

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

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

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT
OF INSCAPE CORPORATION, INSCAPE INC.
AND INSCAPE (NEW YORK) INC.

**FOURTH REPORT OF THE MONITOR
ALVAREZ & MARSAL CANADA INC.**

APRIL 15, 2023

TABLE OF CONTENTS

1.0	INTRODUCTION.....	1
2.0	TERMS OF REFERENCE AND DISCLAIMER	4
3.0	ORDERLY WIND-DOWN UPDATES	5
4.0	CASH FLOW RESULTS	8
6.0	STAY EXTENSION ORDER.....	13
8.0	CONCLUSIONS AND RECOMMENDATIONS.....	15

APPENDICES

Appendix “A” – Updated 14-Week Cash Flow Forecast

Appendix “B” – Management’s Representation Letter Regarding the Cash Flow Forecast

1.0 INTRODUCTION

- 1.1 On January 12, 2023 (the “**Filing Date**”), each of Inscape Corporation (“**Inscape Corp**”), Inscape (New York) Inc. (“**Inscape New York**”) and Inscape Inc. (“**Inscape Delaware**”, and collectively with Inscape Corp and Inscape New York, the “**Inscape Group**” or the “**Applicants**”) obtained an initial order (the “**Initial Order**”) from the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) under the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “**CCAA**”). The proceedings commenced thereby are referred to herein as the “**CCAA Proceedings**”. Among other things, the Initial Order appointed Alvarez & Marsal Canada Inc. (“**A&M**”) as monitor of the Applicants in the CCAA Proceedings (in such capacity, the “**Monitor**”).
- 1.2 In connection with the CCAA Proceedings, A&M, then in its capacity as proposed monitor, filed and served the Pre-Filing Report of the Proposed Monitor dated January 11, 2023 (the “**Pre-Filing Report**”). The Monitor has also prepared and filed with the Court the First Report of the Monitor dated January 18, 2023 (the “**First Report**”), the Second Report of the Monitor dated March 2, 2023 (the “**Second Report**”) and the Third Report of the Monitor dated March 22, 2023 (the “**Third Report**” and collectively with the Pre-Filing Report, the First Report and the Second Report, the “**Prior Reports**”).
- 1.3 On January 20, 2023, the Applicants obtained an amended and restated Initial Order (“**ARIO**”) that, among other things, extended the Stay Period (as defined in the ARIO) to and including March 9, 2023.

- 1.4 On March 1, 2023, the United States Bankruptcy Court for the Southern District of New York entered an order, among other things: (i) enforcing the ARIO, including any extensions, amendments or modifications thereto, in the United States; and (ii) recognizing the CCAA Proceedings as foreign main proceedings.
- 1.5 On March 8, 2023, the Court issued an order that, among other things, extended the Stay Period to and including April 21, 2023.
- 1.6 On March 24, 2023, the Court issued orders that, among other things:
- (i) approved the asset purchase agreement dated March 10, 2023 between the Inscape Group, as sellers, and Gordon Brothers Canada ULC, as purchaser.
 - (ii) granted certain relief to the Applicants in connection with an ongoing dispute with one of their dealer customers, Prevolv Inc. (the “**Dealer**”); and
 - (iii) authorized the Monitor to make distributions to HUK 116 Limited (“**Hilco**”) up to the amount of Hilco’s secured indebtedness, on account of the Applicants’ indebtedness owing to Hilco.
- 1.7 Inscape Corp was incorporated under the laws of the Province of Ontario and was previously publicly listed on the Toronto Stock Exchange (TSX:INQ).¹ Inscape New York

¹ Following a delisting review by the Toronto Stock Exchange, Inscape Corp’s shares were delisted effective close of market on February 21, 2023. Trading of shares has been suspended since January 12, 2023 as a result of the CCAA Proceedings.

(a New York registered corporation) is a wholly-owned direct subsidiary of Inscape Delaware (a Delaware registered corporation), and an indirect subsidiary of Inscape Corp.

