Court File No.: CV-23-00708635-00CL

IGNITE GROUP

FIRST REPORT OF KPMG INC.,
IN ITS CAPACITY AS MONITOR

November 2, 2023

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Court File No.: CV-23-00708635-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT,* R.S.C. 1985, c. C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF IGNITE HOLDINGS INC., IGNITE SERVICES INC., and IGNITE INSURANCE CORPORATION

Applicants

FIRST REPORT OF KPMG INC.
In its capacity as Monitor of the Applicants

NOVEMBER 2, 2023

I. INTRODUCTION

1. On October 30, 2023 (the "**Filing Date**"), Ignite Holdings Inc. ("**Ignite Holdings**"), Ignite Services Inc. ("**Ignite Services**" or the "**Company**"), and Ignite Insurance Corporation ("**Ignite Insurance**" and together with Ignite Services and Ignite Holdings, the "**Applicants**", or the "**Ignite Group**") were granted relief under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**") by Order (the "**Initial Order**") of the Ontario Superior Court of Justice (Commercial List) (the "**Court**"). The relief granted under the Initial Order included a stay of proceedings in favour of the Applicants from October 30, 2023 until November 9, 2023 (the "**Initial Stay Period**"); the appointment of KPMG Inc. as Monitor ("**KPMG**" or the "**Monitor**"); and other related relief. The Applicants' CCAA proceedings are referred to herein as the "**CCAA Proceedings**".

2. KPMG, in its then-capacity as proposed monitor, filed a report with the Court dated October 27, 2023 (the "**Pre-Filing Report**") to provide information to the Court in connection with the Applicants' application for the Initial Order.

3. In accordance with the Initial Order, the Court is scheduled to hear a motion by the Applicants for further relief on November 9, 2023 (the "**Comeback Motion**").

4. Electronic copies of the Pre-Filing Report and other Court materials and documents in connection with these CCAA Proceedings are available on the Monitor's website at: https://kpmg.com/ca/IgniteGroup (the "**Monitor's Website**").

5. Capitalized terms used but not defined in this report are as defined in the Initial Order.

II. PURPOSE OF REPORT

6. The purpose of this First Report of the Monitor (the "**First Report**") is to provide information to the Court pertaining to:

   (a) the Monitor's activities since its appointment;

   (b) the Applicants' communications with stakeholders and operations since the Filing Date;

   (c) the sale process conducted by the Applicants prior to the Filing Date, with the assistance of KPMG Corporate Finance Inc. ("**KPMG CF**") for the sale of substantially all of the assets or shares of Ignite Services (the "**Sale Process**");

   (d) the proposed transaction pursuant to which, if approved by the Court, Southampton Financial Inc. ("**Southampton**") would acquire the shares of Ignite Services from Ignite

Holdings (the "**Proposed Transaction**") as set out in the share purchase agreement between Southampton and Ignite Holdings dated October 26, 2023 (the "**SPA**");

(e) the Applicants' request for an approval and reverse vesting order (the "**ARVO**"), among other things:

(i) approving the SPA and the transactions contemplated therein, and authorizing and directing the Applicants to take such additional steps and execute such additional documents as necessary to complete the Proposed Transaction;

(ii) granting certain releases in favour of (A) the Applicants; (B) Residual Co. (as defined herein); (C) the Monitor; (D) KPMG CF; (E) Primary Group Limited ("**Primary**"), in its capacities as the ultimate parent of the Applicants, the unsecured lender to the Applicants and the DIP Lender (as defined herein); and (F) Southampton, and each of their directors, officers, employees, financial and legal advisors; and

(iii) sealing the Confidential Appendices (as defined herein) to this First Report;

(f) the Applicants' request for an amended and restated Initial Order (the "**ARIO**") to provide for, among other things:

(i) the extension of the stay of proceedings in favour of the Applicants from the Initial Stay Period to January 31, 2024 (the "**Stay Period**");

(ii) authority for the Applicants to increase the amounts which may be borrowed by the Applicants under the interim facility loan agreement (the "**DIP Facility Agreement**") entered into on October 26, 2023 with Primary, in its capacity as lender under the DIP Facility Agreement (the "**DIP Lender**"), to $1.1 million;

(iii) authority for the Applicants to pay pre-filing amounts up to $100,000 in the aggregate owing to certain suppliers who provide critical services to the Applicants (the "**Critical Suppliers**"), with the consent of the Monitor; and

(iv) amendments to the priority of the Charges (as defined in the Initial Order) granted in the Initial Order; and

(g) the Monitor's conclusions and recommendations.

III. TERMS OF REFERENCE

7. In preparing this First Report, the Monitor has relied solely on information and documents provided by the Applicants and their advisors, including unaudited financial information, declarations, and the Livingstone Affidavits (as defined herein) (collectively, the "**Information**"). In accordance with industry practice, except as otherwise described in this First Report, the Monitor has reviewed the Information for reasonableness, internal consistency and use in the context in which it was provided. However, the Monitor has not audited or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would wholly or partially comply with Generally Accepted Auditing Standards ("**GAAS**") pursuant to the Chartered Professional Accountants of Canada Handbook and, accordingly, the Monitor expresses no opinion or other form of assurance contemplated under GAAS in respect of the Information.

8. Future orientated financial information contained in the cash flow forecast for the period October 28, 2023 to February 4, 2024 attached to the Pre-Filing Report (the "**Cash Flow Forecast**") is based on the Applicants' estimates and assumptions regarding future events. Actual results will vary from the information presented even if the hypothetical assumptions occur, and variations may be material. Accordingly, the Monitor expresses no assurance as to whether the Cash Flow Forecast will be achieved.

9. Unless otherwise stated, all monetary amounts noted herein are expressed in Canadian dollars.

IV. BACKGROUND

10. Detailed information with respect to the Ignite Group's corporate structure, business, operations, financial position, and causes of insolvency is set out extensively in the Pre-Filing Report, and in the Affidavit of Stephen Livingstone sworn October 26, 2023 (the "**First Livingstone Affidavit**"), both previously filed with the Court.

11. This First Report should be read in conjunction with the Affidavit of Stephen Livingstone sworn November 1, 2023 (the "**Second Livingstone Affidavit**" and together with the First Livingstone Affidavit, the "**Livingstone Affidavits**"), filed by the Applicants, as certain information contained therein has not been included herein in order to avoid unnecessary duplication.

V. MONITOR'S ACTIVITIES SINCE APPOINTMENT

12. The activities of the Monitor since the Filing Date have primarily included:

(a) establishing the Monitor's Website and in accordance with the Initial Order, posting the Initial Order and related materials, and other statutorily required documents in connection with these CCAA Proceedings on the Monitor's Website;

(b) establishing an e-mail address (ignitegroup@kpmg.ca) and a hotline (local: 416-468-7995 and toll free: 1-833-365-6600) for the Monitor such that the Applicants' stakeholders can contact the Monitor, as necessary;

(c) working with the Applicants to implement procedures to monitor the cash flows of the Company and to allow for payments in accordance with the terms of the Initial Order;

(d) preparing and mailing statutorily required notices of these CCAA Proceedings to the Applicants' known creditors as at the Filing Date and posting a list showing the names and addresses of creditors of the Applicants with claims greater than $1,000 (other than creditors who are individuals) and the estimated amount of those claims on the Monitor's Website;

(e) making arrangements with the *Globe and Mail* (National Edition) to publish notices of these CCAA Proceedings in accordance with the Initial Order and section 23(1)(a) of the CCAA, which notices are scheduled to run on November 3, 2023 and November 10, 2023;

(f) assisting the Applicants in their communications with stakeholders including, employees, suppliers, and insurance carriers, and sending a notice to the Company's landlord and property manager advising of the CCAA Proceedings;

(g) having discussions with Primary, in its capacity as DIP Lender, in respect of the cash flow monitoring protocol implemented by the Monitor;

(h) having discussions with Primary and the Applicants regarding discussion points raised by Tri-Quest Marketing Inc. ("**Tri-Quest**"), the Company's 'Principal Broker' (as such term is used by the Company's regulators);

(i) responding to calls and inquiries from creditors and other stakeholders in connection with these CCAA Proceedings;

(j) filing prescribed documents with the Office of the Superintendent of Bankruptcy pursuant to the CCAA;

(k) reviewing materials prepared by the Applicants in connection with the Comeback Motion; and

(l) preparing this First Report.

VI. ACTIVITIES OF THE APPLICANTS

13. The activities of the Applicants since the Filing Date have primarily included:

(a) stabilizing the Company's business and operations and continuing to service the needs of the Company's customers, including assisting them with shopping for and purchasing insurance policies from carriers, effecting amendments and cancellations to existing policies and providing ongoing advice to its customers to meet their insurance needs;

(b) communicating with the Company's employees, suppliers, and insurance carriers in respect of these CCAA Proceedings and prior to the Filing Date, having discussions with the applicable insurance regulators regarding the Applicants' intention to seek creditor protection under the CCAA;

(c) providing the necessary information to the Monitor to allow the Monitor to effectively and efficiently monitor the cash flows of the Company such that the Applicants can make payments to suppliers in accordance with the Initial Order;

(d) Ignite Services entering into a conditional limitation of liability agreement with Primary and Aviva Insurance Company of Canada ("**Aviva**"), the Company's primary secured creditor, pursuant to which (i) Ignite Services and Primary acknowledged the indebtedness owing to Aviva by Ignite Services is due and owing; and (ii) Aviva agreed that upon recovery of $4,500,000 on account of the Aviva indebtedness, Primary shall be fully and finally released from its obligations under the guarantee made by Primary in favour of Aviva on November 15, 2021; and

(e) preparing and filing, with the assistance of their counsel, materials in connection with the Comeback Motion.

VII. SALE PROCESS

Prior Sale Processes

14. As detailed in the Livingstone Affidavits, as a result of the Company's poor financial performance and operating losses, the Applicants invested significant time and effort in exploring strategic

transaction opportunities for their business over the past several years, including conducting two prior sale processes with the assistance of Ernst & Young Orenda Corporate Finance Inc. (the "**EY Sale Process**") and MNP Corporate Finance Inc. (the "**MNP Sale Process**"), respectively.

15. The EY Sale Process was conducted over the period from November 2018 to March 2019 and the MNP Sale Process was conducted over the period from September 2019 to January 2020. Neither the EY Sale Process nor the MNP Sale Process resulted in any viable transaction for the Company.

KPMG CF Sale Process

16. As discussed in the Livingstone Affidavits, in the face of mounting operating losses and the need for continued funding from Primary, on March 31, 2023, KPMG CF was engaged by Primary (in its capacity as ultimate parent of the Applicants) to assist with conducting the Sale Process. Given the results of the EY Sale Process and the MNP Sale Process, which are more particularly described in the Livingstone Affidavits, it was determined that the focus of the Sale Process would be on a sale of the shares or assets of Ignite Services, as a refinancing transaction was unlikely.

Events Prior to the Bid Deadline

17. As described in the Livingstone Affidavits, an extensive marketing process was undertaken by the Applicants, with the assistance of KPMG CF, prior to the commencement of the CCAA Proceedings as part of the Applicants' strategic review process, which ultimately led to the Proposed Transaction and the execution of the SPA. The key aspects of the Sale Process are summarized as follows:

    (a) KPMG CF, the Applicants and Primary assembled a list of 48 potential buyers likely to have an interest in the Company and to have the resources to complete a transaction (the "**Potential Bidders**") which included (i) brokerages with size and scale; (ii) underwriters; (iii) digital platforms looking to enhance their insurance presence; and (iv) personal lines focussed insurance brokerages lacking a strong digital footprint;

    (b) KPMG CF and the Applicants prepared and sent a "teaser" letter to all Potential Bidders, which provided an overview of the Company's business and the opportunity to acquire its shares or assets, between May 11, 2023 and May 30, 2023, along with a non-disclosure agreement ("**NDA**") for review;

    (c) in total, 32 interested parties executed NDAs, or had already executed NDAs earlier in the strategic review process;

(d) a confidential information memorandum was prepared by KPMG CF and the Applicants providing a comprehensive overview and details of Ignite Services' operations, its management team, digital platform, financial position, and potential business synergies, and was sent to the Potential Bidders who had executed an NDA between June 2, 2023 and June 9, 2023;

(e) on June 19, 2023, KPMG CF sent a process letter (the "**Process Letter**") to each of the Potential Bidders which had executed an NDA and continued to demonstrate an interest in the Sale Process. The Process Letter established a deadline for Potential Bidders to submit non-binding expressions of interest (each an "**EOI**") by no later than July 30, 2023 (the "**Bid Deadline**"), and requested that each EOI provide details with respect to the key terms of the Potential Bidder's offer (i.e. valuation, transaction structure, financing, due diligence and timing, review and approval, disclosure of interest and other considerations); and

(f) prior to the Bid Deadline, KPMG CF and the Applicants participated in numerous marketing and diligence calls with Potential Bidders, and the Applicants provided technology demonstrations in respect of the Company's digital platform to 13 Potential Bidders.

18. Ultimately, four EOIs were received by the Bid Deadline, including an EOI from Southampton. A summary of the key terms of each of the EOIs received is attached hereto as **Confidential Appendix "A"**. In addition, three Potential Bidders expressed interest in acquiring specific assets of Ignite Services; however, no formal EOIs were submitted by these parties. A further three Potential Bidders requested, and were granted, approximately one-week extensions to submit an EOI; however, none of them did so. **Confidential Appendix "A"** also sets out the feedback provided by other Potential Bidders who declined to participate in the Sale Process and/or submit an EOI or submitted an EOI with a low valuation.

Events Subsequent to the Bid Deadline and Prior to the ROFR Being Exercised

19. KPMG CF, Primary and the Applicants evaluated the EOIs received and determined that one of the EOIs was superior in respect of its economic and other terms as compared to the others received. The Potential Bidder who submitted that EOI ("**Potential Bidder 1**") was invited to submit a non-binding letter of intent ("**LOI**").

20. On July 11, 2023, KPMG CF received an LOI from Potential Bidder 1 and thereafter, the Company entered into an exclusivity agreement with Potential Bidder 1. After entering into exclusivity with Potential Bidder 1, a period of discussion and negotiation ensued on the terms of Potential Bidder

1's offer. During those discussions and negotiations, KPMG CF advised Potential Bidder 1 of the existence of the ROFR (as defined and described further below).

Aviva ROFR

21. As detailed in the First Livingstone Affidavit, in connection with its loan agreement with Aviva, Ignite Services entered into a right of first refusal agreement (the "**ROFR**") with Aviva on November 15, 2021. Pursuant to the ROFR, Ignite Services granted Aviva with an exclusive and irrevocable right of first refusal to purchase any of its assets, group of assets, or shares.

