FTI Consulting Canada Inc.
1000, Sherbrooke Street West
Suite 915
Montréal, QC, H3A 3G4
Canada

Tel.:514-446-5093
Fax:514-656-0285
www.fticonsulting.com

CANADA
PROVINCE OF QUÉBEC
DISTRICT OF MONTREAL
COURT N^{O}:500-11-065405-256

S U P E R I O R C O U R T
Commercial Division

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

PELICAN INTERNATIONAL INC.

-and-

PELICAN US TOPCO LLC

-and-

CONFLUENCE OUTDOOR INC.

Debtors

-and-

FTI CONSULTING CANADA INC.

Monitor

THIRD REPORT TO THE COURT
SUBMITTED BY FTI CONSULTING CANADA INC.,
IN ITS CAPACITY AS MONITOR

INTRODUCTION

1. On February 28, 2025, Pelican International Inc. ("**Pelican**") filed a Notice of Intention to Make a Proposal under the relevant provisions of the *Bankruptcy and Insolvency Act*, RSC 1985, c B-3, ("**NOI Proceedings**"), and KPMG Inc. was appointed as the proposal trustee in the NOI Proceedings.

2. On March 18, 2025, National Bank of Canada ("**NBC**"), as administrative agent, collateral agent and hypothecary representative, of a syndicated secure loan advanced by NBC, Bank of Montreal, Fédération des Caisses Desjardins du Québec and The Toronto-Dominion Bank (collectively the "**Lenders**"), filed an application entitled Application for the Issuance of an Initial Order, an Amended and Restated Initial Order and a Sale and Investment Solicitation Process Order (the "**Initial Application**") before this honourable Court (the "**Court**") to commence proceedings under the *Companies' Creditors Arrangement Act,* R.S.C. 1985, c. C-36 (as amended, the "**CCAA**") seeking the issuance of an order including relief declaring that Pelican, Pelican US Topco LLC. ("**Pelican US Topco**") and Confluence Outdoor Inc. ("**Confluence**" and, together with Pelican and Pelican US Topco, the "**Debtors**") are debtor companies subject to the CCAA, providing for a stay of proceedings in respect of the Debtors, the appointment of FTI Consulting Canada Inc. ("**FTI**" or the "**Monitor**") as Monitor and various other relief measures (the "**CCAA Proceedings**").

3. On March 18, 2025, FTI, then in its capacity as proposed Monitor, issued its pre-filing report to the Court (the "**Pre-Filing Report**") as part of the CCAA Proceedings. The purpose of the Pre-Filing Report was to provide information to the Court with respect to the Debtors' financial situation and the relief sought by the Lenders as part of the Application, and, more specifically, as part of the proposed Initial Order.

4. On March 19, 2025, the Court granted the Initial Application and rendered an order (the "**Initial Order**"), which provides for, *inter alia*, (i) a stay of proceedings against the Debtors, their properties and their directors and officers until and including March 28, 2025; (ii) the appointment of FTI as Monitor to the Debtors in the context of the CCAA Proceedings; (iii) the approval of an interim financing entered into between the Lenders, (the "**Interim Lenders**"), and the Debtors, as borrowers (the "**Interim Financing**"), as well as the authorization for the Debtors to borrow thereunder an amount of up to $4,000,000, to be secured by an "**Interim Lender's Charge**" of $4,800,000, (iv) the approval of the key employee retention plan (the "**KERP**") to be secured by a charge in the amount of $495,000 (the "**KERP Charge**"), (v) the establishment of an administration charge of $1,000,000 and (vi) the establishment of a directors' and officers' charge (the "**D&O Charge**") of $1,300,000.

5. On March 19, 2025, the Court also granted the Sale and Investment Solicitation Process Order (the "**SISP Order**") thereby, *inter alia*, approving the conduct by the Monitor of a sale and investment solicitation process in accordance with the procedures annexed to the SISP Order (the "**Bidding Procedures**").

6. On March 21, 2025, the United States Bankruptcy Court District of South Carolina (the "**US Court**") granted a provisional relief pursuant to section 1519 of the United States Bankruptcy Code.

7. On March 28, 2025, the Court granted an Amended and Restated Initial Order ("**ARIO**"), which provides for, *inter alia*, (i) a stay of proceedings against the Debtors, their properties and their directors and officers until and including April 28, 2025 (the "**Stay Period**"), (ii) the increase of the Interim Financing by an additional amount of $2,800,000 for a total amount of $6,800,000, to be secured by an Interim Lender's Charge of $8,160,000 and (iii) the reduction of the D&O Charge to $900,000.

8. On March 28, 2025, the Court ordered to Overseas Express Consolidators (Canada) inc. ("**OEC**") to remit the goods withheld by OEC to the Debtors' in return for payment of the sums due in respect of these containers. OEC was asserting an alleged right of retention and the Court deferred the determination as to the existence of such a right, and the impact thereof, to a subsequent hearing prior to a distribution to the Debtors' creditors.

9. On April 15, 2025, the US Court granted an order (i) recognizing the CCAA Proceedings as the foreign main proceeding, (ii) recognizing the foreign representative, (iii) recognizing the Initial Order, the ARIO and the SISP Order and, (iv) granting related relief.

