Court No. 31-3428527
Estate No. 31-3428527

IN THE MATTER OF THE BANKRUPTCY OF
CANADIAN EDGE INTERNATIONAL CORP.

TRUSTEE'S REPORT TO THE FIRST MEETING OF CREDITORS ON PRELIMINARY ADMINISTRATION

BACKGROUND

Canadian Edge International Corp. ("**Canadian Edge**" or the "**Company**") was incorporated in 2016 under the *Business Corporations Act* (Ontario) and is a 100% directly owned subsidiary of The International Language Academy of Canada Inc. ("**ILAC**").

Canadian Edge was the group's legal entity for taxable ancillary services, including but not limited to International English Language Testing System (IELTS) and Canadian English Language Proficiency Index Program (CELPIP) testing revenue, textbook and course material revenue, institutional commission revenue, and subsequently, sublease activity.

Canadian Edge had no employees as shared services, such as sales, operations, finance, information technology ("**IT**"), and marketing were provided by ILAC. Canadian Edge's head office was at 120 Bloor Street East although the Company was not listed as a tenant on the lease. The Trustee also understands that subleases for three locations were assigned to Canadian Edge in March 2026, but it is not clear whether the assignment was accounted for on the Company's balance sheet as at August 31, 2026.

BANKRUPTCY PROCEEDINGS

On September 25, 2026 (the "**Bankruptcy Date**"), Canadian Edge filed an assignment in bankruptcy (the "**Bankruptcy Proceedings**") and KPMG Inc. ("**KPMG**") was appointed as trustee of the estate of the bankruptcy (the "**Trustee**") by the Official Receiver, subject to affirmation by the creditors at the first meeting of creditors.

As at the Bankruptcy Date, Canadian Edge immediately ceased operations, with all classes and programming being cancelled with immediate effect.

Canadian Edge's parent company, ILAC filed an assignment in bankruptcy on September 18, 2026. Four affiliates of Canadian Edge filed assignments in bankruptcy on the dates set out below:

- ILAC International College Ltd. and ILAC International College (BC) Ltd. on September 22, 2026;
- Tamwood Careers Ltd. on September 23, 2026; and
- Tamwood International College Ltd. on October 1, 2026.

KPMG was appointed as Trustee by the Official Receiver for each of the subsidiaries, subject to affirmation by the creditors at the first meeting of creditors.

On September 28, 2026, a notice of the first meeting of creditors, a list of creditors, proof of claim form and proxy were sent to all known creditors of Canadian Edge, and on October 1, 2026, a notice of the bankruptcy and the first meeting of creditors was published in The National Post. The first meeting of creditors will be convened on October 9, 2026, at 11:00 a.m. EST.

The activities of the Trustee since its appointment have primarily consisted of the following:

- taking possession and control of the Company's cash on hand at the Bankruptcy Date; and
- statutory work in accordance with the provisions of the *Bankruptcy and Insolvency Act* ("**BIA**").

CAUSES OF INSOLVENCY

Canadian Edge's internal financial results for fiscal years 2023 ("**FY23**"), 2024, 2025, as well as unaudited and internal interim operating results for the 11-month period to August, 2026 ("**YTD26**"), are summarized in the table below:

Revenue **Historical Operating Results Summary** **(in $000s CAD)**				
	FY23	**FY24**	**FY25**	**YTD26**
Revenue	8,258	8,445	11,617	9,747
Operating Costs	(7,135)	(5,882)	(9,708)	(11,119)
EBITDA	**1,123**	**2,563**	**1,909**	**(1,373)**
Other Income and Expenses	(173)	(218)	(154)	(258)
Net Profit / Loss	**950**	**2,345**	**1,754**	**(1,630)**

As indicated in the table above, Canadian Edge generated a net loss YTD26 totaling $1.6 million primarily driven by a material increase in operating costs from $7.1 million in FY23 to $11.1 million in YTD26 due to a reallocation of rent and occupancy costs in YTD26.

Set out below is an unaudited balance sheet summary of Canadian Edge as at August 31, 2026:

Canadian Edge International Corp. **Summary of Assets and Liabilities as at August 31, 2026 - Unaudited** **(in $000s CAD)**	
Total Assets	**170**
Total Liabilities	**1,894**
Shareholders Equity (Deficiency)	**(1,724)**
Total Liabilities and Shareholders' Equity	**170**

As at August 31, 2026, the book value of the Company's total assets was approximately $170,000 and the book value of the Company's total liabilities was approximately $1.9 million. As a result, Canadian Edge had negative equity (i.e. the book value of liabilities exceeded the book value of assets) of approximately $1.7 million. In addition, pursuant to a credit agreement between ILAC and the Lending Syndicate (as

defined below), Canadian Edge was a guarantor to a secured debt facility with an outstanding balance of approximately $133.1 million as at August 31, 2026.

