



Estate File No.: 31-3307597

**IN THE MATTER OF THE BANKRUPTCY OF
BRS CANADA ACQUISITION INC.
OF THE CITY OF BARRIE, IN THE PROVINCE OF ONTARIO**

**TRUSTEE'S REPORT TO CREDITORS ON
PRELIMINARY ADMINISTRATION**

1. Introduction

1. On December 5, 2025, BRS Canada Acquisition Inc. (the "**Company**") filed an assignment in bankruptcy (the "**Assignment**"). KSV Restructuring Inc. was appointed by the Office of the Superintendent of Bankruptcy (Canada) as Licensed Insolvency Trustee of the Company (in such capacity, the "**Trustee**"), subject to affirmation of the Trustee's appointment at the first meeting of creditors to be held on December 17, 2025.

1.1 Currency

1. All currency references in this report (the "**Report**") are to Canadian dollars unless otherwise noted.

1.2 Restrictions

1. In conducting its review and preparing this Report, the Trustee has relied upon financial and other information provided by the Company and its parent company, Big Rock Sports, LLC ("**Big Rock**").
2. The Trustee has not audited or otherwise attempted to verify the accuracy or completeness of the financial information relied on in a manner that complies with Canadian Auditing Standards ("**CAS**") pursuant to the Chartered Professional Accountants of Canada Handbook and, accordingly, the Trustee expresses no opinion or other form of assurance contemplated under the CAS in respect of such information. Any party wishing to place reliance on the financial information contained in this Report should perform its own diligence.
3. Estimates regarding amounts that could be available for distribution to the Company's creditors are subject to change based on the Trustee's realization efforts and findings during these bankruptcy proceedings.

2. Background

1. The Company was incorporated under the laws of British Columbia on April 28, 2011. The Company was a Canadian sporting goods distributor. As of the date of the Assignment, the Company operated three leased distribution centers located in British Columbia, Manitoba and Ontario.
2. The Company's head office is located in Barrie, Ontario.
3. The Company operated as the subsidiary of Big Rock, a U.S.-based sporting goods distributor of sporting/hunting firearms, fishing gear and camping equipment.
4. Prior to the Assignment, SB360 Capital Partners, LLC ("**SB360**"), a liquidator, had been retained by the Company to liquidate the Company's assets (summarized below) and collect outstanding receivables. Following the Assignment, the Trustee entered into a consulting and marketing services agreement with SB360 dated December 5, 2025 (the "**Liquidation Agreement**") to continue the asset realization activities it started prior to the Assignment. As of the date of this Report, the Trustee understands that the sale and shipment of remaining inventory from the distribution centers is almost complete.
5. All 72 employees were terminated by the Company on the date of the Assignment. The Company paid all accrued wages and any accrued vacation pay to terminated employees prior to their termination.
6. Also on the date of the Assignment, the Trustee provided term and task letters to most of the terminated employees for the purposes of assisting SB360 to complete the sale and shipment of remaining inventory and exit from the DCs. Based on discussion with SB360, the Trustee expects to disclaim the lease agreements for the three distribution centers and the head office by December 31, 2025.

3. The Bankrupt Estate

3.1 Assets

1. The following table provides a summary of the book value of the Company's assets as at the date of bankruptcy.

Description	Book Value (\$000s)
Cash	553
Accounts Receivable	4,546
Inventory	4,483
Property Plant & Equipment	7,133
Goodwill	17,359
Intangible Assets (IP)	1,268
Intercompany Receivables	27,063
Other Assets	2,714
	65,119

2. Each of the Company's assets is discussed below.

- a) **Cash:** there was approximately \$554,000 in the Company's bank accounts at Royal Bank of Canada ("**RBC**"). On December 5, 2025, the Trustee requested that RBC restrict all of the Company's bank accounts at RBC to deposit-only which RBC confirmed on the same day.

