

**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.**

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

JANUARY 16, 2026

TABLE OF CONTENTS

1.0	INTRODUCTION.....	1
2.0	TERMS OF REFERENCE AND DISCLAIMER	3
3.0	UPDATES SINCE THE THIRD REPORT	4
4.0	CASH FLOW UPDATE.....	8
5.0	EXTENSION OF THE STAY PERIOD.....	13
6.0	ACTIVITIES OF THE MONITOR.....	14
7.0	CONCLUSIONS AND RECOMMENDATIONS.....	15

APPENDICES

Appendix A – Third Report of the Monitor (without appendices)

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**”) obtained an initial order (the “**Initial Order**”) from the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) under the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “**CCAA**”). The proceedings commenced thereby are referred to herein as the “**CCAA Proceedings**”. Among other things, the Initial Order appointed Alvarez & Marsal Canada Inc. (“**A&M**”) as monitor of the Applicants (in such capacity, the “**Monitor**”).
- 1.2 Prior to the commencement of the CCAA Proceedings, the Ted Baker Group operated in Canada with approximately 30 retail locations and in the United States with approximately 65 locations, as well as through various wholesale channels. The CCAA Proceedings were commenced as part of a coordinated cross-border liquidation of the Ted Baker Group and on April 26, 2024, the Applicants commenced proceedings in the United States Bankruptcy Court for the Southern District of New York (the “**U.S. Court**”) pursuant to Chapter 15 of Title 11 of the United States Bankruptcy Code (the “**Chapter 15 Cases**”, and together with the CCAA Proceedings, the “**Insolvency Proceedings**”).
- 1.3 On May 3, 2024, this Court granted two orders: (i) an amended and restated Initial Order (the “**ARIO**”), which, among other things, approved the DIP Term Sheet and extended the Stay Period (each as defined in the ARIO); and (ii) the Realization Process Approval Order, which, among other things, authorized the Applicants, with the assistance of Gordon

Brothers, to conduct the liquidation sale of merchandise and FF&E at the Ted Baker Group's store and warehouse locations in Canada and the U.S. (the "**Liquidation Sale**").

- 1.4 On May 17, 2024, the U.S. 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.
- 1.5 On August 1, 2024, this Court granted an order extending the Stay Period to and including January 31, 2025.
- 1.6 On January 28, 2025, this Court granted an order extending the Stay Period to and including January 31, 2026.
- 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 three reports (collectively, the "**Prior Reports**"). The Prior Reports and all other Court-filed documents in these CCAA Proceedings are available on the Monitor's case website at: <https://www.alvarezandmarsal.com/TBRetail> (the "**Case Website**").
- 1.8 The purpose of this fourth report of the Monitor (the "**Fourth Report**") is to provide the Court with information, and where applicable, the Monitor's views on:
 - (i) an update with respect to the CCAA Proceedings since the Monitor's Third Report dated January 23, 2025 (the "**Third Report**") attached hereto (without appendices) as **Appendix "A"**;

- (ii) the Applicants' cash flow results since the Third Report, together with a summary of remaining projected cash receipts and disbursements;
- (iii) the proposed order extending the Stay Period to and including January 29, 2027;
- (iv) the activities of the Monitor since the date of the Third Report; and
- (v) the Monitor's conclusions and recommendations with respect to the foregoing.

2.0 TERMS OF REFERENCE AND DISCLAIMER

2.1 In preparing this Fourth 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 Fourth 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 ("CAS") 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 Fourth 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 Fourth 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 Fourth Report should be read in conjunction with the Affidavit of Antoine Adams sworn January 16, 2026 (the "**Fifth Adams Affidavit**") and filed in support of the Applicants' motion for the proposed Stay Extension Order.

2.4 Unless otherwise stated, all monetary amounts contained herein are expressed in U.S. dollars. Capitalized terms used and not defined in this Fourth Report have the meanings given to them in the Prior Reports or the Fifth Adams Affidavit, as applicable.

3.0 UPDATES SINCE THE THIRD REPORT

Wind-Down Matters

3.1 Following the completion of the Sale on August 4, 2024, all remaining retail and corporate employees were terminated, and a small group of corporate employees were retained to assist the Applicants with certain final operational and wind-down matters.

