

CANADA
Province of Quebec
District of Québec
Division No.: 01-Montréal
Court No.: 500-11-059566-212
Estate No.: 41-2716886

SUPERIOR COURT
(Commercial Division)
Bankruptcy and Insolvency Act

IN THE MATTER OF THE NOTICE OF INTENTION
TO MAKE A PROPOSAL OF:

CHANGE DE SCANDINAVIE CANADA DETAIL
INC./CHANGE OF SCANDINAVIA CANADA
RETAIL INC.

a legal person having its registered office at 9961
Saint-Vital Boulevard, Montreal, Quebec, H1H 4S5

Petitioner / Debtor

-and-

RICHTER ADVISORY GROUP INC.

Proposal Trustee

FIRST REPORT OF THE PROPOSAL TRUSTEE
ON THE STATE OF PETITIONER'S BUSINESS AND FINANCIAL AFFAIRS
March 3, 2021

Richter Advisory Group Inc. ("**Richter**" or the "**Proposal Trustee**"), in its capacity as trustee under the Notice of Intention to Make a Proposal (the "**NOI**"), pursuant to the *Bankruptcy and Insolvency Act* (the "**BIA**" or the "**Act**") filed by Change of Scandinavia Canada Retail Inc. ("**Change**", the "**Debtor**" or the "**Company**"), an insolvent person, does hereby report to the Court the following:

INTRODUCTION

1. On March 2, 2021, the Company sought protection under the BIA by filing a NOI with the Proposal Trustee. A copy of the Certificate of Filing issued by the Superintendent of Bankruptcy is annexed hereto as **Exhibit "A"**.

2. On March 3, 2021, the Company filed with the Official Receiver a Statement of Projected Cash Flow (the “**Projections**”) together with its report pursuant to Section 50.4(2)(c) of the BIA, covering the period from March 1, 2021, to April 25, 2021 (the “**Period**”), which included the major assumptions used in the preparation of the Projections. Concurrently therewith, the Proposal Trustee filed its Report on the reasonableness of the Projections in accordance with Section 50.4(2)(b) of the Act, all of which are annexed hereto as **Exhibit “B”**.
3. On March 3, 2021, the Company filed a motion entitled *Motion for approval of interim financing, administrative charge and other relief* (the “**First Motion**”).
4. In order to monitor the affairs and finances of the Company, the Proposal Trustee has been provided with access to the books, records and other important documents of the Company.

PURPOSE OF THIS REPORT

5. The purpose of this first report of the Proposal Trustee (the “**First Report**”) is to provide this Court with information pertaining to:
 - (i) General background information of the Company;
 - (ii) Principal causes of the Company’s financial difficulties;
 - (iii) Overview of the Debtor’s financial situation;
 - (iv) The Company’s creditors;
 - (v) The Company’s statement of projected cash flow for the period from March 1, 2021 to April 25, 2021;
and
 - (vi) The Proposal Trustee’s recommendation relating to the orders sought by the Debtor.

TERMS OF REFERENCE

6. Unless otherwise noted, all monetary amounts contained in this First Report are expressed in Canadian dollars.
7. In preparing this First Report, the Proposal Trustee has relied upon certain unaudited financial information prepared by the Company’s representatives, the Company’s books and records, and discussions with the Company’s representatives and legal counsel (the “**Information**”).
8. Except as otherwise described in this First Report, the Proposal Trustee has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would wholly or partially comply with Generally Accepted Assurance Standards (“**GAAS**”) pursuant to the Chartered Professional Accountant of Canada Handbook and, as such, the Proposal Trustee expresses no opinion or other form of assurance contemplated under GAAS in respect of the Information.

9. Future oriented financial information relied upon in this First Report is based on the Company's representatives' assumptions regarding future events; actual results achieved may vary from the Information presented even if the hypothetical assumptions occur and these variations may be material. Accordingly, the Proposal Trustee expresses no assurance as to whether Projections will be achieved.

