IN THE SUPREME COURT OF NEWFOUNDLAND AND LABRADOR
IN BANKRUPTCY AND INSOLVENCY

IN THE MATTER OF an application of Big Erics Inc. and Terra Nova Old Port Foods Inc.

AND IN THE MATTER OF the *Companies' Creditors Arrangement Act* R.S.C., 1985 c. C-36 as amended ("**CCAA**")

FOURTH REPORT OF GRANT THORNTON LIMITED, IN ITS CAPACITY AS MONITOR UNDER THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, C. C-36 OF BIG ERICS INC. AND TERRA NOVA OLD PORT FOODS INC.

January 19, 2024

Grant Thornton

Grant Thornton Limited,
Court-Appointed Monitor

Suite 300 – 15 International Place
St. John's, NL A1A 0L4

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INTRODUCTION

1. On July 11, 2023, Big Erics Inc (“**BEI**”) and Terra Nova Old Port Foods Inc. (“**TNOPFI**”) (collectively as, the “**Companies**”) made an application to the Supreme Court of Newfoundland and Labrador (the “**Court**”) to convert previously filed Notices of Intention to Make a Proposal (“**NOIs Proceedings**”) to proceedings under the Companies’ Creditors Arrangement Act, R.S.C., 1985, c. C-36, as amended (“**CCAA Proceedings**”). On July 18, 2023, the Court issued an order (the “**Initial Order**”) and Grant Thornton Limited was appointed as Monitor (in such capacity, the “**Monitor**”) for the Companies.

2. Pursuant to the Initial Order, amongst other things, all creditors were stayed from commencing or continuing any proceedings against the Companies until, and including, July 28, 2023 (“**Stay of Proceedings**”), or until such date as the Court may subsequently order. The Stay of Proceedings was further extended by multiple orders and, most recently, to January 24, 2024 by a consent order (“**Consent Order**”) issued on December 18, 2023.

3. On October 25, 2023, the Court issued a sales and investment solicitation process order (“**SISP**” and “**SISP Order**”) which directed and empowered Noseworthy Chapman (the “**SISP Advisor**”) to administer a SISP in the CCAA Proceedings.

4. On December 18, 2023, the Court issued the Consent Order for, amongst other things, a short extension of the stay of proceedings to January 24, 2024. The extension provided for the following opportunities:

   (a) Provided BEI additional time to continue discussions with SISP participants within Phase 1 of the SISP;

   (b) Provided the Companies with an opportunity to demonstrate to the Monitor that it has sufficient liquidity to continue to operate; and

   (c) Provided the Bank of Montreal (“**BMO**”) an opportunity to file its position on the Companies application for an extension of the stay of proceedings to continue the SISP.

5. A copy of the Consent Order is attached hereto as **Appendix “A”**.

6. On January 15, 2024, the Court issued an order declaring that the *Wage Earner Protection Program Act (Canada)*, SC 2005, c 47, s 1 ("**WEPP**"), applies to TNOPFI in conjunction with the *Wage Earner Protection Program Regulations*. The declaration was a requirement of Service Canada as communicated to the Monitor.

7. A copy of the WEPP Order is attached hereto as **Appendix "B"**.

8. This fourth report of the Monitor (the "**Fourth Report**"), as well as the previous reports of the Monitor and all other relevant information in respect of these CCAA Proceedings and the previous NOIs Proceedings has been made available to stakeholders on the Monitor's case website at www.GrantThornton.ca/BigErics. Readers are encouraged to read the following reports of the Proposed Monitor and of the Monitor, the materials filed with the Court in relation to the applications and the orders of the Court, to provide additional information on these CCAA proceedings:

Reports to the Court

(a) Pre-Filing Report of Grant Thornton Limited in its capacity as Proposed Monitor dated July 17, 2023;

(b) First Report of Grant Thornton Limited in its capacity as Monitor dated July 25, 2023;

(c) Second Report of Grant Thornton Limited in its capacity as Monitor dated September 20, 2023; and

(d) Third Report of Grant Thornton Limited in its capacity as Monitor dated December 15, 2023.

Court Orders

(a) CCAA Initial Order dated July 18, 2023;

(b) ARIO dated July 28, 2023;

(c) ARIO dated August 25, 2023;

(d) ARIO dated September 22, 2023;

(e) SISP Order dated October 25, 2023;

(f) Consent Order dated December 18, 2023; and

(g) WEPP Order dated January 15, 2024.

PURPOSE OF THE FOURTH REPORT

9. The purpose of the Fourth Report is to inform the Court of the following:

   (a) An update on the activities of the Monitor and the Companies since December 18, 2023, the date of the third report (the "**Third Report**");

   (b) An update on BEI's budget to actual results up to, and including, December 15, 2023;

   (c) The Monitor's comments on the Companies cash flow forecast, as filed by the Companies for their application on December 18, 2023; and

   (d) Provide the Court with the Monitor's recommendation on the relief sought by the Companies, being an extension to the stay of proceedings to March 31, 2024.

TERMS OF REFERENCE

10. In preparing this Fourth Report, the Monitor has relied upon unaudited internal financial statements, certain other financial information and financial projections of the Companies, discussions with management of the Companies ("**Management**") and its legal advisors, and discussions with the SISP Advisor (collectively, the "**Information**"). While the Monitor has reviewed the Information for reasonableness and believes that the information provides a fair summary of the transactions and underlying financial position as reflected in the documents of the Companies, the Monitor has not audited, reviewed, or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would comply with Canadian Generally Accepted Auditing Standards.

11. Some of the Information used in preparing this Fourth Report consists of forward-looking information, including the Revised Cash Flow Projections, defined herein. The Monitor cautions that such information is based on assumptions about future events and conditions that are not yet ascertainable. The actual results with respect to the forward-looking information and the variations thereof could be significant.

