under the "The Body Shop" brand, a global brand recognized for its natural and ethically sourced beauty products.

3.3 For the 12-month period ended December 31, 2023, the Company generated revenue of \$88.4 million and earnings before interest, taxes, depreciation, and amortization (“**EBITDA**”) of positive \$11.6 million<sup>1</sup>.

3.4 The Company leases a head office in Toronto, Ontario and also has 105 leased store locations throughout Canada, as follows:

<b>Stores by Province</b>	
Ontario	49
British Columbia	18
Alberta	17
Nova Scotia	5
Manitoba	5
Saskatchewan	5
New Brunswick	3
Newfoundland	2
Prince Edward Island	1
<b>TOTAL</b>	<b>105</b>

3.5 As of February 29, 2024, TBS Canada’s employee count, by province, was as follows:

<b>Employees</b>	<b>Full Time</b>	<b>Part Time</b>	<b>Total</b>
Ontario	155	229	384
British Columbia	47	84	131
Alberta	44	82	126
Manitoba	14	23	37
Nova Scotia	12	21	33
Saskatchewan	11	20	31
New Brunswick	7	13	20
Newfoundland	5	9	14
Prince Edward Island	2	6	8
<b>TOTAL</b>	<b>297</b>	<b>487</b>	<b>784</b>

---

<sup>1</sup> TBS Canada’s financial statements are prepared based on International Accounting Standards taking into account IFRS16 treatment of store leases.

- 3.6 TBS Canada's full-time employees are enrolled in a health benefits program providing medical, dental, life insurance and disability programs. None of the Company's employees are unionized.

#### Store Closures and Employee Reductions

- 3.7 As described in the Searle Affidavit, upon commencing the NOI Proceeding, the Company immediately commenced liquidation sales at 33 of its store locations and delivered notices to disclaim each of those 33 leases such that it could ultimately exit these locations on an accelerated basis.
- 3.8 This proactive measure was taken to preserve the Company's liquidity position by maximizing the recovery of its inventory, while limiting the future exposure to rent and labour costs associated with these store locations.
- 3.9 The Company's remaining 72 stores remain open in the ordinary course of business while TBS Canada considers its strategic alternatives and business prospects.
- 3.10 Also on March 1, 2024, TBS Canada terminated approximately 20 of its 40 head office employees.

#### Financial Position

- 3.11 A summary of TBS Canada's unaudited financial position, based on the Company's books and records, as at January 31, 2024 was as follows:



<b>Balance Sheet (as at January 31, 2024)</b>		<b>(\$000s)</b>
<b><u>Assets</u></b>		
Cash		489
Accounts Receivable		396
Inventory		5,758
Intercompany Receivables		55,184
Furniture, Fixtures and Equipment		9,039
Intangible Assets		9,615
Other Assets		2,332
<b>Total Assets</b>		<b>82,813</b>
<b><u>Liabilities &amp; Shareholders' Equity</u></b>		
Accounts Payable and Accrued Liabilities		5,835
Intercompany Payables		8,610
Taxes Payable		1,909
Other Current Liabilities		4,190
Non-current Liabilities		2,804
<b>Total Liabilities</b>		<b>23,347</b>
Shareholders' Equity		59,466
<b>Total Liabilities &amp; Shareholders' Equity</b>		<b>82,813</b>

3.12 The Proposal Trustee notes the following:

- (i) all of TBS Canada's inventory is supplied by the UK Parent via a U.S. based distribution centre. There is no central warehouse or distribution centre located in Canada;
- (ii) Intercompany Receivables and Intercompany Payables relate to the Cash Pooling Arrangements (as defined and described in the Searle Affidavit) and other intercompany transactions relating to the purchase of inventory and provision of shared services; and
- (iii) Accounts Payable and Accrued Liabilities are primarily owed to: (a) suppliers of logistics, technology, marketing and other service providers; (b) landlords who are owed approximately \$900,000 for unpaid pre-filing rents; and (c) other general accruals for payroll, taxes and utilities.

