

**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
COMARK HOLDINGS INC., BOOTLEGGER CLOTHING INC., 9376208 CANADA
INC. AND 10959367 CANADA INC.**

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

MARCH 18, 2025

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APPENDICES

APPENDIX “A” – UPDATED CASH FLOW FORECAST

1.0 INTRODUCTION

- 1.1 On January 7, 2025 (the “**Filing Date**”), Comark Holdings Inc. (“**Comark**”), Ricki’s Fashions Inc. (“**Old Ricki’s**”), cleo fashions Inc. (“**Old cleo**”) and Bootlegger Clothing Inc. (“**Bootlegger**”) (collectively, the “**Applicants**” or the “**Comark Group**”)¹ 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**”. The Initial Order appointed Alvarez & Marsal Canada Inc. (“**A&M**”) as monitor of the Applicants in the CCAA Proceedings (the “**Monitor**”).
- 1.2 The Applicants consist of Comark, a privately-held corporation, and its three direct subsidiaries – Old Ricki’s, Old cleo and Bootlegger – which as of the Filing Date operated as large Canadian specialty apparel retailers with a nationally recognized portfolio of banners and exclusive private labels. 9383921 Canada Inc. (“**ParentCo**”) owns 100% of the shares of Comark and is not an Applicant in these CCAA Proceedings.
- 1.3 Additional information regarding the Comark Group and the circumstances leading to the CCAA Proceedings is set out in the Pre-Filing Report of the Proposed Monitor dated January 6, 2025 (the “**Pre-Filing Report**”) and the First Report of the Monitor dated

¹ In accordance with the terms of the Putman APA (as defined below), cleo Fashions Inc. changed its name to 9376208 Canada Inc. and Ricki’s Fashions Inc. changed its name to 10959367 Canada Inc. following completion of the Putman Transaction (as defined below). Pursuant to paragraph 17 of the Approval and Vesting and DIP Assignment Order (as defined below), the style of cause in these CCAA Proceedings has been updated to reflect the revised names. This Third Report uses the defined terms “Old cleo” and “Old Ricki’s” to refer to the applicable legal entities both prior to and following their name changes.

January 16, 2025 (the “**First Report**”). The Pre-Filing Report, the First Report, the Second Report of the Monitor dated January 31, 2025 (the “**Second Report**”), and other Court-filed documents in the CCAA Proceedings are available on the Monitor’s case website (the “**Monitor’s Website**”) at: <https://www.alvarezandmarsal.com/ComarkRetail>.

1.4 The Initial Order granted by the Court on the Filing Date, among other things:

- (a) appointed A&M as Monitor in these CCAA Proceedings;
- (b) granted a stay of proceedings in favour of the Applicants and their directors and officers for the period to and including January 17, 2025 (the “**Initial Stay Period**”);
- (c) authorized Comark to obtain interim funding from its then senior secured lender, Canadian Imperial Bank of Commerce (“**CIBC**”), during the Initial Stay Period; and
- (d) granted an Administration Charge, an Interim Lender’s Charge and a Directors’ Charge (each as defined in the Initial Order) over the assets, property and undertakings of the Applicants (the “**Property**”).

1.5 At the comeback hearing held on January 17, 2025 (the “**Comeback Hearing**”), the Court granted an Amended and Restated Initial Order (the “**ARIO**”) which, among other things:

- (a) extended the stay of proceedings to and including May 15, 2025;
- (b) approved the DIP Term Sheet (as defined in the ARIO) between the Applicants and CIBC (in such capacity, the “**DIP Lender**”) and granted the DIP Lender’s Charge

over the Applicants' Property as security for advances under the revolving credit facility governed by the DIP Term Sheet (the "**DIP Facility**");

- (c) increased the quantum of the Administration Charge and the Directors' Charge; and
- (d) authorized the Applicants, with the assistance of the Monitor and in consultation with the DIP Lender, to pursue offers for a potential restructuring, sale or reorganization transaction in respect of some or all of the business or assets of the Applicants.

1.6 At the Comeback Hearing, the Court also granted a Realization Process Approval Order that, among other things:

- (a) approved the Consulting Agreement dated as of January 14, 2025 (the "**Consulting Agreement**") between the Applicants and Tiger Asset Solutions Canada, ULC (the "**Consultant**"); and
- (b) authorized the Applicants, with the assistance of the Consultant, to conduct a sale (the "**Liquidation Sale**") of the Applicants' merchandise and furniture, fixtures and equipment ("**FF&E**") at the Comark Group's store locations in accordance with the Realization Process Approval Order, the sale guidelines attached thereto, and the Consulting Agreement.

1.7 Concurrently with the commencement of the Liquidation Sale (which commenced on January 17, 2025), the Applicants, with the assistance of the Monitor, pursued various restructuring and sale transaction opportunities in accordance with the authority granted

under the ARIO. The Applicants ultimately identified two going concern transactions for the Applicants' business and assets. On February 4, 2025, the Court granted:

- (a) an Approval and Vesting and DIP Assignment Order, among other things:
 - (i) approving an asset purchase agreement (the “**Putman APA**”) between 1001110197 Ontario Inc. (an affiliate of 2625229 Ontario Inc. (operating as Putman Investments)), as purchaser (the “**Putman Purchaser**”), and Old Ricki's and Old cleo, as vendors (the “**Vendors**”), providing for the purchase by the Putman Purchaser of merchandise, FF&E, intellectual property rights and certain real property leases owned by Old Ricki's and Old cleo (the “**Putman Transaction**”);
 - (ii) transferring to and vesting in the Putman Purchaser all of the applicable vendor's right, title and interest in and to the purchased assets under the Putman APA free and clear of all Claims and Encumbrances (each as defined in the Approval and Vesting and DIP Assignment Order) other than assumed liabilities and permitted encumbrances under the Putman APA; (iii) assigning certain retail store leases of Old Ricki's and Old cleo to the Putman Purchaser, with the consent of the applicable landlords, pursuant to section 11.3 of the CCAA; and
 - (iv) approving the transfer and assignment by CIBC to ParentCo of all of its rights, interests and obligations as DIP Lender under and pursuant to the DIP Term Sheet and the ARIO (the “**DIP Assignment**”); and
- (b) a Stalking Horse Sale Process Approval Order (the “**Sale Process Order**”), among other things: (i) approving the sale process letter prepared by the Monitor (the “**Process Letter**”) setting out the key milestones and bid requirements in respect of a sale process (the “**Sale Process**”) to be conducted by the Monitor for the

