

No securities regulatory authority has expressed an opinion about these securities, and it is an offence to claim otherwise.

This prospectus supplement (the “Prospectus Supplement”), together with the short form base shelf prospectus dated December 15, 2021, to which it relates, as amended or supplemented (the “Shelf Prospectus”) and each document incorporated by reference into this Prospectus Supplement and into the Shelf Prospectus, constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities.

**Information has been incorporated by reference in this Prospectus Supplement and the Shelf Prospectus from documents filed with securities commissions or similar authorities in Canada.** Copies of the documents incorporated herein by reference may be obtained on request without charge from the Secretary’s Office of Intact Financial Corporation, 700 University Avenue, Suite 1500-A (Legal), Toronto, Ontario, M5G 0A1, (416) 341-1464, ext. 41004 or 2020 Robert-Bourassa Boulevard, 6th Floor, Montréal, Québec, H3A 2A5, (514) 985-7111 ext. 83131 and are also available electronically at [www.sedarplus.ca](http://www.sedarplus.ca).

The securities to be issued hereunder have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the “U.S. Securities Act”), or the securities laws of any state of the United States and, except as described under “Plan of Distribution”, may not be offered, sold or delivered, directly or indirectly, in the United States. This Prospectus Supplement, together with the Shelf Prospectus, as amended or supplemented, and each document incorporated or deemed to be incorporated by reference in this Prospectus Supplement and in the Shelf Prospectus does not constitute an offer to sell or solicitation of an offer to buy any of these securities in the United States. See “Plan of Distribution”.

**PROSPECTUS SUPPLEMENT**  
**(to short form base shelf prospectus dated December 15, 2021)**

**New Issue**

**September 8, 2023**



**INTACT FINANCIAL CORPORATION**

**\$500,141,600**

**2,666,000 Common Shares**

Intact Financial Corporation (“IFC” or the “Company”) is hereby qualifying for distribution (the “Offering”) 2,666,000 common shares (the “Offered Shares”) of IFC at a price of \$187.60 per Offered Share (the “Offering Price”). The Offered Shares are being offered pursuant to an underwriting agreement dated September 8, 2023 (the “Underwriting Agreement”) between IFC and CIBC World Markets Inc., BMO Nesbitt Burns Inc. (together, the “Lead Underwriters”), National Bank Financial Inc., TD Securities Inc., J.P. Morgan Securities Canada Inc., RBC Dominion Securities Inc., Scotia Capital Inc., Barclays Capital Canada Inc., Goldman Sachs Canada Inc., Desjardins Securities Inc., HSBC Securities (Canada) Inc., Merrill Lynch Canada Inc., Morgan Stanley Canada Limited and Raymond James Ltd. (collectively with the Lead Underwriters, the “Underwriters”). The terms of the Offering have been determined by negotiation between IFC and the Underwriters. See “Plan of Distribution”.

On September 6, 2023, Royal & Sun Alliance Insurance Limited (the “Buyer”), a wholly owned subsidiary of the Company, and the Company, as guarantor, entered into a business transfer agreement (the “Business Transfer Agreement”) with Direct Line Insurance Group plc (the “Seller”), U K Insurance Limited (the “Transferor”), D L Insurance Services Limited (“DLIS”) and U K Insurance Business Solutions Limited (“UKIBS”, and together with the Seller, the Transferor and DLIS, the “Selling Entities” and each, a “Selling Entity”). Pursuant to and upon the terms and subject to the conditions set forth in the Business Transfer Agreement, the Buyer has agreed to acquire (the “Acquisition”) the brokered commercial lines operations of the Selling Entities (the “Acquired Business”) for an initial cash purchase price of £520,000,000 (the “Initial Consideration”) (approximately \$884 million) and, contingent upon certain earnout provisions relating to the financial performance of the Acquired Business during the Transition Period (as defined herein), additional cash consideration of up to £30,000,000 (approximately \$51 million) (the “Additional

Consideration” and, together with the Initial Consideration, the “Consideration”). The Acquisition facilitates the transfer of the Acquired Business to the Buyer through a combination of a reinsurance transaction and a renewal rights transfer. Subject to the receipt of approval (the “Seller Shareholder Approval”) of the holders of ordinary shares in the Seller (“Seller Shareholders”) and payment by the Buyer of the Initial Consideration, substantially all of the future economics of the Acquired Business will be transferred to the Buyer with retroactive effect from October 1, 2023 (the “Risk Transfer Date”). See “The Acquisition”.

Caisse de dépôt et placement du Québec or an affiliate thereof (“CDPQ”) has expressed its current intention to purchase Offered Shares pursuant to the Offering, at the Offering Price, representing an aggregate purchase price of approximately \$50 million.

The outstanding common shares of IFC (the “Common Shares”) are listed and posted for trading on the Toronto Stock Exchange (the “TSX”) under the symbol “IFC”. On September 6, 2023, the last trading day prior to the announcement of this Offering, the closing price of the Common Shares was \$193.45 per Common Share. The TSX has conditionally approved the listing of the Offered Shares. Listing of the Offered Shares offered under this Prospectus Supplement is subject to IFC fulfilling all the listing requirements of the TSX on or before December 5, 2023.

	<u>Price to the Public</u>	<u>Underwriters’ Fee</u>	<u>Net Proceeds to IFC<sup>(1)</sup></u>
Per Offered Share .....	\$187.60	\$7.504	\$180.096
Total <sup>(2)</sup> .....	\$500,141,600.00	\$20,005,664.00	\$480,135,936.00

Notes:

- (1) Before deducting the expenses of the Offering, estimated at \$900,000, which will be paid from the proceeds of this Offering.
- (2) IFC has granted the Underwriters an option (the “Over-Allotment Option”), exercisable, in whole or in part, at any time and from time to time, until the date that is 30 days following the closing of the Offering, to purchase up to an aggregate of 399,900 additional Common Shares (the “Additional Shares”) on the same terms to cover over-allocation positions, if any, and for market stabilization purposes. If the Over-Allotment Option is exercised in full, the total price to the public, the Underwriters’ fee and the net proceeds to IFC, before expenses, will be \$575,162,840.00, \$23,006,513.60 and \$552,156,326.40, respectively. See “Plan of Distribution”. The grant of the Over-Allotment Option and the issuance of Additional Shares issuable pursuant to the exercise of the Over-Allotment Option is also qualified under this Prospectus Supplement. A purchaser who acquires Common Shares forming part of the Underwriters’ over-allocation position acquires those Common Shares under this Prospectus Supplement regardless of whether the over-allocation position is filled through exercise of the Over-Allotment Option or secondary market purchases. See “Plan of Distribution”. Where the context requires, references to the “Offering” and the “Offered Shares” include the Over-Allotment Option and the Additional Shares issuable upon exercise thereof.

<u>Underwriters’ Position</u>	<u>Maximum Size</u>	<u>Exercise Period</u>	<u>Exercise Price</u>
Over-Allotment Option	399,900 Additional Shares	Until the date that is 30 days following closing of the Offering	\$187.60 per Additional Share

The Underwriters, as principals, conditionally offer the Offered Shares, subject to prior sale, if, as and when issued and delivered by IFC to, and accepted by, the Underwriters in accordance with the conditions contained in the Underwriting Agreement referred to under “Plan of Distribution”, and subject to the approval of certain legal matters relating to Canadian law on behalf of IFC by Blake, Cassels & Graydon LLP and on behalf of the Underwriters by Torys LLP.

**The Underwriters propose to offer the Offered Shares initially at the Offering Price specified above. After a reasonable effort has been made to sell all of the Offered Shares at such Offering Price, the Underwriters may subsequently reduce the selling price to investors from time to time in order to sell any of the Offered Shares remaining unsold. Any such reduction will not affect the proceeds received by IFC. See “Plan of Distribution”.**

Subscriptions for Offered Shares will be received subject to rejection or allotment in whole or in part and the Underwriters reserve the right to close the subscription books at any time without notice. It is expected that the closing of the Offering will occur on September 13, 2023, or on such later date as may be agreed, but in any event not later than September 20, 2023. It is anticipated that the Offered Shares will be delivered under the book-entry system

through CDS Clearing and Depository Services Inc. (“CDS”) or its nominee and deposited in electronic form on the closing date of the Offering. A purchaser of the Offered Shares will receive only a customer confirmation from a registered dealer which is a CDS participant and from or through which the Offered Shares are purchased. No definitive certificates will be issued unless specifically required. See “Plan of Distribution”.

Subject to applicable laws, the Underwriters may, in connection with the Offering, over-allot or effect transactions which stabilize or maintain the market price of the Offered Shares at levels other than those which might otherwise prevail on the open market. Such transactions, if commenced, may be interrupted or discontinued at any time.

Unless otherwise indicated, the disclosure in this Prospectus Supplement assumes that the Over-Allotment Option has not been exercised.

**Investing in the Common Shares involves certain risks. See “Risk Factors” and “Forward-Looking Statements”.**

**CIBC World Markets Inc., BMO Nesbitt Burns Inc., National Bank Financial Inc., TD Securities Inc., RBC Dominion Securities Inc., Scotia Capital Inc. and Barclays Capital Canada Inc. are wholly owned subsidiaries of banks that are currently lenders to IFC and certain of its subsidiaries under an existing revolving credit agreement. CIBC World Markets Inc. is a wholly owned subsidiary of a bank that is a lender to IFC under (i) a letter of credit facility agreement and (ii) a bridge and term loan credit agreement. National Bank Financial Inc. is a wholly owned subsidiary of a bank that is a lender to IFC under a letter of credit facility agreement. An affiliate of J.P. Morgan Securities Canada Inc. is also acting as financial advisor to the Company in connection with the Acquisition. Accordingly, the Company may be considered a “connected issuer” of these Underwriters within the meaning of applicable securities legislation. See “Use of Proceeds”, “Consolidated Capitalization”, “Plan of Distribution” and “Relationship between IFC and Certain Underwriters”.**

The registered and head office of IFC is located at 700 University Avenue, Suite 1500, Toronto, Ontario, Canada, M5G 0A1.

In this Prospectus Supplement, references to “IFC”, “we”, “us” and “our” refer to IFC and its subsidiaries unless the subject matter or context is inconsistent therewith, all references to currency amounts are to Canadian dollars unless otherwise specified, references to “U.S.\$” or “USD” are to U.S. dollars and references to “GBP” or “£” are to the British pound sterling. The rounding of certain figures contained in this Prospectus Supplement may cause a non-material discrepancy in totals, subtotals and percentages.

## TABLE OF CONTENTS

	Page
DOCUMENTS INCORPORATED BY REFERENCE .....	5
MARKETING MATERIALS .....	5
FORWARD-LOOKING STATEMENTS .....	6
NON-IFRS MEASURES .....	7
INDUSTRY DATA .....	8
EXCHANGE RATE DATA .....	8
PRESENTATION OF FINANCIAL INFORMATION .....	9
ELIGIBILITY FOR INVESTMENT .....	9
RECENT DEVELOPMENTS .....	9
THE ACQUISITION .....	9
USE OF PROCEEDS .....	16
CONSOLIDATED CAPITALIZATION .....	16
PRIOR SALES .....	16
DESCRIPTION OF SHARE CAPITAL .....	16
PRICE RANGE AND TRADING VOLUME .....	17
PLAN OF DISTRIBUTION .....	17
RELATIONSHIP BETWEEN IFC AND CERTAIN UNDERWRITERS .....	19
CANADIAN FEDERAL INCOME TAX CONSIDERATIONS .....	20
RISK FACTORS .....	23
LEGAL MATTERS .....	27
AUDITORS, TRANSFER AGENT AND REGISTRAR .....	27
STATUTORY RIGHTS .....	27
CERTIFICATE OF THE UNDERWRITERS .....	C-1

## DOCUMENTS INCORPORATED BY REFERENCE

This Prospectus Supplement is deemed to be incorporated by reference in the Shelf Prospectus for the purpose of this Offering. The following documents of IFC filed with the various securities commissions or similar authorities in Canada are incorporated by reference into the Shelf Prospectus and this Prospectus Supplement:

- (a) the annual information form of IFC for the year ended December 31, 2022, dated February 7, 2023;
- (b) the audited consolidated financial statements of IFC, together with the auditors' report thereon and the notes thereto, as at and for the year ended December 31, 2022;
- (c) management's discussion and analysis of financial condition and results of operations of IFC for the year ended December 31, 2022 (the "Annual MD&A");
- (d) the management proxy circular of IFC dated March 31, 2023 in respect of IFC's annual and special meeting of shareholders held on May 11, 2023;
- (e) the unaudited interim consolidated financial statements of IFC as at and for the three and six months ended June 30, 2023;
- (f) the management's discussion and analysis of the financial condition and results of operations of IFC for the three and six months ended June 30, 2023 (the "Q2-2023 MD&A");
- (g) the material change report of IFC dated March 8, 2023 in respect of the entry into of agreements for bulk purchase annuities;
- (h) the "template version" (as such term is defined in National Instrument 41-101 — *General Prospectus Requirements* ("NI 41-101")) of the term sheet for the Offering, dated September 6, 2023 (the "Term Sheet"); and
- (i) the template version of the investor presentation for the Offering dated September 6, 2023 (the "Investor Presentation").