- 1.8 The Inscape Group’s business was the manufacturing and distribution of office furniture to customers predominantly located in the United States and Canada, with product lines that included cubicles, movable walls, filing cabinets, bookcases and other ergonomic furniture.
- 1.9 The CCAA Proceedings were commenced to provide a platform for the Applicants to conduct a wind-down and liquidation of their assets and business in an orderly fashion, and to maximize realizations for the benefit of all stakeholders (the “**Orderly Wind-Down**”).
- 1.10 The Prior Reports and all other Court-filed documents in the CCAA Proceedings are available on the Monitor’s case website at: www.alvarezandmarsal.com/InscapeCorporation (the “**Case Website**”).
- 1.11 The purpose of this Fourth Report of the Monitor (the “**Fourth Report**”) is to provide the Court with information and, where applicable, the Monitor’s views on:
- (i) the Orderly Wind-Down, including: (a) the Applicants’ accounts receivable collection efforts; and (b) the Applicants’ ongoing dispute with the Dealer;
 - (i) the Applicants’ cash flow results for the seven-week period ended April 7, 2023;
 - (ii) the Applicants’ updated cash flow forecast for the 14-week period ending July 14, 2023;

- (ii) the proposed order extending the Stay Period until and including July 14, 2023;
- (iii) the activities of the Monitor since the date of the Third Report; and
- (iv) the Monitor's conclusions and recommendations in connection with the foregoing, as applicable.

2.0 TERMS OF REFERENCE AND DISCLAIMER

2.1 In preparing this Fourth Report, the Monitor has been provided with, and has relied upon, unaudited financial information and the books and records prepared by the Applicants, and has had discussions with management of the Applicants and its legal counsel (collectively, the "**Information**"). Except as otherwise described in this Fourth Report:

- (i) the Monitor has reviewed the Information for reasonableness, internal consistency and use in the context in which it was provided. However, the Monitor has not audited or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would wholly or partially comply with Canadian Auditing Standards ("**CAS**") pursuant to the *Chartered Professional Accountants Canada Handbook* (the "**CPA Handbook**") and, accordingly, the Monitor expresses no opinion or any other form of assurance contemplated under the CAS in respect of the Information; and
- (ii) some of the information referred to in this Fourth Report consists of forecasts and projections. An examination or review of the financial forecasts and projections, as outlined in the CPA Handbook, has not been performed.

- 2.2 Future-oriented financial information referred to in this Fourth Report was prepared based on the Applicants' management's estimates and assumptions. Readers are cautioned that since projections are based upon assumptions about future events and conditions that are not ascertainable, actual results may vary from the projections, even if the assumptions materialize, and the variations could be significant.
- 2.3 This Fourth Report should be read in conjunction with the affidavit of Eric Ehgoetz sworn April 15, 2023 (the "**Fifth Ehgoetz Affidavit**"). Capitalized terms used but are not otherwise defined in this Fourth Report shall have the meanings given to them in the Fifth Ehgoetz Affidavit.
- 2.4 Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian dollars ("**CAD**").

3.0 ORDERLY WIND-DOWN UPDATES

- 3.1 In the Prior Reports, the Monitor has provided an overview of the activities undertaken by the Applicants in connection with the Orderly Wind-Down. The following is intended to provide an update on these activities since the date of the Third Report, being March 22, 2023.

Employees

- 3.2 As of the date of this Fourth Report, there are approximately 15 remaining employees (including 5 part-time hourly staff) between the Applicants' facilities in Holland Landing, Ontario and Jamestown, New York, each of whom are assisting with the remaining non-manufacturing activities associated with the Orderly Wind-Down (including the

decommissioning of the plants, collection of accounts receivable, monetization of remaining assets and other administrative-related activities).

