

S E 244 2 1 2  
No. \_\_\_\_\_  
Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA  
IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT,  
R.S.C. 1985, c. C-36

AND

IN THE MATTER OF THE BUSINESS CORPORATIONS ACT,  
S.B.C. 2002, c.57, AS AMENDED

AND

IN THE MATTER OF GOOD NATURED PRODUCTS INC., & THOSE ENTITIES LISTED  
IN SCHEDULE "A"

**PETITIONERS**

**PETITION TO THE COURT**

**ON NOTICE TO: WITHOUT NOTICE**

**This proceeding is brought by the Petitioners for the relief set out in Part 1 below:**

If you intend to respond to this petition, you or your lawyer must:

- (a) File a response to petition in Form 67 in the above-named registry of this court within the time for response to petition described below, and
- (b) Serve on the Petitioners
  - (i) 2 copies of the filed response to petition, and
  - (ii) 2 copies of each filed affidavit on which you intend to rely at the hearing.

**Orders, including orders granting relief claimed, may be made against you, without any further notice to you, if you fail to file the response to petition within the time for response.**

**Time for response to petition**

A response to petition must be filed and served on the Petitioners,

- (a) If you were served with the petition anywhere in Canada, within 21 days after that service,
- (b) If you were served with the petition anywhere in the United States of America, within 35 days after that service,

(c) If you were served with the petition anywhere else, within 49 days after that service, or

(d) If the time for response has been set by order of the court, within that time.

• The Petitioners estimate that the hearing of this Petition will take 1 hour  
This matter is not an application for judicial review

The address of the registry is:

800 Smithe Street  
Vancouver, BC V6Z 2E1

The ADDRESS FOR SERVICE of the petitioners is:

Mary Buttery, K.C. / Christian Garton  
**Osler, Hoskin & Harcourt LLP**  
1055 Dunsmuir Street  
Suite 3000, Bentall Four  
Vancouver, BC V7X 1K8

Fax number for service (if any) of the petitioners:

N/A

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The name and office address of the petitioners' lawyer is:

Mary Buttery, K.C. / Christian Garton  
**Osler, Hoskin & Harcourt LLP**  
1055 Dunsmuir Street  
Suite 3000, Bentall Four  
Vancouver, BC V7X 1K8

## CLAIM OF THE PETITIONERS

### Part 1: ORDERS SOUGHT

1. The petitioners listed in Schedule "A" (the "**Petitioners**") seek an initial order under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**"), substantially in the form attached as Schedule "B" (the "**Initial Order**") to this Petition, among other things:

- (a) declaring the Petitioners to be companies to which the CCAA applies;
- (b) appointing Alvarez & Marsal Canada Inc. ("**A&M**", or the "**Proposed Monitor**") and, if appointed, the "**Monitor**") as an officer of this Court to monitor the assets, business, and affairs of the Petitioners;

- (c) staying for an initial 10-day period (the “**Initial Stay Period**”) all proceedings, enforcement processes, and remedies taken, or that might be taken in respect of the Petitioners, the Monitor, and their respective employees, directors, advisors, officers, and representatives acting in such capacity, except as set out in the Initial Order;
- (d) authorizing the Petitioners to continue to utilize the Cash Management System (as defined below);
- (e) granting the following charges over the present and future assets, properties, and undertakings of the Petitioners as security for the obligations of the Petitioners to the beneficiaries of such charges, listed in order of priority:
  - (i) *first*, an administration charge in favour of the Petitioners’ counsel, the Monitor and the Monitor’s counsel up to a maximum amount of \$100,000; and
  - (ii) *second*, a charge in favour of the Petitioners’ directors and officers up to a maximum amount of \$400,000.
- (f) Authorizing the Petitioner, good natured products Inc. (“**GDP PubCo**”) to act as the foreign representative in respect of this proceeding for the purpose of having this CCAA proceeding recognized and approved in a jurisdiction outside of Canada, and authorizing GDP PubCo to apply for foreign recognition and approval of this CCAA proceeding, as necessary, including in the United States pursuant to chapter 15 of title 11 of the United States Code (the “**Bankruptcy Code**”), 11 U.S.C. §§ 101-1532; and
- (g) granting such further and other orders as this Honourable Court may deem just and convenient and as may be appropriate in the circumstances.

## **Part 2: FACTUAL BASIS**

### ***A. Capitalized Terms and Currency References***

1. Capitalized terms used but not otherwise defined in this Petition have the meanings ascribed to them in Affidavit #1 of Paul Antoniadis, made June 27, 2024 (“**Antoniadis Affidavit #1**”).
2. All references to monetary amounts in this affidavit are in Canadian dollars unless otherwise stated.

### ***B. Introduction***

3. The Company’s business units and operations in Canada and the United States are directly and indirectly wholly owned by the public company, GDNP PubCo.
1. The primary business of the Petitioners (collectively, the “**Company**”) is producing and distributing everyday products made from the highest possible percentage of renewable, plant-based materials, in Canada and the United States (collectively, the “**GDNP Business**”). The Company’s customer base includes retailers, food producers, food packers, consumer product companies, restaurants, packaging thermoforming manufacturers and other industrial processors.
2. The Company has commenced these proceedings to stabilize its business, obtain urgently required interim debtor-in-possession (“**DIP**”) financing, continue the implementation of its operational restructuring efforts, and to effect an investment in, or sale of the Company (or part thereof) with another party (or parties) identified in the course of the proposed SISP (as defined below) (in any case, a “**Transaction**”).
4. The Company has limited remaining cash on hand and is unable to make payments on its secured funded debt obligations as they become due. Absent obtaining additional financing in the near term, the Company also will be unable to meet its normal course obligations as they fall due. As such, the Company is insolvent and the relief sought herein is urgently required for the Company to maintain the GDNP Business, preserve value for stakeholders, and maintain the status quo.

***C. Overview and Events Leading to CCAA***

5. The Company was founded in 2006 as Solegear Bioplastics Inc. The Company was continued into British Columbia in March 2015 (following a reverse takeover with Rodeo Capital III Corp.), and changed its name to “good natured Products Inc.” in October 2017.
6. The Company is at the forefront of North America’s shift toward sustainability, showcasing over 90 plant-based packaging designs and an extensive portfolio of more than 400 products and services. These offerings are purposefully designed and manufactured locally in Canada and the US to reduce environmental impact by using more renewable materials, less fossil fuel, and eliminating chemicals of concern. The Company engineers and distributes a diverse range of bio-based products across various sectors, including grocery, restaurant, electronics, automotive, and pharmaceutical via both wholesale and direct channels.
7. The Company is headquartered in Vancouver, British Columbia and has 143 employees. 79 employees are located in Canada and 64 are located in the US.
8. The Company experienced exponential growth from 2016 through 2022, growing revenues from \$146,000 to a peak of \$101,000,000 in 2022. The Company’s growth was driven from organic initiatives, the organic acquisition of a large US food producer client (the “**US Food Producer Client**”), and the completion of four corporate acquisitions from 2020 through 2022.
9. Despite this growth, the Company faced financial pressures due to various factors stemming from the COVID-19 pandemic.
10. From about 2021 through 2022, the Company faced external supply chain disruptions and inflationary cost increases, resulting in higher costs associated with materials, labour, energy, logistics and fulfillment. In anticipation of higher demand levels caused by the supply chain disruptions, and the organic acquisition of the large US Food Producer Client, the Company made the strategic decision to make acquisitions and capital investments, in an attempt to stabilize and expand production capacity, and to increase material inventory levels. This increased debt levels, as well as interest, labour, fulfilment, and warehousing costs.

11. From May 2022 to December 2022, Canadian federal interest rates increased from 0.50% to 4.25%, while US federal interest rates climbed from 0.75% to 4.50%. The rapid increase in interest rates increased debt servicing levels for the Company while causing macro-economic uncertainty for consumers and equity investors.
12. Revenue in FY 2023 decreased by 24% compared to FY 2022. This decrease was primarily due to lower order volumes in Q3 2024 from the large US Food Producer Client, and a general reduction in demand from industrial thermoforming customers, causing a 46% decline in the Company's revenues for the industrial business group. This decline in industrial thermoforming customer sales was linked, in part, to:
  - (a) softening macroeconomic conditions caused in part by higher interest rates;
  - (b) customers de-stocking higher inventory levels built-up to avoid widespread supply chain disruptions during and after the COVID-19 pandemic;
  - (c) year-over-year decrease in average selling price cause by lower demand and lower input costs, such as ocean freight costs; and
  - (d) capital investment made by industrial thermoforming customers to extrude their own product instead of buying it from the Company.
13. Revenue in Q1 2024 declined by 24% compared to Q1 2023. This declines was primarily due to:
  - (a) lower order volumes from the large US Food Producer Client;
  - (b) an abnormally soft month of January 2024 for the industry, especially apparent in the Company's industrial business group, which continues to face lower demand levels, increased market competitiveness, and volatility; and
  - (c) the Company's decision to fully exit a legacy petroleum-based industrial business group product line.
14. The challenges described above are compounded by:

- (a) continued interest rate increases, further raising the Company's debt interest finance costs to approximately \$8.5 million forecasted in 2024 (compared to approximately \$7.7 million in 2023, \$5.6 million in 2022, and \$4.6 million in 2021); and
  - (b) lower industrial and US Food Producer Client sales volumes reducing the Company's asset base lending value, requiring the Company to allocate more of its cash to pay down the Wells Fargo Facility (as defined below).
15. The Company has taken various steps to address its financial challenges. Most recently:
- (a) throughout FY 2023, the Company undertook measures to reduce its selling, general, and administrative expenses by approximately \$3,078,000;
  - (b) on February 1, 2024, the Company announced a cost reduction process to address declining revenue in the petroleum-based portion of its industrial business group. These actions were expected to result in approximately \$1,200,000 in annualized payroll reductions;
  - (c) on February 14, 2024, the Company announced an update to its cost reduction efforts, indicating it completed corporate cost reductions in a variety of functional areas, including wages and selling, general and administrative expenses, which were expected to result in annualized savings of approximately \$1,800,000. the Company estimated it will incur approximately \$450,000 in one-time expenses associated with these reductions;
  - (d) on February 14, 2024, the Company announced the launch of a non-brokered private placement financing (the "**Offering**") for 33,333,333 units (the "**Units**" and each a "**Unit**") of GDNF PubCo at a price of \$0.06 per Unit for aggregate gross proceeds of \$2,000,000. The Offering was subject to an over-allotment option, allowing GDNF PubCo to issue an additional 50,000,000 Units for gross proceeds of \$3,000,000. Each Unit consists of one common share in the capital of GDNF PubCo and one common share purchase warrant of GDNF PubCo. Each warrant would entitle the holder thereof to acquire one common share (a "**Warrant Share**") at an exercise price per Warrant Share of \$0.08 for a period of 30 months from the

closing of the Offering. On March 21, 2024, the Company announced it closed the first tranche of the Offering, by issuing 15,639,998 Units at \$0.06 per Unit for gross proceeds of \$0.9 million. Prior to the closing of the first tranche, insiders of the Company subscribed for a total of 5,170,000 Units for total gross proceeds of approximately \$300,000; on June 21, 2024, the Company announced the private placement was closed;

- (e) on February 20, 2024, the Company announced it signed a definitive agreement to refinance the mortgage outstanding on the land and building located at the Company's Brampton, Ontario facility. The refinancing closed on February 27, 2024. The mortgage was refinanced with a \$12,862,000 3-year fixed rate mortgage, featuring a 25-year amortization period. Principal and interest will be paid monthly at a fixed rate of 5.75% per annum. The Company received net proceeds of approximately \$2,100,000 following repayment of the refinanced mortgage and a remaining vendor take back loan associated with a prior acquisition; and
  - (f) on April 10, 2024, the Company announced a proposal to amend the terms of its 7.0% convertible unsecured subordinated debentures in the principal amount of \$17,250,000 due October 31, 2026. On April 30, 2024, the Company announced that at a special meeting of the debenture holders, the debenture holders approved an extraordinary resolution partially redeeming the debentures in exchange for common shares, reducing the Company's debt outstanding by approximately \$8,600,000 million, effective May 8, 2024.
16. The Company has renegotiated certain of its debt obligations as required, while actively seeking to consolidate its existing debts, and secure new debt or equity funding. This process has not resulted in a viable debt consolidation or sufficient levels of new funding to address the ongoing liquidity concerns.
17. In July 2023, the Company engaged William Blair & Company ("**William Blair**"), a boutique investment bank and financial services company, to assist in exploring a range of strategic alternatives. With the assistance of William Blair, the Company undertook a comprehensive marketing process to seek additional investment in or a sale of the Company or its various business units. While this process has identified some credible



interest in the Company, it has not resulted in a viable bid for any portion of the Company or its assets at this time.

