

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF SOUTH CAROLINA**

In re:

Pelican International Inc., *et al.*,

Debtors in a Foreign Proceeding.¹

Chapter 15

Case No. 25-01030

(Jointly Administered)

**DECLARATION OF MARTIN FRANCO IN SUPPORT OF MOTION FOR ENTRY OF
AN ORDER (I) RECOGNIZING AND ENFORCING CANADIAN APPROVAL,
VESTING AND ASSIGNMENT ORDER, (II) APPROVING SALE TRANSACTION
FREE AND CLEAR OF LIENS, CLAIMS, AND ENCUMBRANCES, AND
(III) GRANTING RELATED RELIEF**

I, Martin Franco, pursuant to 28 U.S.C. § 1746, hereby declare under penalty of perjury under the law of the United States as follows:

1. I am a senior managing director at FTI Consulting Canada Inc., the duly-appointed foreign representative (“FTI” or the “Foreign Representative”) for the above-captioned debtors (collectively, the “Debtors”), which are the subject of a proceeding (collectively, the “Canadian Proceeding”) pending before the Superior Court of Québec (Commercial Division) (the “Canadian Court”), initiated pursuant to the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36 (as amended, the “CCAA”). I am authorized to provide this declaration on behalf of the Foreign Representative. I offer this declaration in support of the *Motion for Entry of an Order (I) Recognizing and Enforcing Canadian Approval, Vesting and Assignment Order, (II) Approving*

¹ The Debtors in these chapter 15 proceedings, together with the last four digits of their employment identification number, are: Pelican International Inc. (“Pelican”) (6357); Pelican US Topco LLC (“US Topco”) (8910); and Confluence Outdoor Inc. (“Confluence”) (7554). The location of the Debtors’ headquarters is 21 avenue Peronne, Montréal, Québec, Canada, H3S 1X7. The address of the Foreign Representative is 1000 Sherbrooke West, Suite 915, Montréal, Québec, Canada, H3A 3G4.

Sale Transaction Free and Clear of Liens, Claims, and Encumbrances, and (III) Granting Related Relief (the “Motion”).²

2. I have personal knowledge of the matters deposed to in this declaration. Where I have relied on other sources for information, I have specifically referred to such sources and believe them to be true. In preparing this declaration, I have consulted with legal, financial and other advisors to, as well as other members of the senior management team of, the Debtors. The Debtors do not waive or intend to waive any applicable privilege by any statement herein.

3. On March 18, 2025, National Bank of Canada (“NBC”), as administrative agent, collateral agent and hypothecary representative (in such capacity, the “Agent”), of a syndicated secure loan which includes NBC, Bank of Montreal, Fédération des Caisses Desjardins du Québec and Toronto Dominion Bank (collectively the “Lenders”) commenced the Canadian Proceeding under the CCAA in respect of the Debtors to initiate restructuring proceedings under the supervision of the Canadian Court. On March 19, 2025, the Canadian Court issued an initial order (the “Initial Order”) enforcing a broad stay against the Debtors and their directors and officers, appointing FTI as monitor of the Debtors (in its capacity as such, the “Monitor”), and authorizing FTI to act as Foreign Representative of the Debtors.

4. On March 19, 2025 (the “Petition Date”), the Foreign Representative filed petitions on behalf of each of the Debtors (the “Chapter 15 Petitions”) under chapter 15 of the Bankruptcy Code and the Verified Petition for recognition of the Canadian Proceeding, thereby commencing the Debtors’ above-captioned chapter 15 cases (these “Chapter 15 Cases”).

5. On April 15, 2025, the Court entered the *Order (I) Recognizing Foreign Main Proceeding, (II) Recognizing Foreign Representative, (III) Recognizing Initial Order, Amended*

² Capitalized terms used but not defined herein shall the meaning ascribed to them in the Motion.

and Restated Initial Order, and SISP Order, and (IV) Granting Related Relief [Docket No. 62] (the “Recognition Order”), which, among other things, recognized the Canadian Proceeding as a foreign main proceeding, recognized FTI as Foreign Representative of the Debtors, and recognized and gave full effect in the territorial jurisdiction of the United States to the Initial Order, the Amended and Restated Initial Order, and the SISP Order.

6. The Amended and Restated Initial Order, *inter alia*, appointed the Monitor as a “super monitor”, granting the Monitor certain powers beyond what is typically provided for in standard monitor appointments under the CCAA. *See* Amended and Restated Initial Order at ¶ 60. Accordingly, the Monitor executed the Going Concern SISP (defined below) and ultimately entered into the APA on behalf of the Debtors, in accordance with the Powers granted to the Monitor by the Canadian Court.