3.2 These operational and wind-down matters continued through January 2025, and as of the date of the Third Report (January 23, 2025), all remaining employees were terminated, and the Applicants' sole representative was Mr. Antoine Adams. Since that time, Mr. Adams, with the assistance of support services provided by employees and third-party contractors of OSL Retail Services Inc. ("OSL Retail"), an affiliate entity to the Applicants, continue to assist the Ted Baker Group with its remaining wind-down activities, as described herein.

U.S. Tax Refunds

3.3 At the time of the Third Report, Ted Baker Limited was awaiting determination from the U.S. Internal Revenue Service ("IRS") as to its eligibility in connection with claims for refunds of certain Employee Retention Tax Credits (collectively the "**ERTC Refund Claims**") that it had filed. The Employee Retention Tax Credit program is a refundable tax credit made available to eligible businesses and tax-exempt organizations that were impacted during the COVID-19 pandemic. Ted Baker Limited filed three ERTC Refund Claims in the aggregate amount of \$6,162,972.24.

3.4 On July 29, 2025, Ted Baker Limited received approximately \$4.7 million (including accrued interest) from the IRS as a refund on account of two of the three ERTC Refund Claims it had filed.

3.5 To prepare the required documentation, file the claims and administer the ERTC Refund Claim process, Ted Baker Limited engaged a third-party tax advisor, Ryan, LLC (the "**Tax Advisor**"). Compensation to the Tax Advisor for its services was a 25% contingency payment. Accordingly, net of the Tax Advisor's fee, Ted Baker Limited retained approximately \$3.5 million.

3.6 As it relates to the outstanding ERTC Refund Claim (gross value of approximately \$2.4 million, including accrued interest), on or around December 10, 2025, the Tax Advisor received a notice from the IRS advising that this claim had been disallowed as it was not “*received*” by the IRS prior to the required deadline. Following the receipt of this notice, the Tax Advisor filed an appeal with the IRS together with certain information that supports Ted Baker Limited’s position that the third ERTC Refund Claim was in fact “*filed*” on a timely basis by the Tax Advisor. The Tax Advisor has advised Ted Baker Limited and the Monitor that it may take up to nine months for the IRS to review and decide on the appeal. If the appeal is successful, it would result in the payment of some or all of the outstanding ERTC Refund Claim at a future date.

Secured Debt Repayment

3.7 At the commencement of the Insolvency Proceedings, CIBC acted as the main operating and senior secured lender to the Ted Baker Group pursuant to the Existing Credit Facility. CIBC also acted as the DIP Lender, providing the Applicants with the DIP Facility required to fund these Insolvency Proceedings. The Existing Credit Facility and DIP Facility, both of which were revolving credit facilities, are described in the Prior Reports. Following the completion of the Liquidation Sale in early August 2024, CIBC continued to be owed approximately \$5 million.

3.8 As described in the Third Report, on or about October 23, 2024, an affiliate of OSL Fashion Services Canada Inc. and OSL Fashion Services, Inc. (the “**Guarantor**”) entered into an agreement with CIBC (the “**Settlement Agreement**”), pursuant to which the Guarantor made a full and final payment to CIBC in respect of the outstanding balance of the Ted

Baker Group's secured obligations and took an assignment of CIBC's loans and assumed CIBC's security interests in the Applicants. The Settlement Agreement also waived and released CIBC's interests in a Limited Recourse Guarantee provided by Mr. Brett Farren (the ultimate shareholder of the Guarantors).

3.9 As a result of these transactions, the Guarantor succeeded CIBC as the Applicants' sole secured creditor. Following receipt of the ERTC Refund Claims described above, on July 30, 2025, the Applicants made a final payment to the Guarantor in full and final satisfaction of all secured debt amounts, including accrued interest. Accordingly, the Applicants have no secured debt outstanding at this time.

Remaining Letters of Credit

3.10 As described in the Third Report, at the date thereof, the Applicants had two letters of credit ("LC") that remained outstanding. An update on each LC is as follows:

(i) the Applicants had posted an LC with their Canadian insurance agent (Intact Insurance Company) in the aggregate amount of CAD\$350,000 in respect of a Canadian Customs surety. After CIBC issued a non-renewal notice in November 2024 (effective February 28, 2025), Intact drew the full amount of the LC. The Applicants and the Monitor continue to communicate with Canadian Customs to reconcile and close the customs account such that the amounts drawn on the LC, net of any amounts paid, can be returned to the Applicants. At this time it cannot be determined if any amounts will be recovered in connection with this LC; and

(ii) the Applicants had an LC outstanding with a US-based insurance agent (Argonaut Insurance Co.) in respect of U.S. customs duties in the aggregate amount of \$2.0 million. Argonaut drew the full amount of the LC in June 2025, a few weeks prior to its expiry on July 6, 2025. The Applicants and the Monitor have attempted to reconcile and close the U.S. customs duties account, such that the drawn funds can be released back to the Applicants. However, various outstanding claims exist on the Applicants U.S. customs duties account, and at this time it cannot be determined if any amounts will be recovered in connection with this LC.

