

Court File No. 32-2670414

GEOX CANADA INC.

**THIRD REPORT OF RICHTER ADVISORY GROUP INC.
IN ITS CAPACITY AS TRUSTEE UNDER THE
NOTICE OF INTENTION TO MAKE A PROPOSAL OF
GEOX CANADA INC.**

DECEMBER 22, 2020

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ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

IN THE MATTER OF THE *BANKRUPTCY AND INSOLVENCY ACT*, R.S.C. 1985, C. B-3, AS AMENDED
AND IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF GEOX CANADA INC., OF THE
CITY OF MISSISSAUGA, IN THE PROVINCE OF ONTARIO

THIRD REPORT OF RICHTER ADVISORY GROUP INC.
IN ITS CAPACITY AS TRUSTEE UNDER THE
NOTICE OF INTENTION TO MAKE A PROPOSAL OF
GEOX CANADA INC.

DECEMBER 22, 2020

I. INTRODUCTION

1. On September 8, 2020 (the **"Filing Date"**), Geox Canada Inc. (**"Geox Canada"** or the **"Company"**) filed a Notice of Intention to Make a Proposal (**"NOI"**) pursuant to Section 50.4(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B.-3, as amended (the **"BIA"**), and Richter Advisory Group Inc. was appointed as proposal trustee (in such capacity, the **"Proposal Trustee"**). The NOI proceedings commenced by Geox Canada under the BIA are herein referred to as the **"NOI Proceedings"**.
2. The primary objectives of the NOI Proceedings were, and continue to be, to: (i) stabilize Geox Canada's business, (ii) facilitate the ongoing operations of the Company, and (iii) provide the Company with an opportunity to restructure its business and affairs, including, but not limited to, reducing overhead costs, renegotiating the terms of its commercial leases and growing its online and multi-channel strategy.
3. On October 6, 2020, the Ontario Superior Court of Justice (Commercial List) (the **"Court"**) issued an order (the **"October 6 Stay Extension Order"**), which, among other things, granted:
 - (i) a priority charge over the Company's property, assets and undertaking in the principal amount of \$150,000 to secure the fees and disbursements of the Proposal Trustee, the Proposal Trustee's legal counsel, Fasken Martineau DuMoulin LLP (**"Fasken"**), and the Company's legal counsel, Aird & Berlis LLP (**"A&B"**), pursuant to section 64.2 of the BIA; and
 - (ii) an extension to the Company of the time to file its proposal from October 8, 2020 to November 22, 2020 (the **"Proposal Period"**).
4. On November 20, 2020, the Court issued a further order (the **"November 20 Stay Extension Order"**), among other things, extending the Proposal Period to January 6, 2021.
5. This report is the Proposal Trustee's third report to Court (the **"Third Report"**). The Proposal Trustee's first report dated October 1, 2020 (the **"First Report"**) was filed with the Court to, among other things, provide background information on the Company and events leading to the NOI Proceedings, discuss the Company's post-filing strategy, provide an update on the activities of the Proposal Trustee since the Filing Date and support the Company's request for the October 6 Stay Extension Order. The Proposal Trustee's second report dated November 17, 2020 (the **"Second Report"**) was filed with the Court to, among other things, provide an update on the activities of the Proposal Trustee since the First Report and support the Company's request for the November 20 Stay Extension Order. A copy of the First Report, the Second Report, and other materials pertaining to the NOI Proceedings are available on the Proposal Trustee's website at <https://www.richter.ca/insolvencycase/geox-canada-inc/> (the **"Case Website"**).

II. PURPOSE OF THE THIRD REPORT

6. The purpose of this Third Report is to provide the Court with information pertaining to the following:
 - (i) the activities of the Proposal Trustee since the date of the Second Report;
 - (ii) an update on Geox Canada's post-filing restructuring efforts;
 - (iii) the Company's actual receipts and disbursements for the period from November 7, 2020 to December 18, 2020, including a comparison of reported to forecast results; and
 - (iv) the Proposal Trustee's recommendation that this Court grant an order, as requested by the Company:
 - (a) approving a further 45-day extension of the Proposal Period to February 20, 2021 (the "**Extension**"); and
 - (b) approving this Third Report and the activities, actions and conduct of the Proposal Trustee set out herein.