12. In the course of its mandate, the Monitor has assumed the integrity and truthfulness of the Information and explanations presented to it by Management, within the context in which the Information was presented. To date, nothing has come to the Monitor's attention that would cause it to question the reasonableness of these assumptions. The Monitor has requested that Management bring to its attention any significant matters which were not

addressed in the course of the Monitor's specific inquiries. Accordingly, this Fourth Report is based solely on the Information (financial or otherwise) made available to the Monitor by the Companies and Management.

13. The Fourth Report has been prepared for the use of this Honourable Court and the Companies' stakeholders as general information relating to the Companies and these CCAA Proceedings, and to assist the Court in determining whether to grant the relief sought in the Companies' application. Accordingly, the reader is cautioned that this Fourth Report may not be appropriate for any other purpose. The Monitor does not assume responsibility or liability for losses incurred by the reader as a result of the circulation, publication, reproduction or use of this Fourth Report contrary to the provisions of this paragraph.

14. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian Dollars. Capitalized terms not otherwise defined herein have the meaning given to them in the ARIO granted by the Court.

ACTIVITIES OF THE MONITOR

15. Since the date of the Third Report, the Monitor has, among other things:

(a) Continued to assist the Companies with their communications of these CCAA Proceedings to creditors and other stakeholders;

(b) Provided advice to the Companies and SISP Advisor on SISP-related matters;

(c) Reviewed the results of Phase 1 of the SISP, and providing comments and advice to the Companies and SISP Advisor;

(d) Corresponded with BMO in relation to the results of Phase 1 of the SISP, providing various requested documents by BMO to evaluate their position on the results of Phase 1;

(e) Communicated with the Companies' legal counsel and SISP Advisor;

(f) Monitored the operations of the Companies, including, but not limited to, reviewing sales targets and cash flow reporting, reviewing, and following up with Company on questions when required;

(g) Continued to assist the Companies and hold conversations with employees, creditors, and suppliers;

(h) Responded to creditor queries and communications in a timely fashion;

(i) Provided advice to Management on restructuring options and issues during the proceedings;

(j) Attend various court hearings, including the hearing on December 18, 2023, and other hearings in relation to an application by BEI for an injunction against certain parties;

(k) Attend various meeting with the Companies and their legal advisors on the Companies restructuring and these CCAA Proceedings;

(l) Continued to maintain the Monitor's case website; and

(m) Prepared this Fourth Report.

ACTIVITIES OF THE COMPANIES

16. Since the date of the Third Report, the Companies have, among other things:

(a) Continued to maintain the operations of BEI;

(b) Continued to engage with the employees of BEI to garner alignment to the restructuring process;

(c) Continued to engage with suppliers to maintain support for the restructuring process including negotiating revised credit terms (where applicable), and communicated on the stay of proceedings and its impact on pre-filing balances owing;

(d) Continued to engage with customers, bid on projects, and win new sales to support the business during the restructuring process, including negotiating revised deposit terms (where applicable) and communicated on the effects of the stay of proceedings;

(e) Attended and prepared various filing materials for a court application for an injunction against former employees of BEI and their new employers;

(f) Concluded Phase 1 of the SISP, and entered into Phase 2 and continuing discussions with all Phase 2 participants;

(g) Provided various documents to BMO to evaluate BMO's position on the results of Phase 1;

(h) Continued communication with the Monitor, creditors, customers, suppliers and other stakeholders;

(i) Responded to Monitor queries in a timely manner; and

(j) Provided the Monitor with regular cash flow reporting and related financial reports as required by the Monitor.

LITIGATION

17. The Monitor has been made aware of a possible claim from a former employee of BEI pursuant to which either wages or termination pay may be owed. The claim has not been filed. The Monitor has not reviewed the status of this potential claim, or determined if any priority exists. The status of this litigation has not changed since the Third Report.

18. The Monitor has also been made aware of ongoing litigation between BEI and Vision 33. The litigation includes a claim and counterclaim. The Monitor has not reviewed the status of this proceeding, or the claim, or determined if any priority exists. The status of this litigation has not changed since the Third Report.

19. On October 30, 2023, BEI filed an application pursuant to Rule 22.01 and 22.02 for an interlocutory injunction against certain parties alleging a breach of the ARIO and certain confidentiality and non-compete provisions of employment agreements. The application was filed against 2 former employees, and 2 competitors. After multiple hearings on the matter, the Monitor understands that the current situation is as follows:

(a) The two employees who were hired by competitors have been terminated by those competitors;

(b) That all parties have agreed to a consent injunction, which remains in place;

(c) BEI has filed an application to withdraw the consent injunction with no costs;

(d) Only Chandler Sales has opposed the application to withdraw the consent injunction with no costs, and is disputing the issue of costs; and

(e) BEI has indicated it will file a statement of claim for damages in relation to the matter. As at the date of this report, BEI has not filed any statement of claim.

20. The Court has set a hearing on that matter for January 23, 2024.

21. Given the matter is being withdrawn, the questions around ability to provide an undertaking for damages, and the go forward cost of the litigation, is moot.

22. The Monitor understands that any litigation in the matter will be done on a contingency basis, therefore having no impact on the go forward cashflow of BEI.

WAGE EARNER PROTECTION PROGRAM ACT

23. On January 15, 2024, the Court issued the WEPP Order as requested by the Companies. The Monitor was advised by Service Canada that this updated declaration was required for TNOPFI to receive approval for the terminated employees of TNOPFI to file WEPP claims.

24. On January 15, 2024, the Monitor forwarded the WEPP Order to Service Canada to request its approval for the terminated employees of TNOPFI to file WEPP claims, with facilitation to be completed by the Monitor. As of the date of this Fourth Report, the Monitor has not received said approval from Service Canada.

25. Upon receiving approval, the Monitor will initiate the WEPP process by contacting the terminated employees to provide to them information on how to file a WEPP claim.

SALES AND INVESTMENT SOLICITATION PROCESS

26. As detailed within the Third Report, BEI had extended the deadline for the Phase 1 Bid Deadline to December 22, 2023.