4.0 CASH FLOW UPDATE

Cash Flow Results

4.1 The Applicants' receipts and disbursements for the period from January 21, 2025 to January 9, 2026 are summarized in the following table:

Summary of Receipts and Disbursements	
<i>(USD \$000's, Unaudited)</i>	
Cash Balance, as at January 21, 2025	557
Add: Collection of final Accounts Receivable	1,119
Add: ERTC Refund Claims, net of Tax Advisor Fees	3,534
Less: Restructuring professional fees	(96)
Less: Secured debt repayments	(2,514)
Ending Cash Balance, as at January 9, 2026	2,600

4.2 As at January 9, 2026, the Applicants had approximately \$2.6 million of cash on hand.

Projected Remaining Receipts & Disbursements

4.3 As described in this Fourth Report, the Monitor is aware of only limited future receipts and disbursements, primarily comprised of the final ERTC Refund Claim (subject to a successful appeal and receipt of payment), recovery from any portion of the drawn balances of the LCs, if any, receipt of certain pending HST refunds, the projected payment of the Accrued OSL Fees (as defined below), and the estimated remaining professional fees and consulting fees required to complete the Insolvency Proceedings.

4.4 The following table sets out the potential future cash balance of the Applicants:

Projected Remaining Receipts and Disbursements	
<i>(USD \$000's, Unaudited)</i>	
Cash Balance, as at January 9, 2026	2,600
Add: Final ERTC Refund Claim, net of Tax Advisor Fee (if received)	1,824
Less: Accrued OSL Fees (described below)	(2,925)
Less: Provision for Taxes and other costs	(300)
Less: Estimated Restructuring Professional Fees & Third-Party Consultant Fees	(500)
Projected Potential Future Cash Balance	699

OSL Management Fees & OSL Technology Fees

4.5 At the commencement of the CCAA Proceedings CIBC provided the Applicants with additional borrowings by way of the DIP Facility. The DIP Facility (as described in the First Report) was subject to a number of conditions, including that pursuant to the cash flow forecast approved by CIBC (the “**DIP Cash Flow Forecast**”), CIBC agreed to fund only those costs that were determined and approved as necessary for the preservation of the Ted Baker Group’s business and assets.

4.6 Two notable restrictions were implemented in DIP Cash Flow Forecast:

- (i) the Applicants were restricted from paying a monthly management fee to OSL Retail, which prior to the commencement of the CCAA Proceedings, was accrued in the ordinary course in the amount of \$1.3 million per year (the “**OSL Management Fee**”). The OSL Management Fee is for management oversight services for the Ted Baker Group, and for the reimbursement of certain direct and out-of-pocket costs for operational, financial and legal services incurred by OSL Retail for the benefit of the Applicants; and
- (ii) the Applicants were permitted to pay OSL Retail \$325,000 per month for: (a) license fees related to critical information technology services; (b) payroll costs directly related to the servicing of those information technology services; and (c) an allocation of management services provided to the Ted Baker Group related to the technology services (the “**OSL Technology Fees**”). The DIP Cash Flow Forecast approved by CIBC included three months of OSL Technology Fees for the period May through July 2024.

4.7 Prior to the date of the Settlement Agreement (i.e., October 23, 2024), the DIP Cash Flow Forecast did not permit the Applicants to make any additional payments to OSL Retail for any management or technology services provided during the period of the CCAA Proceedings, and accordingly certain fees continued to be accrued but not paid.

4.8 Based on the books and records of the Applicants, on a post-filing basis the Applicants have accrued but not paid an aggregate amount of approximately \$2.9 million (the “**Post Filing Accrued OSL Fees**”), comprised of the following:

- (i) OSL Management Fees for the nine-month period May 2024 to January 2025 in the aggregate amount of \$975,000;¹ and
- (ii) OSL Technology Fees for the six-month period August 2024 to January 2025 in the aggregate amount of \$1.95 million.²

4.9 The Applicants stopped accruing the OSL Management Fee and the OSL Technology Fee after January 2025, which was the final month where significant management services and technology services were provided by OSL Retail in support of the Applicants' wind-down.