10. On April 23, 2025, the Monitor filed an Application for the Issuance of an Approval, Vesting and Assignment Order and Ancillary Relief (the "**Application**").

11. The purpose of this third report of the Monitor (the "**Third Report**") is to update the Court with respect to:

    - The Monitor's activities since the issuance of the Second Report;
    - Recognition proceedings in the United States of America;
    - The Debtors' cash flow results for the period ended April 20, 2025;
    - The Debtor's weekly cash-flow projections for the period ending on July 20, 2025;
    - Update to the conduct of the Going Concern SISP;
    - Description of the Proposed Transaction;
    - The Monitor's observations and recommendations with respect to the Proposed Transaction;
    - The Monitor's observations and recommendations with respect to the releases sought as part of the Application;
    - The Application for an Extension of the Stay of Proceedings;
    - Upcoming restructuring measures; and
    - The Monitor's conclusions and recommendations on the Application.

12. The Third Report should be read in conjunction with the First and Second Report.

TERMS OF REFERENCE

13. In preparing this Third Report, the Monitor has relied upon unaudited financial information of the Debtors, the Debtors' books and records, certain financial information prepared by the Debtors and discussions with various parties (the "**Information**").

14. Except as otherwise described in this Third Report:

    (a) The Monitor has not audited, reviewed, or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would comply with Generally Accepted Assurance Standards pursuant to the Chartered Professional Accountants of Canada Handbook; and

(b) The Monitor has not examined or reviewed financial forecasts and projections referred to in this Third Report in a manner that would comply with the procedures described in the Chartered Professional Accountants of Canada Handbook.

15. The Monitor has prepared this Third Report solely for the purpose of providing the Court with information in relation to the reliefs sought by the Debtors, and this Third Report should not be relied on for any other purpose.

16. Future oriented financial information reported or relied on in preparing this Third Report is based on the assumptions of the management of the Debtors ("**Management**") and is based on assumptions regarding future events; actual results may vary from forecasts and such variations may be material.

17. Unless otherwise stated, all monetary amounts contained herein are expressed in **Canadian Dollars**. Capitalized terms not otherwise defined herein have the meanings given to them in the previous reports, or in the Initial Application or in the ARIO Application.

THE MONITOR'S ACTIVITIES SINCE THE ISSUANCE OF THE SECOND REPORT

18. The Monitor posted a copy of its Second Report and the ARIO on the Monitor's Website.

19. Since the previous report, the Monitor issued various notices of stay of proceedings in the context of pending litigation against the Debtors.

20. The Monitor held numerous discussions with employees, suppliers and both secured and unsecured creditors, in order to stabilize the Debtors' operations.

21. Moreover, the Monitor, with the assistance of FTI Capital Advisors – Canada ULC ("**FTICA**"), pursued its efforts with the sale and investment solicitation process for the assets and business of GSI Outdoor LLC ("**GSI SISP**").

22. The Monitor supervised receipts and disbursements on a daily basis and held daily meetings with management to discuss operations and potential restructuring measures.

23. The Monitor communicated with the Interim Lenders on a regular basis in order to keep them informed of the developments in the CCAA Proceedings.

24. The Monitor has also been in contact with FTICA on a regular basis to assess the progress of the SISP and has provided support to FTICA with the ongoing communications and negotiations with potential bidders. At the same time, the Monitor also received, further to its request, an updated liquidation value from a liquidator and a liquidation bid for the assets of the Sellers in order to complete its analysis of the bids received pursuant to the SISP.

25. Finally, the Monitor answered questions from creditors and employees of the Debtors with respect to the Debtors' restructuring process and the CCAA Proceedings.

RECOGNITION PROCEEDINGS IN THE UNITED STATES OF AMERICA

26. On April 15, 2025, the US Court entered an order which, among other things, recognized the CCAA Proceedings as a foreign main proceeding and gave effect to the SISP Approval Order and the ARIO in the U.S.
27. On April 24, 2025, the Monitor, in its capacity as foreign representative, filed a motion with the US Court seeking the recognition of the orders being sought before the Court in the context of the Application (should same be granted by the Court).

28. All documents related to the US recognition proceedings have been posted on the Monitor's Website.

THE DEBTORS' CASH FLOW RESULTS FOR THE PERIOD ENDED APRIL 20, 2025

29. Appendix D of the Second Report set out the Debtors' cash flow projections for the period ending April 28, 2025 (the "**March CF Forecast**").

30. The Debtors' actual cash flow for the four-week period ended April 20, 2025, is compared to the March CF Forecast in the table attached hereto as **Appendix A.**

31. The Debtors' closing cash balance as of April 20, 2025, was $4,9 M, which constitutes a positive variance in the amount of $3,8 M. The Monitor has the following comments regarding the key elements of the Debtors' cash flow to April 20, 2025:

    (a) Net receipts were $5,8 M higher than projected. This positive variance is mainly due to the collection of certain receivables that were initially forecasted at the end of April and in May.