27. On January 3, 2024, the SISP Advisor provided confirmation to the Successful Phase 1 Bidders of their acceptance to Phase 2 of the SISP, in accordance with the SISP Order.

28. The results of the Phase 1 SISP contains confidential information on the results of the SISP, and the parties who participated. Disclosure of this information at this juncture would be detrimental to both the Companies' and its creditors. As such, the Monitor recommends the confidential appendices submitted to the Court at the prior hearing on December 18, 2023, and the current confidential materials filed by the Monitor for the hearing on January

24, 2024, be sealed until such time as a transaction is closed or these proceedings are terminated.

29. BEI continues to engage with all Phase 2 Participants. The upcoming SISP deadlines remain unchanged from the SISP Order granted by this Court on October 25, 2023, and are as follows:

Event	Date
5. Phase 2 Bid Deadline & Qualified Bidders	By no later than February 16, 2024, at 5:00 pm.
Phase 2 bid deadline of definitive offers.	
6. Selection of Successful Bidder	
Deadline for selection of final successful bidder.	By no later than February 28, 2024, at 5:00 pm.
7. Definitive Documentation	
Deadline for completion of definitive documentation in respect of successful bidder.	By no later than March 25, 2024, at 5:00 pm.
8. Approval Motion - Successful Bid	
Deadline for filing of Approval Motion in respect of successful bidder	By no later than April 1, 2024, at 5:00 pm.
9. Closing - Successful Bid	
Anticipated deadline for closing of successful bidder.	Five (5) Business Days after the expiration of the appeal period following the issuance of the approval order.

30. In accordance with various concerns raised by BMO on the Companies application on December 18, 2023, the Companies have provided to BMO various requested documents (primarily detailed information on inventory and accounts receivable), and an update on the SISP, to evaluate their position on the results of Phase 1.

31. An update on the SISP Process is attached hereto as **Confidential Appendix "C"**.

CREDITOR UPDATE

32. The Monitor is aware of 3 ongoing disputes between BMO and BEI/TNOPFI:

(a) BMO had requested that TNOPFI agree to "cap" the BMO line of credit outstanding with TNOPFI at $500,000. TNOPFI offered to "cap" the line of credit at $600,000. The actual balance as at December 28, 2023 was $419,440.40 plus accrued interest to November 30, 2023 of $21,517.42 for a total of $440,957.82. TNOPFI has ceased operations, and all known post-filing expenses have been paid except:

i. The Canada Revenue Agency ("**CRA**") is conducting a trust exam of the TNOPFI payroll account. While the Monitor understands that the CRA claim is approximately $1,281 (which would be offset against an HST refund of $13,503), CRA has advised that its position is "to be determined" until such time as the trust exam is complete. CRA will let the Monitor know when the exam is complete. As of that date of this Fourth Report the results of the trust exam are outstanding;

ii. There will be some ongoing costs of the WEPP process, depending on the claims, once the order is issued. The Monitor is unaware of any priority claims at this time, but the WEPP process will finalize what, if any, priority claims exist; and

iii. The ongoing disputes between BMO and TNOPFI will continue to drive the cost of the Monitor and Monitor's legal counsel in the proceeding.

(b) BMO had made the request of BEI to allows its appraiser, Advantage Appraisals, to inspect the inventory and provide an appraisal report to BMO of the BEI inventory. A dispute arose concerning the vendor selected and the terms under which the appraisal would be completed – in particular that 1) the Advantage Appraisals was in a conflict position, and 2) requested limitations on use of the report, both from BMO and BEI's perspective. The Monitor is supportive of BMO's request to inspect its security and believes it is reasonable in the circumstances. It is understood that the dispute has been resolved and that Advantage Appraisals, together with BMO's Financial Advisor, were on site on January 18, 2024 to complete their inspection.

(c) BMO had made the request to BEI to allow it to negotiate directly with the Phase 1 participants who have submitted non-binding LOIs. BEI has rejected that request. As an alternative, BEI has requested that BMO submit its concerns in writing to BEI and it, together with the SISP Advisor, will incorporate them into Phase 2 discussions. The Monitor is of the view that BMO's request is not reasonable given that 1) there is a court-approved SISP which outlines the roles of the various parties, including that the SISP is being run by the SISP Advisor, 2) Phase 1 of the SISP solicited non-binding LOIs and at this point there are no binding offers to negotiate, 3) Phase 2 was intended to advance the non-binding LOIs into binding offers, and 4) the more appropriate time for BMO to engage in the negotiations is after binding offers are received in Phase 2 and BEI has selected the preferred bidder. The Monitor does acknowledge that BMO, as the senior secured creditor, has a significant role to play in selecting a Phase 2 bidder, as the support of the senior secured creditor is a very important factor considered by the Court in any approval application.

33. CRA has advised that it is undertaking a trust exam for TNOPFI (discussed above) and BEI. Consistent with its position in TNOPFI, CRA has advised that its position is "to be determined" until such time as the trust exam is complete. The Monitor understands that filings are current with the following balances outstanding:

(a) TNOPFI – There is a balance due of $1,281 on the payroll account. The credit on the HST account is $13,503. According to the October 2023 HST Notice of Assessment, CRA is holding the HST credit pending a review of the account.

(b) BEI – $Nil balance due on the payroll account. The HST account has a credit balance of $14,256 to November 2023. Controller advised the net December 2023 payable is approximately $46,561.

34. On September 26, 2023, CRA advised BEI that it intended to reassess BEI for HST input tax credits claimed from unpaid suppliers pursuant to section 296(1)(b) of the *Excise Tax Act*. The proposed reassessment is $265,765.53. CRA had provided BEI until January 2, 2024 to make further submissions. The reassessment amount would be an unsecured claim in the proceeding and therefore is not expected to have any material impact:

(a) BEI has advised the Monitor that it did not make further submissions to CRA in relation to this proposed reassessment; and

(b) CRA has not provided further correspondence regarding the proposed reassessment.