Accounts Receivable

- 3.3 Since the date of the Third Report, the Applicants' have collected approximately \$687,000 in accounts receivable. The following table provides a roll-forward of the Applicants' accounts receivable collection efforts since the weeks leading up to these CCAA Proceedings:

Accounts Receivable Summary	\$CAD 000's
Balance as at January 3, 2023	7,417
Add: Final deliveries and sales booked since January 3, 2023	1,631
Less: Collections prior to the Filing Date (January 12, 2023)	(1,350)
Less: Collections since the Filing Date	(2,580)
Balance as at April 7, 2023	5,117
<i>Balance as at April 7, 2023, excluding Dealer Receivable</i>	<i>2,215</i>

- 3.4 As described in the Third Report, the Applicants have faced challenges and delays regarding the collection of certain accounts receivable, including: (i) disputes with respect to asserted set-off claims; (ii) a restarting of collection terms following the completion of final "punch list" items that were completed after the Filing Date; (iii) extended payment terms on certain projects with government-related entities; and (iv) other general and CCAA-related delays in collecting certain balances.
- 3.5 The Applicants, with assistance from the Monitor, continue their collection efforts for the remaining accounts receivable. In particular, the Monitor has worked with the Applicants to prepare and send payment demand letters ("**Demand Letters**") to any customer who has been unresponsive to the Applicants' collection efforts and attempts to discuss the

customer's account. In addition to sending out the Demand Letters, the Monitor has requested and attended numerous calls with customers to advance collection efforts and discuss outstanding balances.

Dealer Receivable Dispute

- 3.6 Based on the Applicants' books and records, its largest account receivable is an amount owing from the Dealer for approximately USD\$2.1 million (the "**Dealer Receivable**"). As described in the Third Report, the Dealer is currently disputing the requirement to pay the Dealer Receivable and is asserting a claim of set-off. The Applicants, on the other hand, dispute that set-off is available to the Dealer as a defence for its nonpayment of the Dealer Receivable.
- 3.7 The Applicants and the Dealer have agreed to adjudicate the dispute to determine: (i) whether the stay of proceedings should be lifted to permit the Dealer to assert a claim of set-off in response to the Applicants' demand for payment of the Dealer Receivable; and (ii) whether the Dealer should be permitted to invoke the defence of set-off.
- 3.8 The parties attended before the Court on March 24, 2023, and the Court made an Ancillary Relief Order endorsing a timetable for the delivery of the parties' respective materials, the conduct of cross-examinations, and the hearing of the motion on May 2, 2023.
- 3.9 The Monitor is reviewing, and will continue to review and consider, the respective materials delivered by the parties. If determined necessary, the Monitor will file its own materials with the Court, ahead of the hearing of the motion, with a view to providing assistance to the Court if and when called to do so.

- 3.10 At this time, the Monitor notes that if the Applicants are not successful in collecting a significant portion of either: (i) the Dealer Receivable; or (ii) their remaining receivable balances, the recovery to the Applicants' estate will be materially impacted.

HST Refunds

- 3.11 As described in the Pre-Filing Report, the Canada Revenue Agency ("**CRA**") issued a notice of reassessment to Inscope Corp claiming approximately \$2.6 million in income tax liability. In October 2022, the Inscope Group filed a notice of objection ("**Objection**") disputing the CRA's position. As of the Filing Date, and based on the Applicants' books and records, approximately \$1.3 million in respect of pre-filing HST refunds were being withheld by the CRA, pending determination of the Objection.
- 3.12 As of the date of this Fourth Report, all pre-filing HST refunds continue to be withheld by the CRA. The Applicants, together with the Monitor, continue to engage with the CRA in an attempt to advance and resolve the Objection, and to seek the collection of all available HST refunds to maximize the value of the Applicants' estate.

4.0 CASH FLOW RESULTS

- 4.1 Actual receipts and disbursements for the seven-week period from February 18 to and including April 7, 2023 (the "**Reporting Period**"), as compared to the cash flow forecast attached as Appendix "D" to the Second Report, are summarized in the following table:

