Court File No. CV-21-00657098-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT,* R.S.C. 1985, c. C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF TGF ACQUISITION PARENT LTD., 1120499 B.C. LTD. & 1127360 B.C. LTD.

FIFTH REPORT OF THE MONITOR
August 20, 2021

INTRODUCTION

1. On February 17, 2021, TGF Acquisition Parent Ltd. ("**Holdco**"), Tiffany Gate Foods Inc. ("**Tiffany Gate**") and Sun Rich Fresh Foods Inc. ("**Sun Rich**") (collectively, the "**Applicants**") brought an application before the Ontario Superior Court of Justice (Commercial List) (the "**Court**") under the *Companies' Creditors Arrangement Act,* R.S.C. 1985, c. C-36, as amended (the "**CCAA**"). Certain of the Applicants' U.S. affiliates filed a voluntary petition for relief under chapter 11 of title 11 of the United States Code as parallel main proceedings (the "**Chapter 11 Proceedings**").

2. On that same day, the Court granted an Initial Order, as amended by Amended and Restated Initial Order granted on February 26, 2021 (as amended, the "**Initial Order**") that, among other things, appointed Ernst & Young Inc. ("**EY**") as monitor of the Applicants (in such capacity, the "**Monitor**"), and approved an initial stay of proceedings in favour of the Applicants, as subsequently extended from time-to-time by Court order (as extended, the "**Stay Period**").

3. On March 1, 2021, the Court granted an Order approving certain bidding procedures (the "**Bidding Procedures**"), as detailed therein, which authorized the Applicants, with the assistance of their advisors and the Monitor, to complete a sale and investment solicitation process in conjunction with the Chapter 11 Proceedings.

4. The Monitor's Second Report to the Court dated March 25, 2021 set out the results of the Bidding Procedures, including details with respect to the successful bids that resulted from a competitive bid process and contemplated transactions in respect of substantially all of the Applicants' assets.

5. On March 26, 2021, the Court granted two separate Approval and Vesting Orders that approved the terms of the: (i) transaction set out in an Asset Purchase Agreement dated March 25, 2021 among Tiffany Gate and Sun Rich, as sellers, and Homestyle Selections LP ("**Homestyle**"), as buyer (the "**Homestyle APA**" or the "**Homestyle Transaction**"), as subsequently assigned by Homestyle to Freshstone Brands Inc. and 12901927 Canada Ltd. (together, the "**Assignee Buyers**"); and (ii) the transaction set out in an Asset Purchase Agreement dated March 25, 2021 among Sun Rich, as seller, and Save-On Foods Limited Partnership ("**Save-On**" and together with the Assignee Buyers, the "**Purchasers**"), as buyer (the "**Save-On APA**" or the "**Save-On Transaction**" and together with the Homestyle APA and the Homestyle Transaction, respectively, the "**APAs**" and the "**Transactions**").

6. On April 13, 2021, the Court granted an order authorizing the Monitor to make periodic distributions from the net sale proceeds received from the Transactions to the Applicants' secured lenders, subject to the establishment of a certain post-closing reserve by the Monitor (the "**Reserve**") in respect of any amounts that were anticipated to be paid by the Applicants during the wind-down of the CCAA proceedings.

7. On June 11, 2021, the U.S. court in the Chapter 11 Proceedings converted them into a proceeding under chapter 7 of title 11 of the United States Code (the "**Chapter 7 Proceedings**").

8. On June 22, 2021, the Court granted an order (the "**Wind-Down Order**") which, among other things:

   (a) provided that these CCAA proceedings shall be terminated (the "**CCAA Termination Time**") upon the Monitor filing the Termination Certificate attached as Schedule "A" to the Wind-Down Order;

   (b) extended the Stay Period to the earlier of the CCAA Termination Time and August 31, 2021;

   (c) approved the activities of the Monitor described in the Monitor's reports to the Court to that date; and

   (d) approved the fees of the Monitor and its counsel incurred in these CCAA proceedings, including an estimate to the CCAA Termination Time.

