

**UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF NORTH CAROLINA
STATESVILLE DIVISION**

In re:

Systematic Audio, LLC,¹

Debtor.

Chapter 11

Case No. 26-50236 (LTB)

**DECLARATION OF RYAN L. STRUBECK, P.E. IN SUPPORT
OF THE DEBTOR'S FIRST DAY RELIEF REQUESTED**

I, Ryan L. Strubeck, P.E., hereby declare under penalty of perjury that the following is true to the best of my knowledge, information, and belief:

1. I am a Managing Director of Ankura Consulting Group LLC (“Ankura”) a leading global advisory and expert services firm. I have years of experience in turnarounds, restructuring, and financial advisory across a broad range of industries, and have served in advisory roles for distressed companies and other stakeholders in complex restructuring matters. Prior to my current position, I held various senior roles with Ankura where I gained extensive experience in restructuring advisory and financial services. I earned a B.S. in petroleum engineering from Texas A&M University and an M.B.A. in corporate finance and investment management from Rice University.

2. On June 9, 2026, Ankura was engaged as Systematic Audio, LLC’s (the “Debtor” or the “Company”) financial advisor. I have become generally familiar with the Debtor’s day-to-day operations, business and financial affairs, and books and records. Except as otherwise indicated, all facts set forth in this declaration are based upon my personal knowledge, information

¹ The debtor in this chapter 11 case, along with the last four digits of its federal tax identification number is: Systematic Audio, LLC (6927). The Debtor’s headquarters and mailing address is 2847 John Deere Drive, Suite 102, Knoxville, TN 37917.

supplied to me by other members of the Debtor’s management team and the Debtor’s professionals and advisors, my review of relevant documents, or my opinion based upon my experience and knowledge concerning the Debtor’s operations and financial condition. I submit this declaration to assist the United States Bankruptcy Court for the Western District of North Carolina (the “Court”) and parties in interest in understanding the circumstances compelling the commencement of this chapter 11 case and in support of the Debtor’s chapter 11 petition and certain motions and applications recently filed (the “First Day Motions”).

3. I am over the age of 18, and if called upon to testify, I could and would testify competently to the facts set forth herein. I am duly authorized to submit this declaration. For the avoidance of doubt, I received authorization to submit this declaration on behalf of the Company.

4. On June 9, 2026 (the “Petition Date”), the Debtor filed a voluntary petition for relief under chapter 11 of title 11 of the United States Code (the “Bankruptcy Code”). The Debtor continues in the possession of its property and the management of its business as debtor in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code.

5. This declaration is divided into two parts. Part I provides an overview of the Debtor’s capital structure, prepetition unsecured claims, and cash on hand. Part II provides an overview of the relief requested in the First Day Motions.

I. CAPITAL STRUCTURE, PREPETITION TRADE & CASH ON HAND

Facility	Maturity Date	Interest Rate	Amount Outstanding (Approx.)²
KeyBank Term Loan	Aug. 6, 2030	Adj. Daily SOFR + 2.75%	\$6.3 million
KeyBank Line of Credit	Aug. 6, 2028	Adj. Daily SOFR + 2.50%	\$12.7 million

² Approximate amounts are exclusive of accrued interest and fees, if any.

Medallion Subordinated Note	Feb. 6, 2031	14% - 15% (fixed)	\$6.0 million
TOTAL			\$25.0 million

A. First Lien Prepetition Credit Facility—KeyBank

6. The Debtor is party to that certain Loan Agreement, dated as of August 6, 2025 (as amended, modified, supplemented, or restated, the “Loan Agreement”), by and among the Debtor as well as its non-debtor affiliates Systematic Power Solutions, LLC, SVJ Holdings, LLC, XS Investment Intermediate, LLC, XS Investment — QC, LLC, and XS Investment — QC Parent, LLC, as joint and several borrowers (collectively, the “Borrower Group”), and KeyBank National Association (“KeyBank”), as bank. The Loan Agreement provides for a secured credit facility consisting of: (a) a term loan in the original principal amount of \$7,500,000 (the “Term Loan”), maturing August 6, 2030; and (b) a revolving line of credit with a credit limit of \$15,000,000 (the “Line of Credit” and, together with the Term Loan, the “Prepetition Credit Facility”), maturing August 6, 2028, unless extended.