FINANCIAL POSITION/ASSETS

Assets

Based on the books and records of Canadian Edge, the estimated book value of the assets as at August 31, 2026, is set out below.

Canadian Edge International Corp. Summary of Assets as at August 31, 2026 - Unaudited (in $000s CAD)	
Cash	200
Other Assets	(30)
Total Assets	**170**

Cash on Hand

As at the Bankruptcy Date, Canadian Edge's cash on hand was approximately $135,000 for which the Trustee has taken possession of the cash.

BOOKS AND RECORDS OF THE BANKRUPT

The Trustee has made arrangements to safeguard the books and records of the Company, including historical financial information, bank statements, general ledgers, and tax information.

CREDITORS

Secured Creditor

The Company's Statement of Affairs indicates there is one secured creditor as at the Bankruptcy Date (the "**Lending Syndicate**"). The Bank of Nova Scotia, acting as the Agent of the Lending Syndicate, which also includes Federation des Caisses Desjardins Du Quebec, and National Bank of Canada, had a total aggregate amount owing of approximately $133.1 million as at August 31, 2026.

The Trustee has not obtained an independent legal opinion with respect to the validity and enforceability of the security granted in favour of the Lending Syndicate at this time.

Preferred Creditors

Security for Unpaid Wages – S.81.3 Claims

Canadian Edge had no employees.

Unsecured Creditors

The Company's Statement of Affairs indicates that there are approximately 1,107 unsecured creditors with claims totaling approximately $822,000 as follows:

Canadian Edge International Corporation Unsecured Creditors (in $000s CAD)	#	$
Trade and Other AP	17	437
Commissions	89	164
Students	1,001	221
Total	**1,107**	**822**

PROVABLE CLAIMS

As at 10:00 a.m. on the date of this report, the Trustee has recorded Proof of Claims filed, as follows:

Recorded Proof of Claims Summary - Canadian Edge				
	Claims Filed (#)	Amount ($)	Proxies in Favour of Trustee (#)	Amount ($)
Secured	1	25,000,000	1	25,000,000
Preferred	Nil	Nil	Nil	Nil
Unsecured	17	114,265,319	2	112,773,088
Total	**18**	**139,265,319**	**3**	**137,773,088**

Note 1: The Trustee received a total of 18 proof of claims against Canadian Edge. One of the proof of claims contained both an unsecured claim and secured claim. The Trustee has received 2 unsecured proxies in favour of the Trustee totaling approximately $112.8 million.

PREFERENCE PAYMENTS AND TRANSFERS AT UNDER VALUE

The Trustee has not performed a review at this time of the Company's books and records, with respect to potential fraudulent preferences, settlements or transfers at undervalue, as defined in the BIA. It is the intention of the Trustee to discuss the scope of its review with the Inspectors, if so appointed at the first meeting of creditors.

TRUSTEE'S FEES

The Trustee of ILAC is in possession of a third-party guarantee in the amount of $455,000 (the "**Guarantee**") to guarantee payment of the professional fees and disbursements of the Trustee of ILAC and any other subsidiaries like Canadian Edge that have made an assignment into bankruptcy, including legal counsel, for statutory work in accordance with the provisions of the BIA, should insufficient funds be available from the Company's estate. The Trustee intends to seek retroactive approval of the appointment of Gowlings WLG, as legal counsel to the Trustee, from the inspectors, if so appointed at the first meeting

of creditors. Any payments made to the Trustee under the Guarantee are being held by the Trustee in an account segregated from the funds of the estates of ILAC and its subsidiaries (including Canadian Edge).

PROJECTED DISTRIBUTION AND ANTICIPATED ASSET REALIZATION

The timing and quantum (if any) of any distribution to secured creditors in the Bankruptcy Proceedings is currently unclear. The Trustee does not anticipate any distribution to unsecured creditors in the Bankruptcy Proceedings.

OTHER

Further information related to Canadian Edge's bankruptcy proceedings may be obtained from the Trustee's website at www.kpmg.com/ca/ILAC.

Dated at Toronto, Ontario this 9th day of October, 2026.

KPMG Inc.,
in its capacity as Trustee of
the estate of Canadian Edge International Corp.
and not in its personal capacity

Per: _____

Tim Montgomery, LIT
Senior Vice-President