

**UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF SOUTH CAROLINA
GREENVILLE DIVISION**

In re:

Pelican International Inc., *et al.*,

Debtors in a Foreign Proceeding.¹

Chapter 15

Case No. 25-01030

(Joint Administration Requested)

**DECLARATION OF MARTIN FRANCO IN SUPPORT OF THE FOREIGN
REPRESENTATIVE’S VERIFIED PETITION FOR (I) RECOGNITION OF FOREIGN
MAIN PROCEEDING, (II) RECOGNITION OF FOREIGN REPRESENTATIVE,
(III) RECOGNITION OF INITIAL ORDER, AMENDED AND RESTATED INITIAL
ORDER, AND SISP ORDER, AND (IV) 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. I am providing this declaration in support of the *Verified Petition for (I) Recognition of Foreign Main Proceeding, (II) Recognition of Foreign Representative, (III) Recognition of Initial Order, Amended and Restated Initial Order, and SISP Order and (IV) Related Relief* (the “Verified Petition”), filed by FTI Consulting Canada Inc. (“FTI” or the “Foreign Representative”), which is the duly appointed foreign representative of the above captioned debtors (collectively, the “Debtors”), in the Canadian proceeding (the “Canadian Proceeding”) commenced under the Companies’ Creditors Arrangement Act, R.S.C. 1985, c. C-36, as amended (the “CCAA”), pending before the Superior

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.

Court of Québec (Commercial Division) (the “Canadian Court”). I am authorized to provide this declaration on behalf of the Foreign Representative and each of the Debtors.

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. All references to monetary amounts in this affidavit are in American dollars unless otherwise noted, but do not represent amounts or measures prepared in accordance with U.S. GAAP unless expressly stated.

4. 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 secured loan advanced by NBC, Bank of Montreal, Fédération des Caisses Desjardins du Québec and Toronto Dominion Bank (collectively the “Lenders”) filed an application with the Canadian Court pursuant to sections 9, 11, 11.51, 11.52, and 23 of the CCAA with respect to the Debtors. On March 19, 2025, the Canadian Court issued a first day initial order (the “Initial Order”): (a) declaring that the Debtors are corporations to which the CCAA applies; (b) staying all proceedings and remedies taken or that might be taken in respect of the Debtors, their directors and officers, and any of the Debtors’ property, except as otherwise set forth in the Initial Order or as otherwise permitted by law, for an initial period of ten (10) days in accordance with the CCAA; (c) appointing FTI as the court appointed monitor of the Debtors in the Canadian Proceeding (in its capacity as such, the “Monitor”); (d) declaring that Québec is the “*center of main interest*” of the Debtors and, accordingly, authorizing FTI as foreign representative of the Debtors to apply, as

it may consider necessary or desirable, to any other court, tribunal, regulatory, administrative or other body, wherever located, for orders to recognize and/or to assist in carrying out the terms of the Initial Order and any subsequent orders rendered by the Canadian Court in the context of the Canadian Proceeding, including, without limitation, orders under Chapter 15 of the Bankruptcy Code; and (e) granting other customary relief.

I. THE DEBTORS' BACKGROUND

A. History of the Pelican Group

5. Pelican was founded in 1968 under Eskay Plastics Ltd as a manufacturer of custom-modeled industrial parts. In 1970, M. Gérard Élie acquired the company and invested in technological advancement, making it a pioneer in thermoforming plastic boats, by creating the first pedal boat manufactured by this process. In the following years, the first canoe, snowmobile sled and motorboat were produced using the same process.

6. Between 1974 and 1995, Pelican expanded its product line to include kayaks, windsurfing boards, pedal boats and motorboats. This diversification was supported by investments in various manufacturing processes.

7. In 1995, Christian and Antoine Élie acquired all of the shares of Pelican. Following their acquisition, Pelican once again saw significant growth, increasing its products offering from 19 to 48 models.

8. In 2000, Pelican acquired Coleman Company's boat division, which allowed it to enter the mass-market distribution channels in the United States of America.

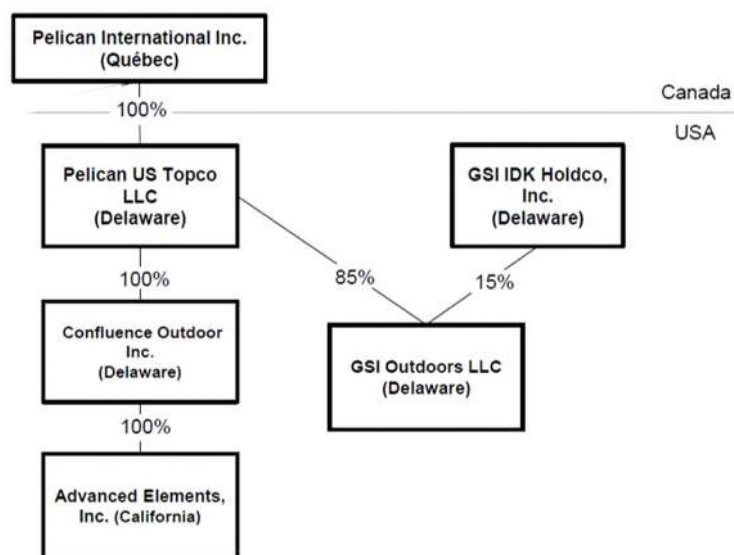
9. In 2019, Pelican acquired Confluence, a company with operations in Greenville, South Carolina founded in 1998, and which had already consolidated six brands in water sports.

