

District of: Ontario
Division No.: 09 - Toronto
Court No.: 31-2978830
Estate No.: 31-2978830

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST
(IN BANKRUPTCY)**

IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL
UNDER THE BANKRUPTCY AND INSOLVENCY ACT, R.S.C. 1985, c. B-3, AS
AMENDED, OF WHYTE'S FOODS INC.

**FIRST REPORT OF THE PROPOSAL TRUSTEE
ALVAREZ & MARSAL CANADA INC.**

AUGUST 30, 2023

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1.0 INTRODUCTION

- 1.1 On August 23, 2023 (the “**Filing Date**”), Whyte’s Foods Inc. (“**Whyte’s**”, the “**Company**” or the “**Applicant**”) filed a Notice of Intention to Make a Proposal (“**NOI**”) pursuant to Section 50.4(1) of the *Bankruptcy and Insolvency Act (Canada)*, R.S.C. 1985, c. B-3 (the “**BIA**”) and Alvarez & Marsal Canada Inc. (“**A&M**”) was appointed as Proposal Trustee of the Company (the “**Proposal Trustee**”).
- 1.2 These NOI proceedings (the “**NOI Proceedings**”) were initiated by the Company to create a stabilized environment for Whyte’s to continue to operate in the ordinary course, while allowing the Company the opportunity to restructure its financial affairs and conduct a Court-supervised sale process.
- 1.3 The purpose of this report (the “**First Report**”) is to provide the Court with information, and where applicable, the Proposal Trustee’s views on:
- a) background information with respect to Whyte’s and events leading to the NOI Proceedings;
 - b) the Company’s cash flow for the period August 21, 2023 to October 8, 2023 (the “**Cash Flow Forecast**”);
 - c) the relief sought by the Applicant as part of the proposed Initial Order, including with respect to:
 - i. approval of the proposed sale and investment solicitation process (“**SISP**”) for a sale or investment of the Company’s right, title and interest in and to all assets, undertakings and properties acquired or used for and otherwise related to its operations and business (the “**Business**”), or any portion thereof (collectively, the “**Property**”), including approval of the engagement of Kroll Corporate Finance Canada Limited (“**Kroll**” or the “**Financial Advisor**”) as financial advisor to the Applicant in respect of the SISP;

- ii. approval of the proposed debtor-in-possession financing facility (the “**DIP Facility**”) and the Forbearance and Third Amendment to the Credit Agreement (the “**DIP Facility Agreement**”) entered into on August 22, 2023 between Wells Fargo Capital Finance Corporation Canada (“**Wells Fargo**”), as lender (in such capacity, the “**DIP Lender**”) and Whyte’s, as borrower;
- iii. authorizing the Applicant, with the consent of the Proposal Trustee and in accordance with the Cash Flow Forecast and DIP Facility, to make certain pre-filing payments on account of goods or services to suppliers that are critical to the Applicant’s business (the “**Critical Suppliers**”);
- iv. approval of the Charges (as defined below) and the proposed priority of same including:
 - A. a charge in the amount of \$250,000 over the Property to secure the fees and disbursements of the Company’s legal counsel, as well as the fees and disbursements of the Proposal Trustee and its counsel (the “**Administration Charge**”);
 - B. an aggregate charge in the amount of \$700,000 over the Property in favour of the directors and officers of the Company (the “**Director’s Charge**”); and
 - C. a charge in the amount of \$2.7 million over the DIP Property (as defined below) in favour of the DIP Lender (the “**DIP Charge**” and collectively with the Administration Charge and the Director’s Charge, the “**Charges**”);
- v. authorizing the Applicant to continue to utilize its cash management system;

vi. extending the time for the Applicant to file a proposal, and the corresponding stay of proceedings, until and including October 10, 2023 (the “**Stay Period**”); and

d) the Proposal Trustee’s activities and its recommendations in connection with the foregoing.

1.4 Further information about the Company and copies of materials filed in these proceedings are available on the Proposal Trustee’s case website at: www.alvarezandmarsal.com/whytes (the “**Case Website**”).

2.0 TERMS OF REFERENCE AND DISCLAIMER

2.1 In preparing this First Report, the Proposal Trustee has relied upon unaudited financial information prepared by the Company’s representatives, its books and records, discussions with the Company’s representatives and its legal counsel (collectively, the “**Information**”).

2.2 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 wholly or partially comply with Canadian Auditing Standards (“**CASs**”) pursuant to the *Chartered Professional Accountants Canada Handbook* (the “**CPA Handbook**”), and accordingly, the Proposal Trustee expresses no opinion or other form of assurance contemplated under CASs in respect of the Information.

2.3 Some of the information referred to in this First Report consists of forecasts and projections. An examination or review of the financial forecasts and projections, as outlined in the CPA Handbook, has not been performed. Future oriented financial information referred to in this First Report was prepared based on the Company’s estimates and assumptions. Readers are cautioned that since projections are based upon assumptions about future events and conditions that are not ascertainable,

actual results will vary from the projections, even if the assumptions materialize, and the variations could be significant.

- 2.4 This First Report should be read in conjunction with the affidavit of Ms. Elizabeth Kawaja, sworn August 28, 2023 (the “**Kawaja Affidavit**”). The Kawaja Affidavit contains further background in respect of the Company including events leading up to these NOI Proceedings and additional details in respect of the relief sought by the Applicants. Capitalized terms used but not defined in this First Report shall have the meanings given to such terms in the Kawaja Affidavit.
- 2.5 Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian dollars.

3.0 BACKGROUND INFORMATION

- 3.1 A more extensive background of the Company’s business and operations is set out in the Kawaja Affidavit. Certain key points are summarized below.
- 3.2 Whyte’s is a privately held Canadian company that carries on business as a leading producer of pickled and fermented food products in Canada. The Company offers a diverse product portfolio to widely recognized Canadian private label and consumer packaged goods (“**CPG**”) companies along with its own brands, including Strub’s, Coronation, Mrs. Whyte’s, Whyte’s and Saroli (together, the “**Brands**”).
- 3.3 The Company’s head office is located in Mississauga, Ontario, and it currently owns and operates two manufacturing facilities located in Wallaceburg, Ontario (the “**Wallaceburg Facility**”) and Saint-Louis, Quebec (the “**St. Louis Facility**”). The Company also operates a leased warehouse and distribution facility in Sainte-Thérèse, Quebec (the “**Ste. Thérèse Facility**”).
- 3.4 As further described in the Kawaja Affidavit, the Company has experienced sustained operational and liquidity challenges due in part to construction and expansion of the Wallaceburg Facility, altered crop cycles due to environmental

changes as well as supply chain, customer demand and labour shortages and other issues stemming from the COVID-19 pandemic. The Company's liquidity challenges have impacted its ability to source ingredients and produce the level of inventory necessary to service its customers' demands on a consistent basis.