    (b) Net disbursements were approximately $0,1 M higher than projected, primarily due to:

        (i) Raw materials purchases were $0,2 M lower than projected. This positive variance is mainly due to timing;

        (ii) Distribution expenses are $0,7 M higher than projected. This negative variance is mainly due to U.S. tariffs on Pelican's exports to the U.S. in March, and to imports of products from China into the United States (Confluence);

        (iii) Sales, general & administration expenses and payroll are lower than originally anticipated ($0,4 M). This positive variance is mainly due to timing.

    (c) DIP funding ($2,0 M), this positive variance is due to higher-than expected collection of accounts receivable.

    (d) As of the date of this Third Report, all post-filing expenses incurred by the Debtors have been or will be paid in the normal course of business out of the existing working capital of the Debtors.

THE DEBTORS' WEEKLY CASH FLOW PROJECTIONS FOR THE PERIOD ENDING JULY 20, 2025

32. To determine the Debtors' post-closing cash flow and ongoing financing requirements during the CCAA Proceedings, the Monitor prepared the weekly cash flow forecast (the "**April CF Forecast**") for the thirteen-week period ending on July 20, 2025 (the "**Cash Flow Period**"). The April CF Forecast reflects the fees and expenses related to the ongoing CCAA Proceedings including post-closing matters in relation with the Proposed Transaction or related to the GSI SISP. A copy of the April CF Forecast is attached as **Appendix B** to this Third Report.
33. Should the Court issue the orders sought, following closing of the Proposed Transaction, the amounts owing in respect of the Interim Financing are expected to be repaid in full and the DIP Facility terminated accordingly as the Monitor is expected to have sufficient funds on hand to attend to the payment of all post-filing fees and expenses of these CCAA Proceedings.

34. Following closing, all fees and expenses related to the CCAA Proceedings during the Cash Flow Period will be paid from the cash on hand at closing or from the proceeds of sale of the Proposed Transaction or, to the extent the services are rendered for the benefit of the Purchaser following closing of the Proposed Transaction, by the Purchaser.

35. The cash balance as at April 28th represents the forecasted cash on hand of the Sellers as at end of day on April 28th that will be transferred into the Monitor's trust account if the Proposed Transaction is approved by the Court and the Proposed Transaction proceeds to close accordingly.

36. The April CF Forecast shows a net cash outflow of approximately $4,0 M for the Cash Flow Period, as summarized below:

$CAD in thousands	Total
Operating receipts	**1,467**
Disbursements	
Raw materials	636
Other operating disbursements	814
Payroll	891
Professional fees	2,628
KERP	495
DIP interests and fees	42
Total disbursements	**5,506**
Net cash variation	**(4,039)**
Cash balance at beginning	4,943
Net cash variation	(4,039)
DIP funding	-
Cash balance at end	904

37. The Monitor's review consisted of inquiries, analytical procedures and discussion related to information supplied by certain Management and employees of the Debtors. Since hypothetical assumptions need to be supported, the Monitor's procedures with respect to them were limited to evaluating whether they were consistent with the purpose of the April CF Forecast. The Monitor has also reviewed the support provided by Management for the probable assumptions, and the preparation and presentation of the April CF Forecast.

38. Based on its review, nothing has come to the attention of the Monitor that causes it to believe that, in all material respects:

    (a) The hypothetical assumptions are not consistent with the purpose of the April CF Forecast;

    (b) As at the date of this Third Report, the probable assumptions developed by Management are not suitably supported and consistent with the plans of the Debtors or do not provide a reasonable basis for the April CF Forecast, given the hypothetical assumptions; or the April CF Forecast does not reflect the probable and hypothetical assumptions.

39. Since the April CF Forecast 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, the Monitor expresses no assurance as to whether the April CF Forecast will be achieved.

40. The April CF Forecast has been prepared solely for the purpose described in Note A on the face of the April CF Forecast and readers are cautioned that it may not be appropriate for other purposes.

UPDATE TO THE CONDUCT OF THE SISP

41. In accordance with the SISP Order, the Monitor and its affiliate, FTICA, with the assistance of the Debtors, and in consultation with the Interim Lenders, commenced the Going Concern SISP in respect of the Debtors. Capitalized terms used in this section have the meanings ascribed to them in the SISP Order.

42. As set out in the SISP Procedures, the following were the key milestones under the Going Concern SISP:

Event	Deadline
1. **Bid Deadline & Qualified Bidders**: Bid deadline (for delivery of definitive offers by Qualified Bidders in accordance with requirements of paragraph 15 of the SISP Procedures)	By no later than April 10, 2025, at 5:00 p.m. (prevailing Eastern Time)
2. **Auction(s):** Auction(s) (if needed)	April 14, 2025
3. **Selection of final Successful Bid(s):** Deadline for selection of final Successful Bid(s)	Week of April 14, 2025
4. **Definitive Documentation:** Completion of definitive documentation in respect of Successful Bid(s)	Week of April 21, 2025
5. **Approval Application – Successful Bid(s):** Filing of Approval Application in respect of Successful Bid(s)	Week of April 21, 2025
6. **Closing – Successful Bid(s):** Anticipated deadline for closing of Successful Bid(s)	Week of April 21, 2025, or such an earlier date as is achievable
7. **Outside Date – Closing:** Outside Date by which the Successful Bid must close	April 28, 2025

43. As part of the Going Concern SISP, an extensive marketing and solicitation process was undertaken by the Monitor and FTICA. The efforts undertaken as part of the Going Concern SISP are summarized below:

(a) The Monitor, assisted by FTICA and the Debtors, and in consultation with the Interim Lenders, assembled a list of **235 potential buyers and investors** (the "**Prospective Bidders**"). The Prospective Bidders included both strategic purchasers and financial investors and any additional potential interested parties that were not originally included in the list that came forward during the SISP.