35. On September 26, 2023, CRA advised TNOPFI that it intended to reassess TNOPFI for HST input tax credits claimed from unpaid suppliers pursuant to section 296(1)(b) of the *Excise Tax Act*. The proposed reassessment is $105,022.13. CRA had provided TNOPFI until January 2, 2024 to make further submissions. The reassessment amount would be an unsecured claim in the proceeding and therefore is not expected to have any material impact:

(a) TNOPFI has advised the Monitor that it did not make further submissions to CRA in relation to this proposed reassessment; and

(b) CRA has not provided further correspondence regarding the proposed reassessment.

BUDGET TO ACTUAL AND FINANCIAL ANALYSIS - BEI

36. BEI has prepared a budget to actual cash flow from September 11, 2023 to December 15, 2023, attached hereto as **Appendix "D"**.

37. The Monitor's understanding of the key variances in the BEI actual receipts and disbursements as compared to budget are as follows:

(a) Gross Sales: Behind forecast with an unfavourable variance of $852,943 mainly due to loss of sales staff in New Brunswick and Newfoundland and slower than forecast holiday season.

(b) Total Cash Receipts: Unfavourable variance of $257,342 mostly due to timing on collection of accounts receivable.

(c) Total Operational Disbursements: Net unfavourable variance of $242,746 primarily due to the following:

i. Cost of Sales (Cost of Inventory Purchases) are higher than budget by $230,759 mostly due to higher than forecast restocking orders and payment in advance to vendors for securing orders;

ii. Payroll under budget by $140,579 due to timing of sales incentive payments and staff vacancies which have not been filled;

iii. Key Employee Retention Payments under budget $74,000. The KERP payments are not payable until the success end of the process;

iv. Warehouse Expenditures over budget by $132,577 due to higher than forecasted freight rates from couriers;

v. Bank Charges and POS Transaction Fees under budget $56,903 due to timing of payments and lower online sales transactions;

vi. HST over budget by $58,236 due to higher than budgeted HST payable in Week 18; and

vii. Administrative and Miscellaneous expenses higher than budget by $68,746 mostly due to IT consulting for server maintenance.

(d) Professional Fees: Favourable variance of $80,578 primarily due to timing of invoicing from the Monitor, Monitor's legal counsel and the Companies' legal counsel. This does not include approximately $58,247 in outstanding fees to the Monitor and Monitor's legal counsel. The favourable variance is partially offset by higher than forecasted fees from the SISP Advisor.

38. The following is a summary of BEI's accounts receivable balances, net of customer deposits received on order, as of Week 24 compared to Week 10:

Accounts Receivable Summary						
	September 8, 2023 Week 10		December 15, 2023 Week 24			
	Balance	Percentage	Balance	Percentage	Variance	
Current	1,446,791	61%	1,033,736	43%	(413,055)	**18%**
30 Days	502,981	21%	556,032	23%	53,051	**-2%**
60 Days	317,079	13%	538,239	22%	221,160	**-9%**
90 Days	(31,649)	-1%	187,666	8%	219,315	**-9%**
120 Days	157,921	7%	61,943	3%	(95,978)	**4%**
150 Days	(32,741)	-1%	42,026	2%	74,767	**-3%**
Futures	-	0%	-	0%	-	**0%**
Total	**2,360,382**		**2,419,642**		**59,260**	

39. The following is a summary of BEI's accounts payable balances as of Week 24 compared to Week 10:

Accounts Payable Summary						
	September 8, 2023 Week 10		December 15, 2023 Week 24			
	Balance	Percentage	Balance	Percentage	Variance	
Current	139,385	5%	458,679	16%	(319,294)	**-11%**
30 Days	495,980	18%	15,512	1%	480,468	**17%**
60 Days	1,353,957	50%	1,526	0%	1,352,431	**50%**
90 Days	597,254	22%	4,495	0%	592,759	**22%**
120 Days	121,522	4%	2,361,557	83%	(2,240,035)	**-79%**
150 Days	-	0%	-	0%	-	**0%**
Futures	-	0%	-	0%	-	**0%**
Total	**2,708,098**		**2,841,769**		**(133,671)**	

40. The following is a summary of BEI's inventory balances as of Week 24 compared to the balances as of Week 10:

Select Weekly Inventory Summary			
	September 8, 2023 Week 10	December 15, 2023 Week 24	Variance
Opening Inventory at Start of Week	3,776,965	3,626,654	(150,311)
Purchases	136,516	907,147	770,631
Cost of Sales	(215,556)	(529,282)	(313,726)
Consignment	(32,546)	(117,608)	(85,062)
Ending Inventory	**3,665,379**	**3,886,911**	**221,532**

REVISED CASH FLOW PROJECTIONS

41. BEI, as a part of the Companies' application on December 18, 2023, filed with the Court revised cash flow projections for the period of January 1, 2024 to March 29, 2024 (the "**Revised Cash Flow Projections**"). At the time that application was filed, the Monitor had not reviewed the Revised Cash Flow Projections.

42. Since the date of the Third Report, the Monitor has completed its review of the Revised Cash Flow Projections with Management. A copy of the Revised Cash Flow Projections is attached hereto as **Appendix "E"**.

43. The Revised Cash Flow Projections has been prepared by Management using the probable and hypothetical assumptions set out therein (the "**Probable and Hypothetical Assumptions**").