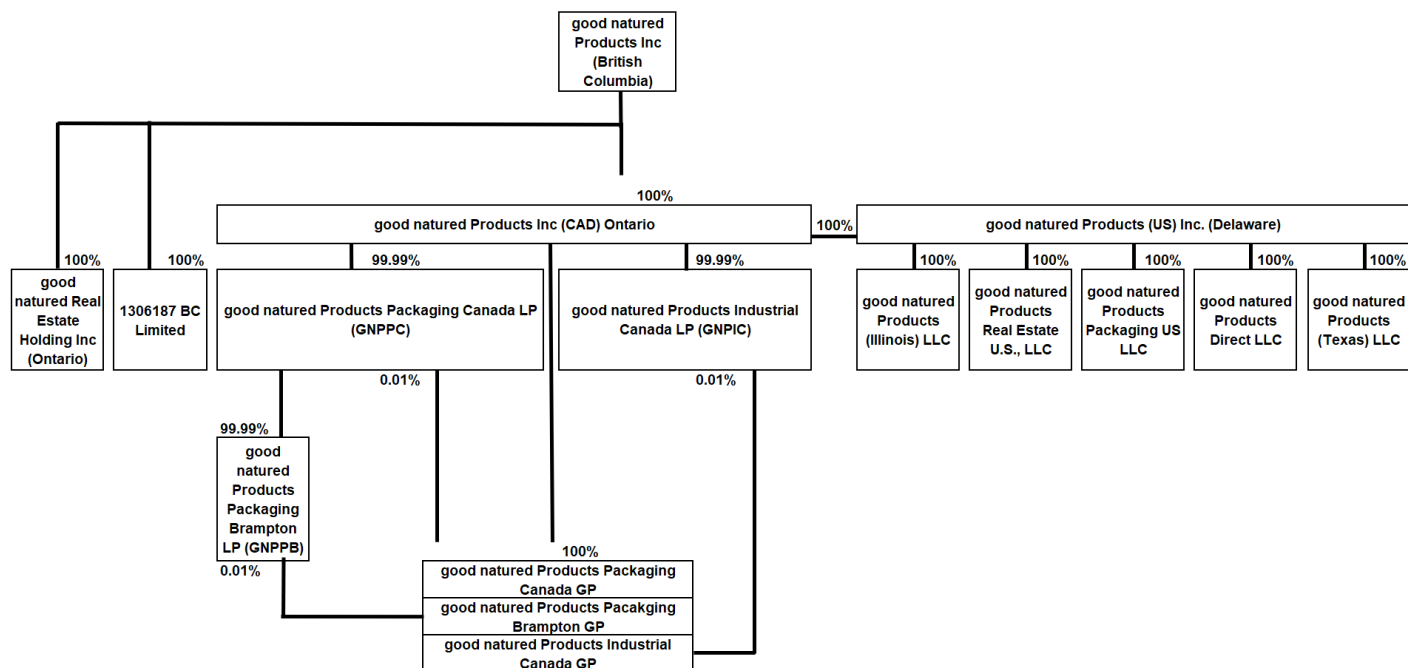
18. Despite its efforts, the Company, burdened by the significant interest expense of its debt obligations, has continued to struggle to generate sufficient free cash flow to support its working capital requirements, leading to increasingly constrained liquidity.
19. The Company has failed to pay certain of its debts when due. Approximately \$6.5 million of principal and accrued interest is overdue and immediately owing to Creditors as of the date of this affidavit. The Company currently has approximately \$946,000 of cash on hand. The Company's investors have advised they are not prepared to provide additional funding at this time.
20. Given its limited remaining cash on hand, in recent weeks the Company, with the assistance of Alvarez & Marsal Canada Inc. ("**A&M**", in its capacity as proposed monitor, the "**Proposed Monitor**", and if appointed, in such capacity, the "**Monitor**"), also began exploring DIP financing options from various third-party lenders.
21. Following careful consideration of available options and alternatives with the assistance of its financial and legal advisors, the Company has determined that the best path to maximize stakeholder value and preserve the Company as a going concern is to commence these CCAA proceedings, obtain DIP financing, and seek to finalize the terms of a Transaction, following the completion of the SISP.
22. The Company has secured a DIP term sheet (the "**DIP Terms**"), but does not require DIP financing until after the Comeback Hearing and will seek approval of the DIP Terms approval in the ARIO.
23. If the proposed Initial Order is granted, the Petitioners intend to bring an application to be heard within 10 days of the granting of the Initial Order (the "**Comeback Hearing**"), seeking an amended and restated Initial Order (the "**ARIO**"), among other things:
  - (a) extending the stay of proceedings until July 8, 2024, and granting other customary Comeback Hearing relief under the CCAA;

- (b) increasing the maximum amounts secured by the Administration Charge (as defined below) to \$250,000; and
  - (c) authorization to borrow under the DIP Terms and any priority charges as provided for in the DIP Terms.
24. In addition, at the Comeback Hearing (or shortly thereafter) the Petitioners also intend to seek an order (the “**SISP Approval Order**”), among other things:
- (a) approving a sale and investment solicitation process (the “**SISP**”) and authorizing the Petitioners to implement the SISP pursuant to its terms;
  - (b) authorizing the engagement of a sales agent to assist with implementation of the SISP;
  - (c) authorizing and directing the Petitioners and the Monitor to perform their respective obligations and do all things reasonably necessary to perform their obligations under the SISP; and
  - (d) declaring that the Monitor and its affiliates, partners, directors, employees, agents, and controlling persons, shall have no liability with respect to any losses, claims, damages or liabilities of any nature or kind to any person in connection with or as a result of the SISP, except to the extent such losses, claims, damages or liabilities result from the gross negligence or willful misconduct of the Monitor in performing its obligations under the SISP, as determined by this Court.

## D. Background of the Petitioners and the GDNP Business

### i. Corporate Structure

25. An organizational chart outlining the Company's corporate structure is below:



#### a. good natured Products Inc. (“GDNP PubCo”)

26. GDNP PubCo is a public company incorporated under the laws of British Columbia, with a head office located at 814 - 470 Granville Street, Vancouver, British Columbia (the “Vancouver Head Office”).
27. GDNP PubCo’s common shares are traded on the TSXV under the symbol “GDNP” and on the OTCQB Venture Market under the symbol “GDNPF”. The following table sets out the high and low daily closing prices and the volumes of trading of the GDNP PubCo’s common shares on the TSXV up until April 15, 2024 and for the prior financial year.

Month/year	Price Range		Trading Volume
	High (\$)	Low (\$)	
January 2023	0.31	0.25	2,516,500
February 2023	0.27	0.24	1,188,500
March 2023	0.26	0.20	1,722,500
April 2023	0.25	0.23	864,700
May 2023	0.24	0.16	2,941,800
June 2023	0.18	0.10	6,982,200
July 2023	0.14	0.11	1,918,400
August 2023	0.14	0.08	3,459,000
September 2023	0.11	0.09	1,859,100
October 2023	0.10	0.09	1,555,400
November 2023	0.10	0.07	4,089,400
December 2023	0.08	0.06	3,720,900
January 2024	0.12	0.07	3,313,700
February 2024	0.08	0.06	3,625,600
March 2024	0.07	0.06	1,478,100
April 1, 2024 – April 15, 2024	0.07	0.06	1,686,700

28. GDNP PubCo’s TSXV common share price closed at \$0.02 on June 21, 2024.
29. GDNP PubCo has a 100% ownership interest in each of good natured Real Estate Holdings (Ontario) Inc. (“**GDNP RE ON**”), 1306187 B.C. Ltd. (“**130**”), and good natured Products (CAD) Inc. (“**GDNP CAD**”).
- b. good natured Real Estate Holdings (Ontario) Inc. (“GDNP RE ON”)*
30. GDNP RE ON is a company incorporated under the laws of Ontario, with a business address at 5 Abacus Road, Brampton, Ontario. GDNP RE ON holds legal title to the Company’s real property located in Brampton, Ontario.

*c. 1306187 B.C. Ltd. (“130”)*

31. 130 is a company incorporated under the laws of British Columbia, with a business address at the Vancouver Head Office. 130 holds legal title to the Company’s real property located in Ayr, Ontario.

*d. good natured Products (CAD) Inc. (“GDNP CAD”)*

32. GDNP CAD is a company incorporated under the laws of Ontario, with a business address at the Vancouver Head Office.
33. GDNP CAD has a 100% ownership interest in each of good natured Products Packaging Canada GP Inc. (“**GDNP Canada GP**”), good natured Products Packaging Brampton GP Inc. (“**GDNP Brampton GP**”), and good natured Products Industrial Canada GP Inc. (“**GDNP Industrial GP**”).
34. GDNP CAD has a 99.9% ownership interest in each of good natured Products Packaging Canada LP (“**GDNP Canada LP**”), and good natured Products Industrial Canada LP (“**GDNP Industrial LP**”).
35. GDNP CAD has a 100% ownership interest in good natured Products (US) Inc. (“**GDNP US**”).

*e. good natured Products Packaging Canada GP Inc. (“GDNP Canada GP”)*

36. GDNP Canada GP is a company incorporated under the laws of Ontario, with a business address at the Vancouver Head Office.
37. GDNP Canada GP has a 0.1% ownership interest in GDNP Canada LP.

*f. good natured Products Packaging Brampton GP Inc. (“GDNP Brampton GP”)*

38. GDNP Brampton GP is a company incorporated under the laws of Ontario, with a business address at the Vancouver Head Office.
39. GDNP Brampton GP has a 0.1% ownership interest in good natured Products Packaging Brampton LP (“**GDNP Brampton LP**”).

***g. good natured Products Industrial Canada GP Inc. (“GDNP Industrial GP”)***

- 40. GDNP Industiral GP is a company incorporated under the laws of Ontario, with a business address at the Vancouver Head Office.
- 41. GDNP Industrial GP has a 0.1% ownership interest in GDNP Industrial LP.

***h. good natured Products Packaging Canada LP (“GDNP Canada LP”)***

- 42. GDNP Canada LP is a company incorporated under the laws of Ontario, with a business address at the Vancouver Head Office.
- 43. GDNP Canada LP has a 99.9% ownership interest in GDNP Brampton LP.

***i. good natured Products Packaging Brampton LP (“GDNP Brampton LP”)***

- 44. GDNP Brampton LP is a company incorporated under the laws of Ontario, with a business address at the Vancouver Head Office. GDNP Brampton LP owns various personal property used in connection with the Company’s manufacturing in Brampton, Ontario.

***j. good natured Products Industrial Canada LP (“GDNP Industrial LP”)***

- 45. GDNP Brampton LP is a company incorporated under the laws of Ontario, with a business address at the Vancouver Head Office. GDNP Industrial LP owns various personal property used in connection with the Company’s manufacturing in Ayr, Ontario.

***k. good natured Products (US) Inc. (“GDNP US”)***

- 46. GDNP US is company incorporated under the laws of Delaware.
- 47. GDNP US has a 100% ownership interest in each of good natured Products (Illinois), LLC (“GDNP Illinois LLC”), good natured Products Real Estate U.S., LLC (“**GDNP RE US LLC**”), good natured Products Packaging US LLC (“**GDNP Packaging LLC**”), good natured Products Direct LLC (“**GDNP Direct LLC**”), and good natured Products (Texas) LLC (“**GDNP Texas LLC**”).

***l. good natured Products (Illinois), LLC (“GDNP Illinois LLC”)***

48. GDNP Illinois LLC is a company incorporated under the laws of Illinois. GDNP Illinois LLC owns various personal property used in connection with the Company’s manufacturing in Richmond, Illinois.

***m. good natured Products Real Estate U.S., LLC (“GDNP RE US LLC”)***

49. GDNP RE US LLC is a company incorporated under the laws of Illinois. GDNP RE US LLC holds legal title to the Company’s real property located in Richmond, Illinois.