## 4.0 SECURED CREDITORS

### Parent Company

4.1 Aurelius IV UK Acquico Seven Limited (“**Aurelius Seven**”), has registered financing statements against the Company under the personal property regimes in each of the Canadian provinces and territories.

4.2 The Proposal Trustee understands that:

- (i) on or around December 2023, Aurelius IV UK Acquico Eight Ltd. (the “**Aurelius Purchaser**”) acquired all of the shares of Naruta (Brasil) International B.V., and indirectly the UK Parent (the “**Acquisition**”);
- (ii) in connection with the Acquisition, Aurelius Seven, the immediate parent company of the Aurelius Purchaser, entered into a Loan Agreement with the UK Parent, pursuant to which approximately GBP £2.7 million was made available to the UK Parent (the “**Loan Agreement**”); and
- (iii) TBS Canada provided a Guarantee and Indemnity Agreement, guaranteeing the obligations of the UK Parent under the Loan Agreement (the “**Guarantee**”). TBS Canada’s obligations under the Guarantee are apparently secured pursuant to a General Security Agreement and a Hypothec granting Aurelius Seven a security interest over all of TBS Canada’s present and after-acquired property.

#### Other Secured Creditors

- 4.3 In addition to the registrations by Aurelius Seven, registrations have also been made against TBS Canada by Enterprise Fleet Management Canada Inc. (“**Enterprise**”) and HSBC Bank of Canada and Hong Kong Bank of Canada (collectively, “**HSBC**”). The Proposal Trustee understands that Enterprise has made registrations in Ontario, British Columbia, Alberta and Nova Scotia, in connection with corporate vehicles leased by TBS Canada for certain of its employees. The registration held by HSBC only appears in the personal property security search results in Saskatchewan. The Proposal Trustee understands from the Company that they are not aware of what HSBC’s registration relates to and are not aware of any amounts owing to HSBC that would be secured by such registration.

### **5.0 CASH FLOW FORECAST**

- 5.1 The Company has prepared a weekly cash flow forecast (the “**Cash Flow Forecast**”) for the 13-week period from February 24, 2024 to May 24, 2024 (the “**Cash Flow Period**”). A copy of the Cash Flow Forecast, together with a summary of assumptions (the “**Cash Flow Assumptions**”), Management’s report on the Cash Flow Forecast, and the Proposal Trustee’s report on the Cash Flow Forecast, are attached hereto as **Appendices “B”, “C” and “D”**, respectively.
- 5.2 The following table provides a summary of the Cash Flow Forecast:

<b>Cash Flow Forecast</b>		<b>\$000's</b>
<b>Receipts</b>		
Sales		12,738
Sales tax collections		1,009
<b>Total Receipts</b>		<b>13,748</b>
<b>Disbursements</b>		
Vendor Payments		(925)
Payroll & Benefits		(6,818)
Rent		(4,444)
Sales Tax Remittances		(1,801)
Restructuring Professional Fees		(1,531)
Other Expenditures		(239)
<b>Total Disbursements</b>		<b>(15,758)</b>
<b>Net Cash Flow</b>		<b>(2,010)</b>
Opening Cash Balance		2,572
Net Cash Flow		(2,010)
<b>Ending Cash Balance</b>		<b>562</b>

5.3 The Proposal Trustee notes the following with respect to the Cash Flow Forecast:

- (i) Sales are based on planned sales and promotions at the Company's 33 liquidating stores and 72 stores that remain open in the ordinary course;
- (ii) Vendor Payments primarily consist of post-filing logistics, credit and debit card processing services, information technology services, and certain other store-level and general operating costs, all of which are forecast to be paid in the ordinary course; and
- (iii) Restructuring Professional Fees include costs for the Company's legal counsel, and the Proposal Trustee and its legal counsel.

- 5.4 The Cash Flow Forecast has been prepared solely for the purpose and subject to the Cash Flow Assumptions, and readers are cautioned that it may not be appropriate for other purposes.