PURPOSE

9. The purpose of this Fifth Report of the Monitor (the "**Fifth Report**") is to provide information to the Court on:

   (a) post-closing developments since the Monitor's Fourth Report to the Court dated June 14, 2021 (the "**Fourth Report**");

(b) the Applicants' receipts and disbursements for the period from May 25, 2021 to August 8, 2021, compared to the cash flow forecast appended to the Fourth Report;

(c) the Applicants' updated cash flow forecast for the period from August 9, 2021 to November 28, 2021;

(d) the relief sought by the Applicants pursuant to the proposed stay extension Order (the "**Stay Extension Order**"):

i. extending the Stay Period to the CCAA Termination Time; and

ii. approving a renewed fee estimate for the Monitor to complete the administration of the estate.

TERMS OF REFERENCE AND DISCLAIMER

10. In preparing this Fifth Report and making the comments herein, the Monitor has been provided with, and has relied upon, unaudited financial information, books and records and financial information prepared by the Applicants and Ankura Consulting Group, LLC ("**Ankura**") in its capacity as CRO of the Applicants, and discussions with the management ("**Management**") of the Applicants and their U.S. affiliates (the **"Information"**).

11. Unless otherwise indicated, the Monitor's understanding of factual matters expressed in this Fifth Report concerning the Applicants and their business is based on the Information, and not independent factual determinations made by the Monitor.

POST-CLOSING ADMINISTRATION

Purchaser's Continued Use of Applicants' Bank Accounts

12. As described further in the Fourth Report, in connection with the Transactions, the Applicants entered into separate transition services agreements with each of the Purchasers (together, the "**TSAs**"). The TSAs provided that the Applicants would continue to provide certain post-closing transition services (the "**Transition Services**") to the Purchasers until June 30, 2021.

13. The Transitions Services included, among other things, treasury services relating to the continued use by the Purchasers of the Applicants' bank accounts until such time as the Purchasers transitioned banking activities to their own bank accounts. The Monitor supervised the provision of the Transition Services, including monitoring receipts and disbursements relating to the Purchasers' use of the Applicants' bank accounts.

14. Neither Purchaser was able to successfully transition their banking activities by the June 30, 2021 deadline under the TSAs, and certain of the Applicants' bank accounts continue to be used by the Purchasers as at the time of this Fifth Report. In addition, certain cash receipts attributable to the Purchasers were deposited by customers into the bank accounts held by the Applicants' U.S. affiliates. This situation has caused additional work for the Monitor, including closely supervising the bank accounts, communicating with various stakeholders and the banks, and added complications and delay with respect to reconciling receipts and disbursements, as described further herein.

15. The Monitor understands that the continued use of the Applicants' bank accounts by the Purchasers has resulted from numerous unexpected administrative delays outside of the Purchasers' control. Nevertheless, the Monitor and the estate cannot continue to incur related costs and permit the delay to continue. At the time of this Fifth Report, one of the two

Purchasers has ceased using the Applicants' bank accounts. The Monitor, with the assistance of counsel to the Applicants, has taken escalating steps in connection with the other Purchaser's (the "**Delaying Purchaser**") continued use of the Applicants' bank accounts, including requiring an agreement in respect of their continued use, restricting distributions from the bank accounts and setting a deadline for the termination of the accounts.

Cash Reconciliation

16. Pursuant to the terms of the APAs, and due to the co-mingling of the Applicants' and the Purchasers' cash holdings in the Applicants' bank accounts, final cash reconciliations are required to determine the interest of the Applicants and the Purchasers to the cash amounts processed through such accounts.

17. The continued use of the Applicants' bank accounts described above has delayed and complicated the Applicants' efforts to complete final cash reconciliations. The Monitor expects that with the imminent closure of the Applicants' bank accounts, it will be able to duly complete the necessary reconciliations. The Monitor further expects that the cash reconciliation will result in net payments to each of the Purchasers, although the quantum of such payments remains to be determined pending completion of the cash reconciliations.

Employee Matters

18. All of the Applicants' employees were either assumed by the Purchasers or terminated by the Applicants on or before the TSA deadline of June 30, 2021. The employees of the Applicants' U.S. affiliates were also all either assumed or terminated by the Chapter 7 trustee in the Chapter 7 Proceedings upon the appointment of said trustee, notwithstanding the fact that such terminated affiliate employees were continuing to provide accounting services to the

Applicants. This has caused unexpected complications and delay for the Monitor because certain information and records required by the Monitor in connection with its mandate under the Wind-Down Order were not in satisfactory form, and the assistance of the former employees was necessary to obtain and rectify such information and records.