***n. good natured Products Packaging US LLC (“GDNP Packaging LLC”)***

50. GDNP Packaging LLC is a company incorporated under the laws of Delaware.

***o. good natured Products Direct LLC (“GDNP Direct LLC”)***

51. GDNP Direct LLC is a company incorporated under the laws of Delaware.

***p. good natured Products (Texas) LLC (“GDNP Texas LLC”)***

52. GDNP Texas LLC is a company incorporated under the laws of Texas. GDNP Texas LLC owns various personal property used in connection with the Company’s manufacturing in Houston, Texas.

***ii. The GDNP Business***

53. Manufactured locally in the Canada and the United States, the Company engineers and distributes a diverse range of bio-based products across various sectors, including grocery, restaurant, electronics, automotive, and pharmaceutical via both wholesale and direct channels.
54. The Company’s customer base includes retailers, food producers, food packers, consumer product companies, restaurants, packaging thermoforming manufacturers and other industrial processors across three key market segments – national, regional, and small business – all of which are supported by a combination of inside and outside sales teams.
55. The Company also offers direct purchasing through its own e-commerce platform in Canada and the U.S., well as through Amazon and other 3rd party channels. The vast majority of the Company’s operations are performed within Canada and the U.S.

56. The Company currently offers over 400 products and services across five key business groups as follows:

(a) Packaging:

- (i) Stock Packaging – over 90 bakery, deli and produce food packaging designs available to customers through direct sales, distribution and ecommerce.
- (ii) Custom Packaging – custom designed packaging for food, general merchandise and medical supplies that meet specific customer requirements and are delivered through exclusive and/or multi-year purchasing agreements.
- (iii) Food Services – a variety of containers, cups, bowls and cutlery to meet the needs of takeout and delivery food establishments.

(b) General Merchandise – everyday home/business organization and commercial products with high purchase frequency and a focus on removing chemicals of concern in kitchens and food supplies.

(c) Industrial – complementary eco-friendly inputs to the retail, restaurant, medical and manufacturing industries, including extruded sheets, flaked products and biodegradable agents.

(d) Commercial & Business Supplies – a variety of commercial products that can be cross-sold as complementary products to customers, such as pallet stretch wrap.

(e) Services – supplemental service offerings, such as design, prototyping, labelling and mold financing to support customer requirements.

57. The following table provides the Company's percentages of revenue by business group and geographic region, along with customer concentration, for the most recent audited financial year:



Business Group	Percentage of revenue, year ended December 31, 2023
Packaging	49%
General Merchandise	2%
Industrial	47%
Commercial & Business Supplies	<1%
Services	2%
Sales to U.S. customers	87%
Sales to Canadian customers	13%
Sales Concentration of top 4 customers	33%

58. The Company operates four manufacturing facilities. These facilities are located in Brampton, Ontario; Ayr, Ontario; Richmond, Illinois; and Houston, Texas. The Brampton, Ayr, and Richmond facilities are owned by the Company. The Houston facility is leased. The Company also sources products from seven outsourced manufacturing facilities located across Canada and the U.S.
59. Product research and development is a key aspect of the Company's business. Biomass used for bioplastics and biodegradables stems from renewable inputs such as corn, sugarcane, cellulose, or other plants with high starch levels. Product development requires a continued investment in building engineering capabilities and specialized expertise in matters such as assortment planning, research and development, testing, trials, designing, material development and processing. If the Company were to cease investing sufficiently in product development, its products could become less attractive to potential customers and/or misaligned with market demand, which could have a material adverse effect on the results of operations and financial condition of the Company.

60. Development of the Company's products requires specialized skills in the areas of product development, engineering, manufacturing, sourcing and supply chain. The Company has obtained personnel with the required specialized skills and established relationships with supply chain partners to carry out its operations.

***a. Suppliers and Vendors***

61. The Company engineering team looks globally to source ingredients that are combined to meet specific performance characteristics and commercial requirements using the maximum possible annually renewable materials.
62. The Company also sources ingredients from bio-refinery companies. This is typically done through direct or distributor supplier agreements by which the Company sources plant-based materials, then either converts those materials or customizes them to create products, packaging, industrial inputs and commercial supplies for specific customers and/or as a key ingredient in its own branded products and packaging.
63. Using its outsourced supply chain partners along with its own production facilities provides the Company flexibility in developing and sourcing products, packaging and materials. Pricing for plant-based raw materials is set at market by suppliers with notice of price changes at least 30 days in advance. The Company is not committed to purchase minimums through long-term contracts. Instead, it works collaboratively with key suppliers by comparing near-term purchase forecasts to raw material availability to ensure a secure level of supply.

***b. Employees***

64. The Company and its subsidiaries currently employ an aggregate of 143 employees. The Company's employee headcount has decreased from a count of 226 employees in 2022. The Company also employs consultants on an as-needed basis.
65. Approximate weekly payroll is:
- (a) \$119,191 for the Company's Canadian operations; and
  - (b) US \$74,488 for the Company's US operations.

66. The Company provides a comprehensive extended benefit plan for all Canadian employees through Sun Life Financial, including extended healthcare, life insurance, dental, and accident and disability benefits.
67. The Company also provides a comprehensive extended benefit plan for all US employees, including education assistance, life insurance, health savings account, and disability benefits.

## ***E. Financial Position***

### ***i. Financial Statements***

68. The Company prepares financial statements that report the financial position of GDNP PubCo (and its respective direct and indirect subsidiaries) on a consolidated basis.

### ***ii. Assets***

69. As at March 31, 2024, GDNP PubCo's consolidated assets had an unaudited book value of approximately \$91,566,000, consisting of the following:

#### **Assets**

##### **Current assets:**

Cash and cash equivalents	\$	4,316
Trade and other receivables		7,508
Inventory		11,557
Prepaid expenses		789
		<hr/>
		24,170

##### **Non-current assets:**

Property and equipment	44,784
Right-of-use assets	8,274
Customer relationships	1,558
Intangible and other assets	4,329
Goodwill	8,451

**iii. Liabilities**

70. As at March 31, 2024, GDNP PubCo's consolidated liabilities had an unaudited book value of approximately \$85,711,000, consisting of the following:

**Liabilities**

Current liabilities:

Accounts payable and accrued liabilities	\$	20,620
Contingent consideration liability		2,219
Current portion of long-term debt		5,913
		<hr/> 28,752

Non-Current liabilities:

Credit Facility	11,034
Convertible debentures	15,553
Mortgages	22,473
Lease Liability	5,004
Other long-term debt	2,430
Deferred income tax liabilities	465
	<hr/> 56,959

71. As further described above, the Company's convertible debenture liabilities were reduced as of April 30, 2024.

**iv. Secured Debt Obligations**

**a. Wells Fargo Credit Facility**

72. GDNP PubCo is party to and borrower under a credit agreement dated August 25, 2022 (the "**Wells Fargo Facility**") with Wells Fargo Capital Finance Corporation Canada ("**Wells Fargo**") as lender. All of the Petitioners (other than GDNP PubCo) are parties to the Wells Fargo Facility as guarantors (collectively, the "**Wells Fargo Guarantors**"). GDNP PubCo, Wells Fargo, and the Wells Fargo Guarantors have executed eight amending agreements to the Wells Fargo Facility.
73. The security granted pursuant to the Wells Fargo Facility includes:
- (a) the accounts, books, chattel paper, deposit accounts, equipment, goods, fixtures, intangibles, inventory, investment property, intellectual property and intellectual property licenses, negotiable collateral, pledged interests, securities and futures accounts, supporting obligations, cash or cash equivalents, and proceeds therefrom

of GDNP PubCo and each of the Wells Fargo Guarantors organized under the laws of Canadian provinces; and

- (b) the accounts, books, chattel paper, commercial tort claims, deposit accounts, equipment, farm products, fixtures, general intangibles, inventory, investment property, intellectual property and intellectual property licenses, negotiable collateral, pledged interests, securities and futures accounts, supporting obligations cash or cash equivalents, and proceeds therefrom of each of the Wells Fargo Guarantors organized under the laws of US states.
74. Security under the Wells Fargo Facility does not extend to certain assets, including consumer goods and owned real property. The Wells Fargo Facility is subject to the Intercreditor Agreement (as defined below).
75. Pursuant to the Wells Fargo Facility, the revolving loan availability is subject to limitations under a borrowing base calculation. GDNP PubCo must pay down portions of the Wells Fargo Facility if its borrowing base drops below certain thresholds (such payments, the “**Borrowing Base Payments**”). The Borrowing Base Payments are calculated on a weekly basis. The most recent Borrowing Base Payment requested by Wells Fargo for the week of June 24, 2024, was US \$330,000. GDNP PubCo paid this US \$330,000 Borrowing Base Payment on June 27, 2024.
76. The current amount of outstanding principal and interest drawn under the Wells Fargo Facility is approximately US \$7,190,765 (after payment of the most recent \$US \$330,000 Borrowing Base Payment).
77. Pursuant to the Wells Fargo Facility, GDNP PubCo also has quarterly financial performance targets. GDNP PubCo has requested that Wells Fargo waive GDNP PubCo’s EBITDA target for Q2 2024. Wells Fargo has requested that GDNP PubCo execute a ninth amending agreement to the Wells Fargo Facility to waive the EBITDA target. This amendment would grant Wells Fargo various relief, including a daily cash dominion over the Company’s collection accounts. Wells Fargo informed GDNP PubCo on June 27, 2024, that it would be instituting cash dominion in the coming days.

***b. HSBC Equipment Lease***

78. GDNP Industrial LP is party to and lessee under a master equipment lease dated September 6, 2023 (the “**HSBC Equipment Lease**”) with HSBC Bank Canada (“**HSBC**”) as lessor. The HSBC Equipment Lease is guaranteed by GDNP PubCo. The HSBC Equipment Lease is secured against all equipment supplied under the HSBC Equipment Lease.
79. As of March 31, 2024, the outstanding principal under the HSBC Equipment Lease was approximately US \$1,069,992. The HSBC Equipment Lease is repaid in monthly installments of principal plus interest totalling US \$25,480.77, until maturity on January 14, 2028.

***c. EDC Tooling Credit Facility***

80. GDNP PubCo is party to and borrower under a credit facility agreement dated February 22, 2022 (the “**EDC Facility**”) with Export Development Canada (“**EDC**”) as lender. The EDC Facility is guaranteed by GDNP Brampton LP, GDNP CAD, and GDNP Industrial LP (Collectively, the “**EDC Facility Guarantors**”).
81. The EDC Facility is secured against all present and future personal and moveable property of GDNP PubCo and the EDC Facility Guarantors, subject to certain permitted liens and the Intercreditor Agreement (as defined below).
82. As of March 31, 2024, the outstanding principal under the EDC Facility was approximately US \$1,280,779. The EDC Facility is repaid in variable monthly installments of principal plus interest over 42 months, beginning in October of 2022.
83. On April 25, 2024, GDNP PubCo, the EDC Facility Guarantors, and EDC executed an amendment to the EDC Facility, deferring all repayment installments due under the EDC Facility between May 10, 2024 and November 10, 2024.

***d. Wingspire Leases***

84. GDNP Illinois LLC is party to and lessee under a master lease agreement dated September 20, 2022 (the “**Wingspire Master Lease**”) with Wingspire Equipment Finance LLC (“**Wingspire**”) as lessor. GDNP US and GDNP CAD are guarantors to the Wingspire Master Lease.

85. GDNP Illinois LLC and Wingspire have entered two lease agreement schedules under the Wingspire Master Lease.
86. The first schedule under the Wingspire Master Lease (the “**First Wingspire Lease**”) is secured against all equipment supplied under the First Wingspire Lease. As of March 31, 2024, the outstanding principal under the First Wingspire Lease was approximately US \$2,643,720. The First Wingspire Lease is currently repaid in monthly installments of principal plus interest totalling approximately US \$88,389.
87. The second schedule under the Wingspire Master Lease (the “**Second Wingspire Lease**”) is secured against all equipment supplied under the Second Wingspire Lease. As of March 31, 2024, the outstanding principal under the Second Wingspire Lease was approximately US \$1,190,000. The Second Wingspire Lease is currently repaid in monthly installments of principal plus interest totalling approximately US \$30,890.
88. The Second Wingspire Lease is backed by a letter of credit issued by HSBC in the maximum amount of US \$893,452.57 (the “**Wingspire LC**”).