3.5 The Company's income statements for fiscal years 2020, 2021, 2022, and 2023 and the six months ending July 31, 2023 are summarized below:

\$000's	FY 2020	FY 2021	FY 2022	FY 2023	YTD July 31
	Audited	Audited	Audited	Unaudited	Unaudited
Revenue	78,552	83,167	90,101	89,285	27,787
EBITDA	(149)	2,612	1,050	205	(4,240)
Net Loss	(3,263)	(2,725)	(5,341)	(6,473)	(7,532)

3.6 As reflected above, the Company incurred losses of approximately \$25.3 million since FY 2020.

3.7 Despite the significant operational and financial challenges encountered by the Company, during FY 2023¹ and FY 2024 the Company took a number of steps to improve its liquidity position, including:

- a) completing the sale of its manufacturing and warehousing facility in Sainte-Rose, Quebec ("**Ste. Rose**");
- b) implementing the Prior Sales Process (as defined below);
- c) completing the sale of its Cheese Tariff Rate Quota;

¹ The Company maintains a January 31st year end. Therefore, FY 2023 relates to the 12 months ended January 31, 2023.

- d) refinancing its Business Development Bank of Canada (“**BDC**”) loans with Farm Credit Canada (“**FCC**”);
- e) arranging for a \$2.2 million cash injection from EJJ Capital Inc., (“**EJJ**”), a related party; and
- f) assigning its lease in respect of the Ste. Thérèse Facility to Care Real Estate Holdings ULC (“**Care**”), a related party, whereby Care has paid and continues to pay rental payments directly to the ultimate landlord of the Ste. Thérèse Facility, at no cost to the Company.

3.8 In addition, on July 21, 2023, the Company entered into interim arrangements with Aliments Putters Inc. (“**Putters**”) in respect of the St. Louis Facility (the “**Interim St. Louis Arrangements**”), whereby Whyte’s produces certain products on behalf of Putters. The Interim St. Louis Arrangements provided for the purchase of ingredients and contribution towards various other production and operating costs by Putters. The resulting inventory is segregated from and does not form part of the Company’s Property. The Interim St. Louis Arrangements permits the Company to continue operations at the St. Louis Facility through September and ensures that local growers supplying crop do not encounter any delay in payment for their production.

3.9 The Interim St. Louis Agreement also provides for a period of exclusivity for the Company to complete the negotiations of a purchase agreement between the Company and Putters for the St. Louis Facility and related equipment. As described in the Kawaja Affidavit, negotiations are in process. If no viable agreement is reached, the St. Louis Facility and related equipment will be included in the proposed SISP.

3.10 The current filing and commencement of these NOI Proceedings stem from the Company’s need for additional capital to address its imminent liquidity crisis. The NOI Proceedings are intended to allow the Company the flexibility and breathing space required to: (a) secure and access additional financing under the DIP Facility;

(b) ensure the Company can continue to operate in the ordinary course; (c) preserve the going-concern value of the Company; (d) build on the work completed in the Prior Sale Process and complete the SISP and execute a value-maximizing sale or investment transaction(s) for the benefit of the Company and its stakeholders.

4.0 ASSETS

4.1 An estimate of the Company’s assets as at the Filing Date is provided below:

Assets (\$'000s)	Amount
Capital assets	30,286
Accounts receivable	9,830
Inventories	9,194
Intangible assets	2,288
Advances to related entities	1,852
Prepays	750
Investments	30
Total Assets	54,230

- a) *Capital Assets*: largely represents the Wallaceburg Facility and St. Louis Facility, equipment housed within the facilities and certain remaining equipment from the Ste. Rose facility;
- b) *Accounts Receivable*: largely represents trade receivables from the Company’s customers, approximately 85% of which are owed from Whyte’s top five customers and over 60% of which is owed from Whyte’s largest customer, Smucker Foods of Canada Corp (“**Smucker**”). Refer to section 11 below for a discussion regarding an ongoing dispute between the Company and Smucker (the “**Smucker Dispute**”);
- c) *Inventory*: consists of raw materials, packaging, work-in-progress goods and finished goods stored at the Wallaceburg Facility, the St. Louis Facility and the Ste. Thérèse Facility;
- d) *Intangible Assets*: largely represents intellectual property related to the Company’s Brands;

- e) *Advances to Related Entities*: represents advances made to related parties; and
- f) *Prepays*: largely represent prepaid amounts to suppliers to procure materials for production.

5.0 CREDITORS

Wells Fargo ABL Facility

- 5.1 On October 14, 2022, Whyte’s and Maison Gourmet Inc. (“**Maison Gourmet**”), as borrowers (collectively, the “**WF Borrowers**”), and Wells Fargo, as lender, entered into a credit agreement (as amended from time to time, the “**WF Credit Agreement**”). A copy of the WF Credit Agreement is attached as Exhibit “E” to the Kawaja Affidavit.
- 5.2 The WF Borrowers’ obligations under the WF Credit Agreement are guaranteed by each of Triak Capital Inc. (“**Triak**”) and Mario Saroli Sales Inc. (“**Mario Saroli**”) (collectively, the “**WF Guarantors**”, and together with the WF Borrowers, the “**WF Loan Parties**”).
- 5.3 It is the Proposal Trustee’s understanding that, as of the Filing Date, Maison Gourmet and the WF Guarantors do not have material assets and are not parties to this or any NOI proceedings.
- 5.4 Facilities provided by the WF Credit Agreement include the following:
 - a) revolving loans up to a maximum aggregate principal amount of \$25 million, subject to applicable borrowing bases (the “**ABL Facility**”); and
 - b) term loans up to a maximum aggregate principal amount of \$1.5 million at (the “**WF Term Facility**”).

