

2024



Hfx No. 538745

SUPREME COURT OF NOVA SCOTIA

IN THE MATTER OF the *Companies Creditors Arrangement Act* R.S.C., 1985, c. C-36, as amended (the "CCAA")

AND IN THE MATTER OF an application by Blue Lobster Capital Limited, 3284906 Nova Scotia Limited, 3343533 Nova Scotia Limited and 4318682 Nova Scotia Limited (collectively, the "**Applicants**") for relief under s. 11 of the CCAA and other relief.

AFFIDAVIT OF SHANNON THERESA LYNCH

I, Shannon Theresa Lynch, make oath and give evidence as follows:

1. I am a participant in the Court-approved sale process herein (the "**Sale Process**") on behalf of a company to be incorporated, and have been designated as a "successful bidder" subject to the approval of this Honorable Court.
2. I have personal knowledge of the evidence sworn to in this Affidavit except where otherwise stated to be based on information and belief.
3. I state, in this Affidavit, the source of any information that is not based on my own personal knowledge, and I state my belief of the source.
4. I am President and Chief Executive Officer of Cape Breton Beverages Limited ("**CBB**"), which is a 76 year old family-owned bottling franchise based in Edwardsville, Cape Breton. CBB produces and bottles Pepsi and associated soft drinks, as well as other beverages, for distribution in Cape Breton and special packages for distribution to Atlantic Canada, and Québec.

5. I am also President and Chief Executive Officer of Trans-Atlantic Preforms Limited ("**Preforms**"), a 35 year old PET preform manufacturer also based in Edwardsville, Cape Breton.
6. The operations of CBB and Preforms are integrated, and they have a combined work force of over 100 employees.

Sale Process

7. In late 2024 I first became aware, through media reports, of the insolvency proceedings involving the Applicants (collectively, "**Blue Lobster**").
8. In early March, 2025 I became aware, once again through media reports, that Blue Lobster's assets were being made available for sale through a Court-approved process administered by KSV Restructuring Inc. (the "**Monitor**").
9. I was very interested in this potential opportunity, as I believed that there could be significant synergies between the existing operations off CBB and Preforms and certain of the Blue Lobster assets.
10. I visited the Monitor's website and executed a Non-Disclosure Agreement, following which my team and I were granted access to the virtual data room established by Blue Lobster and the Monitor to facilitate the Sale Process.
11. I then initiated an intensive due diligence process to evaluate the potential Blue Lobster opportunity, in particular as regards 3284906 Nova Scotia Limited ("**Spirit Co**") and 4318682 Nova Scotia Limited ("**Cider**").
12. The due diligence process was very time intensive and involved the extensive involvement of myself and my Senior Management Team, being Jim Chisholm (Chief Financial Officer of CBB and Preforms) and Kendra Hillier (Chief Operating Officer of CBB and Preforms, as well as external legal and accounting professionals.
13. This process included (but was not limited to):
 - Receipt and review of financial statements for Spirit Co and Cider;
 - Multiple site visits to the operations of both Spirit Co and Cider;
 - Conducting assessments of operational risk;

- Conducting analyses of facilities and supply chains for both companies;
 - Development of a discounted cash flow financial model and a comparable analysis to assist in valuing both companies; and
 - Numerous consultations with professional advisers;
14. On May 9, 2025 I submitted an Offer to the Monitor as regards the acquisition of substantially all of the assets required to carry on the businesses of Spirit Co and Cider. My Offer included a proposed form of Asset Purchase Agreement and a deposit equivalent to 10% of the proposed purchase price.
15. My Offer to the Monitor did not include any of the assets of 3343533 Nova Scotia Limited or Blue Lobster Capital Limited.
16. On June 3, 2025, and following further negotiations and communications with the Monitor, my team, and my professional advisers, the Monitor advised that my Offer had been accepted, subject to the approval of this Honorable Court.
17. Following my selection as the successful bidder for Spirit Co and Cider, my Senior Management Team and I, together with my professional advisors, have expended additional time, effort and money preparing for the anticipated closing of the sale transaction and the transitioning of operations from the current owners.
18. These activities have included (but are not limited to):
- Participating in numerous legal, accounting, and banking calls;
 - Preparation and submission of Excise License applications to Canada Revenue Agency;
 - Development of integration plans for Spirit Co and Cider;
 - Attendance at multiple meetings with the Nova Scotia Liquor Commission;
 - Attendance at meetings with current provincial liquor distribution agents for Ontario, New Brunswick and Newfoundland and Labrador, as well as a prospective national distribution agent;
 - Meetings with operational and administrative staff of both Spirit Co and Cider;
 - Establishment and set up of new bank accounting and wire setups for payment of suppliers; and

- A meeting with Alex Rice, the Chief Executive Officer of Spirit Co and Cider, seeking to facilitate constructive steps to facilitate the transition.
19. I have also been obliged to devote time, effort and money to the ongoing Court proceeding herein as a result of Blue Lobster's opposition to the Monitor's Motion seeking Court approval of the sale transactions.
20. This has included (but is not limited to):
- Retaining and instruction insolvency counsel;
 - Attendance in Court;
 - Numerous consultations and communications with insolvency counsel and others;
 - Receipt and review of the pleadings and submissions filed by the Monitor, Blue Lobster, and others; and
 - Preparation of this Affidavit and our submission to the Court.