10. In the years following the global COVID-19 pandemic, sales increased substantially, which allowed it to significantly expand and diversify its activities, notably by acquiring:

- (a) Advanced Elements Inc. (“Advanced Elements”) in 2021 as a wholly-owned subsidiary of Confluence. Advanced Elements was a pioneer in the inflatable boat market for over 20 years. This acquisition allowed Pelican an opportunity to further consolidate its position in the paddle sports industry by expanding its range of products. All of the business and operations of Advanced Elements have been folded into Confluence; and
- (b) an 85% stake in non-debtor GSI Outdoors Inc. (“GSI” and, together with the Debtors, the “Pelican Group”) in 2022. GSI was founded in 1985 and has operations in Spokane, Washington. GSI develops and distributes a complete line of camping cookware and outdoor accessories that allowed Pelican to solidify its growth through diversification.

B. Corporate Structure

11. The Pelican Group's corporate structure is reflected in the organization chart below:



12. GSI, GSI IDK Holdco Inc. (Delaware), and Advanced Elements are not party to the Canadian Proceedings or these chapter 15 cases.

C. Description of the Pelican Group

(i) Pelican

13. Pelican is the ultimate parent company of the Pelican Group, and directly or indirectly owns all of the issued and outstanding shares of the entities forming part of the group (with the exception of GSI, for which Pelican indirectly owns 85% of the share capital). Pelican was incorporated in 1968 pursuant to Part I of Companies Act, RLRQ c. C-38) and continued pursuant to the Québec *Business Corporations Act*, RLRQ c. S-31.1. Pelican's head office is in Montreal.

14. Pelican operates out of three leased facilities in the province of Québec; (i) a 297,769 sq. ft. facility in Laval, Québec that houses its head office, production activities and a part of its warehousing (the "Laval Facility") (ii) a 320,403 sq. ft. facility located in Valleyfield, Québec, featuring state-of-the-art production equipment and advanced production capabilities (the "Valleyfield Facility") and (iii) a 246,000 sq. ft warehouse premises in Varennes, Québec (the "Varennes Premises").

(ii) US Topco

15. US Topco is a wholly owned subsidiary of Pelican, and is a Delaware limited liability company formed in Delaware on January 13, 2022, to support Pelican's expansion in the United States of America. US Topco holds all of the issued and outstanding shares of Confluence, as well as 85% of the issued and outstanding shares of GSI. Other than holding such shares, US Topco has no operations nor activities of its own. US Topco has its registered office located at 251 Little Falls Drive, Wilmington, Delaware 19808, USA.

(iii) Confluence

16. Confluence is a wholly owned subsidiary of US Topco and was incorporated in 1998 under the laws of Delaware. Confluence holds all of the issued and outstanding shares of Advanced Elements. Confluence is a manufacturer of premium paddle sports equipment and accessories. It has a comprehensive collection of on-trend watersports products appealing to the youthful and active outdoor consumer. Confluence has its registered office located at 575 Maudlin Roade, Greenville, South Carolina 29607, USA.

(iv) GSI

17. GSI is a limited liability company created pursuant to the laws of Delaware. As indicated above, US Topco holds 85% of the issued and outstanding shares. The remaining 15% of GSI is held by GSI IDK Holdco Inc., a corporation owned by the original founders of GSI. GSI specializes in the development and distribution of camping cookware and accessories. It was acquired by Pelican in 2022 as part of an effort to diversify its product offerings. GSI has its registered head office located at 1023 S. Pines Road, Spokane, Washington. GSI is not a Debtor in the Canadian Proceeding or in the above-captioned chapter 15 cases.

D. The Pelican Group's Business and Operations

(i) Products

18. Pelican is a designer, manufacturer and marketer of non-motorized nautical recreation products. It offers a line of products covering all major paddle sports market segments: from family-oriented recreational equipment to high-performance touring and fishing kayaks and a wide range of accessories and winter utility sleds. Pelican's family of products also spans all major lifestyles, retail channels and price points.

19. Pelican differentiates itself through its product design and production technology expertise. Unlike many of its competitors, the Pelican performs end-to-end new product research, development, manufacturing, and assembly in-house.

20. Confluence designs, manufactures, distributes and sells higher end nautical recreational products such as kayaks, canoes, stand-up paddle boards, inflatable kayaks and stand-up paddle boards, and related accessories.

21. GSI offers a range of drinkware, camp cookware, outdoor gear and accessories.

(ii) Production and Warehousing

22. Proprietary production technologies in sheet extrusion and thermoforming, coupled with a demand-flow manufacturing strategy, allow Pelican to minimize costs and offer short lead times.

23. Pelican operates from two sites located near Montreal, Quebec: (i) a 297,769 sq. ft. facility in Laval that houses its principal place of business, production activities and part of its warehousing and (ii) a 320,403 sq. ft. facility located in Valleyfield, featuring state-of-the-art production equipment and advanced production capabilities.

24. Confluence operates out of a 550,000 sq. ft. leased facility located in Greenville, South Carolina (the “Greenville Facility”).

25. GSI distributes its products out of a 45,260 sq. ft. facility located in Spokane, Washington (the “Spokane Facility”).

(iii) Sales and Distribution Channels

26. The Pelican Group sells its products through six main channels: independent specialty stores, outdoor specialty stores (*e.g.* Sail), big-box sporting good chains (*e.g.* Dick’s Sporting Goods), big-box general merchandise and hardware chains (*e.g.* Walmart, Costco),

international customers, and e-commerce (*e.g.* Amazon and Confluence's own website confluenceoutdoor.com). While the majority of the Pelican Group's products are sold in North American, the Pelican Group also sells its products internationally. The Pelican Group has a longstanding relationship with its major customers, with many relationships having existed for more than 20 years.