4.10 Following January 2025, only limited wind-down activities remained ongoing, primarily relating to the preparation of financial statements, filing of tax returns, and communicating with the Tax Advisor and the IRS in connection with the ERTC Refund Claims and appeal process. Certain third-party consultants have been engaged on a time and materials basis to assist with the completion of the remaining wind-down activities.

4.11 Based on its current cash position, the Applicants now intend to pay the Post Filing Accrued OSL Fees, subject to certain cash reserves as may be determined by the Applicants, in consultation with the Monitor, to (i) ensure the Applicants have sufficient liquidity to complete the Insolvency Proceedings; and (ii) pending receipt of the final ERTC Refund Claim. On a go-forward basis, the Applicants intend to pay the cost of the third-party consultants required to support the wind-down activities, and certain cost reimbursements for services provided by OSL Retail, subject to the consent on the Monitor.

¹ Calculated at the \$1.3 million per year pre-filing amount, divided by 12 months, multiplied by 9 months during the applicable period.

² Calculated at \$325,000 per month for a 6-month period.

4.12 The Monitor has reviewed the Post Filing Accrued OSL Fees and notes the following:

- (i) the costs have been accrued in the Applicants' books and records, and were incurred in connection with the post-filing services provided by OSL Retail in support of the Applicants' wind-down process;
- (ii) as previously described, the last day of the Liquidation Sale was August 4, 2024. During the wind-down period from August 2024 to January 2025, OSL Retail, together with their management and third-party consultants, continued to assist the Applicants by providing services in support of a number of operational and wind-down activities, including but not limited to: (i) providing cash management and accounting services; (ii) continuing to pursue the ERTC Refund Claims and engaging with the Tax Advisor; (iii) assisting with the final reconciliations and reporting required in connection with: (a) the LCs (as described above), (b) Gordon Brothers (in connection with the Liquidation Sale), and (c) reconciling payments due in respect of remaining post-filing lease obligations to a large number of real property landlords; (iv) preparing financial statements and required tax filings; and (v) providing IT services and access to the information technology platform. The Monitor understands that these wind-down activities required the OSL Retail provided management services and technology platform; and
- (iii) the OSL Management Fee is specifically permitted pursuant to the Existing Credit Agreement, and the OSL Technology Fee was particularly negotiated between OSL Retail and CIBC at the commencement of the CCAA Proceedings (as described in Section 6.5 of the First Report). The quantum of the OSL Management Fee is

consistent with the level of services provided by OSL Retail and is consistent with the Applicants' past practice.

Potential Future Cash Balance

- 4.13 As noted in the table set out above in paragraph 4.4, it is possible that a modest cash balance may remain following the wind-down period, after accounting for the payment of reasonably anticipated costs and expenses. The existence, quantum and timing of such potential balance is contingent upon future events.
- 4.14 Should such a balance be realized, the Monitor will provide a further report and recommendation to the Court, including with respect to the Monitor's recommendations for any relief that may be required to undertake an efficient claims process and distribution of available funds (if any) to creditors.

5.0 EXTENSION OF THE STAY PERIOD

- 5.1 The Stay Period currently expires on January 31, 2026. Pursuant to the proposed Stay Extension Order, the Applicants are seeking an extension of the Stay Period to and including January 29, 2027.
- 5.2 The Monitor supports the Applicants' request to extend the Stay Period for the following reasons:
 - (i) the extension of the Stay Period should provide the time necessary for the Applicants and the Monitor to complete the expected remaining wind-down activities and to complete the CCAA Proceedings, primarily including:

- (a) continuing to pursue the collection of the final ERTC Refund Claim from the IRS; and
- (b) the preparation of financial statements and filing of remaining Canadian and U.S. tax returns;

(ii) the stay of proceedings is required to provide the necessary stability and certainty to enable the Applicants and the Monitor to facilitate the wind-down of the CCAA Proceedings;

(iii) the funds held by the Applicants and the Monitor are expected to be sufficient to fund the remaining costs of these CCAA Proceedings (and any related wind-down proceedings such as formal bankruptcies for each of the entities);

(iv) it is not expected that any creditor will be materially prejudiced by the proposed extension of the Stay Period; and

(v) the Applicants continue to act in good faith and with due diligence.