GENERAL BACKGROUND INFORMATION OF THE COMPANY

10. The Debtor is a privately held retailer currently operating out of 26 stores across Canada under the name "CHANGE Lingerie", a Denmark-based, international lingerie brand with over 200 stores worldwide. The Company also sells merchandise online.
11. The Company's head office and warehouse are located in Montreal, in the Province of Quebec.
12. The Debtor's stores are located in shopping malls and shopping areas throughout Canada with 10 in Québec, 9 in Ontario and 7 in British Columbia ("B.C.") (each a "Store" and collectively, the "Stores").
13. Change mainly sells unique women's lingerie and swimwear, together with an offering of nightwear, sportswear, loungewear, hosiery and accessories, all designed in Scandinavia and bearing the brands "Change", "Charade" and "The Intimate" (the "Products").
14. The Debtor's parent company and principal shareholder, CHANGE of Scandinavia Holding A/S, and the supplier of the Products, CHANGE of Scandinavia A/S, are both based in Denmark (collectively the "Interim Lenders").
15. The Company leases all of its premises from third party landlords (each a "Lease" and collectively, the "Leases"). The following table summarizes the retail store landlords:

Change of Scandinavia Inc. Retail Store Landlords		
Cadillac Fairview	6	23.1%
Ivanhoe Cambridge Inc.	3	11.5%
Cominar Real Estate Investment Trust	3	11.5%
Carrefour Richelieu Realities	2	7.7%
Other (12)	12	46.2%
	26	100.0%

16. The Leases provide for the payment of rent in either or both of the following methods:
- (i) fixed monthly rent payable on the first day of each month (the "Fixed Rent"); or
 - (ii) variable rent based on a percentage of sales in the preceding month, payable within several days following the end of each month (the "Percentage Rent").
17. The Company currently employs approximately 80 employees in its retail operations and a further 15 employees at its head office and warehousing facilities. None of the employees are unionized and the Company does not offer a defined benefit pension plan.

18. In addition to employees, stakeholders include landlords, trade and services creditors, federal and provincial governments, Royal Bank of Canada (“**RBC**”), Interim Lenders and customers.

PRINCIPAL CAUSES OF FINANCIAL DIFFICULTIES

19. Since the COVID-19 pandemic (the “**Pandemic**”) made its way to Canada in March 2020, the business operations of the Debtor have been seriously impacted. In particular, beginning in March 2020, government orders mandating the closure of retail outlets during the first wave of the Pandemic caused a significant decline in the Debtor’s sales.
20. In addition to such store closures, since reopening, the Company has noted greatly reduced foot traffic in their stores and a shift in spending activities by consumers, away from purchasing fashion and lingerie items.
21. In particular, as a result of lockdowns, social distancing requirements, business shutdowns and the general decrease of consumers’ spending, the retail lingerie and swimwear business has been greatly impacted as a whole, including the Debtor’s.
22. Although the Debtor has an e-commerce platform, insufficient sales are generated online to offset the decline of in-store sales and, given the particular fit and feel of lingerie and swimwear items which traditionally require an in-store experience, it is unlikely that e-commerce sales for such goods will replace the Debtor’s in-store sales in the near future.
23. The Pandemic has had a severe effect on the Debtor’s 2020 sales particularly sales related to Black Friday (“*vendredi fou*”), Valentine’s Day, spring vacation, the winter holiday season and Boxing Day which were lackluster and well below historical results.
24. As a result of the Pandemic, the forced store closures in Quebec and Ontario, as well as the declining sales, the Company has not met its rent obligations for the majority of their Stores for the months of December 2020, January and February 2021. Consequently, certain landlords have sent the Debtor notices of default, putting the Debtor into an even more precarious position.
25. Additionally, given the Debtor’s financial situation, RBC has sent the Debtor demand and default notices together with a notice of intention to enforce security pursuant to s. 244 of the BIA.
26. Following discussions, the Company has entered into a forbearance agreement with its lender, which stipulates certain milestones and conditions to be respected during its restructuring. Further details are provided in paragraph 35 below.
27. Given the foregoing, the Debtor filed an NOI.

OVERVIEW OF THE DEBTOR'S FINANCIAL SITUATION

28. For the year ended June 30, 2020 and for the 7-month period ended January 31, 2021, the Debtor reported losses before income taxes of \$1,122,000 and \$75,000 respectively. Consequently, the Debtor was unable to generate sufficient liquidities to meet its obligations as they became due.
29. As at January 31, 2021, the Company's assets were mainly comprised of:
- (i) Cash balance amounting to \$717,000; and
 - (ii) Inventory with a book value of approximately \$2.2 million.
30. The Debtor's financial information include fixed assets with a book value of \$2.2 million as at January 31, 2021, mostly comprised of leasehold improvements, furniture and fixtures. The Proposal Trustee is of the view that the market value of the fixed assets in a sale process would be significantly lower than its book value.
31. The Debtor operates from leased premises and does not own any real estate.

