



No. S 244212  
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

**FOURTH REPORT OF THE MONITOR**

**ALVAREZ & MARSAL CANADA INC.**

**OCTOBER 16, 2024**



ALVAREZ & MARSAL

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## 1.0 INTRODUCTION

- 1.1 On June 28, 2024, good natured Products Inc., good natured Real Estate Holdings (Ontario) Inc., 1306187 B.C. Ltd., good natured Products (CAD) Inc., good natured Products Packaging Canada GP Inc., good natured Products Packaging Brampton GP Inc., good natured Products Industrial Canada GP Inc., good natured Products Packaging Canada LP, good natured Products Packaging Brampton LP, good natured Products Industrial Canada LP, good natured Products (US) Inc., good natured Products (Illinois), LLC, good natured Products Real Estate U.S., LLC, good natured Products Packaging US LLC, good natured Products Direct LLC, good natured Products (Texas) LLC (collectively, the “**Petitioners**”) were granted an initial order (the “**Initial Order**”) by this Honourable Court to commence proceedings (the “**CCAA Proceedings**”) under the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “**CCAA**”).
- 1.2 Among other things, the Initial Order afforded the Petitioners an initial stay of proceedings up to and including July 8, 2024 (the “**Stay Period**”) and appointed Alvarez & Marsal Canada Inc. (“**A&M**”) as monitor of the Petitioners during the CCAA Proceedings (in such capacity, the “**Monitor**”).
- 1.3 On July 1, 2024, good natured Products Inc., as foreign representative, filed petitions for recognition of the CCAA Proceedings as the “foreign main” proceeding under Chapter 15 of the U.S. Bankruptcy Code in the United States Bankruptcy Court for the Northern District of Illinois, Jointly Administered Case No. 24-80891.
- 1.4 On July 8, 2024, this Honourable Court granted an Amended and Restated Initial Order (the “**ARIO**”), which, among other things:
- a) increased the Administration Charge from \$100,000 to \$250,000; and
  - b) extended the Stay Period to July 11, 2024.
- 1.5 On July 10, 2024, this Honourable Court granted an order (the “**July 10 Order**”):
- a) extending the Stay Period until and including October 25, 2024;
  - b) authorizing the Petitioners to obtain interim financing (the “**DIP Financing**”) from Wells Fargo Capital Finance Corporation Canada (“**Wells Fargo**”) under the Ninth Amendment to Credit Agreement and Forbearance (the “**Ninth Amendment**”), which amended the Petitioners’ existing credit agreement with Wells Fargo, and granted a charge on the Property (as such term is defined in the Initial Order, but excluding certain owned real estate) in respect of the DIP Financing;

- c) approving a sale and investment solicitation process (the “**SISP**”) and authorizing the Petitioners to implement the SISP pursuant to its terms; and
  - d) 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.
- 1.6 On July 11, 2024, this Honourable Court granted an order (the “**July 11 Order**”) appointing Capital West Partners as the sales agent of the Petitioners to implement and carry out duties under the SISP (in such capacity, the “**Sales Agent**”), granting the Sales Agent the benefit of a charge on certain property of the Petitioners to secure its work fees (the “**Work Fee Charge**”), and granting the Sales Agent the benefit of a charge on the proceeds derived from the sale for its success fee (the “**Success Fee Charge**”).
- 1.7 On August 29, 2024, this Honourable Court granted an order approving a Key Employee Retention Plan (the “**KERP**”) and the corresponding charge over certain property of the Petitioners to secure the KERP obligations (the “**KERP Charge**”).
- 1.8 On October 11, 2024, the Petitioners filed an application seeking approval of a further extension of the Stay Period through to October 31, 2024 (the “**Stay Extension Order**”).
- 1.9 Further information regarding the CCAA Proceedings, including the Initial Order, affidavits, reports of the Monitor and all other Court-filed documents and notices are available on the Monitor’s website at [www.alvarezandmarsal.com/goodnatured](http://www.alvarezandmarsal.com/goodnatured) (the “**Monitor’s Website**”).