19. Since the date of the Fourth Report, the Applicants have engaged certain former employees of the U.S. affiliates as independent contractors. In addition, the Monitor has had discussions with the Delaying Purchaser with respect to access to certain former employees assumed by the Delaying Purchaser, in order to assist with the outstanding wind-down tasks.

CRA Audits

20. As described further in the Fourth Report, CRA has withheld HST refunds in the post-filing period pending the completion of separate audits in respect of the Applicants' HST and payroll accounts. Since the date of the Fourth Report, CRA has confirmed to the Monitor that the payroll account audit has been completed. At the time of this Report, there no outstanding information requests relating to the HST audits at the time of this Report, but such audits remain to be completed.

21. The Monitor is working to complete the Applicants' HST and corporate tax filings and anticipates that the Applicants will be able to recover some or all of the post-filing HST refunds currently withheld by CRA in respect of these CCAA proceedings.

FURTHER DISTRIBUTIONS TO THE LENDERS

22. In accordance with the Distribution Order, the Monitor is authorized, without further order of the Court, to make distributions of the net sale proceeds of the Transactions to the Applicants' secured lenders.

23. As described in the Fourth Report, the Monitor had at that date distributed a total of US$24.8 million to the secured lenders. On or about July 16, 2021, the Monitor distributed a further US$1.2 million to the secured lenders.

24. The Monitor expects to make further and final distributions to the secured lenders, subject to carrying out the cash reconciliations described herein, the payment of any outstanding professional fees, and the Monitor's determination as to the final quantum of any reserve required to carry out the eventual bankruptcy proceedings of the Applicants.

APPLICANTS' RECEIPTS AND DISBURSEMENTS

25. A summary of the Applicants' actual receipts and disbursements during the period from May 25, 2021 to August 8, 2021 (the "**Reporting Period**") as compared to the Cash Flow Forecast appended as Appendix "B" to the Fourth Report of the Monitor is attached as **Appendix "A"** to this Report.

26. For presentation purposes, the variance analysis has carved out of the Applicants' post-closing business activities that were acquired or fully funded by the Purchasers, although these transactions continued to go through the Applicants' bank accounts. Accordingly, the actual cash flow for the post-closing period includes only the receipts and disbursements that are attributable to the Applicants in accordance with the terms of asset purchase agreements governing the transactions and the transition services agreements described herein.

27. Due to the co-mingling of the cash in the Applicants' bank accounts, a preliminary analysis prepared by the Applicants indicates that approximately US$138,000 of the funds held in these bank accounts was attributable to the Applicants as at August 8, 2021. In addition, the Monitor held cash of approximately US$2,862,000 in trust as of the same date.

Accordingly, the Applicants' cash position was approximately US$3,000,000 as of August 8, 2021.

28. Subsequently, on or about August 13, 2021, the Applicants transferred to the Monitor approximately US$1.2 million from certain bank accounts prior to the planned closure thereof. A portion of these funds is attributable to one of the Purchasers. The Applicants, with the assistance of Ankura and the Monitor, are working to determine the amount to be transferred to this Purchaser, subject to further review and adjustments.

OVERVIEW OF APPLICANTS' CASH FLOW FORECAST

29. The Applicants, in consultation with the Monitor, have prepared a cash flow forecast (the "**Cash Flow Forecast**") from August 9, 2021 to November 28, 2021 (the "**Forecast Period**"). The Cash Flow Forecast is attached as **Appendix "B"** to this Report.

30. The Cash Flow Forecast projects that the Applicants' funds are sufficient to satisfy the Reserve Claims (as defined in the Distribution Order), including:

(a) obligations under the asset purchase agreements, including processing post-filing trade payables that remain as the estate's liability and reimbursing any costs that were funded by the Purchasers but are attributable to the Applicants;

(b) wind down activities during the Forecast Period such as reconciling cash balances with the Purchasers, addressing tax and payroll audits, preparing final tax returns and processing transactions attributable to the Applicants; and

(c) the cost of a subsequent bankruptcy assignment.