Any documents of the type described in section 11.1 of Form 44-101F1 of National Instrument 44-101 — *Short Form Prospectus Distributions* ("NI 44-101") (excluding confidential material change reports), if filed by IFC with the securities commissions or similar authorities in Canada after the date of this Prospectus Supplement and prior to the termination of the Offering, will be deemed to be incorporated by reference in this Prospectus Supplement.

Any statement contained in this Prospectus Supplement, the Shelf Prospectus or in a document incorporated or deemed to be incorporated by reference herein or therein will be deemed to be modified or superseded, for purposes of this Prospectus Supplement or the Shelf Prospectus, as the case may be, to the extent that a statement contained herein or therein, or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein or therein, modifies or supersedes such prior statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement will not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Prospectus Supplement or the Shelf Prospectus, as the case may be.

## MARKETING MATERIALS

The Term Sheet and Investor Presentation do not form part of this Prospectus Supplement to the extent that the contents thereof have been modified or superseded by a statement contained in this Prospectus Supplement.

Any "template version" of "marketing materials" (as those terms are defined in NI 41-101) filed by IFC under NI 44-101 in connection with the Offering after the date of this Prospectus Supplement and before termination of the Offering, will be deemed to be incorporated by reference into this Prospectus Supplement and the Shelf Prospectus.

## FORWARD-LOOKING STATEMENTS

Certain of the statements included or incorporated by reference in this Prospectus Supplement and the Shelf Prospectus about IFC's current and future plans, expectations and intentions, results, levels of activity, performance, goals or achievements or any other future events or developments constitute forward-looking statements. The words "may", "will", "would", "should", "could", "expects", "plans", "intends", "trends", "indicates", "anticipates", "believes", "estimates", "predicts", "likely", "potential" or the negative or other variations of these words or other similar or comparable words or phrases, are intended to identify forward-looking statements. Forward-looking statements include, but are not limited to, statements regarding the completion of the Acquisition and related expectations regarding the receipt of Seller Shareholder Approval; expectations regarding the timing of the Risk Transfer Date (as defined herein), the Initial Consideration Payment Date (as defined herein) and the Operational Transfer Date (as defined herein); the expected financing of the purchase price of the Acquisition; expectations regarding sources of funds for any additional capital required to support the Quota Share Reinsurance Agreement (as defined herein) and new business growth; expectations relating to the separation of the Acquired Business from the Seller and the integration thereof into the Company; the intention of the Buyer and the Seller to enter into discussions regarding the potential transfer of the Back Book Policies (as defined herein) to the Buyer at a later date; the anticipated benefits of the Acquisition, including the impact of the Acquisition on IFC's business, financial condition, cash flows and results of operations; expectations relating to market share, combined ratio, adjusted debt-to-total capital ratio, net operating income, IRR, BVPS, NOIPS, Operating ROE, and DPW (as such terms are defined herein); IFC's plans in respect of the UK Personal Lines business and the performance of the UK Personal Lines business; the use of the net proceeds from the Offering; the timing and completion of the Offering; the expected listing of the Offered Shares on the TSX; CDPQ's intention to participate in the Offering, including the aggregate purchase price of the Offered Shares it intends to purchase; IFC's business objectives and expected growth (including magnitude of growth); financial leverage; 2023 management objectives; products, services, expertise and capabilities; earnings contributions, cost savings and transition and integration costs; and revenue synergies. Unless otherwise indicated, all forward-looking statements in this Prospectus Supplement are made as at September 8, 2023, and are subject to change after that date.

Forward-looking statements are based on estimates and assumptions made by management based on management's experience and perception of historical trends, current conditions and expected future developments, as well as other factors that management believes are appropriate in the circumstances. In addition to other estimates and assumptions which may be identified herein, estimates and assumptions have been made regarding, among other things, economic and political environments and industry conditions. Many factors could cause IFC's actual results, performance or achievements or future events or developments to differ materially from those expressed or implied by the forward-looking statements, including, without limitation: the ability to complete the Offering and the Acquisition on the negotiated terms and within the anticipated timeline; expected outcomes in connection with the Acquisition; events and developments that may occur prior to the Initial Consideration Payment Date; credit, market, liquidity, operational, strategic and legal risks and the risks discussed in the Annual MD&A, including a major earthquake, climate change, catastrophe, increased competition and disruption, turbulence in financial markets, reserving inadequacy, underwriting inadequacy, governmental and/or regulatory intervention, cyber security failure, failure of a major technology initiative, inability to contain fraud and/or abuse, customer dissatisfaction, social unrest, third party reliance, employee defined benefit pension plan, reinsurance inadequacy, distribution risks, inability to retain and to attract talent, business interruption to our operations, credit downgrade, limit on dividend and capital distribution; and the timing of the distribution of the Offered Shares pursuant to the Offering.

In addition to other estimates and assumptions which may be identified herein, in making these forward-looking statements, estimates and assumptions have been made regarding, among other things, the completion of the Offering as outlined in this Prospectus Supplement, that the Acquisition will be completed on the terms currently anticipated; that IFC will be able to secure financing for the Acquisition on commercially reasonable terms; that the anticipated benefits of the Acquisition to IFC will be realized, including the expected impact on various financial metrics; that the conditions to closing the Acquisition will be satisfied, including the receipt, in a timely manner, of the approval of the Seller Shareholders; the realization of the expected strategic, financial and other benefits of the Acquisition, and economic and political environments and industry conditions. There can also be no assurance that the strategic and financial benefits expected to result from the Acquisition will be realized.

All of the forward-looking statements included or incorporated by reference in this Prospectus Supplement or the Shelf Prospectus are qualified by these cautionary statements, those made in the “Risk Factors” section of this Prospectus Supplement, those made in the “Risk Management” sections of the Annual MD&A and the risk factors incorporated by reference from IFC’s other filings with the securities commissions or similar authorities in Canada that are incorporated or deemed to be incorporated by reference in this Prospectus Supplement or the Shelf Prospectus. These factors are not intended to represent a complete list of the factors that could affect IFC. These factors should, however, be considered carefully. Although the forward-looking statements are based upon what management believes to be reasonable assumptions, IFC cannot assure investors that actual results will be consistent with these forward-looking statements. Investors should not rely on forward-looking statements to make decisions and investors should ensure the preceding information is carefully considered when reviewing forward-looking statements made in this Prospectus Supplement and the Shelf Prospectus or in the documents incorporated by reference herein or therein. IFC and management have no intention and undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

Certain of the forward-looking statements included in this Prospectus Supplement may be considered “financial outlook” for the purposes of applicable Canadian provincial and territorial securities laws. The financial outlook information contained herein may not be appropriate for purposes other than for the purpose of, in connection with the Offering, giving an indication of the expected financial performance of IFC upon and following completion of the Acquisition.

### **NON-IFRS MEASURES**

The Company uses both International Financial Reporting Standards (“IFRS”) and certain non-IFRS measures to assess performance.

Non-IFRS financial measures and non-IFRS ratios (which are calculated using non-IFRS financial measures) do not have standardized meanings prescribed by IFRS and may not be comparable to similar measures used by other companies. They are used by management to assess the Company’s performance.

Supplementary financial measures, non-IFRS financial measures and non-IFRS ratios used in this Prospectus Supplement and the Company’s financial reports include NOIPS, Operating ROE, BVPS, combined ratio, claims ratio, expense ratio, net operating income, DPW, GWP and adjusted debt-to-total capital ratio (as such terms are defined herein).

NOIPS is a non-IFRS ratio, which does not have a standardized meaning prescribed by IFRS and may not be comparable to similar measures used by other companies in our industry. It is calculated by dividing net operating income attributable to common shareholders, divided by the weighted-average number of common shares outstanding on a daily basis during a specific period. Net operating income attributable to common shareholders is a non-IFRS measure which represents the net income attributable to shareholders, excluding the after-tax impact of non-operating results, net of net income (loss) attributable to non-controlling interests (non-operating component), preferred share dividends and other equity distributions. Operating ROE is a non-IFRS ratio, which does not have a standardized meaning prescribed by IFRS and may not be comparable to similar measures used by other companies in our industry. It is calculated by dividing net operating income attributable to common shareholders by the adjusted average common shareholders’ equity (excluding accumulated other comprehensive income). BVPS is a supplementary financial measure, which does not have a standardized meaning prescribed by IFRS and may not be comparable to similar measures used by other companies in our industry. It is calculated by dividing common shareholders’ equity by the number of common shares outstanding. Combined ratio is a non-IFRS ratio, which does not have a standardized meaning prescribed by IFRS and may not be comparable to similar measures used by other companies in our industry. It is the sum of (i) claims ratio (which is a non-IFRS ratio which represents operating net claims divided by operating net underwriting revenues) and (ii) expense ratio (which is a non-IFRS ratio which represents which represents operating net underwriting expenses divided by operating net underwriting revenues). DPW is a supplementary financial measure, which does not have a standardized meaning prescribed by IFRS and may not be comparable to similar measures used by other companies in our industry. It is composed of the total amount of premiums for new and renewal policies written during the reporting period, excluding industry pools, fronting and exited lines. GWP is a supplementary financial measure, which does not have a standardized meaning prescribed by IFRS and may not be comparable to similar measures used by other companies in our industry. It is defined as the total premiums from

insurance contracts that were inception during the period. Adjusted debt-to-total capital ratio is a non-IFRS ratio, which does not have a standardized meaning prescribed by IFRS and may not be comparable to similar measures used by other companies in our industry. It is calculated using debt outstanding (excluding hybrid debt) divided by adjusted total capital.

For more information about these supplementary financial measures, non-IFRS financial measures and non-IFRS ratios, including definitions and explanations of how these measures provide useful information, refer to Section 21 – Non-GAAP and other financial measures in the Company's Q2-2023 MD&A, which is incorporated by reference into this Prospectus Supplement and which is available on the Company's website at [www.intactfc.com](http://www.intactfc.com) and on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca).

## INDUSTRY DATA

This Prospectus Supplement includes industry data and other statistical information that we have obtained from independent industry publications and other published independent sources. Some data is also based on IFC's good faith estimates, which are derived from IFC's internal surveys. Such publications and reports generally state that the information contained therein has been obtained from sources believed to be reliable. Although management of IFC believes these publications and reports to be reliable, IFC has not independently verified any of the data or other statistical information contained therein, nor has IFC ascertained the underlying economic or other assumptions relied upon by these sources and cannot and does not provide any representation or assurance as to the accuracy or completeness of the information or data, or appropriateness of the information or data for any particular analytic purpose and, accordingly, disclaims any liability in relation to such information and data. IFC has no intention and undertakes no obligation to update or revise any information or data, whether as a result of new information, future events or otherwise.

## EXCHANGE RATE DATA

The following table sets forth, for the periods indicated, the high, low, average and period-end exchange rates of one Canadian dollar in exchange for U.S. dollars, in each case as published by the Bank of Canada.

		<u>Six months ended</u>		<u>Year ended</u>		
		<u>June 30,</u>		<u>December 31,</u>		
		<u>2023</u>	<u>2022</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Highest rate during the period .....	U.S.\$	0.7604	0.8031	0.8031	0.8306	0.7863
Lowest rate during the period .....	U.S.\$	0.7243	0.7669	0.7217	0.7727	0.6898
Average rate for the period .....	U.S.\$	0.7421	0.7866	0.7692	0.7980	0.7461
Rate at the end of the period.....	U.S.\$	0.7553	0.7760	0.7383	0.7888	0.7854

On September 6, 2023, the daily exchange rate posted by the Bank of Canada for conversion of U.S. dollars into Canadian dollars was U.S.\$1.00 equals \$1.3654. No representation is made that Canadian dollars could be converted into U.S. dollars at that rate or any other rate.