## **2.0 PURPOSE OF REPORT**

- 2.1 This report (the “**Fourth Report**”) has been prepared by A&M in its capacity as Monitor of the Petitioners in the CCAA Proceedings, and to provide information to this Honourable Court in respect of the following:
- a) an overview of the Monitor’s activities to date;
  - b) certain operational updates;
  - c) a comparison of the actual receipts and disbursements of the Petitioners as compared to the statement of projected cash flow for the period from June 29, 2024, to October 4, 2024 (the “**Second Forecast Period**”);
  - d) an updated cash flow forecast for the period October 5, 2024 to October 31, 2024 (the “**Third CCAA Cash Flow Forecast**”);
  - e) the SISP; and



f) the Monitor's conclusions and recommendations in connection with the foregoing.

- 2.2 The Fourth Report should be read in conjunction with the materials filed by the Petitioners for the Stay Extension Order as background information contained in the Petitioners' materials has not been included herein to avoid unnecessary duplication.

### **3.0 TERMS OF REFERENCE**

- 3.1 In preparing this report, A&M has necessarily relied upon unaudited financial and other information supplied, and representations made to it, by certain senior management of the Petitioners ("**Management**"). Although this information has been subject to review, A&M has not conducted an audit nor otherwise attempted to verify the accuracy or completeness of any of the information prepared by Management, or otherwise provided by the Petitioners. Accordingly, A&M expresses no opinion and does not provide any other form of assurance on the accuracy and/or completeness of any information contained in this report, or otherwise used to prepare this report.
- 3.2 Certain of the information referred to in this report consists of financial forecasts and/or projections prepared by Management. An examination or review of financial forecasts and projections and procedures as outlined by the Chartered Professional Accountants of Canada has not been performed. Readers are cautioned that since financial forecasts and/or projections are based upon assumptions about future events and conditions that are not ascertainable, actual results will vary from those forecasts and/or projected and the variations could be significant.
- 3.3 Unless otherwise stated, all monetary amounts contained in this Fourth Report are expressed in Canadian dollars.

### **4.0 ACTIVITIES OF THE MONITOR**

- 4.1 Since the date of the First Report of the Monitor dated July 5, 2024, the Monitor's activities have included the following:

#### **Preparation and Review of Court Application Materials**

- a) reviewing draft Court application materials and providing comments to the Petitioners' legal counsel, Osler, Hoskin & Harcourt LLP ("**Osler**");
- b) preparing the Second Report of the Monitor dated July 11, 2024, the Third Report of the Monitor dated August 27, 2024, and this Fourth Report;

### **Monitoring of Cash Receipts & Disbursements**

- c) reviewing weekly cash flow, covenant and borrowing base reporting required pursuant to the terms of the Ninth Amendment and attending weekly meetings with Wells Fargo and its advisors;
- d) reviewing weekly funding requests under the Ninth Amendment prepared by Management and attending discussions with Wells Fargo and its advisors regarding the same;

### **SISP**

- e) reviewing the confidential information memorandum, teaser, list of potential buyers and other information to be made available in the virtual data room by the Sales Agent in respect of the SISP;
- f) numerous communications and meetings with Management, the Monitor's legal counsel, Osler, Wells Fargo and the Sales Agent regarding the SISP;
- g) reviewing non-binding letters of intent ("LOIs") under Phase I of the SISP and assessing qualifying parties invited into Phase II of the SISP;
- h) reviewing Qualified Final Bids (subsequently defined) in Phase II of the SISP and advancing the Sale Agreement (subsequently defined);
- i) providing copies of the LOIs and Qualified Final Bids to Wells Fargo, the Royal Bank of Canada, Toronto-Dominion Bank and Export Development Canada in accordance with the SISP;
- j) attending discussions with qualifying parties and their advisors in respect of advancing bids;

