Deloitte.

NO. S-253695
VANCOUVER REGISTRY

IN THE SUPREME COURT OF BRITISH COLUMBIA

BETWEEN:

THE TORONTO-DOMINION BANK

PETITIONER

AND:

TITANIUM AUTOGROUP LTD.

RESPONDENT

FIRST REPORT OF THE COURT APPOINTED INTERIM RECEIVER OF TITANIUM AUTOGROUP LTD.

DATED JUNE 4, 2025

PREPARED BY DELOITTE RESTRUCTURING INC.

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INTRODUCTION

1. Pursuant to an Order (the "**Interim Receivership Order**") of the Supreme Court of British Columbia (the "**Court**") dated May 14, 2025 (the "**Date of the Interim Receivership**"), Deloitte Restructuring Inc. ("**Deloitte**") was appointed as interim receiver (in such capacity, the "**Interim Receiver**") without security, of all of the assets, undertakings and property of Titanium Autogroup Ltd. (the "**Company**" or "**Titanium**"), including all proceeds, but excluding certain BNS Priority Collateral as defined in the Interim Receivership Order (the "**Property**"). The Court proceedings in which the Interim Receiver was appointed are referred to herein as the "**Interim Receivership Proceedings**".

2. The Interim Receivership Order was granted pursuant to an application by the Toronto-Dominion Bank ("**TD**"), the primary secured creditor of Titanium who was owed approximately $11.6 million (the "**TD Debt**") by the Company as of May 12, 2025.

3. TD holds a registered security interest in all of the Company's present and after-acquired personal property pursuant to general security agreements related to several TD credit facilities (the "**TD Security**") which are subject to certain other competing security interests (as further outlined later in this report).

4. The Interim Receiver's independent legal counsel, Owen Bird Law Corporation ("**Owen Bird**"), is in the process of conducting an independent review of the TD Security to access its validity and enforceability, subject to standard assumptions and qualifications (the "**TD Security Opinion**").

5. The Interim Receivership Order and various Court materials have been posted on the Interim Receiver's website at www.insolvencies.deloitte.ca/Titanium (the "**Interim Receiver's Website**").

6. This is the Interim Receiver's first report in the Interim Receivership Proceedings (the "**First Report**" or "**this Report**").

7. The First Report will be posted to the Interim Receiver's Website after it has been filed with the Court, along with other related documents.

8. Unless otherwise provided, all other capitalized terms not defined in this First Report are as defined in the Interim Receivership Order.

Purpose of the First Report

9. The purpose of this First Report is to:

    a. Provide the Court with an overview of the Company's business and pertinent background information.

    b. Report on the Interim Receiver's activities since the Date of the Interim Receivership.

    c. Report on the Interim Receiver's statement of receipts and disbursements from the Date of the Interim Receivership to May 30, 2025 (the "**Interim Receiver's R&D**"), a copy of which is attached hereto as **Appendix "A"**.

    d. To support the Court application scheduled for June 10, 2025 for an order approving the appointment of the Interim Receiver as the Receiver of Titanium with additional powers to, among other things, market, solicit offers for, and sell the Property as well as, potentially, an order for disclosure from the Insurance Company of British Columbia ("**ICBC**") in the form of a list of all vehicles currently registered in the name of Titanium and information in connection with the vehicles that remain unaccounted for in the Interim Receivership Proceedings, a list of which is attached hereto as **Appendix "B"**.

Terms of reference

10. In preparing this First Report, the Interim Receiver has relied upon unaudited financial and other information prepared by the Company's accountants, the Company's books and records, and discussions with the officers of the Company, Mr. Derek Scherk ("**Mr. Scherk**") and Ms. Jessica Phan ("**Ms. Phan**", together with Mr. Scherk the "**Officers**").

11. The Interim Receiver has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the information in a manner that would wholly or partially comply with Generally Accepted Assurance Standards pursuant to the *Chartered Professional Accountants Canada Handbook* and, accordingly, the Interim Receiver expresses no opinion or other form of assurance in respect of this information.

12. All dollar amounts in this First Report are in Canadian dollars, unless otherwise indicated.

BACKGROUND

13. Titanium is a used car dealership based in Langley, British Columbia ("**BC**") specializing in selling premium pre-owned vehicles, including cars, trucks, sport utility vehicles and minivans mainly in Western Canada and in Washington State in the United States of America ("**US**").

14. The Interim Receiver understands that Titanium sold its vehicles through its Company website, three (3) retail/wholesale locations in Langley, BC, and also through auctions in Canada and the US.