remaining business and assets of the Applicants not sold in the Putman Transaction (the “**Remaining Business**”); (ii) approving the execution of a term sheet dated January 27, 2025 (the “**Stalking Horse Term Sheet**”) between the Applicants and Warehouse One Clothing Ltd. (“**Warehouse One**”),² with respect to a transaction providing for the acquisition by Warehouse One or one of its affiliates (the “**Stalking Horse Purchaser**”) of Bootlegger’s business and assets and certain tax attributes and other assets of the Comark Group through a reverse vesting transaction (the “**Stalking Horse Transaction**”), to serve as a stalking horse bid for the Sale Process; and (iii) authorizing the Applicants to negotiate and finalize a definitive agreement of purchase and sale with the Stalking Horse Purchaser (the “**Stalking Horse Purchase Agreement**”) substantially on the terms set out in the Stalking Horse Term Sheet.

1.8 The Putman Transaction was completed on February 19, 2025. Concurrently with closing of the Putman Transaction, the DIP Assignment and the related assignment by CIBC to ParentCo of all of the outstanding indebtedness owing by the Applicants under the CIBC Revolving Loan Facility and the CIBC Term Loan Facility (the “**Pre-Filing Debt Assignment**”) were completed. As a result of the completion of the DIP Assignment and the Pre-Filing Debt Assignment (collectively, the “**Debt Assignments**”), ParentCo became the DIP Lender and senior secured creditor of the Applicants.

1.9 As described in this Third Report, no expressions of interest for the Remaining Business were received by the February 20, 2025 deadline established in the Process Letter.

² Warehouse One, an affiliate company of ParentCo, is a men’s and women’s denim and apparel retailer currently operating over 100 locations across Canada.

Accordingly, the Monitor designated the Stalking Horse Transaction as the successful bid in the Sale Process and the Applicants are now seeking Court approval of the Stalking Horse Transaction in its agreed final form (the “**Transaction**”).

2.0 PURPOSE OF THIS REPORT

2.1 The purpose of this Third Report is to provide the Court with information, and where applicable, the Monitor’s views on:

- (a) the closing of the Putman Transaction and the concurrent Debt Assignments on February 19, 2025;
- (b) activities relating to the closure of the Applicants’ retail stores that were not acquired under the Putman Transaction or expected to be retained under the Transaction, including the completion of liquidation sales and the disclaimer of leases;
- (c) the Applicants’ motion for an Approval and Reverse Vesting Order (the “**ARVO**”) that authorizes the Transaction, including: (i) approving the purchase agreement (the “**Purchase Agreement**”) between 16751598 Canada Inc. (an affiliate of Warehouse One and the Comark Group), as purchaser (the “**Purchaser**”), ParentCo, as vendor, and the Comark Entities (as defined below); (ii) adding 2688182 Alberta Inc. (“**ResidualCo**”) as an Applicant in these CCAA Proceedings; (iii) transferring and vesting all Excluded Assets and Excluded Liabilities (each as defined in the Purchase Agreement) in and to ResidualCo; (iv) releasing and discharging the Comark Group and the Retained Assets from all Claims and

Encumbrances other than the Retained Liabilities and Permitted Encumbrances (each as defined in the Purchase Agreement); (v) transferring and vesting all of the Vendor's right, title and interest in and to the outstanding common shares of Comark (as defined in the Purchase Agreement, the "**Purchased Shares**") in and to the Purchaser; and (vi) discharging the Comark Group entities as Applicants in the CCAA Proceedings;

- (d) the Applicants' request for the WEPP Declaration (as defined below);
- (e) the Applicants' cash flow results for the period ended March 8, 2025;
- (f) the Applicants' updated cash flow forecast for the eight-week period ending May 3, 2025 (the "**Updated Cash Flow Forecast**"); and
- (g) the Monitor's conclusions and recommendations in connection with the foregoing.

3.0 TERMS OF REFERENCE AND DISCLAIMER

3.1 In preparing this Third Report, the Monitor has been provided with, and has relied upon, unaudited financial information, the books and records and other financial information prepared by the Comark Group and has held discussions with management of the Comark Group and its legal counsel (collectively, the "**Information**"). Except as otherwise described in this Third Report in respect of the Comark Group's cash flow forecast:

- (a) the Monitor has reviewed the Information for reasonableness, internal consistency and use in the context in which it was provided. However, the Monitor has not audited or otherwise attempted to verify the accuracy or completeness of the

Information in a manner that would wholly or partially comply with Canadian Auditing Standards (“**CASs**”) pursuant to the *Chartered Professional Accountants Canada Handbook* (the “**CPA Handbook**”) and, accordingly, the Monitor expresses no opinion or other form of assurance contemplated under CASs in respect of the Information; and

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

3.2 Future oriented financial information referred to in this Third Report was prepared based on Comark 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 Third Report should be read in conjunction with the Affidavit of Shamsh Kassam sworn March 14, 2025 (the “**Fourth Kassam Affidavit**”) and filed in support of the Applicants’ motion. Capitalized terms used and not defined in this Third Report have the meanings given to them in the Fourth Kassam Affidavit.

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

4.0 CLOSING OF THE PUTMAN TRANSACTION

- 4.1 As described in detail in the Second Report, the Putman Transaction was a going concern transaction for the businesses operated by Old Ricki's and Old cleo pursuant to which Putman Purchaser acquired their merchandise, FF&E, intellectual property and certain of their real property leases and agreed to pay or reimburse the costs associated with the transition of the purchased assets and the completion of liquidation activities. The key terms of the Putman APA were described in the Second Report. Capitalized terms used and not defined in this Section 4.0 have the meanings given to them in the Putman APA.
- 4.2 On February 19, 2025 (the "**Putman Closing Date**"), the Monitor delivered the executed Monitor's Certificate pursuant to the Approval and Vesting and DIP Assignment Order, which confirmed the completion of the Putman Transaction and the assignment of the Assumed Leases set forth on Schedule "1" to the Monitor's Certificate. A copy of the Monitor's Certificate was provided to the Service List in the CCAA Proceedings and filed with the Court.
- 4.3 The Purchase Price under the Putman APA was the sum of the Cash Purchase Price and the assumption of the Assumed Liabilities. Based on the Closing Merchandise Statement, the final Cash Purchase Price was \$14,460,621.77. The Cash Purchase Price was satisfied through: (a) the application of the \$3,000,000 Deposit; (b) the Closing Cash Payment of \$11,430,000 (based on the Estimated Merchandise Statement); and (c) a credit of \$30,621.77 against the amounts otherwise payable by the Vendors to Putman Purchaser in respect of Merchandise proceeds collected by the Vendors following the Putman Closing Date.