22. As noted in the Second Livingstone Affidavit, Aviva was one of the Potential Bidders that was approached by KPMG CF in relation to the Sale Process. Aviva declined to participate in the Sale Process and did not submit an EOI. Following receipt of the LOI from Potential Bidder 1, KPMG CF again had discussions with Aviva regarding the ROFR and Aviva declined to exercise but did not waive their ROFR at that time and advised that the Company should proceed with negotiations with Potential Bidder 1 pursuant to the LOI.

23. Following the period of negotiation with Potential Bidder 1 and prior to entering into any binding agreement, on August 1, 2023, in accordance with the terms of the ROFR, KPMG CF and the Company contacted Aviva again to discuss whether Aviva would be exercising its rights under the ROFR. Pursuant to the terms of the ROFR, which obliges the Company to offer a sale of its business to Aviva at the same price, terms, and conditions as those proposed by any third party seeking to acquire the Company, the terms of Potential Bidder 1's LOI were shared with Aviva. On August 4, 2023, KPMG CF advised Potential Bidder 1 of the existence of the ROFR.

24. On or around August 10, 2023, Aviva appointed Southampton as its nominee under the ROFR. The Monitor understands that there is no common ownership between Aviva and Southampton but that the two parties have an existing business relationship.

25. Potential Bidder 1 did not contest Aviva's ability to exercise the ROFR, was not prepared to improve its offer to purchase the Company and agreed to waive its exclusivity arrangement with the Company.

Events Subsequent to the ROFR Being Exercised

26. Following Southampton's appointment as nominee and Potential Bidder 1 waiving its exclusivity, KPMG CF and the Applicants held discussions and negotiations with Southampton regarding specific terms of their offer and their ability to close the transaction on an expedited basis given the continuing operating losses and funding requirements of the Company.

27. On August 23, 2023, Southampton submitted a non-binding LOI (the "**Southampton LOI**") and entered into an exclusivity arrangement with the Company. As noted above, the terms of Potential Bidder 1's LOI were shared with Aviva pursuant to the ROFR, and as such, the terms of the Southampton LOI largely mirror the LOI submitted by Potential Bidder 1. A summary of the key terms of the LOI submitted by Potential Bidder 1 and the Southampton LOI is also included within the attached **Confidential Appendix "A"**.

28. A period of extensive and intensive arm's length negotiations ensued between the Applicants and Southampton with respect to the structure of the transaction and specific terms. Given the Company's capital structure and significant liabilities, among other things, the Applicants and Southampton concluded that the transaction should be implemented through these CCAA Proceedings.

29. Following the negotiations with Southampton, the Applicants, in consultation with KPMG CF and their other advisors, concluded that, subject to the revised terms agreed amongst the parties, the Southampton LOI represented the best offer for the Company's business and the Applicants' stakeholders in the circumstances.

VIII. PROPOSED TRANSACTION AND SPA

30. Ignite Holdings and Southampton entered into the SPA on October 26, 2023, which sets out the terms of the Proposed Transaction whereby Southampton will acquire the shares of Ignite Services from Ignite Holdings. A copy of the SPA, redacted for certain commercially sensitive terms is attached hereto as **Appendix "A"**. A summary of those commercially sensitive terms along with an unredacted copy of the SPA are attached hereto as **Confidential Appendix "B"** (and together with Confidential Appendix "A", the "**Confidential Appendices**").

Key Terms of the Proposed Transaction and the SPA

31. The key terms of the Proposed Transaction and the SPA are detailed in the Second Livingstone Affidavit and are summarized below (all capitalized terms in this section of the First Report are as defined in the SPA):

    (a) Purchaser: Southampton;

    (b) Vendor: Ignite Holdings;

    (c) Monitor: KPMG

    (d) Transaction Structure: share purchase and reverse vesting structure;

(e) Purchased Shares: on closing, the Purchaser shall purchase from the Vendor, all of the issued and outstanding shares in the capital of Ignite Services;

(f) Purchase Price: redacted given commercial sensitivity. The amount of the Purchase Price is provided in the summary included in Confidential Appendix "B";

(g) Intercompany Loan: on closing, the Vendor shall contribute, as a capital contribution to a company to be formed by the Vendor ("**Residual Co**."), Vendor's contingent right to receive payment, if any, under the contingent indebtedness (the "**Principal Amount**") owing by Ignite Services to the Vendor pursuant to the terms of an adjustable promissory note (the "**Adjustable Promissory Note**") to be issued by Ignite Services in favour of the Vendor (the "**Intercompany Loan**"). Under the terms of the Adjustable Promissory Note, Ignite Services promises to pay to Residual Co. The Principal Amount is subject to adjustments related to the performance of the acquired business as outlined in the Adjustable Promissory Note. The Adjustable Promissory Note contains certain covenants regarding the conduct of the business. The Principal Amount has been redacted given commercial sensitivity. The amount of the Principal Amount is provided in the summary included in Confidential Appendix "B";

(h) Deposit: 7.5% of Purchase Price. The amount of the Deposit is provided in the summary included in Confidential Appendix "B":

(i) Absence of Regulatory Concerns: no insurance regulator shall have suspended or terminated, or reasonably appears likely to imminently suspend or terminate, any material license or authorization held by Ignite Services, which the parties, acting in accordance with their obligations under the SPA, have not been able to avoid or have lifted, reversed or cancelled;

(j) Outside Date for Closing: December 7, 2023 or such later date as may be determined by the parties in writing, but in no event shall such later date be later than January 31, 2024;

(k) Employees: Ignite Services, on closing of the Proposed Transaction, may terminate no more than five (5) employees designated, in writing, by the Purchaser;

(l) Retained Liabilities:

(i) all Post-Filing Claims;

(ii) all liabilities of Ignite Services arising after closing which relate to events or circumstances that occurred after closing;

(iii) all tax liabilities of Ignite Services other than any tax liabilities attributable to any pre-closing tax period; and

(iv) the Intercompany Loan;

(m) Administrative Expenses Reserve: on the closing date, the Company shall pay the Monitor the cash on hand in the Company (other than any cash held in trust). From time to time after the closing date, the Monitor may pay from the Administrative Expense Amount the Administrative Expense Costs and amounts secured by the Charges, with unused amounts (if any) being transferred by the Monitor to the Vendor;

(n) Key Conditions to Closing:

(i) the Court granting the ARVO approving the SPA and the Proposed Transaction contemplated therein, which ARVO shall be final;

(ii) completion of the Pre-Closing Implementation Steps;

(iii) delivery of termination letters to the employees to be terminated;

(iv) completion of the Capitalization Steps (as defined and described below); and

(v) duly executed original promissory note representing the Intercompany Loan;

(o) Capitalization Steps: on the closing date, but prior to the closing time, the following transaction steps shall be completed (the "**Capitalization Steps**"):

(i) Purchaser to loan an amount equal the Purchase Price to the Vendor (the "**Vendor Loan**"), for the purpose of Vendor using the Vendor Loan to acquire newly issued common shares in the capital of Ignite Services;

(ii) Vendor to deliver an interest-free promissory note in favour of the Purchaser, in the principal amount of the Purchase Price, representing the Vendor Loan;

(iii) Vendor to use the Vendor Loan to subscribe for 10,000,000 common shares in the capital of Ignite Services for an aggregate subscription price equal to the amount of the Purchase Price (the "**Capital Contribution**"); and

(iv) Ignite Services to direct the Vendor to pay the Capital Contribution to the Monitor for the benefit of Residual Co.;

(p) Other: upon closing, the Purchaser and its affiliates shall release the Monitor, and its respective affiliates, and each of their respective directors and officers, partners, members,

agents, financial and legal advisors from all actual or potential Released Claims relating to (i) Ignite Services' business; (ii) the purchased shares; or (iii) the retained liabilities, save and except for Released Claims arising out of fraud and/or gross negligence. Upon closing, the Vendor and its affiliates shall release the Monitor and its affiliates, and each of their respective directors and officers, partners, members, shareholders, limited partners, employees, agents, financial and legal advisors from all actual or potential Released Claims relating to (i) the purchased shares; (ii) all other equity interests of Ignite Services which remain after the application of the Vesting Order; (iii) the Retained Liabilities; (iv) the Excluded Assets, or (v) the Excluded Liabilities, save and except for Released Claims arising out of fraud and/or gross negligence.

Monitor's Observations

32. In the Monitor's view, the Sale Process was fair and robust and reasonable in the circumstances for the following reasons:

    (a) the Sale Process was reasonably and appropriately structured and, in a manner similar to sale processes approved by the Court and conducted in the context of other CCAA proceedings;

    (b) the Sale Process resulted in a broad canvassing of the market for potential purchasers of the Applicants' business, which is in addition to the canvassing of the market that was completed pursuant to the EY Sale Process and the MNP Sale Process; and

    (c) the Sale Process was administered by KPMG CF, which has extensive experience in marketing businesses and assets of this nature and included extensive consultation with the Applicants and Primary.

33. The SPA, in the Monitor's view, represents the best available offer arising out of the Sale Process and is anticipated to result in the highest realization for the Applicants' business and assets in the current circumstances. The SPA benefits numerous stakeholders, including customers, employees, suppliers, insurance carriers and regulators, by facilitating a transaction that allows Ignite Services to continue operating as a going concern. In addition, the Proposed Transaction has the support of Aviva and Primary who are the Applicants' two largest creditors.

34. Pursuant to section 36(3) of the CCAA, the Monitor has also evaluated whether the completion of the Proposed Transaction contemplated by the SPA would be more beneficial to the Applicants'

creditors and other stakeholders as compared to a sale or disposition of the business and assets of the Applicants under a bankruptcy. The Monitor notes the following:

(a) a potential bankruptcy could cause significant disruption to the Company's operations and jeopardize the regulatory licenses necessary to maintain such operations, thus adversely impacting the value of the business. In addition, the uncertainty surrounding the ability to, and timeline for, transferring the regulatory licenses to Southampton in bankruptcy proceedings adds to the complexity. This, coupled with the bankruptcy procedure itself, could result in a substantial delay in closing the Proposed Transaction.

(b) the obtaining of the ARVO is a condition of closing in the SPA. The reverse vesting structure is unlikely to be available in a potential bankruptcy given the vesting of the assets in the trustee and if the reverse vesting structure in not available, it results in the loss of a significant asset of the Company, being its tax losses. Southampton has advised that these tax losses are an important value consideration in support of its desire to complete the Proposed Transaction. Furthermore, even if Southampton was willing to proceed based on an asset sale structure, instead of the ARVO, the Monitor believes it is unlikely that the recovery could be enhanced by pursuing a sale transaction in a bankruptcy given that there would be value erosion due to the inability to deliver the tax losses to Southampton.

(c) accordingly, it is the Monitor's view that a sale or disposition of the business and assets of the Applicants in a bankruptcy would most likely result in a lower recovery for stakeholders and would not be more beneficial than closing the Proposed Transaction in the CCAA Proceedings. In the Monitor's view, the market has been sufficiently canvassed pursuant to multiple sale processes and the Proposed Transaction is the best offer in the circumstances. It is unlikely that there is any material value to the assets of the Applicants in any transaction other than the Proposed Transaction.

IX. APPROVAL AND REVERSE VESTING ORDER

Proposed Reverse Vesting Order Structure

35. The Proposed Transaction contemplated in the SPA has been structured to form a "reverse vesting" transaction. In essence, instead of providing for a traditional asset sale transaction where all purchased assets are purchased and transferred to the purchaser on a "free and clear" basis and all excluded assets, excluded contracts and excluded liabilities remain with the debtor company, the Proposed Transaction provides for a share transaction whereby, essentially:

(a) after implementation of the Pre-Closing Implementation Steps (as defined and detailed in the SPA) and the Capitalization Steps, Southampton will purchase the new shares of the Company from Ignite Holdings and become the sole shareholder of the Company; and

(b) all Excluded Contracts, Excluded Assets, and Excluded Liabilities (each as defined in the SPA) with respect to the Company will be transferred and "vested out" to Residual Co., so as to allow Southampton to indirectly acquire the Company's business and assets on a "free and clear" basis.

36. The Second Livingstone Affidavit sets out the detailed steps that will occur upon closing as provided for in the proposed ARVO.

The Appropriateness of the Reverse Vesting Structure vs. Asset Sale Structure

37. The insurance brokerage industry is heavily regulated. As described in detail in the Livingstone Affidavits, the Company holds (a) two licenses in Ontario issued by the Registered Insurance Brokers of Ontario and the Financial Services Regulatory Authority of Ontario; (b) one license in Alberta issued by the Alberta Insurance Council; and (c) one license in British Columbia issued by the Insurance Corporation of British Columbia.

38. In a conventional asset sale transaction structure, some of these licenses and regulatory approvals might be cumbersome or very time-consuming to transfer to a third-party purchaser, and the procedures necessary to effect such transfer would likely result in additional risk, delays and costs and the Applicants do not have sufficient liquidity to afford such delays and costs.

39. The reverse vesting structure facilitates a more efficient and swift completion of the Proposed Transaction, without exposure to the risks, costs or delays of attempting to seek the transfer of the licences and regulatory approvals. This is critically important to preserve the value of the Applicants' business and assets.

40. In addition, Ignite Services has significant contracts that will remain with the Company pursuant to the SPA. The reverse vesting structure will mitigate substantial delays and costs associated with seeking consents to assignment from contract counterparties or court approval of assignments if such consents cannot be obtained. The Applicants have informed the Monitor that they have served notice of the Comeback Motion to counterparties involved in the significant contracts that will remain with the Company and who are owed pre-filing amounts.

41. While the Excluded Assets, Excluded Contracts and Excluded Liabilities will be vested out into Residual Co, in this structure, the outcome would be the same as if the Proposed Transaction had

been carried out using an asset purchase structure. Therefore, in the Monitor's view, the Proposed Transaction is not expected to result in any material prejudice or impairment of any creditors' rights which would have been avoided in an asset purchase transaction. The Monitor is aware that there may be certain contract counterparties whose cure costs will not be paid in the Proposed Transaction but would have been payable in an asset sale. The Monitor notes that the Applicants have not had the option of pursuing an asset sale transaction and if the Proposed Transaction is implemented these contract counterparties, if any, will continue to have an operating party to continue contracting with.

42. The Monitor understand that Southampton is only interested in pursuing a share transaction. During the Sale Process, in response to KPMG CF's specific inquiry, Southampton advised that it is not prepared to consider an asset purchase.

43. Furthermore, the reverse vesting transaction structure will allow the Company to preserve significant tax losses of approximately $62.4 million which would be otherwise adversely impacted through an asset purchase structure. Southampton has advised that the retention of these tax attributes represents an important value consideration in support of its desire to complete the Proposed Transaction and without these tax attributes, it would not be willing to acquire the Applicants' business.

44. Accordingly, the Monitor is of the view that, in light of the broad canvassing of the market and the result of the Sale Process, the reverse vesting structure set out in the proposed ARVO represents the only viable alternative to implement the Proposed Transaction for the benefit of the Applicants' stakeholders. The Monitor therefore supports the relief requested.