Cash Flow Variance Report			
CAD \$000's			
	Budget	Actual	Variance
Receipts			
Collection of accounts receivable	1,290	1,496	206
Proceeds from sale of assets	3,704	3,666	(38)
Other receipts	-	138	138
	4,994	5,300	306
Disbursements			
General & Administrative	(235)	(224)	11
Salaries & Benefits	(530)	(565)	(35)
KERP	(114)	(86)	28
Rent, Utilities, Insurance	(543)	(596)	(53)
Taxes	(127)	(93)	34
Professional fees	(1,164)	(983)	181
Total disbursements	(2,713)	(2,547)	166
Net Cash Flow	2,281	2,753	472
Opening cash balance	518	518	-
Net Cash Flow	2,281	2,753	472
Ending cash balance	2,799	3,271	472

4.2 During the Reporting Period:

- (i) the positive variance in total receipts of approximately \$306,000 is considered timing-related and is expected to reverse in the coming weeks, subject to the outcome of settlement negotiations with the Dealer, among certain other customers; and
- (ii) the positive variance in total disbursements of approximately \$166,000 is considered timing-related and expected to reverse in the coming weeks, primarily in respect of catch-up professional fees payments forecast to be paid in the near term.

4.3 As at April 7, 2023, the Applicants' consolidated cash balance was approximately \$3.3 million.

5.0 UPDATED CASH FLOW FORECAST

5.1 The Applicants, with assistance from the Monitor, have prepared an updated cash flow forecast (the “**Updated Cash Flow Forecast**”) for the 14-week period from April 8, 2023 to July 14, 2023 (the “**Cash Flow Period**”). A copy of the Updated Cash Flow Forecast, together with the Notes and Summary of Assumptions, and management's report on the cash-flow statement required by subsection 10(2)(b) of the CCAA, are attached hereto as **Appendices “A” and “B”**, respectively.

5.2 The following table provides a summary of the Updated Cash Flow Forecast:

Updated Cash Flow Forecast	
CAD \$000's	
	14-Week Period
	<i>July 14, 2023</i>
Receipts	
Collection of accounts receivable	1,178
Proceeds from sale of assets	207
Other receipts	1,213
	<u>2,598</u>
Disbursements	
General & Administrative	(75)
Salaries & Benefits	(762)
KERP	(263)
Rent, Utilities, Insurance	(632)
Professional Fees	(1,249)
Total disbursements	<u>(2,981)</u>
Net Cash Flow	<u>(383)</u>
Opening cash balance	3,271
Net Cash Flow	(383)
Secured Debt Repayment	(2,500)
Ending cash balance	<u>389</u>

5.3 The Monitor notes the following with respect to the Updated Cash Flow Forecast:

- (i) the Collection of accounts receivable are forecast based on the Applicants' remaining receivable balances, adjusted for certain collection and timing assumptions. No amounts have been included in respect of the balance owing by the Dealer which, as described above, is being disputed by the Dealer;
- (ii) Proceeds from the sale of assets includes the estimated realization value for the Applicants remaining assets, primarily comprised of scrap inventory and certain intellectual property. Transactions relating to these remaining assets are not yet complete and the estimated balances included remain subject to change;

- (iii) Other receipts of \$1.2 million (net) is comprised of forecast amounts: (i) relating to the Applicants recovery of certain prepaid amounts and other proceeds in respect of an agreement entered into between the Applicants, the landlord of the Holland Landing lease and a new third party tenant to the facility; net of (ii) certain exit costs to be incurred by the Applicants in connect with the agreement entered in to with the landlord and new third party tenant²;
- (iv) Salaries and benefits include the payment of approximately \$250,000 of pre-filing vacation pay owed to employees; and
- (v) pursuant to the Ancillary Relief Order, dated March 24, 2023, the Applicants, with the approval of the Monitor, have been authorized to make distributions to Hilco up to the amount of Hilco's secured indebtedness outstanding. The "Secured Debt Repayments" of \$2.5 million included herein are based on the Applicants' forecast liquidity position and ability to make certain secured debt repayment at such time. Actual Secured Debt Repayments will be subject to the Applicants' actual liquidity position, as well as the Monitor's ongoing review of the secured amounts outstanding to Hilco. On April 13, 2023, Hilco provided the Monitor with a calculation of its outstanding debt totalling approximately \$3.3 million, inclusive of accrued interest, management fees, expenses and termination fees. The Monitor's review of this balance remains ongoing. Additional information regarding the Hilco secured credit facility was included in the Pre-Filing Report.

