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CANADA  
PROVINCE OF NEW BRUNSWICK  
DISTRICT OF MONCTON  
DIVISION NO.: 04 - Moncton  
COURT NO.: 25597  
ESTATE NO.: 51-2772665

IN THE COURT OF QUEEN'S BENCH OF NEW  
BRUNSWICK  
IN BANKRUPTCY AND INSOLVENCY

IN THE MATTER OF THE PROPOSAL OF: **TOMAVO INC.**, body politic and corporate, duly incorporated according to Law, and having its head office and principal place of business at 1063 Mountain Road, in the city of Moncton, province of New Brunswick E1C 2S9.

*Applicant*

- and -

**KPMG INC.**, a corporation duly incorporated under the *Canada Business Corporations Act* (Canada), having a place of business at 600, boul. De Maisonneuve Blvd. West, Suite 1500 Montreal, QC, H3A 0A3

*Trustee*

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**REPORT BY THE TRUSTEE ON THE STATE OF THE INSOLVENT  
PERSON'S BUSINESS AND FINANCIAL AFFAIRS**

*(paragraphs 50.4(7)(b) and 50.4(9))*

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IN THE MATTER OF THE PROPOSAL OF **TOMAVO INC.**, Insolvent person:

I, Maxime Codere, CPA, CA, CIRP, LIT, of KPMG Inc., in our capacity as Trustee under the Notice of Intention to Make a Proposal (the "**NOI**") filed by **TOMAVO INC.** ("**Tomavo**", the "**Applicant**" or the "**Company**"), hereby report to this Honorable Court as follows.

**INTRODUCTION**

1. On October 7, 2021, Tomavo filed a NOI under the provisions of the BIA, and KPMG Inc. was named as Trustee to the NOI (in such capacity, the "**Trustee**"). The initial stay of proceedings triggered by the filing of the NOI expires on November 6, 2021.
2. The Trustee filed the Cash-Flow Statement, the Trustee's report on the Cash-Flow Statement and the Debtor's report on the Cash-Flow Statement, within 10 days of the date of filing, as required by paragraph 50.4(2) of the Bankruptcy and Insolvency Act ("**BIA**").
3. On November 8, 2021, the Applicant served the motion for an extension of the stay of proceedings (the "**Motion**") and the Affidavit of Mohamedamer Abdualsoud (the "**Affidavit**").



4. The purpose of the present report is to provide this Honorable Court with information regarding the following:
  - a) The background information regarding the Applicant;
  - b) The principal causes of the Applicant's financial difficulties;
  - c) The Applicant's Activity since the filing of the NOI;
  - d) The Trustee's Activity since the filing of the NOI;
  - e) The variances between the cash flow forecast ("**Cash Flow Forecast**") submitted at the filing of the NOI and the actual cash flow during the period between October 10 and October 29, 2021;
  - f) The cash flow forecast (the "**New Cash Flow Forecast**" or "**Cash Flow Statement**") for the period between October 30 to December 31, 2021;
  - g) The extension of the stay period for an additional period of forty-five (45) days; and
  - h) The Trustee's observations and conclusions.

**BACKGROUND INFORMATION**

5. This report should be read in conjunction with the Motion and the Affidavit, which provide additional background information regarding the Applicant and the NOI proceedings.
6. Founded in 2017, Tomavo is a privately owned and is a retailer in the fresh fruits & vegetables market. At the time of the filing of the NOI, the Company was operating five (5) stores in New Brunswick and Nova Scotia.
7. As of the date of this Application, Tomavo employs approximately 75 individuals.
8. The Company's tangible assets consist primarily of:
  - a) Leasehold improvement;
  - b) Inventory; and
  - c) Equipment.
9. In addition to the above, the assets also include, but are not limited to, the goodwill, and trade names and trademarks.
10. Based on the list of creditors filed in support of the NOI, the Company's total indebtedness as at October 6, 2021, amounted to approximately \$3,357,000, detailed as follows:

<b>TOMAVO INC.</b>	
<b>Creditors</b>	
<b>As at October 6, 2021</b>	
<b>Creditors</b>	<b>Amount (\$)</b>
<b>Secured</b>	
Silver Chef Rentals Inc	362
ADD Capital Corp.	-
Vault Credit Corporation	29 400
Courchesne Larose LTD	1 616 122
Collishaw Auto a division of Airport Auto LTD	-
Ryder Truck Rental Canada LTD	3 825
Penske Truck Leasing Canada Inc	23 500
	<b>1 673 209</b>
<b>Unsecured</b>	
Trade payables	1 623 636
CEBA RBC Loan	60 000
	<b>1 683 636</b>
<b>Total</b>	<b>3 356 845</b>