The Proposed Releases

45. The Applicants are also seeking Court-ordered releases (the "**Releases**") in favour of:

(a) the Applicants and their directors, officers, employees, financial and legal advisors;

(b) Residual Co., and its directors, officers, employees, financial and legal advisors;

(c) the Monitor and its legal counsel and their respective current and former directors, officers, partners, employees, and advisors;

(d) KPMG CF, and their respective current and former directors, officers, partners, employees, and advisors;

(e) Primary, in its capacities as (i) ultimate parent company of the Applicants; (ii) unsecured lender to the Applicants and (iii) the DIP Lender, and its current and former directors, officers, partners, employees, financial and legal advisors; and

(f) Southampton, and its present and former directors, officers, employees, financial and legal advisors, (collectively, the "**Released Parties**").

46. The full scope of the release provisions is set out in the proposed ARVO and should be read in conjunction with this First Report. The Releases cover any and all present and future claims against the Released Parties based upon any fact or matter of occurrence in respect of the SPA, the Proposed Transaction contemplated therein, or the Applicants, their assets, business or affairs or administration of the Applicants, except any claim that is not permitted to be released pursuant to section 5.1(2) of the CCAA, in connection with the SPA or the closing documents.

47. The Releases are being pursued to provide certainty and closure for the Released Parties in the most efficient and appropriate manner given the circumstances.

48. The Releases are essential to the consummation of the Proposed Transaction. The Monitor, having considered the circumstances, believes each of the Released Parties has, in a meaningful way, contributed to the Proposed Transaction and the successful restructuring of the Applicants.

49. The Monitor concurs with the Applicants' view that the Releases are reasonable in the circumstances, and supports the relief requested by the Applicants.

The Request for Sealing

50. The Applicants are requesting the sealing of Confidential Appendix "A" to this First Report until further order of the Court and the sealing of Confidential Appendix "B" to this First Report until the closing of the Proposed Transaction or further order of the Court.

51. The Monitor shares the views of the Applicants that the disclosure of the information contained in the Confidential Appendices at this time poses a serious risk to the objective of maximizing value in these CCAA Proceedings, including because disclosure of the economic terms of the EOIs received in the Sale Process and the SPA may impair any efforts to remarket the Company if the Proposed Transaction does not close.

X. AMENDED AND RESTATED INITIAL ORDER

52. The Applicants are seeking the following relief within the proposed ARIO:

(a) the extension of the Stay Period to January 31, 2024;

(b) the increase in the amount which may be borrowed by the Applicants under the DIP Facility to $1.1 million;

(c) authority for the Applicants to pay pre-filing amounts up to $100,000 owing to Critical Suppliers with the consent of the Monitor; and

(d) ordering that the Charges shall rank in priority to all other security interests, trusts, liens, charges, encumbrances, and claims of secured creditors, statutory or otherwise (collectively, the "**Encumbrances**"), provided that the DIP Lender's Charge shall not rank in priority to any super priority claim of the Canada Revenue Agency, which priority is not reversed by operation of applicable law (the "**CRA Priority Payable**s"), in favour of any person, notwithstanding the order of perfection or attachment, on notice to those persons likely to be affected thereby.

Stay Extension

53. Pursuant to the Initial Order, the Initial Stay Period expires on November 9, 2023. The Applicants are requesting an extension of the Stay Period to January 31, 2024.

54. The Monitor is of the view that the requested extension of the Stay Period is appropriate for the following reasons:

(a) the Applicants have acted in good faith and with due diligence since the Filing Date;

(b) the extension will provide the Applicants with the opportunity to work towards completing the Proposed Transaction, which is expected to close on or before December 7, 2023, and thereafter make distributions to the Applicants' secured creditors;

(c) the granting of the extension should not materially prejudice any of the Applicants' creditors or other stakeholders; and

(d) based on the Cash Flow Forecast, and with the financing provided under the DIP Facility and the proceeds from the Proposed Transaction, the Applicants are projected to have sufficient liquidity to operate during the proposed extended Stay Period.

DIP Facility Increase

55. As set out in the Pre-Filing Report and based on the Cash Flow Forecast filed as Appendix "B" to the Pre-Filing Report, the Monitor remains of the view that borrowings under the DIP Facility in the aggregate amount of $1.1 million are necessary to fund the Applicants' business until the anticipated closing of the Proposed Transaction.

56. The Monitor is further of the view that the Cash Flow Forecast and the need for the full amount of the DIP Facility remains consistent with and reflects the probable and hypothetical assumptions which it sets out. Nothing has come to the Monitor's attention that would cause it to believe that the probable and hypothetical assumptions applicable to the Cash Flow Forecast do not continue to be suitably supported and consistent with the restructuring plans of the Applicants and do not provide a reasonable basis for the Cash Flow Forecast.

57. The Monitor is therefore of the view that the increase in the amount that may be borrowed by the Applicants under the DIP Facility to $1.1 million is reasonable and appropriate in the circumstances.

Payments to Critical Suppliers

58. The Applicants are seeking the authority to make payments for certain arrears owing prior to the Filing Date, up to a specified amount and only with the consent of the Monitor, to suppliers that provide the Applicants with essential services. At this time, the only such "critical supplier" that the Applicants are aware of is Tri-Quest. The Monitor understands that there were certain amounts owing to Tri-Quest, who is the Company's 'Principal Broker', prior to the Filing Date. The Applicants are seeking the authority to pay pre-filing amounts owing to Tri-Quest, with the consent of the Monitor, given its importance to the business and to maintaining the Company's regulatory licenses. The Monitor recognizes the importance of maintaining stability with respect to the Company's regulatory licenses. Accordingly, the Monitor supports the relief being requested by the Applicants in this regard.

Priority of the Charges

59. The proposed ARIO provides that the Charges and Encumbrances, as among them, shall be as follows:

(a) First – the Administration Charge (to the maximum amount of $750,000);

(b) Second – the D&O Charge (to the maximum amount of $250,000);

(c) Third – the CRA Priority Payables; and

(d) Fourth – the DIP Lender's Charge.

60. While the Charges in the Initial Order only primed Aviva's position as secured lender, the proposed Administration Charge and D&O Charge in the ARIO rank ahead of all Encumbrances, provided that the DIP Lender's Charge shall not rank in priority to the CRA Priority Payables.

61. The Monitor is advised by the Applicants that all secured parties who may be affected by the Charges, including the Canada Revenue Agency and the Ministry of Finance (Ontario), have been given notice of the Comeback Motion. Based on the foregoing, the Monitor believes that amending the priority of the Charges is appropriate in the circumstances.

XI. MONITOR'S CONCLUSION AND RECOMMENDATIONS

62. Based on the information available to the Monitor to date, the Applicants are acting with due diligence and in good faith. As noted herein, if the requested increase to the DIP Facility is authorized, the Applicants should have adequate liquidity to continue their operations and work towards completing the Proposed Transaction during the proposed Stay Period, if it is extended. The Monitor is accordingly supportive of the Applicants' requested extension of the Stay Period.

63. For the reasons set out in this First Report, the Monitor is of the view that the balance of the relief requested by the Applicants in the Comeback Motion is also appropriate and reasonable. The Monitor is of the view that granting the relief requested will provide the Applicants the best opportunity to complete the Proposed Transaction, thereby preserving value for the benefit of the Applicants' stakeholders. As such, the Monitor supports the Applicants' requests as set out in the proposed ARVO and proposed ARIO, and respectfully recommends that the Court grant such relief on the terms sought therein.

All of which is respectfully submitted this 2nd day of November, 2023.

KPMG Inc.
In its capacity as Monitor of
Ignite Holdings Inc., Ignite Services Inc., and Ignite Insurance Corporation
and not in its personal or corporate capacity

Per:

Anamika Gadia
Senior Vice-President

George Bourikas
Vice-President

Appendix “A”

EXECUTION VERSION

PURCHASE AGREEMENT

SOUTHAMPTON FINANCIAL INC.
as Purchaser

- and -

IGNITE HOLDINGS INC.
as Vendor

TABLE OF CONTENTS

PURCHASE AGREEMENT

THIS PURCHASE AGREEMENT is made as of the 26th day of October, 2023.

AMONG:

SOUTHAMPTON FINANCIAL INC.

("**Purchaser**")

-and-

IGNITE HOLDINGS INC.

("**Vendor**")

RECITALS:

A. Ignite Services Inc. (the "**Company**") is a life and property and casualty insurance retail insurance brokerage which offers home, condo, tenant, personal auto, motorcycle, trailer, leisure, travel and pet insurance products and services, along with the referral of life insurance products and services to third parties (collectively, the "**Business**").

B. Company and Vendor intend to seek an order (as may be amended from time to time, the "**Initial Order**") from the Ontario Superior Court of Justice (Commercial List) (the "**CCAA Court**") for the Company and Vendor to, among other things, obtain creditor protection under the *Companies' Creditors Arrangement Act* (the "**CCAA**").

C. Vendor has agreed to sell and transfer to Purchaser, and Purchaser has agreed to purchase from Vendor, all of Vendor's right, title and interest in and to the Purchased Shares, subject to and in accordance with the terms and conditions set forth in this Agreement and the CCAA Proceedings.

NOW THEREFORE, the Parties agree as follows:

ARTICLE 1
INTERPRETATION

1.1 Definitions

In this Agreement,

"**Administration Charge**" has the meaning given to it in the Initial Order.

"**Administrative Expense Amount**" means cash in an amount equal to the Administrative Expense Costs and CCAA Charge Amount, to be paid by the Company to the Monitor on the Closing Date out of the cash and cash equivalents of the Company as at the Closing Date and held in trust by the Monitor for the benefit of Persons entitled to be paid the Administrative Expense Costs and CCAA Charge Amount, subject to the terms hereof.

"**Administrative Expense Costs**" means the reasonable and documented fees and costs of the Monitor and its professional advisors and professional advisors of the Company and Residual Co. in each case for services performed prior to and, other than in respect of the Company, after the Closing Date, in each case, relating directly or indirectly to the CCAA Proceedings, and this Agreement and including (i) costs required to wind down and dissolve

or bankrupt Residual Co.; and (ii) costs and expenses required to administer the Excluded Assets, Excluded Liabilities, and Residual Co.

"**Affiliate**" means, with respect to any specified Person, any other Person which, directly or indirectly, through one or more intermediaries controls, or is controlled by, or is under common control with, such specified Person (for the purposes of this definition, "control" (including, with correlative meanings, the terms "**controlling**," "**controlled by**" and "**under common control with**"), as used with respect to any Person, shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such Person, whether through the ownership of voting securities, by agreement or otherwise). For greater certainty, an Affiliate of a Person shall include such Person's investment funds and managed accounts and any funds managed or directed by the same investment advisor. Notwithstanding the above, Purchaser and its Affiliates, on one hand, and the Company and Residual Co., on the other hand, shall not be considered Affiliates of each other for the purposes of this Agreement.

"**Agreement**" means this purchase agreement and all attachments, Schedules and Exhibits, in each case as the same may be supplemented, amended, restated or replaced from time to time, and the expressions "**hereof**", "**herein**", "**hereto**", "**hereunder**", "**hereby**" and similar expressions refer to this purchase agreement and all attached Exhibits, and unless otherwise indicated, references to Articles, Sections, Schedules and Exhibits are to Articles, Sections, Schedules and Exhibits in this purchase agreement.

"**Applicable Law**" means any transnational, domestic or foreign, federal, provincial, territorial, state, local or municipal (or any subdivision of any of them) law (including common law and civil law), statute, ordinance, rule, regulation, restriction, limit, by-law (zoning or otherwise), judgment, order, direction or any consent, exemption, or any other legal requirements of, or agreements with, any Governmental Authority, that applies in whole or in part to the Transaction, Company, Vendor, Purchaser, the Business, any of the Purchased Shares or any of the Retained Liabilities.

"**Business**" has the meaning given to such term in Recital A.

"**Business Day**" means any day, other than a Saturday or Sunday, on which the principal commercial banks in Toronto, Ontario are open for commercial banking business during normal banking hours.

"**Capital Contribution**" has the meaning given to such term in Section 2.8(a)(iii).

"**Capitalization Steps**" has the meaning given to such term in Section 2.8(a).

"**Causes of Action**" means any action, claim, cross claim, third-party claim, damage, judgment, cause of action, controversy, demand, right, action, suit, obligation, liability, debt, account, defense, offset, power, privilege, license, lien, indemnity, interest, guaranty, or franchise of any kind or character whatsoever, whether known or unknown, foreseen or unforeseen, existing or hereinafter arising, contingent or non-contingent, liquidated or unliquidated, disputed or undisputed, secured or unsecured, assertable directly or derivatively, matured or unmatured, suspected or unsuspected, in contract or in tort, at law or in equity, or pursuant to any other theory of law or otherwise, of the Company against any Person, in each case based in whole or in part on any act or omission, transaction, dealing or other occurrence existing or taking place on or prior to the Closing Time (which Causes of Action for the avoidance of doubt shall be retained by the Company on Closing).

"**CCAA**" has the meaning given to such term in Recital B.

"**CCAA Charge Amount**" means cash in an amount sufficient to satisfy the amounts owing in respect of obligations secured by the CCAA Charges (without duplication to amounts satisfied as Administrative Expense Costs, Employee Priority Claims or Priority Payments).

"**CCAA Charges**" means the Administration Charge, the DIP Lender's Charge and the Directors' Charge.

"**CCAA Court**" has the meaning given to such term in Recital B.

"**CCAA Proceedings**" means the proceedings commenced under the CCAA by the Company and Vendor pursuant to the Initial Order.

"**Claims**" means any and all demands, claims, liabilities, actions, causes of action, counterclaims, expenses, costs, damages, losses, suits, debts, sums of money, refunds, accounts, indebtedness, rights of recovery, rights of set-off, rights of recoupment and liens of whatever nature (whether direct or indirect, absolute or contingent, asserted or unasserted, secured or unsecured, matured or not yet matured due or to become due, accrued or unaccrued or liquidated or unliquidated) and including all costs, fees and expenses relating thereto.

"**Closing**" means the closing and consummation of the Transaction.

"**Closing Date**" means a date no later than five (5) Business Days after the conditions set forth in Article 7 have been satisfied or waived, other than the conditions set forth in Article 7 that by their terms are to be satisfied or waived at the Closing (or such other date agreed to by the Parties in writing); provided that, if there is to be a Closing hereunder, then the Closing Date shall be no later than the Outside Date.

"**Closing Documents**" means all Contracts, agreements, certificates and instruments required by this Agreement to be delivered at or before the Closing.

"**Closing Time**" means 10:00 a.m. (Toronto time) on the Closing Date or such other time on the Closing Date as the Parties agree in writing that the Closing Time shall take place.

"**Company**" has the meaning given to such term in the preamble to this Agreement.

"**Contract**" means any contract, agreement, lease (including any offer to lease or any sublease), license, commitment, understanding or other arrangement, whether written or oral.

"**Deposit**" has the meaning given to such term in Section 3.2(a).

"**DIP Lender's Charge**" has the meaning given to it in the Initial Order.