- 5.5 As of the Filing Date, the total indebtedness outstanding under the ABL Facility is approximately \$8.1 million and no amounts have been advanced under the WF Term Facility.
- 5.6 As described in the Kawaja Affidavit, the WF Loan Parties are in default under the terms of the WF Credit agreement. To address these defaults and allow for ongoing funding to Whyte's, the WF Loan Parties negotiated and formalized a forbearance agreement dated April 19, 2023 (the "**WF Forbearance Agreement**"). A copy of the WF Forbearance Agreement is attached as Exhibit "I" to the Kawaja Affidavit.
- 5.7 As described in the Kawaja Affidavit, the WF Loan Parties were unable to meet certain covenants under the terms of the WF Forbearance Agreement, which expired on July 31, 2023.
- 5.8 In conjunction with this NOI Proceeding, the WF Loan Parties negotiated and formalized a DIP Facility Agreement with Wells Fargo dated August 22, 2023, which provides for, among other things, (a) a further forbearance period until October 10, 2023 and (b) a DIP Facility which will allow over advances not exceeding \$2.7 million provided by Wells Fargo, as the DIP Lender. The DIP Facility Agreement and DIP Facility is further discussed in section 7.

FCC Facilities

- 5.9 On May 20, 2020, Whyte's, as borrower, and Farm Credit Canada ("**FCC**" and together with Wells Fargo, the "**Senior Secured Lenders**"), as lender, entered into a credit agreement, which provided for two real property loans in the aggregate amount of \$18.3 million.
- 5.10 Pursuant to an amended and restated credit agreement dated April 11, 2023 (the "**FCC Credit Agreement**"), FCC established additional credit facilities to refinance certain loans extended by BDC in favour of Whyte's. Among other things, the FCC Credit Agreement provided for two new credit facilities ("**FCC Refinancing Facilities**"):

- a) a real property loan in the principal amount of \$10 million; and
 - b) a real property loan in the principal amount of \$7.3 million;
- 5.11 A copy of the FCC Credit Agreement is attached as Exhibit “G” to the Kawaja Affidavit.
- 5.12 The obligations of Whyte’s under the FCC Credit Agreement are guaranteed by (i) each of Triak, Mario Saroli and Maison Gourmet on an unlimited basis, and (ii) Ms. Kawaja, on a limited basis (together with Whyte’s, the “**FCC Loan Parties**”).
- 5.13 As of the Filing Date, the total indebtedness outstanding under the FCC Credit Agreement total approximately \$34.4 million.
- 5.14 As described in the Kawaja Affidavit, the FCC Loan Parties are in default under the terms of the FCC Credit agreement. Pursuant to a forbearance agreement signed August 23, 2023 (“**FCC Forbearance Agreement**”), FCC has agreed to forbear from enforcing its rights and exercising its remedies under the FCC Credit Agreement subject to the terms described within.

EJJ Loans

- 5.15 As a condition of both the FCC Credit Agreement and the Wells Forbearance, the Company was required to obtain an additional cash injection from a related party to assist in general working capital. On March 15, 2023, Whyte’s issued a promissory note to EJJ, promising to pay approximately \$2.2 million on demand subject to interest calculated at the prime rate plus 1% (the “**EJJ Loan**”).
- 5.16 As part of the EJJ Loan, EJJ was granted security against the Property in respect of the EJJ Loan and prior advances for a total of approximately \$3.8 million. The Proposal Trustee understands that the EJJ Loan ranks subordinate to the secured obligations owing to Wells and FCC.
- 5.17 Searches of the Ontario Personal Property Security Registration System (the “**OPPSRS**”) and the Quebec Register of Personal and Movable Real Rights (the

“QRPMRR”) show that the EJJ Loan was registered against Whyte’s on April 19, 2023.

Other Secured Obligations

5.18 Pursuant to recent searches of registrations in the OPPSRS and the QRPMRR, aside from registrations by Wells Fargo, FCC and EJJ for obligations described above, the following parties have a registered interest in the Company’s Property:

- a) Investissement Quebec (“IQ”) has a registered interest in the Company’s Property and Securities (as defined in the QRPMRR Results). A copy of the loan offer from IQ executed December 5, 2012 is attached as Exhibit “K” to the Kawaja Affidavit; and
- b) BDC has registrations against Whyte’s Property. As described above, obligations to BDC has been refinanced through the FCC Refinancing Facilities.

5.19 The Proposal Trustee is not aware of any other secured creditors.

5.20 Copies of the results from the OPPSRS and QRPMRR searches against Whyte’s ran on August 23, 2023 and August 24, 2023 respectively are attached to the Kawaja Affidavit as Exhibit “M” and “N”.

5.21 Counsel to the Proposal Trustee is in the process of obtaining and reviewing the security documents held by all secured creditors referenced in this section.

Unsecured Creditors

5.22 Based on the Company’s books and records, as at the Filing Date, amounts payable to unsecured trade creditors located across Canada, U.S. and Europe were approximately \$13 million, owing primarily to third-party suppliers of raw materials used in the manufacturing process, packaging, logistics and other general goods and services.

5.23 As of the Filing Date, the Company owes approximately \$4.9 million to Agriculture and Agri-Food Canada in connection with the Agri-Innovate Program (“**Agri-Innovate**”) pursuant to a Repayable Contribution Agreement dated February 27, 2019. Agri-Innovate is a government program that provides repayable contributions to incentivize business to invest in increasing agricultural and agri-food section competitiveness and sustainability benefits. A copy of the Repayable Contribution Agreement is attached to the Kawaja Affidavit as Exhibit “**O**”

Employees

5.24 The Company currently employs approximately 283 employees, of which 39 are salaried employees, 29 are contract employees and 215 are hourly employees.

5.25 The Company’s payroll is processed by Nethris, a third-party payroll processor and paid through the Company’s Cash Management System (as defined below). In addition, the Company sponsors an employee benefits plan, which provides health and other benefits for eligible employees. The Company does not maintain any pension plans.

5.26 The Proposal Trustee understands that the Company is current in all of its funding obligations in respect of payroll and related costs (with the exception of amounts owing to CNESST²), and that during these NOI Proceedings, the Company intends to continue funding payroll, benefits and all other employee related costs in the normal course.

5.27 As of the date of this First Report, the Company’s books and records reflect accrued vacation pay of approximately \$448,000.

² As of the Filing Date, the Company owes approximately \$264,000 payable to La Commission des normes, de l'équité, de la santé et de la sécurité du travail (“CNESST”), the Quebec authority for providing workplace safety related services.