5.3 Should the Stay Extension Order be granted, the Monitor intends to come back to Court before the expiry of the extended Stay Period for an order authorizing the bankruptcy of each of the entities and an update on cash amounts held by the Applicants.

6.0 ACTIVITIES OF THE MONITOR

6.1 Since the date of the Third Report, the activities of the Monitor have included the following:

- (i) engaging with Canadian and U.S. counsel to the Ted Baker Group regarding the CCAA Proceedings and the Chapter 15 Cases and responding to enquiries from various stakeholders;
- (ii) liaising with Ted Baker Limited and the Tax Advisor in connection with the ERTC Refund Claims;
- (iii) assisting the Ted Baker Group with communications to certain employees, suppliers, landlords and other stakeholders and their counsel who have contacted the Monitor;
- (iv) monitoring the Ted Baker Group's cash receipts and disbursements;
- (v) maintaining the Case Website and coordinating the posting of documents filed in the Insolvency Proceedings thereon; and
- (vi) with the assistance of Bennett Jones LLP, counsel to the Monitor, preparing this Fourth Report.

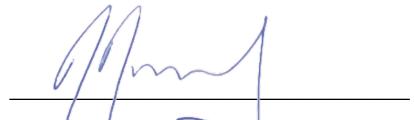
7.0 CONCLUSIONS AND RECOMMENDATIONS

- 7.1 For the reasons set out in this Fourth 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 16th day of January, 2026.

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

Per:



Josh Nevsky
Senior Vice-President

**APPENDIX A
THIRD REPORT (WITHOUT APPENDICES)**

See attached

**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.**

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

JANUARY 23, 2025

TABLE OF CONTENTS

1.0	INTRODUCTION	1
2.0	TERMS OF REFERENCE AND DISCLAIMER	5
3.0	UPDATES SINCE THE SECOND REPORT.....	6
4.0	EXTENSION OF THE STAY PERIOD.....	10
5.0	ACTIVITIES OF THE MONITOR.....	11
6.0	CONCLUSIONS AND RECOMMENDATIONS.....	12

APPENDICES

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

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 of Proceedings**”) up to and including May 3, 2024 (the “**Stay Period**”);
 - (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) 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

(v) 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 "**U.S. 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 U.S. 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 3, 2024, this 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 and furniture, fixtures and equipment at the Ted Baker Group’s store and warehouse locations in Canada and the U.S. (the “**Sale**”).
- 1.5 On May 3, 2024, this Court also granted an amended and restated Initial Order, which, among other things:
 - (i) extended the Stay of Proceedings 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 defined therein) as security for advances under the DIP Term Sheet;
 - (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 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 U.S. 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 On August 1, 2024, this Court granted an order extending the Stay of Proceedings to and including January 31, 2025, and granting certain relief relating to the *Wage Earner Protection Program Act* (Canada), S.C. 2005, c. 47, s. 1 (“**WEPPA**”).
- 1.8 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**”) and the Second Report of the Monitor dated July 30, 2024 (the “**Second Report**”, and together with the First Report, the “**Prior Reports**”).
- 1.9 The Pre-Filing Report, the Prior Reports and all other Court-filed documents in these CCAA Proceedings are available on the Monitor’s case website at: <https://www.alvarezandmarsal.com/TBRetail> (the “**Case Website**”). A copy of the Second Report is also attached hereto as **Appendix “A”**.
- 1.10 The purpose of this report (this “**Third 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, extending the Stay of Proceedings to and including January 31, 2026;
 - (ii) information on the completion of the Sale;

- (iii) the activities of the Monitor since the date of the Second Report (July 30, 2024); and
- (iv) the Monitor's conclusions and recommendations with respect to the foregoing.

2.0 TERMS OF REFERENCE AND DISCLAIMER

2.1 In preparing this Third 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 Third 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 (“**CAS**”) 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 Third Report consists of forecasts and projections. An examination or review of the financial forecasts and projections, as outlined in the CPA Handbook, has not been performed.