(iv) Employees

27. Pelican currently has 294 employees. Pelican's factory workforce is unionized in its Laval, Valleyfield and Varennes locations, and it is affiliated with the Fraternité des Syndicats de l'Industrie et du Commerce (FISC). Confluence currently employs 111 non-unionized employees. Due to the seasonal nature of the nautical and utility product industries, factory full-time employment fluctuates between low season and peak season.

II. Pelican's Financial Position

A. The Debtors' Assets

28. As of December 31, 2024, the Debtors had, on a consolidated basis, total assets with a book value of approximately CAD \$229,300,000, consisting of current assets with a book value of approximately CAD \$91,600,000 and non-current assets with a book value of approximately CAD \$137,700,000 as appears from the below:

Assets	
As at December 31, 2024	
(CAD 000's)	
Current Assets	
Cash	398
Accounts receivables	10,311
Inventories	70,234
Prepaid expenses and other current assets	10,691
	91,634
Non-Current Assets	
Property, plant and equipment	27,958
Intangible assets	10,961
Deposits	124
Note receivable from subsidiaries	-
Goodwill	3,061
Investment in subsidiaries	95,565
Future income taxes	4
	137,673
	229,307

B. The Debtors' Liabilities

29. As of December 31, 2024, the Debtors had, outstanding indebtedness in the aggregate amount of approximately CAD \$181,400,000, which is broken down as follows:

Pelican International Inc., Pelican US Topco LLC and Confluence Outdoor Inc.	
Liabilities	
As at December 31, 2024	
(CAD 000's)	
Current Liabilities	
Accounts payable and accrued expenses	19,178
Current portion of lease liabilities	34
Liability on foreign exchange contract	625
	19,837
Non-Current Liabilities	
Long-term debt and other debts	4,140
Bank loan	117,623
Deferred revenue	6,264
Lease liabilities	3
Due to an affiliated company	18,672
Due to minority shareholders of an affiliated company	14,820
	161,522
	181,359

30. A more detailed description of the Pelican Group's debt structure is provided below.

(i) Secured Debt - Credit Agreement with the Lenders

31. Pelican and US Topco, as borrowers, GSI and Confluence, as guarantors, are parties to a fifth amended and restated credit agreement dated as of December 15, 2023 (as such credit agreement was amended by a First Amending Agreement dated as of March 26, 2024, a Second Amending Agreement dated as of August 1, 2024, a Third Amending Agreement dated as of October 31, 2024, a Fourth Amending Agreement dated as of December 3, 2024, and a Fifth Amending Agreement dated as of December 30, 2024, collectively the "Credit Agreement"), entered into with the Lenders. The Credit Agreement provides, since the Second Amending Agreement, for a revolving credit facility up to a maximum amount of CAD \$175,000,000, which was made available to finance working capital and for other general corporate purposes and a term facility in the maximum principal amount of USD \$60,000,000, which was made available to pay down, in part, the revolving facility.

32. The Pelican Group's obligations to the Lenders are secured by:

- (a) A deed of hypothec dated as of February 10, 2022, granted by Pelican in favour of NBC, in its capacity as hypothecary representative, for an amount of \$400,000,000, with interest on such amount at the rate of 20% per annum, which deed of hypothec was registered at the Register of Personal and Movable Real Rights on February 11, 2022, under number 22- 0141508-0001;
- (b) A short form IP (Canadian Trademarks and Patents) Security Agreement granted by Pelican (February 11, 2022);
- (c) A confirmatory (Canadian Trademarks and Patents) Security Agreement granted by Confluence (March 15, 2022);
- (d) A guarantee agreement dated as of February 11, 2022, by the Debtors in favour of NBC (the "Initial Guarantee");

- (e) An accession letter to the Guarantee Agreement dated as of June 22, 2022, executed by GSI in favour of the NBC (the “Accession Letter” and collectively with the Initial Guarantee the “Guarantees”);
- (f) Delivery of the share certificates and stock transfer forms signed in blank in relation to (i) the shares owned by Pelican in US Topco (ii) the shares owned by US Topco in Confluence and (iii) the shares owned by Confluence in Advanced Elements; and
- (g) In the United States of American (collectively, the “US Security”):
 - i. General security agreement (State of New York) dated as of February 11, 2022, by US Topco in favour of the Agent, filed against US Topco under UCC (Delaware) filing number 2022 1233097 on February 11, 2022 (the “General Security Agreement”);
 - ii. Joinder agreement (State of New York) to the General Security Agreement dated as of March 15, 2022, executed by Confluence in favour of the Agent, filed against Confluence under UCC (Delaware) filing number 2022 2256048 on March 16, 2022;
 - iii. Joinder agreement (State of New York) to the General Security Agreement dated as of June 22, 2022, executed by GSI in favour of the Agent, filed against GSI under UCC (Delaware) filing number 2022 5229125 on June 22, 2022;
 - iv. US Short-Form Trademark Security Agreement granted by Confluence (February 11, 2022);
 - v. US Short-Form Patent Security Agreement granted by Confluence (February 11, 2022);
 - vi. US Short-Form Trademark Security Agreement granted by GSI (February 11, 2022);
 - vii. US Short-Form Patent Security Agreement granted by GSI (February 11, 2022);
 - viii. US Short-Form Copyright Security Agreement granted by GSI (February 11, 2022);
 - ix. Deposit account control agreement with BMO Harris Bank and US Topco dated July 15, 2022, regarding account 3749850;
 - x. Deposit account control agreement with BMO Harris Bank and Confluence dated July 15, 2022, regarding accounts 3727625, 8728052, 3729480, 3734977; and

- xi. Deposit account control agreement with Washington Bank and GSI dated June 22, 2022, regarding accounts 1000039560, 1000208718, 1000356071 and 1001837210.