6.0 SISP

Prior Sale Process

- 6.1 In February 2023, the Company engaged Kroll to run a process to canvas the market for a sale of or investment into the Company. Kroll’s target list included strategic buyers and financial sponsors that focus on food manufacturing and turnaround situations (the “**Prior Sale Process**”).
- 6.2 A summary of steps taken by Kroll in the Prior Sale Process (and related outcomes) include:
- a) launching a marketing process to 156 prospective buyers. From the parties contacted, 72 non-disclosure agreements were signed, and confidential information memorandums and access to a virtual data room (“**VDR**”) were provided to those parties in order to review the opportunity and assess their level of interest.
 - b) setting an Indication of Interest (“**IOI**”) deadline of March 15, 2023 for initial bids (whereby six IOIs were received) and moving forward with four of the parties.
 - c) setting a Letter of Intent (“**LOI**”) deadline of May 10, 2023 for non-binding bid submissions.
- 6.3 Ultimately, two LOIs were signed by the Company and extensive diligence was conducted, however the Company was not able to implement a transaction prior to the Filing Date.

Proposed SISP

- 6.4 The Company is seeking approval for the continuation and completion of the Prior Sale Process within the proposed SISP. As described in the Kawaja Affidavit, the Company has determined that the best path to maximize stakeholder value and preserve the Company as a going concern is to commence these NOI Proceedings

and complete the proposed SISP with the assistance of the Proposal Trustee and the Financial Advisor.

6.5 A copy of the proposed SISP is attached as Exhibit “Q” to the Kawaja Affidavit and is summarized below. The description of the SISP provided herein is for summary purposes only and reference should be made to the SISP for actual terms.

Summary of Certain Key Terms of the SISP	
Capitalized terms not otherwise defined have the meanings attributed to such terms in the SISP	
Opportunity	<ul style="list-style-type: none"> • A sale or investment of the Company’s Business or Property, as a going concern or otherwise on an “as is, where is” basis and without surviving representations or warranties (the “Opportunity”)
Process and Timeline	<ul style="list-style-type: none"> • The Proposal Trustee and Kroll, in consultation with the Company, shall oversee and conduct the SISP • <u>Bid Deadline</u>: Bids must be submitted in accordance with the SISP by no later than 5pm EST on September 21, 2023 • <u>Evaluation of Bids</u>: Following the Bid Deadline, Bids received will be evaluated in accordance with the SISP on or before noon on September 25, 2023 • <u>Sale Approval Motion</u>: Company shall seek court approval to consummate the Successful Bid(s) on or before October 2, 2023 (the “Sale Approval Motion”)
Notice	<ul style="list-style-type: none"> • The Proposal Trustee and Kroll will prepare a list of potential bidders, including parties who have previously indicated interest or has been active in the Prior Sale Process and select additional competitors (the “Known Potential Bidders”)
Formal Binding Offers	<ul style="list-style-type: none"> • The Bid must be a binding offer and include a duly authorized and executed definitive transaction document contemplating closing on or before the Outside Date, October 10, 2023, in the form of a Sale Proposal or Investment Proposal. • A Bid must include, among other things as listed out in the SISP: <ul style="list-style-type: none"> ○ Description of total consideration (Sale Proposal) or proposed structure of the investment, description of non-

	<p>cash considerations and the aggregate amount of equity and or debt investment (Investment Proposal);</p> <ul style="list-style-type: none"> ○ Description of the Property contemplated by the transaction and assumed liabilities and obligations, if any; ○ a letter stating that the Bidder’s offer is irrevocable until approval of the Success Bid(s) by the Court and if the Successful Bidder, its offer shall remain irrevocable until the closing of the transaction contemplated by such Bid; ○ written evidence of a firm, irrevocable commitment for financing or evidence of the Bidder’s ability to consummate the proposed transaction; and ○ payment of a deposit not less than 10% of the purchase price offered, to be provided with the submission of the Bid (deposit to be held by the Proposal Trustee in trust)
<p>Evaluation of Competing Bids, Selection</p>	<ul style="list-style-type: none"> ● The Proposal Trustee, Kroll, and/or the Company are entitled to discuss and negotiate the Bid(s) prior to or after the Bid Deadline, in consultation with the Senior Secured Lenders ● Bids shall be evaluated based several factors, including without limitation, (a) total consideration; (b) ability of the Bidder to complete the transaction; (c) proposed transaction documents; (d) factors affecting the speed, certainty and value of the transaction; (e) assets and liabilities included or excluded; and (f) related restructuring costs ● The Proposal Trustee, Kroll, and/or the Company, in consultation with the Senior Secured Lenders may select one or more Successful Bids, with or without negotiation, in consultation with the Senior Secured Lenders ● The Proposal Trustee, Kroll, and/or the Company shall be under no obligation to designate the higher or otherwise best Bid or any Bid as the Successful Bid
<p>Potential Stalking Horse Bid</p>	<ul style="list-style-type: none"> ● The Company, in consultation or with the approval of the Proposal Trustee, Kroll and the Senior Secured Lenders may attempt to negotiate a Stalking Horse Bid prior to the Bid Deadline to provide certainty ● Any Stalking Horse Bid shall be subject to approval to the Court

6.6 The following table sets out the key milestones under the SISP:

Key Milestones	
Capitalized terms not otherwise defined have the meanings attributed to such terms in the SISP	
Company to obtain Initial Order including approval of (i) Kroll’s engagement; and (ii) SISP	August 31, 2023
Publish notice of SISP on the Proposal Trustee’s website	Two business days following date of the Initial Order
Deliver Teaser Letter and NDA to Known Potential Bidders and set up of a VDR	Two business days following the date of the Initial Order
Template purchase and sale agreement to be posted in the VDR	Seven calendar days following date of the Initial Order
Bid Deadline	5:00 p.m. (EST) on September 21, 2023
Proposal Trustee, Kroll and the Company (in consultation with the Senior Secured Lenders) to (i) review submitted Bids; (ii) seek clarification of Bids; (iii) select Successful Bid(s); and (iv) negotiate final agreements	On or before 12:00 pm (EST) on September 25, 2023
Hearing of the Sale Approval Motion	October 2, 2023
Target closing date for sale and/or investment transactions	October 6, 2023
Outside closing date for sale and/or investment transactions	October 10, 2023

Engagement of Financial Advisor

6.7 The proposed Initial Order seeks approval of Kroll’s engagement as Financial Advisor of the Company for the purposes of assisting the Company and the Proposal Trustee with conducting the SISP.

6.8 To align with the proposed SISP, a revised engagement letter with Kroll (the “**Kroll Engagement Letter**”) was negotiated and signed August 22, 2023. The Kroll Engagement Letter is summarized in and attached to the Kawaja Affidavit as Exhibit “**P**”.

6.9 As described and defined in the Kroll Engagement Letter, Whyte’s agrees to pay to Kroll a Transaction Fee calculated as 3.25% of the Gross Proceeds. The Transaction Fee shall not be less than \$750,000 if a Transaction for substantially all of the Property is completed.

