



Blue Ocean Group

Alcoholic Beverage Production and Distribution Opportunity





History

Founded in 2015 by Alex Rice, Dan Allen and Evan MacEachern (the “**Partners**”), Nova Scotia Spirit Co. (“**NSSC**”) experienced rapid growth. Initially launching with three core spirits—Blue Lobster Vodka, Fisherman’s Helper Rum, and Willing to Learn Gin—NSSC and its related businesses quickly garnered recognition, expanding into the New Brunswick and Prince Edward Island markets within just two years. Today, NSSC and its related business, including Lost Bell Winery (“**Lost Bell Winery**”) and Annapolis Cider Company (“**Annapolis**”) operate as the Blue Ocean Group (the “**Blue Ocean Group**”) from headquarters in New Glasgow, Nova Scotia. The Blue Ocean Group is strategically positioned in the major markets of the Maritime provinces.

In 2018, NSSC introduced its first highly successful ready-to-drink product, Lemon Lime Blue Lobster Vodka Soda. Buoyed by strong demand, the RTD line expanded into the Ontario market in 2019, and by 2020, four new flavours were launched. NSSC has since unveiled several other award-winning beverages, including The Cat Came Back Barrel Conditioned Gin, Solera Rum and Painted Boat Beer Co. Lager.

Saint-Famille Winery (now Lost Bell Winery) and Annapolis were acquired in 2021. Additionally, the Partners indirectly own Blue Ocean Management Group Limited, that provides the sales and marketing initiatives for all operating companies.

Equipment & Assets

- Blue Ocean Group operates from seven locations: the corporate office leased from Blue Lobster Capital Limited, the main distillery and two warehouses/distribution centres, each owned by NSSC, the winery owned by Lost Bell Winery, a warehouse owned by Annapolis and the Annapolis cidery and tasting room, which are leased from a third party.
- Blue Ocean Group has invested significantly in machinery and equipment. The main distillery’s two canning lines have a production capacity of approximately 30,000 hectoliters, equating to an estimated 25 million cans annually.

Marketing & Market

- Blue Ocean Group employs a robust, multi-channel marketing strategy that spans in-store retail promotions, licensee collaborations, and trade marketing initiatives. A cornerstone of their approach is the activation and tasting partnerships that effectively put “cans in hands” at high-profile events across Atlantic Canada and Ontario. The Blue Ocean Group also has a strong social media presence across all brands, facilitating widespread engagement and visibility. As a result, Blue Ocean Group’s products are highly recognized in Atlantic Canada and beyond.

Blue Ocean Group

Unique opportunity to purchase a rapidly expanding company known for its prominent spirits, wines, and ready-to-drink (“RTD”) alcoholic beverages

Blue Lobster
Vodka Soda

Painted Boat
Beer Co.