III. TERMS OF REFERENCE

7. In preparing this Third Report, the Proposal Trustee has relied upon certain unaudited, draft, and / or internal financial information prepared by representatives of the Company, the Company's books and records, and discussions with representatives of the Company and the Company's legal counsel (collectively, the "**Information**"). In accordance with industry practice, except as otherwise described in this Third Report, the Proposal Trustee has reviewed the Information for reasonableness, internal consistency, and use in the context in which it was provided. However, the Proposal Trustee has not audited or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would comply with Generally Accepted Auditing 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.
8. Parties relying on this Third Report, other than for the purposes outlined herein, are cautioned that it may not be appropriate for their purposes, and consequently should not be used for any other purpose.
9. This Third Report should be read in conjunction with the affidavit of Mr. Gino Stinziani sworn December 16, 2020 (the "**Third Stinziani Affidavit**"), as certain information contained in the Third Stinziani Affidavit has not been included herein in order to avoid unnecessary duplication. A copy of the Third Stinziani Affidavit (without exhibits) is attached hereto as **Appendix "A"**.
10. Unless otherwise noted, all monetary amounts contained in this Third Report are expressed in Canadian dollars.

IV. ACTIVITIES OF THE PROPOSAL TRUSTEE

11. The Proposal Trustee's activities since the Second Report have included, *inter alia*, the following:

- (i) maintaining the Case Website;
- (ii) implementing procedures for the monitoring of the Company's sales and cash flows and for ongoing reporting of variances to the Cash Flow Forecast (as defined in the First Report);
- (iii) assisting the Company with preparing an extended forecast of the Company's receipts and disbursements (the **"Second Extended Cash Flow Forecast"**) for the period from December 19, 2020 to February 26, 2021;
- (iv) preparing an analysis of the potential claims against the Company in connection with assisting with the formulation of the Company's proposal to be filed and presented to its unsecured creditors;
- (v) preparing an analysis setting out the estimated realizations of the Company in a liquidation scenario, and consulting with an experienced liquidator in connection with same (the **"Liquidation Analysis"**);
- (vi) meeting and corresponding with the Company and A&B regarding the Second Extended Cash Flow Forecast, cash management, supplier issues, landlord matters, the Liquidation Analysis, matters in connection with the development of the Company's proposal, and various other matters in connection with the Company's operations and the NOI Proceedings;
- (vii) corresponding with Fasken regarding various matters pertaining to the NOI Proceedings;
- (viii) responding to calls and enquiries from creditors, former employees and other stakeholders in connection with the NOI Proceedings;
- (ix) reviewing materials filed with the Court in respect of the NOI Proceedings;
- (x) attending before the Court in connection with the November 20 Stay Extension Order; and
- (xi) drafting this Third Report.

V. UPDATE ON GEOX CANADA'S POST-FILING RESTRUCTURING EFFORTS

12. As noted in the First Report, Geox Canada has, prior to and since the Filing Date, implemented certain strategic initiatives to address its profitability issues, which were exacerbated by the damaging impacts of COVID-19 on its business, and to work towards a restructuring of the Geox Canada business. Those initiatives include, among others, reducing its retail footprint by exiting certain underperforming stores, negotiating with landlords for rent concessions with respect to its

remaining lease portfolio, and expanding its focus to e-commerce and a multi-channel strategy, supported by a robust marketing plan and new retail concept developed in conjunction with its parent.

13. As noted in the Second Report, in order to reduce its retail footprint as part of its larger restructuring strategy, the Company has exited eight of its thirty retail stores either by way of disclaimer or termination of the corresponding lease. As noted in the Third Stinziani Affidavit, Geox Canada currently has no intention to disclaim any further leases.
14. As noted in the Third Stinziani Affidavit, the Company, with the support of its advisors, has continued to engage in negotiations with its landlords to obtain certain rent concessions and mutually acceptable amendments in respect of its remaining lease agreements. The Proposal Trustee understands that, as of the date of this Third Report, the Company has finalized or is in the process of finalizing amending agreements with its landlords for the remaining locations.
15. The Proposal Trustee understands that, in consideration of the progress made with respect to Geox Canada's restructuring of its lease portfolio and landlord negotiations, the Company is now in a position to finalize the terms of a proposal to its creditors. However, as the Company is still in the process of preparing the required documentation to formalize the various lease amendments, Geox Canada is seeking the Extension. If the Extension is granted, the Proposal Trustee understands that, subject to finalizing the lease amendments, the Company anticipates filing its proposal shortly thereafter.