4.4 As of the Putman Closing Date, the aggregate obligations owing by the Applicants under the DIP Facility, the CIBC Revolving Loan Facility and the Term Loan Credit Facility (inclusive of certain fees and interest) (collectively, the “**Outstanding Senior Secured Indebtedness**”) was \$16,575,036.09. On the Putman Closing Date, CIBC received payment in the amount of the Outstanding Senior Secured Indebtedness as a result of:

- (a) the receipt of \$13,930,000 from the proceeds of the Putman Transaction available for distribution on the Putman Closing Date, which proceeds were applied as a repayment of the Outstanding Senior Secured Indebtedness; and
- (b) a payment of \$2,645,036.09 from ParentCo to complete the Debt Assignments, pursuant to which the remaining balance of the Outstanding Senior Secured Indebtedness (after the application of the cash proceeds of the Putman Transaction) was assigned from CIBC to ParentCo.

4.5 On the Putman Closing Date, 61 Assumed Leases were assigned from the Vendors to Putman Purchaser in accordance with consensual arrangements agreed to between the Putman Purchaser and the respective landlords and section 11.3 of the CCAA. The Monitor understands that Putman Purchaser also entered into new leases (or is in the process of doing so) to continue operating seven additional stores previously operated by the Vendors. Accordingly, completion of the Putman Transaction facilitated continued operations at 68 of the retail stores previously operated by Old Ricki’s and Old cleo (the “**Continuing Ricki’s/cleo Stores**”).

4.6 In accordance with the Putman APA, Putman Purchaser offered employment to substantially all of the retail-level employees at the Continuing Ricki’s/cleo Stores, of

which approximately 455 accepted the offer and became employees of Putman Purchaser on the Putman Closing Date.

- 4.7 The employees who did not receive, or did not accept, an employment offer from Putman Purchaser (the “**Non-Transferred Employees**”) received notices of termination from Old Ricki’s or Old cleo, as applicable, with individual termination dates determined based on staffing needs during the completion of liquidation activities at retail stores that were not acquired by Putman Purchaser (the “**Closing Ricki’s/cleo Stores**”). In aggregate, approximately 700 Non-Transferred Employees received notices of termination.
- 4.8 As set out in the Putman APA, Putman Purchaser has agreed to pay or reimburse certain costs and expenses associated with the transition of the purchased assets and the liquidation and wind-down of the Closing Ricki’s/cleo Stores (as defined in the Putman APA, the “**TSA Costs**”) during the period commencing on the Putman Closing Date and ending on a date to be determined by Putman Purchaser and the Vendors that is not more than 120 days following the Putman Closing Date (the “**Transition Period**”). Cash proceeds from the sale of Merchandise that occurs during the Transition Period, net of the TSA Costs, are the property of Putman Purchaser and are to be paid by the Applicants to Putman Purchaser on a weekly basis, with the consent of the Monitor.
- 4.9 The Closing Ricki’s/cleo Stores are currently in the process of being liquidated. The Applicants, with the consent of the Monitor, have issued notices to disclaim all of the leases relating to the Closing Ricki’s/cleo Stores. These notices to disclaim were issued in two tranches:

- (a) on the Putman Closing Date, the Applicants issued notices to disclaim 34 leases (including leases for six store locations for which Putman Purchaser entered into a new lease with the applicable landlord). These leases will be disclaimed effective March 21, 2025; and
- (b) on March 14, 2025, the Applicants issued notices to disclaim the remaining 53 leases in respect of Closing Ricki's/cleo Stores (including one lease for a store location for which Putman Purchaser intends to enter into a new lease). These leases will be disclaimed effective April 15, 2025.

5.0 SALE PROCESS

- 5.1 On February 4, 2025, the Court granted the Sale Process Order that, among other things, authorized the Monitor to conduct the Sale Process for the Remaining Business, with the Stalking Horse Transaction serving as a stalking horse bid. The Sale Process was a single-phase process in which interested parties wishing to pursue a transaction for the Remaining Business were required to submit a non-binding expression of interest no later than 5:00 p.m. (Toronto time) on February 20, 2025 (the “**EOI Bid Deadline**”).
- 5.2 The Monitor commenced the Sale Process on January 30, 2025 by issuing the Process Letter. The Monitor sent the Process Letter to 25 parties known to the Applicants and/or the Monitor as having a potential interest in the Remaining Business. Following this date, additional parties also contacted the Applicants and/or the Monitor to inquire about the Sale Process and the Remaining Business.

- 5.3 Of this group of potentially interested parties, six parties executed a non-disclosure agreement (“**NDA**”) and became Participants (as defined in the Sale Process Order) in the Sale Process. Upon executing the NDA, Participants were provided with access to the electronic data room.
- 5.4 The Purchase Agreement was executed on February 17, 2025. In accordance with the Sale Process Order, a copy of the Purchase Agreement was made available to Participants, posted on the Monitor’s Website, and served on the Service List in the CCAA Proceedings.
- 5.5 The Monitor did not receive any expressions of interest by the EOI Bid Deadline. Accordingly, the Monitor declared the Stalking Horse Bidder as the successful bidder in the Sale Process.