44. The Monitor has reviewed the Revised Cash Flow Projections to the standard required of a Court-appointed Monitor by Section 23(1)(b) of the CCAA. The Monitor's review of the Revised Cash Flow Projections consisted of inquiries, analytical procedures and discussions related to information supplied to the Monitor by Management of BEI. Since the Probable and Hypothetical Assumptions need not be supported, the Monitor's procedures with respect to the same were limited to evaluating whether they were consistent with the purpose of the Revised Cash Flow Projections. The Monitor has also reviewed the support provided by BEI for the Probable and Hypothetical Assumptions and the preparation and presentation of the Revised Cash Flow Projections. Based on the Monitor's review, nothing has come to the Monitor's attention that causes it to believe that, in all material respects:

    (a) The Probable and Hypothetical Assumptions are not consistent with the purpose of the Revised Cash Flow Projections;

    (b) As at the date of this Fourth Report, the Probable and Hypothetical Assumptions developed by Management are not suitably supported and consistent with BEI's plans or do not provide a reasonable basis for the Revised Cash Flow Projections, given the Probable and Hypothetical Assumptions; or

    (c) The Revised Cash Flow Projections do not reflect the Probable and Hypothetical Assumptions.

45. BEI's liquid cash position on its Operating Line with BMO as at December 15, 2023 was approximately $528,354. The Revised Cash Flow Projections estimates approximately $6.3M of cash receipts and $6.2M of cash disbursements, resulting in an overall slight increase on the Operating Line with BMO of $100K.

46. The Monitor makes the following general comments on the Revised Cash Flow Projections:

(a) Cash receipts arising from the collection of sales of BEI's customers commensurate with the level of expenses being incurred for operations;

(b) Cash disbursements appear to be consistent with the actual financial results of BEI and recent operations;

(c) The liquid cash position on the Operating Line with BMO as at the end of Week 28 is forecasted to be $446,222. BEI has stated to the Monitor that the actual liquid cash position on this date is approximately $677,000, being an overall increase in liquidity of $231,747;

(d) The Revised Cash Flow Projections contemplates continuing to pay employee wage and other employee obligations in the ordinary course;

(e) The Revised Cash Flow Projections contemplates payment, or receipt of refunds where applicable, to/from the CRA of BEI's post-filing HST and source deduction obligations;

(f) The Revised Cash Flow Projections contemplates payments to BEI suppliers and vendors in accordance with existing and/or modified credit terms; and

(g) Total Cash Disbursements includes forecasts payments to the Companies' counsel, the Monitor, the Monitor's counsel and the SISP Advisor.

47. Since the Revised Cash Flow Projections is based on the assumptions regarding future events, actual results will vary from the information presented even if the Probable and Hypothetical Assumptions occur. Such variations may be material. Accordingly, the Monitor expresses no assurances as to whether the Revised Cash Flow Projections will be achieved. The Monitor expresses no opinion or other form of assurance with respect to the accuracy or completeness of any financial information presented in this Fourth Report or relied upon by the Monitor in preparing this Fourth Report.

48. The Revised Cash Flow Projections has been prepared solely for the purposes described in Note 1 on page 2 of the Revised Cash Flow Projections and readers are cautioned that it may not be appropriate for other purposes.

NO MATERIAL ADVERSE CHANGE

49. The Monitor is of the opinion that the Companies, and other stakeholders, are acting in good faith and with due diligence.

50. As of the date of this report, the Monitor is not aware of any issue or condition that could be considered a Material Adverse Change pursuant to s.23(1)(d).

51. The Monitor continues to be of the opinion that s.23(1)(h) does NOT apply and it would be more beneficial to the Companies' creditors to continue within the CCAA proceeding.

EXTENSION TO THE STAY OF PROCEEDINGS

52. The Companies have demonstrated to the Monitor that they have sufficient liquidity to continue operations through to the end of the Companies' requested extension of the stay of proceedings to March 31, 2024, and that no creditor is materially prejudiced by the CCAA Proceedings and SISP continuing, based on the Revised Cash Flow Projections.

53. Furthermore, the Companies have stated that Phase 1 of the SISP was successful, and the SISP has advanced to Phase 2 in accordance with the SISP Order. The Companies continue to correspond with, negotiate and provide requested due diligence to the Phase 2 Participants.

54. The Monitor is also of the view that the CCAA Proceedings provide for a better opportunity for a recovery to creditors through the Companies continuing to progress through Phase 2 of the SISP, ultimately towards a binding offer from a Phase 2 Participant to be received by February 16, 2024.

55. As such, the Monitor is supportive of the Companies application for an extension of the stay of proceedings to March 31, 2024.

RECOMMENDATION

56. For the reasons set out in this Fourth Report, the Monitor respectfully recommends that this Honorable Court:

(a) Approve the actions, conduct and activities of the Monitor and its legal counsel to the date of this Fourth Report;

(b) Grant the Companies' application to extend the stay of proceedings to March 31, 2024; and

(c) Seal Confidential Appendix "C" of the Fourth Report.

ALL OF WHICH IS RESPECTFULLY SUBMITTED this 19th day of January 2024.

GRANT THORNTON LIMITED,
SOLELY IN ITS CAPACITY AS MONITOR OF
BIG ERICS INC. AND TERRA NOVA OLD PORT FOODS INC.
AND NOT IN ITS CORPORATE OR PERSONAL CAPACITY

Phil Clarke, CPA, CA, CIRP, LIT
Senior Vice President

Appendix A

Consent Order dated December 18, 2023

Appendix B

WEPP Order dated January 15, 2024

Appendix C

SISP Update (Confidential)

Appendix D

BEI – Budget to Actual Results from

September 11, 2023 to December 15, 2023

Appendix E

BEI – Revised Cash Flow Projections

2023 01G 3233
IN THE SUPREME COURT OF NEWFOUNDLAND AND LABRADOR IN BANKRUPTCY AND INSOLVENCY

IN THE MATTER OF the *Bankruptcy and Insolvency Act* R.S.C., 1985 c. B-3 as Amended (the "**BIA**");

AND IN THE MATTER OF the *Companies' Creditors Arrangement Act* R.S.C., 1985 c. C-36 as Amended (the "**CCAA**");

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AND IN THE MATTER OF an application of Big Erics Inc. ("**BEI**") and Terra Nova Old Port Foods Inc. ("**TNOPFI**")

Estate Nos.	51-2962147 (Terra Nova Old Port Foods Inc.)
	51-2962148 (Big Erics Inc.)
Court Nos.	24543 (Terra Nova Old Port Foods Inc.)
	24544 (Big Erics Inc.)