15. Titanium operated from the following four (4) leased locations in Langley, BC (collectively the "**Leased Premises**"):

    a. The supporting sales and service centre with a paved yard, service shop, office building and storage area located at 19675 60 Ave, Langley, BC ("**T1**").

    b. A main sales centre with a paved yard and storage area located at 19602 Fraser Hwy, Langley, BC ("**T2**").

    c. A supporting sales centre and storage location with a partially paved yard and office building located at 22867 Fraser Hwy, Langley, BC ("**T3**").

    d. A call-centre office located at Units 101/102, 6001 196A Street Langley**,** BC ("**T4**").

16. The Interim Receiver understands that the lease payments for the Leased Premises were all current up to May 31, 2025, except for T3, which was one month in arrears, amounting to approximately $15,000.

17. At the Date of Interim Receivership, the Company also had vehicles located at MNM Auto Ltd., another used car dealer, which is located at 20247 Langley Bypass, Langley, BC ("**MNM**").

18. Titanium was incorporated in BC on January 8, 2018, with Mr. Scherk listed as the sole director. The Officers of Titanium are Mr. Scherk, serving as President, and Ms. Phan serving as Secretary. The Interim Receiver understands that Mr. Scherk managed the Company and its day-to-day operations.

19. Based on discussions with Mr. Scherk, the Interim Receiver understands that the Company's operations were shut down and the remaining employees were terminated on or around April 18, 2025; however, this information has not yet been corroborated with supporting documents. The current status of Titanium's BC Vehicle Sales Authority Dealer Licenses ("**VSA Licenses**") for T1, T2 and T3 is "Not Occupying Premise", indicating that the licenses for these locations are suspended.

Books and records

20. The Company has both hard copy and electronic books and records. At the Date of the Interim Receivership, there were limited hard copy books and records at the Leased Premises as Mr. Scherk indicated that approximately 200 boxes of financial books and records were removed when the Company closed down and that the boxes are being stored at a personal friend's residence in Langley, BC (the "**Offsite Records**"). The Interim Receiver has not yet reviewed the Offsite Records, but Mr. Scherk has been providing copies of certain more important records in the interim (as further outlined below).

21. The Interim Receiver has not been able to access Titanium's electronic records that are maintained in dealer specific software provided by CDK Global Inc. ("**CDK**"). Mr. Scherk has indicated that, due to outstanding payments owed to CDK, the Company has been locked out of its account and is currently unable to access these electronic records. As a result, the Interim Receiver is currently unable to verify whether the financial records stored on the CDK system are current, accurate or complete. The Interim Receiver has been in contact with CDK on several occasions and is seeking input with its counsel to demand immediate access to the system.

22. Mr. Scherk has provided the Interim Receiver with certain hard copies of financial and other information including, but not limited to, accounts receivable ("**AR**") and accounts payable listings, general ledger reports, sales reports, bills of sale, the most recent internally prepared Company financial statements as at February 28, 2025 (the "**February Financials**"), and the last externally prepared financial statements for Titanium for the year ended December 31, 2023.

23. Based on the Interim Receiver's initial review of the Company's books and records provided to date, they do not appear to be current or complete. In addition, the Interim Receiver understands that the records have not been updated to reflect all of the transactions that occurred up to and after the time when the Company's operations were terminated. The Company has employed multiple bookkeepers and used several different accounting software packages over the past several years which has resulted in knowledge and data transfer issues and what appears to be unreliable financial records.

24. The Officers have assisted the Interim Receiver with locating and returning vehicles and providing certain lease agreements, insurance documents, financial information, dealer plates, vehicle keys, vehicle registration documents, and vehicle sale and purchase documents. Some information has been slow to be produced due to access issues and poor record keeping. The Interim Receiver is still waiting for various information from the Officers including, but not limited to, explanations and support for vehicles not yet accounted for, comments on various account balances per the February Financials, missing keys, and support for final payroll, creditor payments and AR.

Employees and contractors

25. At the Date of the Interim Receivership, Titanium had no active employees. The actual dates of the last payroll and employee terminations, and the amounts paid, are currently unknown. However, it is understood that all employee related obligations, including wages, vacation pay and severance pay, have been settled in full by the Company. The Interim Receiver is in the process of reviewing the Company's books and records to verify this and is waiting for Canada Revenue Agency ("**CRA**") to provide authorization for the Interim Receiver to access the Company's payroll and goods and services ("**GST**") accounts.

26. The Interim Receiver did not retain any former employees to assist during the Interim Receivership Proceedings but has engaged the services of Unison Security Ltd. ("**Unison**"), Accurate Effective Bailiffs Ltd. ("**AE Bailiffs**"), McGill Carriers Ltd ("**McGill**"), and Drake Towing Ltd. ("**Drake**") to assist in cleaning vacated premises, securing and transporting vehicles.