6.0 THE TRANSACTION

- 6.1 The terms of the Transaction are set forth in the Purchase Agreement, a copy of which is attached as Exhibit “D” to the Fourth Kassam Affidavit. The Purchase Agreement is on substantially the same material terms set out in the Stalking Horse Term Sheet approved by the Court pursuant to the Sale Process Order. Capitalized terms used and not defined in this Section 6.0 have the meanings given to them in the Third Report.
- 6.2 In summary, the Transaction is structured as a “reverse vesting transaction” pursuant to which, on the Closing Date:
- (a) the Purchaser will acquire the Purchased Shares, being all of the issued and outstanding common shares of Comark;

- (b) Comark will continue to own the issued and outstanding shares of Bootlegger, Old Ricki's and Old cleo;
 - (c) the Comark Entities will retain the Retained Assets free and clear of all Claims and Encumbrances (other than Retained Liabilities and Permitted Encumbrances), which Retained Assets will consist principally of: (i) cash, accounts receivable, inventory and tangible personal property of Bootlegger; (ii) specified contracts and leases, goodwill, information technology and intellectual property of Bootlegger or Comark or relating to their Business; and (iii) ancillary assets of the Comark Group not acquired by the Putman Purchaser in the Putman Transaction, including certain books and records, prepaid expenses, insurance entitlements, intercompany claims and tax attributes;
 - (d) all Excluded Assets and Excluded Liabilities will be transferred to and vested in ResidualCo; and
 - (e) the Comark Group will emerge from CCAA protection in its restructured form and the CCAA Proceedings will continue in relation to ResidualCo.
- 6.3 If the Transaction is approved, it is expected that the Transaction will close in April 2025 once liquidation activities at the Closing Ricki's/cleo Stores and the closing Bootlegger stores have been completed and the disclaimers of the related leases have become effective.
- 6.4 In addition to service of the motion record on the Service List, the Monitor understands that counsel to the Applicants has served the motion record on the Applicants' known contractual counterparties (based on records reasonably available to the Applicants).

6.5 The following table sets out the key terms of the Purchase Agreement and the Transaction:

Key Terms of the Purchase Agreement and the Transaction	
Parties	<ul style="list-style-type: none"> 16751598 Canada Inc., as Purchaser. The Purchaser is an affiliate of the Applicants and ParentCo. ParentCo, as Vendor. Comark, Bootlegger, Old cleo and Old Ricki's, as "Comark Entities".
Transaction Structure	<ul style="list-style-type: none"> At Closing, the Vendor will sell to the Purchaser, and the Purchaser will acquire, all of the issued and outstanding common shares of Comark, free and clear of all Claims and Encumbrances (other than Permitted Encumbrances). At Closing: (a) Comark will retain all of the issued and outstanding shares of Bootlegger, Old Ricki's and Old cleo; (b) the Comark Entities will retain the Retained Assets and the Retained Liabilities; and (c) the Excluded Assets and the Excluded Liabilities will be transferred to and vested in ResidualCo.
Purchase Consideration	<ul style="list-style-type: none"> The payment by the Purchaser to the Vendor of (i) \$1.00; and (ii) the balance of the Outstanding Senior Secured Indebtedness at the Closing. The Comark Entities will also retain the Retained Liabilities.
Retained Assets	<ul style="list-style-type: none"> The Retained Assets include the following assets at Closing: <ul style="list-style-type: none"> (a) the Retained Bootlegger Assets, consisting principally of Bootlegger's cash, accounts receivable, inventory, tangible personal property, and other assets used in the operation of the Bootlegger business; (b) Books and Records of the Comark Entities; (c) Goodwill of Bootlegger and Comark; (d) Prepaid Expenses and Deposits of the Comark Entities; (e) Information Technology, Technical Information and Intellectual Property of Bootlegger and Comark; (f) the Retained Contracts, including the Retained Leases; and (g) amounts receivable in respect of Intercompany Liabilities.
Retained Liabilities	<ul style="list-style-type: none"> The Retained Liabilities include the following Liabilities at Closing: <ul style="list-style-type: none"> (a) Liabilities of the Comark Entities under Retained Contracts (unless waived by the applicable counterparties); (b) Intercompany Liabilities owing between or among Comark, Bootlegger, Old Ricki's and Old cleo; and (c) Liabilities owing by the Comark Entities to the Purchaser, Parian Logistics Inc. and Highgate Capital Ltd.
Retained Leases	<ul style="list-style-type: none"> The Retained Assets shall include not less than 25 Retained Leases. The Comark Entities will seek amendments to the Retained Leases satisfactory to the Purchaser, which amendments may include, if necessary, a change in permitted use such that the applicable store would become a Warehouse One store or Warehouse One and Bootlegger combination store, and/or to obtain landlord consent to a further assignment of the Retained Leases to Comark, the Purchaser and/or Warehouse One.

Key Terms of the Purchase Agreement and the Transaction	
	<ul style="list-style-type: none"> As described below, as of the date of this Report, the Purchaser has reached consensual lease modifications with respect to 45 Retained Leases, which significantly exceeds the minimum 25 Retained Leases required under the Purchase Agreement.
Employees	<ul style="list-style-type: none"> Not later than two (2) Business Days prior to the Closing Date, the Comark Entities will deliver termination notices to all employees of the Comark Entities. Not later than two (2) Business Days prior to the Closing Date, Warehouse One will make written offers of employment to substantially all employees of the Comark Entities working at Bootlegger stores with respect to which the applicable lease is a Retained Lease (as defined in the Purchase Agreement, the “Offers”). The Offers shall provide for employment with Warehouse One commencing on the Closing Date and recognize the applicable employees’ original dates of hire and past service with the applicable Comark Entity for any purpose required by applicable employment standards legislation.
Conditions	<ul style="list-style-type: none"> Completion of the Transaction is conditional on, among other things: <ul style="list-style-type: none"> (a) the granting of the ARVO; (b) the Outstanding Senior Secured Indebtedness having been released and discharged; and (c) the Vendor and the Comark Entities, on the one hand, and the Purchaser, on the other hand, having performed or complied, in all material respects, with their respective obligations and covenants under the Purchase Agreement.

Bootlegger Leases

6.6 Following the EOI Bid Deadline of February 20, 2025, the Purchaser commenced discussions with landlords of certain of the Bootlegger stores with respect to the retention of retail store leases under the Transaction. These discussions focused on cure cost arrangements, lease amendments, and landlord consent to the assignment of the leases to Warehouse One.

6.7 As of the date of this Third Report, the Purchaser has reached agreements in principle with landlords for consensual arrangements with respect to 45 Bootlegger leases, which will constitute Retained Leases on closing of the Transaction. In accordance with the Purchase Agreement, additional Retained Leases may be designated by the Purchaser if it reaches consensual arrangements with respect to additional leases. The Purchaser has advised that it is satisfied with the number of Retained Leases that have been negotiated (which exceeds

the minimum 25 Retained Leases required under the Purchase Agreement), and accordingly the Purchaser does not intend to exercise its right under the Purchase Agreement to pursue the assignment of leases to Warehouse One under section 11.3 of the CCAA.