² See paragraph 3.18 of the Second Report for additional information regarding the structured agreement in respect of the Holland Landing lease.

5.4 Based on the Monitor's review,³ nothing has come to its attention that causes it to believe, in all material respects, that: (i) the Cash Flow Assumptions are not consistent with the purpose of the Updated Cash Flow Forecast; (ii) as at the date of this Fourth Report, the Cash Flow Assumptions are not suitably supported and consistent with the plans of the Applicants or do not provide a reasonable basis for the Updated Cash Flow Forecast, given the Cash Flow Assumptions; or (iii) the Updated Cash Flow Forecast does not reflect the Cash Flow Assumptions.

5.5 The Updated Cash Flow Forecast has been prepared solely for the purpose and subject to the assumptions described above, and readers are cautioned that it may not be appropriate for other purposes.

6.0 STAY EXTENSION ORDER

6.1 The Stay Period currently expires April 21, 2023, and the Applicants are seeking an extension of the Stay Period until and including July 14, 2023.

6.2 The Monitor supports the Applicants' motion to extend the Stay Period for the following reasons:

³ The Monitor has reviewed the Updated Cash Flow Forecast to the standard required of a Court-appointed Monitor by subsection 23(1)(b) of the CCAA. Subsection 23(1)(b) requires a Monitor to review the debtor's cash flow statement as to its reasonableness and to file a report with the Court on the Monitor's findings. Pursuant to this standard, the Monitor's review of the Updated Cash Flow Forecast consisted of inquiries, analytical procedures and discussions related to information supplied to it by certain key members of management. The Monitor reviewed information provided by management for the Cash Flow Assumptions. Since the Cash Flow Assumptions need not be supported, the Monitor's procedures with respect to them were limited to evaluating whether they were consistent with the purpose of the Updated Cash Flow Forecast.

- (i) it will provide the Applicants with the stability necessary to continue and complete the Orderly Wind-Down;
- (ii) the Applicants are projected to have sufficient liquidity to fund their operations, as reflected in the Updated Cash Flow Forecast, through to the end of the proposed extended Stay Period;
- (iii) the Monitor does not believe that any creditor will be prejudiced if the extension is granted; and
- (iv) the Applicants continue to act in good faith and with due diligence.

7.0 ACTIVITIES OF THE MONITOR SINCE THE THIRD REPORT

7.1 Since the date of the Third Report, the activities of the Monitor have included the following:

- (i) engaging in discussions with the Inscape Group and their legal counsel regarding the CCAA Proceedings and the Chapter 15 recognition proceedings;
- (ii) corresponding and communicating with Hilco;
- (iii) assisting the Inscape Group with communications to employees, suppliers and other parties;
- (iv) monitoring receipts, disbursements and purchase commitments, including review of payments made;

- (v) responding to inquiries from stakeholders, including addressing questions or concerns of parties who contacted the Monitor on the hotline number or email account established by the Monitor for the CCAA Proceedings;
- (vi) engaging in discussions with the Applicants and the Dealer in connection with the disputed Dealer Receivable;
- (vii) corresponding with the Applicants and the Canada Revenue Agency regarding the status of the HST review;
- (viii) posting non-confidential materials filed with the Court to the Case Website; and
- (ix) with the assistance of its legal counsel, preparing this Fourth Report.

8.0 CONCLUSIONS AND RECOMMENDATIONS

- 8.1 For the reasons as set out in this Fourth Report, the Monitor is of the view that the relief requested by the Applicants is reasonable in the circumstances and respectfully recommends that the Court grant the Order.

All of which is respectfully submitted to the Court this 15th day of April, 2023.