VI. CASH RECEIPTS AND DISBURSEMENTS FROM NOVEMBER 7 TO DECEMBER 18, 2020

16. As noted in the Second Report, in support of the Company's motion for the November 20 Stay Extension Order, the Company, with the assistance of the Proposal Trustee, prepared, in accordance with Section 50.4(2) of the BIA, an extended cash flow forecast (the "**First Extended Cash Flow Forecast**"), representing a forecast of the Company's projected receipts and disbursements for the period November 7, 2020 to January 21, 2021.
17. The Company has continued to provide the Proposal Trustee with its co-operation and access to its books and records as requested by the Proposal Trustee. The Proposal Trustee has implemented various procedures for monitoring the Company's receipts and disbursements on a weekly basis. The Proposal Trustee has also prepared forecast-to-actual variance analyses with respect to the Company's weekly receipts and disbursements, as compared to the First Extended Cash Flow Forecast.

18. A comparison of the Company's actual cash receipts and disbursements, as compared to the First Extended Cash Flow Forecast for the six-week period from November 7, 2020 to December 18, 2020 (the "Comparison Period"), is summarized as follows:

| Geox Canada Inc. For the Period November 7, 2020 - December 18, 2020 CAD\$; unaudited | | | |
|---|------------------|------------------|----------------|
| Receipts | Actuals | Forecast | Variance |
| Receipts | 3,556,680 | 3,357,166 | 199,514 |
| Wage subsidy | 290,854 | 488,480 | (197,626) |
| Total receipts | 3,847,535 | 3,845,646 | 1,889 |
| Disbursements | | | |
| Purchases | - | 320,718 | 320,718 |
| Payroll | 758,743 | 1,040,992 | 282,249 |
| Operating expense | 1,252,184 | 1,358,741 | 106,557 |
| Rent | 458,627 | 457,550 | (1,077) |
| Taxes | 171,525 | 186,803 | 15,278 |
| Professional fees | 185,756 | 285,928 | 100,172 |
| Total disbursements | 2,826,835 | 3,650,732 | 823,897 |
| Net cash inflow | 1,020,699 | 194,914 | 825,785 |
| Opening cash | 1,742,440 | 1,742,440 | - |
| Net cash inflow | 1,020,699 | 194,914 | 825,785 |
| Credit facility advances | - | - | - |
| Closing cash | 2,763,139 | 1,937,354 | 825,785 |

19. As reflected in the summary table above, the Company reported a net cash inflow of approximately \$1.0 million over the Comparison Period, and the Company had a cash balance of approximately \$2.8 million as at December 18, 2020. The Company has a favourable cash flow variance of approximately \$0.8 million in comparison to the First Extended Cash Flow Forecast during the Comparison Period.
20. The favourable cash flow variance of approximately \$0.8 million pertains principally to the following:
- (i) favourable timing differences primarily attributable to receipts from wholesale channel customers, which were collected faster than anticipated, as well as payment of operating expenses, purchases and professional fees; and
 - (ii) a favourable permanent difference attributable to payroll, resulting from lower than forecasted staff hours at retail stores. The foregoing variance was partially offset by an unfavourable permanent difference attributable to a corresponding reduction in government wage subsidies.
21. The Company has continued to pay post-filing rent and other operating costs in respect of its remaining retail stores and its head office.

VII. EXTENSION OF THE PROPOSAL PERIOD

22. In support of its request for the Extension, the Company, with the assistance of the Proposal Trustee, has prepared the Second Extended Cash Flow Forecast, a copy of which is attached hereto as **Appendix “B”**, and which is summarized below:

| Geox Canada Inc. Second Extended Cash Flow Forecast For the Period December 19, 2020 - February 26, 2021 CAD,000's; unaudited | |
|--|----------------|
| Receipts | |
| Wholesale, retail and e-commerce | 3,477 |
| CERS subsidy | 117 |
| Wage subsidy | 500 |
| Total receipts | 4,094 |
| Disbursements | |
| Purchases | 686 |
| Payroll | 1,399 |
| Operating expense | 2,464 |
| Rent | 876 |
| Royalties | 348 |
| Taxes | 410 |
| Professional fees | 291 |
| Total disbursements | 6,475 |
| Net cash outflow | (2,381) |
| Opening cash | 2,763 |
| Net cash outflow | (2,381) |
| Closing cash | 382 |