Expenditure of Time and Money


21. I am aware that Blue Lobster seeks to terminate the current Court proceeding and that, if successful, this would negate the completion of the pending sale transaction despite the execution of the Asset Purchase Agreement and the Monitor's acceptance of my Offer (subject to Court approval).
22. The cancellation of the Sale Process would be a great disappointment to me as my team and I are excited by the opportunities presented by the pending sale transaction and as we have expended significant time, effort and money in reliance upon the Sale Process as approved by the Court.
23. My team and I have made our best efforts to quantify our expenditure of time and money in relation to the Sale Process.
24. Attached hereto as Exhibit "A" is a listing setting out our best estimates of time devoted to the Sale Process, up to and including June 28, 2025. I note that, in my estimation, the allocated time is conservative and is less than the time actually expended.

25. The hourly rate employed on Exhibit "A" (\$233.56) was calculated by blending the T4 incomes for myself and my team members (plus a 15% allowance for benefits) and then dividing by 2080 (being 52 weeks @ 40 hours per week).
26. As set out in Exhibit "A", the calculated value of time expended to June 28, 2025 totals **\$100,314.05**.
27. In addition to time expended, we have incurred the following charges (to June 29):
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|--|----------------------|
| • Legal fees | \$ 30,817.54 |
| • Accounting Fees | \$ 7,961.52 |
| • Bank Fees (est.) | \$ 5,000.00 |
| • Travel (airfare/mileage/accommodation/meals) | \$ 12,054.29 |
| • Event Sponsorships | <u>\$ 14, 875.00</u> |
| TOTAL | \$ 70,708.35 |
28. The total calculated amount for time expended and charges incurred is accordingly **\$171,022.40**.

Approval of the Sale Transaction

29. Throughout my involvement in this matter, my team and I have relied in good faith upon the integrity of the Sale Process as approved by the Court and as administered by the Monitor.
30. The acquisition of the assets of Spirit Co. and Cider represents a huge and exciting business opportunity, with great synergies for the existing operations of CBB and Preforms.
31. My team and I have devoted every effort into formulating and submitting a successful Offer and planning for the completion of the sale and a smooth transitioning of operations, and we continue to do so.
32. I accordingly respectfully request that this Honourable Court approve the sale transactions as recommended by the Monitor, and that the Blue Lobster Motion be dismissed.

Sworn to before me
On June 30th, 2025
at Sydney, Cape Breton,
Province of Nova Scotia



A Barrister of the Supreme
Court of Nova Scotia

RACHEL R. BARRETT
A Barrister of the Supreme
Court of Nova Scotia

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SHANNON THERESA LYNCH

2024

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This is Exhibit "A" referred to in the affidavit
of **Shannon Theresa Lynch** sworn before
me on this 30th day of June, 2025.



A Barrister of the Supreme Court of Nova Scotia

RACHEL R. BARRETT
A Barrister of the Supreme
Court of Nova Scotia

Week Start	Week End	Team Hours
Sunday, March 9, 2025	Saturday, March 15, 2025	0.5
Sunday, March 16, 2025	Saturday, March 22, 2025	1.0
Sunday, March 23, 2025	Saturday, March 29, 2025	0.0
Sunday, March 30, 2025	Saturday, April 5, 2025	0.0
Sunday, April 6, 2025	Saturday, April 12, 2025	0.0
Sunday, April 13, 2025	Saturday, April 19, 2025	5.0
Sunday, April 20, 2025	Saturday, April 26, 2025	24.0
Sunday, April 27, 2025	Saturday, May 3, 2025	48.0
Sunday, May 4, 2025	Saturday, May 10, 2025	74.5
Sunday, May 11, 2025	Saturday, May 17, 2025	25.0
Sunday, May 18, 2025	Saturday, May 24, 2025	0.0
Sunday, May 25, 2025	Saturday, May 31, 2025	28.0
Sunday, June 1, 2025	Tuesday, June 3, 2025	15.0
		221.0
Internal Time Before Notified Successful Bidder		\$ 53,426.41
Wednesday, June 4, 2025	Saturday, June 7, 2025	25.5
Sunday, June 8, 2025	Saturday, June 14, 2025	65.0
Sunday, June 15, 2025	Saturday, June 21, 2025	70.0
Sunday, June 22, 2025	Saturday, June 28, 2025	48.0
		208.5
Internal Time After Notified Successful Bidder		\$ 46,887.64
Internal Time Total		\$100,314.05