Rent Payments

- 5.5 As described in the Searle Affidavit, prior to the commencement of the UK Administration Proceeding, the UK Parent swept all of the Company's available cash, leaving it with limited to no liquidity. Since this time, the Company stopped paying most vendor obligations, other than payroll and certain other limited amounts, and accordingly the Company did not pay February rent at the majority of its store locations.
- 5.6 Since the UK Administration Proceeding, the Company has regenerated a positive liquidity position. As of the date of this report the Company's cash balance is approximately \$2.4 million.
- 5.7 In order to responsibly preserve its liquidity and to ensure that priority payable amounts for payroll and sales taxes are accounted for, the Draft Order provides that the Company may pay rent on a weekly basis. Accordingly, in the Cash Flow Forecast, rent is contemplated to be paid: (a) on a weekly basis through March; and (b) bi-weekly thereafter.
- 5.8 In light of the Company's liquidity crisis and the uniquely challenging circumstances arising from being cut-off from its UK Parent, the Company requires this flexibility so that it can proceed with its ability to explore a going concern solution for the business. If required to pay an entire month of rent in advance, the Company would exhaust its available liquidity, compromising the ability of TBS Canada to reorganize its affairs.

## **6.0 REQUEST FOR EXTENSION**

6.1 The Company is seeking, as part of the Draft Order, an extension of the time required to file a proposal to April 16, 2024.

6.2 The Proposal Trustee supports the extension request for the following reasons:

- (i) the proposed stay of proceedings will provide the breathing room required by the Company to stabilize its business and explore its strategic alternatives;
- (ii) it will provide the Company with the ability to advance certain restructuring initiatives, including the planned liquidation sales at 33 store locations;
- (iii) the Company is projected to have sufficient liquidity to fund its operations, as reflected in the Cash Flow Forecast, through the end of the proposed Stay Period;
- (iv) the Proposal Trustee does not believe any creditor will be prejudiced if the extension is granted; and
- (v) the Company has acted, and continues to act, in good faith and with due diligence since commencing the NOI Proceeding.

## **7.0 COURT-ORDERED CHARGES**

7.1 The Draft Order seeks the granting of the Administration Charge and the D&O Charge (collectively, the “**Charges**”) over the Property of the Company.

### Administration Charge

7.2 The proposed Initial Order provides for an Administration Charge in an amount not to exceed \$700,000 in favour of the Proposal Trustee, counsel to the Proposal Trustee and counsel to the Company.

7.3 The Proposal Trustee assisted the Company with the calculation of the Administration Charge and is of the view that the amount of the charge is reasonable and appropriate in the circumstances, having regard to the nature of the NOI Proceeding, the anticipated professional costs to be incurred, the size of charges approved in similar NOI proceedings, and the fact that the proposed beneficiaries of the Administration Charge do not have retainers.

#### D&O Charge

7.4 The proposed Initial Order grants a charge over the Property in the amount of \$2.1 million in favour of the Company's director and officers as security for any such obligations or liabilities arising after the commencement of the NOI Proceeding, except to the extent that any such obligation or liability arises as a result of an officer's or director's gross negligence or wilful misconduct.

7.5 The Proposal Trustee understands that the Company may hold directors' and officers' insurance policies that provide coverage for certain director and officer obligations. However, as described in the Searle Affidavit, TBS Canada does not have direct access to the policy documents, nor is it able to confirm that the premiums have been paid and the policies are in good standing. As a result, it is currently uncertain if the policies provide adequate coverage to the Company's director and officers during the NOI Proceeding. The Draft Order also provides that the Company's directors and officers will only be entitled

to the benefit of the D&O 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.

- 7.6 The Proposal Trustee assisted the Company in the calculation of the initial quantum of the D&O Charge, taking into consideration the amount of the Company's payroll, vacation pay and federal and provincial sales tax liabilities. The components that comprise the proposed D&O Charge are as follows:

<b>Proposed D&amp;O Charge</b>	<b>\$000's</b>
Provision for sales taxes (HST, GST, PST)	\$500
Provision for employee wages and source deductions	\$1,200
Provision for accrued vacation pay	\$225
Provision for employee benefits, EHT and other similar amounts	\$175
<b>Total</b>	<b>\$2,100</b>

- 7.7 The Proposal Trustee understands that the director and officers of the Company have advised that they are not willing to continue in their current roles absent the protection afforded to them under the D&O Charge. In the circumstances, the Proposal Trustee is of the view that the D&O Charge is required and reasonable.