***e. Mortgages***

89. The Company, through 130, GDNP RE ON, and GDNP RE US LLC, owns a portfolio of three properties used in connection with the Company’s business operations as manufacturing facilities.
90. The Company properties are subject to the following mortgages;
  - (a) 130 is borrower under a \$6,500,000 principal mortgage to HSBC against a property located in Ayr, Ontario, guaranteed by GDNP PubCo, GDNP CAD, and GDNP Industrial LP (the “**HSBC Mortgage**”);
  - (b) GDNP RE ON is borrower under a \$12,862,000 principal mortgage to The Toronto-Dominion Bank (“**TD Bank**”) against a property located in Brampton, Ontario, guaranteed by GDNP Brampton LP, and GDNP PubCo (the “**TD Mortgage**”); and

- (c) GDNP RE US LLC is borrower under a US \$2,765,750 principal mortgage to American Community Bank & Trust against a property located in Richmond, Illinois, guaranteed by GDNP Illinois LLC.
91. Based on appraisals completed between March 10, 2021, and November 30, 2023, the approximate aggregate value of the Company's real estate portfolio is \$31,791,000. As of March 31, 2024, the aggregate debt outstanding under the mortgages registered on title was approximately \$22,785,000.

*f. Intercreditor Agreement*

92. Wells Fargo, TD Bank, EDC, HSBC (only in its capacity as lender to the HSBC Mortgage), and each of the Petitioners are party to a third amended and restated intercreditor agreement dated February 22, 2024 (the “**Intercreditor Agreement**”).
93. Pursuant to the terms of the Intercreditor Agreement, *inter alia*:
- (a) priority on security granted under the Wells Fargo Facility shall rank, in descending order, to Wells Fargo to the extent of the Wells Fargo Facility obligations, EDC to the extent of the EDC Facility obligations, TD Bank to the extent of the TD Mortgage obligations, and HSBC to the extent of the HSBC Mortgage obligations;
  - (b) priority on security granted under the TD Mortgage (the “**TD Mortgage Security**”) shall rank, in descending order, to TD Bank to the extent of the TD Mortgage obligations, Wells Fargo to the extent of the Wells Fargo Facility obligations, and HSBC to the extent of the HSBC Mortgage obligations;
  - (c) priority on security granted under the HSBC Mortgage (the “**HSBC Mortgage Security**”) shall rank, in descending order, to HSBC to the extent of the HSBC Mortgage obligations, and Wells Fargo to the extent of the Wells Fargo Facility obligations; and
  - (d) EDC has no encumbrance on the TD Mortgage Security or the HSBC Mortgage Security.



**v. Unsecured Debt Obligations**

**a. Convertible Debentures**

94. GDNP PubCo has unsecured convertible debentures with a principal amount of \$1,315,000, at 10% annual interest, payable bi-annually (the “**2019 Debentures**”). The 2019 Debentures mature in two stages: \$540,000 matures on December 30, 2024, and the remaining \$775,000 matures on January 23, 2025.
95. GDNP PubCo also has unsecured convertible debentures with a principal amount of \$8,625,000, at 10% interest, payable annually, beginning in December 2024 (the “**2021 Debentures**”). The 2021 Debentures mature on December 15, 2029.

**b. Trade Creditors**

96. The Company purchases goods and services in the normal course of business to facilitate the production of goods and delivery of services, and for administration of the Company. Payment terms are typically 120 days for materials, 105 days for fulfillment, 105 days for maintenance and repairs, 105 days for capital expenditures, 100 days for outsource services, 90 days for supplies, 60 days for insurance, 60 days for corporate services, and 30 days for utilities.
97. Currently, the Company has approximately \$5,963,766 past due to various trade creditors. Approximately \$800,000 will become due to trade creditors in the next 15 days.
98. The Company’s trade credit to its supplier, Ravago Americas LLC, is backed by a letter of credit issued by HSBC in the maximum amount of US \$3,000,000 (the “**Ravago LC**”).

**c. Government Loans**

99. GDNP PubCo and GDNP CAD are party to and borrowers under two unsecured loans from Pacific Economic Development Canada pursuant to a government Western Innovation Initiative Loan program (the “**WINN Loans**”).
100. As of March 31, 2024, the current amounts outstanding under the WINN Loans were \$275,726, and \$632,255 respectively. The WINN Loans are currently repaid in monthly installments of \$18,383 and \$18,063 respectively. Recently, the Company has made requests to defer payments on the WINN Loans; however, these requests were denied.

*d. Vendor Take Back Notes*

101. GDNP CAD is party to and borrower under two unsecured subordinated promissory notes issued to Bill Mechar and JTF Holdings Inc. respectively (the “**VTB Notes**”). The VTB Notes were issued as vendor take back loans pursuant to a Company acquisition in December of 2020. The VTB Notes are guaranteed by GDNP PubCo.
102. As of March 31, 2024, the amount of principal outstanding under the VTB Notes was approximately \$1,762,366. The VTB Notes are currently repaid in monthly installments of \$40,054 (\$20,027 per note), plus interest quarterly at 5.75% per annum, until maturity on August 31, 2027. Recently, the Company stopped making payments on the VTB Notes.

*e. Reverse Earnout*

103. GDNP PubCo is party to and purchaser under a share purchase agreement dated March 2, 2020 (the “**Shepherd SPA**”), with Todd Shepherd, Mark Shepherd, Shepherd Family Trust, Barry Shepherd and Denise Shepherd, as vendors (collectively, the “**Shepherd Vendors**”). Pursuant to the Shepherd SPA, GDNP PubCo was obligated to make a reverse earnout payment totalling \$2,250,000 to certain of the Shepherd Vendors as of May 10, 2024 (the “**Reverse Earnout Payment**”).
104. GDNP PubCo failed to make the Reverse Earnout Payment. Pursuant to the Shepherd SPA, the outstanding payment accrues interest at prime plus 2% per annum, calculated and compounded monthly, until such time as the Reverse Earnout Payment is paid in full. The Reverse Earnout Payment is unsecured.

*vi. Letters of Credit*

*a. HSBC Letters of Credit*

105. a GDNP PubCo is party to and borrower under an amended facility letter dated October 3, 2023, (the “**HSBC LC Facility**”) with HSBC as borrower. Pursuant to the HSBC LC Facility, GDNP PubCo may request, and HSBC may issue, letters of credit to support the day to day operations of the Company. Currently, the only active letters of credit issued pursuant to the HSBC LC Facility are the Wingspire LC and the Ravago LC. These letters of credit have never been drawn upon.

106. The HSBC LC Facility is unsecured. The HSBC LC is backed by the EDC Indemnity (as defined below).

***b. EDC Letter of Credit Indemnity***

107. In October 2020, GDNP PubCo and EDC entered a guarantee and indemnity agreement (the “**EDC Indemnity**”). Pursuant to the EDC Indemnity and its affiliated agreements, EDC agreed to back certain letters of credit issued in favour of the Company by HSBC, in exchange for GDNP PubCo’s promise to indemnify EDC.
108. The EDC Indemnity is guaranteed by GDNP CAD, GDNP US, and GDNP RE ON. The EDC Indemnity is unsecured.
109. The EDC Indemnity backs the Wingspire LC and the Ravago LC. To date, the EDC Indemnity has not been drawn upon.

***vii. Owned Real Property***

110. As described above, the Company, through 130, GDNP RE ON, and GDNP RE US LLC, owns three commercial properties in Ayr, Ontario, Brampton, Ontario, and Richmond Illinois, respectively. All three properties are leased to inter-company entities.
111. As described above, the aggregate net equity in the Company’s owned real property is estimated at approximately \$9,006,000.

***viii. Leased Real Property***

112. The Company occupies three commercial properties leased from third party landlords in Canada and the United States. The Company’s lease obligations to third party landlords for the 2024 fiscal year are anticipated to be approximately \$1,100,000.
113. The Company is current on its rent obligations, except for a leased commercial building in Cambridge, Ontario. The property is vacant and the Company is in discussions with its landlord to surrender or sublease the premises. The Company is also late on its rent obligations for its warehouse building in Genoa City, Washington.

*ix. Cash Management*

114. Each of the Petitioners has its own bank accounts; however, the Company uses a centralized cash and treasury management process for banking, cash planning, and payment approvals. All of the Company's cash is overseen by GDNP PubCo. Under the guidance of GDNP PubCo, the Company moves cash amongst its subsidiaries on a weekly basis to fund accounts payable and payroll (collectively, the "**Cash Management System**"). All of the Company's bank accounts are with HSBC.
115. The current Cash Management System includes the necessary accounting controls to enable the Petitioners and the Monitor to trace funds and ensure that all transactions are adequately ascertainable.
116. In addition, the Company uses a limited number of credit cards to facilitate operational corporate payments in Canada and the US (the "**Credit Cards**"). As of June 21, 2024, the balances on the Credit Cards were current other than charges incurred during the current billing period. The Petitioners are seeking authority pursuant to the proposed Initial Order to continue to use the Credit Cards, and make full repayment of all amounts outstanding thereunder.

*x. Intercompany Transfers*

117. In the ordinary course of business, certain of the Petitioners engage in intercompany transactions. In addition to the cash transfers described above, intercompany transactions include payments from one Company entity to another for products and/or services, which are then sold to third party customers.
118. As described above, the properties owned by 130, GDNP RE ON, and GDNP RE US LLC are all leased to inter-company entities. The rent from those lease payments is primarily used to pay the corresponding mortgage obligations.

*F. Pre-Filing Sale Process*

119. In July 2023, the Company engaged William Blair, a boutique investment bank and financial services company, to assist in exploring a range of strategic alternatives. With the assistance of William Blair, the Company undertook a comprehensive marketing process to seek an additional investment in, or a sale of, the Company or its various business units

(the “**Pre-Filing Sale Process**”). The Company has yet to receive any formal offers through the Pre-Filing Sale Process; however, several companies and private equity firms have expressed credible interest.

120. Unfortunately, the liquidity challenges discussed above have limited the Company’s ability to continue exploring marketing options outside of a formal insolvency process. As such, the Company seeks the benefit of CCAA protection, while viable options to sell or restructure are pursued through the SISP, in order to maximize value for the benefit of the Company’s stakeholders.

***G. Relief Sought at the Initial Hearing***

***i. The Petitioners are Insolvent***

121. The Company has limited remaining liquidity to operate its business. Absent obtaining additional financing in the near term, the Company will be unable to meet its obligations as they fall due in the normal course.
122. As described above, the Company has approximately \$6.5 million overdue and immediately owing to its creditors, and approximately \$946,000 in available cash. The Company expects continued negative weekly cash flows as outlined in the Cash Flow Forecast (as defined below). These liquidity concerns are amplified by the increasing pressure from Borrowing Base Payments under the Wells Fargo Facility, and Wells Fargo’s demand that the Company provide cash dominion over its collection accounts.

***ii. Stay of Proceedings***

123. The Petitioners require a broad stay of proceedings to prevent, among other things, the exercise of remedies by contractual counterparties and creditors. The stay of proceedings is intended to stabilize and preserve the value of the integrated GDNP Business. Additionally, the stay of proceedings will provide the Petitioners the necessary time to finalize and complete a Transaction for a sale of the GDNP Business (following the conduct of the SISP by the Petitioners, with the assistance and under the oversight of the Monitor). At the initial hearing of the Petition, the Petitioners will seek a stay of proceedings of not more than 10 days, consistent with the CCAA.

*iii. Cash Flow Forecast and DIP Financing*

124. In consultation with the Proposed Monitor, the Petitioners have prepared a cash flow forecast (the “**Cash Flow Forecast**”), which indicates that the Petitioners will require access to additional funding during these proceedings.
125. The Petitioners’ principal use of cash during these CCAA proceedings will be the costs associated with the ongoing operation of the GDNP Business including, among other things, employee compensation, supplier payments, lease payments and general administrative expenses. In addition to these normal course operating expenditures, the Petitioners will also incur professional fees and disbursements in connection with these CCAA proceedings, including the SISP and the negotiation, approval and implementation of a Transaction.
126. Interim financing is needed to provide stability and fund operations and restructuring efforts, including these proceedings and the Transaction. To that end, in the lead-up to the commencement of these CCAA proceedings, the Company, in consultation with the Proposed Monitor, solicited expressions of interest in providing DIP financing from various third party lenders.
127. As discussed above, the Company has secured the DIP Terms, but does not require DIP financing until after the Comeback Hearing and will seek approval of the DIP Terms in the ARIO.

*iv. Continued Use of the Cash Management System*

128. The Petitioners are seeking the authority to continue to operate the Cash Management System, as described above, to maintain the funding and banking arrangements already in place for the Petitioners. The continued operation of the Cash Management System will minimize disruption, avoid the need to negotiate and implement alternative banking arrangements, and enable the Petitioners to continue operating in the normal course.

