

**IN THE MATTER OF THE BANKRUPTCY OF
THE INTERNATIONAL LANGUAGE ACADEMY OF CANADA**

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

BACKGROUND

The International Language Academy of Canada (“**ILAC**” or the “**Company**”) was founded in 1997, incorporated under the Ontario Business Corporations Act and grew to become Canada’s largest private English-language school with campuses in Toronto and Vancouver. ILAC’s core offerings included a range of English language programs, such as general English as a Second Language (“**ESL**”), advanced Cambridge, Test of English as a Foreign Language (TOEFL) preparation, International English Language Testing System exam preparation, as well as University Pathways, which allowed students to meet academic language requirements before starting post-secondary degrees. ILAC also offered housing and other related student services.

ILAC had a number of directly and indirectly 100% owned operating subsidiaries, including but not limited to, ILAC International College Ltd. (“**ILAC ON**”), ILAC International College (BC) Ltd. (“**ILAC BC**”), Tamwood International College Ltd. (“**Tamwood College**”), Tamwood Careers Ltd. (“**Tamwood Careers**”) and Canadian Edge International Corp. (“**Canadian Edge**”) for which ILAC provided a number of shared services, including but not limited to, sales, operations, finance, information technology (“**IT**”), human resources, and marketing.

ILAC had approximately 185 salaried employees and 321 hourly employees. It primarily operated out of four multi-floor leased premises in Toronto (120 Bloor Street East, 425 Bloor Street East, 655 Bay Street and 255 College Street) and three leased premises in Vancouver (808 West Hastings St., 1177 West Hastings St. and 1168 West Cordova Street). In addition to these leased premises, ILAC had a number of residential tenancy agreements and housing rental agreements in both Toronto and Vancouver where students would stay while completing their studies.

BANKRUPTCY PROCEEDINGS

On September 18, 2026 (the “**Bankruptcy Date**”), ILAC 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, ILAC immediately ceased operations, with all classes and programming being cancelled with immediate effect.

Five subsidiaries of ILAC subsequently filed an assignment in bankruptcy on the dates set out below:

- ILAC ON and ILAC BC on September 22, 2026;
- Tamwood Careers on September 23, 2026;
- Canadian Edge on September 25, 2026; and
- Tamwood College 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 24, 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 ILAC, and on September 30, 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 8, 2026, at 12:00 p.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;
- realizing on the Company's IT equipment and fixtures, fittings and equipment (collectively "FFE") located at its leased premises in Toronto;
- retaining certain employees at the Company to assist in managing student queries related to academics, transfer options, student records, transcripts and other related matters;
- retaining certain employees at the Company to assist in managing employee related queries and processing employee related documents;
- responding to certain expressions of interest in ILAC's assets, including certain business units of its subsidiaries, and collecting information from the Company regarding same; and
- statutory work in accordance with the provisions of the *Bankruptcy and Insolvency Act* ("BIA").

CAUSES OF INSOLVENCY

ILAC'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 ended August, 2026 ("YTD26"), are summarized in the table below. The Trustee understands that financial performance was historically managed and tracked on a consolidated basis (i.e. the ILAC group of companies, including a number of operating subsidiaries). As a result, viewing the financial results of a single entity on a standalone basis can be misleading due to differences from year to year in how company-wide expenses were allocated to specific entities within the group. For example, the Trustee understands overhead reallocations were accounted for in 2024 (\$12.6 million) and 2025 (\$17.9 million), which resulted in lower operating costs in ILAC, but had not yet been accounted for in YTD26, resulting in comparably higher operating costs for that 11-month period:

International Language Academy of Canada Inc. Historical Operating Results Summary (in \$000s CAD)				
	FY23	FY24	FY25	YTD26
Revenue	98,722	63,694	45,748	41,305
Operating Costs	(65,002)	(54,642)	(37,477)	(46,786)
EBITDA	33,720	9,052	8,270	(5,481)
Other Income and Expenses	(24,906)	(14,040)	(9,252)	(11,775)
Net Profit / Loss	8,814	(4,988)	(981)	(17,256)

As indicated in the table above, ILAC generated net losses in each of the last three fiscal years totaling approximately \$23.2 million over that period. Approximately 75% of that net loss, equivalent to \$17.3 million, has been generated in YTD26. The Trustee understands that net losses were primarily driven by a material reduction in revenue from \$98.7 million in FY23 to \$41.3 million in YTD26 due to the Canadian federal government introducing caps on international study permits resulting in a severe reduction in enrolments across ILAC's ESL courses.