"**Directors Charge**" has the meaning given to it in the Initial Order.

"**Employee Priority Claims**" means any Claim for (i) unpaid priority costs for any of the Terminated Employees whose employment is terminated between the Filing Date and up to and including the Closing Date, and (ii) unpaid amounts provided for in Section 6(5)(a) of the CCAA.

"**Encumbrance**" means any security interest (whether contractual, statutory or otherwise), lien, prior claim, charge, hypothec, reservation of ownership, pledge, encumbrance, mortgage, trust (including any statutory, deemed or constructive trust), option or adverse claim or encumbrance of any nature or kind.

"**Equity Interests**" means any capital share, capital stock, partnership, membership, joint venture or other ownership or equity interest, participation or securities (whether voting or nonvoting, whether preferred, common or otherwise, and including share appreciation, contingent interest or similar rights) of a Person.

"**Excluded Assets**" has the meaning given to such term in Section 2.2.

"**Excluded Contracts**" means the Contracts of the Company specified on Schedule 2.2(b).

"**Excluded Liabilities**" has the meaning given to such term in Section 2.4.

"**Filing Date**" means October 30, 2023.

"**Final Order**" means with respect to any order or judgment of the CCAA Court, or any other court of competent jurisdiction or arbitrator or panel of arbitrators, with respect to the subject matter addressed in the CCAA Proceedings or the docket of any court of competent jurisdiction or arbitration proceeding administered by any arbitrator or panel of arbitrators, that such order or judgment has not been vacated, set aside, reversed, stayed, modified or amended, and as to which the applicable periods to appeal, or seek certiorari or move for a new trial, reargument, or rehearing has expired and no appeal, leave to appeal, or petition for certiorari or other proceedings for a new trial, reargument, or rehearing has been timely taken or filed, or as to which any appeal has been taken or any petition for certiorari or leave to appeal that has been timely filed has been withdrawn or resolved in a manner acceptable to Vendor, and Purchaser, as the case may be, each acting reasonably, by the highest court to which the order or judgment was appealed or from which leave to appeal or certiorari was sought or the new trial, reargument, or rehearing shall have been denied, resulted in no modification of such order or has otherwise been dismissed with prejudice.

"**Fundamental Representations and Warranties of Purchaser**" means the representations and warranties of Purchaser included in Sections 5.1 (*Due Authorization and Enforceability of Obligations*), 5.2 (*Existence and Good Standing*), and 5.4 (*Absence of Conflicts*).

"**Fundamental Representations and Warranties of Vendor**" means the representations and warranties of Vendor included Sections 4.1 (*Due Authorization and Enforceability of Obligations*), 4.2 (*Existence and Good Standing*), 4.7 (*Ownership of Purchased Shares, etc.*), 4.8 (*Residence*), and 4.9 (*Subsidiaries*).

"**Governmental Authority**" means any government, regulatory authority, governmental department, agency, commission, bureau, official, minister, Crown corporation, court, board, tribunal or dispute settlement panel or other law, rule or regulation-making organization or entity (i) having or purporting to have jurisdiction on behalf of any nation, province, territory or state or any other geographic or political subdivision of any of them, or (ii) exercising, or entitled or purporting to exercise any administrative, executive, judicial, legislative, policy, regulatory or taxing authority or power.

"**IFRS**" means the International Financial Reporting Standards, at the relevant time, applied on a consistent basis.

"**Initial Order**" has the meaning given to such term in Recital B.

"**Insurance Regulators**" means the Registered Insurance Brokers of Ontario, the Financial Services Regulatory Authority of Ontario, the Insurance Council of British Columbia and the Alberta Insurance Council.

"**Inter-Company Agreements**" has the meaning given to such term in Schedule 1.1.

"**Intercompany Claim**" means any claim that may be asserted against the Company by or on behalf of (i) any the Company's Affiliates, (ii) Katstan, or (iii) any Person that holds Equity Interest in Katstan, but for greater certainty excludes the Intercompany Loan.

"**Intercompany Loan**" means the contingent indebtedness in an aggregate amount of $[redacted] owing by the Company to Vendor, represented by an interest free, adjustable promissory note to be issued by the Company in favour of Vendor as part of the Pre-Closing Implementation Steps in the form attached as Exhibit A hereto (the "**Adjustable Promissory Note**").

"**Katstan**" means Katstan & Co. Inc.

"**KPMG CF**" means KPMG Corporate Finance Inc.

"**Lien**" means any lien, mortgage, pledge, hypothecation, prior claim, charge, security interest, right of first refusal, right of first offer, option, license, transfer restriction or encumbrance of any kind or nature whatsoever.

"**Material Adverse Effect**" means any effect, change, event, fact, development or occurrence that, individually or in the aggregate, (i) has had or could reasonably be expected to have a material adverse effect on the assets, business, condition (financial or otherwise), prospects, liabilities or results of operations of the Company or (ii) is reasonably likely to prevent or materially impair or delay the ability of Vendor to timely perform any of its obligations hereunder or any of the Closing Documents or to timely consummate the Transactions; provided, however, that for purposes of clause (i) above, none of the following (either alone or in combination) shall be deemed to constitute or be taken into account in determining whether there has been a Material Adverse Effect: (a) any acts of war, terrorism or armed hostilities, (b) any changes in Applicable Law or IFRS after the date hereof, (c) any changes affecting the Canadian or global economy or the insurance brokerage industry generally (including changes resulting from the virus known as COVID-19 (including any variants of the same)), (d) the CCAA Proceedings or any matter related thereto, or (e) the financial condition of the Company or the Business, including any failure by the Company or the Business to meet any internal forecasts, projections, or earnings guidance or expectations, except, in the case of the foregoing clauses (a), (b), and (c), to the extent any of the matters referred to therein has had or could reasonably be expected to have a disproportionate adverse effect on the assets, business, condition (financial or otherwise), prospects, liabilities or results of operations of the Company relative to other companies in the industries in which the Company conducts business.

"**Material Contracts**" means the contracts listed in Schedule 1.1, and "**Material Contract**" means any one of them.

"**Monitor**" means KPMG Inc., as Court-appointed monitor of the Company and Vendor in the CCAA Proceedings and not in its personal or corporate capacity.

"**Monitor's Certificate**" means the certificate delivered to Purchaser and filed with the CCAA Court by the Monitor certifying that the Monitor has received written confirmation in form and substance satisfactory to the Monitor from Vendor and Purchaser that all conditions to Closing have been satisfied or waived by the applicable Parties and the Transaction has been completed.

"**Order**" means any order of the Court made in the CCAA Proceedings, or any order, directive, judgment, decree, injunction, decision, ruling, award or writ of any Governmental Authority.

"**Ordinary Course**" means, when used in relation to the taking of any action by any Person, that such action:

(a) is consistent in nature, scope and magnitude with the past practices (including using commercially reasonable efforts to preserve intact relationships with clients, insurance companies and key employees) of such Person and is taken in the ordinary course of normal day-to-day operations of such Person;

(b) is similar in nature, scope and magnitude to actions (including using commercially reasonable efforts to preserve intact relationships with clients, insurance companies and key employees) customarily taken in the ordinary course of the normal day-to-day operations of other Persons that are in the same line of business as such Person; and

(c) does not require the authorization of the shareholders of such Person or any other separate or special authorization of any nature or kind.

"**Organizational Documents**" means, with respect to any Person that is not a natural person, the organizational, constating or governing documents or instruments by which such Person establishes its legal existence or which govern its internal affairs (including, in respect of a Person which is a corporation, its articles and by-laws or equivalent constitutional documents).

"**Outside Date**" means December 7, 2023, or such later date as may be determined by the Parties in writing, but in any event provided that, if, on December 7, 2023, the condition set forth in Section 7.2(h) is the only condition in Article 7 that has not been satisfied or waived, other than the conditions set forth in Article 7 that by their terms are to be satisfied or waived at the Closing (or such other date agreed to by the Parties in writing), but the Parties are complying with their obligations in Section 8.2(g), the Parties shall in good faith determine such a later date as reasonable in the circumstances, but in no event shall such later date be later than January 31, 2024, and once such later date is determined in writing by the Parties, the Parties shall be under no further obligation to determine any further Outside Date in the event the condition under Section 7.2(h) is not satisfied or waived on or before such later date.

"**Parties**" means Vendor and Purchaser collectively, and "**Party**" means any one of Vendor, and Purchaser, as the context requires.

"**Permitted Encumbrances**" means the Encumbrances listed in Schedule 1.1(a).

"**Person**" includes an individual, partnership, firm, joint venture, venture capital fund, limited liability company, unlimited liability company, association, trust, entity, corporation, unincorporated association, or organization, syndicate, committee, court appointed representative, the government of a country or any political subdivision thereof, or any agency, board, tribunal, commission, bureau, instrumentality, or department of such government or political subdivision, or any other entity, howsoever designated or constituted, including any

Taxing Authority, and the trustees, executors, administrators, or other legal representatives of an individual, and for greater certainty includes any Governmental Authority.

"**Personal Information**" means information about an identifiable individual as defined in Privacy Laws.

"**Post-Closing Straddle Tax Period**" has the meaning given to such term in Section 8.3(e).

"**Post-Filing Claim**" or "**Post-Filing Claims**" means any or all indebtedness, liability, or obligation of the Company of any kind that arises during and in respect of the period commencing on the Filing Date and ending on the day immediately preceding the Closing Date in respect of services rendered or supplies provided to the Company during such period; provided that, for certainty, such amounts do not constitute a Restructuring Period Claim or a Restructuring Period D&O Claim.

"**Pre-Closing Implementation Steps**" has the meaning given to such term in Section 2.7(c).

"**Pre-Closing Straddle Tax Period**" has the meaning given to such term in Section 8.3(e).

"**Pre-Closing Tax Period**" means any Tax period ending on or prior to the Closing Date and any Pre-Closing Straddle Tax Period.

"**Priority Payments**" means those priority payments prescribed under subsections 6(3), 6(5) and 6(6) of the CCAA, and the amounts owing under the Employee Priority Claims, and including those amounts identified in the Pre-Closing Implementation Steps.

"**Privacy Laws**" means Applicable Law relating to the collection, access, use, storage, processing, transfer, disclosure, disposal, and protection of Personal Information, including the *Personal Information Protection and Electronic Documents Act* (Canada), and any comparable Applicable Law of any other province or territory of Canada.

"**Purchase Price**" has the meaning given to such term in Section 3.1.

"**Purchased Shares**" has the meaning given to such term in Section 2.1(a).

"**Purchaser**" has the meaning given to such term in the preamble to this Agreement.

"**Purchaser Material Adverse Effect**" means any effect, change, event, fact, development or occurrence that, individually or in the aggregate, (i) has had or could reasonably be expected to have a material adverse effect on the assets, business, condition (financial or otherwise), prospects, liabilities or results of operations of Purchaser or (ii) is reasonably likely to prevent or materially impair or delay the ability of Purchaser to timely perform any of its obligations hereunder or any of the Closing Documents or to timely consummate the Transactions; provided, however, that for purposes of clause (i) above, none of the following (either alone or in combination) shall be deemed to constitute or be taken into account in determining whether there has been a Purchaser Material Adverse Effect: (a) any acts of war, terrorism or armed hostilities, (b) any changes in Applicable Law or Canadian accounting standards for private enterprises from time to time approved by the Chartered Professional Accountants of Canada after the date hereof, (c) any changes affecting the Canadian or global economy or the insurance brokerage industry generally (including changes resulting from the virus known as COVID-19 (including any variants of the same)), or (d) the CCAA Proceedings or any matter related thereto, except, in the case of the foregoing clauses (a), (b) and (c), to the extent any of the matters referred to therein has had or could reasonably be expected to have a

disproportionate adverse effect on the assets, business, condition (financial or otherwise), prospects, liabilities or results of operations of Purchaser relative to other companies in the industries in which Purchaser conducts business.

"**Released Claims**" means all claims, demands, complaints, grievances, actions, applications, suits, causes of action, Orders, charges, indictments, prosecutions, informations or other similar processes, assessments or reassessments, judgments, debts, liabilities, expenses, costs, damages or losses, contingent or otherwise, whether liquidated or unliquidated, matured or unmatured, disputed or undisputed, contractual, legal or equitable, including loss of value, professional fees, including "claims" as defined in the CCAA and including fees and disbursements of legal counsel on a full indemnity basis, and all costs incurred in investigating or pursuing any of the foregoing or any proceeding relating to any of the foregoing.

"**Residual Co.**" means a company to be formed by Vendor, such entity in form satisfactory to Purchaser, acting reasonably, prior to the Closing; provided, that no such entity shall be a flow-through entity for Canadian purposes unless approved by Purchaser.

"**Restructuring Period Claim**" means any Claim owed by the Company arising out of the restructuring, disclaimer, resiliation, termination or breach by the Company on or after the Filing Date of any Contract, lease or other agreement, whether written or oral.

"**Restructuring Period D&O Claim**" means any Claim against one or more of the directors or officers of the Company arising after the Filing Date, whether or not such right or claim is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, unsecured, perfected, unperfected, present, future, known, or unknown, by guarantee, surety or otherwise, and whether or not such right is executory or anticipatory in nature, including any assessments and any right or ability of any Person to advance a claim for contribution, indemnity or otherwise against any of such directors or officers with respect to any matter, action, cause or chose in action, whether existing at present or arising or commenced in the future, for which any such director or officer is alleged to be, by statute or otherwise by law or equity, liable to pay in his or her capacity as a director or officer.

"**Retained Liabilities**" has the meaning given to such term in Section 2.3.

"**Set-Off Agreement**" has the meaning given to such term in Section 11.2(m).

"**Straddle Period**" has the meaning given to such term in Section 8.3(e).

"**Tax**" and "**Taxes**" means taxes, duties, fees, premiums, assessments, imposts, levies and other charges of any kind whatsoever (including withholding on amounts paid to or by any Person) imposed by any Taxing Authority, including all interest, penalties, fines, additions to tax or other additional amounts imposed by any Taxing Authority in respect thereof, and including those levied on, or measured by, or referred to as, income, gross receipts, profits, capital, transfer, land transfer, sales, goods and services, harmonized sales, use, value-added, excise, stamp, withholding, business, franchising, escheat, property, development, occupancy, employer health, payroll, employment, health, disability, severance, unemployment, social services, education and social security taxes, all surtaxes, all customs duties and import and export taxes, countervail and anti-dumping, all license, franchise and registration fees and all employment insurance, health insurance and Canada, Ontario and other government pension plan premiums or contributions.

"**Tax Act**" means the *Income Tax Act* (Canada) and shall also include a reference to any applicable and corresponding provisions under the income tax laws of a province or territory of Canada, as applicable.

"**Tax Return**" means any return, declaration, report, statement, information statement, form, election, amendment, claim for refund, schedule or attachment thereto or other document filed or required to be filed with a Taxing Authority with respect to Taxes.