7. The Term Loan bears interest at the adjusted daily SOFR rate plus 2.75% per annum and requires monthly principal installments of \$125,000, commencing September 1, 2025 and continuing through maturity. The Line of Credit bears interest at the adjusted daily SOFR rate plus 2.50% per annum. Availability under the Line of Credit is subject to a borrowing base equal to 80% of qualified accounts plus 50% of qualified inventory. Proceeds of the Line of Credit are available for working capital, refinancing existing debt, permitted acquisitions, and general corporate purposes.

8. The obligations under the Prepetition Credit Facility (the “Prepetition Obligations”) are secured by a continuing security interest in substantially all assets of each member of the Borrower Group, including, without limitation, all inventory, accounts, general intangibles,

equipment, deposit accounts, intellectual property-related general intangibles, and proceeds thereof (the “Prepetition Collateral”). A UCC financing statement was filed on August 7, 2025 with the Tennessee Secretary of State (File No. U2025114751) reflecting KeyBank’s security interest in all assets of the debtors under the Loan Agreement.

B. Second Lien Secured Note—Medallion Capital

9. The members of the Borrower Group are also jointly and severally liable under a Senior Subordinated Note, dated as of August 6, 2025 (the “Medallion Note”), in the original principal amount of \$6,000,000, payable to Medallion Capital, Inc. (“Medallion”). The Medallion Note matures on February 6, 2031, and bears interest at the Applicable Fixed Rate, which ranges from 14% to 15% based on the total leverage ratio. Medallion’s obligations are secured by a lien on substantially all assets of the Borrower Group; however, such lien is subordinated to KeyBank’s first-priority lien under that certain Subordination and Intercreditor Agreement, dated August 6, 2025, by and among the Borrower Group, Medallion, and KeyBank (the “Intercreditor Agreement”).

10. Under the Intercreditor Agreement, KeyBank holds a first-priority lien on the Prepetition Collateral, and Medallion holds a second-priority lien. The Medallion Note and all rights to payment thereunder are subordinated to the senior indebtedness owed to KeyBank, subject to the terms of the Intercreditor Agreement.

C. General Unsecured Claims—Accrued Prepetition Trade & Soleymani Litigation Claims

11. In addition to funded debt obligations, as of the Petition Date, the Debtor estimates that it has approximately \$2.5 million in general unsecured obligations that represent trade payables and other accrued liabilities incurred in the ordinary course of business.

12. In addition to such accrued trade, the Soleymani Litigation Plaintiffs have alleged that the Debtor is liable for at least \$21.4 million in connection with the Soleymani Litigation, exclusive of fees and interest.

D. Cash on Hand

13. As of the Petition Date, the Debtor held approximately \$55,000 in available cash, substantially all of which constitutes cash collateral of KeyBank.

II. REQUESTED FIRST DAY RELIEF

14. To minimize the possible adverse effects on the Company's business, the Debtor has filed various motions seeking relief that the Debtor believes is necessary to enable it to efficiently administer its estate with minimal disruption and loss of value during this chapter 11 case. The Debtor requests that the relief requested in each of the First Day Motions be granted as critical elements in ensuring the maximization of value of the Debtor's estate.