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

International Language Academy of Canada Inc. Summary of Assets and Liabilities as at August 31, 2026 - Unaudited (in \$000s CAD)	
Total Assets	150,811
Total Liabilities	155,346
Shareholders Equity (Deficiency)	(4,535)
Total Liabilities and Shareholders' Equity	150,811

As at August 31, 2026, the book value of ILAC's total assets was \$150.8 million and the book value of ILAC's total liabilities was \$155.4 million. As a result, ILAC had negative equity (i.e. the book value of liabilities exceeded the book value of assets) of \$4.5 million.

FINANCIAL POSITION/ASSETS

Assets

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

International Language Academy of Canada Inc. Summary of Assets as at August 31, 2026 - Unaudited (in \$000s CAD)	
Cash	1,027
Prepaid Expenses	896
Fixed Assets	10,282
Investments	27,158
Intangible Assets	111,152
Other Assets	295
Total Assets	150,811

Cash on Hand

As at the Bankruptcy Date, ILAC's cash on hand was approximately \$850,000, of which the Trustee has taken possession of approximately \$790,000. The remaining cash on hand is being held by the Canadian Imperial Bank of Commerce ("CIBC"), who provided international student pay services to ILAC. The Trustee understands that CIBC will be offsetting the cash on hand against chargebacks and clawbacks as per the terms of its holdback provision. The Trustee will seek approval for CIBC to start processing chargebacks and holdbacks from the Inspectors, if so appointed at the first meeting of creditors.

Prepaid Expenses

The majority of prepaid expenses relate to security deposits at ILAC's leasehold premises. The Trustee has sent notices to landlords advising that the Trustee intends to issue notices disclaiming ILAC's leases in respect of the premises after the first meeting of creditors and requesting the return of any security deposits.

Fixed Assets

ILAC's fixed assets primarily comprised of leasehold improvements, IT equipment and software and furniture, fixtures and equipment located at ILAC's leased premises.

Investments

ILAC's investment in its subsidiaries had a net book value of approximately \$20.3 million as at August 31, 2026. As described above, a number of ILAC's operating subsidiaries have entered into separate bankruptcy proceedings and updates in relation to expressions of interest in assets of those subsidiaries will be provided at their respective first meeting of creditors.

ILAC also holds an approximate 15.2% equity interest in Edvisor Technologies Inc. ("Edvisor"), a centralized B2B platform connecting international education agencies, schools, and service providers, with a net book value of approximately \$6.9 million as at August 31, 2026. The Trustee is currently assessing realization options for ILAC's interest in Edvisor and will seek approval of any additional steps by the Inspectors, if so appointed at the first meeting of creditors.

Intangible Assets

ILAC's intangible assets primarily consisted of goodwill of \$111.1 million as at August 31, 2026. Other intangible assets include ILAC's licences, trademarks, domain names, social media and online platform accounts, course curricula, teaching materials, and network of recruitment agents and / or partner schools. The Trustee is currently assessing realization options for ILAC's intangible assets and will seek approval of any additional steps by the Inspectors, if so appointed at the first meeting of creditors. The Trustee notes that given the Bankruptcy Proceedings and the cessation of ILAC's operations, it does not anticipate material realizations from ILAC's intangible assets, if at all.

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

ILAC'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 are owed approximately \$133.1 million.

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

The Trustee is in the process of reviewing ILAC's records to determine what amounts are owed to the Company's terminated employees that would rank as secured claims pursuant to section 81.3 of the BIA. The Trustee, however, is aware that there were wages and vacation pay due to employees prior to the Bankruptcy Date that were not paid in full.

The Trustee is complying with the requirements of the *Wage Earner Protection Program Act* and will be advising Service Canada of all amounts owed by ILAC to its terminated employees, including any amounts owed for termination and severance pay.