33. Pursuant to the Second Amending Agreement dated August 1, 2024, the Agent, the Lenders and the Pelican Group agreed to tolerate certain specific defaults of the Pelican Group with respect to the minimum reported EBITDA requirements under the Credit Agreement until November 1, 2024 (the “Forbearance Period”). The Forbearance Period was further extended to October 31, 2024, December 20, 2024, and finally to January 31, 2025, in accordance with the Third Amending Agreement dated as of October 31, 2024, a Fourth Amending Agreement dated as of December 3, 2024, and finally a Fifth Amending Agreement dated as of December 30, 2024.

34. The Pelican Group, the Agent and the Lenders were not able to reach an agreement on a sixth amending agreement, such that the Forbearance Period provided under the Credit Agreement had expired. On February 5, 2025, the Agent and the Lenders, via counsel, delivered a default letter to the Pelican Group (the “Default Letter”). On February 8, 2025, the Agent delivered a Notices of Intention to Enforce Security pursuant to Section 244 of the *Bankruptcy and Insolvency Act* (the “244 Notice”).

35. On February 11, 2025, the Agent, the Lenders and the Pelican Group entered into a forbearance agreement pursuant to which the Lenders agreed to tolerate the defaults until February 20, 2025 (the “Forbearance Agreement”).

36. On February 28, 2025, the Agent, Lenders and the Pelican Group entered into a Support and Forbearance Agreement (the “Support and Forbearance Agreement”) pursuant to which the Lenders agreed to further tolerate the defaults under the Credit Agreement, forbear from the exercise of their rights, recourses and remedies resulting therefrom, continue to finance the operations of the Pelican Group, and support the filing of restructuring proceedings, all subject to

the terms and conditions of this Support and Forbearance Agreement. The Support and Forbearance Period granted to Pelican Group pursuant to the Support and Forbearance Agreement expired on March 10, 2025 and was not renewed.

37. As at March 18, 2025, the aggregate outstanding amounts in capital owed by the Debtors to the Lenders respectively in CAD and USD are CAD \$39,976,555 and USD \$62,670,339 (collectively, the “Secured Indebtedness”).

(ii) Lage Landen Leasing Agreement

38. Pelican is also party to leasing agreements with Lage Landen Canada Inc. (“Lage Landen”) with respect to certain equipment. Lage Landen’s rights pursuant to those agreements are registered on the Quebec Register of Personal and Movable Real Rights under registration numbers 24-0605537-0001 and 24-0605537-0002.

(iii) Unsecured Trade and Other Payables

39. As at December 31, 2024, the Debtors’ indebtedness to their suppliers and other unsecured creditors not already addressed above, amounts to approximately CAD \$18,700,000 in the aggregate.

(iv) Unsecured Lease Obligations

40. The Pelican Group has entered into lease agreements for the rental of various premises. The lease terms are negotiated on an individual basis and encompass a wide range of different terms and conditions.

41. As noted above, the Laval Facility, the Valleyfield Premises and the Varennes Premises are leased by Pelican, while the Greenville Facility and the Spokane Facility are leased respectively by Confluence and GSI.

(v) Employees

42. The Debtors are current in respect of wages owing to employees, with the exception of certain amounts owing in respect of accrued vacation pay, namely CAD \$1,337,398 for Pelican and USD \$153,213 for Confluence. The Debtors are also current on deductions at source and GST/QST obligations in connection with services to be rendered/products to be supplied after the issuance of the Initial Order are expected to be paid in the normal course of business. There are no pension plans in place.

III. THE DEBTORS' FINANCIAL DIFFICULTIES AND UNCERTAINTY

43. Despite seeing significant growth and expansion during and in the years following the COVID-19 pandemic, the Debtors have faced significant financial difficulties since 2023 namely in light of: (i) the sharp decline in demand for kayaks and other products following the exceptional boom that water sports and other outdoor recreational products experienced during the COVID-19 pandemic, combined with large inventory surpluses; (ii) the cost of debt service to the Lenders and significant financial obligations pursuant to its leases; and (iii) the uncertainty due to the threat of U.S. tariffs.

A. Impacts of the COVID-19 Pandemic

44. The COVID-19 pandemic had an immediate positive impact on the outdoor activities industries, notably kayaking and other water sports, as people sought safe, socially distanced outdoor activities. Indeed, with lockdowns and reduced long-distance travels, many people sought ways to travel and exercise locally and outdoors. This surge in interest led to a significant increase in sales compared to previous years, such that many stores and wholesalers faced shortages of products.

45. Pelican Group benefited from this favorable market in 2020, 2021 and 2022, when its sales and EBITDA increased significantly. Unfortunately, starting in mid-2022, the watersports

market, like other outdoor recreational markets, in Canada and the United States of America experienced a significant slowdown, which can be explained by several factors:

- (a) The massive demand for watersports equipment in 2020 to 2022 saturated the market and demand began to normalize;
- (b) Retailers had excess inventory and, as a result, reduced orders from manufacturers and wholesalers; and
- (c) Unfavorable economic conditions due to inflation and the rising cost of living caused consumers to defer discretionary purchases, namely those related to recreational products.

46. Despite efforts to right-size the business, reduce costs and stimulate sales, Pelican's financial results have become critical and the Debtors were no longer able to comply with the terms of the Credit Agreement.

B. Unsustainable Debt Levels, Limited Borrowing Capacity and Decrease in EBITDA

47. As a result of, *inter alia*, the COVID-19 pandemic, the Debtors experienced significant unforeseen growth and increased sales during this period and were able to obtain additional financing to support the acquisition of the GSI equity, and pay a dividend.

48. Pelican's debt and capital structure does not allow it to be sufficiently profitable given that a significant portion of revenues must be allocated to debt service under the Credit Agreement and other burdensome financial obligations such as payments under its leases. Pelican has been unable to generate sufficient revenues to satisfy its obligations under the Credit Agreement, which has triggered an event of default.

