

Ignite Holdings Inc. (“Ignite Holdings”), Ignite Services Inc. (“Ignite Services or the “Company”), and Ignite Insurance Corporation (collectively, the “Ignite Group”)
General CCAA Frequently Asked Questions (“FAQs”)

1. What is the CCAA?

The CCAA, or the *Companies’ Creditors Arrangement Act*, is a federal law in Canada that provides insolvent companies with debts in excess of \$5 million an orderly and supervised means to restructure and/or sell their businesses.

Once a company has been granted CCAA protection, the Court grants an Initial Order establishing what is known as a ‘Stay of Proceedings’, which prevents creditors from taking action against the company, its directors and officers, and its assets for an initial period of 10 days (which can be further extended as the Court deems appropriate) allowing the company to continue to manage the day-to-day operations of the business while it addresses its restructuring objectives in an orderly and efficient manner. In the Ignite Group’s case, the Court granted an Initial Order on October 30, 2023.

CCAA protection provides companies with the time and “breathing room” necessary to emerge as a successful, going concern business and to position the business as a stronger, more viable company.

2. Is a company that files for protection under CCAA considered to be bankrupt?

No. While a company filing for CCAA is insolvent, meaning that it has insufficient liquidity to continue to fund its obligations as they become due and/or its liabilities are greater than the assets that are available to satisfy those liabilities, the company is not considered to be bankrupt. In Canada, ‘bankruptcy’ refers to certain proceedings commenced under the BIA, or the *Bankruptcy and Insolvency Act*, which is different than the CCAA.

In fact, the Stay of Proceedings under the CCAA prevents creditors from forcing the company into bankruptcy. For this reason, CCAA is sometimes referred to as ‘Bankruptcy Protection’.

3. Why did the Ignite Group opt for a CCAA proceeding rather than filing a proposal under the BIA?

The CCAA is a flexible statute that is designed to address the complex restructuring needs of large corporations, being limited to only those insolvent companies with debts in excess of \$5 million.

The CCAA provides the Court with significant discretion to issue novel relief based on the specific facts of a particular case. The Ignite Group feels strongly that the greater flexibility afforded to it under the CCAA (as compared to a proceeding commenced under the BIA) will ensure a more efficient and orderly restructuring process that provides it with the opportunity to continue as a going concern and improve the overall outcome for all stakeholders.

4. Is CCAA the same as declaring bankruptcy in the US?

CCAA would be most similar to a Chapter 11 reorganization in the US.

5. Once the company is granted protection under the CCAA, who is in charge?

Generally, the company's Board of Directors and management team remain in control of the day-to-day operations of the business, subject to the specific requirements of the Initial Order made in the CCAA proceedings, under the supervision of the Court-appointed Monitor.

6. What is a Monitor?

The Monitor is appointed by, and serves as an officer of, the Court. Its responsibilities are prescribed by the CCAA and by Court order, and include monitoring the company's restructuring initiatives, assisting the company with the preparation of cash flow statements and other financial reporting, liaising with stakeholders, and reporting to the Court from time to time on the progress of the CCAA proceedings.

In the Ignite Group's case, KPMG Inc. ("**KPMG**") has been appointed as the Monitor. Professionals from KPMG will be working with the Ignite Group throughout the CCAA process.

7. Is there a public filing or disclosure required as part of filing for protection under the CCAA?

Yes. Among other public documents filed with the Court, the Ignite Group submits an Affidavit that includes, but is not limited to, the following information: a brief history of the Company and an overview of its business; a description of the nature of its assets and liabilities; the reasons for its financial difficulties; and support for the relief being sought from the Court. Once the CCAA Initial Order is issued, the Monitor is required to notify known creditors and publish a public notice of the CCAA proceedings. The Monitor is also required to establish a website where materials relating to the CCAA proceedings will be posted. In this case, KPMG has established <https://kpmg.com/ca/IgniteGroup>.

In addition to the Affidavit and the application for a CCAA Initial Order, there will be motions filed with the Court from time to time during the CCAA proceedings, as well as reports submitted to Court by the Monitor that will provide the Court and stakeholders with updates as to the progress of the CCAA proceedings. These documents will be matters of public record and most will be made available by the Monitor on its website.

8. Where can public Court documents and other information related to the CCAA proceedings be accessed?

Court materials, including reports prepared by the Monitor, will be available at the Monitor's website, <https://kpmg.com/ca/IgniteGroup>.

9. What do I do if I have other questions?

For questions regarding ordinary course business, you should continue to speak to your regular contact person at the Company. For questions relating to the CCAA proceedings, the Monitor can be contacted at 416-468-7995 or toll free at 1-833-365-6600. Additional information is also available on the Monitor's website at: <https://kpmg.com/ca/IgniteGroup>.

10. How long does the CCAA process take and what is the tentative timeline?

The Court has granted CCAA protection for an initial period of 10-days, which may be extended for a period that the Court deems appropriate. The Ignite Group will work to complete its restructuring in a timely fashion, though there is no standard timeframe for the duration of CCAA proceedings.

11. Why did the Ignite Group file for CCAA protection?

The Company was experiencing significant operating losses and facing ongoing liquidity pressures that prevent it from continuing its restructuring efforts outside of a CCAA proceeding. Generally, CCAA protection provides companies with the time and “breathing room” necessary to restructure and emerge significantly stronger than they were and better positioned to thrive in the future.