(b) The Monitor, assisted by FTICA, and together with the Debtors, prepared and sent a "Teaser" and NDA to all Prospective Bidders on or about March 21, 2025.

(c) Prospective Bidders that executed an NDA were provided with a CIM and access to the VDR; in total, **53 interested parties executed the NDA**. The remaining Prospective Bidders either decided not to pursue the opportunity prior to signing the NDA or did not respond despite efforts by FTICA to follow-up.

(d) As set out in the SISP Procedures, the deadline to submit a Binding Offer was 5:00 p.m. (Eastern Time) on April 10, 2025 (the "**Bid Deadline**").

(e) Four (4) offers were received by the Bid Deadline. Two (2) of the offers received by the Monitor were going concern bids for substantially all of the assets and operations of the Sellers (the "**Going Concern Bids**"). The remaining offers were limited to select assets of the business, and were substantially lower, including in the aggregate, compared to each of the Going Concern Bids. A summary of the bids received in the context of the SISP is attached hereto under seal as **Appendix C**.

(f) The Going Concern Bids received by the Monitor were from Related Bidders (the "**Going Concern Bidders**", and each a "**Going Concern Bidder**"). As the Monitor noted in the Second Report, with the objective of preserving and safeguarding the integrity of the Going Concern SISP, certain specific provisions were included at the request of the Monitor to the SISP Procedures, in the view of the potential participation of a Related Bidder. These provisions required that a Related Bidder advise the Monitor by the Related Bidder Notice Deadline if it intends to act as a bidder. The Monitor received the necessary notices under said provisions from two Related Bidders.

(g) Following the Bid Deadline, the Monitor, together with FTICA, and in consultation with the Interim Lenders, reviewed and assessed the offers, and in the case of the Going Concern Bids, sought certain clarifications with respect to some of the terms and conditions from each Going Concern Bidder. Following these discussions, the Monitor, in consultation with the Interim Lenders, requested the Going Concern Bidders to enhance their bids and submit revised offers in order to make an informed decision and select the Successful Bid. The deadline to select the Successful Bid was originally extended, with the support of the Interim Lenders, to 2:00 p.m. (Eastern Time) on April 14, 2025. Thereafter, the Monitor 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.

(h) Further to the foregoing, and after receiving revised offers from the Going Concern Bidders, the Monitor, together with FTICA, and in consultation with the Interim Lenders, reviewed and assessed the revised offers, and requested the Going Concern Bidders to submit best and final offers ("**Final Going Concern Bids**") before 10:30 a.m. on April 16, 2025. To ensure greater purchase price certainty, the Monitor, with the support of the Interim Lenders, requested that the Going Concern Bidders remove any concepts providing for any purchase price adjustments from their Final Going Concern Bids.

(i) Following receipt of the Final Going Concern Bids from the Going Concern Bidders, the Monitor held discussions with the Interim Lenders. With their support, on April 16, 2025, the Monitor selected Groupe Mach Acquisition Inc. ("**GM Group**" or the "**Purchaser**") as the Successful Bidder and its offer submitted in the context of the Going Concern SISP (the "**GM Group Binding Offer**") as the Successful Bid. The GM Group includes former executives of the Pelican Group.

(j) In the days following the designation of the GM Group Binding Offer as the Successful Bid, the Monitor worked on finalizing the relevant contractual documents in order to reflect the transactions contemplated under the GM Group Binding Offer (the "**Proposed Transaction**").

(k) On April 23, 2025, the Monitor, for and on behalf of the Sellers and the GM Group executed an *Assets Purchase Agreement* (the "**APA**"), the material terms of which will be further described below.

44. The Proposed Transaction, if approved by the Court and implemented, will allow the continuation of the Debtors' operations as a going concern and ensure the continued employment of the majority of the employees (approximately 461 active employees as of the date of this report).

DESCRIPTION OF THE PROPOSED TRANSACTION

45. The Proposed Transaction effectively provides for the acquisition of substantially all the assets of the Sellers allowing continued operations of the business as a going concern, including continued employment of the majority of the Debtors' employees.

46. The APA also contemplates that the Purchaser will assume notably the following liabilities of Pelican International Inc. and Confluence Outdoor Inc. (the "**Sellers**"):

(a) Cure costs under the assumed contracts expressly identified in the applicable schedule of the APA;

(b) Liabilities in respect of the employees retained by the Purchaser;

(c) Trade payables, arising after the beginning of the CCAA Proceedings;

(d) Liabilities arising out of or relating to product or service warranties of the Sellers.