## **PRINCIPAL CAUSES OF FINANCIAL DIFFICULTIES**

11. Per the Company, the primary causes of its financial difficulties are summarized as follows:
  - a) In the end of 2018, Moncton store faced significant setbacks resulting from municipal infrastructure improvements being undertaken on the roadway, which negatively impacted business due to the partial or, at times, total closure of the store to vehicular traffic, over the course of roughly six months; and
  - b) COVID-19 pandemic and the resulting lockdowns and other restrictions imposed by local governments resulted in an initial sharp 80% reduction in revenues. While large grocery store chains had been deemed "essential" by local governments, Tomavo was recognized as a specialty store and was therefore subject to restrictive customer capacity limitations. This also increased the Company's overhead as the Company was required to employ additional staff to manage outside line-ups.

## **THE COMPANY'S ACTIVITIES SINCE THE FILING OF THE NOI**

12. Since the filing of the NOI, Tomavo has continued to operate its Stores in the ordinary course, under the supervision of the Trustee.
13. Tomavo has also been communicating with its employees, customers and suppliers in order to stabilize its operations and maintain a continued supply of goods and dealt with various operational issues.
14. Tomavo, in consultation with, and under the supervision of the Trustee has also sent two (2) Notices to Lessor to disclaim or resiliate lease by commercial tenant for a store in Fredericton and for a store in Dartmouth.

## **TRUSTEE'S ACTIVITIES SINCE THE FILING OF THE NOI**

15. Since the filing of the NOI, the Trustee has, *inter alia*:
  - a) Assisted the Company in the preparation of the Cash Flow Forecast and the New Cash Flow Forecast;
  - b) Monitored the daily receipts and disbursements and the Company's current and ongoing operations;
  - c) Reviewed weekly variances between the actual cash flow results versus the Cash Flow Forecast for the period from October 9, 2021, to October 29, 2021;
  - d) Responded in a timely manner to inquiries from affected stakeholders, including suppliers and landlords;
  - e) Assisted senior management with the NOI process and planning for next steps;
  - f) Sent the two (2) Notices to Lessor to disclaim or resiliate lease by commercial tenant for a store in Fredericton and for a store in Dartmouth and three (3) Notices of stay of proceedings;
  - g) Prepared this first report; and
  - h) Updated the Trustee's website to allow stakeholders to access relevant documents in connection with the NOI process.

## **CASH FLOW RESULTS RELATIVE TO FORECASTS**

16. The following table summarizes the cash receipts and disbursements for the 21-day ended October 29, 2021, as compared to the Tomavo Cash Flow Forecast:



**In the Matter of the Proposal of Tomavo Inc.**  
*Report by the Trustee on the State of the Insolvent Person's Business and Financial Affairs*

<b>Cumulative Cash Flow Analysis - End of week 3</b>				
<b>Period Starting 2021-10-09</b>				
<b>Period Ending 2021-10-29</b>				
<b>(In CAD \$)</b>				
	<b>Actuals</b>	<b>Forecast</b>	<b>Variation</b>	
			<b>(\$)</b>	<b>(%)</b>
<b>Receipts</b>				
Proceeds from sales	259 861	305 000	(45 139)	-15%
<b>Total Receipts</b>	<b>259 861</b>	<b>305 000</b>	<b>(45 139)</b>	<b>-15%</b>
<b>Disbursements</b>				
Payment of trade suppliers	97 410	70 500	(26 910)	-38%
Wages & Salaries	64 909	64 000	(909)	-1%
Payroll deductions	-	38 400	38 400	100%
Rent	50 638	64 000	13 362	21%
Advertisement	9 377	4 200	(5 177)	-123%
Medical Benefits	-	-	-	0%
Interest & Bank charges	234	400	166	41%
Credit card charges	1 751	1 100	(651)	-59%
POS system payment	7 499	-	(7 499)	0%
Supplies	1 096	1 000	(96)	-10%
Motor Vehicle Expenses-Gas	422	1 150	728	63%
Travelling	472	1 300	828	64%
Insurance	3 440	3 200	(240)	-8%
Vault Loan	538	300	(238)	-79%
Rental Equipment	3 391	1 752	(1 639)	-94%
Garbage and Janitorial	5 777	-	(5 777)	0%
Deposit for Rent	-	7 200	7 200	100%
Telephone & Internet	115	550	435	79%
Utilities	23	3 300	3 277	99%
Professional fees (Restructuring)	-	-	-	0%
Contingency expenses	7 588	750	(6 838)	-912%
<b>Total disbursements</b>	<b>254 680</b>	<b>263 102</b>	<b>8 422</b>	<b>3%</b>
<b>Net Cash Flow</b>	<b>5 181</b>	<b>41 898</b>	<b>(36 717)</b>	<b>-88%</b>
<b>Opening Bank Balance</b>	<b>7 825</b>	<b>8 000</b>	<b>(175)</b>	<b>-2%</b>
<b>Net Cash Flow</b>	<b>5 181</b>	<b>41 898</b>	<b>(36 717)</b>	<b>88%</b>
<b>Ending Bank Balance</b>	<b>13 006</b>	<b>49 898</b>	<b>(36 892)</b>	<b>-74%</b>