23. The Second Extended Cash Flow Forecast reflects that the Company is projected to have sufficient liquidity to fund both operating costs and the costs of the NOI Proceedings for the period of the Extension, if granted.
24. Management's report on the Cash Flow Forecast as required by Section 50.4(2)(c) of the BIA and the Proposal Trustee's report on the Cash Flow Forecast as required by Section 50.4(2)(b) of the BIA are attached hereto as **Appendix “C”** and **Appendix “D”**, respectively.
25. The Proposal Trustee is of the view that the proposed Extension is appropriate in the circumstances and supports the Company's request for the Extension for the following reasons:
- (i) the Extension will provide the Company, with the assistance of legal counsel and the Proposal Trustee, the opportunity to advance its restructuring plan, including to formalize agreements with its landlords with a view to achieving a viable path forward for those locations;
 - (ii) the Extension will afford the Company the time needed to finalize the terms of its proposal to its creditors;

- (iii) the Company is acting in good faith and with due diligence;
- (iv) it is the Proposal Trustee's view that the Extension will not prejudice or adversely affect any group of creditors, as Geox Canada is projected to have sufficient funds to pay post-filing services and supplies, as contemplated in the Second Extended Cash Flow Forecast; and
- (v) Geox S.p.A., the Company's principal secured lender, is supportive of the Extension.

VIII. CONCLUSION AND RECOMMENDATION

26. Based on the forgoing, the Proposal Trustee respectfully recommends that this Court grant the relief set out in paragraph 6(iv) in this Third Report.

All of which is respectfully submitted this 22nd day of December, 2020.

Richter Advisory Group Inc.
in its capacity as Trustee *in re* the Proposal of
Geox Canada Inc.
And not in its personal capacity

Per:



Gilles Benchaya, CPA, CA, CIRP, LIT, CTP



Adam Zeldin, CPA, CA, CIRP, LIT

Appendix “A”

District of Ontario
Division No. 09 – Mississauga
Court File No. 32-2670414
Estate No. 32-2670414

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

IN THE MATTER OF THE *BANKRUPTCY AND INSOLVENCY ACT*, R.S.C. 1985, C. B-3, AS
AMENDED

AND IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF
GEOX CANADA INC., OF THE CITY OF MISSISSAUGA, IN THE PROVINCE OF
ONTARIO

**AFFIDAVIT OF GINO STINZIANI
(SWORN DECEMBER 16, 2020)**

I, **GINO STINZIANI**, of the City of Toronto, in the Province of Ontario, **MAKE OATH
AND SAY AS FOLLOWS:**

1. I am a director of GEOX Canada Inc. (“**Geox**” or the “**Company**”) and, as such, I have personal knowledge of the matters to which I hereinafter depose. Where the source of my information or belief is other than my own personal knowledge, I have identified the source and the basis for my information and believe it to be true. All amounts herein are expressed in Canadian dollars unless otherwise indicated.

2. The Company is the Canadian subsidiary of Geox Holland BV, a company formed under the laws of Belgium, which is a subsidiary of Geox S.p.A. (“**Topco**”), a company formed under the laws of Italy, which acts as an operating holding company, and which has business in various jurisdictions around the world. Geox, as part of this larger retail group, carries on business as a retailer and wholesaler of footwear and outerwear across Canada.

3. Similar to many other Canadian retailers, Geox has been significantly impacted by the Covid 19 pandemic during an already volatile retail market. Canadian sales have dropped significantly since early 2020, and the Company's revenues continue to be stagnant, and well below previous year's revenues.

4. In response to a sharp decline in sales, accelerated by the Covid 19 pandemic, Geox filed a Notice of Intention to Make a Proposal (the "**NOI Proceedings**") under the *Bankruptcy and Insolvency Act* (Canada) on September 8, 2020 (the "**Filing Date**"). Richter Advisory Group Inc. was appointed proposal trustee *in re* the proposal of Geox (in such capacity, the "**Proposal Trustee**"). Attached hereto and marked as **Exhibit "A"** is a copy of the Certificate of Filing of a Notice of Intention to Make a Proposal.

5. On September 28, 2020, I swore an affidavit (the "**First Stinziani Affidavit**") in support of a motion by Geox for an order (the "**October 6 Order**"), among other things, extending the time period for the Company to file a proposal with the Official Receiver (the "**Proposal Period**"), to and including November 22, 2020, which relief was granted pursuant to an endorsement of the Honourable Madam Justice Conway dated October 6, 2020. Copies of each of the First Stinziani Affidavit, without exhibits, and the October 6 Order are attached hereto and marked as **Exhibits "B"** and **"C"**, respectively.