### **Communications with Stakeholders**

- k) attending to various discussions with Management, Osler and the Petitioners' board of directors regarding communications to employees and vendors;
- l) attending to discussions with select customers in respect of the CCAA Proceedings and the SISP milestones;

### **Creditor and Other Stakeholder Matters**

- m) reviewing analysis from the Petitioners supporting the disclaimer of a lease for the Sheldon Property (subsequently defined);
- n) executing a disclaimer notice for the Sheldon Property (subsequently defined);

- o) reviewing the terms of the KERP;
- p) responding to inquiries from creditors and shareholders; and

#### **Statutory and Other Responsibilities**

- q) posting filed court materials as they become available to the Monitor's Website.

### **5.0 OPERATIONAL UPDATES**

- 5.1 In an effort to improve profitability and achieve operational efficiency, Management, in consultation with the Monitor, conducted an analysis of each of their leased properties to determine if there was potential for cost savings.
- 5.2 A vacant warehouse not being utilized by the Petitioners as of the Filing Date was identified as a potential opportunity to reduce leasing expenses. The vacant warehouse is located at 320 Sheldon Drive, Cambridge, Ontario (the "**Sheldon Property**").
- 5.3 The lease agreement for the Sheldon Property dated October 18, 2021, was disclaimed effective October 10, 2024, in accordance with section 32(5)(a) of the CCAA.

### **6.0 ACTUAL CASH FLOW RESULTS COMPARED TO THE SECOND CCAA CASH FLOW FORECAST**

- 6.1 Pursuant to the DIP Financing and consistent with the ongoing oversight and monitoring of the business and financial affairs of the Petitioners, the Monitor has established a weekly cash flow review protocol with the Petitioners and Management to compare actual cash flows against the cash flow projections for the period from June 29 to October 25, 2024 (the "**Second CCAA Cash Flow Forecast**").
- 6.2 The Petitioners' actual cash receipts and disbursements compared to the Second CCAA Cash Flow Forecast during the period from June 29, 2024 to October 4, 2024 (the "**Reporting Period**") is summarized below:



**GDP Group**  
**Cash flow forecast for the period June 29 to October 4, 2024**  
**\$'000CAD**

	For the 14-weeks ended October 4, 2024		
	Actual	Forecast	Variance
<b>Receipts</b>			
Trade Receipts	\$ 14,107	\$ 15,575	\$ (1,468)
Total Receipts	14,107	15,575	(1,468)
<b>Disbursements</b>			
Raw Materials	8,159	9,651	1,493
Direct Labour	1,366	1,868	502
COGS Overhead	558	764	207
Fulfillment	1,077	1,529	451
Payroll, benefits and payroll taxes	2,722	2,333	(389)
Rent	254	307	53
Utilities	555	699	144
Insurance	334	314	(20)
Sales, general and administration	729	1,174	445
Key Employee Retention Plan	-	125	125
Total Disbursements	15,754	18,764	3,010
<b>Other Disbursements</b>			
Capex - maintenance	181	225	44
Professional Fees	893	1,653	760
Interim Financing fees and interest	-	375	375
Sales agent fees	159	225	66
<b>Total Financing and Professional Fees</b>	<b>1,232</b>	<b>2,478</b>	<b>1,246</b>
<b>Net Cash Flow</b>	<b>\$ (2,879)</b>	<b>\$ (5,666)</b>	<b>\$ 2,788</b>
<b>Opening cash balance</b>	<b>1,440</b>	<b>1,440</b>	<b>-</b>
Net Cash Flow	(2,879)	(5,666)	2,788
Net Advances	3,034	4,832	(1,798)
<b>Closing cash balance</b>	<b>1,595</b>	<b>606</b>	<b>990</b>
<b>Continuity of Financing</b>			
<u>Revolving credit facility</u>			
Opening revolver balance	\$ 9,851	\$ 9,851	\$ -
Cash receipts	(10,526)	(9,851)	674
Lender adjustments <sup>1</sup>	1,036	-	(1,036)
Ending revolver balance	361	(0)	(361)
<u>DIP Financing</u>			
Opening balance	-	-	-
Draws/(repayment)	13,571	14,081	510
Ending DIP Financing Balance	13,571	14,081	510
<b>Total Financing</b>	<b>\$ 13,932</b>	<b>\$ 14,081</b>	<b>\$ 148</b>