17. As at October 29, 2021, Tomavo's closing bank balance was approximately of \$ 13,000, which represents an unfavorable position of \$ 37,000 compared to the Cash Flow Forecast.
18. The actual net cash flow during the period was approximately \$37,000 lower than the Cash Flow Forecast. The primary reasons for the favorable net cash flow variance are summarized below:
  - a) Total cash receipts during the period were approximately \$45,000 lower than forecasted mainly due to an earlier closing of the Dartmouth store and some lower sales anticipated for the other stores; and
  - b) Total cash disbursements during the period were approximately \$8,000 lower than forecasted mainly due to:
    - i) Timing difference, especially with regards to the payment of the payroll deduction, deposit for rent and utilities;
    - ii) Positive permanent variance for the rent expense mainly due to the forecasted payment of rent for the full month of October 2021, in comparison with payments made for 24 days (October 8 to 31, 2021);
    - iii) Negative variance in the payment of trade suppliers mainly due to more goods purchased from suppliers with a cash on delivery payment policy.



19. The Trustee is advised that Tomavo has paid and continues to pay in the normal course of business for goods and services received subsequent to the date of the filing of the NOI, including payroll and new purchases. However, the Trustee understands that payment for some rents and deductions at source are being late and will be addressed during the extended period sought by the Company.

**NEW CASH FLOW FORECAST**

20. Tomavo has prepared the New Cash Flow Forecast for the period from October 30 to December 31, 2021. The New Cash Flow Forecast is summarized below. A copy of the New Cash Flow Forecast as well as the statutory reports of the Company and the Trustee are attached to this Report as **APPENDIX A**.

<b>TOMAVO INC.</b>	
<b>New Cash Flow Forecast</b>	
<b>For the 9-weeks period ending December 31, 2021</b>	
	<b>Total</b>
<b>Receipts</b>	
Proceeds from sales	885 000
<b>Total Receipts</b>	<b>885 000</b>
<b>Disbursements</b>	
Payment of trade suppliers/vendors	415 000
Wages & Salaries	214 000
Payroll deductions	75 000
Rent	88 350
Advertising and Promotions	22 500
Medical Benefits	5 600
Interest & Bank charges	1 350
Credit card charges	3 325
POS system payment	12 880
Supplies	3 600
Motor Vehicle Expenses-Gas	3 100
Insurance	4 300
Vault Loan	1 364
Rental Equipment/vehicule	4 500
Garbage and Janitorial	5 500
Telephone & Internet	2 450
Utilities	23 000
Professional fees - Restructuring <sup>1</sup>	-
Contingency expenses	2 250
<b>Total disbursements</b>	<b>888 069</b>
<b>Net Cash Flow</b>	<b>(3 069)</b>
<b>Opening Bank Balance</b>	<b>13 006</b>
<b>Net Cash Flow</b>	<b>(3 069)</b>
<b>Ending Bank Balance</b>	<b>9 937</b>

1 - The professional fees for restructuring (Trustee and Lawyer) are guarantee by a third party. Payments by the Debtor will be made if funds are available.

21. On November 5, 2021, the secured creditor, Courchesne Larose, confirmed to the Trustee its approval of the New Cash Flow Forecast and the extension of the stay of proceedings sought by Tomavo.