6. On November 5, 2020, I swore a further affidavit (the "**Second Stinziani Affidavit**" and together with the First Stinziani Affidavit, the "**Previous Affidavits**") in support of a motion by Geox for an order (the "**November 20 Order**"), among other things, further extending the Proposal Period to and including January 6, 2021, which relief was granted pursuant to an endorsement of the Honourable Madam Justice Dietrich dated November 20, 2020. Copies of each

of the Second Stinziani Affidavit, without exhibits, and the November 20 Order are attached hereto and marked as **Exhibits “D”** and **“E”**, respectively.

7. As stated in the Previous Affidavits, the Company intends to use the NOI Proceedings to restructure its operations and, ultimately, file a proposal to its unsecured creditors, with the hopes of exiting the NOI Proceedings and returning to profitability.

8. This affidavit is sworn in support of a motion brought by Geox in these NOI Proceedings, seeking an order, substantially in the form of the draft order attached at Tab 3 of the Company’s motion record returnable January 4, 2021, among other things:

- (a) if necessary, validating the service and filing of the notice of motion, the Company’s motion record and the third report of the Proposal Trustee to be filed by the Proposal Trustee in connection with this motion (the **“Third Report”**) or, in the alternative, dispensing with same;
- (b) approving the Third Report, and the actions, activities and conduct of the Proposal Trustee set out therein; and
- (c) further extending the Proposal Period to and including February 20, 2021.

Ongoing discussions with Stakeholders

9. Since the Filing Date, the Company has been actively engaged with its stakeholders, with the support of Topco. In particular, the Company, in consultation with the Proposal Trustee, has worked proactively with Topco to ensure an uninterrupted supply chain and ongoing business relationship with most of its significant manufacturers.

10. As noted in the Previous Affidavits, the Company has only disclaimed and/or terminated eight of its thirty leases in Canada to date. At this time, there is no intention to disclaim any further

leases, as discussions with the Company's remaining landlords have progressed well over the past few months.

11. The Company and its advisors have been engaged in significant negotiations with its landlords to obtain certain concessions and mutually acceptable amendments in respect of its remaining lease arrangements.

12. However, the Covid-19 pandemic has caused significant delays in finalizing such agreements, as, not surprisingly, the landlords have been dealing with many other retail tenants since the beginning of the pandemic.

13. Accordingly, the Company intends to use the requested extension to the Proposal Period, should the Court grant such relief, to finalize many of these agreements, and to formulate and finalize a proposal to be presented to its unsecured creditors.

14. The Company and its legal counsel, Aird & Berlis LLP, in consultation with the Proposal Trustee, have begun putting together the terms of a proposal.

15. At this time, the Proposal Trustee has advised that it is in the process of obtaining an independent liquidation analysis and finalising its review of same, so that it is prepared to complete its assessment of any eventual proposal put forward by the Company.

Extension of Stay of Proceedings

16. Extending the Proposal Period by an additional forty-five (45) days to February 20, 2021, will allow Geox to continue to work with its stakeholders to advance its restructuring plan and develop a proposal to present to its creditors.

17. The Company continues to actively engage with its landlords to finalize revised leasing terms, mutually acceptable to the Company and its landlords, for those locations that the Company hopes will remain in place following the NOI Proceedings.

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18. I believe that the Company has been acting in good faith and with due diligence, including with respect to bringing this motion to, among other things, continue to productively engage with its stakeholders in order to restructure its affairs and present a viable proposal that will be satisfactory to its unsecured creditors.

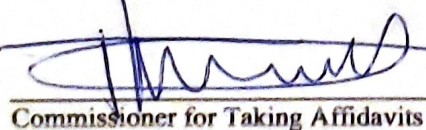
19. I am not aware of any creditors who would be materially prejudiced by the requested extension to the Proposal Period. The cash flow forecast prepared by Geox, with the assistance of the Proposal Trustee, to be attached to the Third Report, reflects that Geox will have sufficient liquidity to cover Geox's operating and restructuring costs throughout the proposed extension of the Proposal Period.