- 2.2 Future oriented financial information referred to in this Third 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 Third Report should be read in conjunction with the Affidavit of Antoine Adams sworn January 22, 2025 (the "**Fourth Adams Affidavit**") and filed in support of the Applicants' motion for the proposed Stay Extension Order. Capitalized terms used and not defined in this Third Report have the meanings given to them in the Pre-Filing Report, the Prior Reports or the Fourth Adams Affidavit, as applicable.
- 2.4 Unless otherwise stated, all monetary amounts contained herein are expressed in U.S. dollars.

3.0 UPDATES SINCE THE SECOND REPORT

Employees

- 3.1 At the time of the Second Report, the Applicants employed approximately 180 retail employees in the U.S., 240 retail employees in Canada, and approximately 30 corporate employees in Toronto and New York.
- 3.2 Following the completion of the Sale on August 4, 2024, all remaining retail employees were terminated, and a small group of corporate employees were retained to assist with the collection of accounts receivable, payment of remaining obligations, and other operational

wind-down matters. As these matters were completed, substantially all corporate employees were terminated.

3.3 At this time, the Applicants' sole representative is Mr. Antoine Adams, who remains to oversee the Applicants' remaining restructuring efforts.

Leases and Store Closures

3.4 The Sale was completed on August 4, 2024, in accordance with the Sale Guidelines. The Applicants' final exit date from its last leased location was August 7, 2024. As set out in the Second Report, all landlords received a 30-day lease disclaimer notice specifying the final date for each property. No disclaimer objections were received.

Assignment of Secured Debt and Security

3.5 As described in the Fourth Adams Affidavit, on or about October 23, 2024, an affiliate of OSL Fashion Services Canada Inc. and OSL Fashion Services, Inc. (the "**Guarantor**") agreed to assume and be bound by the obligations of Mr. Farren under the Limited Recourse Guarantee. The Guarantor entered into an agreement with CIBC, in its capacity as Agent for the Lenders pursuant to the Existing Credit Agreement (the "**Settlement Agreement**"), pursuant to which the Guarantor paid the Guarantee Amount (each as defined in the Settlement Agreement) to CIBC in consideration for, among other things, a full and final release of the Guarantee and the Guarantor's assumption of CIBC's security interests. As a result of these transactions, the Guarantor has succeeded CIBC as the Applicants' sole secured creditor, with the exception of CIBC's continuing first ranking security interest against a cash collateral account securing any claims that CIBC may have

against the Applicants in connection with certain letters of credit which were issued by CIBC under the Existing Credit Agreement, in the (then) amount of \$2,162,054 and CAD \$350,00.

- 3.6 As at the date of this Third Report, approximately \$2.3 million of secured debt remains outstanding.

Potential Tax Refund

- 3.7 Ted Baker Limited is awaiting a determination from the U.S. Internal Revenue Service (“IRS”) as to whether it is eligible to receive an Employee Retention Tax Credit (“ERTC”). The ERTC is a refundable tax credit made available to eligible businesses and tax-exempt organizations that had employees and were impacted during the COVID-19 pandemic.
- 3.8 If determined to be eligible, Ted Baker Limited could potentially receive a substantial tax refund from the IRS (the “**ERTC Refund**”).¹ The Monitor understands that the IRS’s review process for ERTC claims is currently delayed due to a high volume of claims, including a number of improper claims.
- 3.9 Given the potential for a meaningful recovery for the estate, if or when the ERTC Refund is received, and the expectation that the estate will not incur any material costs during the extended Stay Period, the Monitor is of the view that the Stay of Proceedings should be

¹ As noted in the Fourth Adams Affidavit, Ted Baker Limited has identified \$6,162,972.24 in potential ERTCs to which it may be entitled.

extended to provide additional time for the Ted Baker Group and its advisors, under the supervision of the Monitor, to continue to pursue the ERTC Refund.

Remaining Open Letters of Credit

3.10 On the Filing Date, the Applicants had four outstanding letters of credit (“LC”), each of which are described below:

- (i) the Applicants had two LCs outstanding for the benefit of: (1) the Warehouse Landlord with respect to the Warehouse located in Atlanta, Georgia; and (2) the Applicants’ U.S. insurance agent with respect to U.S. Customs and Border Protection surety. The Applicants worked with the counterparties to each of these LCs and the LCs have either been returned and cancelled, or applied against final costs, and therefore no longer remain outstanding;
- (ii) the Applicants had an LC with its Canadian insurance agent in the aggregate amount of CAD\$350,000, with respect to a Canadian Customs surety. After CIBC issued a non-renewal notice in November 2024 (effective February 28, 2025), the LC counterparty called on the full amount of the LC. The Applicants and the Monitor are currently working with Canadian Customs and its insurance agent to reconcile and close the customs account, such that the drawn funds can be released back to the Applicants. The Applicants’ Canadian insurance agent has advised that this process can take up to two years; and
- (iii) the Applicants have an LC outstanding with a US-based insurance agent with respect to U.S. duties in the aggregate amount of \$2.0 million. CIBC issued a non-

renewal notice in November 2024, and the Applicants intend to allow this LC to expire on July 6, 2025.