*v. Payments During the CCAA Proceedings*

129. During the course of the CCAA proceedings, the Company intends to make payments for goods and services supplied to it post-filing in the ordinary course, as set out in the Cash Flow Forecast and requested in the proposed Initial Order.

*vi. The Proposed Monitor*

130. The Petitioners seek the appointment of A&M as the Monitor. A&M has consented to act as the Monitor of the Petitioners, subject to approval from this Court.
131. A&M is a licensed insolvency trustee within the meaning of section 2 of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3 (the “**BIA**”), and is not subject to any of the restrictions on who may be appointed as Monitor, as set out in subsection 11.7(2) of the CCAA.
132. An affiliate of A&M, Alvarez & Marsal Canada, became involved with the Petitioners in March 2024, in anticipation that it would become necessary for the Petitioners to commence these CCAA proceedings. A&M has assisted in reviewing the Cash Flow Forecast and has participated in discussions regarding the Petitioners’ financial and liquidity position, available options, and the relief requested by the Petitioners in connection with these CCAA proceedings.

*vii. Administration Charge*

133. In order to protect payment of the fees and expenses of the Proposed Monitor, counsel to the Proposed Monitor, and counsel to the Petitioners, the Petitioners seek a charge in favour of these professionals to secure payment of their reasonable fees and disbursements incurred both prior to and after commencement of these CCAA proceedings (the “**Administration Charge**”), initially in the amount of \$100,000 to be increased to \$250,000 as set out in the proposed ARIO which will be sought at the Comeback Hearing. It is requested that the Administration Charge have first priority against the Property (as defined in the Initial Order), .

*viii. Directors and Officers Indemnity Charge*

134. The Petitioners are seeking customary provisions indemnifying the directors and officers of the Petitioners (collectively, the “**Directors and Officers**”) against any obligations and liabilities they may incur as a director or officer of the Petitioners after the commencement of this CCAA proceeding (the “**D&O Indemnity**”), including those owing to employees and government entities.

135. The Directors and Officers have expressed a desire for certainty with respect to their potential personal liability if they continue in their current roles in the CCAA proceedings.
136. The Petitioners require the active involvement of their Directors and Officers during the CCAA proceedings, including with respect to the approval of the ultimate Transaction entered into by the Company and any related tax structured transactions.
137. The Directors and Officers have indicated that their continued service and involvement in the CCAA proceedings is conditional upon the granting a Court-ordered charge (the “**Directors’ Charge**”) on the Property (as defined in the Initial Order) in the amount of \$400,000 to secure the D&O Indemnity. The proposed Directors’ Charge would rank second in priority, in accordance with the priority set out in the proposed Initial Order, behind the Administration Charge, but ahead of all other charges against the Property (as defined in the Initial Order).
138. The quantum of the Directors’ Charge is necessary to protect the Directors and Officers in the Initial Stay Period, having regard to the potential personal liabilities that they may be exposed to in respect of the Petitioners obligations in the period before the Comeback Hearing.
139. The Petitioners believe that the Directors’ Charge is reasonable in the circumstances. The Proposed Monitor is supportive of the Directors’ Charge and its quantum (both the initial quantum and the increased amount). The amount of the Directors’ Charge has been calculated with the assistance of A&M based on the estimated potential exposure of the Directors and Officers.

*ix. Priorities of Charges*

140. It is contemplated that the priorities of the Charges granted pursuant to the Initial Order, as among them, will be as follows:
  - (a) Administration Charge: up to a maximum of \$100,000; and
  - (b) Directors’ Charge: up to a maximum of \$400,000.



141. The proposed Initial Order provides for the Charges to rank in priority to all other security interests, trusts, liens, charges, encumbrances and claims of secured creditors, statutory or otherwise, in favour of any person, save and except those claims contemplated by section 11.8(8) of the CCAA.

*x. Chapter 15 Cases*

142. Because the Company has operations, assets and valuable business and trade relationships with a number of parties in the US, the Company intends to initiate cases under chapter 15 of the Bankruptcy Code seeking an order to recognize and enforce the CCAA orders in the US and protect against any potential adverse action taken by US-based parties (the “**Chapter 15 Cases**”).
143. While the Company has offices and operations in both Canada and the United States, its centre of main interest is in Canada. The Company's operations are functionally and operationally integrated such that the US business cannot operate independently of the Canadian business and the key services provided by GDNP PubCo for the benefit of the entire Company. The Company's executive level decision making is directed from its head office located in Vancouver, British Columbia, and all of the Petitioners report to the Company's Chief Executive Officer in the Vancouver Head Office.
144. Functional integration between the Company's Canadian and US entities includes that:
- (a) GDNP PubCo provides certain centralized operational and administrative functions for the Company as a whole. These functions are performed by Canadian employees and include, among other things (i) oversight of the corporate finance, tax and audit functions, and (ii) maintaining certain insurance policies;
  - (b) the Company's Canadian executives, who work from the Company's head office in Vancouver, British Columbia, have ultimate oversight over the bank accounts of all of the Petitioners; and
  - (c) GDNP PubCo is the borrower under the Company's primary revolving debt facility (which is guaranteed by each of the Petitioners, including all of the US entities).

***H. Relief to be Sought at the Comeback Hearing***

145. If the proposed Initial Order is granted, the Petitioners intend to seek the ARIO and the SISP Approval Order at the Comeback Hearing (or seek the SISP Approval Order shortly thereafter).

**Part 3: LEGAL BASIS**

1. The Petitioners rely on:
  - (a) the CCAA;
  - (b) the BIA;
  - (c) the Business Corporations Act, S.B.C. 2002, c. 57 (the “BCBCA”);
  - (d) the Supreme Court Civil Rules, B.C. Reg. 168/2009, as amended;
  - (e) the inherent and equitable jurisdiction of this Court; and
  - (f) such further and other legal basis as counsel may advise and this Court may allow.

***A. The Petitioners Meet the CCAA Requirements***

***i. The CCAA Applies to the Petitioners***

2. The CCAA applies to a “debtor company” or “affiliated debtor companies” if the total claims against the debtor or its affiliates exceed \$5 million.

CCAA, ss. 2, 3

3. The CCAA defines “company” as, among other things:
  - (a) a company, corporation or legal person incorporated by or under an Act of Parliament or of the legislature of a province; and
  - (b) any incorporated company having assets or doing business in Canada.

A “debtor company” is any company that is bankrupt or insolvent.

CCAA, s. 2(1)

4. Whether a company is insolvent is evaluated by reference to the definition of “insolvent person” in the BIA, which provides that:

insolvent person means a person who is not bankrupt and who resides, carries on business or has property in Canada, whose liabilities to creditors provable as claims under this Act amount to one thousand dollars, and:

- (a) who is for any reason unable to meet his obligations as they generally become due,
- (b) who has ceased paying his current obligations in the ordinary course of business as they generally become due, or
- (c) the aggregate of whose property is not, at a fair valuation, sufficient, or, if disposed of at a fairly conducted sale under legal process, would not be sufficient to enable payment of all his obligations, due and accruing due;

BIA, s. 2

5. In the context of the CCAA, this test has been interpreted expansively. If a company is “reasonably expected to run out of liquidity within a reasonable proximity of time as compared with the time reasonably required to implement a restructuring”, it is considered insolvent.

*Stelco Inc., Re*, 2004 CanLII 24933 (ON SC) at paras 21-26

See also, *Lemare Holdings Ltd., Re*, 2014 BCSC 893 at para 18

6. Section 3 of the CCAA includes affiliated debtor companies in the application of the CCAA. Pursuant to Section 3(2), this includes a company’s subsidiary. As demonstrated by the organizational chart of the Company shown above, the Petitioners are affiliated companies within the meaning of the CCAA.
7. Although the definition of “debtor company” in the CCAA does not include partnerships, courts have previously held that where a limited partnership is significantly interrelated to the business of the applicants and forms an integral part of its operations, the CCAA court may extend the stay of proceedings accordingly.

*Payless ShoeSource Canada Inc. (Re)*, 2019 ONSC 1215, at para 26

8. The Petitioners, including the limited partnerships, are functionally integrated in their operations and financially consolidated, with each of the Petitioners providing various combinations of cross guarantees and security to the various lenders of the Company.
9. Accordingly, the Petitioners are affiliated debtor companies and the CCAA applies to the Petitioners as:
  - (a) the Petitioners are corporations under provinces of Canada, partnerships registered in Canada, or corporations under US statutes and therefore companies under the CCAA;
  - (b) it is just and convenient to stay proceedings as the operations of the corporate Petitioners are so intertwined that it would significantly impair the effectiveness of a stay in respect of the Canadian Petitioners not to extend the same relief to the US Petitioners; and
  - (c) the Petitioners are subject to claims more than \$5 million. The Petitioners have insufficient cash flow to meet their needs. The Petitioners have run out of liquidity and are unable to meet their obligations as they become due.

***ii. The Court is the Appropriate Forum for these Proceedings***

10. A debtor company may bring an application under the CCAA in the province within which its head office or chief place of business is located. The Petitioners maintain the Vancouver Head Office. Accordingly, this Court is the appropriate forum.

CCAA, s. 9(1)

11. While the Company has offices and operations in both Canada and the United States, its centre of main interest is in Canada. The Company's operations are functionally and operationally integrated such that the US business is dependent on the Canadian business, and the key services provided by GDNP PubCo are for the benefit of the entire Company. The Company's executive level decision making is directed from the Vancouver Head Office, and all the Petitioners report to the Company's Chief Executive Officer at GDNP PubCo.

12. If the proposed Initial Order is granted, the Petitioners intend to commence the Chapter 15 Cases. This relief will ensure that actions taken in relation to US entities and US property, including by US creditors, are overseen by the US courts.

***B. The Relief Sought is Urgent***

13. Section 11 of the CCAA provides that:

[...] if an application is made under this Act in respect of a debtor company, the court, on the application of any person interested in the matter, may, subject to the restrictions set out in this Act, on notice to any other person or without notice as it may see fit, make any order that it considers appropriate in the circumstances.

CCAA, s. 11

14. The Initial Order is essentially being sought on an *ex parte* basis. The lack of notice is necessitated by the urgency of the Petitioners' need for the relief sought in the Petition, and the fact that GDNP PubCo is a publicly traded company. Provision of advance notice of the Petitioners' intention to seek CCAA relief could compromise the integrity of the public markets.

***C. The Stay of Proceedings is Appropriate***

15. This Court may grant a stay of proceedings of up to 10 days on an initial petition, provided it is satisfied that: (i) such a stay is appropriate; and (ii) the Petitioners have acted in good faith and with due diligence.

CCAA, ss. 11.02(1) and (3)

16. The primary purpose of the CCAA stay is to maintain the status quo for a period while the debtor company consults with its stakeholders with a view to continuing its operations for the benefit of its creditors.

*Re JTI-Macdonald Corp.*, 2019 ONSC 1625, at para 12

*Century Services Inc. v. Canada (Attorney General)*, 2010 SCC 60 at para 60

17. The threshold for a stay is low and a debtor company only has to satisfy this Court that a stay of proceedings would "usefully further" its efforts to reorganize. Jurisprudence from

the Supreme Court of Canada and this Court is clear that a sale under the CCAA is an appropriate use of the CCAA.

*Century Services Inc. v. Canada (Attorney General)*, 2010 SCC 60 at para 70

*9354-9186 Quebec Inc. v. Callidus Capital Corp.*, 2020 SCC 10 at paras 42 and 43

*North American Tungsten Corporation Ltd., Re*, 2015 BCSC 1376 at para 27

18. The stay of proceedings sought by the Petitioners is necessary for the Petitioners to preserve value while pursuing an investment or transaction for the benefit of stakeholders.
19. Further, all of the Petitioners are either borrowers or have guaranteed each other's secured debt obligations. Accordingly, a stay of proceedings is sought for all the Petitioners to avoid the patchwork of legal proceedings and enforcement that would otherwise occur.

***D. The Monitor Should be Appointed***

20. The Proposed Monitor is a licensed trustee within the meaning of section 2 of the BIA and has signed a consent to act as the Monitor of the Petitioners. The Proposed Monitor is qualified to act as Monitor under section 11.7 of the CCAA.