20. I also understand that Topco, the Company's only secured lender, supports the relief being sought by the Company.

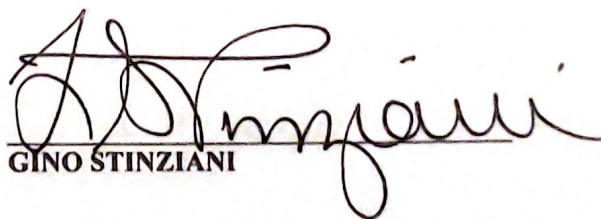
21. Furthermore, I understand that the Proposal Trustee supports the requested extension sought on this motion, and will be setting out the reasons for its support in the Third Report.

22. I make this affidavit in support of the motion brought by the Company in these NOI Proceedings, seeking an order, substantially in the form of the draft order attached at Tab 3 of the Company's motion record returnable January 4, 2021, and for no improper purpose.

SWORN remotely by Gino Stinziani, via videoconference, stated as being located in the City of Toronto, in the Province of Ontario, before me at the City of Toronto, in the Province of Ontario, this 16th day of December, 2020, in accordance with O. Reg 431/20, Declaration Remotely.


Commissioner for Taking Affidavits

Kyle B. Plunkett


GINO STINZIANI

Appendix “B”

Geox Canada Inc. (the "Company")
 Projected Statement of Cash Flow Under Notice of Intention to Make a Proposal ("NOI")
 For the Period December 19, 2020 to February 26, 2021
 (In Canadian Dollars)

| Notes | Week Ending | | | | | | | | | | Total |
|--|-------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-------------|
| | 25-Dec-20 | 1-Jan-21 | 8-Jan-21 | 15-Jan-21 | 22-Jan-21 | 29-Jan-21 | 5-Feb-21 | 12-Feb-21 | 19-Feb-21 | 26-Feb-21 | |
| Receipts | | | | | | | | | | | |
| 1 Receipts | 245,722 | 394,114 | 324,312 | 315,384 | 298,429 | 306,890 | 375,986 | 372,107 | 403,367 | 440,838 | 3,477,150 |
| 2 CERS Subsidy | - | - | - | - | 117,443 | - | - | - | - | - | 117,443 |
| 3 Wage Subsidy | 163,886 | - | - | - | 168,241 | - | - | - | 167,460 | - | 499,587 |
| Total receipts | 409,608 | 394,114 | 324,312 | 315,384 | 584,113 | 306,890 | 375,986 | 372,107 | 570,827 | 440,838 | 4,094,180 |
| Disbursements | | | | | | | | | | | |
| 4 Purchases | - | - | - | - | - | - | - | - | 343,209 | 343,209 | 686,418 |
| 5 Payroll | 280,401 | - | 280,401 | - | 280,401 | - | 279,100 | - | 279,100 | - | 1,399,403 |
| 6 Operating expense | 397,153 | 334,703 | 126,967 | 125,665 | 377,660 | 336,487 | 134,498 | 133,933 | 248,564 | 248,110 | 2,463,740 |
| 7 Rent | - | 488,541 | - | - | - | - | 387,835 | - | - | - | 876,375 |
| 8 Royalties | - | - | - | - | - | 348,269 | - | - | - | - | 348,269 |
| 9 Taxes | 164,827 | 27,352 | - | - | - | 164,969 | - | - | - | 52,788 | 409,936 |
| 10 Professional Fees | - | 76,285 | 25,428 | - | 25,428 | 50,857 | 36,680 | - | 25,428 | 50,857 | 290,864 |
| Total Disbursements | 842,381 | 926,881 | 432,796 | 125,665 | 1,031,758 | 552,313 | 838,113 | 133,933 | 896,301 | 694,964 | 6,475,105 |
| Net Cashflow | | | | | | | | | | | |
| | (432,773) | (532,767) | (108,484) | 189,719 | (447,645) | (245,423) | (462,127) | 238,174 | (325,474) | (254,126) | (2,380,926) |
| Operating Cash | | | | | | | | | | | |
| Net cash inflow / (outflow) | 2,763,140 | 2,330,368 | 1,797,601 | 1,689,117 | 1,878,836 | 1,431,191 | 1,185,768 | 723,641 | 961,815 | 636,341 | 2,763,140 |
| Credit Facility advances / (repayment) | (432,773) | (532,767) | (108,484) | 189,719 | (447,645) | (245,423) | (462,127) | 238,174 | (325,474) | (254,126) | (2,380,926) |
| Closing Cash | 2,330,368 | 1,797,601 | 1,689,117 | 1,878,836 | 1,431,191 | 1,185,768 | 723,641 | 961,815 | 636,341 | 382,215 | 382,215 |

The projected statement of cash flow has been prepared pursuant to the requirements of Section 50.4(2) of the Bankruptcy and Insolvency Act and solely for that purpose.