47. The APA provides that the following assets will be excluded from the Proposed Transaction:

(a) Cash and cash equivalents;

(b) Excluded contracts, which are comprised of all contracts not expressly retained by the Purchaser, as such assumed contracts are expressly identified in the applicable schedule of the APA;

(c) Collateral, which are comprised of all letters of credit, cash or cash equivalents of the Sellers granted by the Sellers as collateral to secure outstanding letters of credit in respect of any Excluded Liability or Excluded Asset;

(d) Insurance policies;

(e) All of the equity interest of all of the excluded Seller subsidiaries, all rights and interests of any Sellers or Seller Subsidiaries under the First Amended and Restated Limited Liability Company Agreement of GSI Outdoors LLC.

48. The APA includes a mechanism that gives the right to the Purchaser to seek, no later than 30 days following the closing, the post-closing assignment to the Purchaser of the rights, benefits and interests of the Sellers in contracts to which the Sellers are party and which did not form part of the Assumed Contracts as of the closing date. The cure costs associated with such Assumed Contracts shall be paid by the Purchaser.

49. The APA also includes a provision whereby the Purchaser and the Sellers agree that the Salaberry de Valleyfield lease and the Laval lease will remain subject to the CCAA Proceedings until June 30, 2025 to provide the Purchaser with the opportunity to (a) negotiate with the respective landlords the terms of new leases and (b) to determine if the Salaberry de Valleyfield lease and/or the Laval lease will form part of the Purchased Assets.

50. The Purchaser will be responsible to pay any and all fees, expenses, and other financial obligations (including any rent, whether base rent, additional rent, or otherwise), which become due and payable under the Salaberry de Valleyfield lease and the Laval lease.

51. The closing of the Proposed Transaction is planned to occur on April 29, 2025, unless otherwise agreed to by the Sellers and the Purchaser, with the consent of the Monitor. The outside closing date is May 31, 2025.

52. The only condition precedent to the closing of the Proposed Transaction is the granting of the Approval, Vesting and Assignment Order.

53. Recognition of the Approval, Vesting and Assignment Order by the US Court is a post-closing covenant of the Sellers under the APA. Upon the issuance of the recognition order by the US Court, a portion of the purchase price gets released to the Monitor in accordance with the APA.

54. The Application and exhibits in support thereof, including a version of the APA in which the purchase price was redacted, were notified to all parties on the Service List as well as to the counterparties to the Assumed Contracts identified in Schedule B in support of the draft AVO and to the counterparty to the Assigned Lease identified in Schedule C in support of the draft AVO.

THE MONITOR'S OBSERVATIONS AND RECOMMENDATIONS WITH RESPECT OF THE PROPOSED TRANSACTION

A. The Effects of the Proposed Transaction on the Debtors' Creditors and Other Stakeholders

55. The Monitor believes that the Proposed Transaction is the best alternative in the circumstances and should be approved by the Court for the following reasons:

(a) The Proposed Transaction is the result of the Going Concern SISP in which the market was canvassed through a fair, transparent and expedited process;

(b) The consideration payable by the Purchaser as part of the Proposed Transaction will allow the Debtors' secured creditors to maximize their respective recoveries;

(c) The assumption by the Purchaser of the Assumed Contracts (as such terms are defined in the APA) will allow for a payment of all Cure Costs owing to the co-contracting parties to such contracts;

(d) The implementation of the Proposed Transaction will result in the continuation of the Sellers businesses as a going concern which, in turn, will allow, *inter alia*:

   (i) a substantial portion of the Sellers employees to maintain their employment;

   (ii) the pursuit of the Sellers economic activities to be maintained (and further developed), which will benefit their respective suppliers and clients, who will all benefit from an uninterrupted supply of products.

B. The Consideration Payable as Part of the Proposed Transaction and Comparison with a sale in bankruptcy

56. The Monitor has considered the purchase price payable as part of the Proposed Transaction, and whether such transaction would be more beneficial to the Debtors' creditors and stakeholders generally, in comparison with a sale or disposition of their assets in the context of a bankruptcy liquidation.

57. On or about April 16, 2025, the Monitor received, further to its request, a liquidation bid for the assets of the Sellers ("**Liquidation Bid**") in order to complete its analysis of the bids received pursuant to the Going Concern SISP. The purchase price payable as part of the Proposed Transaction is significantly higher than the Liquidation Bid and provides certainty on the realization of the assets of the Sellers. The Liquidation Bid is attached hereto, under seal as **Appendix D**.

58. Given the results of the Going Concern SISP and the Liquidation Bid, the Monitor is of the view that:

   (a) the purchase price payable as part of the Proposed Transaction is reasonable and fair, taking into account the market value of the purchased assets; and that

   (b) a bankruptcy liquidation is unlikely to result in a better outcome for the Debtors' creditors and other stakeholders.

