

**Division of:** Ontario  
**Division No.:** 09 - Toronto  
**Estate Number:** 31-3270451  
**Court Number:** 31-3270451

**IN THE MATTER OF THE BANKRUPTCY OF  
AZURE PUBLISHING INC.  
OF THE CITY OF TORONTO  
IN THE PROVINCE OF ONTARIO**

**REPORT OF THE TRUSTEE'S PRELIMINARY ADMINISTRATION**

**Background**

1. Azure Publishing Inc. (“**Azure**” or the “**Company**”) operated an award-winning international magazine with a focus on contemporary architecture and design. It produced a print magazine six times per year. It also organized the ‘AZ Awards’ which is an annual international competition featuring the best architectural works and projects in the industry, as well as an annual conference on climate change mitigation (collectively the “**Business**”).

**Introduction**

2. On September 10, 2025, Azure filed with the Official Receiver a notice of intention (“**NOI**”) to make a proposal to its creditors and named Dodick Landau Inc. (“**DLI**”) as Proposal Trustee (“**NOI Proceedings**”).
3. Subsequent to the filing of its NOI and the granting of two stay extensions by the Ontario Superior Court of Justice (Bankruptcy) (the “**Court**”), the Company completed a sale of its assets to a third-party purchaser, Sandow Capital LLC (the “**Purchaser**”). The sale is discussed further in this report.
4. As there were insufficient proceeds from the sale of its assets to the Purchaser to make a Proposal to its creditors, on December 16, 2025 (“**Date of Bankruptcy**”) Azure was deemed bankrupt on account of its non filing of a Proposal within the Court-granted extension period and DLI became Trustee in Bankruptcy (the “**Trustee**”) of the estate of Azure.
5. As the Purchaser intended on continuing to utilize the name “Azure”, and following the expiration of the NOI Proceedings Azure was deemed bankrupt, the Purchaser required that “Azure Publishing Inc.” change its name. On December 16, 2025, “Azure Publishing Inc.” changed its name to “696698 Ontario Inc.”

**Causes of Financial Difficulties**

6. Azure’s cash flow difficulties are attributed to the downward decline in the number of subscribers over many years which led to its declining profitability and ultimately to losses.

7. In response to the Company's increasing cash flow pressures, Azure successfully diversified its platform with the introduction of industry events, but notwithstanding these efforts it could not fully offset the diminishing print revenue. As a result, Azure has had to rely on 1449483 Ontario Limited ("**1449483**" or "**Secured Creditor**"), a party related to Sergio Sgaramella, one of its shareholders, to fund its operations.
8. Due to the compounding financial pressures facing the Company, Management determined the Business required a long-term solution to stabilize and restructure its operations. Accordingly, the Company filed its NOI on September 10, 2025, with a view to carrying out a Sale and Investment Solicitation Process ("**SISP**") in order to transfer the operations of the business to a third-party that has the existing structure and the financial means to maintain the Business, or a segment of it, as a going concern.

### **SISP**

9. On October 10, 2025, the Court approved the SISP, the formal sales process undertaken by the Trustee. These efforts successfully led to the agreement of purchase and sale from the Purchaser. Sixteen other parties advised the Company they were interested in exploring a sale or investment transaction, signed a Non-Disclosure Agreement with the Proposal Trustee and carried out due diligence.
10. The SISP provided a mechanism to widely expose the Company's Business to the market and provide a structured and orderly process for interested parties to perform due diligence and submit offers for a potential transaction. The SISP contemplated a 30-day sale process managed by the Proposal Trustee.
11. While the SISP contemplated a Bid Deadline of November 17, 2025, the Proposal Trustee, with the consent of the Company, extended the bid deadline to November 19, 2025 at 3pm ("**Amended Bid Deadline**") as the Proposal Trustee had received requests from prospective purchasers for more time to complete their due diligence.
12. On the Amended Bid Deadline, the Proposal Trustee received the offer from the Purchaser and the Asset Purchase Agreement ("**APA**") was subsequently formalized among the parties and executed on December 1, 2025 by the Company.
13. The sale transaction closed on December 15, 2025 ("**Closing**").
14. Certain key terms and conditions of the APA are summarized below.
  - a. Purchased Assets – The assets purchased by the Purchaser under the APA consist of all of the tangible and intangible assets, undertaking and properties of the Company that relate to the Business, other than the Excluded Assets, including the Accounts Receivable or collection rights for Accounts Receivable in respect of services rendered after the closing of the Transaction, Assigned Contracts, physical copies of each magazine in the possession of Azure, production ready digital files for each magazine, Books and Records, social media handles, physical assets used in connection industry events, Intellectual Property, Prepaid Expenses, the goodwill of Azure, and all rights related to Claims for refunds and rights of set-off (the "**Purchased Assets**").