Priority of Charges Created by the Proposed Initial Order

- 7.8 The priorities of the Charges are proposed to be as follows:

- (i) First – Administration Charge (to the maximum amount of \$700,000); and
- (ii) Second – D&O Charge (to the maximum amount of \$2.1 million).



The Charges would rank ahead of the Aurelius Security and HSBC Registration, but would rank behind the Enterprise Security.

- 7.9 As set out above, the Proposal Trustee believes that the Charges are reasonable in the circumstances.

## **8.0 ADDITIONAL RELIEF SOUGHT**

### Expansion of the Stay of Proceedings and Related Relief

- 8.1 To provide the Company with the opportunity to operate while it considers its restructuring alternatives, TBS Canada needs to operate without disruption during the NOI Proceeding. Accordingly, TBS Canada is seeking the Court's approval to provide enhanced stay provisions to require suppliers and service providers to continue to provide goods and services to the Company during the NOI Proceeding.
- 8.2 The proposed Draft Order also contains language that rent shall be paid by the Company on a weekly basis (in advance) for the leased locations. The Proposal Trustee notes that the typical language in an order made in a proceeding under the *Companies' Creditors Arrangement Act* provides for bi-weekly payments of rent. The Proposal Trustee understands that the Company is requesting weekly payments to appropriately preserve its liquidity position.
- 8.3 The Draft Order also contains language prohibiting HSBC Bank Canada, or any other person, from paying, transferring or disbursing any of the funds in the HSBC Accounts without the prior consent of the Company or the Proposal Trustee. As described in the Searle Affidavit, prior to the filing of the NOI Proceeding the UK Parent had control over

the HSBC Accounts. The Proposal Trustee understands this relief over the HSBC Accounts is necessary because, among other things: (i) in the period leading up to the UK Administration Proceeding, approximately \$20 million was withdrawn from the HSBC Accounts and remains held by the UK Parent, leaving the Company with substantially reduced liquidity; and (ii) the UK Parent controls disbursements from the HSBC Accounts such that the Company is not able to independently make disbursements. While the Proposal Trustee understands that the Company has received oral assurances from the UK Parent that it would provide the Company with administrator control over the HSBC Accounts, the Company has not received any written confirmation to this effect and are apprehensive in light of the UK Parent's past conduct with respect to the HSBC Accounts. Accordingly, the Proposal Trustee supports the requested relief which is intended to ensure that the Company has control over its cash.

#### Return of Property

- 8.4 TBS Canada is seeking an order compelling any person who has any property, book, document or paper of any kind, of the Company in its possession to deliver such property to the Company promptly upon the request of the Company or the Proposal Trustee.
- 8.5 This relief is necessary because, among other things, the UK Parent and other parties are in possession of certain of the Company's books and records and TBS Canada requires this information. Without this information, the Company will face substantial difficulties in disentangling its accounting services from the UK Parent and will be unable to perform many of the treasury and human resource functions that were previously performed by the UK Parent.

8.6 Expanding the scope of the stay of proceedings in these circumstances will assist in stabilizing the Company's operations and allowing it the greatest opportunity to preserve normal course operations during the NOI Proceeding while it considers its restructuring and other options. Any disruptions will impair the Company's ability to continue to operate in the normal course and the prospect of identifying a potential going-concern solution.

8.7 The Proposal Trustee believes that expanding the scope of the stay of proceedings, as described above, is appropriate as the continued operation of the Company will assist it to achieve its objectives in this NOI Proceeding.

## **9.0 INTENDED NEXT STEPS IN THE NOI PROCEEDING**

9.1 As set out in the Searle Affidavit, the Company intends to engage with, among others, the UK Parent and the UK Administrators, as appropriate to explore available strategic and restructuring alternatives. In parallel, the Company continues to evaluate liquidity preservation initiatives, including closing the 33 stores described above and reducing headcount as appropriate.