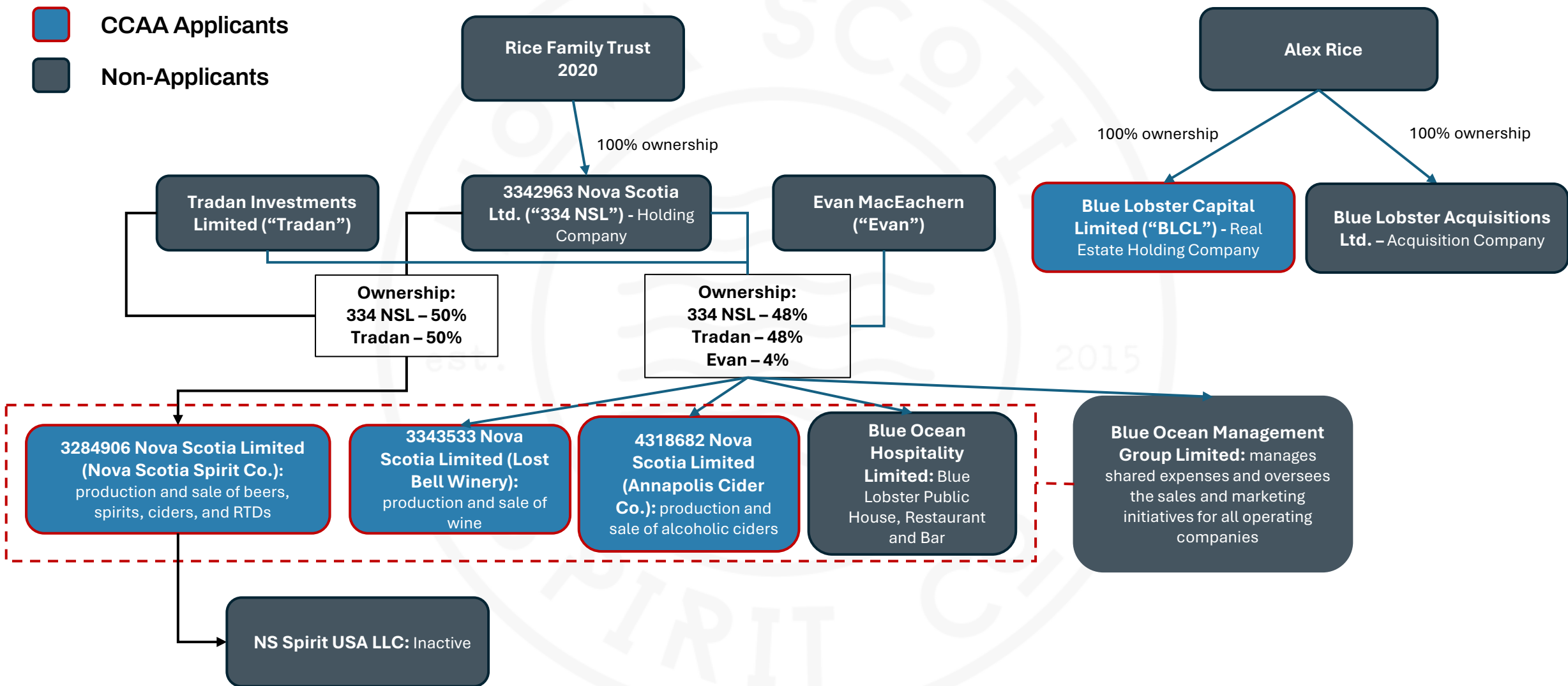
Annapolis
Cider Company

Lost Bell
Winery



ksv advisory inc.

Organizational Structure



Opportunity Overview

The Blue Ocean Group is projecting significant growth from several established brands and a diverse range of new products



Revenue Stream

- In FY2024, Blue Ocean Group generated revenue and gross profit of ~\$13.2MM and ~\$6.3MM, respectively; significant growth is projected in FY2025.



Diversified Sales Channels

- ~43% of sales are to Nova Scotia Liquor Corporation, ~20% direct to customers, and ~16% to the Liquor Control Board of Ontario.
- The balance is from other provincially regulated retailers, online platforms, restaurants and bars.



Rapid Expansion

- RTD sales have grown from ~9% revenue in FY20 to ~16% in FY24.
- Through an exclusive distribution agreement with Global Beer Network and NS Spirit USA LLC ("NS USA"), an opportunity exists to expand the business into the Northeastern US market. NS USA is present inactive.



Affiliated Companies

- Annapolis produces and sells ciders, while also offering tours and tastings. Annapolis is the second-largest cider producer in NS.
- Lost Bell Winery primarily produces and sells its wine.
- Annapolis and Lost Bell Winery grew revenue by ~27% and ~16%, respectively, in FY2024.

LOST BELL

Business Systems and Employees

- Blue Ocean Group has invested ~\$3.4MM in equipment at the Foord Street Distillery.
- NSSC has 25 employees, Annapolis has 20, and Lost Bell Winery has 8.
- Blue Ocean Management Group Limited has 47 employees which provide back-office support for all operating companies.



