

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 1508538 B.C. LTD.

PETITIONER

SIXTH REPORT OF THE MONITOR

ALVAREZ & MARSAL CANADA INC.

MARCH 25, 2025



TABLE OF CONTENTS

1.0 INTRODUCTION3

2.0 PURPOSE OF REPORT5

3.0 TERMS OF REFERENCE5

4.0 THE TRANSACTION6

5.0 ACTIVITIES OF THE MONITOR7

6.0 FEES AND DISBURSEMENTS OF THE MONITOR AND ITS COUNSEL7

7.0 PROPOSED DISCHARGE OF THE MONITOR8

8.0 MONITOR’S RECOMMENDATIONS8

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 (the “**Chapter 15 Proceedings**”).
- 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 17, 2024, this Honourable Court granted an order extending the Stay Period through to October 31, 2024 (the “**Stay Extension Order**”).
- 1.9 On October 23, 2024, the Petitioners filed an application seeking the following relief, among other things:
- a) approving a subscription agreement between Good Natured Products Inc. (the “**Vendor**”) and HUK 149 Limited (the “**Purchaser**”), pursuant to which the Purchaser will subscribe for and purchase from the Vendor all of the new shares of the Vendor; and
 - b) granting an approval and reverse vesting order to complete and implement the Subscription Agreement.
- 1.10 The Court did not grant the relief sought in October 23 Application at the hearing on October 28, 2024.
- 1.11 On October 31, 2024, upon the application by the Petitioners, this Honourable Court (i) approved an updated Subscription Agreement (the “**Subscription Agreement**”) between the Vendor and the Purchaser, (ii) granted an updated approval and reverse vesting order (the “**RVO**”) to complete and implement the Subscription Agreement (the “**Transaction**”); and approved a further extension of the Stay Period through to November 12, 2024 (the “**Third Stay Extension Order**”). The Transaction was closed on November 15, 2024.

- 1.12 Concurrently with this filing this sixth report (the “**Sixth Report**”), the Monitor filed an application seeking orders approving the Monitor’s fees and activities in the CCAA Proceedings, the fees of its counsel, McCarthy Tetrault LLP (“**McCarthy**”) in these CCAA Proceedings, and discharge of the Monitor.
- 1.13 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 (the “**Monitor’s Website**”).

2.0 PURPOSE OF REPORT

- 2.1 This 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 update on the Transaction;
 - b) an overview of the Monitor’s activities to date;
 - c) the fees and disbursements of the Monitor and McCarthy;
 - d) the proposed discharge of the Monitor; and
 - e) the Monitor’s conclusions and recommendations in connection with the foregoing.
- 2.2 The Sixth Report should be read in conjunction with the materials filed by the Petitioners, including but not limited to the Fourth Affidavit of Paul Antoniadis sworn on October 24, 2024 (the “**Fourth Antoniadis Affidavit**”) and the Third Affidavit of Paul Antoniadis sworn on July 11, 2024 (the “**Third Antoniadis Affidavit**”), 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 Sixth Report are expressed in Canadian dollars.

4.0 THE TRANSACTION

4.1 Subsequent to the granting of the RVO on October 31, 2024, the Vendor, the Purchaser and the Monitor worked towards the closing of the Transaction. On November 15, 2024, the Monitor filed the Monitor's Certificate with this Honourable Court, confirming that all conditions to closing had been satisfied.

4.2 As a part of the Transaction, 1508538 B.C. Ltd. ("**150**") was incorporated as a subsidiary of GDNP Pub Co and added to the CCAA Proceedings as a Petitioner. As a result of the Transaction:

- a) contracts and liabilities of the Petitioners that were not assumed by the Purchaser in the Subscription Agreement were transferred to, and vested in, 150;
- b) Good Natured Products Inc., Good Natured Real Estate Holdings, 1306187 B.C. Ltd., Good Natured Products (CAD), Good Natured Packaging Canada GP, Good Natured Packaging Brampton GP, Good Natured Industrial Canada GP, Good Natured Packaging Brampton LP, Good Natured 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 and Good Natured Products (Texas) LLC (collectively, the "**Purchased Entities**") ceased to be Petitioners in the CCAA Proceedings, leaving 150 remaining as the sole petitioner under the CCAA Proceedings; and
- c) the Purchaser paid to the Monitor, in trust, \$50,000 for and in satisfaction of costs to be incurred in connection with the administration and wind-down of 150.

4.3 On December 4, 2024, 150 was assigned into bankruptcy under the *Bankruptcy and Insolvency Act* and A&M is the named trustee under the bankruptcy proceedings.

5.0 ACTIVITIES OF THE MONITOR

5.1 Since the date of the Fourth Report of the Monitor dated October 16, 2024 (the “**Fourth Report**”), 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 Fifth Report of the Monitor dated October 25, 2024, the Supplemental Report to the Fifth Report of the Monitor dated October 30, 2024, and this Sixth Report;

Monitoring of Cash Receipts & Disbursements

- c) until the Transaction closed, 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) discussing terms of the Transaction with the Petitioners and Purchaser;
- f) attending discussions with various stakeholders, including but not limited to Wells Fargo, the Royal Bank of Canada, Toronto-Dominion Bank and Export Development Canada;
- g) facilitating the closing of the Transaction;

Creditor and Other Stakeholder Matters

- h) responding to inquiries from creditors and shareholders; and

Statutory and Other Responsibilities

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

6.0 FEES AND DISBURSEMENTS OF THE MONITOR AND ITS COUNSEL

6.1 The professional fees and disbursements (inclusive of taxes) of the Monitor for the period June 28 to November 25, 2024 totaled \$390,199.43.

- 6.2 Detailed statements of account of the Monitor are filed under the First Affidavit of Anthony Tillman, sworn March 17, 2025. Total Monitor's fees of approximately \$390,000 include out of pocket disbursements of \$20,000 and GST of approximately \$19,000.
- 6.3 The legal fees (inclusive of taxes) of the Monitor's counsel, McCarthy, for the period June 28 to December 13, 2024 totaled \$230,686.85.
- 6.4 Summaries of the legal fees for McCarthy and detailed statements of account of the legal fees were filed under the First Affidavit of Lance Williams, sworn March 24, 2025.
- 6.5 The Monitor is of the view that the fees incurred are fair and reasonable and were necessary for the effective administration of the CCAA Proceedings, including but not limited to the administration of the SISP, weekly reporting and monitoring of the Petitioners' cash flow, the facilitation of the closing of the Transaction, and various administrative matters as reported to this Honourable Court in the First Report of the Monitor dated July 5, 2024, the Fourth Report and this Sixth Report (collectively, the "**Monitor's Reports**").

7.0 PROPOSED DISCHARGE OF THE MONITOR

- 7.1 The last Stay Period expired on November 12, 2024. As the Transaction has closed and 150 has been assigned into bankruptcy, the Monitor believes it is in a position to be discharged as Monitor of the CCAA Proceedings.

8.0 MONITOR'S RECOMMENDATIONS

- 8.1 The Monitor respectfully recommends that this Honourable Court:
- a) approve the activities of the Monitor as described in the Monitor's Reports;
 - b) approve the fees and disbursements of the Monitor and its counsel; and
 - c) approve the discharge of the Monitor.

All of which is respectfully submitted to this Honourable Court this 25th day of March, 2025.

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

Per: 
Pinky Law
Vice President