***E. The Statutory Requirements are Satisfied***

21. Section 10(2) of the CCAA provides that an initial application under the CCAA must be accompanied by:
  - (a) a statement indicating, on a weekly basis, the projected cash flow of the debtor company;
  - (b) a report containing the prescribed representations of the debtor company regarding the preparation of the cash-flow statement; and
  - (c) copies of all financial statements, audited or unaudited, prepared during the year before the application or, if no such statements were prepared in that year, a copy of the most recent such statement.

22. Each of these conditions have been satisfied based on the evidence provided in support of this Petition.

***F. The Other Charges are Appropriate***

23. The Petitioners are seeking charges that are usual and customary for a proceeding of this nature.

***i. Administration Charge***

24. The CCAA authorizes this Court to grant a priority charge over a debtor company's assets for professional fees and disbursements on notice to affected secured creditors.

CCAA, s. 11.52

25. Courts have recognized that, unless professional advisor fees are protected with the benefit of an administration charge, the objectives of the CCAA would be frustrated.

*Timminco Limited (Re)*, 2012 ONSC 506 at para 66

26. The factors to be considered in determining whether to approve an administration charge include:

- (a) the size and complexity of the business being restructured;
- (b) the proposed role of the beneficiaries of the charge;
- (c) whether there is an unwarranted duplication of roles;
- (d) whether the quantum of the proposed charge appears to be fair and reasonable;
- (e) the position of the secured creditors likely to be affected by the charge; and
- (f) the position of the monitor.

*Canwest Publishing Inc. / Publications Canwest Inc., Re*, 2010 ONSC 222, at para 54

Adopted by this Court in *Walter Energy Canada Holdings, Inc. (Re)*, 2016 BCSC 107 at para 42

27. The Petitioners seek the Administration Charge against the Property (as defined in the Initial Order) in the maximum amount of \$100,000 to secure the fees and disbursements incurred both before and after the commencement of this CCAA proceeding by legal counsel for the Petitioners, the Proposed Monitor, and legal counsel for the Proposed Monitor.
28. The Administration Charge is fair and reasonable given the size and complexity of the Petitioners' business, and the complexity of the restructuring proposed in this CCAA proceeding. The amount of the Administration Charge is limited to what is necessary for the Initial Stay Period and has been determined with guidance from the Proposed Monitor.

*ii. Directors' Charge*

29. Section 11.51 of the CCAA authorizes this Court to grant a priority charge to indemnify a debtor company's directors and officers on notice to its secured creditors. Directors' charges encourage directors and officers to remain in place, providing a potential stabilizing force for the company.

*Canwest Global Communications Corp (Re) (2009)*, 2009 CanLII 55114 at para 48

30. In deciding whether to grant a director's charge, Courts must be satisfied that:
  - (a) notice has been given to the likely affected secured creditors;
  - (b) the amount is appropriate;
  - (c) the Petitioners could not obtain adequate indemnification insurance for the directors and officers at a reasonable cost; and
  - (d) the charge does not apply to obligations incurred by a director or officer as a result of their gross negligence or willful misconduct.

*Canwest Global Communications Corp (Re) (2009)*, 2009 CanLII 55114 at para 48

*Jaguar Mining Inc, Re*, 2014 ONSC 494 at para 45



31. The Petitioners seek the Directors' Charge against the Property (as defined in the Initial Order) in favour of the Directors and Officers in the amount of \$400,000, to protect the Directors and Officers from the risk of significant personal exposure. As among the Charges, the Directors' Charge will rank second in priority, in accordance with the priority set out in the proposed Initial Order.
32. The Petitioners require the active involvement of their respective Directors and Officers during the CCAA proceedings, including with respect to approval of the ultimate Transaction entered into by the Company and any related tax structured transactions.
33. The quantum of the Directors' Charge is necessary to protect the Directors and Officers in the first 10 days of this CCAA proceeding, having regard to the potential personal liabilities that they may be exposed to in respect of the Company's obligations in the period before the Comeback Hearing. The Petitioners have worked with the Proposed Monitor to calculate the quantum of the Directors' Charge.

#### ***G. Foreign Recognition***

34. The Initial Order contemplates GDNP PubCo being authorized to act as the foreign representative and to apply for foreign recognition and approval of this CCAA proceeding, as necessary, in any jurisdiction outside of Canada, including the United States, pursuant to chapter 15 of the Bankruptcy Code.
35. Pursuant to section 56 of the CCAA, the Court has jurisdiction to make an order that allows the Petitioners or one of them to act as a representative in respect of any proceeding under the CCAA for the purpose of having them recognized in a jurisdiction outside of Canada.
36. The Company's executive level decision making is directed from Canada, and the US business does not operate independently of the Canadian business; however, certain of the Petitioners are incorporated and have operations and assets in the United States. In addition, the Petitioners have assets and contractual relationships with parties located in the United States. Accordingly, authorizing the Petitioners to seek recognition of the orders of this Court in the United States is appropriate and in the best interests of stakeholders.

**Part 4: MATERIAL TO BE RELIED ON**

1. First Affidavit of Paul Antoniadis made on June 27, 2024.
2. Such further and other material as counsel may advise and this Court may allow.

The Petitioners estimates that the hearing of the petition will take 1 hour.

Dated: June 27, 2024



Signature of lawyer for Petitioners

Christina  
Garton for:

Mary Buttery, K.C.

***To be completed by the court only:***

Order made

☐ in the terms requested in paragraphs ..... of Part 1 of this petition

☐ with the following variations and additional terms:

.....  
.....  
.....

Date: .....[dd/mm/yyyy].....

.....  
Signature of ☐ Judge ☐ Master

## **SCHEDULE A**

### ***A. Canadian Petitioners***

1. good natured Products Inc.
2. good natured Real Estate Holdings (Ontario) Inc.
3. 1306187 B.C. Ltd.
4. good natured Products (CAD) Inc.
5. good natured Products Packaging Canada GP Inc.
6. good natured Products Packaging Brampton GP Inc.
7. good natured Products Industrial Canada GP Inc.
8. good natured Products Packaging Canada LP
9. good natured Products Packaging Brampton LP
10. good natured Products Industrial Canada LP

### ***B. US Petitioners***

11. good natured Products (US) Inc.
12. good natured Products (Illinois), LLC
13. good natured Products Real Estate U.S., LLC
14. good natured Products Packaging US LLC
15. good natured Products Direct LLC
16. good natured Products (Texas) LLC

## SCHEDULE B

No. \_\_\_\_\_  
Vancouver Registry

### IN THE SUPREME COURT OF BRITISH COLUMBIA

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

AND

IN THE MATTER OF THE *BUSINESS CORPORATIONS ACT*,  
S.B.C. 2002, c.57, AS AMENDED

AND

IN THE MATTER OF GOOD NATURED PRODUCTS INC., & THOSE ENTITIES LISTED  
IN SCHEDULE "A"

PETITIONERS

### **ORDER MADE AFTER APPLICATION**

BEFORE THE HONOURABLE	)	
MADAM JUSTICE FITZPATRICK	)	2024/06/28
	)	

THE APPLICATION of the Petitioners coming on for hearing at Vancouver, British Columbia, on the 28<sup>th</sup> day of June, 2024 (the "**Order Date**"); AND ON HEARING Mary Buttery, counsel for the Petitioners and those other counsel listed on Schedule "B" hereto; AND UPON READING the material filed, including the First Affidavit of Paul Antoniadis sworn June 27, 2024 (the "**First Antoniadis Affidavit**") and the consent of Alvarez & Marsal Canada Inc. ("**A&M**") to act as Monitor; AND pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985 c. C-36 as amended (the "**CCAA**"), the British Columbia Supreme Court Civil Rules, BC Reg 168/2009 and the inherent jurisdiction of this Honourable Court;

THIS COURT ORDERS AND DECLARES THAT:

### **JURISDICTION**

1. The Petitioners are companies to which the CCAA applies.

## **SUBSEQUENT HEARING DATE**

2. The hearing of the Petitioners' application for an extension of the Stay Period (as defined in paragraph 15 of this Order) and for any ancillary relief shall be held at the Courthouse at 800 Smithe Street, Vancouver, British Columbia at \_\_\_\_\_.m. on \_\_\_\_\_, 2024 or such other date as this Court may order.

## **PLAN OF ARRANGEMENT**

3. The Petitioners shall have the authority to file and may, subject to further order of this Court, file with this Court a plan of compromise or arrangement (hereinafter referred to as the "**Plan**").

## **POSSESSION OF PROPERTY AND OPERATIONS**

4. Subject to this Order and any further Order of this Court, the Petitioners shall remain in possession and control of their current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate including all proceeds thereof (the "**Property**"), and continue to carry on their business (the "**Business**") in the ordinary course and in a manner consistent with the preservation of the Business and the Property. The Petitioners shall be authorized and empowered to continue to retain and employ the employees, consultants, agents, experts, accountants, counsel and such other persons (collectively, "**Assistants**") currently retained or employed by them, with liberty to retain such further Assistants as they deem reasonably necessary or desirable in the ordinary course of business or for carrying out the terms of this Order.

## Cash Management System

5. The Petitioners shall be entitled to continue to utilize the central cash management system currently in place as described in the First Antoniadis Affidavit or replace it with another substantially similar central cash management system (the "**Cash Management System**") and that any present or future bank providing the Cash Management System shall not be under any obligation whatsoever to inquire into the propriety, validity or legality of any transfer, payment, collection or other action taken under the Cash Management System, or as to the use or application by the Petitioners of funds transferred, paid, collected or otherwise dealt with in the Cash Management System, shall be entitled to provide the Cash Management System without any liability in respect thereof to any Person (as hereinafter defined) other than the Petitioners, pursuant to the terms of the documentation applicable to the Cash Management System, and shall be, in its capacity as provider of the Cash Management System, an unaffected creditor under the Plan with regard to any claims or expenses it may suffer or incur in connection with the provision of the Cash Management System.

6. The Petitioners shall be entitled, but not required, to pay the following expenses which may have been incurred prior to the Order Date:

- (a) all outstanding wages, salaries, employee and pension benefits (including long and short-term disability payments), vacation pay and expenses (but excluding severance pay) payable before or after the Order Date, in each case incurred in the ordinary course of business and consistent with the relevant compensation policies and arrangements existing at the time incurred (collectively "**Wages**"); and
- (b) the fees and disbursements of any Assistants retained or employed by the Petitioners which are related to the Petitioners' restructuring, at their standard rates and charges, including payment of the fees and disbursements of legal counsel retained by the Petitioners, whenever and wherever incurred, in respect of:
  - (i) these proceedings or any other similar proceedings in other jurisdictions in which the Petitioners or any subsidiaries or affiliated companies of the Petitioners are domiciled;

- (ii) any litigation in which the Petitioners are named as a party or are otherwise involved, whether commenced before or after the Order Date; and
- (iii) any related corporate matters.

7. Except as otherwise provided herein, the Petitioners shall be entitled to pay all expenses reasonably incurred by the Petitioners in carrying on the Business in the ordinary course following the Order Date, and in carrying out the provisions of this Order, which expenses shall include, without limitation:

- (a) all expenses and capital expenditures reasonably incurred and which are necessary for the preservation of the Property or the Business including, without limitation, payments on account of insurance (including directors' and officers' insurance), maintenance and security services, provided that any capital expenditure exceeding \$50,000 shall be approved by the Monitor;
- (b) all obligations incurred by the Petitioners after the Order Date, including without limitation, with respect to goods and services actually supplied to the Petitioners following the Order Date (including those under purchase orders outstanding at the Order Date but excluding any interest on the Petitioners' obligations incurred prior to the Order Date); and
- (c) fees and disbursements of the kind referred to in paragraph 6(b) which may be incurred after the Order Date.

8. The Petitioners are authorized to remit, in accordance with legal requirements, or pay:

- (a) any statutory deemed trust amounts in favour of the Crown in right of Canada or of any Province thereof or any other taxation authority which are required to be deducted from Wages, including, without limitation, amounts in respect of (i) employment insurance, (ii) Canada Pension Plan, (iii) Quebec Pension Plan, and (iv) income taxes or any such claims which are to be paid pursuant to Section 6(3) of the CCAA;

- (b) all goods and services or other applicable sales taxes (collectively, “**Sales Taxes**”) required to be remitted by the Petitioners in connection with the sale of goods and services by the Petitioners, but only where such Sales Taxes accrue or are collected after the Order Date, or where such Sales Taxes accrued or were collected prior to the Order Date but not required to be remitted until on or after the Order Date; and
- (c) any amount payable to the Crown in right of Canada or of any Province thereof or any political subdivision thereof or any other taxation authority in respect of municipal property taxes, municipal business taxes or other taxes, assessments or levies of any nature or kind which are entitled at law to be paid in priority to claims of secured creditors.