9.2 If no viable going-concern alternatives are identified by the Company, the Proposal Trustee understands that the Company may return before this Court to seek such alternative relief as is necessary, including with respect to commencing a liquidation sale of the inventory at its remaining store locations, as well as other assets, for the benefits of its creditors.

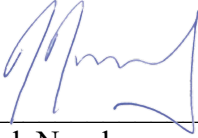
## **10.0 CONCLUSIONS AND RECOMMENDATIONS**

10.1 For the reasons set out in this First Report, the Proposal Trustee is of the view that the relief requested by the Company in the Draft Order is reasonable, appropriate and necessary

having regard to the Company's current circumstances and respectfully recommends that the Court grant the relief requested in the Draft Order.

All of which is respectfully submitted to the Court this 2<sup>nd</sup> day of March, 2024.

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

Per:  \_\_\_\_\_  
Josh Nevsky  
Senior Vice-President

**APPENDIX A**  
**NOTICE OF APPOINTMENT IN RESPECT OF THE**  
**UK ADMINISTRATION PROCEEDINGS**



**NOTICE OF APPOINTMENT OF AN ADMINISTRATOR BY THE  
DIRECTORS OF A COMPANY (WHERE A NOTICE OF INTENTION  
TO APPOINT HAS BEEN GIVEN)** CR-2024-000858

**IN THE MATTER OF THE INSOLVENCY ACT 1986**

**AND**

**IN THE MATTER OF:**

**Company Number:**

**THE BODY SHOP INTERNATIONAL LIMITED**

**01284170**

**IN THE HIGH COURT OF JUSTICE**

**Court Case Number:**

**BUSINESS AND PROPERTY COURTS OF ENGLAND  
AND WALES**

**CR-2024-000858**

**COMPANY & INSOLVENCY LIST (ChD)**

This notice of appointment is given in accordance with the requirements of Rule 3.24 of the Insolvency (England and Wales) Rules 2016 (the "IR 2016") and Paragraph 29 of Schedule B1 to the Insolvency Act 1986 (the "Act"). References in this notice of appointment to rules and sections are, unless expressly provided otherwise, respectively references to rules of the IR 2016 and to sections of the Act.

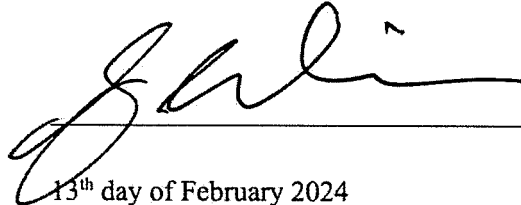
1. Notice is given that, in respect of The Body Shop International Limited, a company incorporated in England and Wales with company number 01284170 and whose registered office is at Watersmead, Littlehampton, West Sussex, BN17 6LS (the "**Company**"), the directors of the Company (the "**Appointer**") have appointed Geoffrey Paul Rowley, Anthony John Wright and Alastair Rex Massey, each of FRP Advisory Trading Limited, 110 Cannon Street, London, EC4N 6EU as joint administrators of the Company (the "**Administrators**").
2. A copy of each of the Administrators' consent to act as administrator of the Company accompanies this notice of appointment.
3. The Appointer is entitled to make an appointment under paragraph 22 of Schedule B1 to the Act.
4. This appointment is in accordance with Schedule B1 to the Act.