The following table sets forth, for the periods indicated, the high, low, average and period-end exchange rates of one Canadian dollar in exchange for British pound sterling, in each case as published by the Bank of Canada.

		<u>Six months ended</u>		<u>Year ended</u>		
		<u>June 30,</u>		<u>December 31,</u>		
		<u>2023</u>	<u>2022</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Highest rate during the period .....	£	0.6205	0.6431	0.6788	0.5982	0.5976
Lowest rate during the period .....	£	0.5858	0.5776	0.5776	0.5629	0.5607
Average rate for the period .....	£	0.6015	0.6069	0.6231	0.5799	0.5815
Rate at the end of the period.....	£	0.5946	0.6382	0.6127	0.5837	0.5753

On September 6, 2023, the daily exchange rate posted by the Bank of Canada for conversion of British pound sterling into Canadian dollars was £1.00 equals \$1.7086. No representation is made that Canadian dollars could be converted into British pound sterling at that rate or any other rate.

## **PRESENTATION OF FINANCIAL INFORMATION**

The financial statements of IFC incorporated by reference in this Prospectus Supplement are reported in Canadian dollars and have been prepared in accordance with IFRS. Certain tables containing financial information in this Prospectus Supplement may not add due to rounding.

## **ELIGIBILITY FOR INVESTMENT**

In the opinion of Blake, Cassels & Graydon LLP, counsel to IFC, and Torys LLP, counsel to the Underwriters, based on the current provisions of the *Income Tax Act* (Canada) and the regulations thereunder (the “Tax Act”), provided that the Offered Shares are on the date hereof listed on a “designated stock exchange” for purposes of the Tax Act (which currently includes the TSX), the Offered Shares will be on such date qualified investments under the Tax Act for a trust governed by a registered retirement savings plan (“RRSP”), a registered retirement income fund (“RRIF”), a registered education savings plan (“RESP”), a registered disability savings plan (“RDSP”), a tax-free savings account (“TFSA”), a first home savings account (“FHSA”), or a deferred profit sharing plan, each as defined in the Tax Act (each a “Registered Plan”).

Notwithstanding that the Offered Shares may be a qualified investment for a trust governed by a TFSA, FHSA, RRSP, RRIF, RESP or RDSP, the holder, annuitant or subscriber thereof, as the case may be, will be subject to a penalty tax under the Tax Act if the Offered Shares are a “prohibited investment” (within the meaning of the Tax Act) for the particular TFSA, FHSA, RRSP, RRIF, RESP or RDSP. The Offered Shares will not be a prohibited investment for a TFSA, FHSA, RRSP, RRIF, RESP or RDSP provided the holder, annuitant or subscriber thereof, as the case may be, deals at arm’s length with IFC for purposes of the Tax Act and does not have a “significant interest” (within the meaning of the Tax Act) in IFC. In addition, the Offered Shares will not be a prohibited investment if the Offered Shares are “excluded property”, as defined for purposes of the prohibited investment rules in the Tax Act, for trusts governed by a TFSA, FHSA, RRSP, RRIF, RESP or RDSP.

Holders, annuitants and subscribers should consult their own tax advisors with respect to whether the Offered Shares would be prohibited investments in their particular circumstances, including with respect to whether the Offered Shares would be excluded property.

## **RECENT DEVELOPMENTS**

On August 31, 2023, the Company announced that it had estimated that the catastrophe losses incurred by it to that date in Q3-2023 from wildfires and other weather events amounted to approximately \$570 million pre-tax, or \$2.40 per common share of IFC. These estimated losses related to a number of events that occurred in July and August, none of which met the threshold for reinsurance under the Company’s catastrophe reinsurance treaties. Given that the wildfires are still active, actual losses incurred to that date in the third quarter of 2023 may differ from the Company’s estimate. Furthermore, due to the preliminary nature of the information available to prepare the estimate, future estimates and the actual amount and categorization of catastrophe claims and losses associated with these events may be materially different from the estimate.

## **THE ACQUISITION**

On September 6, 2023, the Buyer and the Company, as guarantor, entered into the Business Transfer Agreement with the Selling Entities. Pursuant to and upon the terms and subject to the conditions set forth in the Business Transfer Agreement, the Buyer has agreed to acquire the Acquired Business for the Initial Consideration and, contingent upon certain earnout provisions relating to the financial performance of the Acquired Business after the Risk Transfer Date up to the Part VII Transfer (such period of time, the “Transition Period”), the Additional Consideration.

The Acquisition will be effected through the combination of: (i) the Business Transfer Agreement relating to the transfer of the new business franchise and certain operations, systems, brands, employees, contractors, data, renewal rights, third party contracts and premises as well as the applicable related liabilities; (ii) a quota share reinsurance agreement (the “Quota Share Reinsurance Agreement”) relating to the reinsurance of new and certain existing business of the Acquired Business (the “Reinsurance”) whereby substantially all of the future economics of

the Acquired Business will be transferred to the Buyer with retroactive effect from the Risk Transfer Date; (iii) if approved by the High Court of England and Wales (the “UK Court”), a subsequent insurance business transfer scheme under applicable UK Rules (the “Part VII Transfer”); and (iv) certain administration and transitional services arrangements relating to the operation of the Acquired Business during the Transition Period.

Subject to the terms of the Business Transfer Agreement, including receipt of Seller Shareholder Approval and the payment by the Buyer of the Initial Consideration (the date of such payment, the “Initial Consideration Payment Date”): (i) the Reinsurance will take effect upon the Initial Consideration Payment Date with retroactive effect from the Risk Transfer Date; and (ii) legal transfer of the applicable operational assets and liabilities of the Acquired Business to the Buyer is targeted to take place in the second quarter of 2024 (the “Operational Transfer Date”) and include the transfer to the Buyer of approximately 800 employees to provide ongoing support and service delivery for customers. The Part VII Transfer and certain other ancillary insurance business transfers in the Bailiwick of Guernsey or the Bailiwick of Jersey are expected to take effect 12-18 months following the Operational Transfer Date, subject to UK Court and applicable regulatory approvals.

The Acquisition is not a significant acquisition for the Company for the purposes of Part 8 of the National Instrument 51 – 102 – *Continuous Disclosure Obligations*.

### **Acquisition Rationale**

The Acquired Business has over 12 different product lines written under the recognized brands of “NIG”, “FarmWeb” and “Churchill Expert” within the UK&I Business Solutions partnership (which provides affiliate and embedded insurance with white labelling capability, throughout a range of SME, landlord and fleet partners). It has broad reach across the broker market with relationships from large national brokers to smaller regional independent brokers. The NIG brand consists of a commercial insurance provider, trading exclusively through brokers, offering a comprehensive suite of insurance products to UK SME customers. NIG’s products include Motor Trade, Property Owners, Motor Fleet and Commercial Van. The FarmWeb brand is a specialist agriculture insurer dedicated to meeting the specific insurance needs of UK farmers, with distribution through a selected network of specialist agriculture insurance brokers. Designed for single or multi-site farm businesses, it provides a wide range of motor, property and liability covers. The UK&I Business Solutions partnership provides affiliate and embedded insurance with white labelling capability, throughout a range of SME, landlord and fleet partners.

Management believes that the Acquisition will enhance the profitability and growth profile of the Company’s UK & International (“UK&I”) business through greater presence and focus on the Buyer’s UK&I Commercial and Specialty Lines portfolios. The Acquisition will strengthen the Company’s presence in the UK’s small and medium-sized enterprise (“SME”) and mid-market segment while broadening and strengthening the Company’s broker distribution network and deepening and expanding its product offering, including through the acquisition of the NIG and FarmWeb brands. Management expects the Acquisition to increase the Company’s share of the approximately £20 billion (approximately \$34 billion) UK Commercial Lines based on full year 2021 gross written premiums (“GWP”)<sup>1</sup> (excluding Specialty Lines) market from approximately 4% to approximately 7%, which would move the Company’s ranking from sixth to third in this market.<sup>2</sup>

The Company has a strong track record in its Commercial Lines business segment (see tables below), underpinned by its mid-market commercial and specialty focus, price segmentation and risk selection capabilities, strength in data and artificial intelligence and underwriting and claim capabilities, including targeted portfolio actions. Management believes the Acquisition will help position the Company to deliver a sustainable low 90s percent combined ratio<sup>3</sup> in the UK&I business (including Personal, Commercial and Specialty Lines) in the 12-24 months following the Initial Consideration Payment Date as compared to the Company’s UK&I business’s (including Personal, Commercial and Specialty Lines) 96.5% combined ratio<sup>3</sup> (91% for the Company’s UK&I business’s (including Commercial and Specialty Lines)) based on data from the second half of 2021 to the first half of 2023<sup>4</sup> and the UK market average in the mid-90s (i.e., for the period since the acquisition of RSA). The Company will seek to

---

<sup>1</sup> GWP is a supplementary financial measure. See “Non-IFRS Measures”.

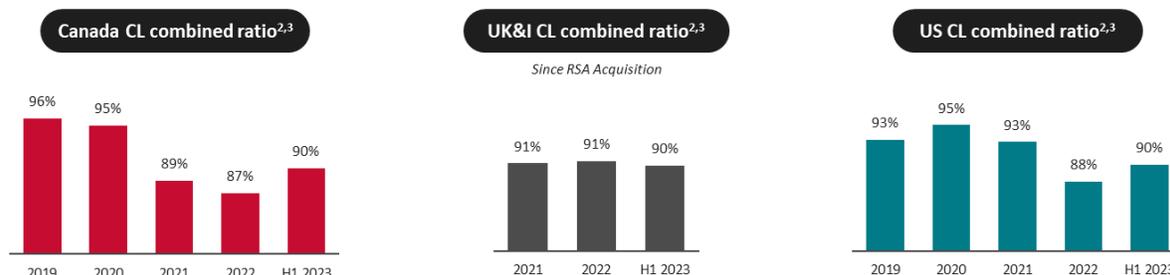
<sup>2</sup> GWP data in the UK Commercial Lines market is as provided by the Association of British Insurers.

<sup>3</sup> Combined Ratio is a non-IFRS ratio. See “Non-IFRS Measures”.

<sup>4</sup> H2-2021 combined ratio on IFRS 4 basis and 2022 to H1-2023 combined ratio on IFRS 17 basis.

deliver this combined ratio by leveraging its price segmentation and risk selection capabilities as well as through loss ratio improvement in the Acquired Business by leveraging the Company’s underwriting expertise. The Company expects the Acquisition to provide mid single digit growth in the Company’s UK&I business’s direct premiums written (“DPW”)<sup>5</sup> by the third year following the Initial Consideration Payment Date. Management expects the Acquisition will generate approximately £100 million (approximately \$170 million) of new net operating income<sup>6</sup> within five years following the Initial Consideration Payment Date. The Company currently expects to incur approximately £45 million (approximately \$77 million) of integration costs in the first 36 months following the Initial Consideration Payment Date. Management believes that, relative to the anticipated value creation and synergies of the Acquisition, this is broadly consistent with past transactions.

### Commercial Lines Track Record<sup>1</sup>



- (1) Commercial Lines performance includes contribution from Specialty Lines.
- (2) Non-IFRS ratio. See “Non-IFRS Measures”.
- (3) 2019 to 2021 combined ratios are on an IFRS 4 basis, which were presented on a discounted basis. 2022 are presented on an IFRS 17 basis and on an undiscounted basis.

Management believes the Acquisition is financially compelling for the Company, with an expected internal rate of return (“IRR”)<sup>7</sup> in excess of 15%. The Acquisition is expected to be immediately accretive to Book Value Per Share (“BVPS”)<sup>8</sup> by 2% upon issuance of Common Shares pursuant to the Offering, have a largely neutral impact on operating return on equity (“Operating ROE”)<sup>9</sup>, be accretive to Net Operating Income Per Share (“NOIPS”)<sup>10</sup> in 2024, and be low single digit accretive to NOIPS<sup>10</sup> by the third year following the Initial Consideration Payment Date. Management expects to drive cost synergies of approximately £20 million (approximately \$34 million) by the third year following the Initial Consideration Payment Date. Management believes the Company’s pro forma adjusted debt-to-total capital ratio<sup>11</sup> is expected to be below 25% upon completion of the Acquisition and related financings, returning to pre-Acquisition levels by the end of 2024 and to the Company’s long-term target of 20% approximately a year later. The Company does not expect that its external credit ratings will be impacted.