**Alvarez & Marsal Canada Inc., in its capacity as
Monitor of Inscope Corporation, Inscope Inc. and Inscope (New York) Inc.,
and not in its personal or corporate capacity**

Per:



Josh Nevsky

Senior Vice-President

APPENDIX “A”

UPDATED 14-WEEK CASH FLOW FORECAST

Appendix A - Updated 14-Week Cash Flow Forecast

Inscape Group

14-Week Cash Flow Forecast ending July 14, 2023

Unaudited \$CAD '000's

Cash Flow Week:

Week Ending:

	Week 1 14-Apr-23	Week 2 21-Apr-23	Week 3 28-Apr-23	Week 4 5-May-23	Week 5 12-May-23	Week 6 19-May-23	Week 7 26-May-23	Week 8 2-Jun-23	Week 9 9-Jun-23	Week 10 16-Jun-23	Week 11 23-Jun-23	Week 12 30-Jun-23	Week 13 7-Jul-23	Week 14 14-Jul-23	14-Week Total
Receipts															
AR collections	150	156	298	27	380	108	-	-	58	-	-	-	-	-	1,178
Proceeds from sale of assets	10	133	25	10	10	10	10	-	-	-	-	-	-	-	208
Sales tax and other receipts	-	500	-	-	-	-	-	-	638	-	-	75	-	-	1,213
Total Receipts	160	789	323	37	390	118	10	-	695	-	-	75	-	-	2,598
Disbursements															
General & admin	(25)	(15)	(15)	(10)	(5)	(5)	-	-	-	-	-	-	-	-	(75)
Salaries & benefits	(15)	(341)	(15)	(74)	(15)	(61)	(15)	(61)	(11)	(57)	(1)	(92)	-	-	(762)
KERP	-	(30)	-	(10)	-	-	-	-	-	-	-	-	(223)	-	(263)
Insurance	-	-	-	(26)	-	-	-	(26)	-	-	-	-	-	-	(52)
Utilities	-	-	(17)	(38)	-	-	(17)	(38)	-	-	(17)	-	-	-	(125)
Rent	(197)	-	-	(130)	-	(130)	-	-	-	-	-	-	-	-	(456)
Professional fees	-	(561)	-	(411)	-	-	-	(366)	-	-	(124)	-	(79)	294	(1,249)
Total Disbursements	(237)	(947)	(47)	(699)	(20)	(196)	(32)	(492)	(11)	(57)	(142)	(92)	(302)	294	(2,981)
Net Cash Flow	(77)	(158)	276	(661)	370	(79)	(22)	(492)	684	(57)	(142)	(17)	(302)	294	(383)
Opening Cash	3,272	3,195	1,537	1,813	1,152	1,522	1,443	1,421	930	1,114	1,056	914	397	95	3,272
Net cash flow	(77)	(158)	276	(661)	370	(79)	(22)	(492)	684	(57)	(142)	(17)	(302)	294	(383)
Secured debt repayment	-	(1,500)	-	-	-	-	-	-	(500)	-	-	(500)	-	-	(2,500)
Closing Cash (Bank)	3,195	1,537	1,813	1,152	1,522	1,443	1,421	930	1,114	1,056	914	397	95	389	389

Appendix B - 14-Week Cash Flow Forecast Assumptions

Inscope Group

14-Week Cash Flow for the period ending July 14, 2023

Notes and Summary of Assumptions

Disclaimer

In preparing this cash flow forecast (the "Forecast"), Inscope Group has relied upon unaudited financial information and has not attempted to further verify the accuracy or completeness of such information. The Forecast includes assumptions discussed below with respect to the requirements and impact of a filing in Canada under the Companies' Creditors Arrangement Act ("CCAA"), with recognition proceedings in the United States through the filing of the Chapter 15 cases. Since the Forecast is based on assumptions about future events and conditions that are not ascertainable, the actual results achieved will vary from the Forecast, even if the assumptions materialize, and such variations may be material. There is no representation, warranty or other assurance that any of the estimates, forecasts or projections will be realized.

The Forecast is presented in thousands of Canadian dollars. Receipts and disbursements denominated in Canadian currency have been converted into U.S. dollars at an exchange rate of US\$1.00:CAD\$1.34.

Notes

(1) AR collections

AR collections are forecast based on the Company's accounts receivable ledger as of April 8, 2023, adjusted for certain collection timing assumptions. No amounts have been included in respect of the Inscope Receivable being disputed by the Dealer.