6.8 The Bootlegger Stores that are governed by leases that are not Retained Leases (the “**Non-Retained Leases**”) are currently being liquidated and exited by the Applicants. Accordingly, the Applicants issued notices to disclaim the Non-Retained Leases as follows:

- (a) on February 19, 2025 (the same date as the initial tranche of notices to disclaim were issued for the Closing Ricki’s/cleo Stores), the Applicants, with the consent of the Monitor, issued notices to disclaim 29 Non-Retained Leases. These leases will be disclaimed effective March 21, 2025. Of this group of 29 Non-Retained Leases, the Purchaser anticipates reaching consensual go-forward arrangements with landlords in respect of five leases, and accordingly the Applicants plan to consensually withdraw the disclaimer notices for these locations prior to their effective dates; and
- (b) on March 6 and 7, 2025, the Applicants, with the consent of the Monitor, issued notices to disclaim an additional two leases in respect of locations where consensual arrangements could not be reached with the respective landlord. The Purchaser continues to hold discussions with the landlord of one of these locations, and the Applicants may withdraw the lease disclaimer for this location if consensual go-

forward arrangements are reached. The effective date of disclaimer for both of these locations is April 7, 2025.

Monitor's Views on the Transaction

6.9 The Monitor makes the following observations and expresses the following views with respect to the Transaction:

- (a) the Monitor believes that efforts to market and sell the Retained Assets under the Transaction, including through the Court-approved Sale Process, were reasonable in the circumstances;
- (b) the Transaction will achieve a going concern outcome for a material portion of the Bootlegger business, including through the transfer of certain assets and operations to Warehouse One. In particular, the Transaction will preserve at least 45 Retained Leases and result in continued employment for approximately 360 employees;
- (c) the Transaction will achieve the repayment in full of the Outstanding Senior Secured Indebtedness, which is owing by the Applicants to ParentCo as a result of the Debt Assignments. The Transaction was a fundamental component of the overall restructuring of the Comark Group that enabled CIBC, the Applicants' pre-filing secured creditor and initial DIP Lender, to receive payment in full of the obligations owing to it under the DIP Facility, the CIBC Revolving Loan Facility and the CIBC Term Loan Credit Facility;
- (d) upon repayment of the Outstanding Senior Secured Indebtedness, the ParentCo Loan Facility would be the senior-ranking claim against the Comark Group. The

obligations under the ParentCo Loan Facility are approximately \$57 million and are secured against all assets of the Comark Group.³ Accordingly, ParentCo is the Applicants' fulcrum secured creditor and would suffer the loss from any inadequacy in the consideration received from the sale of the Purchased Assets. ParentCo supports the Transaction; and

- (e) the Transaction is the best and only available going concern transaction for the remaining business and assets of the Comark Group and achieves the preservation of a significant number of leases and employment as described above. If the Transaction is not completed, the result will be a liquidation. Under a liquidation, the value of the Remaining Business will not exceed the obligations outstanding under the Outstanding Senior Secured Indebtedness (currently approximately \$3.6 million) and the ParentCo Loan Facility, and accordingly there is no scenario that would result in any economic recovery for unsecured creditors.

6.10 Based on the above, the Monitor is of the view that the Transaction achieves a superior result to the liquidation of the remaining Bootlegger business in these CCAA Proceedings or any bankruptcy proceedings.

³ As noted in the Pre-Filing Report, the Monitor's counsel has concluded that, subject to customary qualifications and assumptions: (a) the security agreements and related documents relating to the security interests granted by the Applicants to secure the payment of the ParentCo Loan Facility (the "**Security Documents**") create a valid security interest in favour of ParentCo in the collateral to which the *Personal Property Security Act* ("**PPSA**") of Ontario and the PPSA of British Columbia applies, and (b) registration has been made in all public offices provided for under the laws of Ontario and British Columbia where such registration is necessary to perfect the security interest created by the Security Documents in favour of ParentCo in such collateral. The Monitor's counsel has not rendered an opinion on the perfection of the security interests created by the Security Documents in provinces other than Ontario and British Columbia, in light of the costs that would be associated with rendering opinions with respect to six additional jurisdictions. However, the Monitor notes that ParentCo (in respect of the ParentCo Loan Facility) has registered its security interest in relation to the applicable obligor under the PPSA of Alberta, Saskatchewan, Manitoba, Nova Scotia, New Brunswick and Newfoundland and Labrador (being the six other provinces, in addition to Ontario and British Columbia, in which the Applicants carried on retail operations).

Related Party Considerations

- 6.11 The Purchaser and the Comark Group are related parties and affiliates in the same corporate group. Section 36(4) of the CCAA provides that the Court may only approve a sale to a related person if the Court is satisfied that: (a) good faith efforts were made to sell the assets to persons who are not related to the debtor; and (b) the consideration to be received from the sale is superior to the consideration that would be received under any other offer made in accordance with the process leading to the sale.
- 6.12 Without making a determination as to whether section 36(4) of the CCAA is binding on the Court in relation to a reverse vesting transaction, the Monitor believes that the factors set out in section 36(4) of the CCAA are satisfied for the following reasons:
- (a) targeted marketing efforts in respect of the Applicants' business and assets have been ongoing since the commencement of the CCAA Proceedings on January 7, 2025, including through the Sale Process. The ARIO authorized the Applicants, with the assistance of the Monitor, to pursue offers for a potential restructuring, sale or reorganization transaction in respect of some or all of the business or assets of the Applicants. These marketing efforts led to the identification and development of the Putman Transaction and the Transaction;
 - (b) the Transaction was the Stalking Horse Transaction in the Sale Process approved by the Court pursuant to the Sale Process Order;
 - (c) the Monitor conducted the Sale Process in accordance with the Sale Process Order and the Process Letter. As described above, the Monitor contacted 25 parties with

a potential interest in the Remaining Business. While a number of parties executed NDAs and accessed the data room, no expressions of interest were received;

- (d) the Applicants and the Monitor have made good faith efforts to sell the Remaining Business to potential purchasers unrelated to the Comark Group. Despite extensive marketing efforts, no other viable transactions for the Remaining Business have emerged; and
- (e) given the absence of any expressions of interest for the Remaining Business following completion of the Court-approved Sale Process, the consideration to be received under the Transaction is superior to any other executable transaction.