<sup>5</sup> DPW is a supplementary financial measure. See “Non-IFRS Measures”.

<sup>6</sup> Net operating income is a non-IFRS measure. See “Non-IFRS Measures”.

<sup>7</sup> IRR is the discount rate that makes the net present value of all cash flows equal to zero in a discounted cash flow analysis.

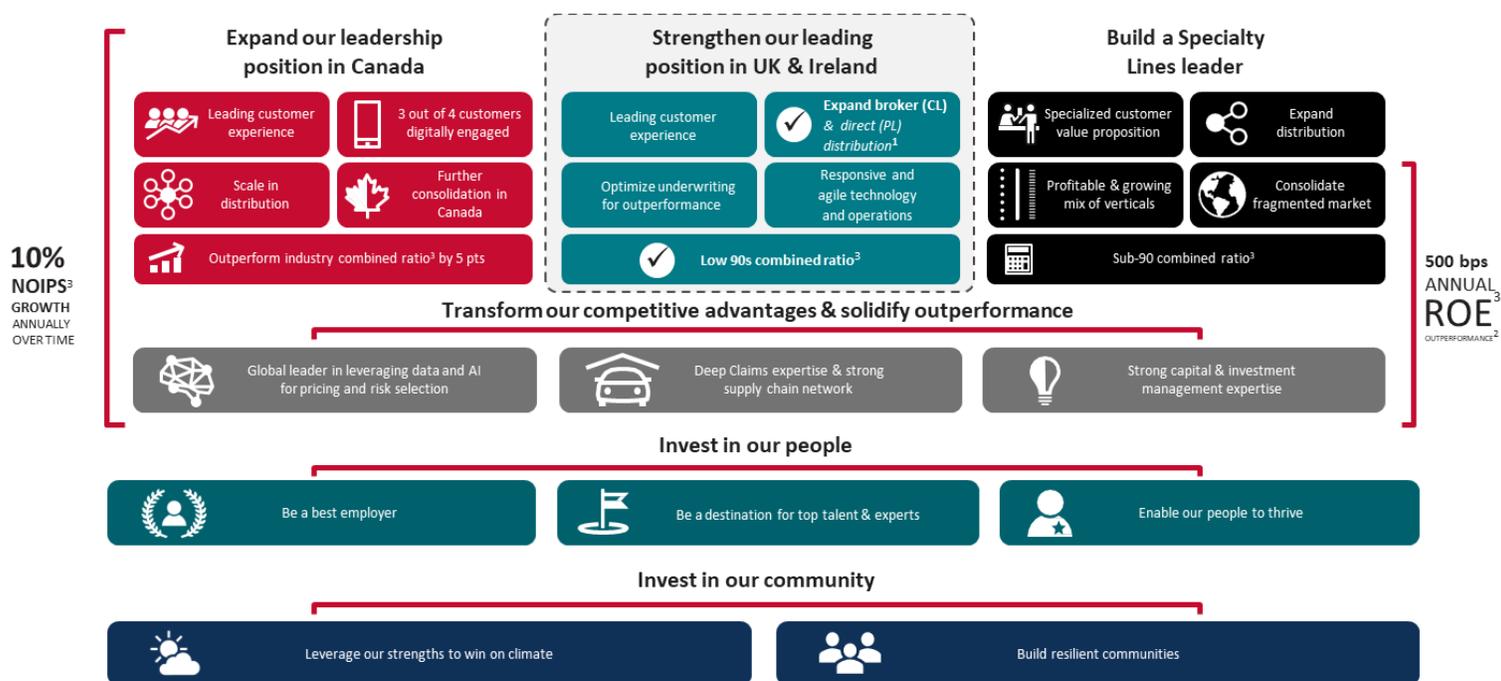
<sup>8</sup> BVPS is a supplementary financial measure. See “Non-IFRS Measures”.

<sup>9</sup> Operating ROE is a non-IFRS ratio. See “Non-IFRS Measures”.

<sup>10</sup> NOIPS is a non-IFRS ratio. See “Non-IFRS Measures”.

<sup>11</sup> Adjusted debt-to-total capital ratio is a non-IFRS ratio. See “Non-IFRS Measures”.

Management believes the Acquisition is aligned with the Company’s strategic roadmap (see image below) and will help deliver the Company’s expected 10% NOIPS growth annually over time and 500 basis points annual return on equity (“ROE”) outperformance (based on a weighted-average ROE benchmark of leading property and casualty insurers in Canada and UK&I). The Company is currently evaluating strategic options for its UK Personal Lines business to further enhance outperformance, including the possible sale thereof, and expects to complete this evaluation in the fourth quarter of 2023.

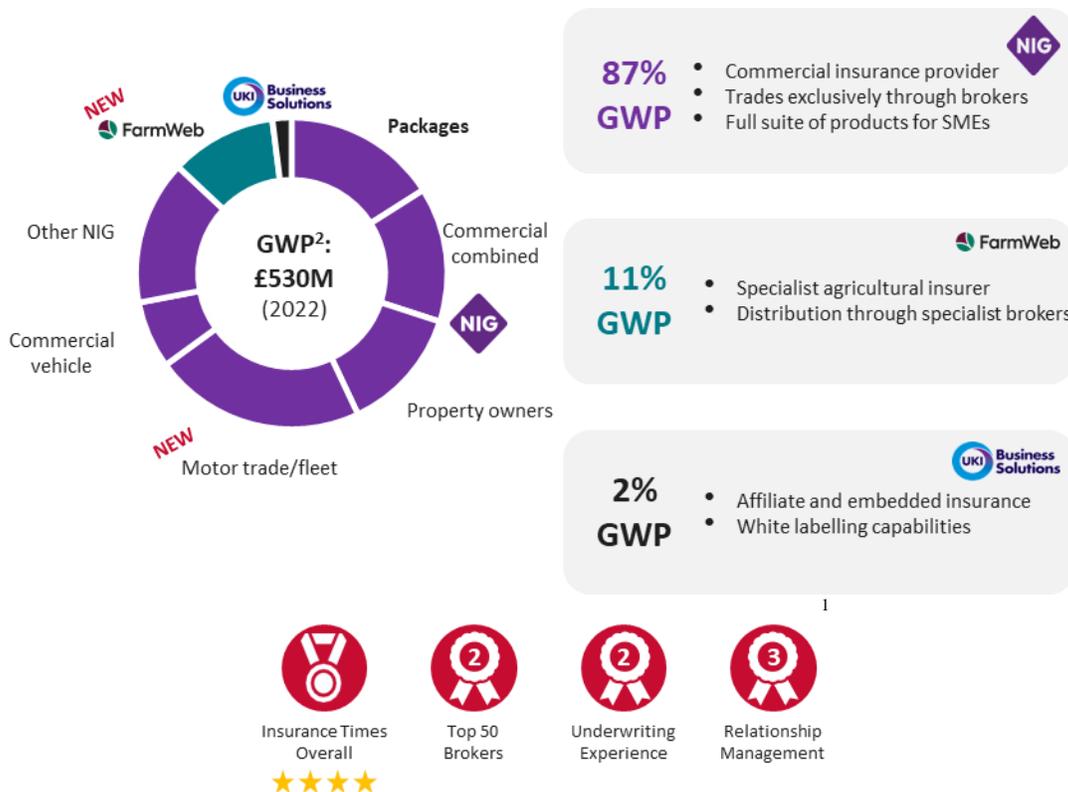


- (1) Direct (Personal Lines) distribution is currently under strategic review.
- (2) Based on a weighted-average ROE benchmark of leading P&C insurers in Canada, UK&I.
- (3) Non-IFRS ratio. See "Non-IFRS Measures".

## Direct Line Group plc and the Acquired Business

The Acquired Business is well-established, having operated successfully in the market for over 125 years. The Seller operates under brands such as Direct Line and Churchill and is comprised of five primary segments: motor, home, rescue and other personal lines; and commercial lines. The Acquired Business has four offices servicing the UK market and a presence across all broker channels, with over 850 broker relationships. The Acquired Business has strong online distribution capabilities with approximately 80% of its policies distributed online, and multiple recognitions in the 2021-2022 Insurance Times Broker Service Survey. In 2022, the Acquired Business was focused on standardized ‘e-traded’ (over the internet) commercial insurance to micro and small enterprises and specialized underwriting expertise for more complex commercial risks through a regional office network. The Acquired Business generated GWP<sup>1</sup> of approximately £530 million (approximately \$901 million) in 2022, an increase of approximately 14% compared to the prior year, and delivered an average combined ratio<sup>3</sup> of approximately 96% across 2021 and 2022.<sup>12</sup>

<sup>12</sup> Data is provided by the Seller. Average combined ratio is presented on an IFRS 4 basis.



(1) Awards are from Insurance Times Broker Service Survey 2021/2022. Value in the banner indicates NIG ranking where applicable. Financials are for FY2022.

(2) Supplementary financial measure. See "Non-IFRS Measures".

In 2022, the Acquired Business was made up of a single segment, Regions and SME's (100%). In 2022, IFC's UK&I Commercial Lines business was made up of the following segments: Specialty (44%), Regions and SME's (33%) and Other CL (23%), which generated GWP<sup>1</sup> of approximately £1.8 billion (approximately \$3.1 billion), an increase of 7% compared to the prior year, and delivered an average combined ratio<sup>3</sup> of approximately 91% across 2021 and 2022. Management estimates that, on a pro forma basis, at the Initial Consideration Payment Date, the combined businesses will be made up of the following segments: Specialty (34%), Regions and SME's (48%) and Other CL (18%), which would generate DPW<sup>5</sup> of approximately £2.3 billion (approximately \$3.9 billion) at an average combined ratio<sup>3</sup> of approximately 92%. The pro forma UK&I Commercial Lines combined ratio<sup>3</sup> is expected to be approximately 92% in 2024.

The Acquired Business is currently integrated into the Seller's business. The Business Transfer Agreement contains obligations on the parties thereto to take certain actions with respect to achieving the separation of the Acquired Business from the Selling Entities and their affiliates (the "Seller's Group") as soon as reasonably practicable.

The Business Transfer Agreement includes customary restrictions on the operation of the Acquired Business by the Seller's Group prior to the Initial Consideration Payment Date and, subsequently, the Operational Transfer Date. Following the Initial Consideration Payment Date, the Business Transfer Agreement provides the Company with customary control over significant matters relating to the operation of the Acquired Business until the Operational Transfer Date, to ensure the Acquired Business is operated with input and/or approval from the Buyer, subject to certain limitations on such control.

In addition, the Business Transfer Agreement provides that upon receipt of Initial Consideration, and with effect from the Risk Transfer Date, the Selling Entities will each declare an irrevocable trust to hold the Acquired Business for the Buyer absolutely. In the event (a) the Seller is unable to pay its debts, is subject to a winding-up petition, liquidation procedure or other customary insolvency events (as more particularly described in the Business Transfer Agreement) (an "Insolvency Event") or (b) certain capital resources held by the Transferor or the Seller's

Group fall below certain thresholds as set out in the Business Transfer Agreement, the Buyer has the absolute right to direct the trustee of the assets with respect to those assets, subject to applicable law, and the immediate right to (i) take legal title, possession and/or assignment in whole or part of such assets, and (ii) at its sole option, to appoint a separate trustee to administer the assets constituting the Acquired Business.

Legal title to the assets constituting the Acquired Business will automatically transfer to the Buyer on the Operational Transfer Date at which time the Buyer will start renewing policies and issuing new policies on the Buyer's system. It is currently anticipated that all such policies will be renewed on the Buyer's systems, all liabilities will be transferred to the Buyer and the Quota Share Reinsurance Agreement will terminate by the middle of 2025. The Seller will continue to manage and service all policies until such time as they are underwritten by the Buyer at renewal, with renewals expected to start transferring to the Buyer in the second quarter of 2024.

### **Seller Shareholder Approval**

The Acquisition is subject to the receipt of Seller Shareholder Approval, being a simple majority of the votes cast at the general meeting of Seller Shareholders to be convened in connection with the Acquisition, including any adjournment of it (the "Seller General Meeting"), which is expected to be held in October 2023. The directors of the Seller have recommended that the Seller Shareholders vote in favour of the resolution proposed to approve the transactions contemplated by the Business Transfer Agreement. The Business Transfer Agreement requires that, subject to certain limited exceptions, the Seller's Board of Directors may not qualify, change or withdraw such recommendation.