7. The SISP Order, *inter alia*, approved the initiation of a Sale and Investment Solicitation Process in respect of the Debtors’ business and assets (the “Going Concern SISP”) and its implementation in accordance with the Procedures for the Sale and Investment Solicitation Process annexed thereto as Schedule “A” (the “SISP Procedures”). The SISP Order also approved the engagement of FTI Capital Advisors – Canada ULC (“FTICA”) to act as SISP advisor and to assist in the implementation of the Going Concern SISP.

8. On April 23, 2025, following conduct of the Going Concern SISP as discussed below, the Monitor submitted an application in the Canadian Proceeding, requesting that the Canadian Court issue an *Approval, Vesting and Assignment Order* (the “AVO”) approving the sale of the business and certain assets of the Pelican and Confluence (the “Sellers”) to the successful bidder in the sale process conducted pursuant to the Going Concern SISP. The Monitor’s proposed form of AVO is attached to the Motion as Exhibit B.

THE SISP

9. In accordance with the SISP Order and the SISP Procedures, definitive offers for the Debtors' business and assets were due by no later than April 10, 2025 at 5:00 p.m. (the "Bid Deadline").

10. Overall, FTICA contacted approximately 250 financial and strategic parties as potential targets in the context of the Going Concern SISP.

11. A confidential virtual data room (the "VDR") was made available to potential targets, provided that such potential targets execute a non-disclosure agreement ("NDA"). As a result, 53 potential targets executed NDAs and were thereafter granted access to the VDR. Two Related Party Notices (as defined in the SISP Procedures) were received in the context of the SISP.

12. On the Bid Deadline, four (4) Qualified Bidders submitted Binding Offers. Of the four (4) bids received, two (2) bids contemplated going concern bids for substantially all of the assets and operations of Pelican and Confluence, while the other two (2) bids were more limited in scope for select assets of the Debtors.

13. On April 13, 2025, after careful consideration of the bids received, and in consultation with FTICA and the Lenders, the Monitor wrote to the bidders that had submitted a going concern bid requesting that they submit revised and enhanced bids by no later than Monday, April 14, 2025, at 2:00 p.m. Both Related Bidders (as defined in the SISP Procedures) submitted revised offers. Thereafter, the Monitor, in consultation with FTICA and the Lenders, advised bidders that the deadline to determine one or more Successful Bid(s) had been extended to Wednesday, April 16, 2025, at 4:00 p.m.

14. In order to ensure price and closing certainty given the urgent need to proceed with closing in the fewest delays given the limited liquidity available to the Sellers, on April 15, 2025,

the Monitor advised both Related Bidders in writing that final revised bids which, *inter alia*, did not include any working capital or other closing adjustments to the purchase price were being sought. The deadline to submit revised and final bids was set for 10:30 a.m. on April 16, 2025.

15. On April 16, 2025, the Monitor obtained revised bids from both Related Bidders. After carefully reviewing the bids, the Monitor, in consultation with FTICA and the Lenders, determined that it was in the best interest of all stakeholders to move forward and finalize the bid submitted by the Purchaser on April 16, 2025.

16. On or about April 16, 2025, the Monitor also received a liquidation bid for the assets of the Sellers in order to complete its analysis of the bids received pursuant to the SISP (the “Liquidation Bid”). The Liquidation Bid would entail the termination of all employees of the Sellers and the cessation of all going concern activities of the Sellers.

THE APA AND THE TRANSACTION

17. The Transaction includes the purchase by the Purchaser from the Sellers of substantially all assets, property and undertaking in connection with the Sellers’ business, as more fully set out in the APA (the “Purchased Assets”), including, amongst others, the following:

- a. Inventory – all items that are owned by the Sellers for sale, license, rental, lease or other distribution in the ordinary course of business, or are being produced for sale, or are to be consumed, directly or indirectly, in the production of goods or services to be available for sale;
- b. Accounts Receivable – the Sellers’ accounts receivable;
- c. Fixed Assets and Equipment – machinery, equipment, furnishings, furniture, parts, computer hardware, supplies, accessories, office equipment and other tangible personal and moveable property (other than inventory) owned by the Sellers;
- d. Material Contracts – the rights, title and interest of the Sellers in and to the Contracts listed in Schedule D to the APA (the “Assumed Contracts”); and

- e. Intellectual Property – all Intellectual Property and rights in Intellectual Property owned by the Sellers, including all trademarks and trade names, such as “Pelican”.