Proposal Trustee Recommendation

6.10 The Proposal Trustee respectfully recommends that the Court approve the SISP and Kroll as Financial Advisor for the following reasons:

- a) it is the Proposal Trustee’s view that the SISP is commercially reasonable;
- b) Kroll conducted an expansive Prior Sale Process which adequately canvassed the market for interested parties and was structured in a manner consistent to how the Proposal Trustee might conduct or oversee a SISP within a formal court proceeding;
- c) Kroll’s prior experience in assisting Whyte’s with the Prior Sale Process makes it well suited to act as Financial Advisor in the SISP as they would be both well versed in the Opportunity as well as the history surrounding each of the Known Potential Bidders;
- d) the fee arrangement and other terms were negotiated by the Company in consultation with the Proposal Trustee the Senior Secured Lenders. The Proposal Trustee has reviewed the fees in comparable formal restructuring proceedings of a similar scale and is of the view that the Transaction Fee provided for in the Kroll Engagement Letter is reasonable in the circumstances;

- e) when evaluated in conjunction with the Prior Sale Process, it is the Proposal Trustee's view that the information made or will be made available will be sufficient for an interested party to make an informed decision and prepare a Bid;
- f) it is the Proposal Trustee's view that the SISP, while expedited, when evaluated in conjunction with the Prior Sale Process, is sufficient to allow interested parties to continue their diligence and submit offers. The Known Potential Bidders that will be contacted during the SISP are familiar with the Opportunity and should not require a prolonged diligence period to determine whether they would like to submit an offer;
- g) As previously noted, the Interim St. Louis Arrangements provides for a period of exclusivity for the Company to complete the negotiation of terms of purchase agreement relating to St. Louis Facility and related Equipment with Putters. The Company is currently in discussions to determine if there is a viable agreement to be reached, failing which the St. Louis Facility and related equipment will be included in the proposed SISP;
- h) an expedited process is required as the Company does not have access to sufficient funding to support the costs associated with conducting a prolonged SISP; and
- i) As described below, obtaining Court approval of the SISP in these NOI Proceedings is a condition to the DIP Lender providing the Company access to a DIP Facility. It is the Proposal Trustee's understanding that the Senior Secured Lenders are in agreement with the terms of the SISP, including the target dates for the key milestones thereof.

7.0 DIP FACILITY

- 7.1 As outlined in the Cash Flow Forecast, the Company requires financing during the NOI Proceedings to provide the liquidity necessary to maintain their business as a

going concern, preserve value of their assets for their stakeholders and to pursue and implement any transactions resulting from the SISP.

7.2 In order to obtain access to such liquidity, the Company negotiated the terms of the DIP Facility Agreement with Wells Fargo, as DIP Lender, and the DIP Facility contemplated therein. The DIP Facility Agreement and the process undertaken by Whyte’s to secure the DIP Facility are described in greater detail in the Kawaja Affidavit.

7.3 Key terms and components of the DIP Facility include the following:

DIP Facility (Capitalized terms have the meaning ascribed thereto in the DIP Facility Agreement)	
Parties	<ul style="list-style-type: none"> Whyte’s and Maison Gourmet, as borrowers, Triak and Mario Saroli as guarantors, and Wells Fargo as the DIP Lender
Maximum Availability	<ul style="list-style-type: none"> \$2.7 million
Interest	<ul style="list-style-type: none"> Annual interest rate equivalent to what is charged under the ABL Facility, plus 2% per annum (equivalent to the Default Rate, as defined in the Wells Fargo Credit Agreement)
Fees	<ul style="list-style-type: none"> DIP Fee of \$75,000 payable upon granting of the Initial Order
Use of Funds	<ul style="list-style-type: none"> Proceeds of the DIP Loan are to be used for the Company’s working capital, operating and restructuring purposes
Maturity	<ul style="list-style-type: none"> The earlier of (i) October 10, 2023; and (ii) occurrence of a Terminating Event
Certain Key Conditions Precedent	<ul style="list-style-type: none"> Conditions precedent to advances under the DIP Facility include: (i) Filing of NOI by no later than August 23, 2023; (ii) Initial hearing before the Ontario Superior Court of Justice (Commercial List) on or before August 28, 2023, or as soon as possible thereafter that week; (iii) obtaining the Initial Order including approval of the Charges, the SISP, the engagement of Kroll and certain pre-filing permissions for Critical Suppliers

Financial Covenants	<ul style="list-style-type: none"> • Set out in Section 7.1 and 7.2 of the DIP Facility Agreement • waives application of certain financial covenants under the Credit Agreement related for Minimum EBITDA, Fixed Charge Coverage Ratio and Minimum Excess Availability
Events of Default	<ul style="list-style-type: none"> • Events of default include: (i) failure to make payment of principal, interest, fees or other obligations; (ii) failure to perform certain covenants; (iii) judgments, orders or awards in excess of the Material Amount; (iv) insolvency; (v) defaults under other agreements; (vi) untrue representations; (vii) invalidity of loan documents; (viii) change of control

Proposal Trustee Recommendation

7.4 The Proposal Trustee respectfully recommends that the Court approve the DIP Facility Agreement for the following reasons:

- (i) the terms of the DIP Facility are the result of extensive negotiations as between the Company, the Senior Secured Lenders and their respective advisors, and represents the best that the Company could negotiate in the circumstances in seeking a going concern outcome for its business;
- (ii) The Proposal Trustee understands that FCC, the other Senior Secured Lender, is in agreement with the terms and quantum of the proposed DIP Facility; and
- (iii) as discussed in section 10, the DIP Facility, together with cash generated from ongoing operations, is projected to provide the Company with sufficient liquidity during these NOI Proceedings to allow the Company to continue to operate in the normal course and implement the process contemplated by the SISP.

Cash Management System

- 7.5 As described in the Kawaja Affidavit, the Company's cash management system is operated through various accounts with TD Bank Canada (the "**Cash Management System**").
- 7.6 The DIP Facility Agreement provides that the existing Cash Management System will continue to apply for the DIP Lender to manage and monitor its collateral position. The Company intends to continue using its existing Cash Management System in substantially the same manner as before the commencement of these NOI Proceedings and is seeking approval of the Court to do so.
- 7.7 Given the scale and nature of the Company's operations and the volume of transactions that are processed daily within the Cash Management System, the Proposal Trustee is of the view that the continued use of the existing Cash Management System is required and appropriate during these NOI Proceedings.