22. The Trustee notes the following with respect to the New Cash Flow Forecast over the reference period:
- a) The Company's opening cash balance as at October 30, 2021, was \$13,000;
  - b) The Projected Cash Flow reflects total cash receipts of approximately \$885,000;
  - c) The Projected Cash Flow reflects total cash disbursements of approximately \$888,000;
  - d) The Projected Cash Flow reflects a negative net cash flow of approximately \$3,000; and
  - e) The Projected Cash Flow reflects a closing cash balance of approximately \$10,000 as at December 31, 2021.
23. Based on the Projected Cash Flow, the Company will have sufficient liquidities to fund its operations during the first extension period.

#### **REQUEST FOR AN EXTENSION OF DELAY**

24. As represented in the Motion, the Company is seeking a 45-day extension of the stay period until December 21, 2021, as it believes it will allow the Company to pursue their restructuring efforts with the view to increase the Company's ability to make a profitable proposal to the creditors.

#### **TRUSTEE'S OBSERVATIONS AND CONCLUSIONS**

25. The Trustee supports the request sought by the Company for an extension of the stay period until December 21, 2021, for the following reasons:
- a) The Company has acted, and is acting in good faith and with due diligence;
  - b) No creditor would be materially prejudiced if such extension were granted; and
  - c) The extension will allow the Company to pursue their restructuring efforts with the view to increase the Company's ability to make a viable proposal to the creditors.

All of which is respectively submitted this 8<sup>th</sup> day of November 2021.

**KPMG INC.**, in its capacity of Trustee  
acting in the proposal of Tomavo Inc.

Per: Maxime Codere, CPA, CA, CIRP, LIT  
Partner



**In the Matter of the Proposal of Tomavo Inc.**

*Report by the Trustee on the State of the Insolvent Person's Business and Financial Affairs*

**APPENDIX A  
CASH-FLOW STATEMENT  
DEBTOR'S REPORT ON CASH-FLOW STATEMENT  
AND TRUSTEE'S REPORT ON CASH-FLOW STATEMENT**

CANADA  
 PROVINCE OF NEW BRUNSWICK  
 DISTRICT OF MONCTON  
 Court N° : 25597  
 Estate N° : 51-2772665

IN THE COURT OF QUEEN'S BENCH OF NEW BRUNSWICK  
 IN BANKRUPTCY AND INSOLVENCY

IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF :

TOMAVO INC.

**TOMAVO INC.**

Projected Cash Flow

For the 9-weeks period ending December 31, 2021

	1	2	3	4	5	6	7	8	9	Total	
	For the week ending	2021-11-05	2021-11-12	2021-11-19	2021-11-26	2021-12-03	2021-12-10	2021-12-17	2021-12-24	2021-12-31	
<b>Receipts</b>											
Proceeds from sales		90 000	95 000	100 000	100 000	100 000	100 000	100 000	100 000	100 000	885 000
<b>Total Receipts</b>		<b>90 000</b>	<b>95 000</b>	<b>100 000</b>	<b>100 000</b>	<b>100 000</b>	<b>100 000</b>	<b>100 000</b>	<b>100 000</b>	<b>100 000</b>	<b>885 000</b>
<b>Disbursements</b>											
Payment of trade suppliers/vendors		5 000	40 000	55 000	55 000	55 000	50 000	50 000	55 000	50 000	415 000
Wages & Salaries		59 000	50 000	-	35 000	-	35 000	-	35 000	-	214 000
Payroll deductions		-	-	-	-	-	-	37 500	-	37 500	75 000
Rent		-	15 650	30 525	-	15 650	20 200	6 325	-	-	88 350
Advertising and Promotions		2 500	2 500	2 500	2 500	2 500	2 500	2 500	2 500	2 500	22 500
Medical Benefits		3 100	-	-	-	2 500	-	-	-	-	5 600
Interest & Bank charges		100	150	300	300	100	100	100	100	100	1 350
Credit card charges		375	375	350	350	375	375	375	375	375	3 325
POS system payment		6 440	-	-	-	6 440	-	-	-	-	12 880
Supplies		400	400	400	400	400	400	400	400	400	3 600
Motor Vehicle Expenses-Gas		350	350	350	300	350	350	350	350	350	3 100
Insurance		-	2 300	-	-	-	-	2 000	-	-	4 300
Vault Loan		172	168	164	160	156	152	148	144	100	1 364
Rental Equipment/vehicule		500	500	500	500	500	500	500	500	500	4 500
Garbage and Janitorial		-	-	-	3 000	2 500	-	-	-	-	5 500
Telephone & Internet		350	-	350	-	350	350	350	350	350	2 450
Utilities		-	4 000	-	10 000	-	4 500	-	4 500	-	23 000
Professional fees - Restructuring <sup>1</sup>		-	-	-	-	-	-	-	-	-	-
Contingency expenses		250	250	250	250	250	250	250	250	250	2 250
<b>Total disbursements</b>		<b>78 537</b>	<b>116 643</b>	<b>90 689</b>	<b>107 760</b>	<b>87 071</b>	<b>114 677</b>	<b>100 798</b>	<b>99 469</b>	<b>92 425</b>	<b>888 069</b>
<b>Net Cash Flow</b>		<b>11 463</b>	<b>(21 643)</b>	<b>9 311</b>	<b>(7 760)</b>	<b>12 929</b>	<b>(14 677)</b>	<b>(798)</b>	<b>531</b>	<b>7 575</b>	<b>(3 069)</b>
<b>Opening Bank Balance</b>		<b>13 006</b>	<b>24 469</b>	<b>2 826</b>	<b>12 137</b>	<b>4 377</b>	<b>17 306</b>	<b>2 629</b>	<b>1 831</b>	<b>2 362</b>	<b>13 006</b>
<b>Net Cash Flow</b>		<b>11 463</b>	<b>(21 643)</b>	<b>9 311</b>	<b>(7 760)</b>	<b>12 929</b>	<b>(14 677)</b>	<b>(798)</b>	<b>531</b>	<b>7 575</b>	<b>(3 069)</b>
<b>Ending Bank Balance</b>		<b>24 469</b>	<b>2 826</b>	<b>12 137</b>	<b>4 377</b>	<b>17 306</b>	<b>2 629</b>	<b>1 831</b>	<b>2 362</b>	<b>9 937</b>	<b>9 937</b>