THE COMPANY'S CREDITORS

32. At the time of the filing of the NOI, the Company's books and records reflected the following amounts owing to its creditors:

Change of Scandinavia Inc. Creditors (\$000's)	
<u>Secured Creditor</u>	
Royal Bank of Canada	\$ 2,044
<u>Unsecured Creditors</u>	
Change of Scandinavia A/S	\$ 1,092
Vendors & Landlords	865
Vacations payable	101
Gift cards	148
	\$ 2,206

Secured Creditors

33. The Company owes to its principal secured lender, RBC, an amount of approximately \$2 million, excluding fees and expenses. RBC is the Debtor's senior secured lender pursuant to: (a) an operating line of credit; and (b) a number of term loans, secured by hypothecs and security interests charging the Debtor's present and future movable and personal property (the "**Property**").
34. The Proposal Trustee is informed that RBC has registered a first ranking charge on substantially all of the Company's assets (the "**RBC Security**").

35. As a result of the recent breach of certain covenants, Change entered into a Forbearance Agreement with RBC on February 11, 2021 (the "**Forbearance Agreement**"). Under the terms of the Forbearance Agreement, RBC has agreed to tolerate the various defaults and to continue to finance Change's operations during the restructuring period, subject to certain conditions being respected.
36. The Interim Lenders have security interests and hypothecs registered against the Property (the "**Interim Lenders' Security**") ranking after the RBC Security.
37. The Proposal Trustee will, in due course, obtain a legal opinion from its independent legal advisors as to the validity of the RBC Security, the Interim Lenders' Security and any other secured charges that may have been registered on the Company's assets.

Unsecured Creditors

38. The balance due to Change of Scandinavia A/S amounts to approximately \$1.1 million pursuant to various advances and merchandise sales.
39. The amount due to the landlords totals approximately \$848,000 relating to rent arrears for the months of December 2020, January and February 2021.
40. As for the employees, they are paid on a bi-weekly basis, and are projected to be paid in the normal course throughout the Period. Statutory deductions from employees' salaries are made, as required, and remitted to the appropriate governmental authorities, where applicable. These deductions are also current and are projected to remain current throughout the Period. Accrued vacations amount to approximately \$101,000 as of the date hereof.
41. The Company offers gift cards to its customers, and as of the date hereof, approximately \$148,000 are in circulation (the "**Gift Cards**"). In the interest of maintaining customer loyalty and confidence of the customer base, the Debtor plans to continue honoring these Gift Cards.
42. The Proposal Trustee cautions that these amounts may change as proofs of claims are filed, as it is customary in any insolvency proceedings.

THE COMPANY'S STATEMENT OF PROJECTED CASH FLOW

43. The Projections were prepared by management with the assistance of Richter to present the estimated cash receipts, disbursements and indebtedness of Change from March 1, 2021 to April 25, 2021. We summarize the Projections as follows:

Change of Scandinavia Canada Retail Inc. Statement of Projected Cash Flow For the period Mar 1 to April 25, 2021 (\$000's)		Total (56 days)
Collections		
Retail & E-Comm	\$ 1,096	
Subsidies Receipts	115	
	1,211	
Disbursements		
Purchases	(240)	
Payroll	(499)	
Operational Expenses	(143)	
Rent	(527)	
Freight & Duty	(116)	
Interest & Capital Repayment	(104)	
Professional Fees	(115)	
Total Disbursements	(1,744)	
Net Cash Flow	\$ (533)	
Opening Cash		\$ 905
Net Cash Flow	(533)	
Ending Cash	\$ 371	

44. For additional information regarding the Projections, including management's major assumptions and the Proposal Trustee report on the reasonableness of the Projections, please refer to forms 29 and 30 included in **Exhibit "B"**.

THE RELIEF SOUGHT IN THE FIRST MOTION

Rent Payment Measures

45. The Debtor has cash flow constraints and needs to preserve and maximize the use of cash in order to be in a position to restructure its affairs.
46. The Debtor has worked with its advisors and the Proposal Trustee to establish efficient and practical measures in order to properly address such cash flow concerns.