59. Furthermore, a liquidation would:

   (a) Cause additional delays, costs, and uncertainty in the sale of the Sellers' assets;

   (b) Terminate the going concern operations of the Sellers; and

   (c) Result in the termination of employment of substantially all employees of the Sellers.

60. Accordingly, it is the Monitor's view that a sale or disposition of the Sellers assets in a liquidation would not be more beneficial than proceeding with the closing of the Proposed Transaction.

C. Reasonableness of the SISP

61. As discussed in prior reports, including the Second Report, the Going Concern SISP and related SISP Procedures were prepared by the Monitor and FTICA, in consultation with the Interim Lenders.

62. The Going Concern SISP (including its milestones) was prepared taking into consideration the nature of the Debtors' business and assets, as well as the limited liquidities of the Debtors and the funding made available to them as part of the Interim Financing.

63. Based on the foregoing, the Monitor was (and remains) of the opinion that the Going Concern SISP (including its milestones and timeline), which was recommended by the Monitor and approved by the Court, was reasonable in the circumstances.

64. The Monitor is of the view that the market was canvassed adequately and extensively through the Going Concern SISP during the CCAA Proceedings.

D. The Monitor's Recommendation with respect to the Proposed Transaction

65. At the conclusion of the Bid Deadline, as extended, the Monitor, in consultation with the Interim Lenders, determined that the GM Offer was the best option available in the circumstances.

66. The Monitor is further of the view that:

    (a) The aggregate consideration provided for under the APA is fair and reasonable in the circumstances as it has been established via a Going Concern SISP, which is the best available indicator of the market value of the Debtors' business and assets; and

    (b) There is no evidence to suggest that any viable alternative exists that would deliver a better outcome for the Debtors' creditors and other stakeholders.

67. Based on the foregoing, the Monitor considers that the approval of the Proposed Transaction on the terms set forth in the APA is in the best interests of the stakeholders generally and respectfully requests that the Court issue the AVO accordingly.

68. The draft 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 owing under the CCAA Charges (as defined in the ARIO), including in particular any amount owing under the KERP and secured under the KERP Charge and all amounts outstanding under the Interim Financing and secured by the Interim Lender Charge (as such terms are defined in the ARIO).

THE MONITOR'S OBSERVATIONS AND RECOMMENDATIONS WITH RESPECT TO THE RELEASES SOUGHT AS PART OF THE APPROVAL AND VESTING ORDER

69. The draft AVO provides for a release in favour of (i) the Sellers, (ii) the present and former directors and officers of the Sellers; (iii) their respective legal counsel and advisors; (iv) the Purchaser, its directors and officers, and the legal counsel and advisors of the Purchaser; and (v) the Monitor and its legal counsel, with respect to any and all present and future claims relating to the Transaction and any statutory obligations and liabilities relating to employees, payroll or tax under any Canadian law.

70. The Monitor is supportive of such relief, which it considers justified, fair and appropriate, for the reasons summarized below and as detailed in the Application.

71. The beneficiaries of the aforementioned releases have been instrumental in the context of these CCAA Proceedings, including with respect to the conduct of the Going Concern SISP.

72. More specifically, these parties have played a significant role in:

    (a) Securing the interim financing required to maintain the Debtors' operations during the CCAA Proceedings and to implement the Going Concern SISP;

    (b) Continuing to maintain the Debtors' business as a going concern notwithstanding the pendency of the CCAA Proceedings, including maintaining relationships with employees, suppliers and customers;

    (c) Implementing the Going Concern SISP leading to the Proposed Transaction which, if approved by the Court, will result in a successful outcome for the Debtors and, more importantly, for the Debtors' creditors and other stakeholders, including their employees.

73. The D&O beneficiaries of the proposed releases have contributed time, energy and resources to achieve this successful outcome.

74. The scope of the releases is also sufficiently narrow as the releases carve out any claim that is not permitted to be released pursuant to section 5.1(2) of the CCAA and claims arising from fraud or willful misconduct.

75. In light of the foregoing, the Monitor believes that the above-mentioned releases are appropriate in the circumstances and an important component of the Proposed Transaction.

THE APPLICATION FOR AN EXTENSION OF THE STAY OF PROCEEDINGS

76. Pursuant to the ARIO, the Stay Period continues until and including April 28, 2025. In the Application, the Monitors is seeking an extension of the Stay Period to July 15, 2025.

77. An extension of the Stay Period is necessary in order to close the Proposed Transaction (subject to its approval by this Court) and to fully consummate the transaction following recognition of the AVO by the U.S. Court.

78. During the Stay Period, the Monitor will also pursue all efforts in connection with the GSI SISP with the objective of identifying a Successful Bidder within the timelines set out in the GSI SISP. Depending on the developments in the GSI SISP, the Monitor may also extend the timelines set therein, in consultation with the Interim Lenders.

79. As mentioned above, based on the April Cash Flow, the Monitor is of the view that the Debtors will have sufficient cash flow to meet their obligations during the Stay Period.

80. In the Monitor's view, management is acting in good faith and with due diligence in these proceedings.

81. The Monitor is further of the view that an extension of the Stay Period is in the best interests of the stakeholders as a whole and that this Court would be justified to extend the Stay Period, subject to possible further extensions for such other periods as the Court may consider appropriate.