Products

Blue Ocean Group is a leader in the spirits market with its top-selling RTD products, award-winning spirits, craft beer, ciders and wines

Ready-to-Drinks

RTDs have grown increasingly popular in recent years, and NSSC's Blue Lobster RTD lineup has consistently outperformed its competition. The brand portfolio includes the Zero Sugar Series, a Vodka Soda & Fresh Pressed Juice line, non-carbonated options, and the Nostalgia Series. Continuing its commitment to innovation, NSSC recently launched sparkling cocktails in three flavors—Blueberry Mojito, Hibiscus Gin Smash, and Cherry Fizz—in preparation for summer 2025.

Spirits

NSSC produces award-winning spirits, including Blue Lobster Vodka, Willing to Learn Gin, Fisherman's Helper White Rum, The Cat Came Back Barrel Conditioned Gin, and Solera Rum. These spirits have received multiple medals, including Gold and Double Gold from the San Francisco Spirit Competition and the American Distilling Institute. NSSC is the top-selling Nova Scotia-based spirits brand, with Blue Lobster Vodka leading sales and ranking among the top 15 spirits overall.

Other Products

Blue Ocean Group acquired Annapolis and Lost Bell Winery in 2021. Annapolis Cider crafts a variety of hard ciders using apples sourced from orchards across the Annapolis Valley. Since its acquisition, the brand has significantly expanded its retail distribution across Atlantic Canada. Their Mixer Pack is the top-selling Nova Scotia-produced cider in the NSLC. Additionally, the flagship store on Main Street in downtown Wolfville is a popular destination for both locals and tourists, offering engaging tours and tastings.

Lost Bell Winery, located in West Hants, NS, crafts an exceptional selection of wines from its 38-acre estate, which includes 17 acres of planted vines. The company plans to enhance the visitor experience by introducing a modernized tasting room within its fully equipped 9,000 square foot winery.

NSSC's products also includes Painted Boat Beer Co. Lager, a smooth 5% ABV lager which launched in 2020.



Property & Equipment

Blue Ocean Group operates from seven locations

Properties



Foord Street Distillery (owned by NSSC)

In 2017, NSSC acquired a 30,000 square foot distillery at 230 Foord Street, Stellarton, NS. The site includes a restaurant, outdoor beer garden and a retail shop, which is the home of the Blue Lobster Public House (owned by a non-CCAA applicant).



Trafalgar Warehouse (owned by NSSC)

INSSC owns a warehouse and storage facility at 6264 Trafalgar Road, Stellarton, NS, approximately 1.5 km from the Foord location.



Trenton Warehouse (owned by NSSC)

The warehouse at 4558 Pictou Landing Road, Trenton, NS, is NSSC's original location. The company continues to use the 1,500 square foot facility for production of line of spirits.



Stellarton Office (Leased from BLCL)

The corporate head office is leased from BLCL at 63 Provost Street, New Glasgow, NS, approximately 4km from the main distillery on Foord Street.



West Hants Winery (Owned by Lost Bell Winery)

Lost Bell winery, located in West Hantz, NS, is a 38-acre estate winery with 17 acres of producing vines, a 9,000 square foot fully-equipped winery, tasting room and a wedding pavilion that can accommodate 150 people.



Port Williams Warehouse (Owned by Annapolis)

The warehouse in Port Williams, NS, is a 9,000 square foot warehouse used for storing finished products and raw materials for Annapolis.



Wolfville Cidery (Leased by Annapolis)

Annapolis operates its cidery and tasting room at a leased property located at 386/388 Main Street, Wolfville, NS. The lease includes an option to purchase the property.

Equipment & Other Assets (Owned by NSSC)

In 2020, NSSC invested approximately \$3.4 million in equipment and machinery. This included two Pneumatic Scale Angelus canning lines - one fixed at 100 CPM and one counter pressure mobile at 50 CPM. Combined, these allow for 9,000 cans per hour.