The Seller has agreed not to solicit third party offers for the Acquired Business from the period from the date of the Business Transfer Agreement to the date upon which the Seller Shareholders vote on the resolution proposed to approve the transactions contemplated by the Business Transfer Agreement. If the directors of the Seller receive an unsolicited bona fide offer from a third party either for the Acquired Business or a possible takeover offer to acquire the Seller, the directors of the Seller may, acting in good faith and upon legal and/or financial advice and as is reasonably required as a result of their statutory or fiduciary duties, change their recommendation that the Seller Shareholders vote in favour of the resolution proposed to approve the transactions contemplated by the Business Transfer Agreement if the terms of such an offer are deemed by the directors of the Seller (acting in good faith and having obtained external legal and financial advice), to be more favourable than the terms of the Acquisition as set out in the Business Transfer Agreement. Under certain circumstances provided for in the Business Transfer Agreement, the Seller shall notify the Buyer of any superior offer from a third party either for the Acquired Business or a possible takeover offer to acquire the Seller, the Seller shall offer the Buyer a right to match the alternative offer, and such process must be completed before the Seller can proceed with any alternative offer.

If Seller Shareholder Approval is not obtained by December 15, 2023 by reason of the directors of the Seller changing their recommendation or the Seller otherwise defaulting on its obligation to post the circular required under the UK listing rules or to call the meeting of the Seller Shareholders, the Seller is obliged to pay the Buyer a compensation payment. The compensation payment is an amount equal to up to 1% of the Seller's market capitalisation as at the closing price on the last business day before the date of the Business Transfer Agreement, such amount being approximately £20 million (approximately \$34 million).

### **Summary of Certain Other Key Terms of the Business Transfer Agreement**

Under the Business Transfer Agreement, certain customary representations, warranties and covenants have been made by the parties thereto. The Business Transfer Agreement provides that the Buyer is required to pay the Initial Consideration to the Seller within five business days following receipt of Seller Shareholder Approval. The Additional Consideration is payable by the Buyer to the Seller within six months of the Part VII Transfer, contingent upon certain earnout provisions relating to the financial performance of the Acquired Business after the Risk Transfer Date and prior to the Part VII Transfer.

The Business Transfer Agreement may be terminated by the Seller (i) prior to the Buyer's payment of the Initial Consideration, if the Buyer fails to pay the Initial Consideration when due in accordance with the terms of the Business Transfer Agreement and such failure is not remedied in full within three business days following notice of such default by the Seller; (ii) with immediate effect by notice to the Buyer, if the Seller Shareholders vote against the

resolution proposed to approve the transactions contemplated by the Business Transfer Agreement; or (iii) prior to the date the business transfer scheme implemented under the Part VII Transfer is effective with immediate effect by notice to the Buyer (a) on or at any time after the occurrence of an Insolvency Event (as defined below) in respect of the Buyer or the Company or (b) if the Seller becomes aware of any fact, matter or circumstance that renders untrue or inaccurate any fundamental warranty given by the Buyer or the Company at September 6, 2023 in accordance with the terms of the Business Transfer Agreement where such fact, matter or circumstance has or would reasonably be expected to have a material adverse effect on the Seller.

The Business Transfer Agreement may be terminated by the Buyer (i) if the Buyer becomes aware of any fact, matter or circumstance that renders untrue or inaccurate, any fundamental warranty given by any Selling Entity at September 6, 2023, or any fact, matter or circumstance which would or has rendered any fundamental warranty untrue or inaccurate when given by any Selling Entity at the Risk Transfer Date or at the Operational Transfer Date (other than any fact, matter or circumstance which was already disclosed in the manner required by the Business Transfer Agreement) in accordance with the terms of the Business Transfer Agreement, where such fact, matter or circumstance has or would reasonably be expected to have a material adverse effect on the Buyer or (ii) the Transferor fails to comply with certain obligations on the Initial Consideration Payment Date.

### **Quota Share Reinsurance Agreement**

As part of the transactions contemplated by the Business Transfer Agreement, the Buyer and Transferor entered into the Quota Share Reinsurance Agreement dated September 6, 2023, which provides for the Reinsurance. The Reinsurance will take effect upon the Initial Consideration Payment Date, with retroactive effect from the Risk Transfer Date (i.e., the effectiveness of the Reinsurance is not subject to the receipt of any approvals other than the Seller Shareholder Approval). The purpose of the Quota Share Reinsurance Agreement is to allow the Company to benefit from the economics of the Acquired Business as at the Initial Consideration Payment date, with retroactive effect from the Risk Transfer Date, and prior to the Operational Transfer Date. The Quota Share Reinsurance Agreement operates on a funds-withheld basis. The Quota Share Reinsurance Agreement will terminate automatically upon completion of the Part VII Transfer.

The Buyer will not acquire the economics related to the business written and earned by the Acquired Business prior to the Risk Transfer Date (the “Back Book Policies”). The Company will therefore not be exposed to any developments on prior year reserves. However, the Buyer and the Seller intend to enter into discussions regarding the potential transfer of the Back Book Policies to the Buyer at a later date.

The Seller and the Buyer have also agreed, under the Business Transfer Agreement, to enter into good faith discussions with a view to entering into a reinsurance agreement in respect of the Seller’s loss portfolio in relation to the Acquired Business as more particularly described in and pursuant to the terms of the Business Transfer Agreement.

### **Other Transaction Agreements**

In accordance with the Business Transfer Agreement and in order to complete the transfer of the Acquired Business to the Buyer, the Selling Entities and the Buyer will enter into certain agreements and undertake additional actions which are in accordance with but ancillary to the Business Transfer Agreement, including the Part VII Transfer, pursuant to which the live policies constituting the Acquired Business will be transferred to the Buyer, brand licence agreements for various brands relating to the Acquired Business, an intellectual property assignment agreement and a transitional services agreement, among others.

### **Financing of the Acquisition**

The Company intends to finance, directly or indirectly, the Consideration as well as expected integration costs of approximately £45 million (approximately \$77 million) with a combination of some or all of the following: (i) net proceeds of the Offering; (ii) the possible future issuance by the Company of medium term notes and (iii) one or more term loans. Management expects that any capital required to support the quota share reinsurance arrangement contemplated by the Quota Share Reinsurance Agreement and new business growth will be funded through excess capital in the Company’s UK subsidiary, as well as future capital generation. Management believes that the Company

will maintain a strong capital position after financing the Acquisition, with all regulatory capital ratios remaining at or above target operating levels.

### **USE OF PROCEEDS**

The net proceeds to IFC from the Offering, after deducting the Underwriters' fee and the estimated expenses of the Offering, are expected to be \$479,235,936.00 (assuming no exercise of the Over-Allotment Option). If the Over-Allotment Option is exercised in full, the net proceeds of the Offering, after deducting the Underwriters' fee and the estimated expenses of the Offering, are expected to be \$551,256,326.40.

The net proceeds of the Offering are intended to be used by IFC in order to subscribe for shares of one or more subsidiaries of the Company to ultimately be used for the purpose of partially funding the execution of the Acquisition and related capital requirements and integration costs. In the event the Acquisition is not completed for any reason, the net proceeds from the Offering will be used for general corporate purposes.

### **CONSOLIDATED CAPITALIZATION**

Other than the contemplated issuance of Offered Shares pursuant to the Offering, and the intended use of proceeds therefrom, there have been no material changes to the consolidated capitalization of IFC since June 30, 2023, the end of the most recent reporting period for IFC, which have not been disclosed in the Shelf Prospectus, this Prospectus Supplement or in the documents incorporated by reference. See "Use of Proceeds".

### **PRIOR SALES**

There have been no issuances of Common Shares or securities convertible into Common Shares for the 12-month period prior to the date of this Prospectus Supplement.

### **DESCRIPTION OF SHARE CAPITAL**

IFC's authorized share capital currently consists of an unlimited number of Common Shares and an unlimited number of Class A Shares (issuable in series) ("Preferred Shares").

As at September 7, 2023, 175,256,968 Common Shares, 10,000,000 Series 1 Preferred Shares, 10,000,000 Series 3 Preferred Shares, 6,000,000 Series 5 Preferred Shares, 6,000,000 Series 6 Preferred Shares, 10,000,000 Series 7 Preferred Shares, 6,000,000 Series 9 Preferred Shares, 6,000,000 Series 11 Preferred Shares and 300,000 Series 12 Preferred Shares were issued and outstanding. IFC has authorized but does not have outstanding any Series 2 Preferred Shares, Series 4 Preferred Shares, Series 8 Preferred Shares and Series 10 Preferred Shares.

#### **Common Shares**

Holders of Common Shares are entitled to receive dividends, if, as and when declared by our Board of Directors and, unless otherwise provided by legislation, are entitled to one vote per Common Share on all matters to be voted on at all meetings of shareholders. Upon IFC's voluntary or involuntary liquidation, dissolution or winding-up, the holders of Common Shares are entitled to share rateably in the remaining assets available for distribution, after payment of liabilities. The Common Shares are listed on the TSX.

#### **Preferred Shares**

The Preferred Shares are issuable from time to time in one or more series. Our Board of Directors is authorized to fix before issue the number of, the consideration per share of, the designation of, and the provisions attaching to, the Preferred Shares of each series, which may include voting rights. The Preferred Shares of each series rank equally with the Preferred Shares of every other series and rank in priority to the Common Shares with respect to dividends and return of capital in the event of our liquidation, dissolution or winding-up. The Series 1 Preferred Shares, the Series 3 Preferred Shares, the Series 5 Preferred Shares, the Series 6 Preferred Shares, the Series 7 Preferred Shares, the Series 9 Preferred Shares and the Series 11 Preferred Shares are each listed on the TSX.

The terms of the Common Shares and the Class A Shares (as a class) and the terms of the Series 1 Preferred Shares, the Series 2 Preferred Shares, the Series 3 Preferred Shares, the Series 4 Preferred Shares, Series 5 Preferred Shares, the Series 6 Preferred Shares, the Series 7 Preferred Shares, the Series 8 Preferred Shares, the Series 9 Preferred Shares, the Series 10 Preferred Shares, the Series 11 Preferred Shares and the Series 12 Preferred Shares are available on our SEDAR+ profile at [www.sedarplus.ca](http://www.sedarplus.ca).

### Shareholder Rights Plan

The Shareholder Rights Plan Agreement dated as of February 9, 2011 that IFC entered into with Computershare Investor Services Inc. (the “Shareholder Rights Plan”) was adopted by the shareholders of IFC at the annual and special meeting of shareholders held on May 4, 2011 and reconfirmed at the annual and special meeting of shareholders held on May 7, 2014. On February 7, 2017, the Board of Directors adopted the Shareholder Rights Plan in an amended and restated form, which was further amended by the Board of Directors on April 19, 2017 (the “Amended and Restated Rights Plan”) and adopted by shareholders at the annual and special meeting of shareholders held on May 3, 2017. The Amended and Restated Rights Plan was reconfirmed by shareholders at the annual and special meeting of shareholders held on May 6, 2020. A copy of the Amended and Restated Rights Plan is available on IFC’s SEDAR+ profile at [www.sedarplus.ca](http://www.sedarplus.ca) and upon request from the Office of the Corporate Secretary of IFC.

### PRICE RANGE AND TRADING VOLUME

The outstanding Common Shares are traded on the TSX under the trading symbol “IFC”. The following table sets forth the reported high and low trading prices and trading volumes of the Common Shares as reported by the TSX from September 2022.

<u>Period</u>	<u>High</u> (\$)	<u>Low</u> (\$)	<u>Volume</u>
<b>2023</b>			
September 1-7	194.98	188.22	1,401,038
August	201.45	189.21	5,605,776
July	204.55	191.34	4,993,490
June	205.32	195.35	5,641,518
May	207.83	193.36	5,613,547
April	207.14	193.49	5,435,879
March	197.37	182.01	8,105,846
February	202.96	188.72	7,202,749
January	201.78	191.00	6,075,542
<b>2022</b>			
December	205.86	194.65	5,793,105
November	209.57	190.50	8,766,277
October	208.00	187.60	7,249,698
September	205.40	187.82	9,822,853

Source: Refinitiv.

On September 6, 2023, the last trading day prior to the announcement of this Offering, the closing price of the Common Shares was \$193.45.

