Estate No. / Court No.: 32-3372763

IN THE MATTER OF THE PROPOSAL OF ENDO NETWORKS INC. OF THE CITY OF TORONTO, IN THE PROVINCE OF ONTARIO

TRUSTEE'S REPORT ON PROPOSAL (Office of the Superintendent of Bankruptcy Directive No. 24)

The purpose of this report is to provide the creditors of Endo Networks Inc. (the "**Company**" or "**Endo**") with information in order for them to consider the impact that the Proposal prepared pursuant to Part III Division I of the *Bankruptcy and Insolvency Act* ("**BIA**") will have on them versus the impact on them in the event that the Company is deemed or otherwise becomes bankrupt. The Proposal was filed with the Official Receiver on June 12, 2026.

Albert Gelman Inc. ("**AGI**" or the "**Trustee**") has consented to act as Trustee in the Proposal.

1. Overview

The Company is a privately held corporation incorporated in the province of Ontario on January 30, 2001. The Company operates as a sales and marketing agency, headquartered in Oakville, Ontario. The Company operates from its leased premises located at 164 Trafalgar Road, Oakville, Ontario and employs approximately sixty-eight (68) individuals.

Pursuant to a corporation profile report obtained by the Trustee on April 28, 2026, the Company has one director: Mr. Peter Byron Day, who is also the president of the Company.

The Trustee understands that the Company's principal arms-length creditors are: the Canada Revenue Agency (the "**CRA**") for unremitted HST in the amount of approximately $1.1 million, Willsee Holdings Ltd. ("**Willsee**") in the amount of approximately $1.3 million, and The Bank of Nova Scotia ("**BNS**") in the amount of approximately $683,000.

On May 13, 2026, the Company filed a notice of intention to make a proposal ("**NOI**") pursuant to the BIA and AGI was appointed as Trustee in connection with the Company's NOI. As noted above, the Company filed its Proposal on June 12, 2026.

Included with this report are the following documents:

1. Notice of Proposal to Creditors ("**Notice of Proposal**");
2. The Proposal;
3. The Company's Statement of Affairs sworn June 12, 2026 (the "**SOA**"); and
4. Voting letter, Proof of Claim, and General Proxy form.

A meeting of creditors has been scheduled to be held virtually on July 3, 2026 at 2 pm ("**Creditors Meeting**"). The purpose of the Creditors Meeting is to consider and vote on the Proposal. Creditors who are unable to attend the Creditors Meeting may vote in advance by Voting Letter, or they may appoint a Proxy to vote on their behalf.

If the Proposal is accepted by the requisite majority of secured and unsecured creditors, the Trustee will then make an application to the Court for approval of the Proposal. Upon the Court approving the Proposal, the Proposal will be binding upon all creditors with provable claims[1]. If the Proposal is rejected by the Company's secured and/or unsecured creditors or the Court, the Company will be deemed to have made an assignment in bankruptcy.

In order for creditors to fairly consider the Proposal, it is necessary to understand the Company's financial situation and the events which have led up to the filing of the Proposal.

2. Background

Financial Position

Summarized below are the Company's historical unaudited financial results for the fiscal years ended September 30, 2023, 2024 and 2025:

Endo Networks Inc.
Summary Historical P&L
For the Year-Ended September 30,
(in CAD$000s; unaudited)

	2025	2024	2023
Revenue	5,084	6,725	7,250
COGS	2,735	4,129	4,041
Gross profit	**2,349**	**2,596**	**3,209**
Operating expenses	2,155	2,805	2,765
Other (income)/expenses	27	3	-15
Net income/(loss)	**167**	**-212**	**459**

Source: Endo Networks Inc. unaudited financial statements

The Company experienced a significant decline in financial performance in fiscal 2024 as compared to fiscal 2023. The Company returned to profitability in fiscal 2025, however, its revenue's continued a downward trajectory (down 30% from 2023 levels). While management implemented cost reduction measures that reduced operating expenses from approximately $2.8 million in fiscal 2024 to $2.2 million in fiscal 2025, these efforts were insufficient to offset the liquidity impact of the declining revenues, which further contributed to a strain on working capital. The Company reported net income of approximately $459,000 in fiscal 2023, a net loss of approximately $212,000 in fiscal 2024, and a modest net income of approximately $167,000 in fiscal 2025.

Causes of Financial Difficulties

Management advises that the Company's financial difficulties developed since fiscal 2024 as a result of two significant events that materially impacted its operations, liquidity, and profitability.
First, the Company was the victim of an alleged fraud that resulted in losses of several hundred thousand dollars. According to management, the incident also contributed to the loss of a significant customer relationship that generated approximately $3 million in annual revenue. The resulting financial losses and reduction in revenue negatively affected the Company's cash flow and overall financial position.