27. Mr. Scherk and Ms. Phan have been assisting the Interim Receiver with various tasks, including tracking down and delivering Company vehicles from third parties, and verifying information related to funds owed to the Company for sold vehicles, as well as information on vehicles located in the US and at other dealer sites.

Background on the financial difficulties faced by Titanium

28. The business and affairs of Titanium, the events leading up to the Company's insolvency, and the details of the TD Security and other security and the supporting documents, are outlined in the first affidavit of Ms. Amanda Bezner of TD dated May 14, 2025 (the "**Bezner Affidavit**"). Accordingly, these details have not been fully repeated in this First Report. A copy of the Bezner Affidavit is available on the Interim Receiver's Website.

29. In summary, the Interim Receiver understands that Titanium faced financial issues and challenges since the end of 2024. The Company cited on its website that it was forced to cease operations due to the difficult economy and recently imposed US trade tariffs. TD was not informed that the Company had ceased operations shortly after its last floor plan audit conducted on April 16, 2025 (the "**Last TD Audit**"). Due to defaults under the TD Security, the Company's lack of responsiveness, and concerns around the vehicle inventory, TD issued demands for repayment of the TD Debt on May 12, 2025. Consequently, the Interim Receiver was appointed, with the consent of the Officers, on May 14, 2025.

POWERS OF INTERIM RECEIVER

30. The Interim Receiver's powers are detailed in paragraph 2 of the Interim Receivership Order and include, among other things, the power to take possession of and exercise control over the Property, to receive, preserve and protect the Property, and to collect all monies and accounts owed to the Company.

ACTIONS OF THE INTERIM RECEIVER

31. The Interim Receiver has taken the following steps with respect to the assets and operations of the Company since the Date of the Interim Receivership:

    a. Attended at the Leased Premises and MNM and met with Mr. Scherk to inspect and take an inventory of the Company vehicles and inform him of the Interim Receivership Order;

    b. Met with Mr. Scherk and Ms. Phan to obtain information on the operations and assets, and to request financial and other information;

    c. Changed the locks or secured all of the keys for the Leased Premises;

    d. Arranged for the forwarding of the Company's mail to the Interim Receiver's office;

    e. Put various parties on notice of the Interim Receivership Proceedings including landlords, auction companies, and car importers;

    f. Arranged to have Unison conduct full-time 24/7 regular patrols of the Leased Premises until the vehicles were all consolidated at one location where Unison is now stationed on a fulltime basis 24/7 as required for insurance purposes;

    g. Held discussions with the landlords of the Leased Premises with regards to the lease agreements of the Leased Premises and surrendered possession of the T1, T2 and T4 premises back to the landlords as of May 31, 2025;

h. Advised the Company's insurance broker of the Interim Receivership Proceedings and confirmed and arranged for amendments to the existing property and general liability insurance policies to have the Interim Receiver added as a loss-payee;

i. Replaced the ICBC garage insurance policy (the "**ICBC Policy**"), which is specific to car dealers and can be voided by ICBC at any time due to the suspended VSA Licences, with a static/storage property insurance policy (the "**New Property Policy**");

j. Contacted TD and Bank of Montreal ("**BMO**") to freeze the Company's bank accounts and to continue to allow any deposits;

k. Coordinated the transfer of the remaining funds in the BMO account to the Interim Receiver's trust account;

l. Reviewed the Company's available books and records and those relating to AR and sent collection letters to parties to recover any outstanding balances;

m. Retained Owen Bird to act as independent legal counsel to the Interim Receiver;

n. Coordinated the set-up of the Interim Receiver's Website and posted documents related to the Interim Receivership Proceedings;

o. Liaised with various stakeholders relating to the Interim Receivership Proceedings;

p. Contacted CRA to request online access to the Company's CRA accounts for the purpose of reviewing the status of the payroll source deduction ("**PSD**") and GST filings;

q. Coordinated the set-up of the Interim Receiver's trust account and completed various estate accounting;

r. Reviewed various Company information provided by TD, including the vehicle inventory listing compiled by TD from the Last TD Audit (the "**TD Audit List**").

s. Held discussions with and provided various updates to TD and their legal counsel;

t. Carried out activities to identify, collect and transfer vehicle inventory and seek offers from potential interested parties, as further detailed later herein; and

u. Prepared this Report.

ASSETS OF THE COMPANY

Bank accounts

32. The February Financials reported a total of approximately $1.8 million in cash and contracts in transit.

33. The Interim Receiver is aware that the Company maintains CAD and USD bank accounts with TD, as well as a bank account with BMO. As at the Date of Interim Receivership, the combined balance in the TD bank accounts was approximately $47,000. The balance in the BMO bank account was approximately $370,000 (the "**BMO Funds**") and the BMO Funds have been deposited into the Interim Receiver's trust account.