Reverse Vesting Structure

6.13 The Monitor observes that the Transaction is proposed to be implemented through a reverse vesting order (“**RVO**”) structure. The Monitor is cognizant of the issues raised and considered by Canadian courts in other CCAA proceedings that involved RVOs. The Monitor notes the following with respect to the necessity and appropriateness of the RVO structure as it relates to the Transaction:

- (a) the Purchaser requires that the Transaction be implemented through an RVO in order to preserve material tax attributes of the Comark Group that cannot be conveyed in an asset sale. The tax attributes of the Comark Group that the Purchaser wishes to preserve are described in the Fourth Kassam Affidavit. Accordingly, the RVO is a necessary element of the transaction from the Purchaser’s perspective. The Stalking Horse Term Sheet expressly provided that the Purchaser was not

prepared to proceed with a transaction through an asset sale transaction and the Stalking Horse Transaction that was market-tested through the Sale Process has been structured as an RVO transaction from the outset;

- (b) the RVO structure produces an economic result at least as favourable as any other viable alternative. If the Transaction cannot be completed through an RVO, the only alternative outcome is the full liquidation of the Bootlegger business. The Monitor does not expect that a liquidation would preserve landlord and employment relationships (and certain other contractual counterparty relationships) to the same extent as the Transaction;
- (c) no stakeholder is worse off under the RVO structure than they would be under any viable alternative. Given the outstanding obligations under the Outstanding Senior Secured Indebtedness and the ParentCo Loan Facility (which are currently approximately \$60.7 million in aggregate), the value of the Remaining Business does not support any economic recovery for unsecured creditors. No unsecured creditor would be expected to receive a superior recovery if the Transaction were implemented through an asset sale transaction rather than an RVO;
- (d) despite the fact that the value of the Remaining Business does not support a recovery for unsecured creditors, the Transaction does enable certain unsecured creditors to obtain a recovery on their pre-filing claims. In particular, pursuant to the Purchase Agreement: (i) the pre-filing obligations under Retained Contracts, including approximately 45 Retained Leases, will not be compromised (other than through consensual agreement with the counterparty) and will remain as Retained

Liabilities of the restructured Comark Group; and (ii) all accrued and unpaid vacation pay owing to employees of the Comark Group (whether or not they are Continuing Employees) will either be paid by the Comark Group entities or be assumed by Warehouse One;

- (e) the Purchase Consideration – which consists principally of the repayment in full of the Outstanding Senior Secured Indebtedness – provides incremental value to the Comark Group’s estate in exchange for the acquisition of the Retained Assets. The Outstanding Senior Secured Indebtedness was acquired by ParentCo under the Debt Assignments to facilitate the completion of the Putman Transaction, the Transaction and the repayment of CIBC as the Comark Group’s then senior secured lender. ParentCo acquired the Outstanding Senior Secured Indebtedness in exchange for a cash payment to CIBC made during the CCAA Proceedings. Accordingly, the Transaction is more akin to a transaction that provides new cash proceeds to pay senior secured debt (which is now held by ParentCo), rather than a credit bid of debt by a purchaser. The repayment of the Outstanding Senior Secured Indebtedness represents material value to the Comark Group’s estate;
- (f) as described above, the Remaining Assets have been marketed since the commencement of the CCAA Proceedings, including through the Sale Process (which advised potentially interested parties that they may submit their respective bids as asset vesting, reverse vesting, or alternative structure transactions). No other offers were received for the tax attributes, merchandise, leases or other assets that the Purchaser is proposing to acquire under the Transaction. Accordingly, the Transaction provides the highest (and only) value for the Remaining Assets; and

(g) the RVO structure enables the Purchaser, which is an affiliate of ParentCo, to acquire the Comark Group with its existing corporate structure intact (as opposed to necessitating the transfer of all assets of the Comark Group into a new corporate structure). The Monitor notes the commercial logic of that approach and observes that the preservation of the existing corporate structure enhances the efficiency and implementation process of the Transaction.

Releases in the Proposed ARVO

6.14 The proposed ARVO includes releases of the Released Parties in respect of claims arising in connection with or relating to the Purchase Agreement, the completion of the Transaction, and any agreement, matter or transaction involving the Applicants arising in connection with the foregoing (as defined in the ARVO, the “**Released Claims**”). The Released Parties consist of: (a) the current and former directors, officers, employees, consultants, legal counsel and advisors of the Vendor and the Applicants; (b) the current and former directors, officers, employees, consultants, legal counsel and advisors to ResidualCo; (c) the Purchaser and its legal counsel and their respective current directors, officers, partners, employees, consultants, advisors and assignees; and (d) the Monitor and its legal counsel and their respective current directors, officers, partners, employees, consultants and advisors.

6.15 The Monitor is of the view that the representatives of the Applicants and the Vendor have made meaningful contributions throughout the CCAA Proceedings, and that their concerted efforts have been essential to developing and implementing the Putman Transaction, the Debt Assignments and the proposed Transaction. The efforts of

representatives of the Applicants and the Vendor stabilized the Comark Group during a challenging period of highly strained liquidity and enabled a going concern outcome for material portions of the businesses operated by Old Ricki's, Old cleo and Bootlegger.

- 6.16 The Purchaser and ResidualCo, and their respective representatives, have also made material contributions to the proposed Transaction. Among other things, the Purchaser and its representatives have, in a short period of time, negotiated consensual arrangements with Bootlegger landlords with respect to at least 45 Retained Leases that will be preserved under the proposed Transaction. The preservation of the Retained Leases will also facilitate the ongoing employment of a significant number of employees at the related stores. The involvement of ResidualCo and its representatives is necessary to implement the proposed Transaction through the RVO structure.
- 6.17 The Monitor notes that the proposed release is limited in scope, as it pertains only to claims relating to the Purchase Agreement and the Transaction. The proposed release does not release claims relating to the pre-filing period or claims that are unrelated to the Transaction. The Monitor is not aware of any person having asserted a claim or potential claim that would constitute a Released Claim.
- 6.18 For the foregoing reasons, the Monitor supports the granting of the ARVO, including the approval of the Transaction and the approval of the release of Released Claims in favour of the Released Parties.