8.0 CRITICAL SUPPLIERS

- 8.1 As part of the proposed Initial Order, the Company is seeking authorization to pay certain pre-filing arrears to vendors whose products and/or services are essential to the Company's ongoing operations and/or also may be critical to implementing the contemplated sale or other restructuring alternatives in these NOI Proceedings ("**Critical Suppliers**").
- 8.2 The proposed Initial Order provides that the Proposal Trustee will oversee any payments of pre-filing amounts made to the Critical Suppliers. Payments will only be made with the express authorization of the Proposal Trustee, and only to Critical Suppliers that the Proposal Trustee agrees are essential to the Company's business operations and such payments are provided for in the Cash Flow Forecast.

9.0 CHARGES

9.1 The proposed Initial Order seeks the granting of the Administration Charge and the Director's Charge over the Property, as well as the DIP Charge over the DIP Property (defined below).

9.2 The priorities of the Charges are proposed to be as follows:

- (i) the Administration Charge (to the maximum amount of \$250,000);
- (ii) the Director's Charge (to the maximum amount of \$350,000 as against the DIP Property);
- (iii) the DIP Lender's Charge (to the maximum amount of \$2,700,000), as against the DIP Property; and
- (iv) the balance of the Director's Charge of \$350,000 as against the FCC Collateral (as defined below).

Administration Charge

9.3 The proposed Initial Order provides for an Administration Charge in an amount not to exceed \$250,000 in favour of the Proposal Trustee, counsel to the Proposal Trustee, and counsel to the Applicant.

9.4 The Proposal Trustee assisted the Company with the calculation of the Administration Charge and is of the view that the amount of the charge is reasonable and appropriate in the circumstances, having regard to the nature of the proceedings, the anticipated professional costs incurred during these NOI Proceedings, and the size of charges approved in similar proceedings.

Director's Charge

- 9.5 The proposed Initial Order provides that the Applicant will indemnify its current and future directors and officers against obligations and liabilities that they may incur in their capacity as directors and officers of the Applicant from the commencement of these NOI Proceedings, except to the extent that any obligation or liability was incurred as a result of gross negligence or wilful misconduct. The proposed Initial Order provides for an Director's Charge in the aggregate amount of \$700,000; \$350,000 of which would rank in priority to the DIP Property and \$350,000 of which would rank in priority to the FCC Collateral³.
- 9.6 The Proposal Trustee understands that the Company does not have a directors' and officers' insurance policy that would otherwise provide coverage for certain obligations during these NOI Proceedings.
- 9.7 The amount of the Director's Charge was estimated by the Company, in consultation with the Proposal Trustee, taking into consideration the Applicant's ongoing payroll, vacation pay and statutory employee obligations during these NOI Proceedings.
- 9.8 The Proposal Trustee is of view that the Director's Charge is reasonable and appropriate given the potential exposure to personal liability.

DIP Charge

- 9.9 The DIP Credit Agreement provides that the DIP Charge of \$2.7 million will apply to all Property of the Company but will not prime the FCC Collateral (the "**DIP Property**").

³ Pursuant to the proposed Initial Order, the DIP Charge shall not rank in priority to any of the security interests, liens, charges and encumbrances granted by the Applicant in favour of Farm Credit Canada over the Non-trade Personal Property (as defined in the Amended and Restated Intercreditor Agreement dated as of April 19, 2023 by and among, inter alia, the DIP Lender, FCC and the Applicant) (the "**FCC Collateral**").

9.10 As outlined in the Kawaja Affidavit, the DIP Lender, Wells Fargo, already benefits from a first ranking security interest over the DIP Property. The Proposal Trustee is not aware of any material prejudice to any other existing creditor of the Company should the Court approve the proposed DIP Charge. As such, the Proposal Trustee is of view that the DIP Charge is reasonable and appropriate given the circumstances.

10.0 CASH FLOW FORECAST

10.1 The Company, with the assistance of the Proposal Trustee, has prepared a weekly cash flow forecast (the “**Cash Flow Forecast**”) for the 7-week period from August 21, 2023 to October 8, 2023 (the “**Cash Flow Period**”).

10.2 A copy of the Cash Flow Forecast, together with a summary of assumptions (the “**Cash Flow Assumptions**”); management’s report on the Cash Flow Forecast 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 **Appendices “A”, “B” and “C**”, respectively.

10.3 The following table provides a summary of the Cash Flow Forecast:

Cash Flow Forecast		\$000's
		7-Week Total
		<i>Oct 8</i>
Receipts		
Accounts receivable collections		7,903
Sales tax and other collections		131
		8,034
Operating Disbursements		
Payroll & benefits		(1,721)
Inventory		(6,956)
Facilities		(768)
Logistics		(501)
Warehouse		(130)
Administrative		(171)
Sales tax		(353)
Net Operating Cash Flow		(2,566)
Professional fees		(1,144)
Interest		(285)
DIP Fee		(75)
Net Cash Flow		(4,069)
Cash balance, opening		-
Net Cash Flow		(4,069)
Combined ABL and DIP Draw		4,069
Ending Cash Balance		-

10.4 The Proposal Trustee notes the following with respect to the Cash Flow Forecast:

- (i) the Cash Flow Forecast assumes that the Company will continue to operate in the normal course;

- (ii) during the 7-Week Period, net cash flows are projected to be negative \$4.1 million, projected to be sufficiently funded by combined draws on the ABL Facility of \$1.4 million and the DIP Facility of \$2.7 million; and
- (iii) the Cash Flow Forecast is consistent with the cash flow forecast referenced and attached to the DIP Facility Agreement.

11.0 OTHER MATTERS

- 11.1 The Company and Smucker are party to a supply agreement effective November 27, 2019 (the “**Supply Agreement**”).
- 11.2 On August 24, 2023, through a telephone conversation, Whyte’s informed Smucker of the commencement of these NOI Proceedings. On August 27, 2023, Smucker sent the Company a letter purporting to terminate the Supply Agreement and demanding amounts allegedly owing by the Company to Smucker as a result of alleged breaches of the Supply Agreement.
- 11.3 Legal counsel to the Proposal Trustee responded on August 28, 2023 with a letter (the “**August 28th Letter**”), among other things, raising the effect of these NOI Proceedings and the BIA on Smucker’s purported termination and demand, advising of the SISP for which approval is being sought and indicating that the Proposal Trustee will provide assistance to the Company and Smucker in arriving at a mutually agreeable path forward. Following delivery of the August 28th Letter, via email, Smucker informed the Company that no further product was to be delivered to Smucker by the Company as it would not be paid for.
- 11.4 The Company disputes the validity of Smucker’s purported termination of the Supply Agreement, both under the terms of the Supply Agreement and as a violation of the stay in these NOI Proceedings.