Notes:

1. Includes opening balance adjustments, fees, interest and professional fees levied by Wells Fargo.

- 6.3 During the Reporting Period, the Petitioners experienced a net favorable cash flow variance of \$2.8 million, primarily the result of the following:



- a) trade receipts were \$1.5 million lower over the Reporting Period due to lower than forecast sales;
  - b) disbursements for raw materials, direct labour, COGS overhead and fulfillment were collectively \$2.7 million lower than forecast due to lower than anticipated sales volume and corresponding production plan changes;
  - c) sales, general and administrative costs were collectively \$445,000 lower than forecast due to both timing and permanent variances resulting from the deferral and/or discontinuation of certain services;
  - d) the lower than forecast disbursements were slightly offset by payroll disbursements, which were \$389,000 higher than forecast; and
  - e) disbursements for professional fees and interim financing fees and interest have been \$1.1 million lower than forecast, largely due to interest and Wells Fargo's advisor fees being applied directly against the Revolving Credit Facility balance.
- 6.4 The closing cash balance was \$990,000 higher than forecast due to unremitted collections caused by timing differences.
- 6.5 As at October 4, 2024, the total indebtedness of the Petitioners owing to Wells Fargo was \$148,000 lower than forecast, with DIP Financing draws of \$13.6 million, and \$361,000 drawn against the revolving credit facility, resulting in total borrowings of \$13.9 million.

## **7.0 THE SISP**

- 7.1 The Sales Agent commenced the SISP on July 18, 2024. During Phase I, the Sales Agent contacted 165 parties, 49 of which executed the Confidentiality Agreement and were invited to the data room (the "**Qualified Bidders**").
- 7.2 Over the course of Phase I, the Sales Agent and the Petitioners responded to diligence requests and questions from Qualified Bidders.
- 7.3 The SISP Phase I deadline for submissions of the non-binding Letters of Intent ("**LOIs**") was August 22, 2024, where seven bids were received, and four bidders were invited into Phase II.
- 7.4 As at the final bid deadline of September 17, 2024 (as extended by the Company and the Monitor, with the required approval of Wells Fargo), the Sales Agent received one definitive bid, with an additional bid submitted subsequent to the final bid deadline (collectively, the "**Qualified Final Bids**").

- 7.5 Upon receipt of the Qualified Final Bids, the Petitioners along with Osler and the Monitor evaluated the Qualified Final Bids and entered into discussions with the Sales Agent, Wells Fargo and the other secured lenders to select a Winning Bid (as defined in the SISP).
- 7.6 On September 30, 2024, a Winning Bid was selected and the party that submitted the Winning Bid (the “**Purchaser**”) was notified.
- 7.7 A deposit to the Monitor’s satisfaction was collected and deposited into the Monitor’s trust account on October 8, 2024.
- 7.8 The Petitioners, the Monitor and the Sales Agent are continuing to advance the Winning Bid, which is planned to culminate in a definitive sale agreement (the “**Sale Agreement**”), and then return to this Honorable Court for approval of the proposed transaction in the coming days.