5. The Company is not an Article 1.2 undertaking (as defined in Rule 1.2 IR 2016).
6. The proceedings flowing from the appointment will be COMI proceedings because the Company's registered office and centre of main interests is located in England and Wales.
7. The Appointer has given written notice of its intention to appoint in accordance with paragraph 26(1) of Schedule B1 to the Act and Rule 3.23(4) of the Insolvency Rules 2016 (SI 1024/2016) (a copy of which was filed with the court on 12 February 2024) and each person to whom the notice was given has consented to the appointment.
8. The Administrators' appointment will take effect at the date and time specified below as the date and time when this notice is filed at Court.
9. For the purposes of paragraph 100(2) of Schedule B1 to the Act, the Administrators may exercise any of the powers conferred on them by the Act jointly or individually.
10. I, Graham Wiseman of Watersmead, Littlehampton, West Sussex, BN17 6LS, director of the Company hereby do solemnly and sincerely declare in accordance with paragraph 29(2) of Schedule B1 to the Act that:
  - 10.1 the Appointer is entitled to make this appointment under paragraph 22 of Schedule B1 to the Act;
  - 10.2 this appointment is in accordance with Schedule B1 to the Act;
  - 10.3 so far as I am able to ascertain, the statements made and information given in the statutory declaration filed with the notice of intention to appoint administrators dated 12 February 2024 remain accurate,and that the statements made and information given in this notice is, to the best of my knowledge and belief, true,

**AND I make this solemn declaration conscientiously believing the same to be true and by virtue of the Statutory Declarations Act 1835.**

Declared by video conference in accordance with paragraph 10 of the Temporary Insolvency Practice Direction supporting the Insolvency Practice Direction (in force from 1 October 2021) at Jones Day, Tudor Street, London, EC4Y 0DJ

Signed

  
\_\_\_\_\_

This 13<sup>th</sup> day of February 2024

before me

  
\_\_\_\_\_

A Commissioner for Oaths or Notary Public or Justice of the Peace or Solicitor or Duly Authorised Officer.

**Endorsement to be completed by court**

This notice was filed on 13 February 2024 at 10:17am



**APPENDIX B**  
**CASH FLOW FORECAST**

## Appendix B – Cash Flow Forecast

The Body Shop Canada Limited  
13-Week Cash Flow Forecast ending May 24, 2024  
Unaudited \$CAD 000's

Cash Flow Week: Week Ending:	Notes	Week 1 01-Mar-24	Week 2 08-Mar-24	Week 3 15-Mar-24	Week 4 22-Mar-24	Week 5 29-Mar-24	Week 6 05-Apr-24	Week 7 12-Apr-24	Week 8 19-Apr-24	Week 9 26-Apr-24	Week 10 03-May-24	Week 11 10-May-24	Week 12 17-May-24	Week 13 24-May-24	13-Week Total
<b>Receipts</b>															
Sales	2	1,056	922	1,237	1,213	1,255	830	870	847	881	856	908	1,008	855	12,738
Sales Tax Collections		85	64	99	97	100	66	70	68	70	69	73	81	68	1,009
<b>Total Receipts</b>		<b>1,141</b>	<b>986</b>	<b>1,336</b>	<b>1,311</b>	<b>1,355</b>	<b>897</b>	<b>939</b>	<b>915</b>	<b>951</b>	<b>925</b>	<b>980</b>	<b>1,089</b>	<b>923</b>	<b>13,748</b>
<b>Disbursements</b>															
Vendor Payments	3	-	(200)	(200)	(100)	(100)	(50)	(50)	(50)	(50)	(50)	(25)	(25)	(25)	(925)
Payroll & Benefits	4	(946)	-	(1,210)	-	(935)	-	(938)	-	(934)	-	(927)	-	(927)	(6,818)
Rent	5	-	(418)	(418)	(418)	(418)	(668)	(50)	(668)	-	(668)	(50)	(668)	-	(4,444)
Sales Tax Remittances		(306)	-	-	(11)	(3)	(526)	-	(17)	-	(427)	-	(13)	(498)	(1,801)
Restructuring Professional Fees	6	-	-	(480)	-	(412)	-	(322)	-	(130)	-	(113)	-	(73)	(1,531)
Other Expenditures		(31)	(13)	(22)	(31)	(22)	(21)	(22)	(12)	(12)	(13)	(16)	(13)	(13)	(239)
<b>Total Disbursements</b>		<b>(1,282)</b>	<b>(631)</b>	<b>(2,330)</b>	<b>(559)</b>	<b>(1,891)</b>	<b>(1,265)</b>	<b>(1,383)</b>	<b>(747)</b>	<b>(1,126)</b>	<b>(1,158)</b>	<b>(1,131)</b>	<b>(719)</b>	<b>(1,536)</b>	<b>(15,758)</b>
<b>Net Cash Flow</b>		<b>(141)</b>	<b>355</b>	<b>(994)</b>	<b>751</b>	<b>(536)</b>	<b>(368)</b>	<b>(443)</b>	<b>168</b>	<b>(175)</b>	<b>(233)</b>	<b>(151)</b>	<b>370</b>	<b>(613)</b>	<b>(2,010)</b>
Opening Cash Balance		2,572	2,431	2,786	1,791	2,543	2,007	1,639	1,196	1,364	1,189	956	806	1,176	2,572
Net Cash Flow		(141)	355	(994)	751	(536)	(368)	(443)	168	(175)	(233)	(151)	370	(613)	(2,010)
<b>Ending Cash Balance</b>		<b>2,431</b>	<b>2,786</b>	<b>1,791</b>	<b>2,543</b>	<b>2,007</b>	<b>1,639</b>	<b>1,196</b>	<b>1,364</b>	<b>1,189</b>	<b>956</b>	<b>806</b>	<b>1,176</b>	<b>562</b>	<b>562</b>