[1] The BIA sets out all of the items the Court must consider in its decision to either approve or refuse a proposal.

Second, the Company entered into a significant new customer relationship that was expected to contribute meaningfully to future growth. However, the relationship subsequently deteriorated following a dispute between the parties, resulting in the termination of the program and the commencement of litigation. Management advises that the dispute resulted in additional costs of several hundred thousand dollars, together with the loss of anticipated revenue associated with the program.

Management believes that the combined impact of these events placed significant pressure on the Company's liquidity and balance sheet, ultimately contributing to ballooning obligations that the Company was unable to satisfy as they came due.

Third-party Arrangement

As discussed above, the Company was experiencing significant financial challenges, including substantial debt obligations, ongoing liquidity constraints, and insufficient cash flow to service its liabilities while continuing to fund working capital requirements and operations. Management determined that a restructuring of the Company's balance sheet, together with access to additional financial and operational support, was necessary to preserve the business as a going concern.

Accordingly, the Company entered into discussions with OSL Retail Services Inc. ("**OSL**"), an arm's-length party, regarding a potential strategic transaction. Following those discussions, the parties reached a conditional agreement pursuant to which OSL would acquire a 75% interest in the Company's issued and outstanding shares. The proposed transaction is conditional upon approval of the Proposal. In addition, OSL will provide the funding required to satisfy the Company's obligations under the Proposal (as discussed below), and has executed a guarantee in favour of the Trustee to secure OSL's obligations under the Proposal.

OSL operates in a business complementary to that of Endo and possesses relevant industry knowledge and experience. Management believes that OSL will be able to operate the Company more efficiently and cost-effectively going forward. Following completion of the proposed transaction, Mr. Day is expected to remain involved with the Company and continue supporting its operations.

3. Summary of Proposal

The Proposal provides for the following payments, to be funded by OSL (in such capacity, the "**Guarantor**"):

(i) $65,000 directly to BNS within 30 days following Court approval of the Proposal, in satisfaction of BNS's secured claim. The Proposal contemplates that upon receipt of the payment, BNS will assign its claim, indebtedness and security to the Guarantor. The Guarantor will thereafter be entitled to assert an unsecured claim under the Proposal for the remaining balance; and

(ii) $300,000, which is to be remitted to the Trustee no later that 30 days following Court approval (the "**Proposal Fund**"), and which will be made available for distribution to the Company's creditors in accordfance with Paragraph 5(b) of the Proposal.

The Proposal Fund shall be distributed by the Trustee in the following order:

(i) to pay the Trustee's fees and disbursements;

(ii) to pay the claims of Preferred Creditors in full[2]; and

(iii) the balance will be distributed to the unsecured creditors with proven claims on a pro rata and pari passu basis.

As noted above, the obligations under the Proposal are guaranteed by OSL.

4. Interim Receiver

Not applicable.

5. Identification and Evaluation of Assets

Pursuant to the SOA as well as information provided to the Trustee by the Company's management, the Company's assets, along with their estimated liquidation values are presented below:

Endo Networks Inc.
Summary of Assets
(in $CAD; unaudited)

Asset	Book Value as at May 31, 2026*	Estimated Realizable Value per SOA
Cash in bank (*as at June 12, 2026)	166,164	166,164
Petty cash	6,497	6,497
Accounts receivable	552,734	130,000
Vehicle	35,584	35,584
Computers and related equipment	13,895	13,895
Miscellaneous event equipment	3,051	3,051
Total	**777,925**	**355,191**

Further details regarding each class of asset of the Company are set out below. The estimated realization values of the Company's assets are discussed in section 12 of this report.

Cash in Bank

As of June 12, 2026, the Company had cash in its Royal Bank of Canada ("**RBC**") bank account of $166,164. These funds are used by the Company as working capital to pay its employees, subcontractors, rent and other expenses on an ongoing basis. the Company's cash balance fluctuates week-over-week based on operating funding requirements.

Petty cash

As at May 31, 2026, the Company had petty cash on hand of $6,497.

[2] As of the date of this Report the Trustee is not aware of the existence of any creditors with preferred claims.

Accounts Receivable

Endo's records indicate that, as at May 31, 2026, the Company had approximately $553,000 in accounts receivable, of which management considered approximately $130,000 to be collectible at that time.

Vehicle

The Company owns a black 2018 Dodge RAM RTR pickup truck, bearing vehicle identification number 3C6TR5EJ7G256464. The vehicle is used in the Company's operations to transport supplies and employees to and from event venues.