The Stellarton facility also has a 20 BBL Brewhouse 900 BBL's of stainless fermentation and carbonation tanks, Inline carbonation technology, Anton Paar Lab, Inline X-ray detection and digital Seam Scan technology.



Combined Historical and Pro Forma FY2025 Financials

Blue Ocean Group is projecting revenue growth across all businesses

Historical & Pro Forma - Revenue and Gross Profit				
(\$000s; Canadian Dollars)	2023 - Actual	2024 - Actual	2025 - Forecast	Average Annual Growth (FY'23 to FY'25)
<u>NSSC</u>				
Revenue	\$ 10,657	\$ 10,556	\$ 12,763	10%
Gross Profit	\$ 4,803	\$ 5,116	\$ 5,794	10%
Gross Margin %	45%	48%	45%	
<u>Annapolis</u>				
Revenue	\$ 1,794	\$ 2,281	\$ 2,771	24%
Gross Profit	\$ 745	\$ 1,004	\$ 1,481	41%
Gross Margin %	42%	44%	53%	
<u>Lost Bell</u>				
Revenue	\$ 326	\$ 377	\$ 459	19%
Gross Profit	\$ 193	\$ 135	\$ 172	-1%
Gross Margin %	59%	36%	37%	
<u>Combined</u>				
Revenue	\$ 12,777	\$ 13,214	\$ 15,993	12%
Gross Profit	\$ 5,742	\$ 6,256	\$ 7,448	14%
Gross Margin %	45%	47%	47%	
<u>Notes</u>				
[1] Prepared by Management.				
[2] Assumes business maintains current operations.				

In FY2025, the Blue Ocean Group is projected to generate gross profit of approximately ~\$7.4 million on sales of ~\$16 million.

BLCL Properties

BLCL owns three residential properties, two commercial properties and one warehouse

Address	Property Type
14 Allen Ave., Stellarton, Nova Scotia	Residential – Duplex
140 George St., Stellarton, Nova Scotia	Heritage Commercial Property
18 Claremont St., Stellarton, Nova Scotia	Residential – Single Family
2138 Brunswick St., Halifax, Nova Scotia	Residential – Single Family
224 Old Post Rd., Crapaud, PEI	9,000 Square foot warehouse
61/63 Provost St., New Glasgow, Nova Scotia	4-unit corporate office, which is the head office of the Blue Ocean Group

This is the corporate head office location.

These properties are available for sale in the SISP. Interested parties can submit bids for these properties together with offers for the operating business. Interested parties can also submit offers for these properties on their own. For more information concerning the sale of these properties, interested parties are directed to the SISP Approval Order which can be found on the Monitor’s website at www.ksvadvisory.com/experience/case/blue.

The Opportunity

The Blue Ocean Group is a leading Canadian beverage company with a growing product portfolio, strong management, and cross-border sales potential

1

Leader in Growing Category

Opportunity to acquire a diverse and growing product mix, from a leading Canadian beverage company in the RTD market

2

Strong Performance

Consistent revenue streams from the Atlantic Canadian and Ontario markets, with strong projected sales and gross margin growth from a diverse and expanding product portfolio

3

Established Infrastructure Investments

Significant investments in real estate, production facilities, and automated machinery provide the foundation for expanded production capacity and future growth

4

Opportunity for Market Expansion

Cross-border growth opportunities – including in the Northeastern United States through NSSC's exclusive distributor agreement with Global Beer Network

5

Experienced and Committed Management

Experienced executive & management teams in place, willing and eager to participate in growth going forward

Sale and Investment Solicitation Process

The Monitor is seeking offers by May 9, 2025

Pursuant to an Initial Order issued by the Supreme Court of Nova Scotia (the “**Court**”) on December 13, 2024 (the “**Filing Date**”), Blue Lobster Capital Limited, 3284906 Nova Scotia Limited (Nova Scotia Sprit Co.), 3343533 Nova Scotia Limited (Lost Bell Winery) and 4318682 Nova Scotia Limited (Annapolis Cider Company) (collectively, the “**Companies**”) were granted protection under the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “**CCAA**”), and KSV Restructuring Inc. (“**KSV**”) was appointed as monitor in these proceedings (the “**Monitor**”).

