



ESTATE FILE NO.: 41-2794047

**IN THE MATTER OF THE BANKRUPTCY OF
9526722 CANADA INC. (FORMERLY G.I. SPORTZ INC.)
OF THE CITY OF MONTREAL, IN THE PROVINCE OF QUEBEC**

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

1.0 Introduction

1. Pursuant to an application by GIS Debt Acquisition Partnership ("GIS"), the principal secured creditor of G.I. Sportz Inc. ("G.I. Canada") and five of its direct and indirect US subsidiaries, being Tippmann US Holdco Inc., GI Sportz Direct LLC, Tippmann Finance LLC, Tippmann Sports, LLC and Mission Less Lethal LLC (collectively with G.I. Canada, the "Companies"), the Superior Court (Commercial Division) of the Province of Quebec, District of Montreal (the "Quebec Court") issued an order on October 15, 2020 (the "Receivership Order") placing the Companies in receivership and appointing KSV Restructuring Inc. ("KSV") as receiver (the "Receiver") of the Companies' property, assets and undertaking.
2. The Receivership Order also appointed the Receiver as the "Foreign Representative" of the Companies for the purpose of commencing recognition proceedings in the United States under Chapter 15 of Title 11 of the United States Code in The United States Bankruptcy Court for The District of Delaware (the "US Court").
3. On October 19, 2020, the US Court entered an order recognizing the Canadian receivership proceedings as foreign main proceedings on a provisional basis. The final recognition order was granted on November 17, 2020.
4. As summarized below, G.I. Canada's business and assets were realized upon in the receivership proceedings. On December 30, 2021, G.I. Canada filed an Assignment in Bankruptcy (the "Assignment")¹ appointing KSV as Licensed Insolvency Trustee (the "Trustee") of its bankrupt estate, subject to affirmation by the creditors at the first meeting of creditors to be convened on January 20, 2022 (the "Meeting").

¹ Notwithstanding the stay of proceedings provided under the Receivership Order, the Receiver consented to a lifting of the stay for the purpose of filing the Assignment by G.I. Canada's directors.

1.1 Currency

1. All currency references in this report (“Report”) are to Canadian dollars unless otherwise noted.

1.2 Restrictions

1. The Trustee has not audited, or otherwise attempted to verify, the accuracy or completeness of the financial information relied upon in this Report 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 presented in this Report should perform its own diligence.
2. The Trustee accepts no responsibility for any reliance placed by any third party on the Companies’ financial information presented herein, nor for any information concerning potential recoveries.

2.0 Background

1. The Companies manufactured and distributed paintballs, markers and related accessories.
2. Until September 10, 2020, Bank of Montreal (“BMO”) was the Companies’ senior secured lender. On September 10, 2020, BMO assigned its debt to GIS. The amount then owing by the Companies to BMO was approximately \$36.4 million.
3. The primary purpose of the receivership proceedings was to complete a going-concern sale of substantially all of the Companies’ business and assets pursuant to an Asset Purchase Agreement between the Receiver, as vendor, and Kore Outdoor Inc. and Kore Outdoor (US) Inc. (jointly, the “Purchaser”), affiliates of Fulcrum Capital Partners (Collector) V, LP, being the Companies’ majority shareholder and an affiliate of GIS (the “Transaction”).
4. The purchase price under the Transaction was satisfied by the assumption by the Purchaser of all amounts owing to GIS plus substantially all unsecured liabilities owing to the Companies’ trade vendors.
5. The Transaction was approved by the Quebec Court and the US Court on November 11, 2020 and November 17, 2020, respectively. The Transaction closed on November 30, 2020.
6. On December 8, 2021, the Purchaser acquired the business and assets of G.I. Sports Europe Limited (“GI UK”) in a transaction completed in the context of GI UK’s formal insolvency proceedings.
7. Additional information on the Companies, the receivership proceedings and the Transaction, including materials filed with the Quebec Court, are available on the Receiver’s website at <https://www.ksvadvisory.com/insolvency-cases/case/gisportz>.

3.0 Creditors

1. As nearly all of G.I. Canada's obligations were assumed by the Purchaser under the Transaction, the Statement of Affairs filed with the Assignment lists four creditors with unsecured claims totaling approximately \$374,000. Each of those known creditors was provided notice of the bankruptcy and the Meeting.
2. The Trustee's statutory notice of bankruptcy was also published in National edition of *The Globe and Mail* on January 10, 2022.

3.1 Property of the Bankrupt Not Divisible Amongst Creditors

1. The Trustee is not aware of any property that would not be divisible among G.I. Canada's creditors by virtue of Section 67(1) of the *Bankruptcy and Insolvency Act* ("BIA") or otherwise.

4.0 Books and Records

1. The Trustee has access to G.I. Canada's books and records required to complete its duties and obligations under the BIA.

5.0 Preferences and Transfers Undervalue

1. As the Receiver was appointed on October 15, 2020, the disbursements/transactions relating to the statutory review period relate solely to those incurred over the course of the receivership proceedings, during which the Receiver had oversight of G.I. Canada's receipts and disbursements. As a result, there were no preferences or transfers undervalue identified during the one-year "lookback" period.

6.0 Anticipated Realization and Projected Distribution

1. There will not be any funds available for distribution to G.I. Canada's unsecured creditors.

7.0 Other Matters

1. Pursuant to a Third-Party Guarantee Agreement dated January 12, 2022 between the Receiver and the Trustee, the Receiver has provided a guarantee of the fees and disbursements of the Trustee related to the administration of these bankruptcy proceedings, including those of its legal counsel.
2. There are no other matters to discuss at this time.

* * *

DATED at Toronto, Ontario, this 19th day of January, 2022.

KSV Restructuring Inc.

**KSV RESTRUCTURING INC.
IN ITS CAPACITY AS LICENSED INSOLVENCY TRUSTEE
OF 9526722 CANADA INC. (FORMERLY G.I. SPORTZ INC.)
AND NOT IN ITS PERSONAL CAPACITY**