## **8.0 UPDATED CASH FLOW FORECAST**

- 8.1 The Third CCAA Cash Flow Forecast has been prepared by Management in consultation with the Monitor for the period from October 5, 2024 to October 31, 2024 (the “**Third Forecast Period**”). The Third CCAA Cash Flow Forecast is attached herewith as Appendix “A” along with accompanying notes and assumptions. A summary of the Third CCAA Cash Flow Forecast is tabled below:

<b>GDP Group</b> <b>Cash flow forecast for the period October 5 to October 31, 2024</b> <b>\$'000CAD</b>	
	<b>4 Weeks</b>
<b>Receipts</b>	
Trade Receipts	\$ 3,502
<b>Total Receipts</b>	<b>3,502</b>
<b>Disbursements</b>	
Raw Materials	1,785
Direct Labour	429
COGS Overhead	107
Fulfillment	194
Payroll, benefits and payroll taxes	669
Utilities	192
Insurance	151
Sales, general and administration	115
Key Employee Retention Plan	125
<b>Total Disbursements</b>	<b>3,767</b>
<b>Other Disbursements</b>	
Professional Fees	306
Sales agent fees	75
<b>Total Financing and Professional Fees</b>	<b>381</b>
<b>Net Cash Flow</b>	<b>\$ (646)</b>
<b>Opening cash balance</b>	<b>1,595</b>
Net Cash Flow	(646)
Net Advances	96
<b>Closing cash balance</b>	<b>1,045</b>
<b>Continuity of Financing</b>	
<u>Revolving credit facility</u>	
Opening revolver balance	\$ (361)
Cash receipts	-
Ending revolver balance	(361)
<u>DIP Financing</u>	
Opening balance	(13,571)
Net Repayment/(draws)	(96)
Ending DIP Financing Balance	(13,667)
<b>Total Financing</b>	<b>\$ (14,029)</b>

- 8.2 The Third CCAA Cash Flow Forecast projects that the Petitioners will experience a net cash outflow of \$646,000 over the Third Forecast Period and is based on the following key assumptions:
- trade receipts for sales are forecast based on current accounts receivables balances, their payment terms and forecast weekly revenue during the Third Forecast Period;

- b) operating disbursements are forecast on the assumption that the Petitioners will continue to operate as a going concern, and at similar capacity as prior to the CCAA Proceedings, during the Third Forecast Period;
- c) the KERP payment of \$125,000 is included in the Third CCAA Cash Flow Forecast as per an order granted by this Honourable Court on August 29, 2024;
- d) professional fees are forecast to be approximately \$306,000 during the Third Forecast Period and include the Petitioner's counsel (in Canada and in the US), the Monitor and its counsel;
- e) sales agent fees represent the monthly work fee payable to the Sales Agent under the SISF; and
- f) the ending balance of total financing of approximately \$14.0 million represents an incremental increase in financing of \$96,000 to the secured debt due to Wells Fargo.

## **9.0 STAY EXTENSION**

- 9.1 Pursuant to the July 10 Order, the Stay Period will expire on October 25, 2024. The Petitioners are seeking a short extension of the Stay Period to October 31, 2024.
- 9.2 The Monitor believes the extended Stay Period of approximately six days is reasonable for the following reasons:
  - a) during the proposed extension of the Stay Period, the Petitioners, in consultation with the Monitor, will take necessary steps to finalize the Sale Agreement;
  - b) Osler and the Purchaser's legal counsel are working diligently to arrive at a final form of the Sale Agreement so that it is ready for execution by the Petitioners and for presentation to this Honourable Court for approval;
  - c) the Petitioners have acted in good faith and with due diligence in these CCAA Proceedings since the date of the Initial Order; and
  - d) no creditor of the Petitioners would be materially prejudiced by the extension of the Stay Period.



## **10.0 RECOMMENDATIONS**

- 10.1 The Monitor respectfully recommends that this Honourable Court grant an order approving an extension of the Stay Period through to October 31, 2024.