34. The Interim Receiver is not aware of any other bank accounts held by Titanium.

35. The Interim Receiver is completing a review of the transactions in the TD and BMO accounts for the six (6) months prior to the Date of the Interim Receivership (the "**Bank Statement**

Review") to assist in the reconciliation of the vehicle inventory and to understand what payments were received and made by the Company leading up to its closure. The Bank Statement Review may be expanded depending on the findings.

Accounts receivable

36. The February Financials and the Company's latest AR listing as of February 28, 2025 (the "**Feb AR List**") indicated an AR balance of approximately $2.8 million owing to Titanium. The Interim Receiver understands that the AR amounts reflected on Feb AR List are dated and require further reconciliation and/or adjustment. Efforts are ongoing with Mr. Scherk and Ms. Phan to obtain the necessary information to support and roll forward the balances.

37. The Interim Receiver has issued collection letters to parties listed with any outstanding AR balance in the Feb AR List as well as to Related Companies (as defined later in this Report), and others identified as making payments to Titanium through the Bank Statement Review. The Interim Receiver continues to try and source the contact information and follow up with customers regarding outstanding amounts owing and support for payments made but understands that a lot of the AR balances are dated and either collected or inaccurate as a result of there being multiple bookkeepers and accounting systems over the past several years.

38. The Feb AR List includes approximately $2.3 million owing to the Company (the "**Related Company AR**") by the following companies which the Interim Receiver understands are related to the Officers (the "**Related Companies**"):

    a. $1.4 million owing from Everything Automotive Ltd. ("**Everything Auto**").

        i. The Interim Receiver understands that Everything Auto is owned by Mr. Scherk and that it operated as a vehicle repair shop for Titanium from T1. Mr. Scherk has indicated that he is not aware of any amounts owing to Titanium from Everything Auto and that the amount owing is a result of an accounting system transition where amounts were not properly reconciled.

    b. $458,000 owing from WholesaleOne Auto Source Ltd. ("**Wholesale Auto**").

        i. The Interim Receiver understands that Wholesale Auto is owned by Mr. Scherk and serves as a holding company for Mr. Scherk's investments. Mr Scherk received a management fee, rather than wages, from Titanium through this company. Mr. Scherk has indicated that he is not aware of any amounts owing to Titanium from Wholesale Auto and that the amount owing is a result of an accounting system transition where amounts were not properly reconciled.

    c. $297,000 owing from Vancouver Auto Liquidation Center Ltd. ("**VA**").

        i. The Interim Receiver understands that VA is owned by Ms. Phan and operates as a vehicle dealership that also provides import and export services. Ms. Phan has provided extracts from VA's accounting records showing no amounts owing to Titanium.

    d. $150,000 owing from 1309514 B.C. Ltd., operating as North Shore Mitsubishi ("**NS Mitsubishi**").

        i. The Interim Receiver understands that NS Mitsubishi is owned by Ms. Phan and operates as a vehicle dealership. Ms. Phan has provided extracts from NS Mitsubishi's accounting records showing no amounts owing to Titanium.

39. The Interim Receiver requires further and more current information on the Related Company AR to determine if any amounts are owing and collectible. The Interim Receiver has also

identified certain payments made to the Related Companies in the Bank Statement Review that require review of the supporting documents, some of which has already been provided by the Officers to the Interim Receiver.

40. As of the May 30, 2025, the Interim Receiver has collected $597,039 (net of GST) in outstanding AR balances related to vehicle sales (the "**AR Collections**"). The AR Collections are comprised of the following amounts:

    a. $120,500 from Openlane for the sale of two (2) vehicles that were recently auctioned.

    b. $121,041 was received from B.C. Kings Auto Lease Ltd. for the sale of one (1) vehicle.

    c. $355,498 from Alliance Auto Group Ltd (**Alliance**") for the sale of ten (10) vehicles in the past 30 days.

41. The Interim Receiver is in the process of collecting an additional amount of $256,241 (net of GST) from Alliance for outstanding AR related to the sale of six (6) additional vehicles as well as approximately $53,100 (net of GST) from Openlane for the sale of two (2) vehicles. The Interim Receiver is attempting to reconcile the vehicles included in the TD Audit List to determine what other potential vehicles remain unsold or unpaid and what, if any, additional AR may exist.

Prepaid expenses

42. The February Financials reported a balance of approximately $316,000 for prepaid expenses.

43. The Interim Receiver has not received a breakdown of the prepaid expenses but understands from a review of the leases for the Leased Premises that deposits of approximately $118,000 may have been paid to landlords pursuant to the terms of the leases. It is doubtful that these deposits will have any realizable value.