CONSENT ORDER

WHEREAS the BEI and TNOPFI (collectively, the "**Companies**") were granted creditor protection pursuant to an Order issued under s.11 of the CCAA on 28 July 2023 (the "**ARIO**");

AND WHEREAS by an Order made on December 18, 2023, this Honourable Court extended the stay of proceedings in the within matter to January 24, 2024;

AND WHEREAS the parties have agreed on filing dates and other matters in relation to the within proceeding;

IT IS THIS DAY ORDERED THAT:

Filing Dates

1. The Companies shall provide an update with respect to the sales and investment solicitation process to the Bank of Montreal ("**BMO**"), the Monitor and other secured creditors of the Companies on or before December 29, 2023;

2. BMO has leave to file an application regarding the termination or amendment of BMO's credit facilities to TNOPFI, which application may be heard on January 4 or January 5, 2024;

Filed/Classé	January 11th, 2024	EP

3. The Companies shall file their application and supporting documents with the Court in relation to any further extension of the stay of proceedings by January 11, 2024;

4. On January 12, 2024, at 9:30am, the Companies and the Monitor shall attend a check-in call with the Court in order to provide the Court, and other interested parties, with a status update in relation to the Chandler Sales and Russell Food injunction application, which is scheduled to be heard on January 23, 2024;

5. BMO shall file any application or affidavits in relation to the within matter by January 17, 2024;

6. The parties shall file any Reply materials in relation to the court documents filed pursuant to paragraphs 3 and 5 above, by noon on January 23, 2024; and

7. Any applications filed pursuant to paragraphs 3 and 5 above shall be heard on January 24, 2024.

<u>BMO Operating Lines</u>

8. The Companies can only use their BMO operating lines for post-filing obligations that are incurred in the ordinary course of business. The Companies cannot use their BMO operating lines to pay pre-filing obligations, including but not limited to any assessments/reassessments by Canada Revenue Agency concerning any pre-filing amounts owed by the Companies.

DATED AT St. John's, in the Province of Newfoundland and Labrador, and effective this 18th day of December, 2023.

Court Officer/Officer de Cour

I, Geoffrey Spencer, solicitor for BMO, hereby consent to the terms of the within Order.

GEOFFREY SPENCER

I, Darren O'Keefe, solicitor for the Companies, hereby consent to the terms of the within Order.

DARREN O'KEEFE

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DATED AT St. John's, in the Province of Newfoundland and Labrador, and effective this 18th day of December, 2023.

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DARREN O'KEEFE

JAN 8 '24 15:15

2023 01G 3233

IN THE SUPREME COURT OF NEWFOUNDLAND AND LABRADOR IN BANKRUPTCY AND INSOLVENCY

IN THE MATTER OF the *Bankruptcy and Insolvency Act* R.S.C., 1985 c. B-3 as Amended (the **"BIA"**);

AND IN THE MATTER OF the *Companies' Creditors Arrangement Act* R.S.C., 1985 c. C36 as Amended (the **"CCAA"**);

AND IN THE MATTER OF an application of Big Erics Inc. (**"BEI"**) and Terra Nova Old Port Foods Inc. (**"TNOPFI"**)

Estate Nos. 51-2962147 (Terra Nova Old Port Foods Inc.)
51-2962148 (Big Erics Inc.)

Court Nos. 24543 (Terra Nova Old Port Foods Inc.)
24544 (Big Erics Inc.)

WEPPA ORDER

***(Companies' Creditors Arrangement Act,* RSC 1985 C-36)**

WHEREAS Terra Nova Old Port Foods Inc. made a motion pursuant to the CCAA seeking an Order, in part, for a declaration under the *Wage Earner Protection Program Act (Canada)*, SC 2005, c 47, s 1 (the "**WEPPA**");

AND WHEREAS the motion was heard on the 22nd day of September, 2023, with the relief sought being granted and set out in the Amended and Restated Initial Order issued on the same date (the "**ARIO**");

a

Filed/Classé	January 15, 2024	EP

AND WHEREAS Grant Thornton Limited, in its capacity as court-appointed monitor (the "**Monitor**"), has been advised by Service Canada that the WEPPA declaration as issued in the ARIO requires that the declaration reference both the WEPPA and its regulations;

NOW UPON reading the third report of Grant Thornton Limited ("**GTL**") in its capacity as court-appointed monitor dated December 15, 2023;

WEPPA DECLARATION

1. **THIS COURT ORDERS AND DECLARES** that pursuant to subsections 5(1)(b)(iv) and 5(5) of the *Wage Earner Protection Program Act (Canada)*, SC 2005, c 47, s 1, Terra Nova Old Port Foods Inc. meets the criteria prescribed by section 3.2 of the *Wage Earner Protection Program Regulations*, SOR/2008-222 and Terra Nova Old Port Foods Inc.'s collective former employees are eligible to receive payments under and in accordance with the WEPPA following the termination of their employment.

GENERAL

2. **THIS COURT ORDERS** that this Order and all of its provisions are effective as of 12:01 a.m. Newfoundland Time on September 22, 2023.

ISSUED at St. John's, Newfoundland and Labrador this 15 day of January, 2024.