9. Until such time as a real property lease is disclaimed in accordance with the CCAA, the Petitioners shall pay all amounts constituting rent or payable as rent under real property leases (including, for greater certainty, common area maintenance charges, utilities and realty taxes and any other amounts payable as rent to the landlord under the lease) based on the terms of existing lease arrangements or as otherwise may be negotiated between the Petitioners and the landlord from time to time (“**Rent**”), for the period commencing from and including the Order Date, twice-monthly in equal payments on the first and fifteenth day of the month in advance (but not in arrears). On the date of the first of such payments, any Rent relating to the period commencing from and including Order Date shall also be paid.

10. Except as specifically permitted herein, the Petitioners are hereby directed, until further Order of this Court:

- (a) to make no payments of principal, interest thereon or otherwise on account of amounts owing by the Petitioners to any of their creditors as of the Order Date except as authorized by this Order;
- (b) to make no payments in respect of any financing leases which create security interests;



- (c) to grant no security interests, trust, mortgages, liens, charges or encumbrances upon or in respect of any of their Property, nor become a guarantor or surety, nor otherwise become liable in any manner with respect to any other person or entity except as authorized by this Order;
- (d) to not grant credit except in the ordinary course of the Business only to their customers for goods and services actually supplied to those customers, provided such customers agree that there is no right of set-off in respect of amounts owing for such goods and services against any debt owing by the Petitioners to such customers as of the Order Date; and
- (e) to not incur liabilities except in the ordinary course of Business.

## RESTRUCTURING

11. Subject to such requirements as are imposed by the CCAA, the Petitioners shall have the right to:

- (a) permanently or temporarily cease, downsize or shut down all or any part of their Business or operations and commence marketing efforts in respect of any of their redundant or non-material assets and to dispose of redundant or non-material assets not exceeding \$100,000 in any one transaction or \$500,000 in the aggregate;
- (b) terminate the employment of such of their employees or temporarily lay off such of their employees as they deem appropriate; and
- (c) pursue all avenues of refinancing for their Business or Property, in whole or part;

all of the foregoing to permit the Petitioners to proceed with an orderly restructuring of the Business (the "**Restructuring**").

12. The Petitioners shall provide each of the relevant landlords with notice of the Petitioners' intention to remove any fixtures from any leased premises at least seven (7) days prior to the date of the intended removal. The relevant landlord shall be entitled to have a representative present in the leased premises to observe such removal and, if the landlord disputes the Petitioners'

entitlement to remove any such fixture under the provisions of the lease, such fixture shall remain on the premises and shall be dealt with as agreed between any applicable secured creditors who claim a security interest in the fixtures, such landlord and the Petitioners, or by further Order of this Court upon application by the Petitioners, the landlord or the applicable secured creditors on at least two (2) clear days' notice to the other parties. If the Petitioners disclaims the lease governing such leased premises in accordance with Section 32 of the CCAA, they shall not be required to pay Rent under such lease pending resolution of any dispute concerning such fixtures (other than Rent payable for the notice period provided for in Section 32(5) of the CCAA), and the disclaimer of the lease shall be without prejudice to the Petitioners' claim to the fixtures in dispute.

13. If a notice of disclaimer is delivered pursuant to Section 32 of the CCAA, then: (a) during the period prior to the effective time of the disclaimer, the landlord may show the affected leased premises to prospective tenants during normal business hours on giving the Petitioners and the Monitor 24 hours' prior written notice; and (b) at the effective time of the disclaimer, the landlord shall be entitled to take possession of any such leased premises without waiver of or prejudice to any claims the landlord may have against the Petitioners, or any other rights the landlord might have, in respect of such lease or leased premises and the landlord shall be entitled to notify the Petitioners of the basis on which it is taking possession and gain possession of and re-lease such leased premises to any third party or parties on such terms as the landlord considers advisable, provided that nothing herein shall relieve the landlord of its obligation to mitigate any damages claimed in connection therewith.

14. Pursuant to Section 7(3)(c) of the *Personal Information Protection and Electronics Documents Act*, S.C. 2000, c. 5 and Section 18(1)(o) of the *Personal Information Protection Act*, S.B.C. 2003, c. 63, and any regulations promulgated under authority of either Act, as applicable (the "**Relevant Enactment**"), the Petitioners, in the course of these proceedings, are permitted to, and hereby shall, disclose personal information of identifiable individuals in their possession or control to stakeholders, their advisors, prospective investors, financiers, buyers or strategic partners (collectively, "**Third Parties**"), but only to the extent desirable or required to negotiate and complete the Restructuring or to prepare and implement the Plan or transactions for that purpose; provided that the Third Parties to whom such personal information is disclosed enter into

confidentiality agreements with the Petitioners binding them in the same manner and to the same extent with respect to the collection, use and disclosure of that information as if they were an organization as defined under the Relevant Enactment, and limiting the use of such information to the extent desirable or required to negotiate or complete the Restructuring or to prepare and implement the Plan or transactions for that purpose, and attorning to the jurisdiction of this Court for the purposes of that agreement. Upon the completion of the use of personal information for the limited purposes set out herein, the Third Parties shall return the personal information to the Petitioners or destroy it. If the Third Parties acquire personal information as part of the Restructuring or the preparation and implementation of the Plan or transactions in furtherance thereof, such Third Parties may, subject to this paragraph and any Relevant Enactment, continue to use the personal information in a manner which is in all respects identical to the prior use thereof by the Petitioners.

#### **STAY OF PROCEEDINGS, RIGHTS AND REMEDIES**

15. Until and including July 8, 2024, or such later date as this Court may order (the “**Stay Period**”), no action, suit or proceeding in any court or tribunal (each, a “**Proceeding**”) against or in respect of the Petitioners or the Monitor, or affecting the Business or the Property, shall be commenced or continued except with the written consent of the Petitioners and the Monitor or with leave of this Court, and any and all Proceedings currently under way against or in respect of the Petitioners or affecting the Business or the Property are hereby stayed and suspended pending further Order of this Court.

16. During the Stay Period, all rights and remedies of any individual, firm, corporation, governmental body or agency, or any other entities (all of the foregoing, collectively being “**Persons**” and each being a “**Person**”) against or in respect of the Petitioners or the Monitor, or affecting the Business or the Property, are hereby stayed and suspended except with the written consent of the Petitioners and the Monitor or leave of this Court.

17. Nothing in this Order, including paragraphs 15 and 16, shall: (i) empower the Petitioners to carry on any business which the Petitioners are not lawfully entitled to carry on; (ii) affect such investigations, actions, suits or proceedings by a regulatory body as are permitted by Section 11.1

of the CCAA; (iii) prevent the filing of any registration to preserve or perfect a mortgage, charge or security interest (subject to the provisions of Section 39 of the CCAA relating to the priority of statutory Crown securities); or (iv) prevent the registration or filing of a lien or claim for lien or the commencement of a Proceeding to protect lien or other rights that might otherwise be barred or extinguished by the effluxion of time, provided that no further step shall be taken in respect of such lien, claim for lien or Proceeding except for service of the initiating documentation on the Petitioners.

### **NO INTERFERENCE WITH RIGHTS**

18. During the Stay Period, no Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by the Petitioners, except with the written consent of the Petitioners and the Monitor or leave of this Court.

### **CONTINUATION OF SERVICES**

19. During the Stay Period, all Persons having oral or written agreements with the Petitioners or mandates under an enactment for the supply of goods and/or services, including without limitation all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation, services, utility or other services to the Business or the Petitioners, are hereby restrained until further Order of this Court from discontinuing, altering, interfering with, or terminating the supply of such goods or services as may be required by the Petitioners, and that the Petitioners shall be entitled to the continued use of their current premises, telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the Order Date are paid by the Petitioners in accordance with normal payment practices of the Petitioners or such other practices as may be agreed upon by the supplier or service provider and the Petitioners and the Monitor, or as may be ordered by this Court.

## **NON-DEROGATION OF RIGHTS**

20. Notwithstanding any provision in this Order, no Person shall be prohibited from requiring immediate payment for goods, services, use of leased or licensed property or other valuable consideration provided on or after the Order Date, nor shall any Person be under any obligation to advance or re-advance any monies or otherwise extend any credit to the Petitioners on or after the Order Date. Nothing in this Order shall derogate from the rights conferred and obligations imposed by the CCAA.

## **PROCEEDINGS AGAINST DIRECTORS AND OFFICERS**

21. During the Stay Period, and except as permitted by subsection 11.03(2) of the CCAA, no Proceeding may be commenced or continued against the directors or officers of the Petitioners with respect to any claim against the directors or officers that arose before the date hereof and that relates to any obligations of the Petitioners whereby the directors or officers are alleged under any law to be liable in their capacity as directors or officers for the payment or performance of such obligations, until a compromise or arrangement in respect of the Petitioners, if one is filed, is sanctioned by this Court or is refused by the creditors of the Petitioners or this Court. Nothing in this Order, including in this paragraph, shall prevent the commencement of a Proceeding to preserve any claim against a director or officer of the Petitioners that might otherwise be barred or extinguished by the effluxion of time, provided that no further step shall be taken in respect of such Proceeding except for service of the initiating documentation on the applicable director or officer.

## **DIRECTORS AND OFFICERS INDEMNIFICATION AND CHARGE**

22. The Petitioners shall indemnify their directors and officers against obligations and liabilities that they may incur as directors or officers of the Petitioners after the commencement of the within proceedings, except to the extent that, with respect to any director or officer, the obligation or liability was incurred as a result of the director's or officer's gross negligence or wilful misconduct.

23. The directors and officers of the Petitioners shall be entitled to the benefit of and are hereby granted a charge (the “**Directors’ Charge**”) on the Property, which charge shall not exceed an aggregate amount of \$400,000, as security for the indemnity provided in paragraph 22 of this Order. The Directors’ Charge shall have the priority set out in paragraphs 40 and 42 herein.

24. Notwithstanding any language in any applicable insurance policy to the contrary, (a) no insurer shall be entitled to be subrogated to or claim the benefit of the Directors’ Charge, and (b) the Petitioners’ directors and officers shall only be entitled to the benefit of the Directors’ Charge to the extent that they do not have coverage under any directors’ and officers’ insurance policy, or to the extent that such coverage is insufficient to pay amounts indemnified in accordance with paragraph 22 of this Order.

#### **APPOINTMENT OF MONITOR**

25. A&M is hereby appointed pursuant to the CCAA as the Monitor, an officer of this Court, to monitor the business and financial affairs of the Petitioners with the powers and obligations set out in the CCAA or set forth herein, and that the Petitioners and their shareholders, officers, directors, and Assistants shall advise the Monitor of all material steps taken by the Petitioners pursuant to this Order, and shall co-operate fully with the Monitor in the exercise of its powers and discharge of its obligations and provide the Monitor with the assistance that is necessary to enable the Monitor to adequately carry out the Monitor's functions.

26. The Monitor, in addition to its prescribed rights and obligations under the CCAA, is hereby directed and empowered to:

- (a) monitor the Petitioners’ receipts and disbursements;
- (b) report to this Court at such times and intervals as the Monitor may deem appropriate with respect to matters relating to the Property, the Business, and such other matters as may be relevant to the proceedings herein;

- (c) advise the Petitioners in their development of the Plan and any amendments to the Plan;
- (d) assist the Petitioners, to the extent required by the Petitioners, with the holding and administering of creditors' or shareholders' meetings for voting on the Plan;
- (e) have full and complete access to the Property, including the premises, books, records, data, including data in electronic form, and other financial documents of the Petitioners, to the extent that is necessary to adequately assess the Petitioners' business and financial affairs or to perform its duties arising under this Order;
- (f) be at liberty to engage independent legal counsel or such other persons as the Monitor deems necessary or advisable respecting the exercise of its powers and performance of its obligations under this Order; and
- (g) perform such other duties as are required by this Order or by this Court from time to time.

27. The Monitor shall not take possession of the Property and shall take no part whatsoever in the management or supervision of the management of the Business and shall not, by fulfilling its obligations hereunder, or by inadvertence in relation to the due exercise of powers or performance of duties under this Order, be deemed to have taken or maintained possession or control of the Business or Property, or any part thereof, and nothing in this Order shall be construed as resulting in the Monitor being an employer or a successor employer, within the meaning of any statute, regulation or rule of law or equity, for any purpose whatsoever.