44. The Company also prepaid certain insurance premiums related to its property and general liability insurance coverage and amounts may be refundable if the insurance policies are cancelled. The Interim Receiver is in the process of acquiring all of the dealer plates in order to cancel the ICBC Policy.

Capital assets

45. The February Financials reported a net book value of approximately $548,000 for capital assets which are described as office furniture and equipment, company vehicles, buildings and improvements, and leasehold improvements.

46. The Interim Receiver has not been provided with a detailed capital asset listing; however, based on discussions with the Officers and site visits to the Leased Premises, only office furniture, office equipment, and company vehicles are present.

47. The Interim Receiver and Mr. Scherk have consolidated certain office equipment and furniture and company vehicles of value at one location, but based on discussions with AE Bailiffs and the Interim Receiver's recent experience, the office equipment and furniture hold only nominal value.

Investments

48. The February Financials reported a book value of approximately $93,000 for investments. The Interim Receiver is waiting for information from Mr. Scherk to support this balance and to determine if there is any realizable value.

Vehicle inventory

49. The February Financials reported a balance of $12.6 million for vehicle inventory. The vehicle inventory is comprised of pre-owned cars, trucks, vans, travel trailers and minibuses, the majority of which were located at the Leased Premises and MNM at the Date of the Interim Receivership.

50. The Interim Receiver has taken the following steps in regards to the vehicle inventory:

    a. Performed physical counts of the vehicles located at the Leased Premises and at MNM as at the Date of the Interim Receivership.

    b. Located keys and attempted to start each vehicle to obtain mileage information and also assessed any visible damage or other issues that would hinder transport including dead batteries, or lack of keys, fuel or tire pressure.

    c. Contacted parties who were previously known to have vehicles in their possession including Openlane, Alliance, E-Block Inc. ("**E-Block**"), Automotive Services Company ("**ASC**"), GB Auctions Inc. ("**GB**"), and MNM.

    d. Contacted Hub International Inc. ("**HUB**"), the Interim Receiver's insolvency insurance broker, to assist in obtaining the Company's insurance policy on the vehicles and a list of any insured vehicles and any other insured locations.

    e. Reviewed the Company's BC personal property registry search (the "**BCPPR**") to determine which vehicles were still subject to security charges and either not sold or not discharged after a sale to a customer.

    f. Reviewed the TD Audit List and related outstanding TD audit enquiries relating to, among other things, vehicles that were sold in Canada or the US where payment to TD was overdue or coming due, vehicles identified at different locations than expected, or vehicles out for test drives or repair at the time of the audit (the "**Last TD Audit Queries**"). This information was utilized to attempt to roll forward TD's last vehicle inventory audit as at April 16, 2025.

    g. Contacted AE Bailiffs to assist in moving and consolidating the vehicle inventory at one location.

    h. Met with Mr. Scherk to review the vehicle inventory and to have him assist with locating or accounting for missing vehicles, missing keys, and supporting registration, sales, and purchase documentation.

    i. Compiled a master vehicle inventory listing (the "**Master Inventory Listing**") based on the information obtained from the physical counts completed by the Interim Receiver, the TD Audit List, the Last TD Audit Queries, third parties holding vehicles or cheques owing to the Company (including Openlane, ASC and Alliance), insurance information, and the BCPPR.

    j. Provided the Officers with portions of the Master Inventory Listing so they could help identify any vehicles not yet accounted for.

Canadian vehicle inventory

51. The Interim Receiver has currently accounted for 161 vehicles in Canada, of which 157 are in the Interim Receiver's possession in one location and four (4) are stored with Openlane (the "**Canadian Vehicles**").

52. The Interim Receiver is continuing to reconcile the Master Inventory Listing and is obtaining further information from the Officers, ASC, GB and other parties to try and verify the status of

the vehicles included in the TD Audit List but not currently in the possession of the Interim Receiver in Langley, BC or with ASC in the US (as further outlined below). As of the date of this Report, the Interim Receiver is not able to account for 49 vehicles that were included as being in inventory in Canada in the Last TD Audit and included in the TD Audit List (the "**Unaccounted For Canadian Vehicles**". The Interim Receiver is attempting to verify if these vehicles have been subsequently sold since the audit, are subject to an outstanding AR, or are unsold with an unknown location. To assist in this analysis, the Interim Receiver would like to obtain from ICBC information in connection with the Unaccounted For Canadian Vehicles as well as list of all vehicles currently registered in the name of Titanium. A list of the Unaccounted For Canadian Vehicles is attached hereto as **Appendix "B"**.

53. The Interim Receiver has compiled black-book retail and wholesale values for the Canadian Vehicles along with estimates of values from other sources where black-book values or vehicle details are not available. The Interim Receiver is in the process of finalizing its estimated value of the Canadian Vehicles.