Court Officer/Officer de Cour

Court Officer

4158-9145-1725

Big Erics Inc. - Cash Flow Weeks 11-24				
	July 2 to Sept 8, 2023 Weeks 1-10	September 11 to December 15, 2023 Weeks 11-24		
	Actual	Budget	Actual	Variance
Gross Sales	**4,745,136**	**6,806,362**	**5,953,419**	**(852,943)**
Cash Receipts				
Collection of Accounts Receivable	5,780,867	7,263,565	7,046,223	(217,342)
Miscellaneous	96	40,000	-	(40,000)
Total Cash Receipts	**5,780,963**	**7,303,565**	**7,046,223**	**(257,342)**
Operational Disbursements				
Cost of Sales	(3,409,239)	(5,001,939)	(5,232,698)	(230,759)
Rent & Municipal Taxes	(176,779)	(204,863)	(263,023)	(58,160)
Utilities	(14,126)	(34,704)	(29,481)	5,223
Insurance	(23,555)	(14,562)	(26,410)	(11,848)
Payroll	(783,523)	(1,150,000)	(1,009,421)	140,579
Key Employee Retention Payments	(32,300)	(74,000)	-	74,000
Warehouse Expenses	(205,953)	(242,616)	(375,193)	(132,577)
Selling Expenses	(24,424)	(74,894)	(34,019)	40,875
Bank Charges and POS Transaction Fees	(47,085)	(70,141)	(13,238)	56,903
HST Payable/Refund	2,584	(156,329)	(214,565)	(58,236)
Administrative and Miscellaneous	(57,366)	(43,135)	(111,881)	(68,746)
Total Operational Disbursements	**(4,771,766)**	**(7,067,183)**	**(7,309,929)**	**(242,746)**
Professional Fees	(93,849)	(204,300)	(123,722)	80,578
Total Disbursements	**(4,865,615)**	**(7,271,483)**	**(7,433,651)**	**(162,168)**
Net Cash Flow	**915,348**	**32,082**	**(387,428)**	**(419,510)**
Operating Line - Opening	(4,930,567)	(4,015,219)	(4,015,219)	-
Net Cash Flow	915,348	32,082	(387,428)	(419,510)
Operating Line - Closing	**(4,015,219)**	**(3,983,137)**	**(4,402,647)**	**(419,510)**
Less: Borrowing Base	(4,931,000)	(4,931,000)	(4,931,000)	-
Line of Credit Liquidity	**915,781**	**947,863**	**528,353**	**(419,510)**

Big Erics Inc.
Cash Flow Projections
Weeks - Beginning January 1, 2024

	01-Jan-24	08-Jan-24	15-Jan-24	22-Jan-24	29-Jan-24	05-Feb-24	12-Feb-24	19-Feb-24	26-Feb-24	04-Mar-24	11-Mar-24	18-Mar-24	25-Mar-24	
	Week 27	Week 28	Week 29	Week 30	Week 31	Week 32	Week 33	Week 34	Week 35	Week 36	Week 37	Week 38	Week 39	Weeks 27-39
Gross Sales	$ 387,585	$ 387,585	$ 387,585	$ 387,585	$ 387,585	$ 517,660	$ 517,660	$ 517,660	$ 517,660	$ 599,989	$ 599,989	$ 599,989	$ 599,989	**$ 6,408,522**
Cash Receipts														
Collection of Accounts Receivable	412,596	407,254	407,254	411,945	424,976	451,647	451,647	451,647	473,957	541,398	568,732	592,127	606,188	**6,201,367**
Rebates	-	-	-	-	-	-	-	-	-	-	-	-	90,000	**90,000**
Total Cash Receipts	**$ 412,596**	**$ 407,254**	**$ 407,254**	**$ 411,945**	**$ 424,976**	**$ 451,647**	**$ 451,647**	**$ 451,647**	**$ 473,957**	**$ 541,398**	**$ 568,732**	**$ 592,127**	**$ 696,188**	$ 6,291,367
Cash Disbursements														
Operational														
Cost of Sales	(252,294)	(315,771)	(315,771)	(315,771)	(325,815)	(365,991)	(365,991)	(365,991)	(363,354)	(352,810)	(352,810)	(352,810)	(352,810)	**(4,397,988)**
Rent & Municipal Taxes	-	-	-	-	(65,466)	-	-	-	(65,466)	-	-	-	(65,466)	**(196,399)**
Utilities	-	-	-	-	(12,000)	-	-	-	(18,000)	-	-	-	(15,000)	**(45,000)**
Insurance	-	-	-	-	(4,800)	-	-	-	(6,000)	-	-	-	(6,000)	**(16,800)**
Payroll	-	(125,529)	-	(125,529)	-	(141,720)	-	(157,911)	-	(158,911)	-	(159,911)	-	**(869,513)**
Key Employee Retention Payments	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**
Warehouse Expenses	(11,540)	(11,540)	(11,540)	(11,540)	(11,540)	(14,925)	(14,925)	(14,925)	(14,925)	(16,425)	(16,425)	(16,425)	(16,425)	**(183,100)**
Selling Expenses	(7,000)	(7,000)	(7,000)	(7,000)	(7,000)	(8,750)	(8,750)	(8,750)	(8,750)	(8,750)	(8,750)	(8,750)	(8,750)	**(105,000)**
Bank Charges and POS Transaction Fees	(3,200)	(3,200)	(3,200)	(3,200)	(3,200)	(3,500)	(3,500)	(3,500)	(3,500)	(4,000)	(4,000)	(4,000)	(4,000)	**(46,000)**
HST Payable/Refund	-	-	-	-	(45,000)	-	-	-	(55,000)	-	-	-	(60,000)	**(160,000)**
Administrative and Miscellaneous	(6,400)	(6,400)	(6,400)	(6,400)	(6,400)	(8,500)	(8,500)	(8,500)	(8,500)	(8,750)	(8,750)	(8,750)	(8,750)	**(101,000)**
Professional Fees														**-**
Monitor and Monitor's Legal Fees	(2,500)	(2,500)	(2,500)	(2,500)	(2,500)	(2,500)	(2,500)	(2,500)	(2,500)	(2,500)	(2,500)	(2,500)	(2,500)	**(32,500)**
Company Legal Fees	(3,000)	(3,000)	(3,000)	(3,000)	(3,000)	(3,000)	(3,000)	(3,000)	(3,000)	(3,000)	(3,000)	(3,000)	(3,000)	**(39,000)**
Accounting and Advisory Services	(1,200)	(1,200)	(1,200)	(1,200)	(1,200)	(1,500)	(1,500)	(1,500)	(1,500)	(1,500)	(1,500)	(1,500)	(1,500)	**(18,000)**
Total Cash Disbursements	**(287,134)**	**(476,140)**	**(350,611)**	**(476,140)**	**(487,921)**	**(550,386)**	**(408,666)**	**(566,577)**	**(550,496)**	**(556,646)**	**(397,735)**	**(557,646)**	**(544,201)**	(6,210,299)
Net Cash Flow	125,461	(68,886)	56,643	(64,195)	(62,945)	(98,739)	42,981	(114,930)	(76,539)	(15,248)	170,997	34,480	151,988	**81,068**
Operating Line - Opening	**(4,541,353)**	**(4,415,892)**	**(4,484,778)**	**(4,428,135)**	**(4,492,329)**	**(4,555,274)**	**(4,654,013)**	**(4,611,033)**	**(4,725,963)**	**(4,802,502)**	**(4,817,750)**	**(4,646,753)**	**(4,612,273)**	(4,541,353)
Net Cash Flow	125,461	(68,886)	56,643	(64,195)	(62,945)	(98,739)	42,981	(114,930)	(76,539)	(15,248)	170,997	34,480	151,988	**81,068**
Operating Line - Closing	**(4,415,892)**	**(4,484,778)**	**(4,428,135)**	**(4,492,329)**	**(4,555,274)**	**(4,654,013)**	**(4,611,033)**	**(4,725,963)**	**(4,802,502)**	**(4,817,750)**	**(4,646,753)**	**(4,612,273)**	**(4,460,286)**	(4,460,286)
Less: Borrowing Base	(4,931,000)	(4,931,000)	(4,931,000)	(4,931,000)	(4,931,000)	(4,931,000)	(4,931,000)	(4,931,000)	(4,931,000)	(4,931,000)	(4,931,000)	(4,931,000)	(4,931,000)	**(4,931,000)**
Line of Credit Liquidity	**515,108**	**446,222**	**502,865**	**438,671**	**375,726**	**276,987**	**319,967**	**205,037**	**128,498**	**113,250**	**284,247**	**318,727**	**470,714**	470,714