"**Taxing Authority**" means His Majesty the King in right of Canada, His Majesty the King in right of any province or territory of Canada, the Canada Revenue Agency, any similar revenue or taxing authority of Canada and each and every province or territory of Canada and any political subdivision thereof, the United States Internal Revenue Service, any similar revenue or taxing authority of the U.S. and each and every state and locality of the U.S., and any Canadian, U.S. or other Governmental Authority exercising taxing authority or power, and "**Taxing Authority**" means any one of the Taxing Authorities.

"**Terminated Employees**" means, collectively, the individuals employed by the Company, who have been designated, in writing, by Purchaser as terminated employees at least five (5) Business Days prior to Closing, provided that Purchaser shall not be entitled to designate more than five (5) individuals as terminated employees.

"**Termination Claim**" means any Claim directly relating to the termination of an employee of the Company on or prior to Closing, including all obligations, duties, commitments or liabilities to any terminated employee of the Company including wages, salary, compensation, benefits, vacation pay, holiday pay, sick pay, overtime pay, retention pay, bonuses, commissions, deferred compensation, pensions, profit sharing, other post-employment retirement obligations, liabilities for participation in any benefit plans or equity-based compensation plans maintained by or for the Company, termination pay, severance pay, pay in lieu of notice (whether statutory, contractual or common law), wrongful dismissal damages, costs related to the termination of employment, change of control liabilities, golden parachute payments, human rights damages, and any and all other liabilities or obligations with respect to such terminated employees relating to facts, circumstances or events which relate to, arise from, occurred on or prior to the Closing Date.

"**Transaction**" means the transactions contemplated by this Agreement, including the purchase and sale of the Purchased Shares and the Pre-Closing Implementation Steps.

"**Vesting Order**" means an order of the CCAA Court in a form to be mutually agreed upon by Purchaser and Company, each acting reasonably, which order provides for, *inter alia*, the approval of this Agreement and the Transactions.

1.2 Statutes

Except as otherwise provided in this Agreement, any reference in this Agreement to a statute refers to such statute and all rules and regulations made under it, as it or they may have been or may from time to time be amended, re-enacted or replaced.

1.3 Headings, Table of Contents, etc.

The provision of a table of contents, the division of this Agreement into Articles, Sections and other subdivisions and the insertion of headings are for convenient reference only and do not affect the interpretation of this Agreement. The recitals to this Agreement are an integral part of this Agreement.

1.4 Gender and Number

In this Agreement, unless the context otherwise requires, words importing the singular include the plural and vice versa, and words importing gender include all genders.

1.5 Currency

Except where otherwise expressly provided, all amounts in this Agreement are stated and shall be paid in Canadian dollars. References to "$" are to Canadian dollars.

1.6 Certain Phrases

In this Agreement (i) the words "including", "includes" and "include" and any derivatives of such words mean "including (or includes or include) without limitation" and (ii) the words "the aggregate of", "the total of", "the sum of", or a phrase of similar meaning means "the aggregate (or total or sum), without duplication, of". The expression "Article", "Section" and other subdivision followed by a number, mean and refer to the specified Article, Section or other subdivision of this Agreement.

1.7 Invalidity of Provisions

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction shall not affect the validity or enforceability of any other provision hereof so long as the economic or legal substance of the Transaction is not affected in any manner materially adverse to any Party. Upon (i) such a determination of invalidity or unenforceability; or (ii) any change in Applicable Law or other action by any Governmental Authority which materially detracts from the legal or economic rights or benefits, or materially increases the obligations, of any Party or any of its Affiliates under this Agreement, the Parties shall negotiate to modify this Agreement in good faith so as to effect the original intent of the Parties as closely as possible in an acceptable manner so that the Transaction be consummated as originally contemplated to the fullest extent possible.

1.8 Knowledge

Any reference to the knowledge of (i) Vendor, means the actual knowledge, after reasonable inquiry of Stephen Livingstone, and (ii) Purchaser, means the actual knowledge, after reasonable inquiry, of Brian Reeve.

1.9 Entire Agreement

This Agreement and the Closing Documents, constitute the entire agreement among the Parties, and set out all the covenants, promises, warranties, representations, conditions and agreements among the Parties in connection with the subject matter of this Agreement, and supersede all prior agreements, understandings, negotiations and discussions, whether oral or written, pre-contractual or otherwise. There are no covenants, promises, warranties, representations, conditions, understandings or other agreements, whether oral or written, pre-contractual or otherwise, express, implied or collateral among the Parties in connection with the subject matter of this Agreement, except as specifically set forth in this Agreement and any Closing Document.

1.10 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement shall be binding unless executed in writing by Vendor and Purchaser, and provided that such amendment is consented to by the Monitor. No waiver of any provision of this Agreement shall constitute a waiver of any other provision nor shall any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided.

1.11 Governing Law; Jurisdiction and Venue

This Agreement, the rights and obligations of the Parties under this Agreement, and any Claim or controversy directly or indirectly based upon or arising out of this Agreement or the Transaction (whether based on contract, tort or any other theory), including all matters of construction, validity and performance, shall in all respects be governed by, and interpreted, construed and determined in accordance with, the laws of the Province of Ontario and the federal laws of Canada applicable therein, without regard to the conflicts of law principles thereof. Subject to the terms of Section 12.2, the Parties consent to the jurisdiction and venue of the CCAA Court for the resolution of any such disputes arising under this Agreement. Each Party agrees that service of process on such Party as provided in Section 12.6 shall be deemed effective service of process on such Party.

1.12 Incorporation of Schedules and Exhibits

Any schedule or exhibit attached thereto, and any schedule or exhibit attached to this Agreement, is an integral part of this Agreement.

1.13 Accounting Terms

All accounting terms used in this Agreement are to be interpreted in accordance with IFRS unless otherwise specified.

1.14 Non-Business Days

Whenever payments are to be made or an action is to be taken on a day which is not a Business Day, such payment will be made or such action will be taken on or not later than the next succeeding Business Day.

1.15 Computation of Time Periods

If any action may be taken within, or any right or obligation is to expire at the end of, a period of days under this Agreement, then the first day of the period is not counted, but the day of its expiry is counted.

ARTICLE 2
PURCHASE AND SALE

2.1 Agreement to Purchase the Purchased Shares

(a) Upon and subject to the terms and conditions of this Agreement, at the Closing and effective as of the Closing Time, and subject to the completion of the Pre-Closing Implementation Steps required to be completed prior to the Closing Time, Purchaser shall purchase from Vendor, all of the issued and outstanding shares in the capital of the Company (collectively, the "**Purchased Shares**").

(b) For the avoidance of doubt, upon the Closing and after completion of the Pre-Closing Implementation Steps, Company shall be wholly-owned by Purchaser.

2.2 Excluded Assets

Notwithstanding any provision of this Agreement to the contrary, as of the Closing, the assets of the Company shall not include any of the following assets (collectively, the "**Excluded Assets**"):

(a) the Administrative Expense Amount;

(b) the Excluded Contracts;

(c) the Capital Contribution;

(d) all communications, information or records, written or oral, that in any way relate to (i) the Transaction prior to Closing among the Company and any of Vendor, its Affiliates, the Monitor and each of their respective financial, legal and other advisors; (ii) any Excluded Asset; or (iii) any Excluded Liability; and

(e) any rights which accrue to Residual Co. under this Agreement or any Closing Document.

2.3 Retained Liabilities

Pursuant to this Agreement and the Vesting Order, as of the Closing Time, the obligations and liabilities of the Company shall consist solely of the items explicitly listed below (collectively, the "**Retained Liabilities**"); provided, for the avoidance of doubt, that the Retained Liabilities of the Company pursuant to this Section 2.3 shall continue to be liabilities of the Company (and no other Person) as of the Closing; provided further that Company shall take such steps as are reasonably necessary to ensure that any claim that could give rise to responsible person liability is satisfied if the Company is, for any reason, unable to satisfy such claim:

(a) all Post-Filing Claims;

(b) all liabilities of the Company arising after Closing that relate to events or circumstances that occurred after Closing;

(c) all Tax liabilities of the Company other than any Tax liabilities attributable to any Pre-Closing Tax Period; and

(d) the Intercompany Loan.

2.4 Excluded Liabilities

Except as expressly retained pursuant to or specifically contemplated by Section 2.3, all Claims and all debts, obligations, and liabilities of the Company or any predecessors of the Company, of any kind or nature, shall be assigned and become the exclusive responsibility of Residual Co. pursuant to the terms of the Vesting Order and this Agreement, and, as of the Closing, the Company shall not have any obligation, duty, or liability of any kind whatsoever, except as expressly retained pursuant to Section 2.3, whether accrued, contingent, known or unknown, express or implied, primary or secondary, direct or indirect, liquidated, unliquidated, absolute, accrued, contingent or otherwise, and whether due or to become due, and all such liabilities or obligations shall be the exclusive responsibility of Residual Co., including, *inter alia*, the non-exhaustive list of liabilities set forth in Schedule 2.4, and

any and all liability relating to any change of control provision that may arise in connection with the change of control contemplated by the Transaction and to which the Company may be bound as at Closing, all liabilities relating to or under the Excluded Contracts, and Excluded Assets, liabilities for employees whose employment with Company or its Affiliates is terminated on or before Closing, including the Restructuring Period Claims, and the Restructuring Period D&O Claims (collectively, the "**Excluded Liabilities**"). For avoidance of doubt, Excluded Liabilities (i) shall include (a) all Taxes allocable to any Pre-Closing Tax Period, and (b) any Termination Claims; and (ii) shall not include any debts, obligations, liabilities or Encumbrances that are or are deemed to be an interest in land and, to the extent that any of the Excluded Liabilities listed in Schedule 2.4 hereof is determined by the Court to be an interest in land, and any interest in land shall be deemed to be Retained Liabilities hereunder. Purchaser may, with the consent of the Company, which consent shall not be unreasonably withheld or conditioned, amend the clarifying items listed in Schedule 2.4 as specifically enumerated Excluded Liabilities no later than five (5) Business Days before the Closing Date.

2.5 Transfer of Excluded Liabilities to Residual Co.

On the Closing Date, pursuant to the terms of the Vesting Order, Vendor shall cause the Company to assign and transfer the Excluded Liabilities to Residual Co., and Residual Co. shall irrevocably assume the applicable Excluded Liabilities. All of the Excluded Liabilities shall be fully discharged from the Company at Closing, pursuant to the Vesting Order.

2.6 Transfer of Excluded Assets to Residual Co.

On the Closing Date, pursuant to the terms of the Vesting Order and, where applicable, in consideration for Residual Co. assuming the Excluded Liabilities pursuant to Section 2.5 from the Company, Vendor shall cause the Company to assign and transfer the Excluded Assets to Residual Co. and the Excluded Assets shall be fully vested in Residual Co. pursuant to the Vesting Order.

2.7 Pre-Closing and Closing Reorganization

(a) The specific mechanism for implementing the Closing, and the structure of the Transaction shall be structured in a tax efficient manner, mutually agreed upon by the Parties, each acting reasonably.

(b) Vendor shall cause the Company to effect on or prior to the Closing Date all transactions in accordance with all Applicable Laws and Vendor shall consider in good faith any reasonable comments provided by Purchaser to settle all or part of the Intercompany Claims.

(c) On or prior to the Closing Date, Vendor shall effect and cause the Company to effect the transaction steps and pre-closing reorganization (collectively, the "**Pre-Closing Implementation Steps**") of the Company as set forth on Schedule 2.7(c) (such Schedule to be agreed upon by Vendor and Purchaser, each acting reasonably, at least seven (7) days prior to the hearing of Vendor's and the Company's motion to the CCAA Court seeking the Vesting Order), and each of the Pre-Closing Implementation Steps shall be completed by Vendor and the Company in accordance with all Applicable Laws; provided that in no event will the Pre-Closing Implementation Steps described in Schedule 2.7(c) impair or delay the satisfaction of all other conditions to Closing set out in Article 7 or be materially prejudicial to the interests of the Company, Purchaser or Vendor under the other sections of this Agreement. The Pre-Closing Implementation Steps may include, the formation of new entities required to implement the Transaction in a Tax efficient manner consistent with Section 2.7(a).

(d) Pre-Closing Implementation Steps shall occur, and be deemed to have occurred in the order and manner to be set out in Schedule 2.7(c).

(e) The steps to be taken and the compromises and releases to be effective on the Closing Date are deemed to occur and be effected in the steps and sequential order set forth in Schedule 2.7(c), beginning on or before the Closing Date at such time as is specified therein.

2.8 Capitalization of Company

(a) On the Closing Date but prior to the Closing Time, the following transactions shall be completed by the applicable Parties set out below (the "**Capitalization Steps**"):

(i) Purchaser shall pay or cause to be paid to Vendor $[redacted] (the "**Vendor Loan**") by wire transfer of immediately available funds, as a demand, non-interest bearing loan, for the purpose of Vendor using the Vendor Loan to subscribe for Common shares in the capital of the Company, issued from treasury, as set out in Section 2.8(a)(iii) below;

(ii) Vendor shall deliver an interest-free, promissory note in favour of Purchaser, in the form and substance agreed to between Vendor and Purchaser, each acting reasonably, in the principal amount of $[redacted] (the "**Promissory Note**"), representing the Vendor Loan;

(iii) Vendor shall use the Vendor Loan to subscribe for 10,000,000 Common shares in the capital of the Company issued from treasury for an aggregate subscription price equal to [redacted] (the "**Capital Contribution**"); and

(iv) Vendor shall cause the Company to direct Vendor to pay the Capital Contribution to the Monitor for the benefit of Residual Co.

ARTICLE 3
PURCHASE PRICE AND RELATED MATTERS

3.1 Purchase Price

The aggregate purchase price payable by Purchaser for the Purchased Shares shall be [redacted] (the "**Purchase Price**").

3.2 Deposit

(a) Purchaser shall pay on the date hereof a refundable deposit in the amount of [redacted], representing [redacted] % of the Purchase Price, to Stikeman Elliott LLP, in trust (the "**Deposit**").

(b) Promptly upon issuance of the Initial Order and appointment of the Monitor by the Court pursuant to the Initial Order, the Vendor shall cause Stikeman Elliott LLP to pay the Deposit to the Monitor, in trust.

(c) Concurrent with the Purchaser's payment of the Vendor Loan, the full amount of the Deposit shall be immediately returned by the Monitor to Purchaser or as otherwise directed, in writing, by the Purchaser.

(d) If Closing of the Transaction does not occur, the right to the Deposit shall be determined in accordance with Section 10.2 hereof.

3.3 Satisfaction of Purchase Price

The Purchase Price for the Purchased Shares shall be considered fully and finally satisfied by way of set off against the Vendor Loan, and Vendor and Purchaser acknowledge and agree, that following the set off of the Purchase Price and the Vendor Loan, no amount shall be outstanding between the Parties in connection with the Vendor Loan, and the Promissory Note shall be cancelled effective as at the Closing Time.