US vehicle inventory

54. The Interim Receiver has been in contact with ASC, a registered vehicle importer engaged by Titanium, who has indicated that 24 vehicles (the "**US Vehicles**") are currently being stored in ASC's secure yard on behalf of Titanium. The Interim Receiver understands this yard is located in Spokane, Washington in the US and it is in the process of attending at the location to physically verify the US Vehicles. The Interim Receiver is in the process of finalizing its estimated value of the US Vehicles.

55. The Interim Receiver understands that the US Vehicles were intended to be sold by auction through GB but are being held due to a delay in paperwork or outstanding repairs. Further, the Interim Receiver understands that 14 of the US Vehicles have outstanding manufacturer safety or mechanical related recalls which are required to be fixed before the vehicles are allowed to be sold in the US.

56. As of the date of this Report, the Interim Receiver is not able to account for 55 vehicles that were included as being in inventory in the US in the Last TD Audit and included in the TD Audit List (the "**Unaccounted For US Vehicles**". The Interim Receiver is attempting to verify if these vehicles have been subsequently sold since the audit, are subject to an outstanding AR, or are unsold with an unknown location. To assist in this analysis, the Interim Receiver would like to obtain from ICBC information in connection with the Unaccounted For US Vehicles. A list of the Unaccounted For US Vehicles is attached hereto as **Appendix "B"**.

57. GB's counsel has indicated that they are owed US $266,000 from Titanium and that GB apparently has a perfected security interest against the US Vehicles, which are also subject to TD's Security (the "**US Vehicles Security Dispute**"). A review of GB's security also needs to be completed by independent US legal counsel to address any potential competing security interests. GB's legal counsel has expressed willingness to allow the US Vehicles to be sold in the meantime, with any right to the sales proceeds to be determined in due course.

CREDITORS

CRA priority claims

58. The Interim Receiver has requested access to the Company's online accounts with CRA in relation to PSD and GST. It is understood from the Officers that no amounts are in arrears with CRA. The Interim Receiver will verify whether the CRA accounts are current and if there are any pending or outstanding audits or assessments after gaining online CRA access to Titanium's accounts and reviewing the available books and records.

Wage Claims

59. As previously outlined, the Interim Receiver understands that all employees were terminated prior to the Date of the Interim Receivership and that all employee related obligations have been settled.

TD indebtedness

60. As noted above, TD is the primary secured creditor of the Company and the TD Debt totaled approximately $11.6 million as at May 12, 2025 and interest continues to accrue. The Interim Receiver has not yet received the TD Security Opinion from Owen Bird.

61. Based on the Interim Receiver's preliminary review of the realizable values of the assets of the Company and the preliminary estimated values of the Canadian Vehicles and the US Vehicles, TD is expected to incur a significant shortfall on the TD Debt.

Other secured creditors

62. The Interim Receiver is aware of other potential secured creditors as outlined in the Bezner Affidavit. These creditors include the Bank of Nova Scotia ("**BNS**") who has registered a security interest in the BCPPR against Titanium's right, title and interest in, to and under the accounts and chattel paper assigned by Titanium to BNS. Pursuant to a priority agreement dated December 13, 2022, BNS's security interest in certain specifically identified property takes precedence over TD's security interest in that particular property. However, TD's security interest retains priority over BNS's security interest with respect to all other property of Titanium. The Interim Receiver would also need to complete a review of the BNS security to verify any claim to a security interest.

63. In addition, Tricor Lease & Finance Corp., Meridian Onecap Credit Corp., and GB have registered financing statements against Titanium in the BCPPR. Phi Estate Trust has registered a financing statement against Titanium in the Washington State Uniform Commercial Code.

64. The Interim Receiver is not aware of the amounts owed to these other secured creditors and a review is required of the security in place to determine the priority for any distributions from the Property realizations.

Unsecured creditors

65. The Interim Receiver understands from the Officers that CDK and the landlords of the Leased Premises are the only unsecured creditors of the Company but requires access to the records to verify the amounts and if any other parties are owed money.

INTERIM RECEIVER'S SALE ACTIVITIES

66. If the Court grants the requisite powers to a receiver, the vehicle inventory could be sold or consigned en-bloc or individually to wholesalers, dealers, or through an auction. The vehicle inventory could also be sold direct-to-consumers on an individual basis for potentially higher realizations but this process will be time consuming and resource intensive and is not considered a viable option in the present circumstances with the Company no longer in operation.

67. The Interim Receiver has been contacted by and has reached out to multiple parties interested in acquiring the vehicle inventory and has received several proposals and offers which it is reviewing. These proposals and offers will be further assessed, along with any others, in due course.