Disclaimers:

1. This statement of projected cash flow (the "**BEI - Revised Cash-Flow Projection**" or, the "**Forecast**") of Big Erics Inc. ("**BEI**") is prepared by the debtor and accordance with s. 23(1)(b) of the *Companies Creditors' Arrangement Act* ("**CCAA**").
2. BEI has prepared this forecast the "BEI - Revised Cash Flow Projection," on probable and hypothetical assumptions that reflect BEI's planned course of action for the period of January 1, 2024 to March 30, 2024. Management is in the opinion that, as at the date of the BEI - Revised Cash Flow Projection, the assumptions used to develop the projection represent the most probable set of economic conditions facing BEI and that the assumptions used proved a reasonable basis for and are consistent with the purpose of the BEI - Revised Cash Flow Projection.
3.The BEI - Revised Cash Flow Projection has been prepared by BEI and has been reviewed by Grant Thornton Limited in its capacity as Monitor (the **"Monitor"**). The Monitor has not verified or confirmed certain expenses incurred by BEI which are reflected in this Forecast.
4.The information contained in the Forecast is subject to changing assumptions and/or receipt of new or additional information; actual results may vary. The BEI - Revised Cash Flow Projection should not be used for any other purpose than its stated purpose, and creditors are cautioned that the information provided in the cash flow could vary based on changing future circumstances. All figures included it the BEI — Revised Cash Flow Projection are presented in Canadian dollars.

Notes to the Cash-Flow Projection:

1. The purpose of the BEI — Revised Cash Flow Protection is to estimate the liquidity requirement of BEI. BEI utilizes a Revolving Credit Facility (**"Operating Line"**) with the Bank of Montreal (**"BMO"**). BMO has advised the Company that the current borrowing limit of the Operating Line as of the date of the Forecast is $4,931,000.
2.The BEI - Revised Cash-Flow Projection is presented on a weekly basis from January 1, 2024 to March 30, 2024 (the "**BEI - Revised Cash-Flow Period**"). The BEI - Revised Cash-Flow Projection represents Management's best estimate of the results of its operations during the BEI - Revised Cash-Flow Period.
3. BEI invoices upon a customer receipt of goods and services. Collection of accounts receivable includes collection of existing amounts receivable and future revenues to be invoiced. Collection is based on historical patterns and reflect payment terms, which vary based on the customer. Management has been communicating with BEI's customers and believe that collection of receivables as contemplated during the BEI - Revised Cash Flow Period is attainable.
4. The BEI - Revised Cash-Flow Projections assumes there is no additional need for trade credit.
5. Payroll costs represent gross payroll, statutory remittances to CRA for employee source deductions and pension costs.
6. The Key Employee Retention Plan ("**KERP**") payments are as approved by the Supreme Court of Newfoundland and Labrador pursuit to the Amended and Reinstated Initial Order (**"ARIO") dated August 25, 2023.**
7. Warehouse Expenses includes freight (net of recovery from customers), repairs and maintenance to BEI's leased premises and other related expenditures.
8. Selling Expenses includes advertising, car and travel allowances to the traveling sales employees and other related expenditures .
9. Administrative and Miscellaneous includes office supplies, IT costs and other sundry expenditures.
10. Opening balance for bank indebtedness, accounts receivable, inventory and accounts payable are as of December 1, 2023.

Big Erics Inc.	**Grant Thornton, in its capacity as Monitor**
Inayat Wadiwala	**Phil Clarke, CPA, CA, CIRP, LIT**
Director of Finance	**Senior Vice President**