



SUPERIOR COURT OF JUSTICE

COUNSEL/ENDORSEMENT SLIP

COURT FILE NO.: CV-23-00708635-00CL

DATE: OCTOBER 30, 2023

NO. ON LIST: 7

TITLE OF PROCEEDING: TBA (TO BE ANNOUNCED)

BEFORE: JUSTICE CONWAY

PARTICIPANT INFORMATION

For Applicant:

Name of Person Appearing	Name of Party	Contact Info
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For Other:

Name of Person Appearing	Name of Party	Contact Info
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ENDORSEMENT OF JUSTICE CONWAY:

[1] **All defined terms used in this Endorsement shall, unless otherwise defined, have the meanings ascribed to them in the Factum of the Applicants dated October 27, 2023.**

[2] Ignite Holdings Inc., Ignite Services Inc, and Ignite Insurance Corporation seek an initial order under the CCAA. The evidence on the application is set out in the affidavit of Stephen Livingstone, President and Secretary of the Applicants, sworn October 26, 2023, and the Pre-Filing Report of the Proposed Monitor dated October 27, 2023. All factual references in this Endorsement come from those materials.

BACKGROUND

[3] Ignite Services carries on business as a digital insurance brokerage for personal, auto, commercial, pet, and travel insurance. Ignite Services operates from a leased office space located in Waterloo. It operates in a highly regulated environment and holds licenses to operate as a digital insurance brokerage in Ontario, British Columbia and Alberta. It has 32 employees and consultants, almost all of whom are located in Ontario. The employees are not subject to a collective bargaining agreement.

[4] Ignite Services has been operating at a loss since 2018, with a loss of just under \$6 million from April 1 to September 30, 2023. Its cash position has deteriorated severely. As of September 30, 2023, it had only \$22,103 in cash. It has just over \$7.1 million in current liabilities and \$5.7 million in assets. Ignite Services' ultimate parent, Primary, has been funding the ongoing losses. As of August 2022, it ceased funding to support marketing efforts, which has caused monthly traffic and revenue to drop significantly. Primary is willing to fund these proceedings pursuant to the DIP Facility, on a non-interest-bearing basis.

[5] The Company's primary secured creditor is Aviva with a \$3 million non-revolving credit facility that was later increased to \$5.94 million. The outstanding principal amount was \$5.94 million as of October 26, 2023. CRA and the Minister of Finance Ontario are secured creditors but have not been notified of these proceedings yet. The initial order, accordingly, does not prime their interests. In terms of unsecured debt, there is \$253,788 owed to employees and \$2.1 million owed to trade creditors.

[6] Various pre-filing sales processes were conducted in response to the Company's financial difficulties. Most recently, KPMG CF was engaged to conduct a sales process. That has resulted in the proposed going concern transaction with Southampton pursuant to the ROFR held by Aviva. The Applicants intend to seek approval of this transaction on the comeback motion. It is structured as a reverse vesting order. I make no determination today with respect to the proposed transaction.

APPLICATION FOR AN INITIAL ORDER

[7] The CCAA applies to a "debtor company" if the total claims against it or its affiliates exceed \$5 million. The Applicants meet this test. There is no question that they also meet the insolvency test for purposes of the CCAA as they are unable or are expected to soon become unable to meet their obligations generally as they become due.

[8] This court may grant a stay of proceedings of up to 10 days on an initial application, provided it is satisfied that: (i) such a stay is appropriate; and (ii) the applicant has acted in good faith and with due

diligence (s. 11.02(1), (3)). I am satisfied that the stay of proceedings sought by the Applicants is reasonably necessary to maintain the *status quo* and to provide the breathing space that the Applicants require to continue their operations for the next ten days, all for the benefit of their stakeholders.

- [9] The Applicants require immediate DIP financing in light of their liquidity crisis. Primary has agreed to provide this financing of up to \$1.1 million. Given the history of this matter, the Applicants believe that other third-party funding would not be available. A maximum of \$350,000 will be advanced during the 10-day period. The DIP Charge will secure only the DIP financing actually provided during the initial period. Aviva does not oppose the priming of its security. As noted, the charge will not prime any of the other secured creditors.
- [10] The Applicant seeks an Administration Charge of \$750,000 (reflecting a significant amount of pre-filing work) and a Directors' Charge of \$250,000. The amount of those charges has been determined with guidance from the Proposed Monitor and is limited to what is necessary for the initial stay period. The charges are unopposed. Both charges are acceptable to me.
- [11] The Proposed Monitor is acceptable to me and is appointed as Monitor. It is very familiar with the business and financial situation of the Applicants from its role in the pre-filing sales process.
- [12] I am granting an order sealing the Confidential Appendix to the Pre-Filing Report, which contains a summary of the economic terms of the Purchase Agreement. I am satisfied that the requested sealing order for the Confidential Appendix meets the test in *Sierra Club/Sherman Estates* and that disclosure of this information would pose a risk to the public interest in enabling stakeholders of an insolvent company to maximize the realization of assets. It is limited in scope and duration. **I direct counsel for the Applicants to file a hard copy of the Confidential Appendix with the Commercial List office in a sealed envelope with a copy of the initial order and this Endorsement.**

INITIAL ORDER AND COMEBACK DATE

- [13] At the conclusion of the hearing, I said that I would sign the initial order. Order to go as signed by me attached to this endorsement. This order is effective from today's date and is enforceable without the need for entry and filing. I am satisfied that the relief granted in the order for the 10-day period is limited to relief that is "reasonably necessary for the continued operations of the debtor company in the ordinary course of business during that period", as required by s. 11.001 of the CCAA.
- [14] The comeback hearing is scheduled before me on **November 9, 2023 at 10:00 a.m. for one hour (confirmed with the Commercial List office).**