Signed this 22nd day of December

 Geox Canada Inc.

The projected statement of cash flow has been prepared pursuant to the requirements of section 50.4(2) of the Bankruptcy and Insolvency Act and should be read in conjunction with the attached Trustee's Report on Cash-Flow Statement dated December 22, 2020 and the Report on Cash-Flow Statement by the Person Making the Proposal dated December 22, 2020.

Richter Advisory Group Inc., in its capacity as Trustee
 Under the Notice of Intention To Make a Proposal of
 Geox Canada Inc.
 And not in its personal capacity

Per:



Gilles Benchaya, LIT
 Senior Vice President

Key assumptions

1. The Company operates through three major divisions: wholesale (the "Wholesale Division"), retail (the "Retail Division"), and e-commerce (the "E-commerce Division") and receipts are comprised of collections from the three divisions. With respect to receipts generally, the cash flow forecast assumes a reduced revenue plan based on Management's best estimate in light of Covid-19.
 - Receipts from the Wholesale Division represent the sale of goods to various retail stores and distributors, and are based on current customer purchase orders and historical payment terms.
 - Receipts from the Retail Division represent the sale of goods through the Company's retail stores. At the filing date, the Company operated 30 retail stores in Canada. On September 9, 2020, the Company issued notices of disclaimer in respect of 5 of its retail leases and exited the stores by October 9, 2020. The Company issued additional notices of disclaimers to 2 of their stores on October 9, 2020 and exited the stores by November 27, 2020.
 - Receipts from the E-Commerce Division represent the sale of goods through the Company's online store and is projected based on historical sales trends.
2. Represents the forecasted receipts to be collected from the Canada Emergency Rent Subsidy.
3. Represents the forecasted receipts to be collected from the Canada Emergency Wage Subsidy.
4. The Company purchases inventory from various third party vendors. Inventory is purchased one season in advance and is based on the reduced revenue plan.
5. Payroll expenses include salaries and wages, payroll taxes and remittances, and employee benefits paid to the Company's employees. Payroll expenses are forecasted based on current head office headcount and projected store hours for store employees.
6. Operating expenses represent various expenses including bank charges, utilities, freight, warehouse and shipping, and insurance. The forecast assumes the Company pays its operating expenses weekly, which is consistent with historical practice.
7. Represents post-filing rent and is based on negotiated rent concessions in place for the head office and retail stores. The reduced February rent expense as compared to January reflects
 - (i) 3 store closures, as the term of these leases will expire on January 31, 2021 and (ii) a decrease in rent expense in respect of percentage rent stores due to reduced sales.
8. The projected royalty payment to Geox S.p.A represents a semi-annual royalty payment which is calculated on post-filing sales only.
9. Represents forecasted sales taxes and tax on imports. The Company files sales taxes on a monthly basis. The Company is projected to be in a net payable position with respect to sales taxes.
10. Includes the professional costs of the Proposal Trustee, its counsel, the Company's counsel, and the Company's lease consultant.
11. Advances from Geox S.p.A pursuant to the Loan Agreement dated July 17, 2020 between Geox S.p.A and Geox Canada Inc.

Appendix “C”

District of: ON
Division No.: 09-Mississauga
Court No.: 32-2670414
Estate No.: 32-2670414

- 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
Geox Canada Inc.
In the City of Mississauga
of the Province of Ontario

Purpose:

Geox Canada Inc. filed a Notice of Intention to Make a Proposal on September 8, 2020. The purpose of this Statement of Projected Cash Flow is to present the estimated cash receipts and disbursements of Geox Canada Inc. (the "Company"), for the period December 19, 2020 to February 26, 2021, relating to the filing of a Notice of Intention to Make a Proposal on September 8, 2020. This Statement of Projected Cash Flow has been prepared by management on December 22, 2020 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 December 19, 2020 to February 26, 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

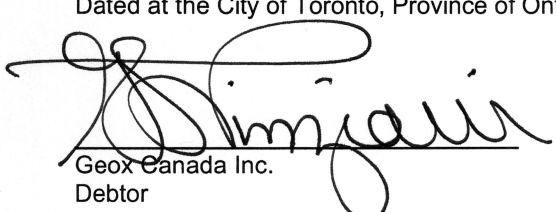
The projected cash receipts are estimated by management, based upon the collection experience of the Company.