47. One such measure is with respect to payment of rent under the Leases. Accordingly, the Debtor seeks this Court's approval of the following payment measures applicable until a lease is disclaimed pursuant to the BIA (the "**Rent Payment Measures**"):
- (i) with respect to Fixed Rent:
 - a) for the rent due for the remainder of the month of March 2021, such rent shall be paid on March 15, 2021; and
 - b) for the rent due thereafter, rent shall be paid twice monthly in equal payments on the first and fifteenth day of each month, or the following business day if such day is not a business day.
 - (ii) with respect to Percentage Rent Stores, rent shall be paid in arrears on the tenth day of each month, with the first of such payments due on April 10, 2021, or the following business day if such day is not a business day.
48. The Proposal Trustee supports this request for the following reasons:
- (i) This measure will ease the pressure on the Company's cash flow during the restructuring;
 - (ii) As landlords will continue to receive rental payments for the post-filing period, we are of the opinion that landlords will not be materially prejudiced; and
 - (iii) This relief has been granted by Courts in the context of similar insolvency files involving retail chains in the recent past.

Interim Financing

49. The Interim Lenders are prepared to provide the Debtor with an interim financing facility up to the amount of \$2 million (the "**Interim Financing Facility**").
50. The Interim Financing Facility is conditional upon the issuance by this Court of an order granting a charge over the Property, ranking junior to and immediately after the RBC Security and the hereinafter defined "Administration Charge", in favor of the Interim Lenders in the amount of \$2.4 million (including 20% additional hypothec to secure amounts and items not secured by the principal amount of \$2 million), in order to secure the Debtor's obligations under such financing (the "**Interim Financing Charge**").
51. The Proposal Trustee supports this request as it will provide financing, as and when required, to purchase new merchandise and continue operations throughout the restructuring. Furthermore, RBC has indicated that it is supportive of the Interim Financing Facility and the Interim Financing Charge.

Administrative Charge

52. The Debtor is seeking an order granting a charge in the amount of \$100,000 in respect of the post-filing professional fees of the Debtor's counsel, the Proposal Trustee and its counsel (the "**Administration Charge**").

53. As outlined in the First Motion, the Debtor requests that the Administration Charge rank junior to the RBC Security but senior to the Interim Financing Charge.
54. The Proposal Trustee believes that the Administration Charge is reasonable in view of the level of work to be undertaken by the various professionals.

Gift Cards

55. The Debtor is seeking this Court's permission to honor the Gift Cards representing a potential pre-filing commitment of approximately \$148,000.
56. The Proposal Trustee supports this request in order to maintain the confidence and loyalty of the Debtor's customers.

CONCLUSION AND RECOMMENDATION

57. Based on the foregoing, the Proposal Trustee respectfully recommends that this Honorable Court grant the relief sought in the First Motion, as summarized below:
 - (i) Approving the Rent Payment Measures;
 - (ii) Authorizing the Interim Financing Facility and granting the Interim Financing Charge;
 - (iii) Granting the Administration Charge; and
 - (iv) Authorizing the Debtor to continue to honor the Gift Cards.

Respectfully submitted at Montreal, this 3rd day of March 2021.

Richter Advisory Group Inc.
Licensed Insolvency Trustee



Olivier Benchaya, CPA, CA, CIRP, LIT
Partner

EXHIBIT A



Industry Canada

Office of the Superintendent
of Bankruptcy Canada

Industrie Canada

Bureau du surintendant
des faillites Canada

District of Québec
Division No. 01 - Montreal
Court No. 500-11-059566-212
Estate No. 41-2716886

In the Matter of the Notice of Intention to make a proposal of:

Change of Scandinavia Canada Retail Inc.

Insolvent Person

RICHTER ADVISORY GROUP INC / RICHTER GROUPE CONSEI

Licensed Insolvency Trustee

Date of the Notice of Intention:

March 02, 2021

CERTIFICATE OF FILING OF A NOTICE OF INTENTION TO MAKE A PROPOSAL

Subsection 50.4 (1)

I, the undersigned, Official Receiver in and for this bankruptcy district, do hereby certify that the aforementioned insolvent person filed a Notice of Intention to Make a Proposal under subsection 50.4 (1) of the Bankruptcy and Insolvency Act;

Pursuant to subsection 69. (1) of the Act, all proceedings against the aforementioned insolvent person are stayed as of the date of filing of the Notice of Intention.