3.4 Contribution Intercompany Loan

At the Closing Time, Vendor shall contribute, as a capital contribution to Residual Co, Vendor's contingent right to receive payment, if any, under the Intercompany Loan to Residual Co.

ARTICLE 4
REPRESENTATIONS AND WARRANTIES OF VENDOR

Vendor represents and warrants to Purchaser as follows, and acknowledges that Purchaser is relying upon the following representations and warranties in connection with its purchase of the Purchased Shares:

4.1 Due Authorization and Enforceability of Obligations

Subject to the granting of the Initial Order and the Vesting Order, this Agreement and each Closing Document by which Vendor or Company is party have been duly authorized, executed and delivered by Vendor and Company party thereto and (assuming due authorization, execution and delivery by the other parties hereto and thereto) constitutes a legal, valid and binding obligation of Vendor or the Company party thereto, enforceable against Vendor and the Company party thereto in accordance with their respective terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium, or other similar laws relating to or limiting creditors' rights generally or by equitable principles relating to enforceability.

4.2 Existence and Good Standing

Each of Vendor and Company is validly existing and in good standing under the laws of the jurisdiction of its incorporation, and (i) has all requisite power and authority to execute and deliver this Agreement and each Closing Document to which it is party; and (ii) has taken all requisite corporate or other action necessary for it to execute and deliver this Agreement and each Closing Document to which it is party, and to perform its obligations under the Agreement and each Closing Document to which it is party, including the consummation of the Transaction.

4.3 Sophisticated Party

Vendor (i) is a sophisticated party with sufficient knowledge and experience to evaluate properly the terms and conditions of this Agreement; (ii) has conducted its own analysis and made its own decision to enter into this Agreement and has obtained such independent advice in this regard as it deems

appropriate; and (iii) has not relied on the analysis or decision of any Person other than its own independent advisors.

4.4 Absence of Conflicts

The execution and delivery by Vendor of this Agreement and each Closing Document to which it is party, and the execution and delivery by the Company of each Closing Document to which it is party, and the completion by Vendor and the Company of each of their respective obligations under Agreement and each Closing Document to which it is party and the consummation of the Transaction (i) do not and will not violate or conflict with any Applicable Law and (ii) will not result (with due notice or the passage of time or both) in a violation, conflict or breach of, or constitute a default under, or require any consent to be obtained under the certificate of incorporation, articles, by-laws or other constituent documents of Vendor or Company. Subject to the granting of the Initial Order and the Vesting Order, the execution, delivery and performance by Vendor of this Agreement does not and will not violate any Order.

4.5 Approvals and Consents

Except as set out in Schedule 4.5, the execution and delivery of this Agreement by Vendor, along with each Closing Document to which Vendor or Company is party, and the completion by Vendor and Company of each of their respective obligations under the Agreement and each Closing Document to which it is party, and the consummation by Vendor and Company of the Transaction, do not and will not require any consent or approval or other action, with or by, any Governmental Authority, other than as may be required in connection with the CCAA Proceedings, including the entry of the Initial Order and the Vesting Order by the CCAA Court.

4.6 No Actions

There is not, as of the date hereof, pending or, to the knowledge of Vendor, threatened against Vendor or Company or any of its properties, nor has Vendor or Company received any written notice in respect of, any claim, potential claim, litigation, action, suit, arbitration, investigation or other proceeding before any Governmental Authority, arbitrator, panel of arbitrators, or legislative body, other than the CCAA Court, that would prevent Vendor from executing and delivering this Agreement or performing its obligations hereunder or prevent Vendor or Company from consummating the Transaction.

4.7 Ownership of Purchased Shares, etc.

Vendor owns beneficially and of record, and has good and valid title to the Purchased Shares, free and clear of all Liens other than transfer restrictions generally imposed by applicable securities laws and in the Organizational Documents of Company. No Person other than Purchaser has, or has any right capable of becoming, any agreement, option, right or privilege for the purchase or other acquisition from Vendor of any of the Purchased Shares. The Purchased Shares owned by Vendor have been validly issued in compliance with Applicable Law and are fully paid and non-assessable.

4.8 Residence

Vendor is not a non-resident of Canada within the meaning of the Tax Act.

4.9 Subsidiaries

Except as disclosed in Schedule 4.9, the Company does not have any subsidiaries.

ARTICLE 5
REPRESENTATIONS AND WARRANTIES OF PURCHASER

Purchaser represents and warrants to Vendor as follows, and acknowledges that Vendor is relying upon the following representations and warranties in connection with the sale of the Purchased Shares:

5.1 Due Authorization and Enforceability of Obligations

This Agreement and each Closing Document by which it is bound has been duly authorized, executed and delivered by Purchaser, and, assuming the due authorization, execution and delivery by it, this Agreement constitutes a legal, valid and binding obligation of it, enforceable against it (assuming due authorization, execution and delivery by the other parties hereto and thereto) in accordance with its terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium, or other similar laws relating to or limiting creditors' rights generally or by equitable principles relating to enforceability.

5.2 Existence and Good Standing

Purchaser is validly existing and in good standing under the laws of the jurisdiction of its incorporation or organization and has all requisite power and authority to execute and deliver this Agreement and each Closing Document by which it is bound and to perform its obligations hereunder and consummate the Transaction.

5.3 Sophisticated Party

Purchaser (i) is a sophisticated party with sufficient knowledge and experience to evaluate properly the terms and conditions of this Agreement; (ii) has had the opportunity to conduct and has conducted its own analysis, review, investigation, inspection and due diligence with respect to the Business, the Company and the Purchased Shares, and has made its own decision to enter into this Agreement and has obtained such independent advice in this regard as it deems appropriate; and (iii) has not relied on the analysis, review, investigation, inspection, due diligence or decision of any Person other than its own independent advisors.

5.4 Absence of Conflicts

The execution and delivery of this Agreement by Purchaser and each Closing Document by which it is bound and the completion by Purchaser of its obligations hereunder and thereunder and the consummation of the Transaction do not and will not violate or conflict with any Applicable Law, or any of its properties or assets, and will not result (with due notice or the passage of time or both) in a violation, conflict or breach of, or constitute a default under, or require any consent to be obtained under its certificate of incorporation, articles, by-laws or other constituent documents.

5.5 Approvals and Consents

The execution and delivery of this Agreement by Purchaser each Closing Document by which it is bound and the completion by Purchaser of its obligations hereunder and thereunder and the consummation by Purchaser of the Transaction, do not and will not require any consent or approval

or other action, with or by, any Governmental Authority, other than the granting of the Initial Order and the Vesting Order by the CCAA Court.

5.6 No Actions

There is not, as of the date hereof, pending or, to the knowledge of Purchaser, threatened against it or any of its properties, nor has Purchaser received notice in respect of, any claim, potential claim, litigation, action, suit, arbitration, investigation or other proceeding before any Governmental Authority, arbitrator, panel of arbitrators, or legislative body, other than the CCAA Court, that, would prevent it from executing and delivering this Agreement, performing its obligations hereunder or consummating the Transaction.

5.7 Accredited Investor

Purchaser is an "accredited investor", as such term is defined in NI 45-106, and it was not created or used solely to purchase or hold securities as an accredited investor as described in paragraph (m) of the definition of "accredited investor" in NI 45-106. The Purchased Shares are being acquired by Purchaser for its own account, and not with a view to, or for the offer or sale in connection with, any public distribution or sale of the Purchased Shares or any interest in them.

5.8 Availability of Funds

Purchaser has and will have at Closing sufficient unrestricted funds and financial capacity to pay the Deposit and the Vendor Loan in accordance with this Agreement.

5.9 Residence

Purchaser is not a non-resident of Canada within the meaning of the Tax Act.

ARTICLE 6
AS IS, WHERE IS

Purchaser acknowledges and agrees that it has conducted to its satisfaction an independent investigation and verification of the Business, the Purchased Shares, the Retained Liabilities and all related operations of the Company, and, based solely thereon and the advice of its financial, legal and other advisors, has determined to proceed with the Transaction. Purchaser has relied solely on the results of its own independent investigation and verification and, except for the representations and warranties of Vendor expressly set forth in Article 4, Purchaser understands, acknowledges and agrees that all other representations, warranties, guarantees, conditions and statements of any kind or nature, expressed or implied (including any relating to the future or historical financial condition, results of operations, prospects, assets or liabilities of the Company or the Business, or the quality, quantity or condition of the Purchased Shares) are specifically disclaimed by the Company, its financial and legal advisors, KPMG CF, and the Monitor and its legal counsel. PURCHASER SPECIFICALLY ACKNOWLEDGES AND AGREES THAT, EXCEPT FOR THE REPRESENTATIONS AND WARRANTIES OF VENDOR EXPRESSLY AND SPECIFICALLY SET FORTH IN ARTICLE 4: (A) PURCHASER IS ACQUIRING THE PURCHASED SHARES ON AN "AS IS, WHERE IS" BASIS; AND (B) NONE OF THE COMPANY, VENDOR, KPMG CF, THE MONITOR OR ANY OTHER PERSON (INCLUDING ANY REPRESENTATIVE OF THE COMPANY OR THE MONITOR WHETHER IN ANY INDIVIDUAL, CORPORATE OR ANY OTHER CAPACITY) IS MAKING, AND PURCHASER IS NOT RELYING ON, ANY REPRESENTATIONS, WARRANTIES, GUARANTEES, CONDITIONS OR OTHER STATEMENTS OF ANY KIND WHATSOEVER, WHETHER ORAL OR WRITTEN, EXPRESS OR IMPLIED, STATUTORY OR OTHERWISE, AS TO ANY MATTER CONCERNING THE COMPANY, THE BUSINESS, THE PURCHASED SHARES, THE RETAINED LIABILITIES, THE

EXCLUDED ASSETS, THE EXCLUDED LIABILITIES, THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT, OR THE ACCURACY OR COMPLETENESS OF ANY INFORMATION PROVIDED TO (OR OTHERWISE ACQUIRED BY) PURCHASER OR ANY OF ITS REPRESENTATIVES, INCLUDING WITH RESPECT TO MERCHANTABILITY, PHYSICAL OR FINANCIAL CONDITION, DESCRIPTION, FITNESS FOR A PARTICULAR PURPOSE, OR IN RESPECT OF ANY OTHER MATTER OR THING WHATSOEVER, INCLUDING ANY AND ALL CONDITIONS, GUARANTEES, STATEMENTS, WARRANTIES OR REPRESENTATIONS, EXPRESS OR IMPLIED, PURSUANT TO ANY APPLICABLE LAWS IN ANY JURISDICTION, WHICH PURCHASER CONFIRMS DO NOT APPLY TO THIS AGREEMENT, AND ARE HEREBY WAIVED IN THEIR ENTIRETY BY PURCHASER. Notwithstanding anything herein to the contrary, the terms of this Article 6 shall not apply to any fraudulent or intentional misrepresentation or any fraud on the part of the Company, Vendor, or any of their respective Affiliates or representatives.

ARTICLE 7
CONDITIONS

7.1 Conditions for the Benefit of Purchaser and Vendor

The respective obligations of the Parties to consummate the Transaction are subject to the satisfaction of, or compliance with, or waiver by the Parties of, at or prior to the Closing Time, each of the following conditions:

(a) *No Law* – no provision of any Applicable Law and no Order preventing or otherwise frustrating the consummation of the purchase of the Purchased Shares or any of the other transactions pursuant to this Agreement shall be in effect; and

(b) *Final Order* – the Vesting Order shall have been issued and entered in accordance with all Applicable Laws.

The Parties acknowledge that the foregoing conditions are for the mutual benefit of Vendor and Purchaser.

7.2 Conditions for the Benefit of Purchaser

The obligation of Purchaser to consummate the Transaction is subject to the satisfaction of, or compliance with, or waiver by Purchaser of, at or prior to the Closing Time, each of the following conditions (each of which is acknowledged to be for the exclusive benefit of Purchaser):

(a) *Performance of Covenants* – The covenants contained in this Agreement to be performed or complied with by Vendor at or prior to the Closing Time shall have been performed or complied with in all material respects as at the Closing Time;

(b) *Truth of Representations and Warranties* – (i) the Fundamental Representations and Warranties of Vendor shall be true and correct in all respects as of the Closing Date, as if made at and as of such date (except for *de minimus* inaccuracies); and (ii) all other representations and warranties of Vendor contained in Article 4, shall be true and correct in all respects as of the Closing Date, as if made at and as of such date (except for representations and warranties made as of specified date, the accuracy of which shall be determined as of such specified date) except where the failure to be so true and correct would not, in the aggregate, have a Material Adverse Effect;

(c) *Officer's Certificate* – Purchaser shall have received a certificate confirming the satisfaction of the conditions contained in Sections 7.2(a) (*Performance of Covenants*)

and 7.2(b) (*Truth of Representations and Warranties*), signed for and on behalf of Vendor without personal liability by a senior officer or director of Vendor acceptable to Purchaser, in form and substance reasonably satisfactory to Purchaser;

(d) *Vendor Deliverables* – Vendor shall have delivered, or caused Company to have delivered, to Purchaser all of the deliverables contained in Section 11.2 in form and substance reasonably satisfactory to Purchaser;

(e) *Pre-Closing Implementation Steps* – The Company shall have completed the Pre-Closing Implementation Steps that are required to be completed prior to Closing, in form and substance reasonably acceptable to Purchaser, acting reasonably;

(f) *Terminated Employees* – The Company shall have delivered termination letters to each of the Terminated Employees, each in a form and substance agreeable to Vendor and Purchaser, acting reasonably, effective upon Closing, and any Termination Claim arising from or related thereto, shall be Excluded Liabilities which, pursuant the Vesting Order, shall be assigned and transferred from Company to Residual Co;

(g) *Capitalization of Company* – Vendor and Company shall have completed the Capitalization Steps prior to Closing, in form and substance reasonably acceptable to Purchaser, acting reasonably; and

(h) *Absence of Regulatory Concerns* – No Insurance Regulator has suspended or terminated, or reasonably appears likely to imminently suspend or terminate, any material license or authorization held by Company, and the Parties, acting in accordance with Section 8.2(g), have not been able to avoid any such suspension or termination or have any such suspension or termination lifted, reversed or cancelled.