49. Pelican Group sought to identify opportunities that would allow them to raise financing in order to continue to meet their ongoing obligations and to continue operations in the normal course. In this context, in July 2024, National Bank Financial Inc. ("NBF") was retained as financial advisor with a view to pursue, on a confidential basis, a solicitation process to secure

a transaction in respect of GSI which would allow for the improvement of Pelican's financial position. NBF conducted an extensive outreach to a total of 133 parties, including 47 strategics and 86 financial sponsors, of which NDAs were signed with 52 interested parties. However, despite the efforts undertaken, no satisfactory offer was received as part of this process.

C. Uncertainty Due to the Threat of U.S. Tariffs

50. In recent weeks, the Debtors have also faced significant disruptions in its business operations because of the uncertainty related to the threat of the imposition of 25% tariffs by the United States of America on all imports into the U.S., potential reciprocal tariffs that could be imposed by Canada and 10% tariffs on imports in the U.S. from China. These tariffs, which would target manufactured goods among others, could have a significant impact on Pelican's profit margins or, to the extent that those costs are passed on to the customers, reduce demand and result in a further erosion of sales and market share.

D. The Debtors' Current Financial Situation

51. For the 12-month period ended on October 31, 2024, the Debtors, on a consolidated basis, incurred losses before taxes of approximately CAD \$23,200,000. Given their negative cash flows, worsening financial situations, recurring losses, and uncertainty relating to its sales forecast, the Debtors are unable to meet their liabilities as they become due.

52. The Debtors' actual financial situation made it impossible for them to continue their operations without obtaining immediate additional financing from the Lenders. The Debtors' financial difficulties combined with the uncertainty related to tariffs that may be imposed by the United States of America has left the Debtors with little choice other than to consider seeking protection from their creditors, which led, *inter alia*, to the filing of the Pelican NOI Proceedings (defined below).

53. As set out above, the Debtors are in default under the Credit Agreement and the Lenders are no longer willing to tolerate such defaults.

IV. THE NEED FOR CCAA PROTECTION AND THE CANADIAN PROCEEDING

54. The Lenders are collectively owed over CAD \$129,839,000 in principal and interest (subject to adjustment), by Pelican Group pursuant to the Credit Agreement.

55. On February 28, 2025, Pelican filed a *Notice of Intention to Make a Proposal* pursuant to the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the “BIA”) bearing court/estate file no. 41-3193685 (the “Pelican NOI Proceedings”) and KPMG Inc. was appointed as the proposal trustee in the Pelican NOI Proceedings (the “Proposal Trustee”).

56. Notwithstanding the implementation of various cost cutting measures, Pelican Group is cash flow negative and, in a liquidity crisis leading to the filing of the Pelican NOI Proceedings.

57. Over the last few weeks, several discussions have been conducted between the Pelican Group, the Agent and the Lenders with respect to the filing of restructuring proceedings pursuant to the CCAA. It has always been the intention of the Pelican Group and the Lenders that the Pelican NOI Proceedings be continued pursuant to the CCAA.

58. On March 13, 2025, NBC received an offer from a potential purchaser interested in acquiring the Debtors’ businesses, which offer requires the implementation of a going concern transaction. It is to be noted that the offer involves a party related to the Debtors (the “Related Party Offer”). In addition to the Related Party Offer, NBC is aware of certain other third parties having an interest in the business or the assets of the Debtors. Considering the Related Party Offer and the primary objective of these CCAA Proceedings, namely to implement a sale and investment solicitation process in respect of the Debtors (as detailed below), the parties determined that it

would be in the best interest of all stakeholders that the Lenders institute and lead the Canadian Proceeding.

59. Considering the interest manifested by potential purchasers, the Lenders have agreed to provide sufficient funding to maintain the Debtors' going concern operations for a period of three (3) weeks in order to allow the Monitor (defined below) to implement a targeted, structured and expedited going concern sale and investment solicitation process (the "Going Concern SISP") in order to maximize the value of the Debtors' assets and business. If the Going Concern SISP fails to provide satisfactory results, the Monitor will then, have the discretion, with the consent of the Interim Lender (defined below), to pivot into a broader liquidation sale and investment solicitation process (the "Liquidating SISP"). Accordingly, on March 18, 2025, the Lenders filed the Canadian Proceeding.

A. The Initial Order and the SISP Order

60. On March 19, 2025, the Canadian Court issued the Initial Order, a certified copy of which is attached to the chapter 15 petitions and as Exhibit 1 to the Provisional Relief Order (defined below).

61. Among other things, the Initial Order:²

- (a) terminated the Pelican NOI Proceedings as of the date of the Initial Order;
- (b) granted a stay of proceedings staying proceedings in favor of the Debtors, their respective assets, undertakings, and properties and their respective Directors and Officers (as defined therein) for an initial period of ten (10) days in accordance with the CCAA (the "Stay of Proceedings") until and including March 28, 2025 (the "Stay Period");
- (c) appointed FTI to act as Monitor of the Debtors in the Canadian Proceeding with the extensive powers necessary to manage the Debtors' affairs and to implement the restructuring measures provided for in the Initial Order;

² A detailed discussion of the relief granted in the Initial Order is set forth in the Provisional Relief Motion (defined below)