### PLAN OF DISTRIBUTION

Pursuant to the Underwriting Agreement dated September 8, 2023 between IFC and the Underwriters, IFC has agreed to sell, and the Underwriters have severally (and not jointly and severally) agreed to purchase 2,666,000 Offered Shares at a price of \$187.60 per Offered Share, for aggregate gross consideration of \$500,141,600.00 payable to IFC against delivery of the Offered Shares. The Offering Price was determined by negotiation between IFC and the Underwriters.

The Underwriting Agreement provides that IFC will pay the Underwriters a fee per share equal to \$7.504 with respect to all Offered Shares that are sold for an aggregate Underwriters’ fee of \$20,005,664.00.

IFC has granted to the Underwriters the Over-Allotment Option, exercisable, in whole or in part, at any time and from time to time, until the date that is 30 days following the closing of the Offering, to purchase up to an aggregate of 399,900 Additional Shares on the same terms to cover over-allotments, if any, and for market stabilization purposes. If the Over-Allotment Option is exercised in full, the total price to the public, the Underwriters' fee and the net proceeds to IFC, before expenses, will be \$575,162,840.00, \$23,006,513.60 and \$552,156,326.40, respectively. The issuance of Additional Shares on the exercise of the Over-Allotment Option is also qualified under this Prospectus Supplement.

The obligations of the Underwriters under the Underwriting Agreement are several (and not joint) and each Underwriter is entitled, at its option, to terminate and cancel its obligations under the Underwriting Agreement upon the occurrence of certain stated events. Such events include, but are not limited to: (i) there has been any inquiry, action, suit, investigation or other proceeding (whether formal or informal) instituted, announced or threatened, or any order is issued by any federal, provincial, state, municipal, local or other governmental or public department, commission, board, bureau, agency, instrumentality or body, domestic or foreign, any subdivision or authority of any of the foregoing or any quasi-governmental, self-regulatory organization or private body exercising any regulatory, expropriation or taxing authority under or for the account of its members or any of the above or otherwise (other than an inquiry, investigation, proceeding or order based upon the activities or alleged activities of the Underwriters), or there is any change of law, or the interpretation or administration thereof, which in the reasonable opinion of the Underwriter operates to prevent or restrict the trading in the Offered Shares or the distribution of the Offered Shares or which in the reasonable opinion of the Underwriter, acting in good faith, could be expected to have a material adverse effect on the market price or value of the Offered Shares, by giving IFC and, if applicable, the Lead Underwriters written notice to that effect not later than the closing of the Offering; (ii) there has occurred, been discovered or been publicly announced by IFC any material change in the business, financial condition, assets, liabilities (contingent or otherwise), results of operations or prospects of IFC and its subsidiaries (taken as a whole) or any change in any material fact contained or referred to in this Prospectus Supplement or any amendment, or there shall exist any material fact which is, or may be, of such a nature as to render the Prospectus Supplement or any amendment, untrue, false or misleading in a material respect or result in a misrepresentation (other than a change or fact related solely to the Underwriters), which in the reasonable opinion of the Underwriter could be expected to have a material adverse effect on the market price or value of the Offered Shares, by giving IFC and, if applicable, the Lead Underwriters written notice to that effect no later than the closing of the Offering; or (iii) there has developed, occurred or come into effect or existence any event, action, state, condition or occurrence of national or international consequence, acts of hostilities or escalation thereof or other calamity or crisis or any change or development involving a prospective change in national or international political, financial or economic conditions or any action, law, regulation or inquiry which, in the reasonable opinion of the Underwriter, materially adversely affects or involves, or may materially adversely affect or involve, the financial markets in Canada or the United States, or the business, operations or affairs of IFC and its subsidiaries (taken as a whole), or the market price or value of the Offered Shares, by giving IFC and, if applicable, the Lead Underwriters written notice to that effect no later than the closing of the Offering. If an Underwriter fails, except in certain limited circumstances, to purchase the Offered Shares which it has agreed to purchase, the other Underwriters may, but are not obligated to, purchase such Offered Shares. If, however, the aggregate number of Offered Shares not purchased is equal to or less than 10% of the aggregate number of Offered Shares agreed to be purchased by the Underwriters, then each of the other Underwriters is required, each severally (and not jointly) to purchase the full amount thereof on a *pro rata* basis. The Underwriters are, however, obligated to take up and pay for all Offered Shares if any Offered Shares are purchased under the Underwriting Agreement. The Underwriting Agreement also provides that IFC will indemnify the Underwriters, their respective subsidiaries and affiliates and each of their respective directors, officers, employees, shareholders, partners and agents against certain liabilities and expenses.

The Underwriters intend to offer the Offered Shares initially at the Offering Price specified on the cover page of this Prospectus Supplement. After the Underwriters have made a reasonable effort to sell all of the Offered Shares offered by this Prospectus Supplement at the Offering Price, the Offering Price may be decreased and may be further changed from time to time to an amount not greater than that specified on the cover page of this Prospectus Supplement, and the compensation realized by the Underwriters will accordingly also be reduced.

CDPQ has expressed its current intention to purchase Offered Shares pursuant to the Offering, at the Offering Price, representing an aggregate purchase price of approximately \$50 million. As a result, CDPQ's equity interest in the Company is expected to remain largely unchanged at approximately 10%.

IFC has been advised by the Underwriters that, in connection with the Offering, the Underwriters may, subject to applicable laws, effect transactions that stabilize or maintain the market price of the Common Shares at levels other than those that might otherwise prevail in the open market. Such transactions, if commenced, may be discontinued at any time.

IFC has agreed that during the period ending 90 days from the Offering closing date, it will not offer, sell or issue for sale or resale (or agree, or announce any intention, to do so) any equity securities or securities convertible into, or exercisable or exchangeable for, equity securities, except the Offered Shares, and pursuant to, as applicable, IFC's existing equity compensation plans, preferred shares or other existing commitments, without the prior written consent of the Lead Underwriters, on behalf of the Underwriters, which consent may not be unreasonably withheld.

The Offered Shares have not been and will not be registered under the U.S. Securities Act or the securities laws of any state of the United States and accordingly, may not be offered, sold or delivered, directly or indirectly, in the United States (as defined in Regulation S under the U.S. Securities Act), except in certain transactions exempt from, or not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. Each Underwriter has agreed that it will not offer or sell the Offered Shares within the United States, except in transactions exempt from the registration requirements of the U.S. Securities Act and applicable state securities laws. The Underwriting Agreement provides that CIBC World Markets Inc., acting through CIBC World Markets Corp., its U.S. broker dealer affiliate, and RBC Dominion Securities Inc., acting through RBC Capital Markets, LLC, its U.S. broker dealer affiliate, may re-offer and re-sell the Offered Shares that they have acquired pursuant to the Underwriting Agreement to certain qualified institutional buyers (as defined in Rule 144A of the U.S. Securities Act) in accordance with Rule 144A under the U.S. Securities Act. The Underwriting Agreement also provides that the Underwriters will offer and sell the Offered Shares outside the United States in accordance with Regulation S under the U.S. Securities Act.

This Prospectus Supplement does not constitute an offer to sell or a solicitation of an offer to buy any of the Offered Shares in the United States. In addition, until 40 days after the commencement of this Offering, an offer or sale of Common Shares within the United States by any dealer (whether or not participating in this Offering) may violate the registration requirements of the U.S. Securities Act, unless such offer or sale is made in accordance with an exemption from the registration requirements of the U.S. Securities Act.

Pursuant to policy statements of certain securities regulators, the Underwriters may not, throughout the period of distribution, bid for or purchase Common Shares. The policy statements allow certain exceptions to the foregoing prohibitions. The Underwriters may only avail themselves of such exceptions on the condition that the bid or purchase not be engaged in for the purpose of creating actual or apparent active trading in, or raising the price of, the Common Shares. These exceptions include a bid or purchase permitted under the Universal Market Integrity Rules of the Canadian Investment Regulatory Organization, relating to market stabilization and passive market making activities and a bid or purchase made for and on behalf of a customer where the order was not solicited during the period of distribution. Pursuant to the first mentioned exception, in connection with the Offering, the Underwriters may over-allot or effect transactions which stabilize or maintain the market price of the Common Shares at levels other than those which otherwise might prevail on the open market. Such transactions, if commenced, may be discontinued at any time.

The TSX has conditionally approved the listing of the Offered Shares. Listing of the Offered Shares offered under this Prospectus Supplement is subject to IFC fulfilling all the listing requirements of the TSX on or before December 5, 2023.

#### **RELATIONSHIP BETWEEN IFC AND CERTAIN UNDERWRITERS**

CIBC World Markets Inc., BMO Nesbitt Burns Inc., National Bank Financial Inc., TD Securities Inc., RBC Dominion Securities Inc., Scotia Capital Inc. and Barclays Capital Canada Inc. are wholly owned subsidiaries of banks that are currently lenders to IFC and certain of its subsidiaries under a seventh amended and restated credit agreement (the "Revolving Credit Agreement") establishing a \$1.5 billion unsecured revolving credit facility in favour of IFC and certain of its subsidiaries, which matures in May 2027 (the "Revolving Credit Facility"). As at June 30, 2023, IFC had no balance outstanding under the Revolving Credit Facility. IFC and its subsidiaries are presently in compliance with the terms of the Revolving Credit Agreement and none of the lenders has waived a breach of the Revolving Credit Agreement since its execution. The consolidated financial position of IFC has not changed materially since the indebtedness under the Revolving Credit Facility was initially incurred except as disclosed in IFC's consolidated

financial statements for the year ended December 31, 2022 and the related management’s discussion and analysis and in IFC’s consolidated financial statements for the three and six months ended June 30, 2023 and the related management’s discussion and analysis. Accordingly, IFC may be considered a “connected issuer” of these Underwriters within the meaning of applicable securities laws.

CIBC World Markets Inc. is a wholly owned subsidiary of a bank that is a lender to IFC under a letter of credit facility agreement, as amended, establishing a letter of credit facility in favour of IFC (the “CIBC LC Facility Agreement”) in an amount of \$210 million, which matures in July 2024 (the “CIBC LC Facility”). The CIBC LC Facility is unsecured. As at June 30, 2023, IFC had approximately \$190 million outstanding under the CIBC LC Facility. IFC and its subsidiaries are presently in compliance with the terms of the CIBC LC Facility Agreement and the lender has not waived a breach of the CIBC LC Facility Agreement since its execution. The consolidated financial position of IFC has not changed materially since the indebtedness under the CIBC LC Facility was incurred except as disclosed in IFC’s consolidated financial statements for the year ended December 31, 2022 and the related management’s discussion and analysis and in IFC’s consolidated financial statements for the three and six months ended June 30, 2023 and the related management’s discussion and analysis. Accordingly, IFC may be considered a “connected issuer” of this Underwriter within the meaning of applicable securities laws.

National Bank Financial Inc. is a wholly owned subsidiary of a bank that is a lender to IFC under a letter of credit facility agreement, as amended, establishing a letter of credit facility in favour of IFC (the “NBC LC Facility Agreement”) in an amount of up to \$90 million, which matures in June 2024 (the “NBC LC Facility”). The NBC LC Facility is unsecured. As at June 30, 2023, IFC had approximately \$75 million in outstanding letters of credit issued under the NBC LC Facility. IFC and its subsidiaries are presently in compliance with the terms of the NBC LC Facility Agreement and the lender has not waived a breach of the NBC LC Facility Agreement since its execution. The consolidated financial position of IFC has not changed materially since the indebtedness under the NBC LC Facility was incurred except as disclosed in IFC’s consolidated financial statements for the year ended December 31, 2022 and the related management’s discussion and analysis and in IFC’s consolidated financial statements for the three and six months ended June 30, 2023 and the related management’s discussion and analysis. Accordingly, IFC may be considered a “connected issuer” of this Underwriter within the meaning of applicable securities laws.