Computers and related equipment

The Company's computer equipment consists of office computers, related accessories and software, with a book value of approximately $13,895.

Miscellaneous event equipment

The Company's equipment includes printers, a television monitor and miscellaneous event equipment, with a book value of approximately $3,051.

6. Conduct of Debtor

Bankruptcy Offences

The Trustee in not aware of any offense committed by the Company pursuant to the BIA.

Reviewable Transactions

The Trustee has not yet reviewed the Company's bank account transactions for the one-year period prior to the filing of the NOI. The Trustee will discuss its review of the Company's bank account transactions with the creditors at the Creditors Meeting.

7. Creditors' Claims

As per the Company's SOA, Company's creditors are summarized below:

Category	No. of creditors	Value (CAD$)
Secured	1	65,000
Preferred	0	-
Unsecured - arm's length	44	4,101,344
Unsecured - non arm's length	5	1,853,894

Secured Creditors

The Trustee conducted a search under the Personal Property Security Act (Ontario) ("**PPSA**") on April 28, 2026, with a file currency date of April 27, 2026. The search disclosed one registration in favour of BNS in respect of a general security agreement. As noted above, approximately $683,000 is owing to BNS, comprising primarily of a $600,000 HASCAP loan, plus a loan to finance the purchase of a trailer. For purposes of the Proposal, the Company has valued BNS's secured claim at $65,000.

Preferred Creditors

According to the SOA, the Company does not have any preferred creditors.

Unsecured Creditors – Arm's Length

According to the SOA, the Company has 44 arms-length unsecured creditors with claims totalling approximately $6.0 million (this amount includes the unsecured portion of the obligations owing to BNS). In addition to BNS, Endo's largest arms-length unsecured creditors include: Willsee (approximately $1.3 million), CRA (approximately $1.1 million) and Cydcor Canada Inc. (approximately $356,000).

Unsecured Creditors – Non-Arm's Length

According to the SOA, the Company's non-arm's-length unsecured creditors include, among others, Mr. Day, whose claim of approximately $1.2 million relates to shareholder advances; Mini Dish Systems Inc., a company owned by Mr. Day, with a claim of approximately $380,000; and Kayday Inc., a company owned by Mr. Day's father, with a claim of approximately $225,000 relating to rent owing in respect of premises leased by the Company.

Proofs of Claim Received by the Trustee

As of the date of this report, the Trustee has not received any proofs of claim.

8. Previous Business Dealings with the Company

The Trustee has not previously provided services to the Company.

9. Informal Meetings with Major Creditors

The Trustee has exchanged preliminary correspondence with counsel to BNS. The Trustee has not had any discussions with representatives of the CRA or any other creditors concerning the status of the restructuring proceedings.

10. Remuneration of Trustee

Payment of the fees and expenses of the Trustee, including the legal fees and disbursements of the Trustee, are provided for in the Proposal.

11. Other Information

In preparing this Report, the Trustee has relied upon unaudited financial information prepared by the Company's representatives, the books and records of the Company and discussions with representatives of the Company, including their internal accountant. The Trustee has not performed an audit or other verification of such information. Future oriented financial information relied upon in this Report is based upon the Company's representatives' assumptions regarding future events; actual results achieved may vary from this information and these variations may be material.

Unless otherwise noted, all currency references in this report are to Canadian dollars.

Capitalized terms not otherwise defined in this report have the meanings ascribed to them in the Proposal.

It is expressly noted and should be clearly understood that AGI, in its capacity as Trustee under this Proposal, assumes no personal liability for any claims against the Company before or after the filing of the Proposal.

12. Statement of Estimated Realization

Distribution to Unsecured Creditors – Proposal

In the event that the Proposal is accepted by the creditors and the Court, the unsecured creditors will receive a distribution of the Proposal Fund less the Trustee's fees and disbursements.

Distribution to Unsecured Creditors – Bankruptcy

In the event that the Proposal is not accepted by the Company's creditors or the Court, the Company would be deemed to have made an assignment in bankruptcy.

In the event of the Company's bankruptcy, the Trustee estimates that there would be no distribution to unsecured creditors, having regard to: (a) the estimated realizable value of the Company's assets; (b) other potential priority claims, including potential wage claims under Section 81.3 of the BIA; and (c) BNS's secured claim, subject to the validity and enforceability of its security, to be paid from the proceeds of the assets subject to its security in priority to unsecured creditors.

Further details are provided on the following page.