82. Based on the foregoing, the Monitor recommends that this Court grant an order extending the Stay Period until and including July 15, 2025.

UPCOMING RESTRUCTURING MEASURES

83. It is anticipated that the next steps for these CCAA proceedings are as follows:

    (a) Close the Proposed Transaction;

    (b) Distribute the funds in accordance with the proposed AVO;

    (c) Launch the GSI SISP;

    (d) Select a Successful Bid in the GSI SISP and negotiate definitive documentation related thereto.

THE MONITOR'S CONCLUSIONS AND RECOMMENDATIONS ON THE APPLICATION FOR AN APPROVAL AND VESTING ORDER AND AN EXTENSION OF THE STAY OF PROCEEDINGS

84. In light of the foregoing, the Monitor recommends that the Proposed Transaction be approved by the Court in accordance with the Approval and Vesting Order sought by the Debtors.

85. The Monitor is also of the view that the extension of the Stay Period up to July 15, 2025, is appropriate to allow the Debtors to finalize the Proposed Transaction and pursue the GSI SISP.

The Monitor respectfully submits to the Court its Third Report.

DATED AT MONTREAL, this 25th day of April 2025

FTI Consulting Canada Inc.
In its capacity as Monitor of the Debtors

Martin Franco, CPA, CIRP, LIT
Senior Managing Director

Appendix A

Pelican International Inc., Pelican US Topco LLC & Confluence Outdoor Inc. Budget to Actual	For the week ended April 20, 2025			For the 4-week period ended April 20, 2025		
	Actual	Budget	Variance	Actual	Budget	Variance
Receipts						
Accounts receivable - opening balance	2,165	1,594	571	8,324	3,656	4,668
Sales	177	43	134	1,141	86	1,055
Other	-	-	-	90	-	90
Total receipts	**2,342**	**1,637**	**705**	**9,555**	**3,742**	**5,813**
Disbursements						
Raw materials purchases	630	542	(88)	1,939	2,121	182
Overhead	36	155	119	657	721	64
Distribution expenses	349	74	(275)	1,183	463	(720)
Sales, general & admin. expenses	138	91	(47)	924	1,154	230
Payroll	564	594	30	2,378	2,576	198
Rent	-	-	-	1,191	1,199	8
Professional fees	598	659	61	2,398	2,442	44
DIP fee	-	-	-	100	100	-
Foreign exchange loss (gain)	9	-	(9)	120	-	(120)
Total disbursements	**2,324**	**2,145**	**(179)**	**10,890**	**10,840**	**(50)**
Net cash variance	**18**	**(508)**	**526**	**(1,335)**	**(7,098)**	**5,763**
DIP funding/(reimbursement)	-	1,000	(1,000)	3,100	5,100	(2,000)
Cash balance at beginning	4,925	688	4,237	3,178	3,178	-
Cash balance at end	**4,943**	**1,180**	**3,763**	**4,943**	**1,180**	**3,763**

Appendix B

Pelican International Inc. - Consolidated
CCAA CFF
in thousands of $CAD

	Pre-closing	Post-closing												
Week #	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11**	**12**	**13**	
Week starting	**Apr.21/ 25**	**Apr.28/ 25**	**May.5/ 25**	**May.12/ 25**	**May.19/ 25**	**May.26/ 25**	**Jun.2/ 25**	**Jun.9/ 25**	**Jun.16/ 25**	**Jun.23/ 25**	**Jun.30/ 25**	**Jul.7/ 25**	**Jul.14/ 25**	**13 weeks**
Week ending	**Apr.27/ 25**	**May.4/ 25**	**May.11/ 25**	**May.18/ 25**	**May.25/ 25**	**Jun.1/ 25**	**Jun.8/ 25**	**Jun.15/ 25**	**Jun.22/ 25**	**Jun.29/ 25**	**Jul.6/ 25**	**Jul.13/ 25**	**Jul.20/ 25**	**Total**
Receipts														
Accounts receivable - opening balance	1,046	86	-	-	-	-	-	-	-	-	-	-	-	1,132
Sales	208	127	-	-	-	-	-	-	-	-	-	-	-	335
Total receipts	**1,254**	**213**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1,467**
Disbursements														
Raw materials purchases	436	200	-	-	-	-	-	-	-	-	-	-	-	636
Overhead	155	31	-	-	-	-	-	-	-	-	-	-	-	186
Distribution expenses	236	100	-	-	-	-	-	-	-	-	-	-	-	336
Sales, general & admin. expenses	91	50	-	-	-	-	-	-	-	-	-	-	-	141
Payroll	671	108	112	-	-	-	-	-	-	-	-	-	-	891
Commissions	-	13	-	-	-	-	-	-	-	-	-	-	-	13
Rent	-	138	-	-	-	-	-	-	-	-	-	-	-	138
Professional fees	272	630	287	85	232	75	95	75	75	75	75	75	577	2,628
KERP	-	-	495	-	-	-	-	-	-	-	-	-	-	495
DIP interests	-	42	-	-	-	-	-	-	-	-	-	-	-	42
Total disbursements	**1,861**	**1,312**	**894**	**85**	**232**	**75**	**95**	**75**	**75**	**75**	**75**	**75**	**577**	**5,506**
Net cashflow	**(607)**	**(1,099)**	**(894)**	**(85)**	**(232)**	**(75)**	**(95)**	**(75)**	**(75)**	**(75)**	**(75)**	**(75)**	**(577)**	**(4,039)**
DIP funding/(reimbursement)	-	-	-	-	-	-	-	-						-
Cash balance at beginning	4,943	4,336	3,237	2,343	2,258	2,026	1,951	1,856	1,781	1,706	1,631	1,556	1,481	4,943
Cash balance at end	**4,336**	**3,237**	**2,343**	**2,258**	**2,026**	**1,951**	**1,856**	**1,781**	**1,706**	**1,631**	**1,556**	**1,481**	**904**	**904**