STATEMENT OF RECEIPTS AND DISBURSEMENTS

68. The Interim Receiver's R&D reflects the administration of the Interim Receivership Proceedings from the Date of Interim Receivership to May 30, 2025 and is attached hereto as **Appendix "A"**.

69. As of May 30, 2025, the gross receipts in the Interim Receivership Proceedings totaled approximately $1.0 million. This amount primarily comprises the AR Collections (and related GST) and the BMO Funds.

70. During the same period, the Interim Receiver has recorded disbursements for commissions offsetting the AR Collections which total approximately $1,439 with taxes.

71. The Interim Receiver has incurred security costs with Unison totaling $15,649 to May 31, 2025, transport and clean up costs with AE Bailiffs, McGill and Drake totaling approximately $30,000, and T3 rent costs of $15,000. These costs have not yet been paid and are not reflected in the Interim Receiver's R&D.

72. The Interim Receiver has also committed to pay $29,700 for insurance premiums related to the New Property Policy for a six-month period, for which there is a minimum retained premium of (3) months. The ICBC Policy is in the process of being cancelled and the premium refund is expected to cover all, or a significant portion, of the premium for the New Property Policy.

73. The net cash balance held by the Interim Receiver as at May 30, 2025, before any outstanding security or insurance costs, is approximately $997,000.

CONCLUSIONS

74. Based on the foregoing, the Interim Receiver respectfully requests that the Court grant the Order(s) cited at paragraph 9(d) of this First Report.

All of which is respectfully submitted at Vancouver, BC this 4th day of June, 2025.

DELOITTE RESTRUCTURING INC.
In its Capacity as Court-appointed Interim Receiver of
Titanium Autogroup Ltd.
and not in its personal or corporate capacity

Per: Jeff Keeble, CPA, CA, CIRP, LIT, CBV
Senior Vice-President

Appendix "A"

Interim Receiver's Statement of Receipts and Disbursements for the period from May 14, 2025 to May 30, 2025

In the Matter of the Interim Receivership of
Titanium Autogroup Ltd.

Interim Receiver's Interim Statement of Receipts and Disbursements
Actuals for the Period from May 14, 2025 to May 30, 2025

Description		CAD$
Receipts		
Accounts receivable collections		597,039
Cash in bank - BMO		370,711
GST collected		31,067
Total receipts		**998,816**
Disbursements		
Comission		(1,370)
GST paid		(69)
Total disbursements		**(1,439)**
Excess of receipts over disbursements	**$**	**997,378**

Appendix "B"

Canadian and US Vehicles Unaccounted for From the Last TD Audit

Vehicles in US	
Vin	**Vehicle**
1C4AJWAG3JL915134	2018 Jeep Wrangler JK
1C4HJXFG1LW309202	2020 Jeep Wrangler
1C4SDJCT0LC146362	2020 Dodge Durango
1C4SJVDT4NS177587	2022 JEEP WAGONEER
1C6JJTBG0ML614023	2021 Jeep Gladiator
1C6RR7KT0KS655884	2019 Ram 1500 Classic
1C6SRFKT5NN377787	2022 Ram 1500
1C6SRFKT5NN399305	2022 Ram 1500
1C6SRFKT6NN377796	2022 Ram 1500
1C6SRFRT8MN506092	2021 Ram 1500
1FD0W5HT6KEF43087	2019 FORD SUPER DUTY F550
1FT8W3B64NEF08566	2022 Ford F350 S/D
1FTBR2Y80PKA79267	2023 Ford Transit 250
1FTBR2Y81PKA61229	2023 Ford Transit 250
1FTBR2Y82PKA79285	2023 Ford Transit 250
1FTBR2Y83PKA44691	2023 Ford Transit 250
1FTBR2Y83PKA44951	2023 Ford Transit 250
1FTBR2Y87PKB67457	2023 Ford Transit 250
1FTER4FH7KLA60732	2019 Ford Ranger
1FTER4FH7LLA48310	2020 Ford Ranger
1FTEW1E83NFA82884	2022 Ford F150
1FTEW1EB9KFC66847	2019 Ford F150
1FTEW1EG6GFD45542	2016 Ford F150
1FTEW1EGXKFB07783	2019 Ford F150
1FTEW1EPXLFA65536	2020 Ford F150
1FTFW1E54NKE09262	2022 Ford F150
1FTFW1ED8NFB80617	2022 Ford F150
1FTFW3L56RKD39204	2024 Ford F150
1FTFW3L56RKD66970	2024 Ford F150
1FTFW3L57RKD64614	2024 Ford F150
1FTFW3L80RFA47664	2024 Ford F150
1GCGTEEN3M1237184	2021 Chevrolet Colorado
1GCPYCEF7KZ297479	2019 Chevrolet New Silverado 1500
1GCPYCEF9MZ327598	2021 Chevrolet Silverado 1500
1GCUYHEL5KZ162653	2019 Chevrolet New Silverado 1500
1GNEVFKW6KJ209260	2019 Chevrolet Traverse
1GT49WEY8LF324274	2020 GMC Sierra 3500
1GTRUBEK8PZ252067	2023 GMC Sierra 1500
1GTU9CED8MZ316252	2021 GMC Sierra 1500
1GTU9FET3MZ124259	2021 GMC Sierra 1500
2GC4YVEY5N1234488	2022 Chevrolet Silverado 3500
3GCUYEET1MG453426	2021 Chevrolet Silverado 1500
3GTU9BED5MG409272	2021 GMC Sierra 1500
5GAEVAKW5NJ105215	2022 Buick Enclave
5N1DL0MM7HC555975	2017 Infiniti QX60
5TDGRKEC4MS045576	2021 Toyota Sienna
5TDGSKFC3PS087535	2023 Toyota Sienna
5TDGZRBH2NS170683	2022 Toyota Highlander
5TDGZRBH3LS021891	2020 Toyota Highlander
5TDGZRBH6LS511242	2020 Toyota Highlander
5TDKDRBHXPS502915	2023 Toyota Highlander
5TDXZ3DC3HS869890	2017 Toyota Sienna
JN1AZ4EH9LM820173	2020 Nissan 370Z
JTEBU5JR3L5814539	2020 Toyota 4Runner
JTJHARDZ8L2220151	2020 Lexus NX 300