- 11.5 The Cash Flow Forecast and the quantum and terms of the DIP Facility are built on the assumption that Smucker would continue to take delivery of product and pay accounts receivable under the Supply Agreement without set-off or deduction during the Stay Period. If that assumption turns out to be incorrect, the Company may not have sufficient liquidity to fund their operations through the end of the current or proposed Stay Period.
- 11.6 The Company and Smucker are in discussions with respect to the purported termination. It is hoped that those discussions will result in a resolution which, among other things, assures the continuation of supply and payment consistent with the assumptions underlying the Cash Flow Forecast and the DIP Facility Agreement. Depending on the results of such discussions, a material update to the Cash Flow Forecast and DIP Facility Agreement may be required.
- 11.7 The Proposal Trustee will advise the Court if a resolution is reached prior to the hearing of the Company's motion for the Initial Order, and will in any event provide a status update at that hearing.

12.0 REQUEST FOR EXTENSION

- 12.1 The Company is seeking as part of an Initial Order, an extension of the time required to file a proposal to October 10, 2023.
- 12.2 The Proposal Trustee supports the extension request for the following reasons:
- (i) it will provide the Company with the stability necessary to continue and complete the SISP;
 - (ii) assuming adequate resolution of the Smucker Dispute, the Company is projected to have sufficient liquidity to fund their operations, as reflected in the Cash Flow Forecast, through to the end of the proposed Stay Period;

- (iii) the Proposal Trustee does not believe any creditor will be prejudiced if the extension is granted;
- (iv) the Company is acting in good faith and with due diligence; and
- (v) as discussed in above, if the Company, in consultation with the Senior Secured Lenders, is not able to come to a satisfactory arrangement in respect of Smucker Dispute, further relief may be sought on an urgent basis.

13.0 ACTIVITIES OF THE PROPOSAL TRUSTEE

13.1 Since the Filing Date, the Proposal Trustee has engaged in the following activities:

- a) preparing and mailing a creditors package to all known creditors notifying them of these NOI Proceedings;
- b) creating and maintaining the Case Website;
- c) assisting the Company in the preparation of the Cash Flow Forecast;
- d) monitoring the Company's receipts and disbursements against the Cash Flow Forecast;
- e) assisting the Company in its communications to employees, suppliers and customers;
- f) attending calls and reviewing correspondence related to the SISP;
- g) attending calls and email correspondence with the Senior Secured Lenders and their advisors;
- h) assisting the Company with matters related to the Smucker Dispute;
- i) preparing this First Report; and

- j) attending calls and email correspondence with the Company, the Company's legal counsel and Fasken Martineau DuMoulin LLP, the Proposal Trustee's counsel, regarding all matters in these NOI Proceedings.

14.0 CONCLUSION AND RECOMMENDATIONS

- 14.1 Based on the foregoing, the Proposal Trustee respectfully requests that the Court make an order granting the relief sought by the Applicant's motion as described in paragraph 1.3 of this First Report.

All of which is respectfully submitted this 30th day of August 2023.

**ALVAREZ & MARSAL CANADA INC.,
solely in its capacity as Trustee *in re* the Proposal of
Whyte's Foods Inc.,
and not in its corporate or personal capacity**



**Per: Stephen Ferguson
Senior Vice-President**

Appendix “A”

Whyte's

Cash Flow Forecast

For the 7-week period ending October 8, 2023

C\$'000, Unaudited

Week Ending (\$'000)	Notes	Forecast							Total
		27-Aug	3-Sep	10-Sep	17-Sep	24-Sep	1-Oct	8-Oct	
Operating Receipts	1								
AR Collections	2	213	1,028	1,156	401	2,380	1,289	1,437	7,903
Sales Tax Refund/Other Collections	3			-	131	-	-	-	131
		213	1,028	1,156	532	2,380	1,289	1,437	8,034
Operating Disbursements									
Payroll	4	412	30	352	104	343	30	451	1,721
Inventory	5	907	1,080	629	760	1,422	981	1,178	6,956
Facilities	6	65	160	177	150	87	91	37	768
Logistics	7	130	60	56	65	63	66	61	501
Warehouse	8	25	5	25	19	25	5	25	130
Administrative	9	30	9	51	0	72	9	0	171
Sales Tax Paid	10	44	46	110	41	50	34	29	353
		1,613	1,392	1,400	1,140	2,060	1,216	1,780	10,600
Net Operating Cash Flow		(1,399)	(364)	(244)	(607)	320	73	(343)	(2,566)
Professional Fees	11	(86)	(122)	(533)	(83)	(137)	(87)	(97)	(1,144)
Interest	12	-	(64)	-	(137)	-	(84)	-	(285)
DIP Fee	13			(75)					(75)
Net Cash Flow		(1,485)	(551)	(852)	(828)	183	(97)	(440)	(4,069)
Opening Cash		-	-	-	-	-	-	-	-
Revolver Draw (Repayment)		1,485	551	852	828	(183)	97	440	4,069
Net Cash Flow		(1,485)	(551)	(852)	(828)	183	(97)	(440)	(4,069)
Ending Cash		-	-	-	-	-	-	-	-
Opening Revolver Balance		(7,812)	(9,297)	(9,848)	(10,700)	(11,528)	(11,345)	(11,442)	(7,812)
Revolver Draw (Repayment)		(1,485)	(551)	(852)	(828)	183	(97)	(440)	(4,069)
Ending Revolver Balance		(9,297)	(9,848)	(10,700)	(11,528)	(11,345)	(11,442)	(11,882)	(11,882)
AR		5,970	7,023	7,207	6,422	6,818	5,650	5,432	5,432
Inventory		3,886	3,686	3,712	4,086	4,319	4,151	4,194	4,194
Reserves		(416)	(416)	(416)	(416)	(416)	(416)	(416)	(416)
Borrowing Base		9,440	10,294	10,503	10,091	10,720	9,384	9,210	9,210
Revolver Balance		(9,297)	(9,848)	(10,700)	(11,528)	(11,345)	(11,442)	(11,882)	(11,882)
ABL Facility Availability (DIP Facility Draw)		143	445	(197)	(1,437)	(625)	(2,058)	(2,672)	(2,672)

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL UNDER THE
BANKRUPTCY AND INSOLVENCY ACT, R.S.C. 1985, c. B-3, AS AMENDED, OF WHYTE'S
FOODS INC.**

**NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOW FOR THE 7-WEEK
PERIOD ENDING OCTOBER 9, 2023**

A. Purpose and General Assumptions of the Cash Flow Statement

1. Whyte's Foods Inc. (the "**Company**") has prepared this Cash Flow Statement and the accompanying Notes to the Cash Flow Statement (collectively the "**Cash Flow Statement**") in support of the proposal proceedings that has been filed under the Bankruptcy and Insolvency Act ("**BIA**") on August 23, 2023.

