

COURT FILE NUMBER

COURT

SUPREME COURT OF BRITISH COLUMBIA

DISTRICT

VANCOUVER

**IN THE MATTER OF THE PROPOSED RECEIVERSHIP OF THE VERY GOOD FOOD COMPANY INC., 1218158 B.C. LTD., 1218169 B.C. LTD., THE CULTURED NUT INC., THE VERY GOOD BUTCHERS INC., LLOYD-JAMES MARKETING GROUP INC., and VGFC HOLDINGS LLC.**

**BETWEEN:**

**WAYGAR CAPITAL INC., as agent for NINEPOINT CANADIAN SENIOR DEBT MASTER FUND L.P.  
PETITIONERS**

**AND:**

**THE VERY GOOD FOOD COMPANY INC., 1218158 B.C. LTD., 1218169 B.C. LTD., THE CULTURED NUT INC., THE VERY GOOD BUTCHERS INC., LLOYD-JAMES MARKETING GROUP INC., and VGFC HOLDINGS LLC**

**RESPONDENT**

DOCUMENT

**FIRST REPORT OF BDO CANADA LIMITED, IN ITS CAPACITY AS PROPOSED RECIEVER OF THE VERY GOOD FOOD COMPANY INC., 1218158 B.C. LTD., 1218169 B.C. LTD., THE CULTURED NUT INC., THE VERY GOOD BUTCHERS INC., LLOYD-JAMES MARKETING GROUP INC., and VGFC HOLDINGS LLC.**

**January 12, 2023**

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT

**PROPOSED RECEIVER'S COUNSEL**  
Nathanson, Schachter & Thompson LLP  
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**FIRST REPORT OF THE RECEIVER  
BDO CANADA LIMITED  
January 12, 2023**

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## **I. OUR INVOLVEMENT**

1. On November 29, 2022, BDO Canada Limited (“**BDO**” or “**Proposed Receiver**”) was engaged by Waygar Capital Inc. (“**Waygar**”) as financial advisor to review the financial affairs and provide advice with respect to outstanding loans that Waygar had advanced to The Very Good Food Company Inc. (“**VGFC**” or the “**Company**”)

## **II. BACKGROUND AND HISTORY**

2. VGFC (“**VGFC**” or the “**Company**”) is a plant-based food technology company that produces plant-based meat and cheese products sold wholesale to retailers across Canada and the United States.
3. Based on our preliminary review and discussions with the Company’s management, it would appear that their financial and operational challenges have been ongoing for over a year. New executives were appointed during the past year and many of the issues they faced are believed to have been caused by previous management. Despite the best efforts of the new management, it appears there is no longer sufficient time or available alternatives to ensure a successful restructuring and turnaround of the Company.
4. The Company holds several leases, with the primary lease being the manufacturing facility at 2748 Rupert Street, Vancouver B.C. (the “**Rupert Facility**”). The Rupert Facility is a 45,000 square foot manufacturing facility with an estimated 3,200,000 kg annual production capacity, which is currently being utilized at about 17% of the total capacity.
5. The monthly cash burn is in excess of \$300,000 per month. These losses have been funded by Waygar.
6. The Company has suffered significant losses over the past years, with the accumulated deficit exceeding \$89 million as of the Company’s most recently filed financial statements for the 9 months ended September 30, 2022.

7. Significant funds were raised on public markets, most of which has been spent in research and development, procurement, fulfilment and administrative expenses. As a result, the Company has desired products in the marketplace and innovative product offerings that will be released soon.
8. The Company has advised that several discussions have occurred with potential investors and alternate plant-based companies who have expressed interest in VGFC. Furthermore, there is interest in its products, manufacturing facilities and equipment.
9. An orderly sale and quick sale process will be critical to maximization of values from the business and assets for the creditors.
10. We understand some of the senior management may be departing the business as a result of new opportunities or inability to save the business from receivership. It will be critical to have control of the business and its assets, and therefore a receivership is the best option to pursue a formal restructuring.
11. The Company had a strategic advisor who worked with the executive team on options that included seeking new investment funds, a potential sale of the business, protection under the Companies' Creditors Arrangement Act, protection under the Bankruptcy and Insolvency Act, or a Division 1 Proposal. The Company sought new investors and concurrently held discussions with interested parties on a potential sale, however, none of these options and resulted in any success or funding to the Company.

### **III. SALES AND INVESTMENT SOLICITATION PROCESS**

12. A Sales and Investment Solicitation Process ("SISP") is needed to re-engage with a number of the potentially interested parties, seek interest from other prospective purchasers, minimize the cash funding required to keep the business intact and allow the Proposed Receiver to obtain offers for the business as a going concern. Some of the raw materials and processed foods have a limited shelf life and ensuring this inventory can be protected, preserved and sold within that shelf life will prove valuable for creditors.

13. BDO has established a working relationship with Waygar, VGFC and its management and has worked with the Company to establish a roster of interested parties and potential acquirers of the business and its assets.

All of which is respectfully submitted this January 12, 2023.

**BDO Canada Limited**

in its capacity as the Proposed Receiver of The Very Good Food Company Inc., 1218158 B.C. Ltd., 1218169 B.C. Ltd., The Cultured Nut Inc., The Very Good Butchers Inc., Lloyd-James Marketing Group Inc., and VGFC Holdings LLC and not in its personal or corporate capacity



Per: \_\_\_\_\_  
Jervis Rodrigues, CPA, CA, CIRP, LIT  
Senior Vice President