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL UNDER THE  
BANKRUPTCY AND INSOLVENCY ACT, R.S.C. 1985, c. B-3, AS AMENDED, OF THE BODY  
SHOP CANADA LIMITED**

**NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOW FOR THE 13-WEEK  
PERIOD ENDING MAY 24, 2024**

**A. Purpose and General Assumptions of the Cash Flow Statement**

1. The Body Shop Canada Limited (the “**Company**”) has prepared this Cash Flow Statement and the accompanying Notes to the Cash Flow Statement (collectively the “**Cash Flow Statement**”) in support of the proposal proceedings that has been filed under the Bankruptcy and Insolvency Act (“**BIA**”) on March 1, 2024.

Alvarez & Marsal Canada Inc. is the Proposal Trustee in this matter (the “**Proposal Trustee**”). The Cash Flow Statement should be read in conjunction with the Report on Cash Flow Statement by the Company (Form 30 under the BIA), the Proposal Trustee’s Report on Cash Flow Statement (Form 29 under the BIA) and the Proposal Trustee’s First Report to Court dated March 2, 2024 (the “**First Report**”).

The Company has prepared the Cash Flow Statement based on probable and hypothetical assumptions that reflect the Company’s planned course of action for the period from February 24 to May 24, 2024 (the “**Cash Flow Period**”). Management is of the opinion that, as at the date of filing the Cash Flow Statement, the assumptions used to develop the projection represent the most probable set of economic conditions facing the Company and that the assumptions used proved a reasonable basis for and are consistent with the purpose of the Cash Flow Statement.

The Cash Flow Statement has been developed pursuant to subsection 50 (6) of the BIA and is in support of these BIA proceedings. The information contained in the Cash Flow Statement is subject to changing assumptions and/or receipt of new or additional information; actual results may vary.

This Cash Flow Statement should not be used for any other purpose, and creditors are cautioned that the information provided in the Cash Flow Statement could vary based on changing future circumstances.

The projected cash flow statement is prepared in Canadian dollars.

**B. Hypothetical and Probable Assumptions of the Cash Flow Statement**

2. **Sales:** Includes receipts from the sale of goods through the Company's bricks-and-mortar store network, net of a provision for inventory shrinkage.
3. **Vendor Payments:** Forecast based on historical run-rates and includes IT and software, store level expenses, overhead costs and other similar expenses.
4. **Payroll & Benefits:** Includes salaries, wages, remittances and employee benefits for salaries and part-time employees across the Company's store network, head office and warehouse.
5. **Rent:** Includes disbursements for all store locations and the Canadian head office.
6. **Restructuring Professional Fees:** Disbursements include fees paid to the Company's legal counsel and the Proposal Trustee and its legal counsel.