Cash Balance

- 3.11 As of January 21, 2025, the Applicants are maintaining a cash balance of approximately \$600,000, which is anticipated to be sufficient to satisfy the remaining costs and expenses in these proceedings.
- 3.12 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 these CCAA Proceedings.

4.0 EXTENSION OF THE STAY PERIOD

- 4.1 The Stay Period expires on January 31, 2025. Pursuant to the proposed Stay Extension Order, the Applicants are seeking an extension of the Stay of Proceedings to and including January 31, 2026.
- 4.2 The Monitor supports the Applicants' request to extend the Stay of Proceedings for the following reasons:
 - (i) the proposed Stay Period extension will permit the Ted Baker Group, with the assistance of its advisors, to continue to pursue the ERTC Refund;
 - (ii) the extension of the Stay Period will enable the Ted Baker Group, with the assistance of the Monitor, to continue to pursue remaining amounts receivable and other miscellaneous refunds payable to the Ted Baker Group;

- (iii) the extension of the Stay Period will enable the Ted Baker Group, with the assistance of the Monitor, to complete remaining activities with respect to the remaining LCs and collect on any available funds;
- (iv) the Ted Baker Group has acted, and continues to act in good faith and with due diligence to advance their restructuring efforts and these CCAA Proceedings;
- (v) 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
- (vi) the Monitor is not aware of any party that would be materially prejudiced by the proposed Stay Period extension.

5.0 ACTIVITIES OF THE MONITOR

5.1 Since the date of the Second Report, the activities of the Monitor have included the following:

- (i) assisting with a number of operational matters relating to the conclusion of the Sale;
- (ii) assisting the Ted Baker Group with reconciling fees and expenses owing to the Consultant in accordance with the Consulting Agreement;
- (iii) engaging with Canadian and U.S. counsel to the Ted Baker Group and CIBC regarding the CCAA Proceedings and the Chapter 15 Cases;
- (iv) engaging with certain suppliers, landlords and other stakeholders and their counsel who have reached out to the Monitor;

- (v) assisting the Ted Baker Group with communications to employees, suppliers and other parties;
- (vi) working with the Ted Baker Group to identify employees eligible for payment under WEPPA;
- (vii) assisting eligible employees with their claim submissions to Service Canada in connection with WEPPA applications;
- (viii) monitoring Ted Baker Limited's ongoing efforts to advance the ERTC claim with the IRS;
- (ix) monitoring the Ted Baker Group's cash receipts and disbursements;
- (x) maintaining the Case Website and coordinating the posting of documents filed in the Insolvency Proceedings thereon; and
- (xi) with the assistance of Bennett Jones LLP, counsel to the Monitor, preparing this Third Report.

6.0 CONCLUSIONS AND RECOMMENDATIONS

- 6.1 For the reasons set out in this Third 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 23rd day of January, 2025.

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

Per: Josh Nevsky
DocuSigned by:
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Josh Nevsky
Senior Vice-President

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

THIRD REPORT OF THE MONITOR

BENNETT JONES LLP
One First Canadian Place
Suite 3400, P.O. Box 130
Toronto, ON M5X 1A4

Sean Zweig (LSO# 573071)
Tel: (416) 777-6254
Email: zweigs@bennettjones.com

Jesse Mighton (LSO# 62291J)
Tel: (416) 777-6255
Email: mightonj@bennettjones.com

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

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C.
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SUPERIOR COURT OF JUSTICE
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FOURTH REPORT OF THE MONITOR

BENNETT JONES LLP
One First Canadian Place
Suite 3400, P.O. Box 130
Toronto, ON M5X 1A4

Sean Zweig (LSO# 573071)
Tel: (416) 777-6254
Email: zweigs@bennettjones.com

Jesse Mighton (LSO# 62291J)
Tel: (416) 777-6255
Email: mightonj@bennettjones.com

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