Date: March 02, 2021, 16:01

E-File/Dépôt Electronique

Official Receiver

Sun Life Building, 1155 Metcalfe Street, Suite 950, Montréal, Québec, Canada, H3B2V6, (877)376-9902

Canada

EXHIBIT B

District of: Québec
 Division No.: 01-Montréal
 Court No.: 500-11-059566-212
 Estate No.: 41-2716886

**Statement of Projected Cash Flows for:
 Change of Scandinavia Canada Retail Inc.**

Projected Weekly Cash Flow	Week 1	Week 2	Week 3	Week 4	Week 5	Week 6	Week 7	Week 8	Total
Week ending	7-Mar-21	14-Mar-21	21-Mar-21	28-Mar-21	4-Apr-21	11-Apr-21	18-Apr-21	25-Apr-21	8-Week
\$'000	(Projected)	(Projected)	(Projected)	(Projected)	(Projected)	(Projected)	(Projected)	(Projected)	(Projected)
Collections									
Retail & E-Comm	\$ 115	\$ 117	\$ 117	\$ 117	\$ 117	\$ 159	\$ 176	\$ 176	\$ 1,096
Subsidies Receipts	-	-	38	-	38	-	38	-	115
	115	117	156	117	156	159	215	176	1,211
Disbursements									
Purchases	-	-	(150)	-	-	(90)	-	-	(240)
Payroll	(113)	-	(126)	-	(134)	-	(126)	-	(499)
Operational Expenses	(10)	(10)	(10)	(28)	(8)	(8)	(8)	(30)	(114)
Rent	-	-	(261)	-	(133)	-	(133)	-	(527)
Freight & Duty	-	-	(51)	-	-	(65)	-	-	(116)
Sales Taxes	-	-	-	-	(29)	-	-	-	(29)
Financial Charges	-	(2)	(3)	(2)	-	-	(2)	(2)	(10)
Capital Repayment	-	(17)	(27)	(23)	-	-	(11)	(17)	(94)
Professional Fees	(57)	-	-	-	(57)	-	-	-	(115)
	(181)	(28)	(628)	(54)	(362)	(163)	(279)	(49)	(1,744)
Net Cash Flow	(66)	89	(472)	64	(206)	(3)	(64)	127	(533)
Opening Cash	905	839	927	455	518	312	309	244	905
Ending Cash	\$ 839	\$ 927	\$ 455	\$ 518	\$ 312	\$ 309	\$ 244	\$ 371	\$ 371

A Zucker

 Ari Zucker

March 3, 2021

 Date

Olivier

 Olivier Benchaya, CPA, CA, CIRP, LIT

March 3, 2021

 Date

District of: Québec
Division No.: 01-Montréal
Court No.: 500-11-059566-212
Estate No.: 41-2716886

FORM 29
Trustee's Report on Cash-Flow Statement
(Paragraphs 50(6)(b) and 50.4(2)(b) of the Act)

In the Matter of the Notice of Intention to Make a Proposal of
Change of Scandinavia Canada Retail Inc. "**Debtor**"
Of the City of Montreal
In the Province of Québec

The attached statement of projected cash flow of the Debtor, as of the 3rd day of March 2021, consisting of the period from March 1, 2021 to April 25 2021, has been prepared by the management of the insolvent person for the purpose described in the notes attached, using the probable and hypothetical assumptions set out in the notes attached.

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

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

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

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

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

Dated at the City of Montréal, in the Province of Quebec, this 3rd day March 2021.

Richter Advisory Group Inc.
Licensed Insolvency Trustee
Per:



Olivier Benchaya, CPA, CA, CIRP, LIT
1981 McGill College, 11th Floor
Montréal QC H3A 0G6
Phone: (514) 934-3400 Fax: (514) 934-8603

District of: Québec
Division No.: 01-Montréal
Court No.: 500-11-059566-212
Estate No.: 41-2716886

FORM 29 – ATTACHMENT
Trustee's Report on Cash-Flow Statement
(Paragraphs 50(6)(b) and 50.4(2)(b) of the Act)

In the Matter of the Notice of Intention to Make a Proposal of
Change of Scandinavia Canada Retail Inc. "**Debtor**"
Of the City of Montreal
In the Province of Québec

Purpose:

The Debtor filed a Notice of Intention to Make a Proposal on March 2, 2021. The purpose of this Statement of Projected Cash Flow is to present the estimated cash receipts and disbursements of the Debtor (the "Company"), for the period March 1, 2021 to April 25, 2021, relating to the filing of a Notice of Intention to Make a Proposal on March 2, 2021.

This Statement of Projected Cash Flow has been prepared by management on March 3, 2021, based on available financial information at that date in accordance with Section 50.4(2) of the Bankruptcy and Insolvency Act and should be read in conjunction with the Trustee's Report on the Cash Flow Statement. Readers are cautioned that this information may not be appropriate for other purposes.

