

DISTRICT OF: NOVA SCOTIA

DIVISION NO: 01 – HALIFAX

COURT NO: 531915

ESTATE NOs: 51-126479/51-126481/51-126482/51-126483

**FIFTH REPORT OF DELOITTE RESTRUCTURING INC.
IN ITS CAPACITY AS RECEIVER AND MANAGER OF
TCAS HOLDINGS LIMITED, SUSTAINABLE FISH FARMING (CANADA) LIMITED,
SUSTAINABLE BLUE INC., AND TCAS IP INC. (COLLECTIVELY, THE "SUSTAINABLE GROUP")**

MARCH 5, 2025

CONTENTS

INTRODUCTION AND BACKGROUND 3

PURPOSE 4

TERMS OF REFERENCE AND DISCLAIMER 4

REMAINING STEPS PRIOR TO CLOSING..... 5

CONCLUSION 7

INTRODUCTION AND BACKGROUND

1. On April 4, 2024 (the "**Date of Receivership**"), the Supreme Court of Nova Scotia in Bankruptcy and Insolvency (the "**Court**") granted an order (the "**Receivership Order**") appointing Deloitte Restructuring Inc. ("**Deloitte**") as the receiver and manager (the "**Receiver**") without security, of all the assets, undertakings and properties of TCAS Holdings Limited, Sustainable Fish Farming (Canada) Limited, Sustainable Blue Inc., and TCAS IP Inc. (collectively the "**Sustainable Group**" or the "**Debtors**") acquired for, or used in relation to a business carried on by the Sustainable Group.
2. The Sustainable Group owns and operates a land-based marine aquaculture facility in Hants County, Nova Scotia (the "**Facility**"), where it grows Atlantic salmon. As at the Date of Receivership, the Sustainable Group employed approximately 30 personnel to care for and maintain the live inventory of approximately 512,000 fish in various growth stages.
3. The first report of the Receiver dated May 2, 2024 (the "**First Report**") was filed in support of the proposed "**Order Amending Receiver's Borrowings**" that was ultimately issued on May 14, 2024. The Order Amending Receiver's Borrowings increased the quantum of the amount the Receiver was permitted to borrow (the "**Receiver's Borrowing Charge**") from \$1,600,000 to \$2,500,000 and also permitted the Receiver to borrow this increased amount.
4. The second report of the Receiver dated May 27, 2024 (the "**Second Report**"), along with the confidential supplement to the Second Report (the "**Confidential Supplement**"), was filed in support of the Orders granted on June 5, 2025 and June 20, 2024, which approved, amongst other things, the increase of the Receiver's Borrowing Charge from \$2,500,000 to \$6,000,000 (the "**June 5 Order**"), and the SISP (the "**SISP Order**"). A sealing Order with respect to the Confidential Supplement was also issued on June 20, 2024 (the "**Sealing Order**").
5. On September 20, 2024, and after the administration of a sale and investor solicitation process (the "**SISP**"), the Court approved an asset purchase agreement dated May 27, 2024 (the "**APA**") between the Receiver and 4595756 Nova Scotia Limited ("**459NSL**") and the corresponding sale of the Debtors' assets to 459NSL, or to its assignee, nominee or designee the "**Sale Transaction**"), pursuant to an order granted on September 20, 2024 (the "**Sale Approval Order**").

6. The Sale Transaction approved by the Court has not yet closed, as there were a number of steps required prior to consummating the Sale Transaction. These included, but were not limited to, the following:
- i. transferring the license that was required for the operation of the Debtors' facility; and
 - ii. certain corporate structuring issues related to 459NSL's purchase.

PURPOSE

7. The purpose of this fifth report of the Receiver (the "**Fifth Report**") is to provide information to the Court with respect to the Receiver's request for the Court to approve certain procedural amendments requested by 459NSL as the successful bidder in the SISP. Such amendments include:
- i. adding 4644903 Nova Scotia Limited ("**464NSL**") as applicant in these receivership proceedings; and
 - ii. removing 459NSL as applicant in these receivership proceedings.