CIBC World Markets Inc. is a wholly owned subsidiary of a bank that is a lender to IFC under a bridge and term loan credit agreement (the “Bridge and Term Loan Credit Agreement”) establishing (i) a \$300 million bridge facility (the “Tranche I Facility”), (ii) a £100 million term loan facility (the “Tranche II Facility”), and (iii) a \$130 million term loan facility (the “Tranche III Facility” and, together with the Tranche I Facility and the Tranche II Facility, the “Bridge and Term Loan Facilities”), in each case, in favour of IFC. The Bridge and Term Loan Facilities are unsecured. The Tranche I Facility was never drawn and was cancelled on March 7, 2023. The Tranche II Facility and the Tranche III Facility mature February 27, 2024. As at June 30, 2023, IFC had £100 million outstanding under the Tranche II Facility and \$130 million outstanding under the Tranche III Facility. IFC and its subsidiaries are presently in compliance with the terms of the Bridge and Term Loan Credit Agreement and the lenders have not waived a breach of the Bridge and Term Loan Credit Agreement since its execution. The consolidated financial position of IFC has not changed materially since the indebtedness under the Bridge and Term Loan Facilities was incurred except as disclosed in IFC’s consolidated financial statements for the year ended December 31, 2022 and the related management’s discussion and analysis and in IFC’s consolidated financial statements for the three and six months ended June 30, 2023 and the related management’s discussion and analysis. Accordingly, IFC may be considered a “connected issuer” of this Underwriter within the meaning of applicable securities laws.

An affiliate of J.P. Morgan Securities Canada Inc. is also acting as financial advisor to the Company in connection with the Acquisition and will receive fees from the Company for its services in that role.

None of these Underwriters will receive any direct benefit from the Offering other than the underwriting commission relating to the Offering. The decision to distribute the Offered Shares and the determination of the terms of the Offering were made through negotiation between IFC and the Underwriters. No bank had any involvement in such decision or determination. See “Use of Proceeds” and “Consolidated Capitalization”.

## **CANADIAN FEDERAL INCOME TAX CONSIDERATIONS**

In the opinion of Blake, Cassels & Graydon LLP, counsel to IFC, and Torys LLP, counsel to the Underwriters, the following is a summary of the principal Canadian federal income tax considerations generally

applicable to a purchaser of Offered Shares pursuant to this Prospectus Supplement who, for purposes of the Tax Act and at all relevant times, is or is deemed to be a resident of Canada, deals at arm's length with IFC and each of the Underwriters and is not affiliated with IFC or any of the Underwriters and holds Offered Shares as capital property (a "Holder"). Generally, the Offered Shares will be capital property to a holder provided the holder does not acquire or hold such shares in the course of carrying on a business or as part of an adventure or concern in the nature of trade. Certain holders of Offered Shares who might not otherwise be considered to hold their Offered Shares as capital property may, in certain circumstances, be entitled to have the Offered Shares, and all other "Canadian securities" (as defined in the Tax Act) owned by such holders in the taxation year of the election and any subsequent taxation year, treated as capital property by making the irrevocable election permitted by subsection 39(4) of the Tax Act. Holders should consult their own tax advisors regarding this election.

This summary is based upon the provisions of the Tax Act in force as of the date hereof, all specific proposals to amend the Tax Act that have been publicly announced prior to the date hereof (the "Proposed Amendments") and counsel's understanding of the current published administrative policies and assessing practices of the Canada Revenue Agency (the "CRA") made publicly available in writing prior to the date hereof. This summary assumes the Proposed Amendments will be enacted in the form proposed; however, no assurance can be given that the Proposed Amendments will be enacted in the form proposed, if at all. This summary is not exhaustive of all possible Canadian federal income tax considerations and, except for the Proposed Amendments, does not take into account any changes in the law or in the administrative policies or assessing practices of the CRA, whether by legislative, governmental or judicial action, nor does it take into account any other federal or any provincial, territorial or foreign tax considerations, which may differ significantly from those discussed herein.

**This summary is of a general nature only and is not intended to be, nor should it be construed to be, legal or tax advice to any particular holder or prospective holder of Offered Shares, and no representations with respect to the income tax consequences to any holder or prospective holder are made. Consequently, holders and prospective holders of Offered Shares should consult their own tax advisors for advice with respect to the tax consequences to them of acquiring Offered Shares pursuant to the Offering, having regard to their particular circumstances.**

This summary is not applicable to a Holder: (a) that is a "financial institution" including for the purposes of the mark-to-market rules contained in the Tax Act; (b) that is a "specified financial institution" as defined in the Tax Act; (c) an interest in which is a "tax shelter investment" as defined in the Tax Act; (d) that has elected to report its tax results in a "functional currency" (as defined in the Tax Act, which excludes Canadian currency); (e) that has entered or will enter into a "derivative forward agreement" or a "synthetic disposition agreement", as those terms are defined in the Tax Act with respect to the Offered Shares; (f) that is a corporation resident in Canada and is (or does not deal at arm's length for purposes of the Tax Act with a corporation resident in Canada that is), or becomes as part of a transaction or event or series of transactions or events that includes the acquisition of the Offered Shares, controlled by a non-resident person or, if no single non-resident person has control, by a group of non-resident persons that do not deal with each other at arm's length, for the purposes of section 212.3 of the Tax Act; or (g) that receives dividends on the Offered Shares under or as part of a "dividend rental agreement" as defined in the Tax Act. Such Holders should consult their own tax advisors with respect to an investment in Offered Shares.

### **Dividends on Offered Shares**

Dividends received or deemed to be received on Offered Shares held by a Holder will be included in computing the Holder's income for the purposes of the Tax Act.

In the case of a Holder that is an individual (other than certain trusts), such dividends will be subject to the gross-up and dividend tax credit rules in the Tax Act normally applicable to taxable dividends received from "taxable Canadian corporations" as defined in the Tax Act, including the enhanced gross-up and dividend tax credit in respect of dividends designated by IFC as "eligible dividends" within the meaning of the Tax Act. A dividend will be eligible for the enhanced gross-up and dividend tax credit if the recipient receives written notice (which may include a notice published on IFC's website) from IFC designating the dividend as an eligible dividend.

Taxable dividends received or deemed to be received by a Holder that is an individual (other than certain trusts) may result in such Holder being liable for alternative minimum tax under the Tax Act. Holders that are individuals should consult their own tax advisors in this regard.

In the case of a Holder that is a corporation, such dividends received or deemed to be received on Offered Shares held by the Holder generally will be deductible in computing its taxable income. In certain circumstances, subsection 55(2) of the Tax Act will treat a taxable dividend received by a Holder that is a corporation as proceeds of disposition or a capital gain. Holders that are corporations should consult their own tax advisors having regard to their own circumstances.

A Holder that is a “private corporation” or “subject corporation” (as such terms are defined in the Tax Act) may be liable under Part IV of the Tax Act to pay a refundable tax on dividends received or deemed to be received on the Offered Shares to the extent such dividends are deductible in computing the Holder’s taxable income. A “subject corporation” is generally a corporation (other than a private corporation) resident in Canada and controlled directly or indirectly by or for the benefit of an individual (other than a trust) or a related group of individuals (other than trusts).

### **Disposition of Offered Shares**

A disposition or a deemed disposition of an Offered Share by a Holder (other than to IFC unless purchased by IFC in the open market in the manner in which shares are normally purchased by any member of the public in the open market) generally will result in the Holder realizing a capital gain (or capital loss) in the taxation year of the disposition equal to the amount by which the Holder’s proceeds of disposition of the Offered Share exceed (or are less than) the aggregate of the adjusted cost base to the Holder thereof immediately before the disposition and any reasonable costs of the disposition. Such capital gain (or capital loss) will be subject to the tax treatment described under “Taxation of Capital Gains and Capital Losses”.

For the purpose of determining a Holder’s adjusted cost base of Offered Shares, the Holder’s cost of the Offered Shares acquired at any time will be determined by averaging the cost of such Offered Shares with the adjusted cost base of any other Offered Shares owned by the Holder as capital property immediately before that time.

### **Taxation of Capital Gains and Capital Losses**

Generally, one-half of the amount of any capital gain (a “taxable capital gain”) realized by a Holder in a taxation year must be included in the Holder’s income for the year. One-half of the amount of any capital loss (an “allowable capital loss”) realized by a Holder in a taxation year must generally be deducted from taxable capital gains realized by the Holder in the year. Allowable capital losses in excess of taxable capital gains realized in a taxation year may be carried back and deducted in any of the three preceding taxation years or carried forward and deducted in any subsequent taxation year, to the extent and under the circumstances described in the Tax Act.

The amount of any capital loss realized by a Holder that is a corporation on the disposition of an Offered Share may be reduced by the amount of dividends received or deemed to be received by it on such Offered Share (or on a share for which the Offered Share has been substituted) to the extent and under the circumstances described by the Tax Act. Similar rules may apply where a corporation is a member of a partnership or a beneficiary of a trust that owns Offered Shares directly or indirectly through a partnership or a trust.

Capital gains realized by an individual (other than certain trusts) may give rise to alternative minimum tax as calculated under the detailed rules set out in the Tax Act. Holders that are individuals should consult their own tax advisors in this regard.

### **Refundable Tax**

A Holder that is, throughout the relevant taxation year, a “Canadian-controlled private corporation” (as defined in the Tax Act) may be liable to pay a tax (refundable in certain circumstances) on its “aggregate investment income”, which is defined in the Tax Act to include an amount in respect of taxable capital gains and any dividends or deemed dividends that are not deductible in computing the Holder’s taxable income. Proposed Amendments

released on August 9, 2022, are intended to extend this additional tax and refund mechanism in respect of “aggregate investment income” to “substantive CCPCs” as defined in such Proposed Amendments. Holders are advised to consult their own tax advisors regarding the possible implications of these Proposed Amendments in their particular circumstances.

## **RISK FACTORS**

An investment in the Offered Shares involves certain risks. In addition to the other information contained in this Prospectus Supplement, the Shelf Prospectus, and the risks described under the “Risk Management” section of the Annual MD&A, prospective purchasers of Offered Shares should consider carefully the risk factors set forth below.

The risks and uncertainties described below, in this Prospectus Supplement, the Shelf Prospectus and in the documents incorporated by reference are not the only ones we may face. Additional risks and uncertainties that we are unaware of, or that we currently deem to be immaterial, may also become important factors that affect us. If any of these risks actually occurs, our business, financial condition or results of operations could be materially adversely affected, with the result that the trading price of the Offered Shares could decline and investors could lose all or part of their investment.

### **Risks Relating to the Common Shares and IFC**

#### ***Dividends***

The payment of dividends under IFC’s dividend policy is not guaranteed and could fluctuate with the performance of IFC. IFC’s Board of Directors has the discretion to determine the amount of dividends declared and paid to the holders of Common Shares. IFC may alter its dividend policy at any time and the payment of dividends will depend on, among other things: results of operations; financial condition; current and expected future levels of earnings; operating cash flow; liquidity requirements; market opportunities; income taxes; maintenance and growth of capital expenditures; debt repayments; legal, regulatory and contractual constraints; working capital requirements; tax laws; and other relevant factors. IFC’s short- and long-term borrowing may prohibit it from paying dividends at any time at which a default or event of default would exist under such debt, or if a default or event of default would exist as a result of paying the dividend.

#### ***Holding Company Structure***

We are a holding company, and we will rely on cash dividends and other permitted payments from our subsidiaries and our own cash balances as the principal source of cash flow to meet our obligations with respect to any dividends declared on the Common Shares. As a result, our cash flows and ability to service our obligations, including any dividends declared on the Common Shares, are dependent upon the earnings of our subsidiaries, distributions of those earnings to us and other payments or distributions of funds by our subsidiaries to us. Substantially all of our business is currently conducted through our subsidiaries.

The ability of our subsidiaries to pay dividends to us in the future may be limited by applicable corporate and insurance law restrictions.

#### ***Fluctuations in Market Value***

From time to time, the financial markets experience significant price and volume volatility that may affect the market price of the Common Shares for reasons unrelated to our performance. The continuing volatility in financial markets may adversely affect us and the market price of the Common Shares. Also, the financial markets are generally characterized by extensive interconnections among financial institutions. As such, defaults by other financial institutions in Canada, the United States or other countries could adversely affect us and the market price of the Common Shares. Additionally, the value of the Common Shares are subject to market value fluctuations based upon

factors which influence our operations, such as legislative or regulatory developments, competition, technological change and global capital market activity.

### ***Future Sales or Issuances of Securities***

IFC may sell additional Common Shares or other securities in subsequent offerings. IFC may also issue additional securities to finance future activities. IFC cannot predict the size of future issuances of securities or the effect, if any, that future issuances and sales of securities will have on the market price of the Common Shares. Sales or issuances of substantial numbers of Common Shares, or the perception that such sales could occur, may adversely affect prevailing market prices of the Common Shares. With any additional sale or issuance of Common Shares, investors will suffer dilution to their voting power and IFC may experience dilution in its earnings per share.