1 - The professional fees for restructuring (Trustee and Lawyer) are guarantee by a third paty. Payments by the Debtor will be made if funds are available.

Dated November 5, 2021

TOMAVO INC.



Mohamed Amer Abdulsoud - CEO

KPMG INC.



Maxime Codere, CPA, CA, CIRP, SAI



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CANADA  
PROVINCE OF NEW BRUNSWICK  
DISTRICT OF MONCTON  
DIVISION NO.: 04 - Moncton  
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IN THE COURT OF QUEEN'S BENCH OF  
NEW BRUNSWICK  
IN BANKRUPTCY AND INSOLVENCY

IN THE MATTER OF THE PROPOSAL OF:

TOMAVO INC.

*Debtor Company*

- and -

KPMG INC.

*Trustee*

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**DEBTOR'S COMPANY REPORT ON CASH-FLOW STATEMENT**  
**(Paragraphs 50(6)(c) and 50.4(2)(c))**

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The management of TOMAVO INC has developed the assumptions and prepared the attached statement of projected cash-flow of the insolvent Debtor Company, as of the 5<sup>th</sup> day of November 2021, consisting of the period from October 30, 2021 to December 31, 2021.

The hypothetical assumptions are reasonable and consistent with the purpose of the projection, and the probable assumptions are suitably supported and consistent with the plans of the insolvent Debtor Company and provide a reasonable basis for the projection.

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 based on a set of probable and hypothetical assumptions. Consequently, readers are cautioned that it may not be appropriate for other purposes.

Dated at Montreal, this 5<sup>th</sup> day of November 2021.

**TOMAVO INC**



Per: Mohammed Amer Abdualsoud



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IN THE COURT OF QUEEN'S BENCH OF NEW  
BRUNSWICK  
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IN THE MATTER OF THE PROPOSAL OF:

TOMAVO INC.

*Debtor Company*

- and -

KPMG INC.

*Trustee*

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**TRUSTEE'S REPORT ON CASH-FLOW STATEMENT  
(Paragraphs 50(6)(b) and 50.4(2)(b))**

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The attached statement of projected cash-flow of TOMAVO INC, as of the 5<sup>th</sup> day of November, 2021, consisting of the period from October 30, 2021 to December 31, 2021, has been prepared by the management of the insolvent Debtor Company for the purpose of the current procedures.

Our review consisted of inquiries, analytical procedures and discussion related to information supplied to us by the management and employees of the insolvent Debtor Company. 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 the 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 by management are not suitably supported and consistent with the plans of the insolvent Debtor Company or do not provide a reasonable basis for the projections, 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 of the current procedures notes and readers are cautioned that it may not be appropriate for other purposes.

Dated at Montreal, this 5<sup>th</sup> day of November, 2021.

KPMG INC.

Per: Maxime Codere, CPA, CA, CIRP, LIT