7.0 THE WEPP DECLARATION

- 7.1 Subsection 5(1) of the *Wage Earner Protection Program Act*, as amended (the “**WEPP Act**”), provides that an individual is eligible to receive payment under the Wage Earner Protection Program if, among other things: (i) the individual’s employment ended for a reason prescribed by regulation; (ii) the individual is owed eligible wages by a former employer; (iii) the former employer is subject to proceedings under the CCAA; and (iv) a court determines under subsection 5(5) of the WEPP Act that the criteria prescribed by regulation are met.
- 7.2 Section 3.2 of the Wage Earner Protection Program Regulations, SOR/2008-222 (the “**WEPP Regulation**”) provides that, for purposes of subsection 5(5) of the WEPP Act, “a court may determine whether the former employer is the former employer all of whose employees in Canada have been terminated other than any retained to wind down its business operations”.
- 7.3 The Applicants are seeking a declaration, pursuant to subsection 5(5) of the WEPP Act and section 3.2 of the WEPP Regulation, that each of Old Ricki’s, Old cleo and Bootlegger is a former employer that meets the criteria prescribed by the WEPP Regulation and all of whose former employees in Canada are individuals to whom the WEPP Act applies (the “**WEPP Declaration**”).
- 7.4 The Putman Purchaser assumed 61 store leases from Old Ricki’s and Old cleo, will enter new leases with landlords with respect to seven additional Old Ricki’s and Old cleo stores, and offered employment to substantially all employees at such store locations and certain transferring employees. The Putman Purchaser has informed the Monitor that 455 former

employees of Old Ricki's or Old cleo have accepted employment with the Putman Purchaser. All other employees that have not accepted employment with the Putman Purchaser (approximately 700 employees) have received notices of termination and their employment by Old Ricki's or Old cleo, as applicable, will terminate on a rolling basis in connection with the closure of the Closing Ricki's/cleo Stores. Accordingly, each of Old Ricki's and Old cleo has terminated all of its employees in Canada other than employees retained to wind down its business operations. Upon the closure of all Closing Ricki's/cleo Stores (which is expected to occur in April 2025), all employees of Old Ricki's and Old cleo will have been terminated.

7.5 Under the proposed Transaction, Warehouse One will offer employment to substantially all employees at Bootlegger stores that are subject to a Retained Lease, currently anticipated to be approximately 360 employees. The total number of Bootlegger employees that are expected to receive employment offers from Warehouse One will not be finalized until the Purchaser completes discussions with landlords with respect to Retained Leases. The Purchase Agreement provides that, not less than two business days prior to closing of the Transaction, written termination notices will be delivered to all remaining employees (including employees who will receive an employment offer from Warehouse One). Accordingly, Bootlegger will not have any remaining employees following completion of the Transaction.

7.6 The proposed WEPP Declaration is intended to ensure that former employees of the Applicants who do not commence employment with Putman Purchaser or Warehouse One are able to access benefits under the Wage Earner Protection Program at the earliest opportunity. While terminated employees will be paid all salary, wages and accrued

vacation pay owing to them up to their respective termination dates, many terminated employees will be owed termination and severance pay that the Comark Group is unable to satisfy in the circumstances.

- 7.7 The proposed ARVO provides that the WEPP Declaration shall be effective: (a) in the case of Old Ricki's and Old cleo, on May 1, 2025; and (b) in the case of Bootlegger, on closing of the Transaction. These effective dates are intended to align with the potential outside dates for employee terminations and to ensure that employees who are terminated after the date on which the ARVO is granted will not have their potential entitlements under the Wage Earner Protection Program reduced by amounts paid to them in the period following the granting of the ARVO.
- 7.8 The Monitor contacted representatives of Service Canada, which administers the Wage Earner Program, by email on March 5, 2025 to provide background information with respect to the impact of the Putman Transaction and the Transaction on employees of the Comark Group and to advise of the Comark Group's intention to seek the WEPP Declaration. The Monitor and its counsel had a subsequent discussion with representatives of Service Canada on March 13, 2025.
- 7.9 Based on the foregoing, the Monitor supports the granting of the WEPP Declaration. If the WEPP Declaration is granted, the Monitor intends to work with Comark Group management to identify employees that may be eligible for payments under the Wage Earner Protection Program and to assist eligible individuals in making submissions to Service Canada at the appropriate time.

8.0 CASH FLOW RESULTS RELATIVE TO FORECAST

- 8.1 Actual receipts and disbursements for the six-week period from January 26, 2025 to March 8, 2025 (the “**Reporting Period**”), as compared to the cash flow forecast attached as Appendix “C” to the Second Report, are summarized in the following table.
- 8.2 The Monitor notes that these cash flows exclude the receipts and disbursements made on behalf of the Putman Purchaser pursuant to the TSA following the closing of the Putman Transaction on February 19, 2025, but do include the receipts and disbursements of Old Ricki’s and Old cleo prior to closing.

Cash Flow Variance Report			\$000's
	Actual	Budget	Variance
Receipts	19,600	21,425	(1,825)
Disbursements			
Payroll	4,147	3,766	(381)
Rent	2,399	3,442	1,043
Sales Tax Payable	848	2,712	1,864
Liquidation Fees	899	1,455	556
Warehouse & Corporate	1,442	1,913	471
Duties, Freight, & Shipping	1,472	2,470	998
Professional Fees	2,318	3,187	869
Utilities, Maintenance, & Other	242	578	336
Merchandise	1,651	1,652	1
Credit Card Fees	292	490	198
Interest & Fees	225	533	308
Total Disbursements	15,935	22,198	6,263
Net Cash Flow	3,665	(773)	4,438
Cash & Borrowings			
Cash on hand	1,990	100	1,890
DIP Facility	(3,645)	(5,823)	2,178
Net Debt Balance	(1,655)	(5,723)	4,068

8.3 During the Reporting Period:

- (a) the negative variance in receipts of approximately \$1.8 million is due to lower-than-forecast sales across the Applicants' store network and e-commerce channels. The Applicants believe this negative variance to be due to a combination of: (i) fewer Bootlegger stores being liquidated (and accordingly lower sales) as more locations are now anticipated to be retained in the Transaction; and (ii) timing variances that will reverse in the coming weeks;
- (b) the positive variances across disbursements are primarily considered timing differences and are anticipated to reverse in future weeks; and
- (c) the merchandise disbursements of approximately \$1.7 million are associated with Merchandise Transfer Agreements (as defined and described in the First Report). As of the date of this Third Report, the Applicants have entered into Merchandise Transfer Agreements to release approximately \$5.8 million of in-transit inventory, at an aggregate cost of approximately \$2.0 million (including the \$1.7 million referenced above).

8.4 Overall, during the Reporting Period, the Applicants experienced a positive net cash flow variance of approximately \$4.4 million, primarily attributable to timing variances in operating disbursements.