(2) Proceeds from sale of assets

Forecast proceeds based on ongoing discussion with potential purchasers of the Company's remaining assets, including certain intellectual property, finished goods and work in progress.

(3) Sales tax and other receipts

Forecast net realizations are based on the Company's Lease Assignment Inducement Agreement with the landlord of the Holland Landing facility.

(4) General & admin

General & admin disbursements are forecast based on current and projected weekly run-rates for certain office and facility operating expenses.

(5) Salaries & benefits

Salaries & benefits are forecast based on current salaries, wages, and related benefits for the management team administering the wind-down and asset monetization activities. Disbursements in the week ended April 21, 2023, include the payment of outstanding pre-filing vacation pay owed to former employees of the Company.

(6) KERP

Payments to key personnel retained by the Company, in accordance with the approved Key Employee Retention Program.

(7) Insurance

Insurance disbursements are forecast based on the Company's historical premiums related to its insurance policies.

(8) Utilities

Utilities are forecast based on the projected run-rates for the Holland Landing facility.

(9) Rent

Rent disbursements are based on twice monthly instalments for the Holland Landing and Jamestown facilities, for occupancy during the machinery and equipment monetization processes.

(10) Professional fees

Disbursements include: the Applicant's Canadian counsel, U.S. counsel, employment counsel and special counsel; the Monitor and its Canadian and U.S. counsel; the directors' counsel; and tax administration and advisory fees.

(11) Secured Debt Repayment

Pursuant to the Ancillary Relief Order, dated March 24, 2023, the Company has been authorized, with the approval of the Monitor, to make distributions to HUK 116 Limited ("Hilco"). The secured debt repayments included herein are based on the Company's forecast liquidity position and ability to make certain secured debt repayments at such time.

APPENDIX “B”

**MANAGEMENT’S REPRESENTATION LETTER
REGARDING THE CASH FLOW FORECAST**

Alvarez & Marsal Canada Inc.
200 Bay Street, Suite 2900
Toronto ON M5J 2J1

Attention: Mr. Joshua Nevsky

April 13, 2023

Dear Sirs:

Re: Inscape Corporation, Inscape Inc. and Inscape (New York) Inc. (collectively the "Inscape Group" or the "Applicants") – CCAA section 10(2) Prescribed Representations with Respect to Cash Flow Forecast

In connection with the application by the Inscape Group for the commencement of proceedings under the Companies' Creditors Arrangement Act, the management of Inscape have prepared the attached 14-week projected cash flow statement for the period April 8, 2023 to July 14, 2023 (the "Cash Flow Forecast") and the list of assumptions on which the Cash Flow Forecast is based. The purpose of the Cash Flow Forecast is to determine the liquidity requirements of Inscape Group during the CCAA proceedings.

Inscape Group confirms that the hypothetical assumptions on which the Cash Flow Forecast is based are reasonable and consistent with the purpose described herein, and the probable assumptions are suitably supported and consistent with the plans of Inscape Group and provide a reasonable basis for the projections. All such assumptions are disclosed in notes to the Cash Flow Forecast (the "Notes").

Since the projections are based on assumptions regarding future events, actual results will vary from the information presented, and the variations may be material.

The projections have been prepared solely for the purpose described herein, using the probable and hypothetical assumptions set out in the Notes. Consequently, readers are cautioned that the Cash Flow Forecast may not be appropriate for other purposes.

Yours truly,



Per: Eric Ehgoetz
Title: Chief Executive Officer

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

Court File No. CV-23-00692784-00CL

**AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF
INSCAPE CORPORATION, INSCAPE INC. AND INSCAPE (NEW YORK) INC.**

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

Proceeding commenced at Toronto

**FOURTH REPORT OF THE MONITOR,
ALVAREZ & MARSAL CANADA INC.**

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Counsel for Alvarez & Marsal Canada Inc., in its capacity as Monitor
of Inscape Corporation, Inscape Inc. and Inscape (New York) Inc.