- b. Excluded Assets – Accounts Receivable and cash
- c. Assumed Liabilities – the Purchaser will assume all obligations of the Vendor that relate to the Purchased Assets from and after the Effective Time.
- d. Assumed Contracts – The Purchaser is assuming one contract that is necessary to operate the Business.
- e. Purchase Price – \$304,631.25

If the Purchaser publishes a print edition of the Azure Magazine for January/February 2026, the Purchaser shall pay in addition to the Purchase Price a further amount that is dependent on collected advertising revenue, up to the maximum amount of \$31,822.76, by no later than April 30, 2026.

### **Disbursement Of Sale Proceeds**

- 15. Under the terms of the Distribution Order granted on December 5, 2025, the Proposal Trustee was authorized to pay the proceeds from the sale transaction to 1449483 up to the amount owing to 1449483, net of:
  - i) payment of any transactional costs determined by the Proposal Trustee to be necessary for completion of the Transaction, including without limitation any closing adjustments;
  - ii) payment of fees and disbursements of Azure’s legal counsel, the Proposal Trustee and the Proposal Trustee’s counsel;
  - iii) payment of any amount determined by the Proposal Trustee to be payable in priority to the secured claim of 1449483;
  - iv) any reserves considered necessary by the Proposal Trustee to account for payment of the outstanding fees, costs and other obligations related to these proceedings or payable in respect of such proceeds; and
  - v) amounts to be held back for a reserve determined by the Proposal Trustee (acting reasonably) to fund the administration of the bankruptcy of Azure, including for but not limited to the administration of claims under the Wage Earner Protection Program.
- 16. These amounts are in the process of being calculated. However, 1449483 will not be repaid in full and will incur a shortfall.

## **Insolvency Proceeding**

17. Following its appointment as Trustee, DLI distributed a Notice of Bankruptcy, a copy of the Statement of Affairs and a Proof of Claim form with instructions to all known creditors by December 23, 2026, as well as placed a Notice of Bankruptcy ad in the National Post.

## **Assets**

18. As noted above, Accounts Receivable and Cash were Excluded Assets under the APA. Per the statement of affairs, approximately \$58,000 in cash was on hand at the Date of Bankruptcy and total receivables estimated to be collectable are approximately \$114,000.

## **Books and Records**

19. The Trustee has received certain books and records, and has access to the balance of the books and records in the possession of the purchaser.

## **Provable Claims**

20. At the date of this report, the Trustee has received twenty-three proofs of claim from unsecured creditors totalling \$209,396.03.
21. The Statement of Affairs lists 83 creditors with potential provable claims totalling \$734,286.

## **Anticipated Realizations and Projected Distribution**

22. At this time, it is anticipated that the total anticipated net realizations will be insufficient to repay 1449483's remaining secured claim in full and that 1449483 will experience a shortfall.
23. Employee claimants may be eligible to receive funding of a portion of their claims from the WEPP. The creditor packages mailed to the employees provides them with information about the program and how to apply. The Trustee has also begun making submissions to the WEPP program for those employees who have submitted claims to date in the Bankruptcy, as required prior to the employees making their applications.

## **Transfers at Undervalue and Preferential Payments**

24. To date, the Trustee has not commenced a review of Azure's records in the Trustee's possession to determine if there are any potential transfers at undervalue or preferential transactions.

## **Third-Party Deposit**

25. Prior to the commencement of the NOI proceeding, the Trustee obtained a retainer deposit totalling \$15,000 from Azure as security for a portion of the costs of the NOI administration ("**Deposit**"). The Deposit was applied in full to the Proposal Trustee's fees and disbursements

during the NOI proceeding. No additional deposit was received for the Bankruptcy administration.

Dated at Toronto, Ontario, this 9<sup>th</sup> day of January 2026.

**DODICK LANDAU INC.**

Acting solely as Trustee in Bankruptcy  
of the Estate of Azure Publishing Inc.  
and not in its personal or corporate capacity.

Per:

A handwritten signature in black ink, appearing to read 'R. Dodick', written over a horizontal line.

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Rahn Dodick CPA, CA, CIRP, LIT  
President