APPENDIX B

NOTE A – PURPOSE

The purpose of these cash-flow projections is to determine the liquidity requirements of the Debtors during the Stay Period.

NOTE B - GENERAL

The April CF Forecast has been prepared by the Monitor with the support of the management using probable and hypothetical assumptions set out in the notes to the April CF Forecast.

The Monitor's review of the April CF Forecast consisted of inquiries, analytical procedures and discussions related to information supplied to it by Management. Since the 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 April CF Forecast. The Monitor also reviewed the support provided by Management for the probable assumptions, and the preparation and presentation of the April CF Forecast.

NOTE C - DEFINITIONS

(1) CASH-FLOW FORECAST:
In respect of a Company, means a statement indicating, on a weekly basis (or such other basis as is appropriate in the circumstances), the projected cash-flow of the Company as defined in section 2(1) of the Act based on Probable and Hypothetical Assumptions that reflect the Debtors planned course of action for the period covered.

(2) HYPOTHETICAL ASSUMPTIONS:
Means assumptions with respect to a set of economic conditions or courses of action that are not necessarily the most probable in the Debtors' judgment but are consistent with the purpose of the April CF Forecast.

(3) PROBABLE ASSUMPTIONS:
Means assumptions that:

- (i) The Debtors believes reflect the most probable set of economic conditions and planned courses of action, Suitably Supported that are consistent with the plans of the Debtors; and
- (ii) Provide a reasonable basis for the April CF Forecast.

(4) SUITABLY SUPPORTED:
Means that the Assumptions are based on either one or more of the following factors:

- (i) The past performance of the Debtors;
- (ii) The performance of other industry/market participants engaged in similar activities as the Debtors;
- (iii) Feasibility studies;
- (iv) Marketing studies; or
- (v) Any other reliable source of information that provides objective corroboration of the reasonableness of the Assumptions.

The extent of detailed information supporting each Assumption, and an assessment as to the reasonableness of each Assumption, will vary according to circumstances and will be influenced by factors such as the significance of the Assumption and the availability and quality of the supporting information.

NOTE C – ASSUMPTIONS

Assumptions	Source	Probable Assumption	Hypothetical Assumption
<u>Cash balance at beginning</u>	Based on current bank balances.	X	
<u>Forecast cash receipts</u>			
Sales receipts	Based on the latest forecasts available prepared by Management assuming that the Proposed Transaction (if approved by the Court) would close on April 29th.		X
Accounts receivable beginning balance	Based on the accounts receivable ledger, discussions with clients and Debtors' historical collection days data.	X	
<u>Forecast cash disbursements</u>			
Raw materials purchases	Based on Management's knowledge of actual purchase orders that will be needed for the Debtors to maintain the going concern up to the closing date of the Proposed Transaction (if approved by the Court).		X
Overhead, distribution and SG&A	Based on Management's estimate of the operating costs of the facilities such as transportation, telecommunications, utilities, maintenance, and IT up to the closing date of the Proposed Transaction (if approved by the Court).		X
Payroll	Based on Debtors' historical payroll reports and on budgeted number of employees for payroll disbursements up to the closing date of the Proposed Transaction (if approved by the Court). All accrued salaries of the Assumed Employees as at the closing date are assumed by the purchaser.	X	
Commissions	Based on Debtors' historical commission expenses.		X
Tariffs	Management's estimate of Pelican's sales to the US calculated based on potential tariffs of 25%.		X
Rent	Based on one lease agreement not assumed by the purchaser, for which a notice of termination was sent on April 25th.	X	
Professional fees	Monitor's estimate of professional fees to be incurred in the forecasted period for the monitor, the monitor's legal counsels, the SISP Advisor, the Debtors legal counsel and the Applicant' legal counsel. Please note that it's the intention of the Monitor to determine the professional fees in relation to the GSI SISP that should be assumed by GSI.		X
DIP Interests	Based on the outstanding balance of the Interim Financing, which the Monitor intends to pay from the Net Proceeds as defined in the AVO (if the Proposed Transaction is approved by the Court.)		X

Appendix C

Summary of Bids

(under seal)

Appendix D

Liquidation Bid

(under seal)