On March 7, 2025, the Court approved a sale and investment solicitation process (the “**SISP**”) for the Companies. A summary of the SISP timelines is set out below. Full details of the SISP can be found in the SISP Approval Order in the Monitor’s Third Report to Court. The report can be found on the Monitor’s case website at <https://www.ksvadvisory.com/experience/case/blue>.

In the event of any discrepancy between the terms set out herein, and the terms of the SISP or the SISP Approval Order, the SISP Approval Order shall prevail.

SISP Milestone	Key Dates
Court approval of SISP	No later than March 7, 2025
Distribute teaser and confidentiality agreement (the “ CA ”)	March 14, 2025
Provide access to Virtual Data Room to interested parties	Upon signing a CA
Bid Deadline	May 9, 2025
Review and negotiate bids	1-14 days after the Bid Deadline
Selection of Successful Bidder(s)	Immediately following negotiation of the bids, in consultation with Royal Bank of Canada (“ RBC ”)
Court approval and closing(s)	As soon as possible, with the objective of completing a transaction by June 30, 2025, unless otherwise agreed by RBC

If you are interested in pursuing this opportunity, please execute the attached CA and return it to the Monitor, attention Tony Trifunovic at ttrifunovic@ksvadvisory.com, after which you will be provided with access to a virtual data room containing additional information regarding the opportunity. The Monitor will facilitate due diligence during the SISP. **Any transaction in the SISP is subject to Court approval.**

Restrictions

The information provided herein (the “**Information**”) has been prepared to assist interested parties in their evaluation of the Companies and does not purport to contain all the information that an interested party may require. This teaser (the “**Teaser**”) has been prepared based on discussions and/or information provided by the Companies’ management and advisors.

The Monitor has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would comply with Canadian Auditing Standards (“**CAS**”) pursuant to the Chartered Professional Accountants of Canada Handbook and, accordingly, the Companies and the Monitor express no opinion or other form of assurance as contemplated under the CAS in respect of the Information. Any party wishing to place reliance on the Information should perform its own diligence.

The Companies and the Monitor make no representation or warranty as to the accuracy or completeness of the Information contained in this Teaser, the virtual data room (the “**VDR**”), Management presentations or otherwise.

Neither the Companies nor the Monitor makes any recommendations regarding the acquisition of the Companies, or their businesses and assets. Interested parties shall exercise independent judgment in, and have sole responsibility for, determining whether an acquisition of the Companies is suitable for them, and the Companies and the Monitor will have no responsibility in this regard. The Companies and the Monitor assume no obligation to correct or update the Information and/or this Teaser. These materials do not contain all information that may be required to evaluate the Companies.

By accepting this Teaser, the recipient acknowledges and agrees that: (1) all Information contained herein or made available in connection with a further investigation of the Companies is confidential, will be treated in a confidential manner and the recipient will not, directly or indirectly, disclose or permit its agents or affiliates to disclose the Information; (2) no personnel of the Companies, suppliers or otherwise, are to be contacted directly or indirectly under any circumstances without the prior written consent of the Monitor; (3) the Companies and the Monitor make no representation or warranty as to the accuracy of the Information and shall not have any liability for any representation (express or implied) contained in, or for any omissions from this Teaser or any other written or oral communications transmitted to the recipient in the course of its evaluation of the Companies; and (4) if the recipient does not wish to pursue this matter or upon the Monitor’s request, the recipient will immediately return this Teaser to the Monitor or destroy the Teaser, together with any other confidential materials relating to the Companies which the recipient may have received from the Companies or the Monitor.

Any transaction resulting from the SISP will be on an “as is, where is” basis and is subject to approval of the Court.

UNLESS OTHERWISE NOTED, ALL CURRENCY REFERENCES ARE IN CANADIAN DOLLARS



Contact Information

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