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**All of which is respectfully submitted to this Honourable Court this 16<sup>th</sup> day of October, 2024.**

**Alvarez & Marsal Canada Inc.,**  
in its capacity as Monitor of  
good natured Products Inc.  
& those entities listed in Schedule "A"



Per: Anthony Tillman  
Senior Vice President

**Appendix A – Third CCAA Cash Flow Forecast for the Period from October 5 to October 31, 2024**

Good Nutured Products Inc., et al <sup>1</sup>						
Cash flow forecast for the period October 5 to October 31, 2024						
\$CAD	Week 1	Week 2	Week 3	Week 4	4 Weeks	
Week Ending	11-Oct	18-Oct	25-Oct	31-Oct	Total	Total
External Receipt	Notes					
Trade Receipt	3	845,264	901,656	1,019,365	735,478	3,501,764
<b>Total Receipts</b>		<b>845,264</b>	<b>901,656</b>	<b>1,019,365</b>	<b>735,478</b>	<b>3,501,764</b>
<b>Disbursement</b>						
Raw Material	4	(600,167)	(551,899)	(561,899)	(71,159)	(1,785,124)
Direct Labour	4	(43,182)	(97,660)	(190,448)	(97,660)	(428,949)
COGS Overhead	4	(16,605)	(40,000)	(40,000)	(10,000)	(106,605)
Fulfillment	4	(38,995)	(65,000)	(75,000)	(15,000)	(193,995)
Payroll, benefits and payroll taxes	5	(441,578)	-	(95,000)	(132,000)	(668,578)
Utilities	6	(87,020)	(85,000)	-	(20,400)	(192,420)
Insurance	7	(64,395)	-	(87,040)	-	(151,435)
SG&A	6	(30,022)	(35,000)	(40,000)	(10,000)	(115,022)
Key Employee Retention Plan	8	-	-	-	(125,000)	(125,000)
<b>Total Disbursement</b>		<b>(1,321,964)</b>	<b>(874,559)</b>	<b>(1,085,387)</b>	<b>(481,218)</b>	<b>(3,767,128)</b>
<b>CCAA COSTS</b>						
Professional Fees	9	-	(180,990)	(125,000)	-	(305,990)
Sale advisor fees	11	(75,000)	-	-	-	(75,000)
<b>Total Financing and Professional Fees</b>		<b>(75,000)</b>	<b>(180,990)</b>	<b>(125,000)</b>	<b>-</b>	<b>(380,990)</b>
<b>Net Cash Flow</b>		<b>(551,700)</b>	<b>(153,892)</b>	<b>(195,022)</b>	<b>254,260</b>	<b>(646,354)</b>
<b>Opening Cash Balance</b>	2	1,595,421	1,045,421	1,045,421	1,045,421	1,595,421
<b>Closing Cash Balance with DIP</b>		<b>1,045,421</b>	<b>1,045,421</b>	<b>1,045,421</b>	<b>1,045,421</b>	<b>1,045,421</b>
<b>Revolving credit facility</b>						
Opening revolver balance		(361,278)	(361,278)	(361,278)	(361,278)	(361,278)
Cash receipts		-	-	-	-	-
Ending revolver balance		(361,278)	(361,278)	(361,278)	(361,278)	(361,278)
<b>Rolling DIP facility</b>	10					
DIP opening balance		(13,571,029)	(13,572,728)	(13,726,621)	(13,921,643)	(13,571,029)
Payments/(Draws) on DIP		(1,700)	(153,892)	(195,022)	254,260	(96,354)
Ending DIP balance		(13,572,728)	(13,726,621)	(13,921,643)	(13,667,383)	(13,667,383)
<b>Total Revolver and DIP Facility</b>		<b>(13,934,007)</b>	<b>(14,087,899)</b>	<b>(14,282,921)</b>	<b>(14,028,661)</b>	<b>(14,028,661)</b>
<b>Borrowing base collateral</b>						
Net AR availability		5,199,551	5,164,697	5,224,089	4,927,697	
Net Inventory availability		5,776,867	5,121,393	5,121,393	5,121,393	
M&E Availability		4,676,906	4,676,906	4,676,906	4,676,906	
Less: Credit line reserve		(681,770)	(681,770)	(681,770)	(681,770)	
Less: Availability Block		-	-	-	-	
<b>Collateral balance</b>		<b>14,971,554</b>	<b>14,281,226</b>	<b>14,340,618</b>	<b>14,044,226</b>	
<b>Borrowing base availability</b>		<b>1,037,547</b>	<b>193,327</b>	<b>57,697</b>	<b>15,564</b>	

