

**IN THE MATTER OF THE BANKRUPTCY OF
ILAC INTERNATIONAL COLLEGE (BC) LTD.**

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

BACKGROUND

ILAC International College (BC) Ltd. (“**ILAC BC**” or the “**Company**”) was incorporated in 2013 under the *Business Corporations Act* (British Columbia) and is a 100% directly owned subsidiary of The International Language Academy of Canada Inc. (“**ILAC**”).

ILAC BC operated a Vancouver private career college, primarily serving international students. The program portfolio included Business Administration, Sales & Marketing, Canadian Accounting Fundamentals, Service Excellence for Business and related business / customer service programs, with co-op programs combining classroom education with practical Canadian work experience.

ILAC BC had no employees as shared services, such as sales, operations, finance, information technology (“**IT**”), and marketing were provided by ILAC. ILAC BC’s head office was at 120 Bloor Street East although the Company was not listed as a tenant on the lease.

BANKRUPTCY PROCEEDINGS

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

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

- ILAC International College 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 BC, 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 10:00 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

ILAC BC'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 (BC) Ltd. Historical Operating Results Summary (in \$000s CAD)				
	FY23	FY24	FY25	YTD26
Revenue	5,483	4,160	3,170	2,300
Operating Costs	(1,986)	(1,906)	(1,695)	(1,003)
EBITDA	3,497	2,254	1,475	1,297
Other Income and Expenses	(319)	(431)	(302)	(484)
Net Profit / Loss	3,178	1,823	1,173	812

As indicated in the table above, while ILAC BC made a small net profit on an annual basis, the Company experienced a material reduction in revenue from \$5.5 million in FY23 to \$2.2 million in YTD26. The Trustee understands this is the result of reduced British Columbia provincial attestation letter allocations which materially constrained new international enrolment and tuition revenue. The Trustee also understands that no allocation of overheads has been accounted for in YTD26.

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

ILAC International College (BC) Ltd. Summary of Assets and Liabilities as at August 31, 2026 - Unaudited (in \$000s CAD)	
Total Assets	230
Total Liabilities	1,326
Shareholders Equity (Deficiency)	(1,096)
Total Liabilities and Shareholders' Equity	230

As at August 31, 2026, the book value of ILAC BC's total assets was approximately \$230,000 and the book value of ILAC BC's total liabilities was approximately \$1.3 million. As a result, ILAC BC had negative equity (i.e. the book value of liabilities exceeded the book value of assets) of approximately \$1.1 million. In addition, pursuant to a credit agreement between ILAC and the Lending Syndicate (as defined below), ILAC BC 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 BC, the estimated book value of the assets as at August 31, 2026 is set out below.

ILAC International College (BC) Ltd. Summary of Assets as at August 31, 2026 - Unaudited (in \$000s CAD)	
Cash	67
Accounts Receivable	163
Total Assets	230

Cash on Hand

As at the Bankruptcy Date, ILAC BC's cash on hand was approximately \$96,000 for which the Trustee has taken possession of the cash.

Accounts Receivable

The Trustee understands that ILAC BC's accounts receivable primarily relates to deferred student revenue which will not be provided and therefore is uncollectable.

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

ILAC BC had no employees.

Unsecured Creditors

The Company's Statement of Affairs indicates that there are approximately 512 unsecured creditors with claims totaling approximately \$1.4 million as follows:

ILAC International College (BC) Ltd. Unsecured Creditors (in \$000s CAD)		
	#	\$
Trade and Other AP	2	24
Agents	103	168
Students	407	1,231
Total	512	1,423

PROVABLE CLAIMS

As at 9:00 a.m. on the date of this report, the Trustee has recorded Proof of Claims filed, as follows:

Recorded Proof of Claims Summary - ILAC Intl College (BC)				
	Claims Filed (#)	Amount (\$)	Proxies in Favour of Trustee (#)	Amount (\$)
Secured	1	25,000,000	1	25,000,000
Preferred	Nil	Nil	Nil	Nil
Unsecured	43	113,125,707	5	112,794,037
Total	44	138,125,707	6	137,794,037

Note 1: The Trustee received a total of 44 proof of claims against ILAC BC. One of the proof of claims contained both an unsecured claim and secured claim. The Trustee has received 5 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 ILAC BC'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 that have made an assignment into bankruptcy like ILAC BC, 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 ILAC BC).

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 ILAC BC’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 ILAC International College (BC) Ltd.
and not in its personal capacity



Per:

Tim Montgomery, LIT
Senior Vice-President