**APPENDIX C**  
**MANAGEMENT'S REPRESENTATION LETTER**  
**REGARDING CASH FLOW FORECAST**

District of: Ontario  
Division No.: 09 - Toronto  
Court No.: 31-3050418  
Estate No.: 31-3050418

FORM 30

Report on Cash-Flow Statement by the Person Making the Proposal (Paragraphs 50(6)(c)  
and 50.4(2)(c) of the Act)

IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL UNDER THE BANKRUPTCY AND INSOLVENCY ACT,  
R.S.C. 1985, c. B-3, AS AMENDED, OF THE BODY SHOP CANADA LIMITED

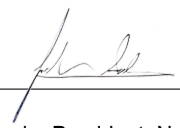
The management of The Body Shop Canada Limited (the "**Company**") has developed the assumptions and prepared the attached statement of projected cash flow of the Company, as of the March 1, 2024, consisting of a 13-week cash flow statement and accompanying notes and assumptions.

The hypothetical assumptions are reasonable and consistent with the purpose of the projection described in Note 1 attached, and the probable assumptions are suitably supported and consistent with the plans of the insolvent person and provide a reasonable basis for the projection. All such assumptions are disclosed in Notes 2-6 attached.

Since the projection is based on assumptions regarding future events, actual results will vary from the information presented, and the variations may be material.

The projection has been prepared solely for the purpose described in the notes attached, using a set of hypothetical and probable assumptions set out in the notes attached. Consequently, readers are cautioned that it may not be appropriate for any other purposes.

Dated at Toronto, Ontario, this March 1, 2024.

---

Jordan Searle, President, North America

**APPENDIX D**  
**PROPOSAL TRUSTEE'S REPORT ON THE**  
**CASH FLOW FORECAST**

District of: Ontario  
Division No.: 09 - Toronto  
Court No.: 31-3050418  
Estate No.: 31-3050418

FORM 29

Trustee's Report on Cash-Flow Statement  
(Paragraphs 50(6)(b) and 50.4(2)(b) of the Act)

IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL UNDER THE BANKRUPTCY AND INSOLVENCY ACT, R.S.C.  
1985, c. B-3, AS AMENDED, OF THE BODY SHOP CANADA LIMITED

The attached statement of projected cash flow of The Body Shop Canada Limited, as of March 1, 2024, consisting of a 13-week cash flow statement and accompanying notes and assumptions, has been prepared by the management of the insolvent debtor for the purpose described in Note 1, using the probable and hypothetical assumptions set out in Notes 2-6.

Our review consisted of inquiries, analytical procedures and discussions related to information supplied to us by the management and employees of the insolvent person. Since hypothetical assumptions need not be supported, our procedures with respect to them were limited to evaluating whether they were consistent with the purpose of the projection. We have also reviewed the support provided by management for the probable assumptions and preparation and presentation of the projection.

Based on our review, nothing has come to our attention that causes us to believe that, in all material respects,

- a) the hypothetical assumptions are not consistent with the purpose of the projection;
- b) as at the date of this report, the probable assumptions developed are not suitably supported and consistent with the plans of the insolvent person or do not provide a reasonable basis for the projection, given the hypothetical assumptions; or
- c) the projection does not reflect the probable and hypothetical assumptions.

Since the projection is based on assumptions regarding future events, actual results will vary from the information presented even if the hypothetical assumptions occur, and the variations may be material. Accordingly, we express no assurance as to whether the projection will be achieved.

The projection has been prepared solely for the purpose described in Note 1, and readers are cautioned that it may not be appropriate for any other purpose.

Dated at Toronto, Ontario, this March 1, 2024.



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

Per: Josh Nevsky, Senior Vice-President



**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF THE  
BODY SHOP CANADA LIMITED**

Court No.: 31-3050418

Estate No.: 31-3050418

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

Proceeding commenced at Toronto

**FIRST REPORT OF THE  
PROPOSAL TRUSTEE**

**Cassels Brock & Blackwell LLP**

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

**Jane Dietrich LSO#: 49302U**

Tel: 416.860.5223  
jdietrich@cassels.com

**Alec Hoy LSO#: 85489K**

Tel: 416.860.2976  
ahoy@cassels.com

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