

CASE STUDY

Orderly Exit. Outstanding Recovery.

Hilco Global's Expertise Delivers Coordinated Wind-down Execution for Harvest Sherwood without Court Proceedings

Harvest Sherwood, a national food distributor serving more than 2,000 customers—including major grocery chains, cruise lines, and hotel groups—encountered financial and operational challenges in 2024, and continually struggled with operational challenges and less than optimal margins, resulting in poor cash flow, and prompting its lenders to become increasingly concerned. As a result, a sale process was initiated. The sales process was then hampered by the loss of a key customer responsible for 25% of the Company's revenue resulting in the need to find a different solution to the challenges the company faced.

Concerned about their collateral, the Company's bank group and advisors reached out to Hilco for a solution. Hilco Global swiftly mobilized a cross-functional team to design and implement a comprehensive wind-down and monetization strategy. By seamlessly integrating its deep expertise in inventory, machinery and equipment, accounts receivable, FF&E, and rolling stock, Hilco delivered a cohesive end-to-end solution. Leveraging the strength of its broad platform, Hilco led the monetization of inventory and fixed assets while simultaneously driving the recovery of both current and aged receivables—all executed under the unified Hilco Global umbrella. Hilco has successfully deployed this model multiple times over the past few years.

The Hilco team was selected by the senior lender group to lead the effort due to Hilco's advisory capability, its unique experience in managing complex monetization wind-downs both inside and outside of court-driven restructuring, and its ability to be on the ground in just a few days.

Within days Hilco assembled a team of resources and coordinated across Harvest Sherwood's functional teams to monetize the Company's inventory and fixed assets, manage logistical complexity, collect receivables, and interface with legal stakeholders.

Upon arrival Hilco worked with operations to categorize inventory by freshness and expiration, setting pricing strategies to maximize recovery. This required prioritizing high-risk goods for sale to avoid spoilage, while addressing safety and compliance issues. Hilco took over day-to-day oversight immediately for asset related operations and provided advisory services for the company, its legal team, bank counsel, and the unsecured creditor committee in a relatively short period of time to maximize recoveries.

Hilco also helped stabilize the workforce and reduce cost exposure at the facility level. By identifying buyers for certain sites and implementing employee retention strategies, Hilco maintained critical personnel during early phases

of the wind-down, using only 20% of the designated retention budget. Hilco Global further applied its expertise in FF&E to identify, market, and sell stranded onsite assets—maximizing recovery and ensuring that no residual value was overlooked.

Within 70 days the majority of inventory sales were complete as receivables collections continued. Inventory recovery exceeded 90% of book value, and ongoing receivables recovery will exceed 84% upon completion. Debt to lenders was significantly reduced, with the remaining balance expected to be offset in the future as final winddown activities continue. A Chapter 11 filing was anticipated to finalize creditor settlements, with nearly all operations ceased and most assets already monetized. The filing was intended to formally conclude the process rather than unlock recovery.

This engagement illustrates Hilco Global's ability to execute complex wind-downs outside of bankruptcy. With expertise across operational, financial, and legal disciplines within one organization, Hilco delivered a comprehensive solution that protected lender interests, minimized risk, and preserved value in a time-sensitive environment.

DEAL SNAPSHOT

Overview

Hilco Global executed an operational wind-down of a national food distributor while preserving value across asset classes. Through integrated in-house capabilities, Hilco delivered results that exceeded expectations—without the delays or costs of court proceedings.

Key Challenges

- Shrinking margins due to inflation and consumer pullback
- Overleveraged from a failed acquisition
- Loss of a key customer account for 25% of revenue
- Fragmented technology and ERP systems across 15 locations
- Inability to sell business units during M&A process
- Complex perishable inventory and workforce loss risks

What We Did

- Led a lender-directed wind-down outside of bankruptcy
- Deployed cross-functional teams across inventory, receivables, and operations
- Monetized perishable inventory before spoilage
- Collected receivables across fragmented systems
- Managed vendor/customer conflicts and compliance
- Facilitated cost-saving facility transitions
- Helped stabilize the workforce through incentive planning
- Served as daily liaison between legal teams and creditor stakeholders

RESULTS

- Inventory Recovery: ~90% of book value
- Receivables Recovery: ~84%
- Total Recovery: \$250M+ monetized to date
- Debt Reduced: Over 80%
- Chapter 11: Filed as a procedural closure step (not required for recovery)

Deal Type

Orderly Wind-Down & Asset Monetization

Industry

Food Distribution & Logistics

Key Asset Classes

Perishable Inventory, Receivables, FF&E, Rolling Stock, M&E



HILCO GLOBAL IS ASSET SMARTER.

Hilco Global leverages a blend of deep restructuring and advisory expertise combined with principal investing and capital solutions through our own merchant banking capabilities. This powerful one-two punch can deliver both stand-alone and highly customized integrated solutions capable of resolving complex and stressed situations while also enhancing long-term enterprise business value.



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