31. On June 11, 2021, pursuant to the Distribution Order, the Monitor made a further distribution of US$4.8 million to the secured lenders. On July 14, 2021, the Monitor made a further distribution of US$1.2 million to the secured lenders. The Cash Flow Forecast estimates further distributions totalling approximately US$1.7 million will be made to the secured lenders prior to the termination of these proceedings.

EXTENSION OF THE STAY PERIOD

32. The Stay Period is currently set to expire on the earlier of August 31, 2021 and the CCAA Termination Time. As described herein, certain wind-down activities are continuing and are unlikely to be completed by August 31, 2021. Accordingly, an extension of the Stay Period until CCAA Termination Time is necessary in the circumstances.

33. The Monitor is of the view that the requested stay extension is appropriate for the following reasons: (a) the Applicants and their advisors require time to oversee the closure of the Applicant's bank accounts and to complete the cash reconciliation; (b) the Monitor will work closely with the Applicants and their advisors during the extended Stay Period in respect of the foregoing; and (c) the Applicants have operated in good faith and with due diligence since the date of the Initial Order.

34. Based on the Cash Flow Forecast and the remaining funds available (as discussed above), the Monitor believes that the Applicants will have sufficient liquidity for the duration of the extended Stay Period.

ADDITIONAL ESTIMATED FEES

35. Pursuant to the terms of the Initial Order, the Monitor and its counsel shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges, and shall

pass their accounts from time to time before the Court.

36. As at the time of the Fourth Report, the Monitor estimated aggregate additional fees and disbursements for the Monitor and its counsel to the completion and termination of these CCAA proceedings in the amount of approximately CA$425,000, before HST (the "**Estimated Fees**"). As a result of the delays and complications described herein with respect to the wind-down activities, the Monitor has expended greater time and cost than anticipated as at the time of the Fourth Report. The Monitor expects that the Monitor and its counsel may incur additional fees to the Estimated Fees to see this matter to its completion in the amount of CA$180,000, before HST (the "**Additional Estimated Fees**").

37. It is the Monitor's view that the Additional Estimated Fees are reasonable and appropriate in the circumstances given the added complexities and delays described herein.

CONCLUSION

38. For the reasons stated herein, the Monitor supports the relief sought by the Applicants and recommends that the Court grant the Stay Extension Order and the relief sought therein.

All of which is respectfully submitted this 20th day of August, 2021.

ERNST & YOUNG INC.
Solely in its proposed role as Court-appointed Monitor of the Applicants, and not in its personal capacity

Per:

Alex Morrison
Senior Vice President

APPENDIX “A”

TGF Acquisition Parent Ltd., 1127360 B.C. Ltd. and 1120499 B.C. Ltd. (collectively the "Applicants")
Cash Flow Forecast for the Period August 9, 2021 to November 28, 2021
$USD in Thousands

Week		1	2	3	4	5	6	7	8	*Monthly* 9 to 12	*Monthly* 13 to 16	
Ending	Notes	15-Aug-21	22-Aug-21	29-Aug-21	5-Sep-21	12-Sep-21	19-Sep-21	26-Sep-21	3-Oct-21	31-Oct-21	28-Nov-21	Total
Receipts												
Sales	2	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Other Receipts	3	1,158	-	-	-	-	-	-	-	-	-	1,158
Total Receipts		**1,158**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1,158**
Disbursements												
Pre-Closing Trade Payables	4	-	(76)	(67)	(67)	-	-	-	-	-	-	(210)
Payroll & Benefits	5	-	-	-	-	-	-	-	-	-	-	-
Other SG&A and Contingency Reserve	6	(18)	(12)	(12)	(12)	(12)	(12)	(12)	(12)	(48)	(128)	(278)
Estimated Transfer to Purchasers	7	-	-	(1,158)	-	-	-	-	-	-	-	(1,158)
Restructuring Costs	8	-	(250)	-	-	(302)	-	-	(223)	(48)	(130)	(952)
Estimated Distribution to Secured Lenders	9	-	-	-	-	-	-	-	-	-	(1,561)	(1,561)
Total Disbursements		**(18)**	**(338)**	**(1,237)**	**(79)**	**(314)**	**(12)**	**(12)**	**(235)**	**(96)**	**(1,818)**	**(4,158)**
Net cash receipts/(disbursements)		**$ 1,140**	**$ (338)**	**$ (1,237)**	**$ (79)**	**$ (314)**	**$ (12)**	**$ (12)**	**$ (235)**	**$ (96)**	**$ (1,818)**	**$ (3,000)**
Cash Balance												
Beginning Balance	1	$ 3,000	$ 4,140	$ 3,803	$ 2,566	$ 2,487	$ 2,173	$ 2,161	$ 2,149	$ 1,914	$ 1,818	$ 3,000
Net cash receipts/(disbursements)		1,140	(338)	(1,237)	(79)	(314)	(12)	(12)	(235)	(96)	(1,818)	(3,000)
Ending Cash Balance		**$ 4,140**	**$ 3,803**	**$ 2,566**	**$ 2,487**	**$ 2,173**	**$ 2,161**	**$ 2,149**	**$ 1,914**	**$ 1,818**	**$ -**	**$ -**