Certain daily cash sweeps to Regions Bank ("**Regions**"), which were implemented pursuant to a blocked account arrangement among the Company, RBC and Regions prior to the Assignment, continued to be processed following the date of the Assignment. The Trustee understands that these sweeps arose from pre-existing banking arrangements and is working cooperatively with both RBC and Regions to ensure that all post-Assignment funds are appropriately remitted to the Trustee.

The Trustee has requested that Regions transfer the Trustee any funds it received since the date of the Assignment which the Trustee understands Regions is in the process of completing. Additionally, the Trustee has requested that RBC transfer any funds that were not swept by Regions to the Trustee's bank account, which the Trustee understands RBC is in the process of completing.

- b) **Accounts receivable:** comprises receivables relating to the sale of sporting goods to Canadian retailers. Approximately \$735,000 of the balance is aged over 90 days. SB360 estimates the realizable value to be approximately \$2.25 million.
- c) **Inventory:** the Trustee understands that, after accounting for recent sales which had not yet been recorded at the time of the Assignment, the book value of the Company's inventory was approximately \$1 million. Inventory is comprised of sporting/hunting firearms, fishing gear and camping equipment. SB360 estimates the realizable value to be approximately \$700,000.
- d) **Property Plant & Equipment:** includes furniture, fixtures, leasehold improvements, warehouse equipment and right of use assets. SB360 estimated the realizable value of the furniture, fixtures and equipment to be approximately \$135,000. No other realizable value is anticipated.
- e) **Goodwill:** relates to the Company's acquisitions of Inland Pacific Distributors Ltd. and KTL Canada. Goodwill has no realizable value in a bankruptcy.
- f) **Intercompany Receivables:** this amount represents an intercompany receivable owing from Big Rock and relates to cash management activities between Big Rock and the Company which both had asset-based loans with Regions. The Company 'borrowed'¹ under its revolver with Regions to provide Big Rock with liquidity to maintain compliance with its borrowing base limits under its loan agreement with Regions.

¹ No cash was actually advanced to the Company under the revolver or by the Company to Big Rock. These amounts were recorded in the accounting records.

The Trustee understands that these transactions, which were non-cash, started in or around mid-2024. The Trustee understands that the estimated realizable value is nil as Big Rock is not expected to be able to repay Regions in full.

- g) **Intangible Assets (IP):** SB360 estimates the realizable value to be approximately \$50,000.
- h) **Other Assets:** comprised of other receivables, vendor rebates and prepaid expenses. The Trustee continues to review this category, including a potential tax-related asset, and will report further, as appropriate.

4. Creditors

4.1 Secured Creditors

1. The Company is party to a Second Amended and Restated Credit Agreement dated September 24, 2021 (the “**Credit Agreement**”) between Regions, as administrative agent (in such capacity, the “**Agent**”) for a syndicate of lenders party thereto (the “**Lenders**”) and the Company as Canadian borrower and certain of the Company’s U.S. affiliates as U.S. borrowers.
2. The Company is liable for certain advances made directly to it under the Credit Agreement. In addition, on July 7, 2025, the Company executed a Canadian Guarantee (the “**Guarantee**”), pursuant to which the Company guaranteed the payment of all liabilities under the Credit Agreement, including those of its affiliates that are credit parties under the Credit Agreement.
3. In addition to the Credit Agreement and the Guarantee, the Trustee understands that the Company is party to the following security documents:
 - a) the Canadian Security Agreement dated January 31, 2017 granted by the Company in favor of Regions in its capacity as Agent (the “**Original Security Agreement**”);
 - b) the Acknowledgment and Reaffirmation of Canadian Security Documents and Amendment to Canadian Security Agreement dated September 24, 2021 granted by the Company in favor of Regions in its capacity as Agent (the “**Acknowledgment**” and, together with the Original Security Agreement, the “**CSA**”);
 - c) the Canadian Trademark Security Agreement dated September 24, 2021 granted by the Company in favor of Regions in its capacity as Agent (the “**New CTSA**”); and
 - d) the Canadian Trademark Security Agreement dated October 13, 2017 granted by the Company in favor of Regions in its capacity as Agent (the “**Original CTSA**” and together with the New CTSA, the “**CTSAs**”).