18. Certain assets are excluded from the Transaction and will remain with the Sellers post-closing. Among other things, the Debtors’ interest in GSI Outdoors, LLC is not being sold in the Transaction.

19. The Purchaser will retain substantially all of the Sellers’ employees (the “Assumed Employees”).

20. Moreover, the Transaction contemplates the assumption of certain liabilities including, *inter alia*, any and all cure costs under the Assumed Contracts and all pre-closing accrued vacation and wages owing to the Assumed Employees, the whole as more fully set out in the APA.

21. The Parties intend to close the Transaction on April 29, 2025. Closing of the Transaction is not subject to any conditions including any financing condition, other than the issuance by the Canadian Court of the AVO. However, the Foreign Representative’s request for recognition of the AVO by this Court is a post-closing covenant of the Sellers provided for under the APA and is required for the Transaction to be fully consummated.

22. A true and correct copy of the public, redacted copy of the APA is attached as Exhibit C to the Motion.

23. The AVO provides for distributions by the Monitor of Net Proceeds (as defined in the AVO) to pay, on behalf of the Sellers, the amounts that may be owed under the CCAA Charges (as defined in the Amended and Restated Initial Order), including in particular any amount owing and secured under the KERP Charge and the Interim Lender Charge (as such terms are defined in the Amended and Restated Initial Order). The Monitor intends to return to the Canadian Court at a later date to obtain authorization to effect further distributions of proceeds.

24. The Purchaser is a “Related Bidder” under the SISP Procedures because one of the shareholders of the Purchaser is the former CEO of the Debtors and a current minority shareholder of Pelican. The Purchaser is not a related party of the Foreign Representative.

25. The Foreign Representative submits that ample business justification for the Transaction exists. The Monitor, on behalf of the Debtors, and FTICA, in good faith, ran a comprehensive and thorough sale process that was approved by the Canadian Court. After extensive marketing efforts, the Foreign Representative believes the Transaction represents the highest and best offer for the Purchased Assets to maximize the benefits to the Debtors and their creditors.

26. The Foreign Representative believes that the offer submitted by the Purchaser constituted the best bid received by the Monitor in the context of the SISP, and, as such, the Transaction contemplated by the APA represents the best outcome for the Debtors and their stakeholders under the circumstances. The market was canvassed through a fair and transparent process conducted after the commencement of the Canadian Proceeding, with the Transaction provided for in the APA representing the best transaction and outcome resulting from the SISP for the benefit of the Debtors’ stakeholders as a whole. The Foreign Representative submits that the Transaction represents the best opportunity for the Debtors to maximize the value of the assets being sold and enables the Sellers to continue operating as a going concern and continue to retain their employees, as opposed to a liquidation and termination of employment.

27. The Foreign Representative is not aware of any indication of any fraud, collusion between the Purchaser and other bidders, or an attempt to take grossly unfair advantage of other bidders or similar conduct. The Transaction is the result of a marketing process designed to obtain

the highest or otherwise best offer in respect of the Sellers' assets, and is the product of extensive negotiations between the parties to the APA.

28. The SISP, the Transaction, the Purchase Price (as defined in the APA) and all negotiations between the parties were vigorous, extensive and conducted at arms-length and in good faith, with the parties being represented by separate legal counsel.

29. The Foreign Representative is not aware of any agreement between the Purchaser and any other party to control the Purchase Price for the Purchased Assets.

30. It is the Foreign Representative's understanding that the Purchaser has not exerted control or undue influence over the Debtors.

31. The Purchaser has not exerted control or undue influence over the Monitor.

32. Accordingly, it is the Foreign Representative's understanding that the Purchaser has acted in good faith and is entitled to the protections afforded to good faith purchasers under section 363(m) of the Bankruptcy Code.


33. It is the Foreign Representative's understanding that the Lenders, which represent the Debtors' senior secured lenders, are consenting to the Transaction.

34. It is the Foreign Representative's understanding that the Purchaser has indicated it would not pursue such a sale other than through the structure approved in the AVO—*i.e.* a “free and clear” sale. Therefore, the Foreign Representative believes that pursuing a sale other than one that is “free and clear” would yield substantially less value (if any) for the Debtors and their creditors.

[Signature Page Follows]

Pursuant to 28 U.S.C. § 1746, I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct to the best of my knowledge, information, and belief.

Dated: April 24, 2025



Martin Franco
FTI Consulting Canada Inc., as Foreign Representative to
the Debtors