- (d) appointed FTI as the Foreign Representative of the Debtors and authorized it to apply for recognition of the Canadian Proceeding under chapter 15 of the Bankruptcy Code;
- (e) approved the Interim Financing Loan Agreement (as defined in the Initial Order), which authorized the Debtors to borrow an initial amount of up to CAD \$4,000,000 from the Lenders (in such capacity as lenders under the Interim Financing Loan Agreement, the “Interim Lender”), and the Interim Lender’s Charge (as defined in the Initial Order) in an initial amount of CAD \$4,800,000;
- (f) granted an Administration Charge (as defined in the Initial Order) of CAD \$1,000,000 to secure the professional fees of McCarthy Tétrault LLP as counsel for the Applicant and the Interim Lender’s counsel, the Monitor, Osler, Hoskin & Harcourt LLP as Canadian counsel to the Monitor, Troutman Pepper Locke LLP and Haynsworth Sinkler Boyd P.A. as U.S. counsel to the Monitor, Fasken Martineau Du Moulin LLP as Canadian counsel to the Debtors and FTI Capital Advisors – Canada ULC (“FTICA”) in its role as SISP Advisor (as defined below)
- (g) granted a Directors and Officers Charge (as defined in the Initial Order) of CAD \$1,300,000 to cover the potential post-filing exposures of the Debtors’ Directors and Officers for the initial Stay Period;
- (h) approved the KERP (as defined in the Initial Order) and established the KERP Charge (as defined in the Initial Order) in the amount of CAD \$495,000 to secure the Lenders’ obligations under the KERP;
- (i) approved the proposed priority ranking of the Administration Charge, the Interim Lenders’ Charge, Directors and Officers Charge, and the KERP Charge; and
- (j) found and declared that Canada is the “*center of main interest*” for each Debtor and, accordingly, authorized the Monitor, as Foreign Representative, to apply, as they may consider necessary or desirable, to any other court, tribunal, regulatory, administrative or other body, wherever located, for orders to recognize and/or assist in carrying out the terms of the Initial Order and any subsequent Orders rendered by the Canadian Court in the context of the Canadian Proceeding, including, without limitation, orders under chapter 15 of the Bankruptcy Code.

62. On March 19, 2025, the Canadian Court issued an order approving and setting out the procedures for the SISP (the “SISP Order”). A certified copy of the SISP Order issued by the Canadian Court in the Canadian Proceeding is attached to the Verified Petition as Exhibit B.

63. The SISP Order provides for the following relief:

- (a) the authorization for the Monitor, in consultation with FTICA as the SISP Advisor (“SISP Advisor”), to conduct the Going Concern SISP and, if necessary, the Liquidating SISP in accordance with the procedures set out in the annex appended to the SISP Order (the “SISP Procedures”);
- (b) the appointment of FTICA as the SISP Advisor in accordance with the terms and conditions set out in the SISP Advisor Engagement letter (as defined below).

64. The Monitor, in consultation with the SISP Advisor, the Agent and the Interim Lender, intends to conduct and implement a Going Concern SISP for a period of three (3) weeks in accordance with the terms and conditions set out in the SISP Procedures appended to the SISP Order.

65. The SISP Procedures contemplate that offers will be solicited for the investment in or the sale of the Debtors’ property, business or shares. It is currently contemplated that the SISP Advisor shall run a concurrent sale process regarding the shares and assets of GSI with a distinct timeline. The SISP Order also provides the Monitor with the power to pivot the Going Concern SISP, if the Going Concern SISP fails to provide satisfactory results and with the consent of the Interim Lender, into a Liquidation SISP.

66. The Going Concern SISP shall be conducted by the Monitor, with the assistance of FTICA as SISP Advisor. FTICA has experience in conducting sale and investment solicitation processes in the context of insolvency proceedings, with significant contacts across the world.

67. The SISP Procedures will provide for the accomplishment of the following milestones within the delays set out below:³

<u>Event</u>	<u>Date</u>
<u>Bid Deadline & Qualified Bidders</u>	By no later than April 10, 2025 at

³ Terms not defined but otherwise used in this section shall have the meaning given to them in the SISP Order and the SISP Procedures.

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

68. Despite its short timeframe, the conduct of the Going Concern SISP in accordance with the SISP Procedures will provide for a fair, efficient and transparent process that will allow a proper canvassing of the market, which, in turn, will allow the maximization of the value of the Debtors’ assets and, if possible, the pursuit of business operations as a going concern, all for the benefit of the creditors and other stakeholders.

B. The Comeback Hearing and the Amended and Restated Initial Order

69. The Debtors requested an additional hearing (the “Comeback Hearing”) before the Canadian Court to consider extending the relief granted in the Initial Order and granting additional relief in an amended and restated Initial Order (the “Amended and Restated Initial Order”). The

Comeback Hearing is scheduled for March 28, 2025. A copy of the proposed Amended and Restated Initial Order is attached to the Verified Petition as Exhibit C.⁴

70. The proposed Amended and Restated Initial Order seeks the following *additional* relief not found in the Initial Order:

- (a) extending the Stay Period until April 30, 2025; and
- (b) authorizing an increase in the amount of the Interim Facility (as defined in the Initial Order) which the Monitor may, for and on behalf of the Debtors, borrow from the Interim Lender under the Interim Financing Loan Agreement, up to a total amount to be determined before the comeback hearing, and a corresponding increase in the Interim Lender's Charge (namely, 120% of the maximum amount of the Interim Facility), in all cases subject to the ranking set out in the Amended and Restated Initial Order;

V. THE CHAPTER 15 CASES

71. On the date hereof (the "Petition Date"), the Foreign Representative filed a chapter 15 petition on behalf of each of the Debtors and filed the Verified Petition and a proposed order granting the relief sought in the Verified Petition (the "Recognition Order"), thus initiating these chapter 15 cases.