TERMS OF REFERENCE AND DISCLAIMER

8. In preparing this Fifth Report, the Receiver has relied upon unaudited financial information prepared by the Debtors' management and agents (collectively "**Management**"), the Debtors' books and records, and discussions with Management (collectively, the "**Information**"). Except as described in this Fifth Report:
- i. The Receiver has reviewed the Information for reasonableness, internal consistency and use in the context in which it was provided. However, the Receiver has not audited or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would wholly or partially comply with Canadian Audit Standards ("**CAS**") pursuant to the *Chartered CPA Canada Handbook* and, accordingly, the Receiver expresses no opinion or other form of assurance contemplated under CAS in respect of the Information.
 - ii. Deloitte has prepared this Fifth Report in its capacity as Receiver to provide background to the Court for its consideration of the relief being sought. Parties using this Fifth Report

other than for the purposes outlined herein are cautioned that it may not be appropriate for their purposes.

9. Unless otherwise stated, all dollar amounts contained in this Fifth Report are expressed in Canadian Dollars.
10. Capitalized items not otherwise defined herein are as defined in various materials filed with the Court in these Receivership Proceedings which can be found at www.insolvencies.deloitte.ca/en-ca/Sustainable-Group (the "**Receiver's Website**").

REMAINING STEPS PRIOR TO CLOSING

11. Notwithstanding Court of approval of the Sale Transaction that was the result of the SISP, there were several steps that needed to be completed prior to 459NSL being prepared to close the acquisition of the Debtors' assets. These included:
 - i. transferring an aquaculture license (the "**License**") to a new entity so that such entity could continue to operate the Debtors' production facility in Hants County, Nova Scotia (the "**Facility**"); and
 - ii. certain tax structuring matters that 459NSL deemed advantageous prior to closing the Sale Transaction.
12. Once Court approval was obtained for the Sale Transaction, the Receiver submitted a request to the Province of Nova Scotia (the "**Province**") to transfer the Debtors' License. Such transfer was subject to a process implemented by the Province, including a public notice and comment period. Subject to the Receiver formally consenting to the License transfer, which will occur in the coming days, all work related to the License transfer has been completed.
13. As part of the Sale Transaction, 459NSL and its affiliates have determined that it may be advantageous, for their own internal purposes, to assign the assets subject to the Sale Transaction to various corporate entities related to 459NSL, as well as secured indebtedness of the Debtors. In particular, 459NSL has advised the Receiver that it intends to (prior to the closing of the Sale Transaction):

- i. assign the indebtedness and loan obligations of the Debtors owing to 459NSL, together with the related security and all additional amounts advanced or paid by 459NSL into the receivership of the Sustainable Group, to 464NSL; and
 - ii. assign all of its right, title and interest to and in the APA and to complete the Sale Transaction to certain related entities (including 464NSL).
14. The Receiver has been in close communication with 459NSL and its counsel and is of the view that the requested changes to the Sale Transaction structure (i.e. assigning certain assets and liabilities to related entities of 459NSL) are consistent with the intent of the underlying documents of purchase and sale, which permit 459NSL to assign its purchase right to an affiliate without consent of the Receiver, and the Sale Approval Order, which permits title to be taken by an assignee, nominee or designee of 459NSL. As such, the Receiver does not object to 459NSL assigning certain assets/liabilities to 464NSL as the overall economics of the Sale Transaction do not change and are for corporate structuring purposes only.
15. As such the Receiver is of the view that its requested relief does not negatively affect the Debtors' stakeholders.

CONCLUSION

16. The Fifth Report has been prepared to provide this Court with information regarding the Receiver's views related to certain aspects of the Sale Transaction and certain amendments related thereto as detailed in its motion materials dated March 5, 2025.

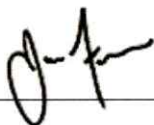
17. Based on the foregoing, the Receiver respectfully requests the Court grant the requested relief.

All of which is respectfully submitted at Halifax, Nova Scotia this 5th day of March, 2025.

DELOITTE RESTRUCTURING INC.,

Acting solely in its capacity as
Court-appointed Receiver and Manager of TCAS Holdings Limited,
Sustainable Fish Farming (Canada) Limited, Sustainable Blue Inc., and TCAS IP Inc.
and not in its personal or corporate capacity

Per:



James Foran, CPA, CA, CIRP, LIT
Senior Vice-President



Todd Ambachtsheer, CPA, CA, CIRP, LIT
Senior Vice-President