The estimated realization value of the Company's assets in a liquidation scenario is summarized as follows:

Endo Networks Inc.
Estimated Net Realization Analysis
(in CAD$ unaudited)

	Notes	Book Value as at May 31, 2026*	Realization Midpoint
Assets			
Cash in bank (*as at June 12, 2026)	1	166,164	166,164
Petty cash	2	6,497	6,497
Accounts receivable	3	552,734	84,302
Vehicle	4	35,584	20,000
Computers and related equipment	5	13,895	-
Miscellaneous event equipment	6	3,051	-
Estimated gross realizations		**777,925**	**276,963**
Less: estimated priority wage claims	7		136,000
Estimated realizations before realization costs			**140,963**
Estimated professional costs	8		84,750
Net realizations available to repay BNS secured claim			**56,213**
Obligations owing to BNS			683,083
Estimated shortfall			- **626,870**

Notes.
1. Represents cash in the Endo's bank account(s) as at June 12, 2026.
2. Represents the Company's petty cash balance.
3. Represents the Company's trade accounts receivable as at May 31, 2026. Of the approximately $553,000 in accounts receivable recorded on the Company's books, approximately $274,000 (50%) is aged greater than 90 days. Management estimates that approximately $130,000 of the accounts receivable is collectible.

   In a bankruptcy scenario, however, the collectability of the accounts receivable may be adversely affected by various factors, including potential set-off claims asserted by customers, the disruption associated with the Company's insolvency, and the costs required to pursue collection efforts. In addition, the Trustee may be required to negotiate settlements with account debtors for less than the full amount owing and incur professional costs, including legal fees, in connection with recovery efforts. Accordingly, the above analysis applies additional discounts ranging from 25% to 50% to management's estimated collectible balance to reflect these risks and uncertainties in a liquidation scenario.
4. The Company owns a 2018 Dodge Ram. The recoverable value considers the blue book value of the vehicle.
5. Includes office computers, related accessories and software, with a book value of ~$14k. These assets are assumed to have no realizable value in a liquidation.
6. Includes printers, a television monitor and miscellaneous event equipment, with a book value of ~$3k. These assets are assumed to have no realizable value in a liquidation.
7. Includes a provision of $2,000 for each of the Company's 68 employees to account for potential priority claims under section 81.3/81.4 of the BIA.
8. Includes the professional fees of a bankruptcy trustee (or receiver), as well as counsel, and includes HST.

As set out above, it is anticipated that there will be no funds available to unsecured creditors in a bankruptcy scenario.

13. Recommendation

Based on the information set out herein, the Proposal is more beneficial to the Company's creditors compared to a bankruptcy of the Company for the following reasons:

a) the distribution to unsecured creditors in a bankruptcy scenario would likely be nil;

b) the Proposal provides for a distribution to unsecured creditors which is materially higher that what they would receive in a bankruptcy scenario; and

c) the Proposal provides for a payment to BNS in partial satisfaction of its secured claim, and which is estimated to provide a greater recovery than what BNS may otherwise receive in a bankruptcy or receivership of the Company, depending on the quantum of associated costs of realization and priority claims.

For the reasons set out above, the Trustee recommends acceptance of the Proposal by the creditors.

14. Meeting of Creditors and Procedures for Voting

The Creditors Meeting will be held by conference call on July 3, 2026 at 2 p.m. (Toronto time). Creditors may participate in the meeting by telephone at +1 437-703-4516 using conference ID 151246304#, or via Microsoft Teams using meeting ID 261 028 667 785 168 and passcode: bU7sk7AB.

The primary purpose of the Creditors Meeting is to permit creditors an opportunity to consider and vote to accept or reject the Company's Proposal.

To be eligible to vote, creditors must have filed with the Trustee, before the commencement of the Creditors Meeting, **a proof of claim and either attend the meeting in person or by proxy, or complete and submit the attached voting letter prior to the Creditors Meeting**.

The Trustee prefers that Proofs of Claim, Proxies and Voting Letters be submitted in advance of the meeting by fax at 416-504-1655 or by email at proofofclaim@albertgelman.com.

Documents sent via mail or courier must be received by the Trustee prior to the commencement of the Creditors Meeting to be considered for voting purposes.

Corporate creditors who will be sending a representative to vote at the meeting must complete the proxy in favour of the representative in attendance, in order to evidence that this person has the authority to vote on behalf of the corporation.

* * *

DATED at Toronto, Ontario this 23rd day of June 2026

ALBERT GELMAN INC., solely in its capacity as Proposal Trustee in *re* the Proposal of Endo Networks Inc. and not in its personal or any other capacity

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Per: Adam Zeldin, *CPA, CA, CIRP, LIT*