Projection Notes:

The Statement of Projected Cash Flow has been prepared using probable assumptions supported and consistent with the plans of the Company for the period March 1, 2021 to April 25, 2021, considering the economic conditions that are considered the most probable by management. As the cash flow is based upon various assumptions regarding future events and circumstances, variances will exist and said variances may be material. Accordingly, we express no assurance as to whether the projections will be achieved.

Assumptions:

(a) Projected Cash Receipts

The projected cash receipts are estimated by management, based upon historical and recent sales trends adjusted to reflect management's restructuring plan.

(b) Projected Cash Disbursements

The projected cash disbursements are based upon historical data adjusted to reflect the current level of activity, best estimates of the Company and management's restructuring plan;

Professional fees are based on management's estimate and relate to the filing of the Notice of Intention to Make a Proposal and restructuring;

The current government remittances for source deductions and sales taxes are included in the disbursement assumptions.

The cash disbursements do not provide for the payment of arrears to unsecured creditors.

Dated at the City of Montréal in the Province of Quebec, this 3rd day March 2021.

Richter Advisory Group Inc.

Licensed Insolvency Trustee

Per:



Olivier Benchaya, CPA, CA, CIRP, LIT
1981 McGill College, 11th Floor
Montréal QC H3A 0G6
Phone: (514) 934-3400 Fax: (514) 934-8603

District of: Québec
Division No.: 01-Montréal
Court No.: 500-11-059566-212
Estate No.: 41-2716886

- FORM 30 -
Report on Cash-Flow Statement by the Person Making the Proposal
(Paragraphs 50(6)(c) and 50.4(2) (c) of the Act)

In the Matter of the Notice of Intention to Make a Proposal of
Change of Scandinavia Canada Retail Inc. "**Debtor**"
Of the City of Montreal
In the Province of Québec

The management of the Debtor has developed the assumptions and prepared the attached statement of projected cash flow of the insolvent person, as of the 3rd day of March 2021, consisting of the period from March 1, 2021 to April 25, 2021.

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

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

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

Dated at the City of Montreal in the Province of Quebec, this 3rd day of March 2021.

A Zucker

Debtor

Ari Zucker
President

Name and title of signing officer

District of: Québec
Division No.: 01-Montréal
Court No.: 500-11-059566-212
Estate No.: 41-2716886

- FORM 30 - Attachment
Report on Cash-Flow Statement by the Person Making the Proposal
(Paragraphs 50(6)(c) and 50.4(2) (c) of the Act)

In the Matter of the Notice of Intention to Make a Proposal of
Change of Scandinavia Canada Retail Inc. "**Debtor**"
Of the City of Montreal
In the Province of Québec

Purpose:

The Debtor filed a Notice of Intention to Make a Proposal on March 2, 2021. The purpose of this Statement of Projected Cash Flow is to present the estimated cash receipts and disbursements of the Debtor (the "Company"), for the period March 1, 2021 to April 25, 2021 relating to the filing of a Notice of Intention to Make a Proposal on March 2, 2021.

This Statement of Projected Cash Flow has been prepared by management on March 3, 2021, based on available financial information at that date in accordance with Section 50.4(2) of the Bankruptcy and Insolvency Act and should be read in conjunction with the Trustee's Report on the Cash Flow Statement. Readers are cautioned that this information may not be appropriate for other purposes.

Projection Notes:

The Statement of Projected Cash Flow has been prepared using probable assumptions supported and consistent with the plans of the Company for the period March 1, 2021 to April 25, 2021, considering the economic conditions that are considered the most probable by management. As the cash flow is based upon various assumptions regarding future events and circumstances, variances will exist and said variances may be material. Accordingly, we express no assurance as to whether the projections will be achieved.

Assumptions:

(a) Projected Cash Receipts

The projected cash receipts are estimated by management, based upon historical and recent sales trends adjusted to reflect management's restructuring plan.

(b) Projected Cash Disbursements

The projected cash disbursements are based upon historical data adjusted to reflect the current level of activity, best estimates of the Company and management's restructuring plan;

Professional fees are based on management's estimate and relate to the filing of the Notice of Intention to Make a Proposal and restructuring;

The current government remittances for source deductions and sales taxes are included in the disbursement assumptions.

The cash disbursements do not provide for the payment of arrears to unsecured creditors.

Dated at the City of Montreal, in the Province of Quebec, this 3rd day of March 2021.

A Zucker

Debtor

Ari Zucker
President

Name and title of signing officer