Unsecured Creditors

The Company's Statement of Affairs indicates that there are approximately 5,500 unsecured creditors with claims totaling approximately \$12.4 million, excluding unsecured amounts that may be owed to the Company's former landlords in respect of disclaimed leases, and the Company's terminated employees, as follows:

International Language Academy of Canada Inc.		
Unsecured Creditors		
(in \$000s CAD)	#	\$
Trade and Other AP	103	1,039
Agents	856	1,113
Students	3,821	10,270
Employees / Terminated Employees	728	TBD
Total	5,508	12,422

PROVABLE CLAIMS

As at 11:00 a.m. on the date of this report, the Trustee has recorded proof of claims filed, as follows:

Recorded Proof of Claims Summary - ILAC				
	Claims Filed (#)	Amount (\$)	Proxies in Favour of Trustee (#)	Amount (\$)
Secured	1	25,000,000	1	25,000,000
Preferred	Nil	Nil	Nil	Nil
Unsecured	347	118,407,446	12	112,893,224
Total	348	143,407,446	13	137,893,224

Note 1: The Trustee received a total of 348 proof of claims against ILAC. One proof of claim contained both an unsecured claim and a secured claim. The Trustee has received 12 unsecured proxies in favour of the Trustee totaling approximately \$112.9 million.

PREFERENCE PAYMENTS AND TRANSFERS AT UNDER VALUE

The Trustee has not performed a review at this time of ILAC'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.

CONSERVATORY AND PROTECTIVE MEASURES

Immediately upon the commencement of these bankruptcy proceedings, the Trustee retained 28 of the Company's former employees to assist the Trustee with, among other things, managing student queries related to academics, student records, transcripts, etc., facilitating transfer options and related matters for government agencies and regulators, and realizing on the FFE at the Toronto leased premises. The Trustee currently estimates that most, if not all of these individuals will be needed for an additional two weeks and it is the intention of the Trustee to further discuss the retention of these individuals with the Inspectors, if appointed.

As at the Bankruptcy Date, rent at the leasehold premises was only paid up to September 30, 2026, and as a result, the Trustee had to realize upon any FFE remaining at the leased premises on an expedited basis given the realizable value of those assets was not expected to be higher than the cost of paying occupational rent.

On September 28, 2026, the Trustee executed a bill of sale with York Harbour Investments Inc. for a material portion of ILAC's FFE in Toronto (the "**Acquired Assets**") for a total purchase price of \$175,000. The Acquired Assets were removed from the leasehold premises on or prior to September 30, 2026. The purchase price was materially higher than a verbal appraisal provided by a third-party liquidator. The Trustee intends to seek retroactive approval of the sale of the Acquired Assets from the Inspectors, if so appointed at the first meeting of creditors.

In conjunction with the sale of the Acquired Assets, Danbury Global Ltd. removed the remaining FFE at the leasehold premises in Toronto and is currently in the process of undertaking an inventory of those assets prior to making an offer to purchase the assets from the Trustee. The Trustee anticipates recoveries of \$27,500 for the remaining FFE.

The Trustee also had an appraisal from a third-party liquidator for the FFE at the leased premises in Vancouver, however, it was determined that the costs associated with the realization of the assets, including professional fees, would be higher than the proceeds. Accordingly, the Trustee abandoned the FFE located at these locations on or about September 30, 2026.

TRUSTEE'S FEES

The Trustee 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, 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 Gowling 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 estate.

PROJECTED DISTRIBUTION AND ANTICIPATED ASSET REALIZATION

The Trustee is in the process of developing a realization strategy for certain remaining assets of ILAC, however, the Trustee anticipates that the Secured Creditors will suffer a material shortfall in the Bankruptcy Proceedings and that there will be no distribution to unsecured creditors.

OTHER

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

Dated at Toronto, Ontario this 8th day of October, 2026

KPMG Inc.,
in its capacity as Trustee of the estate of
The International Language Academy of Canada Inc.
and not in its personal capacity

A handwritten signature in black ink that reads "T. Montgomery". The signature is written in a cursive style with a large, looped "T" and a long, sweeping underline.

Per:

Tim Montgomery, LIT
Senior Vice-President