**good natured Products Inc., et al ("GDNP" or the "Company")**  
**Third CCAA Cash Flow Forecast**  
**Notes and Assumptions**

1. The cash flow statement (the "Third CCAA Cash Flow Forecast") has been prepared by management ("Management") of good natured Products Inc. and its affiliates and subsidiaries, to set out the liquidity requirements of the Company during the *Companies' Creditors Arrangement Act* proceedings (the "CCAA Proceedings").

The CCAA Cash Flow Forecast is presented on a weekly basis from October 5 to October 31, 2024 (the "Period") and represents Management's best estimate of the expected results of operations during the Period. Readers are cautioned that since the estimates are based on future events and conditions that are not ascertainable, the actual results achieved will vary, even if the assumptions materialize, and such variations may be material. There are no representations, warranties or other assurances that any of the estimates, forecasts, or projections will be realized. The projections are based upon certain estimates and assumptions discussed below and may be amended from time to time during the CCAA proceedings. Upon such amendments, Management will update its cash flow forecast accordingly as included herein.

Unless otherwise noted, the CCAA Cash Flow Forecast is presented in Canadian dollars.

2. The opening cash position as presented in the CCAA Cash Flow Forecast includes the Company's actual cash availability as of the first day of the Third CCAA Cash Flow Forecast.
3. Trade receipts from sales are forecast based on current accounts receivables balance, their payment terms and forecast revenue during the Period.
4. Operating disbursements, including raw materials purchases, direct labour, overhead and fulfillment cost, are forecast based on Management's forecast of weekly production activities.
5. Payroll, benefits and payroll taxes includes payments to GDNP's employees, group benefits and payroll taxes. It is assumed that operations at all facilities will continue uninterrupted with all payroll tax remittances kept current during the CCAA Proceedings. Employees are paid under the following payment frequencies:
  - Vancouver corporate office: semi-monthly;
  - Ayr, ON facility, Brampton, ON facility and Richmond, IL facility: bi-weekly; and
  - Houston, TX facility: weekly.



6. Utilities and sales, general and administration ("SG&A") expenses, including marketing, product development, travel/automobile expense, telephone and internet and employees' expenses, and are forecast to be paid in the ordinary course of business.
7. Insurance payments represent GDNP's payment to its insurance premium financier. Monthly instalment payable totaled approximately \$64,000. GDNP expects an additional payment of \$87,000 payable during Week 3 as GDNP's US insurance policies are renewed.
8. Key Employee Retention Plan ("KERP") payment is included in the Third CCAA Cash Flow Forecast and was approved by this Honourable Court on August 29, 2024. The KERP payment is expected to occur in Week 4 of the Third CCAA Cash Flow Forecast.
9. Restructuring professional fees have been forecast based on projected costs of professional services firms relating to the proposal proceedings and the CCAA proceedings and include the Company's legal counsel (Canada and the U.S. for the Chapter 15 Recognition Proceedings), the Monitor and its legal counsel and the advisors to the Interim Lender, Wells Fargo. Certain retainers were funded prior to the CCAA Proceedings.
10. Interim financing during the CCAA Proceedings will be provided by Wells Fargo pursuant to the Ninth Amendment to Credit Agreement and Forbearance. Interim lending is forecast to be required during the Period. Interim Facility interest costs and fees are subject to the Ninth Amendment to Credit Agreement and Forbearance.
11. Sales Advisor fees represent the monthly work fee payable to the Sales Advisor under the Sale and Investment Solicitation Process. No success fees have been included in the Third CCAA Cash Flow Forecast