Ending Cash Balance/(deficit) Summary	15-Aug-21	22-Aug-21	29-Aug-21	5-Sep-21	12-Sep-21	19-Sep-21	26-Sep-21	3-Oct-21	31-Oct-21	28-Nov-21
Applicants' Account Cash Balance/(deficit)	$ 120	$ 32	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Monitor Trust Account Cash Balance/(deficit)	4,020	3,771	2,566	2,487	2,173	2,161	2,149	1,914	1,818	-
	$ 4,140	**$ 3,803**	**$ 2,566**	**$ 2,487**	**$ 2,173**	**$ 2,161**	**$ 2,149**	**$ 1,914**	**$ 1,818**	**$ -**

In the Matter of the CCAA of TGF Acquisition Parent Ltd., 1127360 B.C. Ltd. and 1120499 B.C. Ltd. (collectively the "Applicants")

Notes to the Unaudited Cash Flow Forecast of the Applicants

Disclaimer:

In preparing this cash flow forecast (the "**Cash Flow Forecast**"), the Applicants with the assistance of the Chief Restructuring Organization, Ankura Consulting Group, LLC (the "**CRO**"), have relied upon unaudited financial information and the Applicants have not attempted to further verify the accuracy or completeness of such information. The Cash Flow Forecast includes estimates concerning the operations of the Applicants and additional assumptions discussed below with respect to the requirements and impact of a *Companies' Creditors Arrangement Act* ("**CCAA**") filing (the "**Probable and Hypothetical Assumptions**" or the "**Assumptions**"). Since the Cash Flow Forecast is based on Assumptions about future events and conditions that are not ascertainable, the actual results achieved during the Cash Flow Forecast period will vary from the Cash Flow Forecast, even if the Assumptions materialize, and such variation may be material. There is no representation, warranty or other assurance that any of the estimates, forecasts or projections will be realized.

Ernst & Young Inc., in its capacity as the monitor of the Applicants (the "**Monitor**"), has reviewed the Cash Flow Forecast to the standard required of a Court appointed Monitor pursuant to section 23(1)(b) of the CCAA, which requires a Monitor to review the debtor's cash flow statements as to its reasonableness and to file a report with the Court on the Monitor's findings.

Pursuant to this standard, the Monitor's review of the Cash Flow Forecast consisted of inquiries, analytical procedures and discussions related to information supplied to it by certain key members of the Applicants and other employees of the Applicants. Since the Probable and Hypothetical Assumptions need not be supported, the Monitor's procedures with respect to them were limited to evaluating whether they were consistent with the purpose of the Cash Flow Forecast. The Monitor also reviewed the support provided by the Applicants for the Probable and Hypothetical Assumptions and the preparation and presentation of the Cash Flow Forecast.

Based on the Monitor's review, nothing has come to the Monitor's attention that causes the Monitor to believe, in any material respect, that:

(a) The Probable and Hypothetical Assumptions are not consistent with the purpose of the Cash Flow Forecast;
(b) As at the date of this report, the Probable and Hypothetical Assumptions are not suitably supported and consistent with the plans of the Applicants or do not provide a reasonable basis for the Cash Flow Forecast, given the Probable and Hypothetical Assumptions; or
(c) The Cash Flow Forecast does not reflect the Probable and Hypothetical Assumptions.