7.3 Conditions for the Benefit of Vendor

The obligation of Vendor to consummate the Transaction is subject to the satisfaction of, or compliance with, or waiver where applicable by Vendor of, at or prior to the Closing Time, each of the following conditions (each of which is acknowledged to be for the exclusive benefit of Vendor):

(a) *Performance of Covenants* – The covenants contained in this Agreement to be performed or complied with by Purchaser at or prior to the Closing Time shall have been performed or compiled with in all material respects as at the Closing Time;

(b) *Truth of Representations and Warranties* — (i) The Fundamental Representations and Warranties of Purchaser shall be true and correct in all respects as of the Closing Date, as if made at and as of such date (except for *de minimus* inaccuracies); and (ii) all other representations and warranties of Purchaser contained in Article 5 shall be true and correct in all respects as of the Closing Date, as if made at and as of such date (except for representations and warranties made as of specified date, the accuracy of which shall be determined as of such specified date) except where the failure to be so true and correct would not, in the aggregate, have a Purchaser Material Adverse Effect;

(c) *Officer's Certificate* – Vendor shall have received a certificate confirming the satisfaction of the conditions contained in Sections 7.3(a) (*Performance of* Covenants) and 7.3(b) (*Truth of Representations and Warranties*) signed for and on behalf of Purchaser without personal liability by a senior officer or director of Purchaser or other

Persons acceptable to Vendor, in each case, in form and substance satisfactory to Vendor; and

(d) *Purchaser Deliverables* – Purchaser shall have delivered to Vendor all of the deliverables contained in Section 11.3 in form and substance satisfactory to Vendor, acting in a commercially reasonable manner.

ARTICLE 8
ADDITIONAL AGREEMENTS OF THE PARTIES

8.1 Access to information

Until the Closing Time, Vendor shall, and shall cause the Company to, give to Purchaser's personnel engaged in the Transaction and their accountants, legal advisers, consultants, financial advisors and representatives during normal business hours reasonable access to the Company's premises and to all of the books, records, and other information relating to the Business, the Purchased Shares, the Company, the Retained Liabilities and the employees, and shall furnish them with all such information relating to the Business, the Purchased Shares, the Company, the Retained Liabilities and the employees as Purchaser may reasonably request in connection with the Transaction; provided that such access shall be conducted at Purchaser's expense, in accordance with Applicable Law and under supervision of Company's personnel and in such a manner as to maintain confidentiality, and Vendor will not be required to provide access to or copies of any such books and records that are Excluded Assets or if making such information available would: (i) result in the loss of any lawyer-client or other legal privilege; or (ii) cause Vendor or the Company to be found in contravention of any Applicable Law, or contravene any fiduciary duty or agreement (including any confidentiality agreement to which Company or Vendor or any of its Affiliates are a party). Notwithstanding anything in this Section 8.1 to the contrary, any such investigation shall be conducted upon reasonable advance notice and in such manner as does not materially disrupt the conduct of the Business or the possible sale thereof to any other Person.

8.2 Covenants Relating to this Agreement

(a) Each of the Parties shall perform all obligations required to be performed by the applicable Party under this Agreement, cooperate with the other Party in connection therewith and do all such other acts and things as may be reasonable necessary or desirable in order to consummate and make effective, as soon as reasonably practicable, the Transaction and, without limiting the generality of the foregoing, from the date hereof until the Closing Date, each Party shall and, where appropriate, shall cause each of its Affiliates to:

(i) negotiate in good faith and use its commercially reasonable efforts to take or cause to be taken all actions and to do, or cause to be done, all things necessary, proper or advisable to satisfy the conditions precedent to the obligations of such Party hereunder (including, where applicable, negotiating in good faith with the applicable Governmental Authorities or third Persons in connection therewith), and to cause the fulfillment at the earliest practicable date of all of the conditions precedent to the other Party's obligations to consummate the Transaction; and

(ii) not take any action, or refrain from taking any action, or permit any action to be taken or not taken, which would reasonably be expected to prevent, materially delay or otherwise impede the consummation of the Transaction.

(b) Vendor and Purchaser each agree to execute and deliver, and Vendor agrees to cause the Company to execute and deliver, such other documents, certificates, agreements and other writings, reasonably necessary for the consummation of the Transaction, and to take such other actions reasonably necessary to consummate or implement the Transaction as soon as reasonably practicable.

(c) From the date hereof until the Closing Date, Vendor hereby agrees to or cause its professional advisors to promptly notify Purchaser if it becomes aware of (i) any event, condition, or development that has resulted in the inaccuracy in a material respect or material breach of any representation or warranty, covenant or agreement contained in this Agreement; or (ii) any Material Adverse Effect.

(d) Vendor and Purchaser agree to use commercially reasonable efforts to timely prepare and file all documentation and pursue all steps reasonably necessary to obtain any material third-party consents and approvals as may be required in connection with the Transaction.

(e) Purchaser shall deliver the Deposit to be held by Stikeman Elliott LLP, in trust, in accordance with Section 3.2(a) hereof.

(f) From the date hereof until the Closing Date, Vendor shall, and shall cause the Company to:

(i) operate in compliance with the cash flow projections filed in the CCAA Proceedings in all material respects;

(ii) take all commercially reasonable necessary actions to maintain the permits and licenses of the Company in good standing in all material respects;

(iii) not communicate with any Insurance Regulators regarding the Transaction without Purchaser's prior written consent, which consent shall not be unreasonably withheld, conditioned or delayed;

(iv) not make a material change in the Business as currently conducted;

(v) not sell or transfer any assets of the Company, other than in the Ordinary Course of Business; and

(vi) not terminate, disclaim, modify in any material respect or otherwise materially amend any Material Contract, other than the Inter-Company Agreements in accordance with the Pre-Closing Implementation Steps, without the prior written consent of Purchaser, which consent shall not be unreasonably withheld, conditioned, or delayed.

(g) In the event that any Insurance Regulator suspends or terminates, or reasonably appears likely to imminently suspend or terminate, any license or authorization held by Company, the Parties will forthwith collaborate in good faith to consider and implement any commercially reasonable actions or steps to seek to avoid any such suspension or termination or have such suspension or termination lifted, reversed or cancelled.

8.3 Tax Matters

(a) Vendor shall prepare all Tax Returns for the Company that are due after the Closing Date in respect of periods ending on or before the Closing Date (other than in respect of any Straddle Period). Vendor shall provide Purchaser with a draft of such Tax Returns thirty (30) days prior to the due date for filing the Tax Returns with the appropriate Taxing Authorities. Purchaser shall have the right to review the draft of the Tax Returns provided to it by Vendor, and Vendor shall consider in good faith any reasonable comments provided by Purchaser, and Vendor shall cooperate with Purchaser and the Company to timely file all such Tax Returns. With respect to the preparation of such Tax Returns, Purchaser and Vendor agree that the Company may deduct any Tax losses (including, for greater certainty, non-capital losses and net capital losses) at Vendor's sole discretion to the extent permitted by Applicable Law.

(b) Purchaser shall cause the Company to prepare and timely file all Tax Returns for the Company for all Straddle Periods. Purchaser shall provide Vendor with a draft of such Tax Returns at least fifteen (15) days prior to the due date for filing the Tax Returns with the appropriate Taxing Authorities. Vendor shall have the right to review the draft of the Tax Returns provided to it by Purchaser and Purchaser shall consider in good faith any reasonable comments provided by Vendor.

(c) Vendor agrees to furnish or cause to be furnished to Purchaser and the Company, as promptly as practicable, such information and assistance relating to the Company, the Purchased Shares and the Retained Liabilities as is reasonably necessary for: (i) the preparation and filing of any Tax Return, claim for refund or other required filings relating to Tax matters; (ii) the preparation for and proof of facts during any Tax audit; (iii) the preparation for any Tax protest; (iv) the prosecution of any suit or other proceedings relating to Tax matters; and (v) the answer to any governmental or regulatory inquiry relating to Tax matters.

(d) Purchaser and Company agree to furnish or cause to be furnished to Vendor and Residual Co., as promptly as practicable, such information and assistance relating to the Company, the Excluded Assets and the Excluded Liabilities as is reasonably necessary for (i) the preparation and filing of any Tax Return, claim for refund or other required filings relating to Tax matters; (ii) the preparation for and proof of facts during any Tax audit; (iii) the preparation for any Tax protest; (iv) the prosecution of any suit or other proceedings relating to Tax matters; and (v) the answer to any governmental or regulatory inquiry relating to Tax matters.

(e) For all purposes under this Agreement for which it is necessary to apportion taxes in a taxable period which includes (but does not begin or end on) the Closing Date, (a "**Straddle Period**"), all real property Taxes, personal property Taxes and similar ad valorem obligations shall be apportioned between the taxable period up to and including the Closing Date (such portion of such Straddle Period, the "**Pre-Closing Straddle Tax Period**") and the taxable period after the Closing Date (such portion of such Straddle Period, the "**Post-Closing Straddle Tax Period**"), on a per diem basis. In the case of any Tax based upon or related to income, receipts, sales, use, payroll, or withholding, in respect of any Straddle Period, the portion of such Tax allocable to the Pre-Closing Straddle Tax Period shall be deemed to be the amount that would be payable if the relevant Straddle Period ended on and included the Closing Date. To the extent such closing of the books method is not incorporated under the law of a jurisdiction for particular types of entities, allocations of income among the periods shall be made to replicate the closing of the books method to the maximum extent

possible. Except as otherwise provided herein, with respect to the Purchased Shares, any Taxes allocable to a Pre-Closing Straddle Tax Period shall be considered to be an Excluded Liability, and any Taxes that are allocable to a Post-Closing Straddle Tax Period shall be considered to be a Retained Liability.

(f) Purchaser and Vendor shall cooperate, on a best efforts basis, to maximize the ability to utilize any Tax losses that cannot be carried forward in the taxation year ending immediately prior to Closing.

8.4 Employee Matters

On and subject to Closing, Vendor shall cause the Company to immediately terminate the employment of each of the Terminated Employees.

8.5 Administrative Expense Amount

(a) On the Closing Date, Vendor shall cause the Company to pay to the Monitor its cash on hand, which the Monitor shall hold in trust for the benefit of Persons entitled to be paid the Administrative Expense Costs and amounts secured by the CCAA Charges.

(b) From time to time after the Closing Date, the Monitor may pay from the Administrative Expense Amount the Administrative Expense Costs and amounts secured by the CCAA Charges at its sole discretion and without further authorization from Vendor or Purchaser. Any unused portion of the Administrative Expense Amount after payment or reservation for all Administrative Expense Costs, as determined by the Monitor, shall be transferred by the Monitor to Vendor.

(c) Notwithstanding the foregoing or anything else contained herein or elsewhere, each of Vendor and Purchaser acknowledges and agrees that: (i) the Monitor's obligations hereunder are and shall remain limited to those specifically set out in this Section 8.5; and (ii) Monitor is acting solely in its capacity as the CCAA Court- appointed Monitor of the Company pursuant to the Initial Order and not in its personal or corporate capacity, and the Monitor has no liability in connection with this Agreement whatsoever, in its personal or corporate capacity or otherwise, save and except for and only to the extent of the Monitor's gross negligence or intentional fault.

8.6 Release of Monitor by Purchaser

Except in connection with any obligations of the Monitor contained in this Agreement and any Closing Documents, effective as of the Closing, Purchaser and its Affiliates hereby release and forever discharge the Monitor and its Affiliates, and each of their respective successors and assigns, and all present and former officers, directors, partners, members, shareholders, limited partners, employees, agents, financial and legal advisors of each of them, from any and all actual or potential Released Claims which such Person had, has or may have in the future to the extent relating to the Business, the Purchased Shares or the Retained Liabilities, save and except for Released Claims arising out of fraud or gross negligence.

8.7 Release of Monitor by Vendor

Except in connection with any obligations of the Monitor contained in this Agreement and any Closing Documents, effective as of the Closing, Vendor and its Affiliates hereby release and forever discharge the Monitor and its Affiliates, and each of their respective successors and assigns, and all present and former officers, directors, partners, members, shareholders, limited partners, employees, agents,

financial and legal advisors of each of them, from any and all actual or potential Released Claims which such Person had, has or may have in the future to the extent relating to: (i) the Purchased Shares, (ii) all other Equity Interests of the Company after the application of the Vesting Order, (iii) the Retained Liabilities, (iv) the Excluded Assets, or (v) the Excluded Liabilities, save and except for Released Claims arising out of fraud or gross negligence.

ARTICLE 9
INSOLVENCY PROVISIONS

9.1 Court Orders and Related Matters

(a) From and after the date of this Agreement and until the Closing Date and except in respect of the Initial Order and the application therefore, Vendor and Company shall deliver to Purchaser drafts of any and all pleadings, motions, notices, statements, applications, schedules, and other papers to be filed or submitted by Vendor and Company in connection with or related to this Agreement, including with respect to the Vesting Order, for Purchaser's prior review at least three (3) days in advance of service and filing of such materials (or where circumstances make it impracticable to allow for three (3) days' review, with as much opportunity for review and comment as is practically possible in the circumstances). Each of Vendor and Company acknowledges and agrees to consult and cooperate with Purchaser regarding any discovery, examinations and hearing in respect of any of the foregoing, including the submission of any evidence, including witnesses testimony, in connection with such hearing.

(b) Notice of the motion seeking the issuance of the Vesting Order shall be served, or be caused to be served, by Vendor and Company, on all Persons required to receive notice under Applicable Law and the requirements of the CCAA, the CCAA Court, and any other Person determined necessary by Vendor or Purchaser, acting reasonably.

(c) As soon as practicable following the date of this Agreement, Vendor shall cause the Company to file the materials to obtain the Initial Order.

(d) As soon as practicable following the issuance of the Initial Order, Vendor shall cause the Company to file a motion seeking the issuance of the Vesting Order.

(e) Notwithstanding any other provision herein, it is expressly acknowledged and agreed that in the event that the Vesting Order has not been issued and entered by the CCAA Court by November 17, 2023 (the "**Vesting Order Outside Date**") or such later date agreed to in writing by Purchaser in its sole discretion, Purchaser may terminate this Agreement, provided that if all other conditions are satisfied (or if the only condition in Article 7 which has not been satisfied is the condition contained in Section 7.2(h) but the Parties are complying with their obligations in Section 8.2(g)), Vendor shall be entitled to extend the Vesting Order Outside Date by an additional ten (10) Business Days, and, for an avoidance of doubt, if the Vesting Order has not been issued by such extended date, then Purchaser may terminate this Agreement under this Section 9.1(e), notwithstanding any other term of this Agreement including Section 7.2(h) and Section 8.2(g).

(f) If the Vesting Order is appealed or a motion for leave to appeal, rehearing, argument or reconsideration is filed with respect thereto, each of Vendor and the Company agrees (subject to the available liquidity of the Company and Vendor) to take all action

as may be commercially reasonable and appropriate to defend against such appeal, petition or motion.

(g) At Closing, pursuant to this Agreement and the Vesting Order, the Purchased Shares shall be transferred to Purchaser free and clear of all Encumbrances, other than Permitted Encumbrances.