28. Nothing herein contained shall require or allow the Monitor to occupy or to take control, care, charge, possession or management (separately and/or collectively, "**Possession**") of any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination

including, without limitation, the *Canadian Environmental Protection Act*, the *Fisheries Act*, the British Columbia *Environmental Management Act*, the British Columbia *Fish Protection Act* and regulations thereunder and any other provincial or federal equivalent thereof (the "**Environmental Legislation**"), provided however that nothing herein shall exempt the Monitor from any duty to report or make disclosure imposed by applicable Environmental Legislation. For greater certainty, the Monitor shall not, as a result of this Order or anything done in pursuance of the Monitor's duties and powers under this Order, be deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation, unless it is actually in possession.

29. The Monitor shall provide any creditor of the Petitioners with information provided by the Petitioners in response to reasonable requests for information made in writing by such creditor addressed to the Monitor. The Monitor shall not have any responsibility or liability with respect to the information disseminated by it pursuant to this paragraph. In the case of information that the Monitor has been advised by the Petitioners is confidential, the Monitor shall not provide such information to creditors unless otherwise directed by this Court or on such terms as the Monitor and the Petitioners may agree.

30. In addition to the rights and protections afforded the Monitor under the CCAA or as an officer of this Court, the Monitor shall incur no liability or obligation as a result of its appointment or the carrying out of the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part. Nothing in this Order shall derogate from the rights and protections afforded the Monitor by the CCAA or any applicable legislation.

#### **ADMINISTRATION CHARGE**

31. The Monitor, counsel to the Monitor, if any, and counsel to the Petitioners shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges, by the Petitioners as part of the cost of these proceedings. The Petitioners are hereby authorized and directed to pay the accounts of the Monitor, counsel to the Monitor and counsel to the Petitioners on a periodic basis.



32. The Monitor and its legal counsel shall pass their accounts from time to time, and for this purpose the accounts of the Monitor and its legal counsel are hereby referred to a judge of the British Columbia Supreme Court who may determine the manner in which such accounts are to be passed, including by hearing the matter on a summary basis or referring the matter to a Registrar of this Court.

33. The Monitor, counsel to the Monitor, and counsel to the Petitioners shall be entitled to the benefit of and are hereby granted a charge (the “**Administration Charge**”) on the Property, which charge shall not exceed an aggregate amount of \$100,000, as security for their respective fees and disbursements incurred at the standard rates and charges of the Monitor and such counsel, both before and after the making of this Order which are related to the Petitioners’ restructuring. The Administration Charge shall have the priority set out in paragraphs 40 and 42 hereof.

#### **VALIDITY AND PRIORITY OF CHARGES CREATED BY THIS ORDER**

34. The priorities of the Administration Charge and the Directors’ Charge, as among them, shall be as follows:

First – Administration Charge (to the maximum amount of \$100,000); and

Second – Directors’ Charge (to the maximum amount of \$400,000).

35. Any security documentation evidencing, or the filing, registration or perfection of, the Administration Charge and the Directors’ Charge (collectively, the “**Charges**”) shall not be required, and that the Charges shall be effective as against the Property and shall be valid and enforceable for all purposes, including as against any right, title or interest filed, registered or perfected subsequent to the Charges coming into existence, notwithstanding any failure to file, register or perfect any such Charges.

36. Each of the Charges shall constitute a mortgage, security interest, assignment by way of security and charge on the Property and such Charges shall rank in priority to all other security interests, trusts, liens, mortgages, charges and encumbrances and claims of secured creditors, statutory or otherwise (collectively, “**Encumbrances**”), in favour of any Person, save and except those claims contemplated by section 11.8(8) of the CCAA.

37. Except as otherwise expressly provided herein, or as may be approved by this Court, the Petitioners shall not grant or suffer to exist any Encumbrances over any Property that rank in priority to, or *pari passu* with the Charges, unless the Petitioners obtain the prior written consent of the Monitor and the beneficiaries of the Administration Charge and the Director's Charge.

38. The Charges shall not be rendered invalid or unenforceable and the rights and remedies of the chargees entitled to the benefit of the Charges (collectively, the "**Chargees**") shall not otherwise be limited or impaired in any way by (a) the pendency of these proceedings and the declarations of insolvency made herein; (b) any application(s) for bankruptcy order(s) issued pursuant to the BIA, or any bankruptcy order made pursuant to such applications; (c) the filing of any assignments for the general benefit of creditors made pursuant to the BIA; (d) the provisions of any federal or provincial statutes; or (e) any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation of Encumbrances, contained in any existing loan documents, lease, mortgage, security agreement, debenture, sublease, offer to lease or other agreement (collectively, an "**Agreement**") which binds the Petitioners; and notwithstanding any provision to the contrary in any Agreement:

- (a) the creation of the Charges shall not create or be deemed to constitute a breach by the Petitioners of any Agreement to which they are a party;
- (b) none of the Chargees shall have any liability to any Person whatsoever as a result of any breach of any Agreement caused by or resulting from the creation of the Charges; and
- (c) the payments made by the Petitioners pursuant to this Order and the granting of the Charges do not and will not constitute preferences, fraudulent conveyances, transfers at undervalue, oppressive conduct, or other challengeable or voidable transactions under any applicable law.

39. Any Charge created by this Order over leases of real property in Canada shall only be a Charge in the Petitioners' interest in such real property leases.

## SERVICE AND NOTICE

40. The Monitor shall (i) without delay, publish in the *Globe and Mail* (National Edition) a notice containing the information prescribed under the CCAA, (ii) within five days after Order Date, (A) make this Order publicly available in the manner prescribed under the CCAA, (B) send, in the prescribed manner, a notice to every known creditor who has a claim against the Petitioners of more than \$1000, and (C) prepare a list showing the names and addresses of those creditors and the estimated amounts of those claims, and make it publicly available in the prescribed manner, all in accordance with Section 23(1)(a) of the CCAA and the regulations made thereunder.

41. The Petitioners and the Monitor are at liberty to serve this Order, any other materials and orders in these proceedings, any notices or other correspondence, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery or electronic transmission to the Petitioners' creditors or other interested parties at their respective addresses as last shown on the records of the Petitioners and that any such service or notice by courier, personal delivery or electronic transmission shall be deemed to be received on the next business day following the date of forwarding thereof, or if sent by ordinary mail, on the third business day after mailing.

42. Any Person that wishes to be served with any application and other materials in these proceedings must deliver to the Monitor by way of ordinary mail, courier, personal delivery or electronic transmission a request to be added to a service list (the "**Service List**") to be maintained by the Monitor. The Monitor shall post and maintain an up-to-date form of the Service List on its website at: <https://www.alvarezandmarsal.com/goodnatured>.

43. Any party to these proceedings may serve any court materials in these proceedings by emailing a PDF or other electronic copy of such materials to counsels' email addresses as recorded on the Service List from time to time, and the Monitor shall post a copy of all prescribed materials on its website at: <https://www.alvarezandmarsal.com/goodnatured>.

44. Notwithstanding paragraphs 47 and 49 of this Order, service of the Petition, the Notice of Hearing of Petition, any affidavits filed in support of the Petition and this Order shall be made on the Federal and British Columbia, Alberta, Saskatchewan, Manitoba and Ontario Crowns in

accordance with the *Crown Liability and Proceedings Act*, R.S.C. 1985, c. C-50, and regulations thereto, in respect of the Federal Crown, the *Crown Proceeding Act*, R.S.B.C. 1996, c. 89, in respect of the British Columbia Crown, the *Proceedings Against the Crown Act*, R.S.A. 2000, c. P-25, in respect of the Alberta Crown, the *Proceedings Against the Crown Act, 2019*, S.S. 2019, c. P-27.01, in respect of the Saskatchewan Crown, the *Proceedings Against the Crown Act*, C.C.S.M. c. P140, in respect of the Manitoba Crown, and the *Crown Liability and Proceedings Act*, S.O. 2019 c.7, Sch 17, in respect of the Ontario Crown.

## GENERAL

45. The Petitioners or the Monitor may from time to time apply to this Court for directions in the discharge of their powers and duties hereunder.

46. Nothing in this Order shall prevent the Monitor from acting as an interim receiver, a receiver, a receiver and manager, or a trustee in bankruptcy of the Petitioners, the Business or the Property.

47. This court requests the aid and recognition of other Canadian and foreign Courts, tribunal, regulatory or administrative bodies, including any Court or administrative tribunal of any federal or State Court or administrative body in the United States of America, to act in aid of and to be complementary to this Court in carrying out the terms of this Order where required. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Petitioners and to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Monitor in any foreign proceeding, or to assist the Petitioners and the Monitor and their respective agents in carrying out the terms of this Order.

48. good natured Products Inc. is hereby authorized and empowered to act as the foreign representative (the “**Foreign Representative**”) in respect of these proceedings for the purpose of having these proceedings recognized in a foreign jurisdiction and to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order and the Foreign Representative is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having

these proceedings recognized in a jurisdiction outside Canada, including acting as a foreign representative of the Petitioners to apply to the United States Bankruptcy Court for relief pursuant to Chapter 15 of the *United States Bankruptcy Code*, 11 U.S.C., §§ 101 – 1532, as amended.

49. Each of the Petitioners and the Monitor be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order and the Monitor is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.

50. The Petitioners may (subject to the provisions of the CCAA and the BIA) at any time file a voluntary assignment in bankruptcy or a proposal pursuant to the commercial reorganization provisions of the BIA if and when the Petitioners determine that such a filing is appropriate.

51. The Petitioners are hereby at liberty to apply for such further interim or interlocutory relief as they deem advisable within the time limited for Persons to file and serve Responses to the Petition.

52. Leave is hereby granted to hear any application in these proceedings on two (2) clear days' notice after delivery to all parties on the Service List of such Notice of Application and all affidavits in support, subject to the Court in its discretion further abridging or extending the time for service.

53. Any interested party (including the Petitioners and the Monitor) may apply to this Court to vary or amend this Order on not less than seven (7) days' notice to all parties on the Service List and to any other party or parties likely to be affected by the order sought or upon such other notice, if any, as this Court may order.

54. Endorsement of this Order by counsel appearing on this application is hereby dispensed with.

55. This Order and all of its provisions are effective as of 12:01 a.m. local Vancouver time on the Order Date.

THE FOLLOWING PARTIES APPROVE THE FORM OF THIS ORDER AND CONSENT TO EACH OF THE ORDERS, IF ANY, THAT ARE INDICATED ABOVE AS BEING BY CONSENT:

\_\_\_\_\_  
Signature of

☐ Party ☒ Lawyer for the Petitioners

\_\_\_\_\_  
Mary Buttery, K.C.

\_\_\_\_\_  
Signature of

☐ Party ☐ Lawyer for <name of party(ies)>

\_\_\_\_\_  
Name

BY THE COURT

\_\_\_\_\_  
REGISTRAR

## **Schedule “A”**

### ***Canadian Petitioners***

1. good natured Products Inc.
2. good natured Real Estate Holdings (Ontario) Inc.
3. 1306187 B.C. Ltd.
4. good natured Products (CAD) Inc.
5. good natured Products Packaging Canada GP Inc.
6. good natured Products Packaging Brampton GP Inc.
7. good natured Products Industrial Canada GP Inc.
8. good natured Products Packaging Canada LP
9. good natured Products Packaging Brampton LP
10. good natured Products Industrial Canada LP

### ***US Petitioners***

11. good natured Products (US) Inc.
12. good natured Products (Illinois), LLC
13. good natured Products Real Estate U.S., LLC
14. good natured Products Packaging US LLC
15. good natured Products Direct LLC
16. good natured Products (Texas) LLC

## **Schedule “B”**

### **Appearance List**

<b>NAME</b>	<b>APPEARING FOR</b>
<b>Osler, Hoskin &amp; Harcourt LLP</b> Suite 3000, Bentall Four 1055 Dunsmuir Street Vancouver BC V7X 1K8  Mary Buttery, K.C. Christian Garton	The Petitioners
<b>McCarthy Tétrault</b> 745 Thurlow Street Suite 2400 Vancouver, BC V6E 0C5  Lance Williams	The Proposed Monitor, Alvarez & Marsal Canada Inc.