Overview:

The Cash Flow Forecast includes the receipts and disbursements of the Applicants during the Cash Flow Forecast period. The Applicants, with the assistance of the CRO and Ernst & Young Inc., in its capacity as the monitor of the Applicants (the "**Monitor**"), have prepared the Cash Flow Forecast based primarily on estimated receipts and disbursements related to the ongoing operations and the CCAA proceedings.

On April 15, 2021, the Applicants closed the sale transactions in respect of substantially all of their assets and operations.

As part of the transition services, the Applicants have been providing cash management services to the purchasers, including processing accounts receivable and payables. However, the Cash Flow Forecast reflects only the receipts and disbursements attributable to the Applicants.

Assumptions:

1. **Beginning Balance**
   Represents the opening cash balance as at August 9, 2021, which consisted of US$2,862,000 held by the Monitor in trust and US$138,000 held in the Applicants' bank accounts.

   As described in detail in the Fourth Report of the Monitor, the cash position attributable to the purchasers and Applicants have been co-mingled in the Applicants' bank accounts during the post-closing period.

2. **Sales Receipts**
   The purchasers have acquired the Applicants' accounts receivables and operations upon the closing of the sale transactions.

3. **Other Receipts**
   Prior to the planned closure of certain bank accounts, the Applicants transferred approximately US$1.2 million to the Monitor's trust account on or about August 13, 2021. A portion of these funds is attributable to one of the purchasers. The Applicants are working to determine the amount that needs to be transferred to this purchaser.

4. **Pre-Closing Trade Payables**
   Represents an estimate of the remaining balance of trade payables that were incurred after the CCAA filing and remain as the Applicants' liability pursuant to the asset purchase agreements. The amounts that are assumed by or attributable to the purchasers are not reflected.

5. **Payroll & Benefits**
   The Cash Flow Forecast does not reflect any payroll and benefit costs since all employees of the Applicants were either hired by the purchasers or terminated prior to June 30, 2021.

6. **Other SG&A and Contingency Reserve**
   This represents the estimated cost of wind down activities, including information technology, tax compliance matters, storage and other administrative expenditures that are not included in the trade payables category. Also included in this category are payments to independent contractors who assist with the wind-down and a reserve for the cost of a bankruptcy assignment after the termination of these CCAA proceedings.

7. **Estimated Transfer to Purchasers**
   As discussed in Note 3, the Monitor holds in trust certain funds transferred from the Applicants' bank accounts. Since a portion of these funds is payable to one of the purchasers, the Applicants are preparing a reconciliation, subject to review with the purchasers. The amount displayed represents a preliminary estimate of the amount to be transferred to the purchaser, subject to further adjustments.

8. **Restructuring Costs**
   Restructuring costs include primarily professional fee payments to the Applicants' legal counsel, the CRO, counsel to the Applicants' director, the DIP lenders' Canadian counsel, the Monitor and its counsel, and certain other costs in connection with the Applicants' restructuring proceedings and wind down activities.

9. **Estimated Distribution to Secured Lenders**
   Represents an estimate of funds that are available to distribute to certain secured lenders in the forecast period, subject to the reserve established by the Monitor in respect of certain costs and liabilities as described in the Monitor's report.

APPENDIX “B”

TGF Acquisition Parent Ltd., 1127360 B.C. Ltd. and 1120499 B.C. Ltd. (collectively the “Applicants”)
For the period from May 24, 2021 to August 8, 2021
$USD in Thousands

	Actual			Forecast	Variance	Note
	Applicants' Accounts	**Monitor's Account**	**Total**			
Receipts						
Sales	$ -	$ -	$ -	$ 191	$ (191)	**1**
Other Receipts	-	76	76	-	76	**2**
Total Receipts	**-**	**76**	**76**	**191**	**(115)**	
Disbursements						
Pre-Closing Trade Payables - Credits / (Payments)	201	-	201	(745)	947	**3**
Payroll & Benefits	(135)	-	(135)	(105)	(31)	**4**
Other SG&A and Contingency Reserve	-	(18)	(18)	(63)	45	**5**
Transfer - Inbound / (Outbound)	320	(320)	-	-	-	**6**
Restructuring Costs	-	(620)	(620)	(915)	295	**7**
Distribution to Secured Lenders	-	(6,049)	(6,049)	(4,800)	(1,249)	**8**
Total Disbursements	**386**	**(7,007)**	**(6,622)**	**(6,628)**	**6**	
Net cash receipts/(disbursements)	**$ 386**	**$ (6,932)**	**$ (6,546)**	**$ (6,437)**	**$ (109)**	