Alvarez & Marsal Canada Inc. is the Proposal Trustee in this matter (the "**Proposal Trustee**"). The Cash Flow Statement should be read in conjunction with the Report on Cash Flow Statement by the Company (Form 30 under the BIA), the Proposal Trustee's Report on Cash Flow Statement (Form 29 under the BIA) and the Proposal Trustee's First Report to Court dated August 30th, 2023 (the "**First Report**").

The Company has prepared the Cash Flow Statement based on probable and hypothetical assumptions that reflect the Company's planned course of action for the period from August 21 to October 8, 2023 (the "**Cash Flow Period**"). Management is of the opinion that, as at the date of filing the Cash Flow Statement, the assumptions used to develop the projection represent the most probable set of economic conditions facing the Company and that the assumptions used proved a reasonable basis for and are consistent with the purpose of the Cash Flow Statement.

The Cash Flow Statement has been developed pursuant to subsection 50 (6) of the BIA and is in support of these BIA proceedings. The information contained in the Cash Flow Statement is subject to changing assumptions and/or receipt of new or additional information; actual results may vary.

This Cash Flow Statement should not be used for any other purpose, and creditors are cautioned that the information provided in the Cash Flow Statement could vary based on changing future circumstances.

The projected cash flow statement is prepared in Canadian dollars.

B. Hypothetical and Probable Assumptions of the Cash Flow Statement

2. **AR Collections:** Account receivables collections are forecast based on the Company's accounts receivable ledger as of August 20, 2023. Forecast collections from Smucker Foods of Canada Corp. are included but are subject to an ongoing dispute as outlined in First Report.
3. **Sales Tax Refunds:** Forecast receipts based on normal course excise tax refunds, exact timing of government receipts may be subject to processing delays.
4. **Payroll:** Payroll is administered by Nethris, a third-party service provider. Represents bi-weekly payroll to employees and monthly payroll to executives assuming all facilities operate in the normal course.
5. **Inventory:** Represents purchases for production raw materials and packaging, including certain payments to Critical Suppliers (as defined in the First Report) for certain pre-filing obligations. Assumes all facilities operate in the normal course.
6. **Facilities:** Represents disbursements related to operating the Company's manufacturing facilities in Wallaceburg, Ontario and St. Louis, Quebec, including maintenance, utilities and insurance. Assumes all facilities operate in the normal course.
7. **Logistics:** Represents payments to freight providers for customer and inter-site shipping. Assumes all facilities operate in the normal course.
8. **Warehouse:** Represents disbursements related to operating the Company's warehouse and distribution centre in St. Therese, Quebec. Assume facility operate in the normal course.
9. **Administrative:** Represents administrative and other general disbursements, including telephone, internet and other general expenses.
10. **Sales Tax:** Represents sales tax paid on taxable disbursements.
11. **Professional Fees:** Represents the ongoing professional fees and expenses of the Company's legal counsel and those of the Proposal Trustee and its legal counsel.
12. **Interest:** Represents interest payments to the Secured Senior Lenders as provided for by the DIP Facility Agreement (each as defined in the First Report)
13. **DIP Fee:** Represents a \$75,000 fee to the DIP Lender as provided for by the DIP Facility Agreement (each as defined in the First Report)

Appendix “B”

District of: Ontario
Division No.: 09 - Toronto
Court No.: 31-2978830
Estate No.: 31-2978830

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 UNDER THE BANKRUPTCY AND INSOLVENCY ACT,
R.S.C. 1985, c. B-3, AS AMENDED, OF WHYTE'S FOODS INC., A CORPORATION FORMED UNDER THE LAWS OF QUEBEC

The management of Whyte's Foods Inc. (the "**Company**") has developed the assumptions and prepared the attached statement of projected cash flow of the Company, as of the 30th day of August 2023, consisting of a 7-week cash flow statement and accompanying notes and assumptions.

The hypothetical assumptions are reasonable and consistent with the purpose of the projection described in Note 1 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 Notes 2-13 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 any other purposes.

Dated at Toronto, Ontario, this 30th day of August 2023.

DocuSigned by:

Elizabeth Kawaja

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Elizabeth Kawaja, President and CEO

Appendix “C”

District of: Ontario
Division No.: 09 - Toronto
Court No.: 31-2978830
Estate No.: 31-2978830

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 UNDER THE BANKRUPTCY AND INSOLVENCY ACT, R.S.C. 1985, c. B-3, AS AMENDED, OF WHYTE'S FOODS INC.

The attached statement of projected cash flow of Whyte's Foods Inc., as of the 30th day of August, 2023, consisting of a 7-week cash flow statement and accompanying notes and assumptions, has been prepared by the management of the insolvent debtor for the purpose described in Note 1, using the probable and hypothetical assumptions set out in Notes 2-13.

Our review consisted of inquiries, analytical procedures and discussions 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 Note 1, and readers are cautioned that it may not be appropriate for any other purpose.

Dated at Toronto, Ontario, this 30th day of August 2023.



Alvarez & Marsal Canada Inc., solely in its capacity
as Trustee *in re* the Proposal of Whyte's Foods Inc.,
and not in its corporate or personal capacity

Per: Stephen Ferguson, Senior Vice-President

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A
PROPOSAL UNDER THE BANKRUPTCY AND INSOLVENCY
ACT, R.S.C. 1985, c. B-3, AS AMENDED OF WHYTE'S FOODS INC.**

Estate / Court File No. 2978830

Applicant

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

Proceeding commenced at TORONTO

FIRST REPORT OF THE PROPOSAL TRUSTEE

FASKEN MARTINEAU DuMOULIN LLP

Barristers and Solicitors
333 Bay Street, Suite 2400
Bay Adelaide Centre, Box 20
Toronto ON M5H 2T6

Stuart Brotman (LSO: 43430D)

sbrotman@fasken.com
Tel: 416 865 5419

Daniel Richer (LSO: 75225G)

driche@fasken.com
Tel: 416 865 4445

Lawyers for the Proposal Trustee