A. Statements in Support of Recognition of the Canadian Proceeding

72. In the Initial Order, the Canadian Court appointed FTI as the "foreign representative" for the purposes of commencing chapter 15 proceedings under the Bankruptcy Code and authorized the Foreign Representative to apply for foreign recognition and approval of the Canadian Proceeding in the United States pursuant to chapter 15 of the Bankruptcy Code. It is anticipated that the Amended and Restated Initial Order will contain a similar finding. It is my understanding that FTI satisfies the definition of a "foreign representative" as that term is defined in section 101(24) of the Bankruptcy Code.

⁴ The Foreign Representative will file a true and correct copy of the Amended and Restated Initial Order with the Court upon its issuance by the Canadian Court.

73. Each of the Debtors holds property in the United States. Pelican has property in the United States by way of its 100% membership interest in US Topco and its interest in the retainer provided to the Foreign Representative's bankruptcy counsel, Haynsworth Sinkler Boyd, P.A., in the amount of \$10,000, which is being held in the firm's bank account at Wells Fargo Bank, N.A., in Columbia, South Carolina. US Topco is a Delaware limited liability company and, thus, is domiciled in Delaware. Likewise, Confluence is a Delaware corporation and, thus, is domiciled in Delaware. Confluence operates a manufacturing facility in Greenville, South Carolina.

74. FTI, as Foreign Representative, seeks recognition of the Canadian Proceeding in the United States pursuant to sections 1504 and 1515 of the Bankruptcy Code and have filed these chapter 15 cases in the United States Bankruptcy Court for the District of South Carolina (the "Bankruptcy Court"). The Foreign Representative is seeking recognition of the Canadian Proceeding as a "foreign main proceeding," as such term is defined in section 1502(4) of the Bankruptcy Code, as well as seeking other necessary or appropriate relief in support of the Canadian Proceeding, including certain provisional relief in advance of the final hearing to consider recognition of the Canadian Proceeding as a "foreign main proceeding" (the "Recognition Hearing"). At the Recognition Hearing, the Foreign Representative also is seeking recognition and enforcement, in the Recognition Order, of the SISP Order and of the Amended and Restated Initial Order, as such order may be issued by the Canadian Court. I have been informed that the Bankruptcy Code provides for recognition of a foreign proceeding as a "foreign main proceeding" if such foreign proceeding is a "foreign proceeding" pending in a country where the debtor has "the center of its main interests."

75. I have been informed that the Canadian Proceeding is a “foreign proceeding” as they are a collective judicial proceeding authorized and supervised by the Canadian Court under the CCAA and pursuant to the Initial Order. It is my understanding that for these reasons, the Canadian Proceeding qualifies as a “foreign proceeding” as that term is defined in Section 101(23) of the Bankruptcy Code. In compliance with section 1515(b) of the Bankruptcy Code, a certified copy of the Initial Order, which commenced the Canadian Proceeding, is attached to the Provisional Relief Order as Exhibit 1 and attached to each of the Debtors’ chapter 15 petitions.

76. In addition, I believe that each of the Debtors has its center of main interests (“COMI”) in Québec, Canada as such term is used in section 1502(4) of the Bankruptcy Code. The Debtors have substantially more ties to Canada than to any other country:

(a) With respect to Pelican:

- i. all senior management of the Pelican Group is employed by Pelican and located in the Province of Québec.
- ii. all decisions for US Topco and Confluence are made in Quebec by the senior management of Pelican.
- iii. all strategic decisions, human resources decisions, management meetings, key accounting decisions, marketing and business development initiatives for Confluence are taken by, overseen, or otherwise approved by Pelican’s senior management in Québec;
- iv. Pelican provides operational and administrative function support for Confluence in Quebec; and
- v. Pelican’s credit facilities are used to fund the operations of Confluence, who has guaranteed Pelican’s obligations thereunder.

(b) With respect to US Topco:

- i. US Topco has no operations and is essentially a holding company for the shares of Confluence and GSI;
- ii. all of the decisions for US Topco are made in Québec by the senior management of Pelican; and
- iii. US Topco attorns to the jurisdiction of the Canadian Court.

(c) With respect to Confluence:

- i. the management of Confluence reports directly to Pelican and its senior management in Québec;
- ii. all strategic decisions for Confluence are made by Pelican’s senior management in Québec;

- iii. Pelican provides operational and administrative function support for Confluence, notably:
 - A. operational oversight;
 - B. sales, communications and marketing support;
 - C. most enterprise-wide information technology services;
 - D. enterprise-wide support for finance functions, including working capital management, credit management, payment processing, financial reconciliations, managing business expenses, insurance and taxation matters;
 - E. oversight for the legal, regulatory and compliance functions of the entire group;
 - F. enterprise-wide human resources functions;
 - G. enterprise-wide health and safety oversight;
 - H. annual budgeting; and
 - I. supply planning services.
 - iv. all of Confluence's long-term contracts and major expenses are subject to the approval of Pelican's senior management in Québec;
 - v. corporate governance and regulatory compliance is overseen by Pelican's management team in Québec;
 - vi. meetings for management and senior staff of Confluence are in majority overseen by Pelican's management in Québec;
 - vii. key accounting decisions and all plans, budgets and financial projections for Confluence are made by Pelican's management in Québec;
 - viii. marketing and business development initiatives are overseen by Pelican's marketing team in Québec;
 - ix. all human resources decisions, including management of payroll budgets and augmentation or reduction of employee headcount as per approved budget are made by Pelican's management in Québec;
 - x. Pelican's credit facilities are being used to fund the operations of the Confluence. All cash receipts of Confluence are ultimately transferred against the CDN and USD revolvers at Pelican in Canada;
 - xi. Confluence has guaranteed Pelican's obligations and provided security to the Lenders, and Confluence's guarantee is governed by the laws of Québec;
 - xii. Confluence attorns to the jurisdiction of the Canadian Court.
- (d) All Credit Agreement facilities have been consolidated in Pelican in Canada, which is used, as indicated above, to fund the operations of the Pelican Group including Confluence. All cash receipts of the Pelican Group including Confluence are ultimately transferred against the CDN and USD revolvers at Pelican in Canada; and
- (e) The Guarantees provided by Confluence to the Lenders are governed by Québec law pursuant to the Credit Agreement. Confluence is a solidary (joint and several) debtor under the Credit Agreement.

