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

SUPPLEMENT TO THE SIXTH 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.

March 19, 2024

GrantThornton

Grant Thornton Limited,
Court-Appointed Monitor

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

TABLE OF CONTENTS

APPENDICES

TERMS OF REFERENCE

1. This Supplemental Report should be read in conjunction with the Monitor's Sixth Report, including the terms of reference paragraphs noted therein. Terms not defined within this Supplemental Report have the meaning as set out in the Sixth Report and application materials, unless otherwise noted.

PURPOSE OF THE SUPPLEMENTAL REPORT

2. The Monitor has prepared this supplement to the Sixth Report (the "**Supplemental Report**") to provide the Court with an update on the cash flow projections finalized by BEI on March 18, 2024 (the "**Extended Cash Flow Projections**") for the period of April 1, 2024 to May 17, 2024 (the "**Cash Flow Period**").

EXTENDED CASH FLOW PROJECTIONS

3. BEI, as a part of the Companies' application on March 15, 2023, compiled the Extended Cash Flow Projections, to which the Monitor had not reviewed prior to the issuance of the Sixth Report.

4. The Monitor has since completed its review of the Extended Cash Flow Projections with Management. A copy of the Extended Cash Flow Projections is attached hereto as **Appendix "A"**.

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

6. The Monitor has reviewed the Extended 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 Extended 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 Extended 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 Extended 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 Extended Cash Flow Projections;

(b) As at the date of this Supplemental 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 Extended Cash Flow Projections, given the Probable and Hypothetical Assumptions; or

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

7. As noted within Appendix E of the Sixth Report, BEI's credit availability on its Operating Line with BMO as at March 1, 2024 was approximately $910,000. The Extended Cash Flow Projections estimates approximately $3.5M of cash receipts and $3.9M of cash disbursements, resulting in an estimated overall decrease on the Operating Line with BMO of $510K during the period of the Extended Cashflow Projections.

8. The Monitor makes the following general comments on the Extended Cash Flow Projections:

(a) Sales during the Cash Flow Period total $3.56M and average $509K per week. The Monitor notes that these sales figures appear to be high, given the recent financial performance of BEI as noted within the Sixth Report. Management has advised that the increased in sales can be attributed to 1) to increased activity by their seasonal customers who are preparing for the 2024 tourist season 2) January and February are traditionally slower months for the business and 3) management has reviewed the sales targets with its sales team and after factoring in customer knowledge and market conditions and are confident they are achievable;

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

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

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

(e) The Extended Cash Flow Projections contemplates payment to the CRA of BEI's post-filing HST and source deduction obligations;

(f) The Extended 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 estimated payments to the Companies' counsel, the Monitor, the Monitor's counsel and the SISP Advisor.

9. Since the Extended 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 Extended 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 Supplemental Report or relied upon by the Monitor in preparing this Supplemental Report. Extended Cash Flow Projections have been prepared solely for the purposes described in Note 1 on page 2 of the Extended Cash Flow Projections and readers are cautioned that it may not be appropriate for other purposes.

EXTENSION OF THE STAY OF PROCEEDINGS

10. The Monitor notes the following during this 2 week period of April 1, 2024 to April 12, 2024 based on the Extended Cash Flow Projections:

    (a) The cash receipts, being all collection of accounts receivable, is forecasted to be approximately $980K and the cash disbursements is forecasted to be approximately $1.032M;

    (b) The net cash flow is forecasted to be a deficit of approximately $54K.

ALL OF WHICH IS RESPECTFULLY SUBMITTED this 19th day of March 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

Extended Cash Flow Projection to May 17, 2024

Big Erics Inc.
Cash Flow Projections
7 Weeks - Commencing April 1, 2024

	01-Apr-24	08-Apr-24	15-Apr-24	22-Apr-24	29-Apr-24	06-May-24	13-May-24
	Week 40	Week 41	Week 42	Week 43	Week 44	Week 45	Week 46
Gross Sales	$ 496,250	$ 496,250	$ 496,250	$ 496,250	$ 525,000	$ 525,000	$ 525,000
Cash Receipts							
Collection of Accounts Receivable	490,000	490,000	490,000	490,000	510,000	510,000	510,000
Rebates	-	-	-	-	-	-	-
Total Cash Receipts	$ 490,000	$ 490,000	$ 490,000	$ 490,000	$ 510,000	$ 510,000	$ 510,000
Cash Disbursements							
Operational							
Cost of Sales	(387,075)	(387,075)	(387,075)	(387,075)	(409,500)	(409,500)	(409,500)
Rent & Municipal Taxes	-	-	-	-	(91,000)	-	-
Utilities	-	-	-	-	(9,500)	-	-
Insurance	-	-	-	-	(6,100)	-	-
Payroll	(163,911)	-	(163,911)	-	(163,911)	-	(165,911)
Key Employee Retention Payments	-	-	-	-	-	-	-
Warehouse Expenses	(15,175)	(15,175)	(15,175)	(15,175)	(15,675)	(15,675)	(15,675)
Selling Expenses	(8,750)	(8,750)	(8,750)	(8,750)	(8,750)	(8,750)	(8,750)
Bank Charges and POS Transaction Fees	(4,000)	(4,000)	(4,000)	(4,000)	(4,000)	(4,000)	(4,000)
HST Payable/Refund	-	-	-	-	(60,000)	-	-
Administrative and Miscellaneous	(8,800)	(8,800)	(8,800)	(8,800)	(8,800)	(8,800)	(8,800)
Professional Fees							
Monitor and Monitor's Legal Fees	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)
Company Legal Fees	(4,000)	(4,000)	(4,000)	(4,000)	(4,000)	(4,000)	(4,000)
Accounting and Advisory Services	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)
Total Cash Disbursements	(598,711)	(434,800)	(598,711)	(434,800)	(788,236)	(457,725)	(623,636)
Net Cash Flow	(108,711)	55,200	(108,711)	55,200	(278,236)	52,275	(113,636)
Operating Line - Opening	(4,363,150)	(4,471,861)	(4,416,661)	(4,525,372)	(4,470,172)	(4,748,408)	(4,696,133)
Net Cash Flow	(108,711)	55,200	(108,711)	55,200	(278,236)	52,275	(113,636)
Operating Line - Closing	(4,471,861)	(4,416,661)	(4,525,372)	(4,470,172)	(4,748,408)	(4,696,133)	(4,809,769)
Less: Borrowing Base	(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	$ 459,139	$ 514,339	$ 405,628	$ 460,828	$ 182,592	$ 234,867	$ 121,231

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 March 31 to May 15,2024. 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 for the weeks commencing April 1, 2024 to May 13, 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. Cost of sales cash outflows averages 78% of projected sales representing a 22% gross profit margin.
6. Payroll costs represent gross payroll, statutory remittances to CRA for employee source deductions and pension costs.
7. 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.** The date of payment is currently unknown.
8. Warehouse Expenses includes freight (net of recovery from customers), repairs and maintenance to BEI's leased premises and other related expenditures. Average for most recent 3 weeks is $13,000 per week.
9. Selling Expenses includes advertising, car and travel allowances to the traveling sales employees and other related expenditures .
10. Administrative and Miscellaneous includes office supplies, IT costs and other sundry expenditures.
11. Opening balance for bank indebtedness, accounts receivable, inventory and accounts payable are as of March 10, 2024.

Big Erics Inc.	**Grant Thornton, in its capacity as Monitor**
Inayat Wadiwala **Director of Finance** 03.18.2024	**Phil Clarke, CPA, CA, CIRP, LIT** **Senior Vice President**