8.5 As at March 8, 2025, the total amount outstanding in respect of the DIP Facility was approximately \$3.6 million, comprised of: (a) the \$2,645,036.09 payment made by ParentCo to CIBC to complete the Debt Assignments (i.e., the remaining balance of the

Outstanding Senior Secured Indebtedness owing to CIBC after application of the proceeds of the Putman Transaction of approximately \$14.5 million); and (b) \$1 million funded by ParentCo to the Applicants to fund operating disbursements following the closing of the Putman Transaction.

9.0 UPDATED CASH FLOW FORECAST

9.1 The Applicants, with the assistance of the Monitor, prepared the Updated Cash Flow Forecast for the eight-week period ending May 3, 2025 (the “**Forecast Period**”), a copy of which, together with Notes and a Summary of Assumptions (the “**Updated Cash Flow Assumptions**”), is attached to this Third Report as **Appendix “A”**.

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

Updated Cash Flow Forecast	
Receipts	7,125
Disbursements	
Payroll	2,073
Rent	1,200
Sales Tax Payable	1,168
Warehouse & Corporate	1,000
Duties, Freight, & Shipping	200
Professional Fees	800
Utilities, Maintenance, & Other	133
Credit Card Fees	111
Interest & Fees	250
Total Disbursements	6,935
Net Cash Flow	190
Cash & Borrowings	
Cash on hand	-
DIP Facility	(1,466)
Net Debt Balance	(1,466)

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

- (a) receipts and disbursements are solely related to the remaining Bootlegger locations, and no receipts or disbursements relating to any Old Ricki's or Old cleo locations are included;
- (b) collections include cash receipts forecast from the sale of merchandise at the remaining Bootlegger stores and its e-commerce channel;
- (c) disbursements include payments for logistics, warehousing and transportation services, rent and occupancy costs for stores, payroll and benefits, merchandise, payment processing services and other store-level and corporate operating costs; and
- (d) the wind-down reserve is a reserve included to wind-down the remainder of the CCAA Proceedings following the closing of the proposed Transaction.

10.0 CONCLUSIONS AND RECOMMENDATIONS

10.1 For the reasons set out in this Third Report, the Monitor respectfully recommends that the Court (a) grant the proposed ARVO; and (b) grant the WEPP Declaration.

All of which is respectfully submitted to the Court this 18th day of March, 2025.

**Alvarez & Marsal Canada Inc., solely in its
capacity as Monitor of Comark Holdings
Inc., Bootlegger Clothing Inc., 9376208
Canada Inc. and 10959367 Canada Inc.,
and not in its personal or corporate
capacity**

Per: _____


Josh Nevsky
Senior Vice-President

APPENDIX “A”
UPDATED CASH FLOW FORECAST

See attached.

Comark Group (Consolidated)
Updated Cash Flow Forecast
(000's CAD)

	Notes	Week 1 Mar 15	Week 2 Mar 22	Week 3 Mar 29	Week 4 Apr 05	Week 5 Apr 12	Week 6 Apr 19	Week 7 Apr 26	Week 8 May 03	8-Week TOTAL
Receipts	1	1,232	1,232	891	754	754	754	754	754	7,125
Disbursements										
Payroll	2	458	138	374	110	295	88	295	316	2,073
Rent	3	339	-	69	339	-	408	-	46	1,200
Sales Tax Payable		-	642	-	-	-	-	-	526	1,168
Warehouse & Corporate	4	125	125	125	125	125	125	125	125	1,000
Duties, Freight & Shipping	5	25	25	25	25	25	25	25	25	200
Professional Fees		-	-	-	400	-	-	-	400	800
Utilities, Maintenance & Other	6	16	20	16	16	16	16	16	16	133
Merchandise		-	-	-	-	-	-	-	-	-
Credit Card Fees		-	-	-	60	-	-	-	52	111
Wind-Down Reserve	7	-	-	-	-	-	-	-	250	250
Interest & Fees		-	-	-	-	-	-	-	-	-
Total Disbursements		963	950	609	1,074	461	662	461	1,756	6,936
Net Cash Flow		269	282	281	(320)	293	93	293	(1,001)	189
<u>Cash & Borrowings</u>										
Cash on Hand		2,259	2,541	1,823	1,502	795	888	1,180	-	-
DIP Financing										
Opening Balance		3,645	3,645	3,645	2,645	2,645	1,645	1,645	1,645	3,645
Additional Draws		-	-	-	-	-	-	-	-	-
Repayments		-	-	(1,000)	-	(1,000)	-	-	(179)	(2,179)
Ending DIP Balance		3,645	3,645	2,645	2,645	1,645	1,645	1,645	1,466	1,466
Add: Term Loan		-	-	-	-	-	-	-	-	-
Net Debt Outstanding		1,386	1,104	822	1,143	850	757	465	1,466	1,466

Comark Group
Updated Cash Flow Forecast
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 will 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 Canadian dollars.*

1) Receipts

Includes receipts from the sale of goods solely from Bootlegger’s retail stores and e-comm.

2) Payroll

Includes payroll, benefits, and taxes during the forecast period. Payroll disbursements are only attributable to Bootlegger’s operations.

3) Rent

Includes payments required to operate the stores including rent and property taxes. Rent is forecast to be paid in equal instalments on the first and fifteenth of each month. Percentage rent amounts are forecast to be paid every two weeks, one week in the arrears. Rent disbursements are only attributable to Bootlegger’s operations.

4) Warehouse & Corporate

Includes estimated costs for warehousing, logistics and corporate support services, including amounts paid to Parian (a related party). Disbursements are only attributable to Bootlegger.

5) Duties, Freight & Shipping

Includes estimated fees to import and ship merchandise to retail stores and customers. Disbursements are only attributable to Bootlegger.

6) Utilities, Maintenance, & Other

Includes utilities and maintenance, IT costs and other miscellaneous expenses. Disbursements are only attributable to Bootlegger.

7) Wind-Down Reserve

The Wind-Down Reserve is a reserve included to wind-down the remainder of the CCAA Proceedings following the closing of the proposed Transaction and the bankruptcy of ResidualCo.

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

Court File No.: CV-25-00734339-00CL

**AND IN THE MATTER OF A PROPOSED PLAN OF COMPROMISE OR
ARRANGEMENT OF COMARK HOLDINGS INC., BOOTLEGGER CLOTHING INC.,
9376208 CANADA INC. AND 10959367 CANADA INC.**

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

THIRD REPORT OF THE MONITOR

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