ARTICLE 10
TERMINATION

10.1 Termination

This Agreement may be terminated at any time prior to Closing as follows:

(a) by mutual written consent of Purchaser and Vendor;

(b) by Purchaser or Vendor, if Closing has not occurred on or before the Outside Date, provided that the terminating Party is not in breach of any representation, warranty, covenant or other agreement in this Agreement which would prevent the satisfaction of the conditions in Article 7 by the Outside Date;

(c) by Purchaser, pursuant to Section 9.1(e);

(d) by Purchaser, upon the appointment of a receiver, trustee in bankruptcy or similar official in respect of the Company or any of the property of the Company, other than with the prior written consent of Purchaser;

(e) by Purchaser or Vendor upon the termination, dismissal or conversion of the CCAA Proceedings;

(f) by Purchaser or Vendor, upon dismissal of the motion for the Vesting Order (or if any such order is stayed, vacated or varied without the consent of Purchaser);

(g) by Purchaser or Vendor, if a court of competent jurisdiction, including the CCAA Court or other Governmental Authority, or arbitrator or panel arbitrators has issued an Order or taken any other action to restrain, enjoin or otherwise prohibit the Closing and such Order or action has become a Final Order;

The Party desiring to terminate this Agreement pursuant to this Section 10.1 (other than pursuant to Section 10.1(a)) shall give written notice of such termination to the other Party or Parties, as applicable, specifying in reasonable detail the basis for such Party's exercise of its termination rights.

10.2 Effect of Termination

(a) In the event of termination of this Agreement pursuant to Section 10.1, this Agreement shall become void and of no further force or effect without liability of any Party to any other Party to this Agreement except that: (i), this Section 10.2, Section 12.1 (*Public Notices*), Section 12.2 (*Injunctive Relief*), Section 12.4 (*Non-Recourse*), Section 12.5 (*Assignment; Binding Effect*), Section 12.6 (*Notices*) and Section 12.7 (*Counterparts; Electronic Signatures*) shall survive; and (ii) no termination of this Agreement shall relieve any Party of any liability for any willful breach by it of this Agreement or fraud, or impair the right of any Party to compel specific performance by any other Party of its obligations under this Agreement in accordance with Section 12.2.

(b) In the event of termination of this Agreement by Vendor under Section 10.1(b) due to Purchaser failing to advance, in full, the Vendor Loan to Vendor pursuant to the terms of Section 2.8(a)(i), then the full amount of the Deposit shall become the property of, and may be retained by, Vendor as liquidated damages (and not as a penalty) to compensate Vendor for its loss of rights under this Agreement as a result of the failure of the Transaction to close. In such event, Vendor may exercise any other rights or remedies that it may have against Purchaser in respect of any default by Purchaser. In the event that Vendor alleges any liability on the part of Purchaser pursuant to 10.1(b), then any damages suffered by such Party shall be reduced by an amount equal to the Deposit.

(c) Except and to the extent as set out in Section 10.2(b) above, upon a termination of this Agreement for any reason pursuant to this Article 10, the Deposit shall be returned, in full and without set off, to Purchaser, within two (2) Business Days of the date of such termination.

ARTICLE 11
CLOSING

11.1 Location and Time of the Closing

The Closing shall take place on the Closing Date effective as of the Closing Time, electronically (or as otherwise determined by mutual agreement of the Parties in writing), by the exchange of deliverables (in counterparts or otherwise) by electronic transmission in PDF format.

11.2 Vendor's Deliveries at Closing

At Closing, Vendor shall deliver to Purchaser the following:

(a) a true copy of the Vesting Order, which shall be final;

(b) executed copy of the Monitor's Certificate;

(c) original minute books, ledgers and registers, corporate seal, if any, and other corporate books and records of the Company;

(d) evidence that the share certificates registered in the name of Vendor have been cancelled by the Company;

(e) an original share certificate evidencing the Purchased Shares and registered in the name of Purchaser, duly executed by the Company;

(f) a certificate of status of Vendor and Company, issued as of a recent date by the appropriate Governmental Authority but in no event no more than ten (10) days prior to the Closing Date;

(g) a certificate of a senior officer or director of Vendor (in such capacity and without personal liability) in form and substance reasonably satisfactory to Purchaser: (i) certifying that the director of Vendor has adopted resolutions (in a form attached to such certificate) authorizing the execution, delivery and performance of this Agreement and the Transaction, as applicable, which resolutions are in full force and effect and have not been superseded, amended or modified as of the Closing Date; and (ii)

certifying as to the incumbency and signature of the authorized signatory of Vendor executing this Agreement and the other Closing Documents, as applicable;

(h) the certificates contemplated by Section 7.2(c);

(i) confirmation of the due incorporation and organization of Residual Co. on the terms set forth herein;

(j) evidence of the completion of the Pre-Closing Implementation Steps in accordance with the terms herein;

(k) duly executed original of the Adjustable Promissory Note, representing the Intercompany Loan;

(l) resignations duly executed by each director and officer of the Company identified by Purchaser, effective as of the Closing Date;

(m) duly executed set off agreement between Purchaser and Vendor with respect the Vendor Loan and the Purchase Price, in form and substance satisfactory to Vendor and Purchaser, acting reasonably (the "**Set-Off Agreement**");

(n) all keys, passwords, bank account authorizations, access codes and other materials related to the Business or Retained Liabilities;

(o) duly executed counterpart signature to the confidentiality agreement, executed by Primary Group Limited, attached as Exhibit B (the "**Confidentiality Agreement**"); and

(p) all other documents reasonably requested by Purchaser in good faith.

11.3 Purchaser's Deliveries at Closing

Purchaser shall deliver to Vendor:

(a) on the Closing Date but prior to the Closing Time, immediately available funds in the amount of the Vendor Loan, in accordance with Section 2.8(a);

(b) a certificate of a senior officer or director of Purchaser (in such capacity and without personal liability), in form and substance reasonably satisfactory to Vendor: (i) certifying that the board of directors has adopted resolutions (in a form attached to such certificate) authorizing the execution, delivery and performance of this Agreement and the Transaction, as applicable, which resolutions are in full force and effect and have not been superseded, amended or modified as of the Closing Date; and (ii) certifying as to the incumbency and signature of the authorized signatory of Purchaser executing this Agreement and the other Closing Documents, as applicable;

(c) the certificate contemplated by Section 7.3(c);

(d) the Set-Off Agreement; and

(e) all other documents reasonably requested by Vendor in good faith.

11.4 Monitor

(a) When all conditions to Closing set out in Article 7 other than delivery by Vendor to Purchaser of an executed copy of the Monitor's Certificate have been satisfied or waived by Vendor or Purchaser, as applicable, Vendor and Purchaser, or their respective counsel, shall each deliver to the Monitor written confirmation that all conditions to Closing other than delivery by Vendor to Purchaser of an executed copy of the Monitor's Certificate have been satisfied or waived. Upon receipt of such written confirmation, the Monitor shall: (i) issue forthwith its Monitor's Certificate in accordance with the Vesting Order; and (ii) file as soon as practicable a copy of the Monitor's Certificate with the CCAA Court (and shall provide a true copy of such filed certificate to Vendor and Purchaser). The Parties hereby acknowledge and agree that the Monitor will be entitled to file the Monitor's Certificate with the CCAA Court without independent investigation upon receiving written confirmation from Vendor and Purchaser that all conditions to Closing have been satisfied or waived, and the Monitor will have no liability to Vendor or Purchaser or any other Person as a result of filing the Monitor's Certificate.

(b) The Parties hereby acknowledge and agree that the Monitor may rely upon the provisions of this Agreement that are for its benefit notwithstanding that the Monitor is not a party to this Agreement, including Article 6 Section 8.5, Section 11.4 and Section 12.5. The provisions of this Section 11.4(b) shall survive the termination or non-completion of the Transaction.

11.5 Simultaneous Transactions

All actions taken and transactions consummated at the Closing shall be deemed to have occurred in the manner and sequence set forth in the Pre-Closing Implementation Steps and the Vesting Order (subject to the terms of any escrow agreement or arrangement among the Parties relating to the Closing), and no such transaction shall be considered consummated unless all are consummated.

11.6 Further Assurances

As reasonably required by a Party in order to effectuate the Transaction, Purchaser and Vendor shall execute and deliver at (and after) the Closing such other documents, and shall take such other actions, as are necessary or appropriate, to implement and give effect to the Transaction.

ARTICLE 12
GENERAL MATTERS

12.1 Public Notices

Vendor shall not make, and prior to Closing shall not cause the Company to make, and Purchaser shall not make, and upon Closing and any time after Closing shall not cause the Company to make, any press release or other public announcement concerning the Transaction without the prior consent of the other Party (such consent not to be unreasonably withheld, conditioned or delayed); provided, however, that subject to the last sentence of this Section 12.1, any Party may, without such consent, make such disclosure if the same is required by Applicable Law (including the CCAA Proceedings) or by any stock exchange on which any of the securities of such Party or any of its Affiliates are listed, or by any insolvency or other court or securities commission, or other similar Governmental Authority having jurisdiction over such Party or any of its Affiliates, and, if such disclosure is required, the Party making such disclosure shall use commercially reasonable efforts to give prior oral or written notice to the other Party to the extent legally permissible and reasonably practicable, and if such prior notice is

not legally permissible or reasonably practicable, to give such notice reasonably promptly following the making of such disclosure. Notwithstanding the foregoing: (i) this Agreement may be filed by Vendor and Company with the CCAA Court; and (ii) the Transaction may be disclosed by Vendor and Company to the CCAA Court. The Parties further agree that:

(a) the Monitor may prepare and file reports and other documents with the CCAA Court containing references to the Transaction and the terms of the Transaction; and

(b) Vendor, Purchaser and their respective professional advisors may prepare and file such motions, affidavits, materials, reports and other documents with the CCAA Court containing references to the Transaction and the terms of the Transaction as may reasonably be necessary to complete the Transaction or to comply with their obligations in connection therewith.

Purchaser shall be afforded an opportunity to review and comment on such materials in Section 12.1(b) prior to their filing. Vendor and Purchaser may issue a joint press release announcing the execution and delivery of this Agreement, in form and substance mutually agreed to them.

12.2 Injunctive Relief

(a) The Parties agree that irreparable harm would occur for which money damages would not be an adequate remedy at law in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached. It is accordingly agreed that the Parties shall be entitled to seek specific performance, injunctive and other equitable relief to prevent breaches or threatened breaches of this Agreement, and to enforce compliance with the terms of this Agreement, without any requirement for the securing or posting of any bond in connection with the obtaining of any such specific performance, injunctive or other equitable relief, this being in addition to any other remedy to which the Parties may be entitled at law or in equity.

(b) Each Party hereby agrees not to raise any objections to the availability of the equitable remedies provided for herein and the Parties further agree that by seeking the remedies provided for in this Section 12.2, a Party shall not in any respect waive its right to seek any other form of relief that may be available to a Party under this Agreement.

(c) Notwithstanding anything to the contrary herein, under no circumstances shall a Party be permitted or entitled to receive both monetary damages and specific performance and the election to pursue one shall be deemed to be an irrevocable waiver of the other.

(d) Any Party seeking specific performance, injunctive and other equitable relief pursuant to the terms of this Section 12.2 shall be entitled to seek adjudication of such relief by the provincial or federal courts situate in the City of Toronto, in the Province of Ontario.

12.3 Survival

None of the representations or warranties of any of the Parties set forth in this Agreement or in any Closing Document to be executed and delivered by any of the Parties, shall survive the Closing. Notwithstanding the foregoing, all covenants in this Agreement and in any Closing Documents, to the extent required to be, or capable of being, performed or completed following Closing shall survive the Closing and will continue in full force and effect.

12.4 Non-Recourse

No past, present or future director, officer, employee, incorporator, member, partner, security holder, Affiliate, agent, lawyer or representative of the respective Parties, in such capacity, shall have any liability for any obligations or liabilities of such Party, as applicable, under this Agreement, or for any Causes of Action based on, in respect of or by reason of the Transaction.

12.5 Assignment; Binding Effect

No Party may assign or delegate its right or benefits or obligations under this Agreement without the consent of each of the other Party, except that without such consent Purchaser may, upon prior notice to Vendor, assign this Agreement, or any or all of its rights and obligations hereunder, to one or more of its Affiliates; provided that no such assignment or direction shall relieve Purchaser of its obligations hereunder. This Agreement shall be binding upon and inure to the benefit of the Parties and their respective permitted successors and permitted assigns. Although not Party to this Agreement, the Monitor and its respective Affiliates and advisors shall have the benefits expressed to be conferred upon them in this Agreement including in Article 6, Article 8 and Section 11.4 (in respect of the Monitor) hereof. Subject to the preceding sentence, nothing in this Agreement shall create or be deemed to create any third Person beneficiary rights in any Person not a Party to this Agreement.

12.6 Notices

Any notice, request, demand or other communication required or permitted to be given to a Party pursuant to the provisions of this Agreement will be in writing and will be effective and deemed given under this Agreement on the earliest of: (i) the date of personal delivery; (ii) the date of transmission by email, with confirmed transmission and receipt (if sent during normal business hours of the recipient, if not, then on the next Business Day); (iii) two (2) days after deposit with a nationally-recognized courier or overnight service such as Federal Express; or (iv) five (5) days after mailing via certified mail, return receipt requested. All notices not delivered personally or by email will be sent with postage and other charges prepaid and properly addressed to the Party to be notified at the address set forth for such Party:

(a) If to Purchaser at:

Southampton Financial Inc.
103 Roxborough St. E,
Toronto, ON M4W 1V9

Attention: Brian Reeve, President and Secretary

Email: breeve214@gmail.com

and to:

Dentons Canada LLP
77 King Street West, Suite 400
Toronto-Dominion Centre
Toronto, ON M5K 0A1

Attention: Derek Levinsky
Robert Kennedy

Emails: derek.levinsky@dentons.com
robert.kennedy@dentons.com

(b) If to Vendor, at:

615 Kumpf Drive, Suite 500
Waterloo, ON N2V 1K8

Attention: Steve Livingstone
Email: slivingstone@ahainsurance.ca

and to:

Stikeman Elliott LLP
Commerce Court West
5300, 199 Bay St.
Toronto, Ontario M5L 1B9

Attention: Stuart Carruthers
Samantha Horn
Maria Konyukhova

Emails: scarruthers@stikeman.com
sghorn@stikeman.com
mkonyukhova@stikeman.com

Any Party may change its address for service from time to time by notice given in accordance with the foregoing and any subsequent notice shall be sent to such Party at its changed address.

12.7 Counterparts; Electronic Signatures

This Agreement may be signed in counterparts and each of such counterparts shall constitute an original document and such counterparts, taken together, shall constitute one and the same instrument. Execution of this Agreement may be made by electronic signature which, for all purposes, shall be deemed to be an original signature.

[Signature pages to follow]

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

SOUTHAMPTON FINANCIAL INC.

By: _____
Name: J. Brian Reeve
Title: President

IGNITE HOLDINGS INC.

By: DocuSigned by: Stephen Livingstone 421DD567F50D4AD

Name: Stephen D. Livingstone
Title: President and Secretary

IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C. 1985, C. C-36, AS AMENDED AND IN THE MATTER OF THE COMPROMISE OR ARRANGEMENT OF IGNITE HOLDINGS INC., IGNITE SERVICES INC., and IGNITE INSURANCE CORPORATION

Court File No.: CV-23-00708635-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
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