77. Further, I understand that, as noted above, the Canadian Court has found and ruled in the Initial Order that the COMI of each of the Debtors is in Canada.

78. I also believe recognition of FTI as the Debtors' "foreign representative" and recognition of the Canadian Proceeding as a "foreign main proceeding" are consistent with the purpose of chapter 15 and will allow the Debtors to effectuate a potential restructuring or conduct a court-supervised sales process in the most efficient manner without jeopardizing creditors' rights.

79. Accordingly, the Foreign Representative and the Debtors believe, and respectfully submit, that the recognition of the Canadian Proceeding as a foreign main proceeding commenced under the CCAA is appropriate under the circumstances.

80. If the Court concludes that the COMI of any particular Debtor is not in Canada, which I do not believe is the case, then in the lesser alternative I believe that for any such Debtor the Canadian Proceeding at least should be recognized as a foreign nonmain proceeding, as defined by section 1502(5) of the Bankruptcy Code. The facts as outlined above make clear that each Debtor has an "establishment" in Canada, as that term defined in the Bankruptcy Code, given the Bankruptcy Code's definition of establishment as "any place of operations where the debtor carries out a non-transitory economic activity."

B. Statements in Support of Joint Administration and Notice Procedure Motions

81. The Debtors are affiliates of each other and each of their cases were commenced contemporaneously on the Petition Date in the Bankruptcy Court. Accordingly, I believe that joint administration of these chapter 15 cases for procedural purposes only, as well as permitting the filing of consolidated lists of the information required by Bankruptcy Rule 1007(a)(4), will be an administrative convenience for the Bankruptcy Court, the court clerk's office, and interested parties.

82. Further, I believe that noticing procedures set forth in the contemporaneously filed *Motion for Order (A) Scheduling Hearing on Recognition of Chapter 15 Petitions and (B) Specifying Form and Manner of Service of Notice* (the “Notice Procedures Motion”) are appropriate in light of the number of creditors, potential creditors, and other parties of interest, all of whom need to be provided with, among other things, notice of the entry of the Provisional Relief Order, the proposed Recognition Order, the deadline to object to recognition of the Canadian Proceeding, and the Recognition Hearing. The Foreign Representative has prepared a form of notice advising of these and related matters (the “Recognition Hearing Notice”), a copy of which is annexed to the Notice Procedures Motion. Under the facts and circumstances of the Debtors’ chapter 15 cases, I submit that service of the Recognition Hearing Notice in the manner proposed in the Notice Procedures Motion will provide those parties identified as the Notice Parties (as defined in the Notice Procedures Motion) in the Notice Procedures Motion with sufficient notice of the relief requested in the Verified Petition and associated objection deadline and hearing dates.

C. Statements in Support of Provisional Relief Motion

83. The Foreign Representative commenced these chapter 15 cases in order to provide the Debtors with the breathing room and stability necessary to effectuate the Going Concern SISF, including by seeking certain provisional relief between the Petition Date and the Bankruptcy Court’s entry of the proposed Recognition Order. Accordingly, the Foreign Representative filed the *Motion for Provisional Relief Pursuant to Section 1519 of the Bankruptcy Code* (the “Provisional Relief Motion”) seeking entry of an order (the “Provisional Relief Order”) granting (on a provisional basis pending entry of an order by this Court on the Foreign Representative’s application for an order granting recognition of the Canadian Proceeding as a foreign main

proceeding) certain relief available under section 1519(a) of the Bankruptcy Code, including relief available pursuant to sections 361, 362, 364, and 365(e) of the Bankruptcy Code.

84. The Foreign Representative believes that entry of the Provisional Relief Order is vital to the success of the Canadian Proceeding. Indeed, while the Debtors received the protection of “Stay Provisions” and certain other key protections under the Initial Order, the Debtors may be exposed to potentially adverse action in the United States by any creditors or other parties in interest who may disregard the Initial Order or Amended and Restated Initial Order once issued. Of particular concern, is that certain of the Debtors are parties to executory contracts and unexpired leases, integral to the Debtors’ business, with U.S. entities who may attempt to terminate, declare a default, or otherwise impair the Debtors’ interest in such contracts based on the filing of the Canadian Proceeding or these chapter 15 cases. Some of those important contracts and leases contain default and termination clauses that may be used, absent the relief requested herein, to terminate the contract or lease before the Court even has an opportunity to consider the requested Provisional Orders. The provisional relief requested by the Foreign Representative is needed to prevent any individual party from harming all creditors by taking actions in the U.S. or with regard to the Debtors’ property that would be barred by the Initial Order. Entry of the Provisional Relief Order would extend the protections of the Bankruptcy Code and the Initial Order such that counterparties in the United States would be subject to the restrictions of sections 362 and 365(e) of the Bankruptcy Code pending the Recognition Hearing.

85. The relief requested by the Foreign Representative is required to prevent individual creditors from acting to frustrate the purpose of the Canadian Proceeding by disregarding the Initial Order or the Amended and Restated Initial Order. Entry of the Provisional Relief Order will allow


for the fair and efficient administration of the Canadian Proceeding and the maximization of value for all creditors.

86. Given the foregoing I believe sufficient cause exists to grant the Provisional Relief Order and that the provisional relief requested in the Provisional Relief Motion is necessary and appropriate under the circumstances.

[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: March 19, 2025



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