15. The First Day Motions seek authority to, among other things, ensure access to sufficient liquidity to run the Debtor's business, ensure the continuation of the Debtor's cash management system, and allow for other business operations without interruption. Specifically, the Debtor has filed the following:

- **Cash Collateral Motion.** The Debtor seeks authority to use cash collateral of KeyBank in accordance with the Budget in order to continue to operate its business, pay employees, purchase inventory, pay operating expenses, and preserve the value of its assets and business for the benefit of all parties in interest.
- **Cash Management Motion.** The Debtor seeks authority to continue operating its existing cash management system, two bank accounts, and business forms.
- **Wages Motion.** The Debtor seeks authority to pay accrued and unpaid prepetition wages, salaries, employee benefits, payroll taxes, reimbursable expenses, and related obligations to the Debtor's employees and independent contractors, and to continue employee benefit programs in the ordinary course.

<i>Compensation & Benefits Obligations</i>	<i>Amount</i>
Unpaid Compensation	\$20,000
Withholding Taxes & Obligations	\$2,000
Employee Benefits Programs	\$28,000
Health Programs	\$0
Insurance and Disability Programs	\$0
401(k) Program	\$3,000
Time Off Programs	\$0
Workers' Compensation Program	\$0
Other Benefit Programs	\$0
Total	\$53,000

- Taxes Motion.** The Debtor seeks authority to pay certain prepetition taxes and fees, including customs duties, sales and use, franchise and excise, and real and personal property taxes to the applicable taxing authorities in the ordinary course of business. The Debtor estimates that, as of the Petition Date, the aggregate amount of taxes and fees currently owed to the applicable taxing authorities does not exceed approximately \$116,500.
- Utilities Motion.** The Debtor seeks approval of procedures for providing adequate assurance of payment to utility providers and an order prohibiting utility providers from altering, refusing, or discontinuing service during this chapter 11 case.
- Vendor Motion.** The Debtor seeks authority to pay prepetition claims of certain foreign vendors, section 503(b)(9) claimants, lien claimants, and critical vendors in the ordinary course of business.³

<i>Prepetition Claim Type</i>	<i>Interim Amount</i>	<i>Final Amount</i>
Foreign Vendor Claims	\$210,000	\$1,500,000
Lien Claims	\$55,000	\$55,000
503(b)(9) Claims	\$10,000	\$20,000
Critical Vendor Claims	\$5,000	\$15,000
Total	\$280,000	\$1,590,000

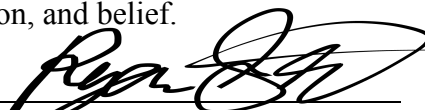
³ Since the filing of the Vendor Motion, the Debtor increased its estimates, in each case with respect to the “Final Amount,” for Foreign Vendor Claims by approximately \$200,000, 503(b)(9) Claims by \$10,000, and Critical Vendor Claims by approximately \$5,000, respectively. There are no changes to the “Interim Amount.” The current estimates are reflected in this declaration.

- **Customer Programs Motion.** The Debtor seeks authority to maintain and administer its Customer Program and to honor prepetition business practices related thereto in the ordinary course of business.
- **Schedules and Statements Extension Motion.** The Debtor seeks an extension of time to file its schedules of assets and liabilities, schedules of executory contracts and unexpired leases, and statements of financial affairs.
- **Claims Agent Retention Application.** The Debtor seeks authority to appoint Epiq Corporate Restructuring, LLC as claims and noticing agent in this chapter 11 case under 28 U.S.C. § 156(c).

16. I have reviewed each of the First Day Motions (including the exhibits attached thereto) listed above and, to the best of my knowledge, information, and belief, I believe the facts set forth in the First Day Motions are true and correct. If I were called upon to testify, I could and would, based on the foregoing, testify competently to the facts set forth in each of the First Day Motions. I believe the relief sought in the First Day Motions is necessary for the Debtor to effectuate a smooth transition into chapter 11 and to avoid irreparable harm to its business and estate during the pendency of this chapter 11 case, and is in the best interests of the Debtor's creditors, estate, and other stakeholders.

Pursuant to 28 U.S.C. § 1746, I declare under penalty of perjury that the foregoing is true and correct to the best of my knowledge, information, and belief.

Dated: June 15, 2026

By: 
Name: Ryan L. Strubeck, P.E.
Title: Managing Director of Ankura Consulting Group LLC