(b) Projected Cash Disbursements

The projected cash disbursements are based upon historical data adjusted to reflect the current level of activity and best estimates of the Company.

Remittances for source deductions and sales taxes are included in the disbursement assumptions based on historical run rates and projected sales and expenditures.

Dated at the City of Toronto, Province of Ontario, this 22nd day of December 2020.


Geox Canada Inc.
Debtor

Gino Stinziani, Director

Name and title of signing officer

District of: ON
Division No.: 09-Mississauga
Court No.: 32-2670414
Estate No.: 32-2670414

- 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
Geox Canada Inc.
In the City of Mississauga
of the Province of Ontario

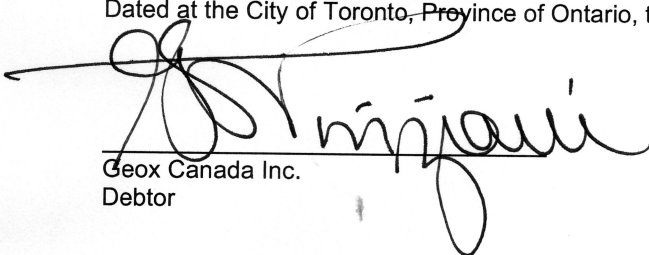
The management of Geox Canada Inc. has developed the assumptions and prepared the attached statement of projected cash flow of the insolvent person, as of the 22nd day of December 2020, consisting of the period from December 19, 2020 to February 26, 2021.

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 Toronto, Province of Ontario, this 22nd day of December 2020.


Geox Canada Inc.
Debtor

Gino Stinziani, Director

Name and title of signing officer

Appendix “D”

District of: ON
Division No.: 09-Mississauga
Court No.: 32-2670414
Estate No.: 32-2670414

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
Geox Canada Inc.
In the City of Mississauga
of the Province of Ontario

The attached statement of projected cash flow of Geox Canada Inc., as of the 22nd day of December 2020, consisting of the period from December 19, 2020 to February 26, 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 Toronto in the Province of Ontario, this 22nd day December 2020.

Richter Advisory Group Inc. – Licensed Insolvency Trustee
Per:



Gilles Benchaya, CPA, CA, CIRP, LIT CTP
1981 McGill College #1100
Montreal, QC H3A 0G6
Phone: 312.828.0800 Fax: 519.934.3408

District of: ON
Division No.: 09-Mississauga
Court No.: 32-2670414
Estate No.: 32-2670414

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
Geox Canada Inc.
In the City of Mississauga
of the Province of Ontario

Purpose:

Geox Canada Inc. filed a Notice of Intention to Make a Proposal on September 8, 2020. The purpose of this Statement of Projected Cash Flow is to present the estimated cash receipts and disbursements of Geox Canada Inc. (the "Company"), for the period December 19, 2020 to February 26, 2021, relating to the filing of a Notice of Intention to Make a Proposal on September 8, 2020.

This Statement of Projected Cash Flow has been prepared by management on December 22, 2020, 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 December 19, 2020 to February 26, 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 the collection experience of the Company.

(b) Projected Cash Disbursements

The projected cash disbursements are based upon historical data adjusted to reflect the current level of activity and best estimates of the Company.

Remittances for source deductions and sales taxes are included in the disbursement assumptions based on historical run rates and projected sales and expenditures.

Dated at the City of Toronto in the Province of Ontario, this 22nd day December 2020.

Richter Advisory Group Inc. – Licensed Insolvency Trustee
Per:



Gilles Benchaya, CPA, CA, CIRP, LIT CTP
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Montreal, QC H3A 0G6
Phone: 312.828.0800 Fax: 519.934.3408

IN THE MATTER OF THE *BANKRUPTCY AND INSOLVENCY ACT*, R.S.C. 1985, C. B-3, AS AMENDED

AND IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF GEOX CANADA INC., OF THE CITY OF MISSISSAUGA, IN THE PROVINCE OF ONTARIO

Court File No. 32-2670414

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST
PROCEEDING COMMENCED AT TORONTO**

**THIRD REPORT OF THE
PROPOSAL TRUSTEE**

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