Cash Balance						
Beginning Balance	$ (248)	$ 9,794	$ 9,546	$ 9,546	$ (0)	
Applicants' cash receipts/(disbursements)	386	(6,932)	(6,546)	(6,437)	(109)	
Ending Cash Balance/(deficit)	**$ 138**	**$ 2,862**	**$ 3,000**	**$ 3,109**	**$ (109)**	**9**

In the Matter of the CCAA of TGF Acquisition Parent Ltd., 1127360 B.C. Ltd. and 1120499 B.C. Ltd. (collectively the "Applicants")

Cash flow variance analysis for the period May 24, 2021 to August 8, 2021

Overview

This variance analysis sets out the significant variances between the Applicants' actual receipts and disbursements compared to the cash flow forecast appended to the Fourth Report of the Monitor dated June 14, 2021.

On April 15, 2021, the Applicants closed the sale transactions in respect of substantially all of their assets and operations.

For presentation purposes, the variance analysis has carved out the post-closing business activities that were acquired or fully funded by the purchasers, although these transactions continued to go through the Applicants' bank accounts. Accordingly, the post-closing actual results include only the receipts and disbursements attributable to the Applicants.

1. **Sales**
   The Applicants' collections during the pre-closing period were lower than forecast primarily due to a timing difference.

2. **Other Receipts**
   The Monitor collected funds associated with the release of collateral related to a letter of credit.

3. **Pre-Closing Trade Payables - Credits / (Payments)**
   The favourable variance reflects both a timing difference and lower than expected payments, subject to a final reconciliation with the purchasers. The disbursements incurred in this period were more than offset by the amount of post-closing trade payables assumed by the purchasers in accordance with the Homestyle APA.

4. **Payroll & Benefits**
   The Applicants have no employees left after June 30, 2021. The Applicants paid all outstanding wages and vacation pay to the employees.

5. **Other SG&A and Contingency Reserve**
   The favourable difference is a result of lower than anticipated general and administrative costs. Also included in this category payments to independent contractors engaged by the Applicants to assist with the wind-down.

6. **Transfer – Inbound / (Outbound)**
   In this period, the Monitor transferred funds to the Applicants to address certain obligations.

7. **Restructuring Costs**
   The favourable variance is due to a timing difference expected to reverse in a future period.

8. **Distribution to Secured Lenders**
   On June 11, 2021, the Monitor made a distribution of US$4.8 million to the secured lenders. On July 14, 2021, the Monitor made a further distribution of US$1.2 million to the secured lenders.

9. **Ending Cash Position in the Applicants' Bank accounts**
   As described in the Fourth Report, the Applicants' bank accounts have been utilized to process transactions for the sold operations after April 15, 2021, resulting in the co-mingling of funds attributable to the purchasers and the Applicants.

   As at August 8, 2021, the Applicants' bank accounts held approximately US$1.5 million. The Applicants are working to determine the portion of those funds that are attributable to the purchasers, subject to the final reconciliation of receipts and disbursements in the post-closing period. On or about August 13, 2021, US$1.2 million was transferred to the Monitor's trust account from certain estate accounts.

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF **TGF ACQUISITION PARENT LTD., 1120499 B.C. LTD. & 1127360 B.C. LTD.** (Applicants)

Court File No. CV-21-00657098-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

Proceedings commenced at Toronto

FIFTH REPORT OF THE MONITOR
August 20, 2021

Thornton Grout Finnigan LLP
TD West Tower, Toronto-Dominion Centre
100 Wellington Street West, Suite 3200
Toronto, ON M5K 1K7
Tel: (416) 304-1616
Fax: (416) 304-1313

Rebecca L. Kennedy (LSO# 61146S)
Email: rkennedy@tgf.ca
Tel: (416) 304-0603

Puya Fesharaki (LSO# 70588L)
Email: pfesharaki@tgf.ca
Tel: (416) 304-7979

Lawyers for the Court-appointed Monitor, Ernst & Young Inc.