Vehicles in Canada	
Vin	**Vehicle**
1C4PJMBX9KD115978	2019 Jeep Cherokee
1C6RR7SM0GS255551	2016 Ram 1500
1C6SRFHT2NN249997	2022 Ram 1500
1C6SRFVTXPN523339	2023 Ram 1500
1FM5K8GC2LGC69235	2020 Ford Explorer
1FMSK8DH5PGA69362	2023 Ford Explorer
1FMSK8DH9PGB15856	2023 Ford Explorer
1FT8W3BT4LED56016	2020 Ford F350 S/D
1G1FY6S03K4117515	2019 Chevrolet Bolt EV
1G1YC2D40R5108758	2024 Chevrolet Corvette
1GYS4GKT9PR389315	2023 Cadillac Escalade
1GYS4RKT5PR470016	2023 Cadillac Escalade
2C4RC1BG0PR623570	2023 Chrysler Pacifica
2GC4KVEY8S1123611	2025 Chevrolet Silverado 3500
2T3RFREV0GW522647	2016 Toyota Rav4
2T3RWRFV8SW275577	2025 Toyota Rav4
3C4NJDAB8JT262489	2018 Jeep Compass
3C4NJDDNXRT149189	2024 Jeep Compass
3C63R3GL0PG554298	2023 Ram 3500
3C63R3HL0PG596632	2023 Ram 3500
3C6RR7LT6PG678535	2023 Ram 1500 Classic
3C6TRVCG2HE537326	2017 Ram ProMaster
3KPF34AD2PE666806	2023 Kia Forte
3KPF34AD6PE615888	2023 Kia Forte
3KPF34AD8NE511464	2022 Kia Forte
3N1CN8FV5RL890305	2024 Nissan Versa
3N1CP5BV3RL475109	2024 Nissan Kicks
4JGFD8KB5NA806554	2022 Mercedes-Benz GLE-Class
4S4BTDDC5L3225928	2020 Subaru Outback
5FNRL6H83KB506499	2019 Honda Odyssey
5XYPHDA38KG598469	2019 Kia Sorento
5YFBPMBE5MP235946	2021 Toyota Corolla
5YJ3E1EA1LF718880	2020 TESLA MODEL 3
5YJ3E1EA9MF026965	2021 Tesla Model 3
5YJYGDEE5MF268673	2021 Tesla Model Y
7SAYGDEE2PF599413	2023 Tesla Model Y
7SAYGDEF3PF587912	2023 Tesla Model Y
JA4AJUAU7PU605091	2023 Mitsubishi RVR
JA4AT3AA2LZ607788	2020 Mitsubishi Eclipse Cross
KM8K33AG9KU020574	2019 HYUNDAI KONA
KMHRC8A34PU214798	2023 Hyundai Venue
KNDEUCAA5R7564802	2024 Kia Seltos
KNDJ33AU3L7059344	2020 Kia Soul
KNDPUCAF6P7173899	2023 Kia Sportage
KNDPUCAF8P7175444	2023 Kia Sportage
ML32A5HJ3KH010173	2019 Mitsubishi Mirage
WAUAAAF46RN005900	2024 Audi A4
WBS33AY08MFL26560	2021 BMW 3-Series
WUABACFXXM7901498	2021 Audi R8