### ***Geopolitical Events***

Events such as war and occupation, terrorism and related geopolitical risks may lead to increased market volatility and may have adverse short-term and long-term effects on world economies and markets generally, including Canadian, U.S., European and other economies and securities markets. For example, in response to the current conflict between Russia and Ukraine, countries in which IFC operates have implemented economic sanctions against Russia and/or certain Russian individuals or organizations, and may impose further sanctions or other restrictive actions against governmental or other individuals or organizations in Russia or elsewhere. The effects of disruptive events could affect the economies and securities markets of countries in ways that cannot necessarily be foreseen at the present time. These events could also exacerbate other pre-existing political, social and economic risks. Such events could also cause substantial market volatility, exchange trading suspensions and closures and affect IFC's performance, the price of its securities and its ability to successfully raise capital at reasonable rates or at all.

### ***Market for Securities***

The price offered to the public for the Offered Shares was determined by negotiations among IFC and the Underwriters. The price paid for each Offered Share may bear no relationship to the price at which the Common Shares trade in the public market subsequent to this Offering. IFC cannot predict at what price the Common Shares will trade and there can be no assurance that an active trading market for the Common Shares will be sustained. The TSX has conditionally approved the listing of the Offered Shares. Listing will be subject to IFC fulfilling all the listing requirements of the TSX. There can be no assurance that the Offered Shares will be accepted for listing on the TSX.

## **Risks Relating to the Acquisition**

### ***Completion of the Acquisition***

The closing of the Offering will occur before the Initial Consideration Payment Date. The Acquisition is subject to the receipt of Seller Shareholder Approval, the outcome of which cannot be predicted with certainty. As such, there is no assurance the Acquisition will be completed or, if completed, will be on terms that are exactly the same as disclosed in this Prospectus Supplement. If the Acquisition does not proceed for any reason, the Company intends to use the net proceeds of the Offering for general corporate purposes, which may not have the same impact on the Company's business, financial condition or prospects as completing the Acquisition.

As a publicly traded company, the Seller could receive approaches from third parties in relation to a public takeover of the Seller which might delay or prevent completion of the Acquisition. Although the Business Transfer Agreement and Quota Share Reinsurance Agreement are binding on the Seller, in the event of a superior offer for the Acquired Business from a third party (by reference to certain circumstances prescribed for in the Business Transfer Agreement), the directors of the Seller may be required to amend or withdraw their recommendation to the Seller Shareholders that they vote in favour of the Acquisition and/or to postpone or cancel the Seller General Meeting. If these circumstances were to occur, the Buyer has a right to match any competing offer for the Acquired Business, although there is no certainty this would be made. Without the approval of the Seller Shareholders, the Acquisition cannot be completed. While the Company (through the Buyer) would be entitled to a break fee in these circumstances,

the termination of the Business Transfer Agreement may have an adverse effect on the Company's business, financial condition or prospects.

***The Company may be exposed to events and developments that may occur prior to the Initial Consideration Payment Date which make the terms of the Acquisition less attractive***

During the period between signing the Business Transfer Agreement and the Initial Consideration Payment Date, events or developments may occur, including changes in trading, operations or outlook of the Acquired Business, or external market factors, which could make the terms of the Business Transfer Agreement or the Quota Share Reinsurance Agreement less attractive for the Company. Notwithstanding the obligation on the Buyer to pay the Initial Consideration within five business days from the receipt of the Seller Shareholder Approval, and although the Business Transfer Agreement and the Quota Share Reinsurance Agreement contain customary representations, warranties, covenants and indemnities given by the Seller in favour of the Buyer, and gap controls to ensure the Acquired Business is operated with input and/or approval from the Buyer, the Selling Entities will continue to be involved in the operation of the Acquired Business from the date of the Business Transfer Agreement until the Operational Transfer Date, which is expected to occur in the second quarter of 2024. Accordingly, the Company will not have full control over the operations of the Acquired Business during such period, notwithstanding that upon the Initial Consideration Payment Date, and with retroactive effect from the Risk Transfer Date, the Selling Entities will each declare an irrevocable trust to hold the Acquired Business for the Buyer absolutely. Notwithstanding the declaration of such irrevocable trust structures, in the event that the Seller becomes insolvent during such period, there may be potential delays and complexities in reaching the Operational Transfer Date as well as additional costs associated with administering such insolvency. Although the Company has conducted what it believes to be a prudent and thorough level of investigation in connection with the Acquisition and the Acquired Business, a level of risk remains regarding assumed liabilities and issues concerning the Acquired Business, including during the period between signing the Business Transfer Agreement and the Operational Transfer Date. In light of the foregoing, results of operations may be adversely affected by the events that are outside the Company's control. The future performance of the Acquired Business may be influenced by, among other factors, economic downturns, turmoil in financial markets, increased environmental regulation, unfavourable regulatory decisions, rising interest rates and other factors. As a result of one or many of these factors, among others, the Acquired Business may be negatively affected which may adversely affect the Company's business, financial condition, results of operations, cash flow or financial condition.

***The separation of the Acquired Business from the Seller's Group, and subsequent integration within the Company, may be complex, may take longer than expected and could cause the Company to incur unexpected costs***

The parties to the Business Transfer Agreement have prepared a detailed separation plan for the implementation of the Acquisition, including the provisions relating to such separation that are set out in the Business Transfer Agreement. In addition, Seller and the Buyer have agreed a form of a transitional services agreement and a reverse transitional services agreement to be entered into between the Seller's Group and the Buyer on the Operational Transfer Date and it is expected that the applicable members of the Seller's Group will provide services in relation to the Acquired Business following the Operational Transfer Date and through the separation process in accordance with such transitional services agreement and that the Buyer will provide services to certain members of the Seller's Group in accordance with such reverse transitional services agreement .

To effectively implement the separation of the Acquired Business from the Seller and integrate the Acquired Business into its current operations, the Buyer and the Company must also establish and/or incorporate appropriate operational, administrative, finance, management systems and controls and marketing functions relating to the Acquired Business, which will involve engagement with third parties to, among other things, novate and transfer certain exclusive contracts and (the relevant portions of) shared contracts which relate to the Acquired Business. These efforts will require substantial attention from the Company's management team. Any difficulties which the Company may encounter in completing the separation, transition, and integration process could have an adverse effect on the

Company's business, financial condition, results of operations, cash flow or financial condition. There can be no assurance that the Company will be successful in integrating the Acquired Business operations or that the expected benefits will be realized. There is also no guarantee of the successful engagement of third parties in the separation process of the Acquired Business or more generally.

The process of separating the Acquired Business from the Seller's Group and integrating the Acquired Business into the Company may also result in the loss of key employees from the Acquired Business. In addition, there is a risk that the Company is left with duplicative resources, including personnel, to support its businesses leading to inefficiencies.

***There is no guarantee that policyholders choose to renew insurance policies with the Buyer***

The transactions contemplated by the Business Transfer Agreement include renewal rights transfers, whereby, a transfer of ongoing insurance business is enabled by, among other things, the Seller facilitating the renewal of insurance policies by policyholders with the Buyer instead of with the Seller. In the case of the Acquired Business, the insurance business is intermediated by insurance brokers who are under no obligation to ensure that policyholders choose to renew insurance policies with the Buyer and therefore there is a risk that significant numbers of policyholders do not choose to renew with the Buyer, thereby substantially impacting the value of the Acquired Business and diminishing the expected benefits of the Acquisition, which in turn could have an adverse effect on the Company's business, financial condition, results of operations, cash flow or financial condition.

***Costs relating to the Acquisition may exceed the Company's expectations***

The Company expects to incur a number of costs associated with completing the Acquisition and integrating the operations of the Acquired Business. The substantial majority of such costs will be non-recurring resulting from the Acquisition and will consist of transaction and integration costs related to the Acquisition, facilities and systems consolidation costs and employment-related costs, which costs could be substantial and could exceed the Company's current expectations, which in turn could have an adverse effect on the Company's business, financial condition or prospects.

***The perceived benefits of the Acquisition may not be realized in full or at all***

The Company believes that the Acquisition will provide certain benefits to the Company and its shareholders. However, these expected benefits may not be achieved, or may take longer than expected to realize, and other assumptions upon which the Company had determined the terms of the Acquisition may prove to be incorrect. To the extent that the anticipated benefits of the Acquisition are not achieved, or take longer than expected to achieve, the results of the operations and the financial condition of the Company may suffer, which may materially and adversely affect the Company and its financial results.

***Increased Indebtedness***

In financing the Acquisition, IFC intends to incur additional debt, including by way of the issuance of medium term notes and term loans. Such borrowings would increase IFC's consolidated indebtedness. Such additional indebtedness would increase IFC's interest expense and debt service obligations and may have a negative effect on IFC's results of operations and/or credit ratings. The increased indebtedness would also make IFC's results more sensitive to increases in interest rates.

IFC's degree of leverage could have other important consequences for purchasers, including the following:

- have a negative effect on the current credit ratings on IFC's rated long term debt;

- it may limit IFC's ability to obtain additional financing for working capital, capital expenditures, debt service requirements, acquisitions and general corporate or other purposes;
- it may limit IFC's ability to declare dividends on the Common Shares;
- certain of IFC's proposed borrowings may be at variable rates of interest and expose IFC to the risk of increased interest rates;
- it may limit IFC's ability to adjust to changing market conditions and place IFC at a competitive disadvantage compared to its competitors that have less debt;
- IFC may be vulnerable in a downturn in general economic conditions; and
- IFC may be unable to make capital expenditures that are important to its growth and strategies.

### **LEGAL MATTERS**

Certain legal matters relating to the Offering will be passed upon on behalf of IFC by Blake, Cassels & Graydon LLP and on behalf of the Underwriters by Torys LLP. As of the date of this Prospectus Supplement, the partners and associates of Blake, Cassels & Graydon LLP and Torys LLP, respectively, as a group, beneficially own, directly or indirectly, less than 1% of the outstanding securities of IFC or any associate or affiliate of IFC.

### **AUDITORS, TRANSFER AGENT AND REGISTRAR**

IFC's auditors are Ernst & Young LLP, 100 Adelaide St. W., Toronto, ON, Canada, M5H 0B3. Ernst & Young LLP has confirmed to IFC that it is independent within the meaning of the CPA Code of Professional Conduct of the Chartered Professional Accountants of Ontario.

The transfer agent and registrar for the Common Shares is Computershare Investor Services Inc. at its principal office in Toronto, Ontario.

### **STATUTORY RIGHTS**

Securities legislation in certain of the provinces and territories of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus, and any amendment thereto. In several of the provinces and territories, the securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, revisions of the price or damages if the prospectus and any amendment contain a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of such purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for the particulars of these rights or consult with a legal advisor.

**CERTIFICATE OF THE UNDERWRITERS**

Dated: September 8, 2023

To the best of our knowledge, information and belief, the short form prospectus, together with the documents incorporated in the prospectus by reference, as supplemented by the foregoing, constitutes full, true and plain disclosure of all material facts relating to the securities offered by the prospectus and this Prospectus Supplement as required by the securities legislation of all provinces and territories of Canada.

**CIBC WORLD MARKETS INC.**

By: (signed) *Richard Finkelstein*

**NATIONAL BANK FINANCIAL INC.**

By: (signed) *Maude Leblond*

**RBC DOMINION SECURITIES INC.**

By: (signed) *John Bylaard*

**DESJARDINS  
SECURITIES INC.**

By: (signed) *William  
Tebuti*

**HSBC SECURITIES  
(CANADA) INC.**

By: (signed) *Ehren Vokes*

**MERRILL LYNCH  
CANADA INC.**

By: (signed) *Jamie W.  
Hancock*

**MORGAN STANLEY  
CANADA LIMITED**

By: (signed) *P. Dougal  
MacDonald*

**RAYMOND JAMES  
LTD.**

By: (signed) *Sean C.  
Martin*

**BMO NESBITT BURNS INC.**

By: (signed) *Timothy Tutsch*

**TD SECURITIES INC.**

By: (signed) *R. Geoff Bertram*

**SCOTIA CAPITAL INC.**

By: (signed) *Joe Kulic*

**J.P. MORGAN SECURITIES CANADA INC.**

By: (signed) *Brandon Speck*

**BARCLAYS CAPITAL CANADA INC.**

By: (signed) *Ben Gould*

**GOLDMAN SACHS CANADA INC.**

By: (signed) *Jackie Nixon*