

**IN THE MATTER OF THE BANKRUPTCY OF
ILAC INTERNATIONAL COLLEGE LTD.**

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

BACKGROUND

ILAC International College Ltd. (“**ILAC ON**” or the “**Company**”) was incorporated in 2011 under the *Business Corporations Act* (Ontario) and is a 100% directly owned subsidiary of The International Language Academy of Canada Inc. (“**ILAC**”).

ILAC ON combined its own private career college programs, focused on Business Administration, Sales and Marketing and Canadian accounting fundamentals, with public-private partnership delivery of public college programs, at ILAC operated campuses in Toronto. ILAC ON’s primary public-private partnerships were with Georgian College and Fanshawe College.

ILAC ON had no employees as shared services, such as sales, operations, finance, information technology (“**IT**”), and marketing were provided by ILAC. ILAC ON was a co-tenant on the leased premises at 120 Bloor Street East with ILAC, being joint and severally liable under the lease.

BANKRUPTCY PROCEEDINGS

On September 22, 2026 (the “**Bankruptcy Date**”), ILAC ON 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 ON immediately ceased operations, with all classes and programming being cancelled with immediate effect.

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

- ILAC International College (BC) Ltd. on September 22, 2026;
- Tamwood Careers Ltd. on September 23, 2026;
- Canadian Edge International Corp. on September 25, 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 ILAC ON, 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 2:30 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; and
- statutory work in accordance with the provisions of the *Bankruptcy and Insolvency Act* (“BIA”).

CAUSES OF INSOLVENCY

ILAC ON’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. Note that ILAC’s financial performance was historically managed and tracked on a total company basis across all entities. As such, 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 overall organization.

ILAC International College Ltd. Historical Operating Results Summary (in \$000s CAD)				
	FY23	FY24	FY25	YTD26
Revenue	76,223	110,449	53,073	7,242
Operating Costs	(31,604)	(60,042)	(42,978)	(8,777)
EBITDA	44,618	50,406	10,095	(1,535)
Other Income and Expenses	(1,696)	(4,522)	(4,672)	(5,428)
Net Profit / Loss	42,922	45,885	5,423	(6,963)

As indicated in the table above, ILAC ON generated a net loss in YTD26 of approximately \$6.9 million primarily driven by a material reduction in revenue from \$110.4 million in FY24 to \$7.2 million in YTD26. The Trustee understands that this revenue decline was the result of the Canadian federal government announcing on January 22, 2024, that students beginning affected public-college programs delivered through private curriculum licensing arrangements on or after May 15, 2024, were no longer eligible for a post-graduation work permit. This severely weakened new recruitment and the Company’s revenue stream gradually declined as existing cohorts completed their programs. The Trustee also understands that no allocation of overheads has been accounted for in YTD26 whereas operating costs shown for prior years include significant allocations of overall corporate expenses, meaning that YTD26 costs are understated relative to prior years.

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

ILAC International College Inc. Summary of Assets and Liabilities as at August 31, 2026 - Unaudited (in \$000s CAD)	
Total Assets	36,671
Total Liabilities	15,963
Shareholders Equity (Deficiency)	20,708
Total Liabilities and Shareholders' Equity	36,671

As at August 31, 2026, the book value of ILAC ON's total assets was approximately \$36.7 million and the book value of ILAC ON's total liabilities was approximately \$16 million. As a result, ILAC ON had positive equity (i.e. the book value of assets exceeded the book value of liabilities) of approximately \$20.7 million. That being said, pursuant to a credit agreement between ILAC and the Lending Syndicate (as defined below), ILAC ON 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 ILAC ON, the estimated book value of the assets as at August 31, 2026 is set out below.

ILAC International College Ltd. Summary of Assets as at August 31, 2026 - Unaudited (in \$000s CAD)	
Cash	7
Prepaid Expenses	706
Fixed Assets	33,359
Other Assets	2,599
Total Assets	36,671

Cash on Hand

As at the Bankruptcy Date, ILAC ON's cash on hand was approximately \$7,000 for which the Trustee has taken possession of the cash.

Prepaid Expenses

The majority of prepaid expenses relate to a security deposit at ILAC ON's co-tenancy leased premises with ILAC. The Trustee has sent a notice to the landlord advising that the Trustee intends to issue a notice disclaiming ILAC ON's co-tenancy lease in respect of the premises after the first meeting of creditors and requesting the return of any security deposit.

Fixed Assets

ILAC ON's fixed assets primarily comprise of leasehold improvements, IT equipment and software and furniture, fixtures and equipment (collectively "FFE") located at ILAC ON's leased premises.

Other Assets

The Trustee does not believe there is any realizable value in the other assets, which primarily relates to a deferred sublease asset, given the Trustee will not be paying occupation rent from October 1, 2026, onwards and disclaiming the leases after the first meeting of creditors.

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 secured creditors at this time.

Preferred Creditors

Security for Unpaid Wages – S.81.3 Claims

ILAC ON had no employees.

Unsecured Creditors

The Company's Statement of Affairs indicates that there are approximately 291 unsecured creditors with claims totaling approximately \$2.2 million, excluding unsecured amounts that may be owed to the Company's former landlords in respect of disclaimed leases, as follows:

ILAC International College Ltd.		
Unsecured Creditors		
(in \$000s CAD)	#	\$
Trade and Other AP	15	208
Agents	234	201
Students	40	841
Subtenant	2	925
Total	291	2,175

PROVABLE CLAIMS

As at 2:00 p.m. on the date of this report, the Trustee has recorded Proof of Claims filed, as follows:

Recorded Proof of Claims Summary - ILAC Intl College Inc.				
	Claims Filed (#)	Amount (\$)	Proxies in Favour of Trustee (#)	Amount (\$)
Secured	1	25,000,000	1	25,000,000
Preferred	Nil	Nil	Nil	Nil
Unsecured	4	112,808,623	1	112,770,355
Total	5	137,808,623	2	137,770,355

Note 1: The Trustee received a total of 5 proof of claims against ILAC ON. One of those proof of claims contained both an unsecured claim and secured claim. The Trustee has received 1 unsecured proxy 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 ILAC ON'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

As at the Bankruptcy Date, rent at the leased premises was only paid up to September 30, 2026, and as a result, the Trustee of ILAC 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 of ILAC 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 leased 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 of ILAC 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 leased premises in Toronto and are currently in the process of undertaking an inventory of those assets prior to making an offer to purchase the assets from the Trustee of ILAC. The Trustee of ILAC anticipates recoveries in the range of \$27,500 for the remaining FFE.

The Trustee of ILAC intends on allocating the recoveries from the FFE sold in Toronto to the ILAC and ILAC ON estate based on the net book value of the FFE as at August 31, 2026.

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 that have made an assignment into bankruptcy like ILAC ON, 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 of ILAC in an account segregated from the funds of the estates of ILAC and its subsidiaries (including ILAC ON).

PROJECTED DISTRIBUTION AND ANTICIPATED ASSET REALIZATION

The Trustee does not anticipate any distribution to creditors in the Bankruptcy Proceedings.

OTHER

Further information related to ILAC ON’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 ILAC International College Ltd.
and not in its personal capacity



Per:

Tim Montgomery, LIT
Senior Vice-President