4. The Trustee's counsel, Blake, Cassels & Graydon LLP ("**Blakes**"), has provided the Trustee with an opinion that, subject to the standard assumptions and qualifications contained therein, Regions' security, as registered under the *Personal Property Security Act (Ontario)*, and *Personal Property Security Act (British Columbia)*, creates valid and enforceable security interests in the Company's property. In addition, while Blakes is not licensed to practice law in Manitoba, Blakes has noted first-in-time registrations under the *Personal Property Security Act (Manitoba)* in favor of Regions made against the Company's assets in that province.
5. As of the Assignment Date, based on the Company's books and records, the Trustee understands that the outstanding indebtedness to Regions is:
 - a) approximately \$2.57 million (CAD), pursuant to a revolving credit facility under which the Company is a direct borrower; and
 - b) approximately \$17.7 million (USD) owed by Big Rock under which the Company is not a direct borrower but is liable as a guarantor pursuant to the Guarantee.
6. Pursuant to a search of the personal property registry of Manitoba, the Trustee is aware of the following registrations (in addition to Regions' first in time registration):
 - a) against a Forklift and Bob Cat Truck (the "**PNC Assets**") by PNC Vendor Finance Corporation Canada ("**PNC**"); and
 - b) against all of the Company's present and after-acquired personal property by the Government of Manitoba Department of Finance Taxation Division in respect of unpaid health and education levies (the "**Manitoba Tax Lien**").
7. The Trustee notes that PNC also has a registration against the PNC Assets in the personal property registry of Ontario.
8. Blakes has provided the Trustee with an analysis that, subject to standard assumptions and qualifications and subject to Blakes not being licensed to practice law in Manitoba, (a) the priority of the Regions' security relative to the Manitoba Tax Lien following the Company's bankruptcy should be determined by Federal insolvency law; and (b) Regions' security should have priority over the Manitoba Tax Lien following the Company's assignment in bankruptcy.
9. The Trustee has not engaged Manitoba counsel at this time, but may do so in the future to confirm the informal conclusions that Blakes has reached in respect of the Company's assets in Manitoba.

4.2 Unsecured Creditors

1. Based on the Company's books and records, the claims of unsecured creditors are estimated to exceed \$7 million.

5. Books and Records

1. The Trustee has taken possession of the books, records and data it requires to complete its duties and obligations under the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the “BIA”) including bank statements for the year preceding the date of bankruptcy. The Trustee has also obtained the Company’s minute books.

6. Preferences and Transfers at Undervalue

1. Pursuant to the BIA, the Trustee is required to conduct a review for preferences and transfers at undervalue by reviewing the Company’s bank statements and accounting records for the year preceding the date of the Assignment (December 5, 2025). In respect of non-arm’s length transactions, the “look-back” period under the BIA is five years.
2. The Trustee is in the process of considering these issues, and subject to any instructions or directions it receives from any inspectors that may be appointed, it will report on its findings in a subsequent Trustee’s Report.

7. Anticipated Realization and Projected Distribution

1. Based on the amount owing to Regions and SB360’s preliminary estimates of the realizable value of assets, the Trustee does not expect that the proceeds of realization, net of the costs of administration of the bankruptcy, will be sufficient to repay Regions in full.

8. Other Matters

1. The Trustee has been advised that a representative of Regions will be nominated for appointment as an Inspector in this estate. As of the date of this Report, no other individuals have expressed a desire to be nominated.
2. There are no other matters to discuss at this time.

* * *

DATED at Toronto, Ontario, this 17th day of December, 2025.

KSV Restructuring Inc.

**KSV RESTRUCTURING INC.
SOLEY IN ITS CAPACITY AS LICENSED INSOLVENCY TRUSTEE OF
BRS CANADA ACQUISITION INC.
AND NOT IN ITS PERSONAL CAPACITY**